

DOVER DISTRICT COUNCIL

REPORT OF THE DIRECTOR OF FINANCE & ICT

RESPONSIBILITY – PORTFOLIO HOLDER FOR CORPORATE RESOURCES & ICT

KEY DECISION

**BUDGET/POLICY FRAMEWORK**

CABINET – 28 FEBRUARY 2011

COUNCIL – 2 MARCH 2010

**COUNCIL BUDGET 2011/12 AND MEDIUM TERM FINANCIAL PLAN 2011/12 – 2013/14**

**Recommendation**

*It is recommended :*

1. *That Cabinet approves the grants to other organisations as set out in Annex 12, subject to Council approving the 2011/12 budget.*
2. *Cabinet recommends to Council:*
  - a. *That the General Fund Revenue Budget, the Capital and Special Projects Programmes, the Housing Revenue Account budget, and the content of the Medium Term Financial Plan (MTFP) be approved;*
  - b. *To note that it is the view of the Head of Finance and ICT that the budget has been prepared in an appropriate and prudent manner and that based upon the information available, the budgets are robust and the estimated General Fund and Housing Revenue Account balances and reserves are considered adequate for the Council's current spending plans*
  - c. *In setting the Budget for 2011/12, to release the grants to other organisations as determined by Cabinet and set out in Annex 12*
  - e. *That the various recommendations at the end of the sections within the attached budget and MTFP, and summarised at Annex 14 to Appendix 1, are approved.*
3. *That Council approves the 2011/12 Council Tax resolution:*

Contact Officer: Mike Davis, extension 2107.

**Purpose of the Report**

1. This report has been produced to seek approval for the 2011/12 budget and the MTFP for 2011/12 – 2011/14.
2. If approved by Cabinet, the budget will be presented to Council in March, together with the resolution to set the Council Tax.
3. As part of its financial management process the Council is required to consider the MTFP and its implications for the Council's service objectives and financial management. The Head of Finance and ICT (as Section 151 Officer) is required to

comment on the robustness of the budget and the adequacy of the reserves. These requirements are addressed in the attached Budget and Medium Term Financial Plan report.

4. The MTFP also contains a number of other recommendations. These are shown at the end of the sections within the MTFP and summarised at Annex 14.

#### Format and Content

5. The format and content of the MTFP are reviewed annually and discussed with Cabinet, Scrutiny and the Shadow Portfolio Holder for Finance after the budget process is concluded. The format of the MTFP reflects the outcome of those discussions.

#### Evaluation of options available to the Council

6. The Council is required to set a budget, and so declining to do so is not an option. Members could choose to change the allocation of resources between services, and that option remains open to Council during the financial year.
7. Members could also decide to set a different Council Tax level. However the current proposal not to increase is funded by a Government grant of £161k (2.5% of Council Tax) which would be at risk if an increase was implemented.

#### General Fund Revenue Budget

8. The Council is required to approve a General Fund revenue budget having regard to net expenditure requirements, Government funding, available internal reserves and the yield from Council Tax.
9. The Council has discretion over allocation of resources to service priorities and its use of reserves, and can determine its Council Tax within the constraints of capping as set by Government (the Council has no influence over the level of Government funding) but must have due regard to the capacity to set viable budgets in ensuing years.

#### Capital Programme

10. The Council has limited capital resources, but within these resources it has discretion over which projects to support. The MTCP shows that resources have been applied to the regeneration projects in support of the Council's Corporate objectives.

#### Housing Revenue Account (HRA)

11. The HRA is heavily constrained by the DCLG specified formulae for rent setting, the "negative subsidy" which DCLG determine, and the need to ensure that the HRA remains viable. Rents have been set in accordance with DCLG formulae.

#### Future Budgets

12. With regard to the rest of the MTFP, because this is also a planning document, adoption of the MTFP does not commit the Council to the forecasts for 2012/13 and 2013/14. These are for planning purposes and are likely to be adjusted in the light of new information or changes in the Council's circumstances.

## Changes to the Budget and Medium Term Financial Plan

13. Since presentation to Cabinet and Scrutiny there have been no major changes to the budget and MTFP. Minor amendments include :-
- The final revenue support grant settlement has now been included. This was broadly in line with the provisional settlement.
  - All precepts have been received and the 2011/12 Council Tax resolution has been finalised and included.

## Information to be considered in taking the decision

14. Members are asked to take into account the contents of the attached Budget and MTFP, the Delivering Effective Services report, the Corporate Plan and other related plans, as set out in the section "Related Plans and Strategies", before considering the recommendations above.

## Background Papers

Revenue Estimates working papers.  
DCLG web site  
Housing Subsidy Determination papers  
Previous MTFP  
Corporate Plan and Service Plans  
Employment Stability Phase 2 – The Way Forward  
Delivering Effective Services

## **Resource Implications / Comments from Finance**

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

## **Consultation**

A full explanation of the consultation arrangements is set out in the attached MTFP.

## **Communication Statement**

The Council has undertaken a range of consultations on the budget, both internally and externally. The MTFP report presented to Cabinet on 7<sup>th</sup> February 2011 will be placed on the Council's website, inviting the public to continue to give their views.

Consultation has been undertaken with stakeholders, including representatives of Non-Domestic Rate (NDR) payers, Chambers of Commerce and Institutes of Small Business.

Consultation has also been undertaken with the Town and Parish councils and, in addition, all Portfolio holders, budget managers and Directors are briefed and consulted prior to, and during, the budget process.

## **Impact on Corporate Objectives and Corporate Risks**

The Budget and MTFP are produced in line with the Corporate Plan and therefore reflect the financial implications of corporate objectives. The MTFP also contains a comprehensive risk analysis, and this feeds into the corporate risk register which is included within the quarterly performance report to Members.

## **Customer Access Review**

This report covers the financial aspects of all the Council's services. CARs are undertaken at service level and so no specific CARs have been carried out in relation to this report.

## **Future Actions**

In view of the economic climate and the pressure on public finances, work on the next MTFP will start immediately in the new financial year.

## **Comments from Equalities Officer**

Service delivery issues will be Equality assessed through the council's service planning processes. This will give those involved in delivering the services the opportunity to consider and pay due regard to the needs of people with protected characteristics through service planning.

## **Attachments**

Appendix 1 - Budget and Medium Term Financial Plan

MIKE DAVIS

Director of Finance and ICT

The officer to whom reference should be made concerning inspection of the background papers is the Head of Finance and ICT, Dover District Council, White Cliffs Business Park, Dover, Kent CT16 3PJ. Telephone: (01304) 821199, Extension 2107.

Ref: K:\Accountancy\Budgets\2011-12\MTFP\2011-02-28\Covering Report Cabinet 28-02-11 Final.doc



# **Budget for 2011/12 and Medium Term Financial Plan 2011/12 – 2013/14**

## CONTENTS

<b>Executive Summary .....</b>	<b>4</b>
<b>Corporate Plan .....</b>	<b>10</b>
<b>General Fund Revenue Accounts .....</b>	<b>12</b>
<b>The Housing Revenue Account .....</b>	<b>19</b>
<b>Asset Management Plan .....</b>	<b>23</b>
<b>Capital and Special Revenue Projects .....</b>	<b>24</b>
<b>Treasury Management and the Prudential Code .....</b>	<b>28</b>
<b>Consultation Arrangements .....</b>	<b>29</b>
<b>Key Assumptions &amp; Ready Reckoner.....</b>	<b>31</b>
<b>Significant Budget Risks .....</b>	<b>33</b>
<b>Related Strategies and Plans .....</b>	<b>41</b>
<b>Joint Plans with Partners .....</b>	<b>43</b>

## **Annexes**

- 1 2011/12 General Fund Revenue Budget Summaries
- 2 2011/12 General Fund Service Expenditure by Cost Type
- 2A General Fund Key Figures
- 3 Key Variances in General Fund Revenue Budgets
- 4 Three Year General Fund Revenue Budget Projection
- 5 Budget Pressures 2012/13 – 2013/14
- 6A – 6E Service Summaries, Objectives and Impacts
- 7 Projection of General Fund Reserves
- 8 – 8A HRA 2011/12 Budget and Variances
- 9A Capital Programme
- 9B Forecast of Capital Receipts
- 9C Memorandum Schedule of Capital Grants and Contributions.
- 9D Housing Revenue Account Schemes
- 9E Projects financed from the Special Projects Reserve
- 10 Treasury Management Strategy Statement (2010/11 provided for information)
- 11A Council Tax Resolution (2010/11 provided for information)
- 11B Town Council & Parish Precepts (2010/11 provided for information)
- 11C Precepts & the NDR Multiplier (2010/11 provided for information)
- 12 Grants to Other Organisations
- 13 – 13C Budget Monitoring Report to 31 Dec 2010 (abridged)
- 14 Summary of Recommendations

# EXECUTIVE SUMMARY

## OVERALL POSITION

1. The key features of this Medium Term Financial Plan are:
  - Balanced General Fund budget for 2011/12;
  - Year on year reduction in budget £2.4m;
  - General Fund balances retained above £1.5m for 2011/12;
  - No Council Tax increase for 2011/12, 2.5% for 2012/13 and 2013/14;
  - Government grant reduced by 14.8% in 2011/12, 12.0% in 2012/13 and estimated to reduce by a further 7.7% in 2013/14;
  - Savings target of £600k for 2012/13 and a further £1m for 2013/14 required;
  - Further review of future expenditure and income streams required;
  - Ring fenced Housing Revenue Account balance of £9m;
  - Financed capital programme;
  - Continued progress on shared service agenda.

## BUDGET AND MEDIUM TERM PLANS

2. 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.
3. It must not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Delivering Effective Services Report (Council 3 November 2010), the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2011/12 – 2013/14.
4. The MTFP incorporates the 2011/12 General Fund Revenue Budget, the 2011/12 Housing Revenue Account (HRA) Budget and the latest Medium Term Capital Programme (MTCP).
5. Years 2 & 3 of the MTFP (2012/13 – 2013/14) 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.
6. The budget is presented to Cabinet and Scrutiny (Policy and Performance) in February, before being presented to Council for final approval at its meeting in March.
7. 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 small surplus in 2011/12 (Annex 1) and a deficit in 2012/13 and 2013/14 (Annex 4). However, General Fund balances are maintained above the minimum £1.5m level across the planning period if the target savings in 2012/13 and 2013/14 are achieved.
8. It is the view of the Director of Finance (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 and adequate for the Council's spending plans.



## **DELIVERING EFFECTIVE SERVICES**

9. The Council in adopting the recommendations of the Employment Stability Report Phase 2 – The Way Forward, on 19 May 2010 recognised the unprecedented period of financial uncertainty and constraint facing the council.
10. The proposals in the Delivering Effective Services report (DES) aimed to address the anticipated Year 1 General Fund deficit through a mixture of:
  - service prioritisation
  - restructuring
  - further efficiencies within services/departments
  - shared services
11. Services were ranked as 'Gold, Silver and Bronze' and these classifications will be used as a comparative service priority for future delivery.
12. The report represented the start of an ongoing process to meet the anticipated budget pressures over the coming years. The service standards set in the report have formed the basis for producing the budget and providing direction for service reductions and the organisational structure. They have also been used in conjunction with the service data in annex 6.

## **BUDGET PROCESS**

13. The budget process towards achieving the savings targets included in the 2010/11 budget began with Council adopting the recommendations of the Employment Stability Report Phase2 – The Way Forward, on 19 May 2010. This report approved an enhanced Employment Stability process and that through this process priority functions would be identified and performance targets set for 2011/12.
14. This report was followed by detailed work with individual services and portfolio holders in order to explore and assess all services across the authority.
15. The work resulted in the Delivering Effective Services (DES) report approved by Council 3 Nov 2010 in which all services were allocated a service standard and presented indicative structures for the organization to move forwards to achieve the level of savings required.
16. The budget has been built on the recommendations in the DES report with reductions to staffing levels and budgets being reflective of the service standard allocated.
17. In addition the budget process requires budget managers and Directors to review their budgets and identify all possible efficiencies. Target savings based on the service standards were set for budget managers to achieve in their discretionary spend.
18. The Council is also involved in a number of joint service projects as detailed below:
  - Through the East Kent Joint Arrangements Committee the Council currently shares Internal Audit and Human Resources services with Shepway, Thanet and Canterbury.

- Work is underway to transfer services to East Kent Services which will provide Revenues & Benefits, Customer Services and ICT to Dover, Canterbury and Thanet Councils.
- Progress is being made on the creation of a management organisation for Housing Services between Dover, Thanet, Canterbury and Shepway.
- On 3 Nov 2010 Council resolved to explore with Shepway District Council an accelerated programme of management and structural change together with further and quicker joint working.
- Savings will be built into future plans as business cases are developed.

## **THE GENERAL FUND**

19. The Councils General Fund revenue budget for 2011/12 is shown in Annex 1. The total budget requirement, for the Council's own purposes, is £14.87m. This is to be met mainly by:
- Government grant (Revenue Support Grant and distribution of Non-Domestic Rates) of £8.110m<sup>1</sup>;
  - Council Tax of £6.395m;
  - Council Tax Grant of £161k;
  - New Homes Bonus of £294k.
20. Annex 4 shows the overview of the forecasts for 2012/13 and 2013/14 and the corporate pressures from increased salary costs, pension back funding and inflation. Annex 5 shows the service pressures and savings from Directors. To balance the 2012/13 and 2013/14 budgets savings of £600k in 2012/13 and a further £1m in 2013/14 need to be achieved.

## **GOVERNMENT GRANT**

21. Revenue Support Grant (and NDR) of circa £8.11m<sup>1</sup> is the largest single income stream for the Council. 2011/12 is the first year of a two-year settlement for local government. The grant received for 2011/12 is being reduced (after technical adjustments) by 14.8% following the Government's comprehensive spending review, and the 2012/13 grant reduced by a further 12.7%.
22. The settlement for 2013/14 is therefore likely to be very tight. For the purposes of the Medium Term Financial Plan the working assumption is that the settlement for DDC will reduce by 7.7% in 2013/14.

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

23. No Council Tax increase for DDC purposes has been built into the 2011/12 budget. This means that the Band D Council Tax, for Dover District Council purposes, will remain at £158.94 per annum. Increases of 2.5% per annum have been assumed in the forecasts for 2012/13 and 2013/14.
24. The precepts from Kent County Council, Police, Fire and Rescue and Towns and Parishes have been received and annexes 11A-11C include the 2011/12 precepts and the resolution to set the Council Tax levy.

---

<sup>1</sup> Based on the 2011/12 settlement received 31 January 2010

## COMPARISON WITH OTHER DISTRICTS' 2010/11 BAND D COUNCIL TAX

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

	Band D Council Tax £	% Difference to DDC	Extra Income to DDC
Dover District Council	158.94	-	-
Canterbury City Council	178.65	+12%	£760k
Shepway District Council	231.48	+45%	£2.9m
Thanet District Council	209.97	+32%	£2.0m

## NEW HOMES BONUS

26. The Government has pledged cash for communities who allow new homes to be built in their area. Almost £1bn Government funding has been set aside for councils that deliver new housing development. DDC will retain 80% of the Council Tax from new properties for the first 6 years through this mechanism. The estimates for Dover<sup>2</sup> suggest that approximately £300k will be granted in 2011/12, the first year of the scheme. This could increase to £1.7m by 2017/18 when the cumulative effect of six years growth is in place. For prudence only 50% of this has been incorporated into the baseline budget and the balance has been allocated to reserves.

## GENERAL FUND RESERVES AND BALANCES

27. The projected outturn for 2010/11, the budget for 2011/12 and the projections for 2012/13 and 2013/14 will enable General Fund balances to be maintained above £1.5m over the planning period, subject to the target savings being achieved. 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.
28. It is the view of the Director 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)

29. The HRA is forecast to show an increase in the accumulated surplus of £516k in 2011/12 giving a projected year-end balance of £9.06m.
30. The projected accumulated surplus is due to significant cost reductions and increased income and indicates long term viability although it is expected that the accumulated surplus will reduce significantly in later years due to pressures including 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.
31. The Housing ALMO ("East Kent Housing") will come into effect for 2011/12 and will take over management of the Council's landlord services, however, to aid budget comparison the HRA estimate has been prepared based on the same structure as

---

<sup>2</sup> Based on DCLG consultation

2010/11 and adjustments will be incorporated once the full details in respect of the ALMO operation and management fee have been established. Although we are currently awaiting full management fee details it is expected that there will be an initial budget pressure from set up costs in the first year of the ALMO with this being offset by savings in the following years.

32. An additional development expected in 2011/12 is the Government 'Housing Finance Reform' which if implemented would mean the removal of the current subsidy system and its replacement with a self financing system. This would require a one off payment to Government financed by Local Authorities taking on borrowing. For DDC the borrowing required has been provisionally estimated to be in the region of £82m although significant changes to draft proposals are expected. The proposals are currently in the consultation stage.
33. Rent increases averaging approximately 5.54% have been included in the HRA budget. This is in accordance with Government guidelines.

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

34. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers:
  - Revenue maintenance requirements;
  - Capital works programmes;
  - Data on performance of significant corporate assets;
  - Properties identified for disposal.
35. 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. The Director of Environment & Community Assets confirms that there are sufficient resources to keep properties generally wind and water tight and it will be a challenge to maintain all buildings without deterioration.

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

36. Capital resources are extremely limited and due to this it is now proposed that receipts from the sale of the Sheltered Housing Schemes are allocated to fund regeneration projects in the proposed capital programme. The HRA will therefore have to finance some of its capital spend from its improved rental income and balances.
37. The capital programme needs to move to a cash funded position with no new projects being approved to commence unless the whole projects costs can be financed through additional funding, sufficient capital receipts have been banked or other savings in the programme are identified. The new projects in the programme have been approved in priority order and will commence as capital receipts are received or other funding becomes available.
38. The Special Revenue Projects Programme comprises significant projects that are not usually treated as capital but which are "one off" in nature and are therefore to be funded from 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 that could be used to finance capital projects, revenue projects, or used for other purposes.

39. Options for additional funding of projects will continue to be investigated, and the Council will continue to work with partners, including Homes & Communities Agency (HCA) and Kent County Council (KCC) to maximise the resources available. The South East England Development Agency (SEEDA) activity is being wound down as this agency is being abolished.

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

40. The Prudential Indicators and the Treasury Management and Minimum Revenue Provision Statements are included as annex 10 to the MTFP.

#### **CONSULTATION ARRANGEMENTS**

41. Through the DES process the Council has undertaken a range of consultations on the budget, both internally and externally. The MTFP report presented to Cabinet on 7<sup>th</sup> February 2011 will be placed on the Council's website, inviting the public to continue to give their views.
42. Consultation has been undertaken with stakeholders, including representatives of Non-Domestic Rate (NDR) payers, Chambers of Commerce and Institutes of Small Business.
43. 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**

44. 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.
45. 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 AND JOINT PLANS WITH PARTNERS**

46. 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 Delivering Effective Services report and the Corporate Plan.
  - Joint Plans with Partners – delivery of the service plan cannot take place without partnership working. The more significant partnerships and joint plans are provided later in the report.

## CORPORATE PLAN

47. The Corporate Plan and the MTFP are closely associated and it is critical that they are consistent. Directors 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.
48. The key themes of the Corporate plan are:
  - Regeneration
  - Value for Money Services, and
  - Enabling Others through Partnerships
49. These themes are underpinned by service transformation to improve service levels and drive out costs.
50. 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 and is increasingly reliant on working in partnership with public and private sector alike. While the Council is therefore not directly able to deliver many of the projects, it nonetheless retains an important enabling role. The Council is engaging in increased partnership working with a range of partners and, where available, providing match funding to facilitate/enable and encourage delivery of a number of projects that will transform Dover.
51. With the demise of SEEDA and budget cuts at the HCA, the Council will rely more on the public and private sector partnership, for example through the Local Investment Plan and Local Enterprise Partnership. The Council will continue to seek new inward investment opportunities whilst supporting those who are already planning to develop in the District. The Core Strategy was adopted in 2010 and now the Council will prioritise and allocate its resources towards the regeneration delivery phase.
52. The major regeneration projects which support the objectives in the Corporate plan include:
  - The Dover Waterfront project to regenerate the waterfront area of Dover and maximise the economic impact of cruise liners and visitors to Dover.
  - Western Docks – working with the Port of Dover to support the development of a major new ferry terminal at Dover's Western Docks.
  - YorkGate – working with the other major landowner to regenerate the York St/Bench St area of Dover.
  - Aylesham Masterplan to develop c1,200 new houses and community facilities
  - 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
  - Whitfield Urban Expansion – to develop c5,750 homes and community facilities
  - Regeneration of North Deal including the mixed use community development at Cannon Street and resolution of access arrangements at Albert Road.
  - Dover Priory Station – development to support the provision of car parking at the station in response to the introduction of the High Speed Train.

- White Cliffs Business Park Expansion – expansion of the business park to bring new jobs 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.
- Olympics – to meet the Council's obligations to support Olympic related activity in conjunction with the Big Screen.

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

	2009/10	2010/11	Total
<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>

54. 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 development, helping to deliver the Local Development Framework and regeneration agenda). Although there are no time constraints the current Government spending cuts would indicate that early allocation of funds to suitable projects is advisable. To date £1.65m of the award has been committed to support the development of regeneration projects.
55. 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 and new recycling scheme
  - Payroll and HR
  - NDR
  - Revenues and benefits
  - Customer services
  - ICT
  - Housing Management
  - A framework for a wider roll-out of joint working
  - A resolution to explore joint working with Shepway.
56. Annexes 6A – 6E provide summaries of the main service areas under each Director. Also detailed are the service standards approved through the Delivering Effective Services report, the objectives and the impact of changes to the standard for each service.

# THE GENERAL FUND REVENUE ACCOUNTS

## FINANCIAL OBJECTIVES

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

## SUPPORTING INFORMATION

58. The following annexes are provided:
- Annex 1 contains the budget summary for the General Fund.
  - Annex 2 shows the same information analysed by expenditure and income.
  - Annexes 2A – 2E show the information analysed by Directorate and service areas.
  - Annex 2F shows the key figures and patterns for the General Fund.
  - Annex 3 provides a variance analysis.
  - Annex 4 provides the General Fund Revenue Budget projection for the period to 2013/14.
  - Annex 5 includes budget pressures identified by Directors in 2012/13 and 2013/14.
  - Annexes 6A – 6E contain summaries of the services managed by each Director, the service objectives and impacts of proposed changes.
  - Annex 7 contains details of reserves.

## GENERAL FUND SUMMARY

59. The total budget requirement, for the Council's own purposes, is £14.89m as shown in Annex 1. This is to be met mainly by Government grant (Revenue Support Grant and distribution of Non-Domestic Rates) of £8.110m<sup>3</sup>, Council Tax of £6.395m, Council Tax Grant of £161k and New Homes Bonus of £294k.

---

<sup>3</sup> Based on the 2010/11 settlement received 31 January 2010



60. Annex 4 shows the overview of the forecasts for 2012/13 and 2013/14, the corporate pressures from increased salary costs, pension back funding and inflation and service pressures and savings from Directors. To balance the 2012/13 and 2013/14 budgets we will need to achieve savings of £600k in 2012/13 and a further £1m in 2013/14, which continued work through the DES process and a further review of all expenditure and income streams.

## **KEY VARIANCES / SIGNIFICANT ISSUES**

### Staff Salaries

61. For 2011/12 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

62. The vacancy allowance (savings from staff turnover) was set at £400k in 2010/11. Due to the Delivering Effective Services restructure, on-going employment stability process and other reductions in staffing establishment levels it has been considered prudent to reduce the vacancy allowance to £100k for 2011/12.
63. It is proposed to continue the Delivering Effective Services process alongside strengthening the Employment Stability process to maintain the link between approved service standards and the approval of posts to be filled.
64. The estimated redundancy and pension costs associated with the Delivering Effective Services restructure will be paid from 2010/11 and funded from the Special Projects Revenue. The reserve will then be repaid from the 2011/12 budget.

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

65. 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 2010, and is being implemented from April 2011.
66. The actuarial report advises that the DDC contribution rate should be 14.2% for "current service" (additional pension earned in the year). In addition DDC will pay a fixed sum of £1,550k in 2011/12 to meet the pension fund deficit. This fixed sum is proposed to increase by £80k in each of 2012/13 and 2013/14.
67. The fixed sum has reduced from previous year's and the difference has been transferred to an earmarked reserve to smooth any future fluctuations in the backfunding rate.

### Concessionary Fares

68. 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-imbusement rate").
69. The latest projected cost of the scheme for 2010/11 is £1,099k comprising: £953k Dover share of full year estimate based on quarter 2 figures, £69k 07/08 appeal settlement agreed, £70k estimate re 09/10 capacity appeal and £7k MCL costs. However, with a number of appeals still to be finalised, the position is uncertain, and an additional transfer to reserves in 2010/11 is proposed for the year to meet future awards arising from such appeals.
70. Government have determined 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 through the government grant received by the authorities. The impact of this has been incorporated into the 2011/12 budget based on the government settlement figures.

#### General Inflation

71. Setting a guideline level of inflation runs the risk that this will be used by budget managers as the "norm" to set budgets even when the inflation rate for their services is less. 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.
72. The other significant area of potential inflation pressures relates to major term contracts. In 2011/12 the assumed level of contract inflation is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. For 2012/13 and 2013/14 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. Each 1% variance in contract inflation leads to approximately £50k variance in costs.

#### Contingency Provision

73. Contingency provision of £121k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. The general corporate contingency has been set at £90k to reflect the tightening of budgets across the organisation. In addition as part of the budget setting process managers and directors were asked to identify any budgets held for items such as legal or consultants fees that would only be required if certain circumstances occurred. These budgets have been removed from individual budgets and £31k held centrally to be utilised if required for the items identified.

#### Grants to Organisations

74. The Council makes a number of grants to organisations for services across the district, including contributions to the Citizens Advice Bureau and Vista Leisure; these are detailed at Annex 12.

#### Interest on Investments

75. The overall interest rates achieved in 2011/12 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.

76. The MTFP assumes that the Council's investments overall will average 1.10% per annum on investments of circa £21m (split approximately 40/60 between General Fund and HRA pro rata to estimated cash balances). This is based on bank base rates assumed to remain at 0.5% for the majority of the planning period.
77. 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. The test cases are starting to go through the Icelandic courts in February and more information will be known following this process.
78. At present it is not possible to say, with certainty, how much of the Council's investment will be recovered, or when the recovery will be achieved. In the meantime, in order to protect the Council's financial standing, transfers from other earmarked reserves were made at year-end 2009/10 into an Iceland Investment reserve to be held until the position is clearer.

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

79. 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:
  - Cost of providing the service
  - 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
  - Impact of the fee upon service use and upon different sections of the community
  - Impact of service use upon corporate objectives.
  - Overall income the service generates.
80. The only F&C which are not included in this process are for Car Parking which are the subject of a separate report.
81. The main sources of income, and relevant issues are summarised below.

- Development Control

The volume of fee applications is expected to remain at broadly the current levels. The original budget for Development Control fee income for 2010/11 was £440k, but the latest projected outturn for the year is £420k. The budget for 2011/12 onwards has been set at £440k.

- Building Control

The original budget for 2010/11 was set at £295k and the projected outturn is currently £320k due to the introduction of a new charging regime from Oct 2010. The budget for 2011/12 has been set at £345k to reflect the estimated impact of a full year of the new regime.

- Licensing

This includes taxis, gambling and other miscellaneous licences. In general this income stream has performed a little better than predicted, and this has been reflected in the increase of approximately £13k in the 2011/12 budget. This does however include the recovery of one-third of the Unmet Demand Survey that was carried out in 2010/11 (£4k).

- Land Charges

The original 2010/11 budget of £170k was set at a level reflecting lower volumes in the housing market, and this level has been maintained for the 2011/12 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 2010/11 income budgets for parking fees and penalty charge notices is currently forecast to be marginally below the original budget of £2.2m. It is also anticipated that the poor weather at the beginning of the year may cause further deterioration in this income. Following an increase in fees for 2011/12 (the first since 2007/08) the income from Penalty Charge Notices and car parking is expected to generate around £2.3m in 2011/12.

The Council expects to make a small loss from on-street parking. In accordance with Section 55 of the Road Traffic Act 1984 (and subsequent updates) this will be partially offset against prior year surpluses, and the balance will be made good from the General Fund. Any surplus in excess of £100k would be remitted to KCC.

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

#### Financing the Net Requirement

83. The net requirement is financed mainly by Government Grant and Council Tax. The total financing for 2011/12 is:

<b>2010/11 General Fund Revenue Financing</b>	<b>£m</b>	<b>%</b>
Revenue Support Grant	1,915	12.8
NDR	6,195	41.4
<b>Total Government Grant</b>	<b>8,110</b>	<b>54.2</b>
Council Tax	6,395	42.7
Council Tax Grant	161	1.1
New Homes Bonus	294	2.0
<b>Total Financing</b>	<b>14,960</b>	<b>100.0</b>

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

#### Government Grant

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

	Grant £000	Reduction £000	Reduction %
2010/11 Actual Grant	10,215		
2010/11 Adjusted Grant <sup>1</sup>	9,451		
2011/12 Provisional Settlement	8,110	1,341	14.2
2012/13 Provisional Settlement	7,082	1,028	12.7
2013/14 Estimated Settlement	6,536	546	7.7

<sup>1</sup>The grant received in 2010/11 has been adjusted for comparative purposes to reflect the transfer of Concessionary Fares to KCC and other technical adjustments.

#### Council Tax

86. DDC's Council Tax (for its own use – i.e. excluding Town and Parish Councils) for 2010/11 was £158.94 for Band D. This means DDC has one of the lowest Council Taxes in Kent. (See table in Executive Summary.)
87. Having due regard to the recommendations from Government, no increases in Council Tax have been proposed for the 2011/12 budget. This keeps the Band D Council Tax, for 2011/12, at £158.94. The MTFP assumes increases of 2.5% for 2012/13 and 2013/14. These increases are unlikely to change DDC's position in relation to other authorities.

#### Budget Requirement

88. For 2010/11 the original budget requirement was £16.881m. The 2011/12 requirement of £14.891m represents a decrease of 12%. This reflects savings identified through the Delivering Effective Services process and the transfer of the Concessionary Fares Scheme to Kent County Council.

### "Carry Forward" of Unspent Budgets

89. 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.
90. 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.
91. To avoid this managers are given the opportunity to carry forward unused elements of their budget. This has been applied using the broad guidelines that:
  - The carry forward should be for a planned purpose;
  - The carry forward should be sustainable – it is not appropriate to create an on-going commitment (such as employing additional permanent staff) from a one-off saving;
  - The Director of Finance reviews the carry forwards requested and approves them as appropriate.
92. In order to ensure that the carry forward can be integrated into the following year's budgets as soon as possible, it is proposed that the current practice of the Director of Finance having delegated authority to approve the carry forward, and the carry forwards being reported in the outturn report and budget monitoring reports continues.

### **Recommendations from this Section**

93. It is recommended that Council:
  - Approve the General Fund Revenue Budget for 2011/12 and the projected outturn for 2010/11.
  - Continue the practice of delegated authority to the Director of Finance 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.
  - Approve the grants to organisations detailed at Annex 12.

# HOUSING REVENUE ACCOUNT

## OVERVIEW

94. The Local Government and Housing Act 1989 (s74) requires that local housing authorities maintain a ring fenced Housing Revenue Account (HRA). This account contains the revenue expenditure and income from provision of council dwellings and associated services and is ring fenced from the rest of the authority's expenditure and income. The balance on the HRA is not, therefore, available to finance other services.
95. The HRA's financial position, detailed at Annex 8A, can be summarised as follows :-
- HRA balance at 31/3/10 £7.96m
  - Forecast balance at 31/3/11 £8.54m
  - Forecast operating income (before investments) in 2011/12 £18.2m
  - Forecast operating expenditure in 2011/12 £15.9m
  - Forecast year end balance at 31/3/11 £9.06m
96. At the time of writing, the HRA has 4,464 dwellings, made up of 2,851 houses and 1,613 flats. This is after excluding Sheltered Housing schemes that have been decanted for disposal.

## FINANCIAL OBJECTIVES

97. The main strategic financial objectives of the Housing Revenue Account are as follows:
- Maintain a Housing Revenue Account that is self-financing and reflects the requirements of residents.
  - Achieve the government's target rent level by 2015/16.
  - Comply with the Decent Homes Standard.
  - Maximise the recovery of rental incomes.
  - Minimise the number of void properties and minimise the level of rent arrears and debt write offs.
  - Maintain an adequate level of HRA reserves consistent with the HRA Business Plan.

## NATIONAL BACKGROUND

### Rent Restructuring

98. 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.
99. 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.

100. 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.
101. 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%.
102. Last year DCLG announced that the target year for convergence was to be moved back to 2024/25 this has now been revised to 2015/16.
103. It is estimated that the interaction of the amended rent convergence date and the recommended increase of 5.1% (advised RPI of 4.6% + 0.5%) will result in an increase of 5.54% in average rents for 2011/12 on retained properties.

#### Housing Subsidy

104. 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.
105. 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.
106. 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 £5.95m in 2011/12).
107. The Government 'Housing Finance Reform' is currently in its final consultation stages. If implemented, this reform would mean the removal of the current subsidy system and its replacement with a self financing system. This would require a one off payment to Government financed by Local Authorities taking on borrowing. For DDC the borrowing required has been provisionally estimated to be in the region of £88m although significant changes to draft proposals are expected. The current proposals are that the reform would be effective from 2012/13.

### **LOCAL BACKGROUND**

#### General

108. 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 30 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. These actions have significantly improved the long term viability of the Housing Revenue Account.
109. 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.

110. 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.
111. During 2010/11 the Council has progressed the decision to develop a shared housing model with other East Kent authorities. EK Housing, as it is now known, is an Arms Length Management Organisation (ALMO) bringing together the housing functions of Dover, Shepway, Canterbury & Thanet Councils.

Subject to final approval the ALMO will come into effect for 2011/12, however, to aid budget comparison the HRA estimate has been prepared based on the same structure as 2010/11 and adjustments will be incorporated once the full details in respect of the ALMO operation and management fee have been established. Pending agreement on the management fee a budget pressure of £238k has been included in the 2011/12 estimate. This pressure is forecast to be offset by savings in the following years.

#### Service Charges

112. 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

113. As noted above, rent levels are calculated on an individual property basis using rent formulas prescribed by DCLG, the target date for rent convergence is now 2015/16.
114. 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.
115. 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 2010/11 average weekly rent across all properties is £70.09.
  - the 2011/12 average weekly rent is forecast to be £73.97.
  - the increase in the average weekly rent is £3.88 or 5.54%.
  - three bedroom houses have rents (for 2011/12) ranging from £70.69 per week to £82.88 per week with an average of £80.49.
116. Determination of rent levels is an executive function that has been delegated to the Director of Housing and Community, who has set rent levels for 2011/12 on the basis of the model described above. For 2011/12 it is proposed that this responsibility is transferred to the Director of Community and Development.

## **2011/12 DRAFT BUDGET**

117. Members will note that the HRA is forecast to show an increase in the HRA Revenue Account Balance of £516k. Annex 8A provides a draft HRA budget summary. Annex 8B provides an explanation of the main variations from the original 2010/11 budget to the 2010/11 projected outturn and from the 2010/11 projected outturn to the 2011/12 proposed budget.
118. 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.
119. 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. The reform of the Housing Finance system should facilitate 3-year budgeting on the HRA.

### **Recommendations from this Section**

120. It is recommended that Council:
  - Approve the 2011/12 HRA budget at Annex 8.
  - Amend the associated authorities for rent and service charge setting, currently delegated to the Director of Housing & Community, to the Director of Community & Development with effect from 1 April 2011.

## ASSET MANAGEMENT PLAN

121. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers:
- Revenue maintenance requirements;
  - Capital works programmes;
  - Data on performance of significant corporate assets;
  - Properties identified for disposal.
122. 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 Director of Environment & Community Assets confirms that there are sufficient resources to keep properties generally wind and water tight and it will be a challenge to maintain all buildings without deterioration.
123. There is an estimated backlog of planned maintenance required to "Operational Assets" in the region of £390k. The backlog has been substantially reduced since the 2009 Asset Management report and is mainly due to programmed maintenance repairs being re-prioritised and transferred to a later year. The backlog also reflects aspirations as well as actual repairs and the funding gap between the identified works in the planned maintenance programme and the maintenance budget allocations over previous years.

### Summary

The key points for Members to note are:

- There are sufficient resources to maintain properties in a basic state of repair and it will be a challenge to maintain all buildings without deterioration.
- There are insufficient resources to maintain properties at the standard to which the Council aspires.
- The Director of Environment and Community Assets is reviewing opportunities for realising capital receipts, from surplus assets, to support financing of the capital programme.

## CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

### Definition of Capital

124. 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
125. 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

126. 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

127. 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.
128. 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).
129. The Council generally retains 100% of non-HRA capital receipts.

### Purpose of the Capital Programme

130. The primary objectives are to:
- maintain an achievable, affordable capital programme;
  - ensure capital resources are aligned with corporate priorities;
  - identify any requirement for Prudential Borrowing, and ensure that it is only undertaken if it is affordable;

- maximise available resources by actively seeking external funding and disposing of surplus assets.

### Content of the Capital Programme

131. Members are referred to the draft Capital Programme at Annex 9A. This is a dynamic programme and a formal bidding process is operated every year to identify and plan future projects.
132. 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;
133. In addition to simplify the management of Dover Town Regeneration budgets it is proposed that they are treated as one major project and virements between them can be authorised by the Director of Finance.
134. 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.
135. The structure of the programme is reflected in the format of Annex 9A and is explained below:
- Work in Progress  
These are live projects.
  - Projects Awaiting Appraisal  
These projects are approved subject to appraisal.
  - HRA Programme for Approval  
Proposed level of expenditure and allocation of funding for HRA projects. Annex 9D provides the breakdown of the projects.
  - 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 some of these are likely to slip into 2011/12. This is purely slippage and does not constitute additional resources.

- New Bids  
New projects are shown in the programme in the proposed priority order for release of funds. The order may be adjusted if specific funding is identified for any of the projects otherwise they will need to await available funding before they can be progressed.
- 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.
  - To finance the programme the capital receipts from the sale of Sheltered Housing will need to be applied to General Fund regeneration projects and the HRA will have to use its increased rental income and reserves to finance some of its capital projects.

#### Content of the Special Projects Programme

136. 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. 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

137. 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 Director of Finance, in consultation with the portfolio holder responsible for Finance, and that capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance capital and revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.
138. 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.
139. In addition to financing of capital expenditure, the Council also has to consider what provision, if any, should be made for the repayment of debt. Although no new long term borrowing is currently proposed, it is intended that any new borrowing, should it be required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in Annex 9F.

## Summary

The key points for Members to note are:

- The capital programme needs to move to a cash funded position with no new projects being approved to commence unless the whole projects costs can be financed through additional funding, sufficient capital receipts have been banked or other savings in the programme are identified. The new projects in the programme have been approved in a priority order and will commence in the agreed order in line with capital receipts being received or specific funding identified.
- 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, it is likely that some of the capital receipts from the sale of Sheltered Housing will need to be applied to General Fund regeneration projects and the HRA will have to use its increased rental income to finance some of its capital projects.
- 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 Director of Finance, in consultation with the portfolio holder responsible for Finance.
- At present revenue reserves are allocated to fund redundancy and pension costs from the Delivering Effective Services restructure. Approval has been received from DCLG to capitalise up to £400k of redundancy costs and £420k of pension costs thereby increasing financial flexibility for the authority. It is proposed to delegate the decision regarding capitalisation of these costs to the Director of Finance, in consultation with the portfolio holder responsible for Finance.
- There is no provision for making capital grants to other organisations, other than those grants already approved.
- 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**

140. 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 Director of Finance, in consultation with the portfolio holder responsible for Finance;
  - Delegate the decision to capitalise the DES restructure redundancy and pension costs to the Director of Finance, in consultation with the portfolio holder responsible for Finance;
  - Approve that capital resources required to finance new projects are secured before new projects commence;
  - Approve that poolable housing capital receipts are retained and used to fund capital allowances on Regeneration and Decent Homes agendas;

## TREASURY MANAGEMENT AND THE PRUDENTIAL CODE

141. 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.
142. 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
143. Annex 10 to this report will set out estimates for each of the relevant Prudential Indicators in each of the financial years 2011/12 to 2013/14, and includes the latest estimates for 2010/11 aligned with the revised forecast budget. Approval is sought for proposed Indicators 2011/12 – 2013/14. The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.
144. In setting these indicators, it is important to note that the Council has not yet undertaken new borrowing in 2010/11. It is, however proposed to take out new borrowing in the coming months to finance the tennis centre capital project.
145. 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.

### TREASURY MANAGEMENT

146. The Council's Treasury Strategy complies with the requirements of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council on 2 September 2002 and the CIPFA Code of Practice on Treasury Management (revised November 2009) which is requested to be adopted by this Council on 2 March 2011.
147. Approval of the strategy is a Council decision. The 2010/11 strategy is attached at Annex 10 for information and will be updated for the Council report.

### RECOMMENDATIONS FROM THIS SECTION

148. It is recommended that Council:
- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement
  - Adopt the CIPFA Code of Practice on Treasury Management (revised November 2009).



## CONSULTATION ARRANGEMENTS

### BUDGET CONSULTATION

149. The Council has undertaken a range of consultations on the budget. These have been into both "External" and "Internal" consultation, and are listed below.
150. The table below details the budget consultation activity:

Employment Stability Phase 2 – The Way Forward	
Cabinet	1 March 2010
Scrutiny (Policy and Performance) Committee	9 March 2010
Cabinet	12 April 2010
Council	19 May 2010
Opposition Leaders briefings	20 July 2010
Trade Union briefing	20 July 2010
Press briefing held and press release issued	21 July 2010
Public research into service priorities commenced	21 July 2010
Letter sent from Cllr Paul Watkins, Leader of the Council, to all Town and Parish Councils and Chair of the Compact	21 July 2010
All staff briefing provided by the Chief Executive at Staff Forums	26 & 29 July 2010
Trade Union briefing	23 August 2010
Opposition Leaders briefings	27 August 2010
All staff briefing provided by the Chief Executive at Staff Forums	31 August 2010 & 2 September 2010
Letter sent to all Town and Parish Councils providing a copy of the Delivering Effective Services report and inviting them to comment on the proposals and attend a Towns and Parish Council Meeting with the District Council	3 September 2010
Cabinet and Scrutiny (Policy and Performance) considered the report	6 September 2010
Letter and e-mails sent to stakeholders, providing a copy of this report, links to the on-line survey and inviting comments on the proposals.	9 September 2010

Responses to consultation collated and into the report considered by Cabinet	4 October 2010
Town and Parish Council Meeting	4 October 2010
Scrutiny (Policy and Performance) considered the report	12 October 2010
Updated report incorporating Cabinet decisions, anticipated implications of the Government's Comprehensive Spending Review announcements and further consultation responses considered by Cabinet	1 November 2010
Scrutiny (Policy and Performance) considered the report	1 November 2010
Report approved by Council	3 November 2010
RSG/NDR Settlement received	13 December 2010
Cabinet to consider Medium Term Financial Plan	7 February 2011
Scrutiny (Policy and Performance) to consider the report	15 February 2011
Cabinet to consider Medium Term Financial Plan	21 February 2011
Council to consider Medium Term Financial Plan	2 March 2011

#### Internal Consultation

151. 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
  - Briefings to staff
152. As a matter of routine, all budget managers are briefed and consulted prior to the start of the budget process.
153. Directors 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.

## KEY ASSUMPTIONS & READY RECKONER

154. 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**

155. Salary inflation assumed to be 0% in 2011/12 and 2012/13 and 1% in 2013/14. General inflation and contract inflation assumed to be 2% for 2012/13 and 2013/14.

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

156. The triennial valuation is due to be applied from April 2011. It has been assumed that the DDC backfunding contribution will increase by £80k above the 2011/12 level of £1.55m in 2012/13 and 2013/14.

### **Interest Rates**

157. It is assumed that DDC will earn an average of 1.10% on its investments in 2011/12.

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

158. The current settlement covers 2011/12 – 2012/13. It has been assumed that the settlement for 2013/14 will be reduced by a further 7.7% per annum.

### **Council Tax**

159. No Council Tax increase has been assumed for 2011/12 and 2.5% has been assumed for 2012/13 and 2013/14.

### **Second Homes Monies**

160. KCC have indicated that no second homes monies will be paid in 2011/12

### **New Homes Bonus**

161. The New Homes Bonus is a new scheme that will provide the incentive and rewards for councils and communities who wish to build new homes in their area. The figures included are based on the DCLG modelling for DDC and indicate an award of £294k in 2011/12.

### **Capital Projects**

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

### **HRA Subsidy**

163. 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 £5.95m to DCLG in 2011/12.

## **Ready Reckoner**

Payroll - 1% increase costs the General Fund £116k

Council Tax - 1% raises £64k

RSG/NDR – 1% equals £80k

Investment Income - 1% equals £210k (split approx 40/60 GF/HRA)

Contract inflation – 1% equal £48k

## SIGNIFICANT BUDGET RISKS

164. 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 Inward Investment are in frequent contact with our major partners. Our partners have also started to invest their own resources in the regeneration projects and have become identified with the projects' success.		H	L
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 movements.	7 dwellings sold to date in 2010/11	H	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
			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.		H	L
There is a risk that the Government settlement for 2013/17 will be less than the forecast 7.7% 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 £8m in RSG and NDR, so every 1% reduction costs the Council £80k.	H	M
Ongoing unresolved Concessionary Fares appeals and any new appeals arising could lead to additional costs being awarded against local authorities.	M	M	A Concessionary Fares reserve has been established to offset the impact of successful appeals		L	M
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

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
<p>Fees and Charges – some sources of income may be affected by a reduction in overall economic activity. The most significant areas for this include:</p> <ul style="list-style-type: none"> <li data-bbox="176 488 624 520">- Development Control fees</li> <li data-bbox="176 695 624 727">- Income from investments</li> <li data-bbox="176 999 624 1031">- Car parking income</li> <li data-bbox="176 1174 624 1270">- Council Tax base and collection rates may stagnate or fall</li> </ul>	<p>M</p> <p>M</p> <p>M</p> <p>H</p>	<p>M</p> <p>M</p> <p>M</p> <p>H</p>	<p>The cap on planning fees for major applications has been removed. This should offset the impact of any reduction in activity.</p> <p>The budget is based on conservative estimate of the base rate at 0.5% in 2011/12. Where possible and 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>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</p>	<p>Development Control Fees are forecast to be £420k.</p> <p>A 1% reduction in interest on investments leads to a reduction in General Fund income of around £80k.</p> <p>Total car park income is forecast to be £2.3m</p> <p>A 1% reduction in Council Tax costs DDC £64k.</p>	<p>L</p> <p>M</p> <p>M</p> <p>H</p>	<p>M</p> <p>L</p> <p>L</p> <p>M</p>

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
			<p>person discounts and collection rates.</p> <p>Based on performance to date, no surplus from the collection fund in 2010/11 has been assumed to be available for distribution in 2011/12.</p>			
<p>Possibility of bank failure leading to loss of Council's invested capital</p>	<p>H</p>	<p>M</p>	<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 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>Total investments - in-house £10.5m - with Investec £13.9m</p>	<p>H</p>	<p>L</p>



Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
Pension Funding – increased deficit, demographic change, reduced asset values and interest rates may lead to additional contribution rates, at the future triennial valuations, to meet backfunding requirements.	H	H	<p>Instead of paying a contribution rate based on a % of salaries, DDC pays a fixed sum, increasing by £80k per annum for 2012/13 and 2013/14.</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>The backfunding lump sum reduced from 2010/11 to 2011/12 the value of the reduction has been transferred into an earmarked reserve to smooth the impact of any future increases.</p>	A 1% increase in contribution rates costs the General Fund approximately £116k	H	M
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.	Savings will not be built into future plans until business cases are developed.	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 £170k	M	M

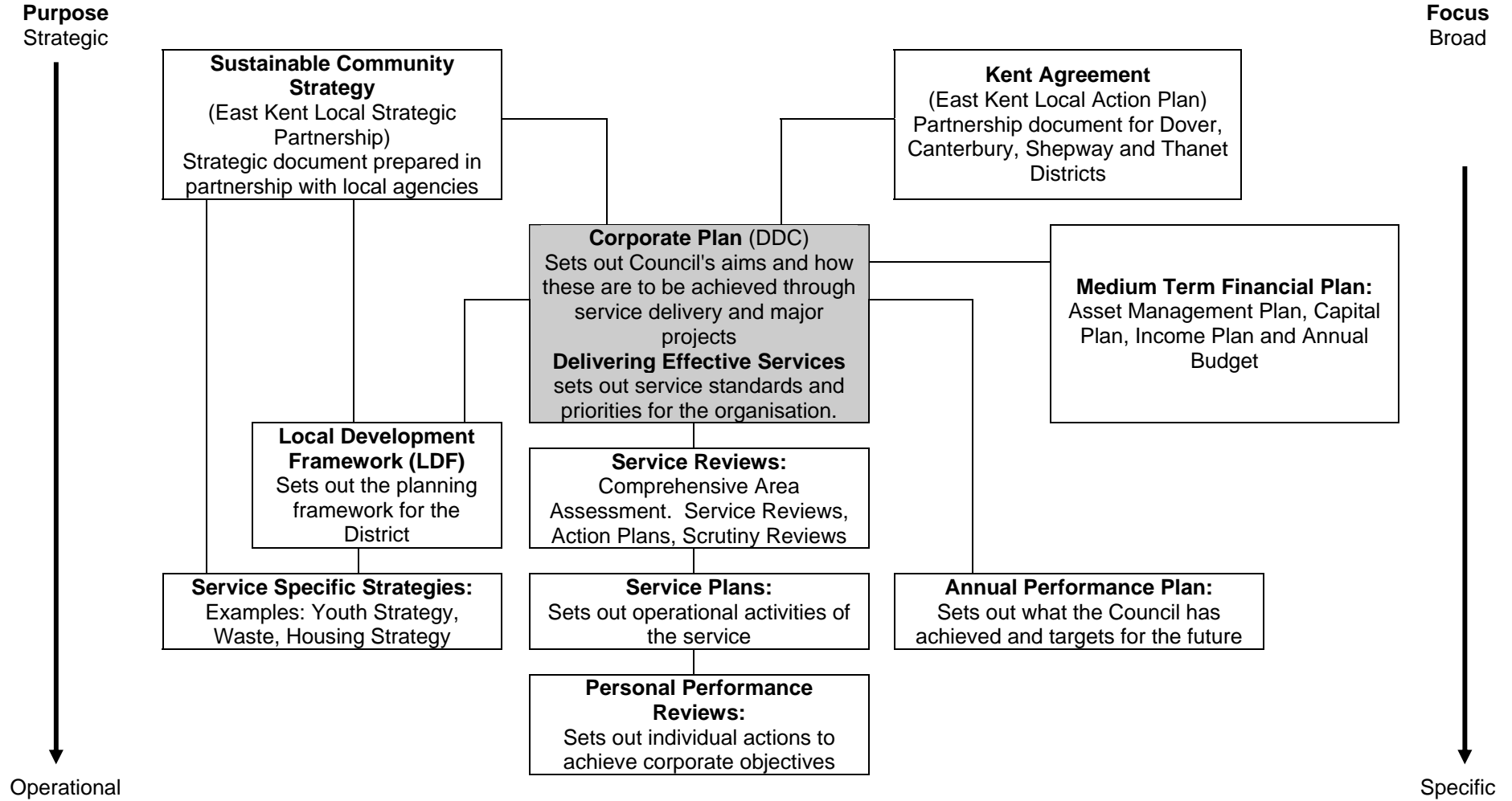
Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
Partners involved in the Olympic Torch event may not offer sufficient levels of funding.	H	M	The Chief Executive and Head of Inward Investment are in frequent contact with the relevant partners.		H	M
The budgeted level of Employment Stability and vacancy savings may not be achieved.	M	M	The current Employment Stability process has been strengthened and the target savings for 2011/12 have been reduced. In addition, active monitoring of vacancy savings is carried out throughout the year.	Vacancy savings of £100k are forecast	M	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 £48k</li> <li>• General £70k</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 Director of Community & Development. Any changes to requirements could reduce the financial input required.	Current forecasts show the LDF reserve requiring £65k additional funding by 2012/13	M	M
DDC acting as a consultee on the Harbour Revision Order. Additional resources may be required to support this.	H	H	Assessment of resources required continues to be made as the consultation progresses.		H	H
Anticipated costs associated with the Delivering Effective Services restructure may be higher than estimated.	M	M	Detailed modelling of the proposals has taken place to estimate the impact		M	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
£1m remains frozen with the Icelandic bank Landsbanki.	H	H	<p>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.</p> <p>In order to protect the Council's financial standing, transfers from other earmarked reserves were made at year-end 2009/10 into an Iceland Investment reserve to be held until the position is clearer</p>		H	H
Housing Benefit Administration Grant may be reduced	H	H	Second Homes Income from KCC has not been assumed in future years and could be used to offset any impact of reductions in this grant	£150k from 2012/13	M	H
New Homes Bonus may not be achieved through low levels of new homes completions.	H	M	The New Homes Bonus assumed in the MTFP is based on the DCLG projection for DDC. Only 50% of the estimated grant has been included in the base budget, the balance has been transferred to earmarked reserves.	£294k per annum on a cumulative basis over 6 years; potentially increasing to £1.7m by 2017/18	M	M
New Homes Bonus due may be offset by reductions in the Government Settlement.	H	H	Only 50% of the estimated grant has been included in the base budget, the balance has been transferred to earmarked reserves.	Up to £540k in 2012/13, offset by reserve transfers of £440k.	M	H

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
Vista Leisure may request additional funding from the Council	H	M	Vista Leisure's trading position depends upon Membership and usage levels which may be affected by economy and Pfizers.		H	M
<p>Closure of Pfizers – This budget was drafted before the closure announcement but issues to consider when more information is available include the impacts on:</p> <ul style="list-style-type: none"> <li>• Demand for services</li> <li>• Effect on the local economy</li> <li>• Property prices and regeneration projects</li> <li>• Collection of NDR</li> </ul>						

# 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.

Delivering Effective Services sets out service standards and priorities for all services across the organisation. It provides the framework for setting budgets and a proposed organisational structure for the future.

## JOINT PLANS WITH PARTNERS

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

<b>Partner / Project</b>	<b>Commentary</b>
Dover Town Investment Zone (DTIZ) & Waterfront	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.
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	The contract for the collection of refuse and recycling has recently been awarded to Veolia Environmental Services (UK). The contract has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and the client team from both Dover and Shepway will jointly manage the contract from the Dover council offices.
Housing Management	Proposals for shared working on housing management are currently proceeding at Dover, Canterbury, Shepway and Thanet.
Payroll and HR	The East Kent Human Resources Partnership (EKHRP) for Dover, Shepway, Thanet & Canterbury is now operational and hosted at Dover. Payroll is now provided by KCC through EKHRP.
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 first phase of services, revenues & benefits, customer services and ICT, are currently transferring to East Kent Services (EKS)  The framework for rolling out further joint working across a wider range of services has been agreed by the partner authorities (Dover, Thanet & Canterbury). Further services will be considered for transfer subject to the approval of business cases.
Shepway District Council	On 3 Nov 2010 Council resolved to explore with Shepway District Council an accelerated programme of management and structural change.

## GENERAL FUND BUDGET SUMMARY

2009/10 Actual		2010/11 Original Budget	2010/11 Projected Outturn (31 Dec 10)	2011/12 Proposed Budget
£		£	£	£
	<b>Directors</b> (See Annexes 6A-6E)			
826	Chief Executive	993	1,073	926
1,373	Finance (incl. S151)	1,077	673	1,036
5,724	Community & Development	5,417	5,045	3,134
7,766	Environment & Community Assets	7,586	7,899	6,498
1,096	Governance	1,363	1,346	1,283
	<b>Corporate</b>			
251	Special Revenue Projects	107	501	11
0	Shared Services (DDC hosted)	(43)	7	0
0	Vacancy Allowance	(400)	(173)	(100)
0	Employment Stability Impact	(320)	(27)	0
0	Delivering Effective Services	0	550	(150)
0	Joint Working	(25)	0	0
(94)	Council Tax Second Homes	(94)	(98)	(118)
0	Contingency	60	60	121
0	Job Evaluation	50	(23)	0
(756)	Exceptional Item (BCCI Monies)	0	0	0
<b>16,187</b>	<b>Net Service Expenditure</b>	<b>15,773</b>	<b>16,834</b>	<b>12,641</b>
(1,256)	Depreciation	(1,035)	(1,035)	(1,034)
2,309	Pension Adjustments	2,510	2,510	2,180
60	River Stour Drainage Board	62	59	58
	<b>Contribution to/(from) Reserves</b> (See Annex 7)			
(73)	- Local Development Framework Reserve	(124)	(124)	(118)
(245)	- Special Projects Reserve	(107)	(1,051)	539
(30)	- Planning Delivery Grant	(107)	(107)	(108)
0	- Reserve for Carry Forward requests not yet approved	0	110	0
(31)	- Corporate Review Reserve	0	0	0
(6)	- Major Events	(5)	(33)	(75)
0	- Benefits Resilience / Overpayment Recovery	52	52	0
210	- Concessionary Fares	0	239	0
48	- Elections Reserve	48	48	(107)
0	- Private Sector Housing	0	0	63
8	- IT Equipment Reserve	35	35	8
392	- Cluster Preparation	0	(267)	107
0	- Backfunding equalisation	0	0	250
(3)	- Invest to Save	9	9	20
0	- Growth Point Funding	(67)	(67)	0
(100)	- Investment Equalisation Reserve	0	0	0
0	- New Homes Bonus Reserve	0	0	147
<b>17,471</b>	<b>Net Service Expenditure</b>	<b>17,042</b>	<b>17,211</b>	<b>14,571</b>
	<b>Financing Adjustments</b>			
(138)	Interest Receivable	(287)	(95)	(85)
413	Interest Payable	405	405	405
(333)	Deferred Charges	(280)	(280)	0
254	Grant Applied	0	0	0
(951)	Soft Loan Adjustments	0	0	0
<b>16,717</b>	<b>Total Budget Requirement</b>	<b>16,881</b>	<b>17,242</b>	<b>14,891</b>
	<b>Financed by:</b>			
1,906	Revenue Support Grant	1,295	1,295	1,915
8,258	NNDR	8,919	8,919	6,195
10,164	Total Government Grant	10,215	10,215	8,110
0	Collection Fund Surplus	0	0	0
6,173	Council Tax	6,389	6,389	6,395
0	Council Tax Grant	0	0	161
170	Area Based Grant	220	166	0
0	New Homes Bonus	0	0	294
46	L.A.B.G.I.	0	0	0
<b>16,554</b>	<b>Total Financing</b>	<b>16,823</b>	<b>16,770</b>	<b>14,960</b>
<b>163</b>	<b>General Fund Deficit / (Surplus) for the Year</b>	<b>57</b>	<b>472</b>	<b>(69)</b>
(2,361)	General Fund Balance at Start of Year	(1,815)	(2,197)	(1,725)
0	Items of carry forward - approved	120	0	0
0	Items of carry forward - placed in reserve	110	0	0
0	Licensing unmet demand survey approved by Council	13	0	0
<b>(2,197)</b>	<b>Leaving Year End Balances of</b>	<b>(1,515)</b>	<b>(1,725)</b>	<b>(1,794)</b>

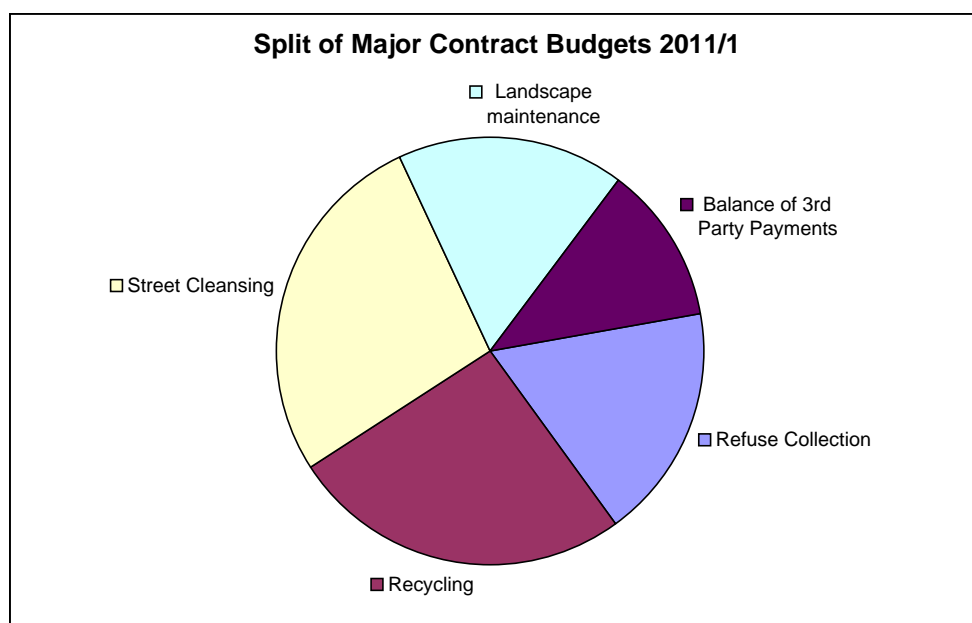
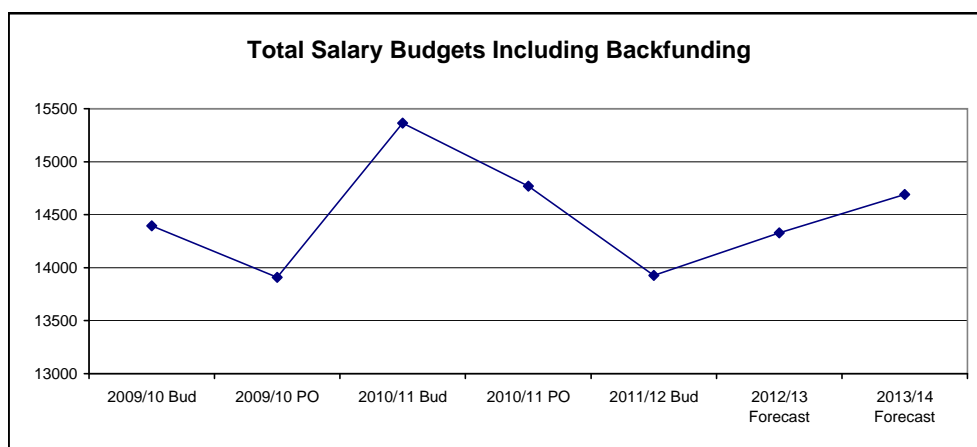


## General Fund Service Expenditure by Cost Type

	2010/11 Original Budget	2010/11 Projected Outturn as at 31 Dec 2010	2011/12 Proposed Budget
	£000	£000	£000
<b>Direct Expenditure</b>			
Employees	17,230	16,471	15,355
Premises	1,781	1,812	1,660
Transport	325	323	254
Supplies and services	7,896	8,356	4,931
3rd parties	5,075	5,254	4,821
Transfer payments	40,858	40,858	42,565
<b>Total Direct Expenditure</b>	<u>73,164</u>	<u>73,073</u>	<u>69,586</u>
<b>Direct Income</b>			
Government Grants	(43,898)	(43,969)	(44,723)
Sales	(356)	(335)	(109)
Fees and Charges	(5,154)	(5,157)	(5,721)
Other Income	(3,502)	(3,741)	(2,883)
<b>Total Direct Income</b>	<u>(52,910)</u>	<u>(53,202)</u>	<u>(53,436)</u>
Central Support reallocation of costs	(2,386)	(2,374)	(2,127)
Depreciation	1,035	1,055	1,034
Pension Adjustment	(2,510)	(2,510)	(2,180)
Special Revenue Projects	107	501	11
Vacancy Allowance	(400)	(173)	(100)
Employment Stability Savings	(320)	(27)	-
Joint Working target	(25)	-	-
Council Tax Second Homes	(94)	(98)	(118)
Contingency	60	60	121
Delivering Effective Services	-	550	(150)
Job Evaluation	50	(23)	-
<b>Net Service Expenditure</b>	<u>15,773</u>	<u>16,834</u>	<u>12,641</u>

**GENERAL FUND KEY FIGURES - EXPENDITURE**

	2010/11 Original Budget £000	2010/11 Projected Outturn £000	2011/12 Draft Budget £000	2012/13 Forecast £000	2013/14 Forecast £000	2010/11 Variance agst orig budget %	2011/12 Variance against prior year %	2012/13 Variance against prior year %	2013/14 Variance against prior year %
<b>Key Expenditure Figures:</b>									
<b>Employees:</b>									
Basic	11,518	11,161	10,322	10,598	10,831	-3.1%	-7.5%	2.7%	2.2%
NI	963	822	860	886	906	-14.6%	4.6%	3.0%	2.2%
Current year pension	1,485	1,386	1,355	1,366	1,396	-6.7%	-2.2%	0.8%	2.2%
Backfunding	1,399	1,399	1,391	1,479	1,559	0.0%	-0.6%	6.3%	5.4%
	<b>15,365</b>	<b>14,768</b>	<b>13,928</b>	<b>14,329</b>	<b>14,692</b>				
<b>Major contracts:</b>									
Refuse Collection	1,346	1,311	878	896	913	-2.6%	-33.0%	2.1%	1.9%
Recycling	1,195	1,341	1,285	1,311	1,337	12.2%	-4.2%	2.0%	2.0%
Street Cleansing	979	1,077	1,349	1,376	1,404	10.0%	25.3%	2.0%	2.0%
<b>Total Waste</b>	<b>3,520</b>	<b>3,729</b>	<b>3,512</b>	<b>3,583</b>	<b>3,654</b>	<b>5.9%</b>	<b>-5.8%</b>	<b>2.0%</b>	<b>2.0%</b>
Landscape maintenance	837	837	854	871	888	0.0%	2.0%	2.0%	2.0%
Balance of 3rd Party Payments	814	1,169	597	609	621	43.6%	-48.9%	2.0%	2.0%
	<b>8,691</b>	<b>9,464</b>	<b>8,475</b>	<b>8,646</b>	<b>8,817</b>				



**GENERAL FUND KEY FIGURES - INCOME**

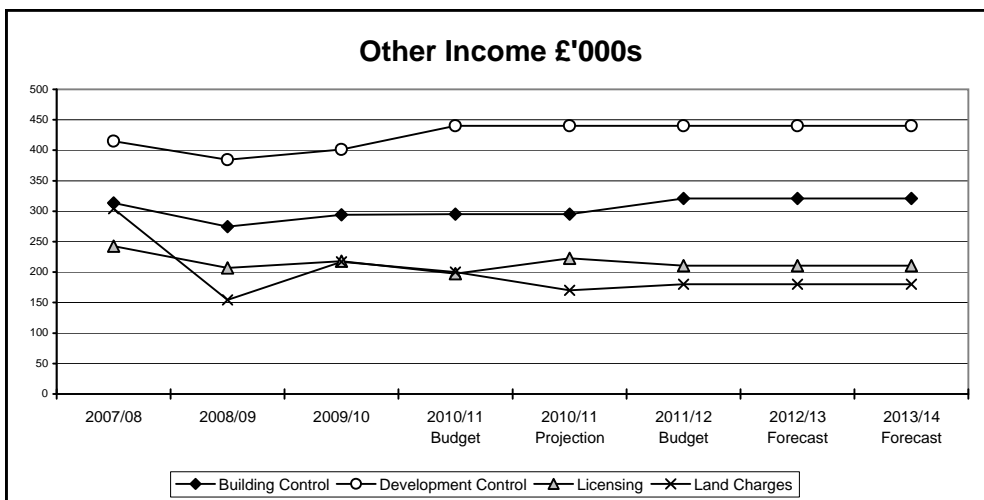
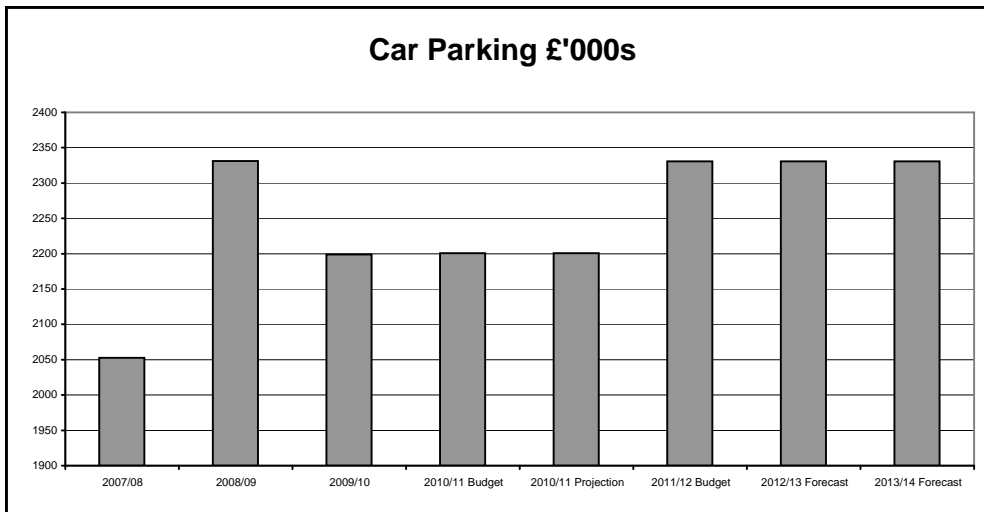
	2010/11 Original Budget £000	2010/11 Projected Outturn £000	2011/12 Draft Budget £000	2012/13 Forecast £000	2013/14 Forecast £000	2010/11 Variance agst orig budget %	2011/12 Variance against prior year %	2012/13 Variance against prior year %	2013/14 Variance against prior year %
<b>Key Income Figures:</b>									
Car Parking	-2,201	-2,201	-2,331	-2,331	-2,331	0.0%	5.9%	0.0%	0.0%
Building Control	-295	-295	-321	-321	-321	0.0%	8.7%	0.0%	0.0%
Development Control	-440	-440	-440	-440	-440	0.0%	0.0%	0.0%	0.0%
Licensing	-197	-223	-210	-210	-210	13.0%	-5.6%	0.0%	0.0%
Land Charges	-200	-170	-180	-180	-180	-15.0%	5.9%	0.0%	0.0%
	<b>-3,333</b>	<b>-3,328</b>	<b>-3,482</b>	<b>-3,482</b>	<b>-3,482</b>				

**Total Financing:**

Revenue Support Grant & NDR	10,214	10,214	8,110	7,082	6,536	0.0%	-20.6%	-12.7%	-7.7%
Council Tax	6,390	6,390	6,395	6,555	6,752	0.0%	0.1%	2.5%	3.0%
Other	220	166	455	749	1,043				
<b>Total Financing</b>	<b>16,824</b>	<b>16,770</b>	<b>14,960</b>	<b>14,386</b>	<b>14,331</b>				

Includes Area Based Grants (2010/11) and Council Tax Grants & New Homes Bonus (2011/12 onwards)

NB Council Tax % increase includes 0.1% growth in tax base in 2011/12 and 0.5% in 2013/14



**Key Variances in Budget 2010/11 Original to 2010/11 Projected Outturn and 2010/11 Projected Outturn to 2011/12 Original**

This summary provides a full reconciliation of 2010/11 original budget to 2010/11 projected outturn and 2010/11 projected outturn to 2011/12 proposed budget. It should be noted that this is a budget reconciliation and does not include any changes to service focus or activity within sections, which are detailed separately at the end of the service descriptions by Directors within the report.

**Change in Budget Deficit**

	2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
	£	£
2010/11 Original (OR) Budget Deficit	57,387	
2010/11 Projected Outturn (PO) Budget Deficit	472,127	472,127
2011/12 Original (OR) Budget Surplus		(69,138)
<b>Increase / (Decrease) in Budget Deficit / (Surplus)</b>	<b>414,740</b>	<b>(541,265)</b>

**Variances in Financing the Budget Requirement**

Government Grant	Decrease in Government settlement	0	2,104,939
Council Tax	Value of increase in tax base	0	(6,045)
Council Tax Freeze Grant	Government Grant given for 0% Council Tax rise	0	(161,000)
Collection Fund	No surplus anticipated in 2010/11 and 2011/12	0	0
New Homes Bonus	New Homes Bonus anticipated	0	(294,000)
Area Based Grants	Non ring-fenced grants - reduced in 2010/11 and withdrawn from 2011/12	53,600	165,900
		53,600	1,809,794

**Change in Budget Requirement**

	£	£
2010/11 Original (OR) Budget Requirement	16,880,850	
2010/11 Projected Outturn (PO) Budget Requirement	17,241,990	17,241,990
2011/12 Original (OR) Budget Requirement		14,890,931
<b>Increase / (Decrease) in Budget Requirement</b>	<b>361,140</b>	<b>(2,351,059)</b>

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
		£	£
<b>Corporate / General Changes</b>	<b>Notes</b>		
Job Evaluation	10/11 impact of Job Evaluation appeals resolved since the original budgets were set (less estimated recharge impact on HRA)	123,620	
Delivering Effective Services	Anticipated redundancy and associated costs required to achieve the "delivering effective services" proposal and structure	550,000	(550,000)
Delivering Effective Services	Further savings target for reduction in hours worked	0	(150,000)
Vacancy Provision & Employment Stability targets	10/11 offset by credits in directorates below, leaving £200,090 to be achieved. Reduced 2011/12 targets following DES staff reductions	519,910	100,090
<b>Total employee related corporate changes</b>		<b>1,193,530</b>	<b>(599,910)</b>
Corporate Insurance Policies	Additional premises insurance costs for Dover Town Hall and Deal Pier, less other net savings on various insurance policies	17,060	0
Corporate Training Pot	Reduced Corporate Training budget	(35,000)	870
Net change in central support to HRA, Partnerships etc	2011/12 reduced recharges income due to lower costs following DES changes	12,190	246,940
Contingency	Increase covers value of local contingencies (now removed) and potential increase in DDC share of EKHRP	0	60,700
Second Homes Monies	Kent County Council have withdrawn 2nd homes grants scheme in 2011/12	(4,000)	97,500
Backfunding	Reduction in contribution to pensions backfunding following Actuary's re-evaluation (offset by transfer to reserve)	0	(224,990)
Premature Retirement Pensions	Expected increase in contribution for premature retirement pension payments per KCC	0	17,610
Transfer to / from Special Projects Reserve	Covering redundancy & associated costs for delivering effective services	(550,000)	550,000
Transfers to / from other reserves, other than to finance expenditure:	This is the net effect of the various transfers to and from earmarked reserves not offsetting expenditure above the line.		
- Benefits Resilience / Overpayments Recovery	No transfer in 2011/12	0	(52,300)
- Carry Forward requests, not yet approved	2010/11 reserve for carry forward requests from prior year, not approved until business need demonstrated (reversed in 2011/12, as one-off)	110,350	(110,350)
- Invest to Save	Transfer to offset service savings to top up reserve	0	11,255
- Growth Point Funding	Not available in 2011/12	0	67,190
- Backfunding Equalisation Reserve	Transfer Backfunding budget reduction to reserve	0	250,000
- New Homes Bonus Reserve	Transfer 50% 2011/12 new homes grant to reserve	0	147,000
VAT Refund	2010/11 VAT refunds and related interest may be transferred to reserves	(180,030)	180,030
Corporate Savings Targets	Overtime and car mileage savings targets	0	(40,000)
Interest Receivable	Based on an average return on investments of 0.93% in 2010/11 against original budget of 2.32% and 1.10% in 2011/12	192,100	9,490
River Stour Drainage Board	Minor differences	(2,550)	(1,294)

		<b>ANNEX 3</b>	
<b><u>Key Variances Accounting for Change in Budget Requirement</u></b>		2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
<b>Heads of Service Variances</b>			
<b>Chief Executive</b>			
Employee reductions / savings	2010/11 Budget Monitoring salary savings	(8,070)	
	2011/12 Delivering Effective Services structure - includes new Alternative Services Delivery post		58,610
<b>Other :-</b>			
Non-service specific	External Audit and inspection fees - reduction following reduced Government audit requirements (and further performance monitoring changes in 11/12)	(13,640)	(14,940)
Print Unit	Print Unit net savings, mainly due to reduced reliance on external printing	0	(34,430)
Corporate Press & Publicity	Corporate communications budget reduced	(35,840)	(4,160)
Dover Pride	Dover Pride - income increase/costs reduction targets	0	(30,000)

			<b>ANNEX 3</b>
<b>Key Variances Accounting for Change in Budget Requirement</b>		2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
<b>Director of Finance</b>			
Employee reductions / savings:			
Various	2010/11 Budget Monitoring savings	(203,100)	
Various	2011/12 Delivering Effective Services structure - savings		(167,900)
Finance/R&B	Reduction in agency temp spend - Capital accountant post now permanent; Resource for catch-up on benefit claims in 2010/11 prior to shared service implementation; No 11/12 contribution from Thanet for R&B support given by Head of Business & Community transformation (NB 2010/11 adverse/favourable variances offset in savings above)		(86,670)
Other :-			
Various	2009/10 Budget carry forward (incl. Voicemail replacement system & scanner purchased by ICT for Planning)	24,870	(24,870)
ICT	ICT Equipment/software purchases, maintenance and network links	(27,620)	4,510
ICT	ICT Leasing costs - new server purchases, PC's, etc deferred to 2011/12	(20,870)	20,900
Grants	Reduction in CAB core grant (£20k) less contribution to Dover Volunteers Centre in place of concessionary taxi tokens scheme (£4.5k)		(15,500)
Council Tax Income	Penalties & Fines recovery - decrease anticipated on Council Tax income, based on Year-to-date figures, due to realignment of cost recovery rates prior to merging of database with Thanet and shared service arrangement (part year 2010/11, full year impact 11/12)	30,000	20,000
NDR Income	Penalties & Fines recovery - increase anticipated in 2010/11 year following major catch-up debt collection exercise under new shared service arrangement	(24,600)	24,600
Revenues & Benefits	Shared service opportunity for system licences and maintenance reductions		(13,910)
Revenues & Benefits	Benefits Administration Grant reduction		71,780
Revenues & Benefits	Reduced net credit from overpayments and subsidy income, after allowance for bad debts	6,720	

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
<b>Director of Community &amp; Development</b>			
Employee reductions / savings	2010/11 Budget Monitoring savings	(202,920)	
	2011/12 Delivering Effective Services structure - savings		(437,740)
<b>Other :-</b>			
Concessionary Fares	Transfer of Concessionary Bus Passes scheme to K.C.C. from 01/04/11, offset by reduced Government settlement		(989,440)
Concessionary Fares	DDC Concessionary Taxi Tokens scheme - reduced cost in 2010/11, closure of scheme in 2011/12 (NB 2011/12 favourable variance offset by £4.5k grant to Dover Volunteers Centre in Finance variances above)	(13,000)	(7,000)
Various	2009/10 Budget carry forward (incl. £11k for Planning software, £35k for Children's Centres project, etc)	55,450	(55,450)
Various	Corporate Communications use (offsets Corporate favourable above)	7,300	(7,300)
Discovery Centre	Management Fees credit in 2010/11	(10,000)	11,000
Careline	Income from profit share (estimate)	(20,640)	(2,190)
Energy Efficiency Grants	Grants reduced below original 10/11 budget for both years	(11,000)	7,000
Development Control	Anticipated additional income for 2010/11 for Whitfield Planning Application	(20,000)	20,000
Development Control	Pre-Application income	0	(8,000)
Building Control	Income increase due to new charging regime and expansion of SAP Energy Ratings and CSH Assessments	0	(24,200)
Housing Administration	Housemark subscription no longer required	(6,500)	0
Dover Museum	Increased Museum income forecast, due to revised fees and charges, and impact of transfer of VIC into the Museum.	0	(24,500)
Dover Museum	Income from Dover Town Council to support VIC running costs	0	(20,000)
Homelessness	Purchase of Locata module (software) funded from Homelessness grant	0	10,000
Playscheme	Vista Leisure and Timeout grants removed	0	(18,200)



		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
<b>Director of Environment &amp; Community Assets</b>			
Employee reductions / savings	2010/11 Budget Monitoring savings	(97,010)	
	2011/12 Delivering Effective Services structure - savings		(241,740)
Other :-			
Various	2009/10 Budget carry forward (incl. £32.6k street lighting repairs and £2.9k Youth Task Force)	35,490	(35,490)
Area Offices	Various reductions in Area Office costs (mainly Deal, following relocation to library)	(13,760)	0
Anti-Social Behaviour	Reduction in 2010/11 costs, incl. equipment. Majority of 2010/11 savings sustained in 2011/12 except for minor equipment purchases requirement	(9,220)	3,000
Refuse/Recycling/Street Cleansing	2010/11 Refuse, recycling and street cleansing contract pressures, comprising: £137k pressure due to delay in implementation from 1/10/10 to 15/01/11 (based on expected new contract saving); £59k pressure re lower savings under new contract than expected, less: £2.5k savings re Kent Waste sub not required and £6k street cleansing core funding contribution reduction. 2011/12 reflects revision of contract savings.	188,440	(150,280)
Recycling	Net recycling income reduction	22,000	2,210
Port Health	Additional income from Designated Point of Entry certificates - one-off income in 2010/11 only - new legislation subsequently changed	(8,760)	8,760
Licensing	Income from Licensing - net increases in 2010/11	(25,460)	12,460
Deal Pier	Fishing Income forecast increase across both years	(3,000)	(3,000)
Deal Pier	Additional savings target for pier from proposed service review and related changes	0	(40,850)
Corporate Maintenance	Reduced for a period of 1 to 2 years only, whilst undergoing full asset review. Work will focus on Health & Safety, Statutory obligations and essential maintenance. Planned maintenance will cease and no minor renovation works or refurbishment will be undertaken. Maintenance for major failures will not be undertaken potentially leading to closures.	0	(150,000)
Properties	NDR - net savings on 2010/11 due to empty property relief, transfer of liability to lessees, etc. Adverse reductions in various reliefs expected for 2011/12	(29,490)	64,780
Public Conveniences	Public Conveniences – additional contributions from Town Councils and Parishes towards upkeep of toilets to enable them to remain open	(18,720)	(24,780)
Environmental Enforcement	Reduction in out of hours noise service availability to weekends only or cessation of service provision	0	(10,000)
Dog Control Measures	Reduction in dog warden contract, based on reduction in service levels	0	(10,000)

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
<b>Director of Environment &amp; Community Assets (Cont'd)</b>			
Street Lighting	Electricity target saving from switching off street lights at peak times - consultation required and there is scope for maintaining the service if Parish contributions can be secured	0	(20,000)
CCTV	Reduction in Equipment purchases and maintenance	0	(19,650)
CCTV	Target saving for CCTV through external funding or service delivery changes	0	(50,600)
Cemeteries, Parks & Open Spaces, etc	Reduced landscape maintenance. Delivering this level of savings will be achieved across all parts of the service including; reducing frequency of grass cuts, reducing number of Park Rangers, ceasing winter bedding and 30% reduction in summer bedding, removing hanging baskets and barrier baskets and significant cuts in winter maintenance works	0	(125,000)
Parks & Open Spaces	Reduced Grants to Sandwich Town Cricket Club and others	0	(8,100)
Car Parking	Equipment maintenance - Pay & Display changes in 2010/11 to accept new 5p and 10p coins; Renegotiation of contract in 2011/12	7,900	(12,000)
Car Parking	Cessation of reimbursement of Car Park fees to Vista customers	0	(100,000)
Car Parking	Car Park Fee income anticipated from increased charges	0	(95,000)
Car Parking	Car Park "Wayleave" income - new contract with Sainsbury's - Deal	0	(6,000)
Properties	Miscellaneous properties - Reduced rental income in 2010/11 due to vacant properties, including Regent Cinema and Granville St, with further empty properties assumed in 2011/12.	45,500	12,000
Beaches and Foreshores	Increase in boat plot mooring fees	0	(13,650)
Leisure Centres	Reduced Grant to Vista	0	(100,000)
White Cliffs Countryside Project	Anticipated reduction in DDC share of WCCP costs	0	(20,000)

		<b>ANNEX 3</b>	
<b>Key Variances Accounting for Change in Budget Requirement</b>		2010/11 OR - 2010/11 PO	2010/11 PO - 2011/12 OR
<b>Director of Governance</b>			
Employee reductions / savings	2010/11 Budget Monitoring savings	(10,250)	
	2011/12 Delivering Effective Services structure - savings		(85,560)
<b>Other :-</b>			
Various	2009/10 Budget carry forward (Printer for election)	4,000	(4,000)
Non-service specific	External Audit and inspection fees - reduction following reduced Government audit requirements, and further performance monitoring changes in 11/12	(4,020)	(4,980)
Land Charges	Forecast Land Charges income reduction	30,000	(10,000)
Members	Members Basic and Special Allowances - target savings	0	(46,070)
Electoral Registration	Canvassers' payments reduced as Individual Registration postponed to 2013/14	(700)	(15,800)
Human Resources	Biennial Eye Tests	0	8,000
Legal	Legal Fees receivable - increase expected for planning and other external work	0	(8,000)
<b>Shared Services</b>			
Employee reductions / savings	2010/11 Budget Monitoring savings	1,440	
	2011/12 Delivering Effective Services structure		42,980
		374,570	(2,384,619)
<b>Numerous Miscellaneous Variances</b>		(13,430)	33,560
<b>Total</b>		<b>361,140</b>	<b>(2,351,059)</b>

**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

Notes	2010/11 Projected Outturn  £000	2011/12 Proposed Budget  £000	2012/13 Forecast  £000	2013/14 Forecast  £000
1	<b>17,242 Net Budget Requirement</b>	<b>14,891</b>	<b>14,891</b>	<b>14,891</b>
	<b>Corporate Pressures</b>			
2	- Salary Inflation / Increments / Impact of Job Evaluation		313	596
3	- Pension Backfunding (Triennial Valuation from 11/12)		80	160
4	- Contract inflation @ 2%		96	195
5	- Average inflation rate on non-specifically inflated items @ 2%		141	284
6	- Average income inflation rate on non-specifically budgetted income items @ 2%		-37	-74
7	- Net Central Support adjustments (approx 18% of backfunding & NI to impact HRA / capital, etc)		-71	-136
8	- Special Projects reserve repayment for Delivering Effective Services redundancy impact 2011/12 only		-550	-550
9	- Additional New Homes Bonus transferred to reserve		147	294
10	<b>Total Corporate Pressures</b>		<b>120</b>	<b>768</b>
11	<b>Director proposals (Annex 5)</b>		<b>59</b>	<b>367</b>
12	<b>Target Savings</b>		<b>-600</b>	<b>-1,600</b>
	<b>17,242 Total</b>	<b>14,891</b>	<b>14,470</b>	<b>14,426</b>
	<b>Financed By :-</b>			
13	10,215 Revenue Support Grant (-3.0%,-3.0%)	8,110	7,082	6,536
	- NDR (merged with RSG)	-	-	-
	166 Area Based Grant	0	0	0
14	0 Collection Fund Surplus	0	0	0
	Council Tax Income			
	Tax increase	2.500%		
	Base increase (from 2013/14)	0.500%		
15	6,389 Total Council Tax Income	6,395	6,555	6,752
16	0 Council Tax Grant	161	161	161
17	0 New Homes Bonus (50% transferred to reserve)	294	588	882
	<b>16,770 Total Financing</b>	<b>14,960</b>	<b>14,386</b>	<b>14,331</b>
18	<b>472 NET (SURPLUS) / DEFICIT</b>	<b>-69</b>	<b>83</b>	<b>95</b>
	Impact on Reserves :-			
	<b>Projected General Fund Reserves</b>			
	-2,197 Opening balance	-1,725	-1,794	-1,711
	<b>-1,725 Closing Balance (Accumulated Surplus)</b>	<b>-1,794</b>	<b>-1,711</b>	<b>-1,616</b>

**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

**Notes**

- 1 The net budget is taken from the 2011/12 budget at Annex 1.
- 2 Increased salary costs reflect assumed inflation at 0% pay settlement for 2011/12 & 2012/13 and 1% for 2013/14. 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 based on the current triennial valuation.
- 4 Inflation on major contracts has been assumed at 2%.
- 5 Inflation on all other expenditure has been assumed at 2%.
- 6 Increases in general income received (excluding specifically budgetted items such as car parking, Development Control fees, etc) assumed at 2% inflation.
- 7 As the costs of central support services increase, some of this will be clawed back by recharges outside the General Fund.
- 8 The Special Projects reserve will need to be reinstated with the estimated costs of the Delivering Effective Services restructure funded in 2010/11 and is not an on-going pressure for future.
- 9 50% of the forecast level of New Homes Bonus received each year is to be transferred to an earmarked reserve.
- 10 Total corporate pressures.
- 11 See Annex 5 for the budget pressures and savings from Directors.
- 12 Target savings required to balance the MTFP over the 3 year planning period.
- 13 The settlement as indicated by DCLG for 2011/12 and 2012/13. A reduction of 7.7% assumed for 2013/14.
- 14 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts. No surplus is budgetted for 2011/12 onwards due to anticipated reductions in overall collection rates, collection of arrears and lack of growth.
- 15 Council Tax income is not forecast to increase in 2011/12. A 2.5% increase has been assumed for 2012/13 and 2013/14. In 2013/14 a 0.5% increase in the tax base has also been assumed.
- 16 Government grant to support Council's not increasing their Council Tax.
- 17 Estimated value of New Homes Bonus expected.
- 18 Forecast (surplus) / deficit.

MTFP Pressures / Savings against the 2011/12 base budget for 2012/13 and 2013/14	Bids to Maintain Service		Growth Bids		Savings	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
<b>Chief Executive</b>						
<b>Corporate Items</b>						
Bi-annual eye tests (statutory)	( 8,000)	-	-	-	-	-
<b>Total Chief Executive</b>	<b>( 8,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Director of Finance</b>						
<b>East Kent Services - Shared Service Proposals</b>						
Savings will be built into future plans as business cases are developed.	-	-	-	-	-	-
<b>Total Director of Finance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Director of Governance</b>						
<b>Internal Audit</b>						
Reduce audit days from 380 in 2011/12 to 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.	-	-	-	-	( 8,400)	( 8,400)
<b>Total Director of Governance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 8,400)</b>	<b>( 8,400)</b>
<b>Director of Community &amp; Development</b>						
<b>HRA - Shared Project</b>						
GF impact of Shared Housing Project (assumes some mitigation of impact by 2013/14)	-	-	-	-	290,000	150,000
Two year "protection" against impact on General Fund (expires 2013/14)	-	-	-	-	( 290,000)	-
<b>Development Control</b>	-	-	-	-	-	-
HPDG support for General Fund only available until 2011/12	75,000	75,000	-	-	-	-
<b>Total Director of Community &amp; Development</b>	<b>75,000</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>
<b>Director of Environment &amp; Community Assets</b>						
<b>Corporate Property Services</b>						
Saving in corporate maintenance only sustainable for 2 years	-	150,000	-	-	-	-
<b>Total Director of Environment &amp; Community Assets</b>	<b>-</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total value of proposals / variations</b>	<b>67,000</b>	<b>225,000</b>	<b>-</b>	<b>-</b>	<b>( 8,400)</b>	<b>141,600</b>
<b>Net totals</b>					<b>58,600</b>	<b>366,600</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.

### **Inward Investment – Gold**

The Council's strategy for growth and regeneration is founded on a number of national and regional designations including Growth Point, Regional Hub, International Gateway, the Sea Change programme and the award winning Local Development Framework. 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, Farthingloe, Western Heights, Dover Priory, White Cliffs Business Park and adjacent area together with the completion of the coalfield programme.

This role will promote the Council's Regeneration Agenda to relevant stakeholders and in the wider community as well as attracting funding and investment to progress the District's regeneration opportunities.

### **Policy and Corporate Communications - Silver**

This team is mainly concerned with the formulation of policy and strategy, supporting the Corporate Management Team and the Executive. The team also includes the Corporate Communication function incorporating Public Relations, Design Studio, Print Unit and Mail Room.

### **Alternative Service Delivery - Gold**

This role will work with the Corporate Management Team and external organisations to identify cost effective options for service delivery. This would include consideration of alternative methods of provision through the private, community and voluntary and public sectors.

## Delivering Effective Services - Service Standards - Chief Executive

Service Priority				Objectives	Key Impacts
Directorate Service Name	Service	Current standard of service delivery	Proposed standard of service delivery	High Level Objective for Each Function	Impact on Services due to revised service delivery standards
Head of Inward Investment	Regeneration Opportunity	Gold	Gold	Identify development opportunities and secure the appropriate funding	
Policy	Policy	Silver	Silver	Support the Leader and Chief Executive in developing corporate policy and strategy to lead the development of policy across the Council	
Communication and Consultation	Design, Photography, Video, PR, Web, Printing & Mail	Gold	Silver	Manage the communication of Council action and ambition and protect the Council's reputation.	Minimise use of external design and print services, including redesign of publications if necessary. Increased electronic communication where possible.
Shared Services Co-ordination and Alternative Service Delivery	Shared Service Co-ordination and Alternative Service Delivery	N/A	Gold	Develop new ways of working with partners, third parties and the community to both reduce costs and maintain service levels	
Personal Assistants/Secretaries	Personal Assistants to Corporate Management	Silver	Silver	Support the management team in the achievement of corporate objectives	
Word Processing	Word Processing	Silver	Tin	n/a	Reviewing delegations to reduce reports required. Introduce templates and training to improve use of existing systems.



Service Summary		Budget 2011/2012									
		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
Chief Executive		FTE	Employees	Other Costs	Income	Sub-tot					
C3300	CHIEF EXEC ADMIN TRADING ACCT	5.7	290,330	9,710	-	300,040	4,890	-	304,930	( 304,930)	-
<b>Total Chief Exec &amp; Secretaries</b>		5.7	290,330	9,710	-	300,040	4,890	-	304,930	( 304,930)	-
A1170	NON SERVICE SPECIFIC WORK		( 20,000)	81,980	( 30,000)	31,980	583,500	-	615,480	-	615,480
A5001	UNAPPORTIONABLE OVERHEADS		-	28,780	-	28,780	-	-	28,780	-	28,780
<b>Total Non-Service Specific</b>			( 20,000)	110,760	( 30,000)	60,760	583,500	-	644,260	-	644,260
C3745	HEAD OF INWARD INVESTMENT	1.0	92,750	10,700	-	103,450	60,210	-	163,660	( 163,660)	-
C3995	ALTERNATIVE SERVICES DELIVERY	1.0	55,180	-	-	55,180	32,860	-	88,040	( 88,040)	-
<b>Total Inward Invest &amp; Alternative Services</b>		2.0	147,930	10,700	-	158,630	93,070	-	251,700	( 251,700)	-
A1040	CORPORATE PLANNING		-	-	-	-	121,140	-	121,140	-	121,140
C3336	POLICY & LEADERSHIP SUPPORT	1.8	91,450	2,950	-	94,400	9,590	-	103,990	( 103,990)	-
<b>Total Policy &amp; Leadership Support</b>		1.8	91,450	2,950	-	94,400	130,730	-	225,130	( 103,990)	121,140
A1050	CORP PRESS & PUBLICITY	1.0	48,990	30,600	-	79,590	81,410	-	161,000	-	161,000
C3030	MAIL ROOM TRADING ACCOUNT	1.1	25,420	35,790	-	61,210	6,140	-	67,350	( 67,350)	-
C3050	PRINT UNIT TRADING ACCOUNT	1.4	45,010	78,210	( 148,580)	( 25,360)	25,360	-	-	-	-
C3331	DESIGN STUDIO	1.0	44,430	10,970	-	55,400	10,320	-	65,720	( 65,720)	-
C5060	MAIL ROOM POSTAGE ACCOUNT		-	139,000	( 139,000)	-	-	-	-	-	-
<b>Total Corporate Communications</b>		4.6	163,850	294,570	( 287,580)	170,840	123,230	-	294,070	( 133,070)	161,000
		14.1	673,560	428,690	( 317,580)	784,670	935,420	-	1,720,090	( 793,690)	926,400

## **DIRECTOR OF GOVERNANCE**

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

### **MONITORING OFFICER - Gold**

As Monitoring Officer, the Director of Governance is responsible for delivering his statutory governance responsibilities for the District Council, supporting the Standards Committee in delivering the Local Filter and supporting the District Council and 35 Town and Parish Councils in relation to Member Code of Conduct matters.

## **DEMOCRATIC SERVICES**

### **Members - Silver**

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

### **Electoral Services - Silver**

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

**Electoral Registration** - The section is responsible for the compilation and maintenance of the Register of Electors including special category electors and absent voters. This is carried out by way of an annual household canvass each autumn together with extensive promotion and updating through rolling registration during the year. 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 - Bronze**

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

## PERFORMANCE AND RISK

This section is responsible for a number of corporate services; the main areas are listed below:

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

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

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

**Risk Management (Bronze)** – Identification and mitigation of key corporate and project risks

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

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

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

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

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

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

## LEGAL SERVICES - Gold

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

## EAST KENT HUMAN RESOURCES PARTNERSHIP (EKHRP)

**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.

**Payroll** - Payroll provides a full payroll service that includes payment of staff, statutory and other deductions, production of interfaces to the general ledger, the production of statutory returns and liaison with statutory bodies. System security is managed within the team for all users. The service has been transferred to the EKHRP who have sub-contracted the payroll service to Kent County Council.

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

## Delivering Effective Services - Service Standards - Director of Governance

Service Priority				Objectives	Key Impacts
Directorate Service Name	Service	Current standard of service delivery	Proposed standard of service delivery	High Level Objective for Each Function	Impact on Services due to revised service delivery standards
Democratic Services	Support for Council meetings, Councillors and Civic responsibilities	Silver	Silver	Provision of effective and efficient administrative support to the Council, Cabinet and Committees	
	Land Charges	Silver	Bronze	Maintain the statutory Local Land Charges records and provide a cost effective search service.	Reduction in application turn around period.
	Electoral Services (statutory functions only)	Gold	Silver	Conduct European Parliamentary, Parliamentary, County Council, District Council, Parish Council Elections and Referendums	Service to be reviewed to reflect Silver standard whilst maintaining statutory levels
	Statutory Monitoring Officer function	Gold	Gold	Maintain constitution and ensure lawfulness and fairness of decision making with the council	
	Local Democracy Day	Bronze	Bronze	Provide cost neutral democratic events in partnership with local schools	
	Civic Car	Silver	Bronze	Provision of transport for senior members to attend official functions and meetings	Alternatives to be identified
Legal	Legal Services	Gold	Gold	Provide sound legal advice to members and officers to protect the council's interests	
Corporate Support and Client Side Commissioning/ Monitoring	Insurance	Silver	Gold	Provide insurance cover for appropriate insurable risks	Multi skilled team to provide improved resilience levels
	Complaints	Silver	Bronze	Respond to customer complaints and act as a mediator with the service department to resolve issues	Accept that some complaints may result in Ombudsman referral and possible maladministration fines
	Data Protection / RIPA (statutory functions only)	Gold	Gold	Ensure that all requests for personal information and surveillance duties are complied with in accordance with current legislation	
	Corporate Reviews / Inspection	Bronze	Bronze	Provide appropriate support to value for money reviews and statutory external inspections	
	Equalities	Gold	Bronze	Deliver statutory Equality and Diversity requirements	Meet minimum statutory requirement but continue to embed good practice
	Freedom Of Information (FOI)	Silver	Bronze	Respond to all FOI requests in line with the current legislative guidelines and maintain the Council's publication agenda to reduce the number of requests	Some FOIs may not be responded to with in the regulatory timescales resulting in reprimands from the information Commissioner
	Investors In People	Bronze	Tin	n/a	No longer seek award but continue to embed good practice
	Performance Reporting – Monitoring partnership and shared service arrangements/ Surveys	Gold	Silver	Monitoring, reporting and challenging of effective and appropriate management information	Reduced performance report and service planning content and less benchmarking data
	Monitoring the achievement of Value for Money	Silver	Silver	Monitor and challenge value for money achievement throughout the organisation	

**Delivering Effective Services - Service Standards - Director of Governance**

Service Priority				Objectives	Key Impacts
Directorate Service Name	Service	Current standard of service delivery	Proposed standard of service delivery	High Level Objective for Each Function	Impact on Services due to revised service delivery standards
	Risk Management (remaining function to be focused on major projects)	Silver	Bronze	Provide a risk management service to identify and mitigate corporate risks	No corporate risks or service risks registers maintained
Emergency Planning and Business Continuity	Emergency Planning and Business Continuity	Silver	Silver	Co-ordinate activities through joint working with KCC and other agencies	
National Leaflets	National Leaflets Project	Gold	Bronze	Provide a proactive service to promote the National leaflet Project to maximise income and reduce costs	Review the service for possible expansion or mutualisation
Internal Project Management	Internal Project Management	Bronze	Tin	n/a	No longer a dedicated resource

Service Summary		Budget 2011/2012									
		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3330	HEAD OF GOVERNANCE	1.0	101,660	7,560	-	109,220	62,180	-	171,400	(171,400)	-
<b>Total Head of Service &amp; Investigator</b>		1.0	101,660	7,560	-	109,220	62,180	-	171,400	(171,400)	-
A1100	COUNCIL, CABINET & COMMITTEES		-	-	-	-	243,890	-	243,890	(40,490)	203,400
A1120	SCRUTINY		-	3,310	-	3,310	58,540	-	61,850	(10,270)	51,580
A1161	CHAIRMAN'S ACCOUNT		9,200	15,050	-	24,250	29,730	-	53,980	(8,960)	45,020
A1165	MEMBERS ACCOUNT		14,000	304,650	(3,600)	315,050	186,770	-	501,820	(83,900)	417,920
A1169	OTHER PUBLIC BODIES		-	18,000	-	18,000	16,150	-	34,150	-	34,150
<b>Total Members</b>			23,200	341,010	(3,600)	360,610	535,080	-	895,690	(143,620)	752,070
B4030	DISTRICT ELECTIONS		83,740	71,180	-	154,920	2,130	-	157,050	-	157,050
B4070	ELECTIONS - ADMIN		-	-	-	-	60,890	-	60,890	-	60,890
B4500	ELECTORAL REGISTRATION		940	57,680	(1,000)	57,620	69,580	-	127,200	-	127,200
C3301	DEMOCRATIC SERVICES	9.2	344,970	38,230	-	383,200	46,420	-	429,620	(429,620)	-
<b>Total Democratic Services</b>		9.2	429,650	167,090	(1,000)	595,740	179,020	-	774,760	(429,620)	345,140
B5000	LOCAL LAND CHARGES		120	16,980	(180,000)	(162,900)	170,920	-	8,020	-	8,020
<b>Total Land Charges</b>			120	16,980	(180,000)	(162,900)	170,920	-	8,020	-	8,020
C3540	LEGAL TRADING ACCOUNT	8.5	465,880	60,010	(13,000)	512,890	48,240	790	561,920	(561,920)	-
<b>Total Legal</b>		8.5	465,880	60,010	(13,000)	512,890	48,240	790	561,920	(561,920)	-
C3000	HUMAN RESOURCES TRADING ACCOUNT		56,000	-	-	56,000	248,900	-	304,900	(304,900)	-
C5000	TRAINING HOLDING ACCOUNT		25,000	-	-	25,000	-	-	25,000	-	25,000
<b>Total H R &amp; Corporate Training</b>			81,000	-	-	81,000	248,900	-	329,900	(304,900)	25,000
A1065	BEST VALUE & CPA		-	18,320	-	18,320	50,610	-	68,930	-	68,930
B1500	EMERGENCY PLANNING		750	27,350	-	28,100	64,360	-	92,460	-	92,460
B7005	NATIONAL LEAFLET PROJECT		-	32,430	(70,120)	(37,690)	28,850	-	(8,840)	-	(8,840)
C3335	PERFORMANCE & RISK TEAM	5.0	243,960	14,200	(7,000)	251,160	43,450	-	294,610	(294,610)	-
<b>Total Performance &amp; Risk</b>		5.0	244,710	92,300	(77,120)	259,890	187,270	-	447,160	(294,610)	152,550
		23.7	1,346,220	684,950	(274,720)	1,756,450	1,431,610	790	3,188,850	(1,906,070)	1,282,780

## **DIRECTOR OF FINANCE**

The Director of Finance is responsible for the following main service areas. The roles of these areas are summarised below.

### **Accountancy - Gold**

The Accountancy team is responsible for the General Fund revenue accounts, the capital budget, the Housing Revenue Account and technical matters such as 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 value for money achievement. 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.

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

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 monitors procurement activity across the organisation 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.

The payments team are responsible for the accurate and timely processing of 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.

### **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.

## **EAST KENT SERVICES**

The Director of Finance will act as the lead for the following services transferring to East Kent Services to be provided jointly for Dover, Thanet & Canterbury:

### **Revenues**

Council tax has to be calculated, billed and collected for over 48,000 dwellings within the district. Council tax includes monies billed and collected for Dover District Council, Kent

County Council, 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.

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

### **Benefits**

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

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

### **Customer Services**

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

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

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

### **ICT**

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

The team also provides a 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.



**Delivering Effective Services - Service Standards - Director of Finance**

Service Priority				Objectives	Key Impacts
Directorate Service Name	Service	Current standard of service delivery	Proposed standard of service delivery	High Level Objective for Each Function	Impact on Services due to revised service delivery standards
Finance	Accountancy (inc Grants to Voluntary Organisations)	Gold	Gold	Support the authority to remain financially viable, produce a balanced budget and sustainable MTFP.	
	Statutory Financial Officer (S151) function	Gold	Gold	Act as section 151 officer with statutory responsibilities for the proper administration of DDC's financial affairs.	
	Procurement (Creditors and Sundry Income)	Bronze	Silver	Achieve value for money in purchasing decisions and supporting local businesses to participate in the Council's procurement process	Multi skilled team to provide improved resilience levels

Service Summary		Budget 2011/2012									
		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3310	HEAD OF FINANCE	1.0	101,440	3,920	-	105,360	24,320	-	129,680	( 129,680)	-
<b>Total Head of Service</b>		<b>1.0</b>	<b>101,440</b>	<b>3,920</b>	<b>-</b>	<b>105,360</b>	<b>24,320</b>	<b>-</b>	<b>129,680</b>	<b>( 129,680)</b>	<b>-</b>
A1075	TREASURY MANAGEMENT		-	11,220	-	11,220	40,620	-	51,840	-	51,840
C3500	ACCOUNTANCY TRADING ACCOUNT	11.3	500,130	29,430	-	529,560	80,710	-	610,270	( 610,270)	-
<b>Total Accountancy</b>		<b>11.3</b>	<b>500,130</b>	<b>40,650</b>	<b>-</b>	<b>540,780</b>	<b>121,330</b>	<b>-</b>	<b>662,110</b>	<b>( 610,270)</b>	<b>51,840</b>
C3010	COMPUTER SERVICES TRADING ACCT	10.5	513,270	266,850	-	780,120	28,140	-	808,260	( 808,260)	-
<b>Total I C T</b>		<b>10.5</b>	<b>513,270</b>	<b>266,850</b>	<b>-</b>	<b>780,120</b>	<b>28,140</b>	<b>-</b>	<b>808,260</b>	<b>( 808,260)</b>	<b>-</b>
C3020	PROCUREMENT, CREDITORS & INCOME	4.9	142,840	16,390	( 7,000)	152,230	71,130	20,000	243,360	( 243,360)	-
<b>Total Procurement, Creditors &amp; Income</b>		<b>4.9</b>	<b>142,840</b>	<b>16,390</b>	<b>( 7,000)</b>	<b>152,230</b>	<b>71,130</b>	<b>20,000</b>	<b>243,360</b>	<b>( 243,360)</b>	<b>-</b>
C3520	AUDIT TRADING ACCOUNT		-	970	-	970	126,900	-	127,870	( 127,870)	-
<b>Total Audit</b>			<b>-</b>	<b>970</b>	<b>-</b>	<b>970</b>	<b>126,900</b>	<b>-</b>	<b>127,870</b>	<b>( 127,870)</b>	<b>-</b>
B1600	GRANTS TO VOL ORGS		-	158,200	-	158,200	3,950	-	162,150	-	162,150
<b>Total Grants</b>			<b>-</b>	<b>158,200</b>	<b>-</b>	<b>158,200</b>	<b>3,950</b>	<b>-</b>	<b>162,150</b>	<b>-</b>	<b>162,150</b>
A1070	SPECIAL FEES AND PAYMENTS		-	19,000	-	19,000	900	-	19,900	-	19,900
A5000	SUPERANNUATION BACKFUNDING		1,686,710	-	-	1,686,710	( 1,804,710)	-	( 118,000)	-	( 118,000)
B1620	NNDR DISCRETIONARY RELIEF		-	110,000	-	110,000	5,610	-	115,610	-	115,610
B2100	COUNCIL TAX-COST OF COLLECTION		-	56,410	( 300,000)	( 243,590)	657,880	5,940	420,230	-	420,230
B2300	NNDR - COST OF COLLECTION		-	12,270	( 165,720)	( 153,450)	159,770	-	6,320	-	6,320
B7000	BENEFITS & SUBSIDIES	15.3	468,400	42,775,320	( 43,883,000)	( 639,280)	1,007,990	8,860	377,570	-	377,570
C3376	DDC @ YOUR SERVICE	28.8	884,900	98,610	( 500)	983,010	263,140	20,820	1,266,970	( 1,266,970)	-
C3388	CORPORATE INCOME COLLECTION	13.8	437,070	18,610	-	455,680	100,230	-	555,910	( 555,910)	-
C3975	REVENUES & BENEFITS ADMIN	8.9	247,500	143,860	( 6,980)	384,380	128,120	-	512,500	( 512,500)	-
C3977	BENEFITS FRAUD	1.8	54,360	18,000	( 3,000)	69,360	31,770	-	101,130	( 101,130)	-
C5010	OFFICE TELEPHONES HLDG ACCOUNT		-	66,200	( 66,200)	-	-	-	-	-	-
<b>Total Corporate</b>		<b>68.6</b>	<b>3,778,940</b>	<b>43,318,280</b>	<b>( 44,425,400)</b>	<b>2,671,820</b>	<b>550,700</b>	<b>35,620</b>	<b>3,258,140</b>	<b>( 2,436,510)</b>	<b>821,630</b>
		<b>96.3</b>	<b>5,036,620</b>	<b>43,805,260</b>	<b>( 44,432,400)</b>	<b>4,409,480</b>	<b>926,470</b>	<b>55,620</b>	<b>5,391,570</b>	<b>( 4,355,950)</b>	<b>1,035,620</b>

## DIRECTOR OF COMMUNITY AND DEVELOPMENT

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

### DEVELOPMENT MANAGEMENT

The section's principal functions are:

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

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

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

- Processing of planning and other formal applications submitted under the Town and Country Planning Acts and making determinations in accordance with policies and other material considerations and taking account of performance indicators;
- Negotiations to resolve conflict and secure better quality developments;
- Reporting applications to Planning Committee in accordance with the provisions of the Constitution;
- Responding to requests for fee-earning pre-application advice and discussion;
- Responding to other informal letters, e-mails or telephone enquiries about a wide range of matters and land charge enquiries;
- Seek to protect and enhance our heritage and environment, including settlements, buildings, landscapes and trees;
- Process high hedge complaints
- Manage change so that it both complements and underpins the long term viability of the district;
- Promote good urban design throughout the District;
- Responding to appeals against the refusal of applications, the imposition of conditions or the failure to determine applications, including the preparation and giving of evidence at informal hearings and public inquiries;
- Investigation of breaches of planning control and monitoring of development, including responding to concerns raised by interested parties, and the taking of formal enforcement action in appropriate cases.
- Support the Regeneration Delivery Section's work on the Local Development Framework, Supplementary Planning Documents and other issues

The section must meet any appropriate Government performance indicators (NIs) relating to decision times on planning applications where they may relate to possible awards under the New Homes Bonus (details still subject to consultation). There remains a heavy workload on corporate and other challenging applications and a delicate balance must be maintained between this and available staff resources.

## **REGENERATION DELIVERY**

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

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

A primary task is to carry forward production of the statutory Local Development Framework. The LDF establishes the Council's objectives and policies for the future pace, scale, location and quality of development over the next 20 years and is closely allied to the Corporate Plan and Community Strategy. The production of the LDF requires much information gathering, monitoring and research and the publication of an annual monitoring report. The Core Strategy was adopted in February 2010 and attention has now turned to the preparation of the Site Allocations document which has been undergoing extensive consultation and will be subject to Public Examination in 2012. In addition, intensive work has been under way to draw up Supplementary Planning Guidance for the Whitfield Urban Expansion – a strategic allocation in the Core Strategy with innovative working using developer funding.

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 and will now assume responsibility for strategic leisure provision including green infrastructure i.e. open space, childrens' play, playing fields etc.

The overall objective will be to bring focus to the Council's regeneration activities and concentrate resources where they can be most effective in bringing success whilst being prepared to respond to appropriate opportunities where they arise outside the identified programme. Implementation work will need to further develop Delivery Plans, embracing hard infrastructure, coordinating providers and setting up funding mechanisms including developer funding under S106 agreements and developing a Charging Schedule to apply the evolving Community Infrastructure Levy,

### **Landowner Projects - Silver**

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

### **BUILDING CONTROL – Silver**

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

The second area of activity is paid for from the General Fund. This area includes certain Building Regulations work, for which no fees can be charged, for example, building work to adapt a house for someone with a disability. Another example is building control has become a repository for information regarding self-certification of certain Building Regulations

applications, relating to replacement windows and electricity etc. Central Government does not allow local authorities to charge for this function (just under 7000 such applications were received in 2010).

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

Capacity continues to be created through continuous reviews of staffing, procedures and practices in order to increase efficiency and effectiveness. Despite the recession, the level of building activity remained relatively stable within the district and activity has increased significantly in 2010/11. Even with this increase it has been possible to reduce the Building Control administrative resource by through continual improvements in efficiency. Capacity to increase fees substantially may well be constrained through increased competition from the private sector but additional income is starting to come from the production of SAP energy ratings and Code for Sustainable Homes assessments.

Work continues in respect of the shared EK services although it is far from certain that any significant savings will result.

## **COMMUNITY DELIVERY**

### **Strategic Housing - Gold**

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

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

The Housing Options and Private Sector Housing services are included within the Phase 1 programme of shared service business case reviews. East Kent Services are currently collecting information and we anticipate that they will submit their report in the next few weeks.

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

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

The Council adopted a new Housing Strategy in June 2010 for the period 2010/15. The strategy is supported by a number of underpinning which were also approved last year. These are:

Empty Homes Strategy 2010-2015;  
Private Sector Housing Strategy 2010-2015;  
Affordable Housing Delivery Plan 2010-2015; and  
Older Persons Housing Strategy 2010-2015.

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 and has a major input into the East Kent Local Investment Plan

## **Sports Development & Leisure Delivery - Silver**

Strategic direction is currently provided by the Sport & Recreation Strategy 2008-12 and the Play Strategy 2007-12, but both will require review and update in the near future.

The Sport & Recreation Strategy seeks to;

- Increase opportunities for young people to participate in sport and leisure activities.
- Ensure the Council has a range of appropriately located, quality leisure facilities and services.
- Increase the range of opportunities that enable people of all ages and abilities to participate in a range of recreational activities which enhance quality of life.

To try and achieve these objectives, the service works in partnership with a wide range of statutory and non statutory agencies at a national and local level as well as key local partners such as Vista Leisure, the Dover District Community Sports Network and local clubs. The service provides specialist advice in relation to new or improved sport, leisure and play provision in the district and contributes to the delivery of wider strategic objectives related to health improvement, crime reduction and social inclusion.

## **Community Development - Silver**

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.

## **Events - Bronze**

The service helps to facilitate and engage in the planning of major events such as the Open Golf and those related to the 2012 Olympics with a focus on enabling events that deliver corporate objectives in respect of local investment and regeneration.

It also works with partners to manage the Big Screen and related events and will assist with events that enable the council to engage with local communities such as neighbourhood forums.

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

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

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

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. The strategy is currently being reviewed and updated.

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

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 has recently taken on responsibility for the administering the Council's Disabled Facilities Grant (DFG) scheme which enables households with disabled family members to have adaptations carried out to their homes.

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.

### **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 2,600 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.

In 2008, opportunities for joint working between the four housing services within Dover, Canterbury, Shepway and Thanet were explored and in 2010 a detailed business case for a shared housing management service was approved by each council.

It was agreed by each council that an Arms Length Management Organisation (ALMO) was the preferred option for a shared service and, following extensive consultation with tenants

and leaseholders in the summer of 2010 consent was obtained from the Tenant Services Authority in January 2011 for housing management functions to be delegated to the ALMO. Subject to final approval by each of the councils, it is anticipated that the the ALMO will 'go live' from 1 April 2011.

Ownership of the housing stock will remain with the Council and the ALMO which has been named "East Kent Housing", will manage and maintain the Council's housing stock under the terms of a Management Agreement with the Council for which it will receive a fee funded from the Housing Revenue Account.

### **Museum Service – Bronze**

Dover Museum is one of the oldest museums in the UK, founded in 1836. Its three floors of exhibitions on the history of Dover and its award winning Bronze Age Boat Gallery attract over 35,000 visitors a year. It operates a successful schools programme attracting some 13,000 schoolchildren annually. In 2011/12 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 a team of volunteers will implement a new collections plan relating to the national museums accreditation scheme. It will participate in an international exhibition centred on reconstructing a Bronze Age boat, in partnership with the British Museum, Canterbury Archaeological Trust, the University of Lille, INRAP (the French national archaeological service) and Boulogne Museum.

### **Tourism - Bronze**

The Council's role in tourism is as a co-ordinator for the district's tourism industry and the White Cliffs Country Marketing brand. It produces a successful annual tourism guide and website and associated marketing campaign, in partnership with the White Cliffs Country Tourism Association (WCCTA). The service will, in partnership with other districts, KCC and Visit Kent will promote the district during the Open Golf and extend the accommodation stock for the event. It will continue to prepare for the Olympics in 2012.

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.

A new initiative in partnership with Dover Town Council will see the relocation of the VIC to a redesigned and enlarged museum foyer.



Delivering Effective Services - Service Standards - Director of Community & Development

Service Priority				Objectives	Key Impacts
Directorate Service Name	Service	Current standard of service delivery	Proposed standard of service delivery	High Level Objective for Each Function	Impact on Services due to revised service delivery standards
Development Management	Development Control (as applied to regeneration projects)	Gold	Gold	Ensure that approved regeneration projects are delivered	
	Development Control (general / other)	Gold	Silver	Ensure that planning applications and conservation advice are considered in line with corporate priorities	Resources to be prioritised to support the Regeneration agenda
	Conservation	Silver	Silver		
Building Control	Building Control	Silver	Silver	Raise standards of properties within the district through effective advice, support, enforcement and the provision of financial assistance where appropriate	
Regeneration Delivery	Regeneration Delivery (LDF Delivery: Forward Planning)	Gold	Gold	Ensure that the LDF Delivery Plan is implemented in line with the district's priorities	
	Strategic Housing	Gold	Gold		
	Strategic Transport (as applied to Regeneration Projects and LDF Delivery)	Gold	Gold		
	Regeneration Outcomes (delivery- DDC as landowner projects)	Bronze	Silver	Safeguard the Council's interests as landowner in regeneration priorities	Focus resources to support delivery of landowner projects
Community Delivery	Sports Development and Leisure Delivery (inc Deal Pier Officers, VISTA contract management, Strategic Sports Development)	Silver	Silver	Encourage increased participation in sport and leisure for all ages and ability	
	Events	Gold	Bronze	Support prominent events and anniversaries in line with corporate objectives	Multi skilled staff to support strategic events only
	Community Development (delivery)	Gold	Silver	Engage, inform and support the Big Society agenda through working with communities	Support and encourage community led service delivery
	Housing Needs	Gold	Gold	Deliver options and resources to prevent homelessness and to provide choice for those seeking affordable housing	
	Private Sector Housing	Silver	Silver	Raise standards of properties within the district through effective advice, support, enforcement and the provision of financial assistance where appropriate	Reduce DDC contribution to capital grants in line with available capital receipts
	Disabled Facilities Grants (reduction in grant)	Gold	Silver		
	Neighbourhood Forums	Gold	Silver	Provide and facilitate meetings for the local community and the Council to discuss issues and ideas	Work with partners to reduce reliance on DDC resource
Museum & Tourism	Tourism	Bronze	Bronze	Work in partnership to promote tourism to attract visitors and produce significant economic benefit to the district	
	Museum	Silver	Bronze	Work in partnership with others to provide an appropriate curatorial service to the collection with reasonable public access	Reduce opening hours and increase entry charges. Combine the Visitor Information Centre and Museum to provide a comprehensive service

## Service Summary

## Community &amp; Development

Budget 2011/2012

		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3765	HEAD OF DEVELOPMENT & PUBLIC PROTECTION	1.0	100,440	3,420	-	103,860	69,740	-	173,600	( 173,600)	-
<b>Head of Service</b>		1.0	100,440	3,420	-	103,860	69,740	-	173,600	( 173,600)	-
H1000	BUILDING CONTROL	8.7	372,280	42,070	( 345,850)	68,500	80,590	-	149,090	( 10,000)	139,090
<b>Building Control</b>		8.7	372,280	42,070	( 345,850)	68,500	80,590	-	149,090	( 10,000)	139,090
C3780	CONSERVATION/PRESERVATION ADMI	3.3	152,150	6,230	( 1,500)	156,880	12,870	-	169,750	( 169,750)	-
H2030	CONSERVATION & PRESERVATION		-	5,160	( 500)	4,660	84,970	-	89,630	-	89,630
<b>Conservation</b>		3.3	152,150	11,390	( 2,000)	161,540	97,840	-	259,380	( 169,750)	89,630
C3360	HOUSING ADMIN TRADING ACCOUNT	3.7	191,050	21,850	-	212,900	61,310	-	274,210	( 274,210)	-
C3855	HOUSING NEEDS TRADING ACCOUNT	10.0	317,490	18,430	-	335,920	36,920	-	372,840	( 372,840)	-
M1000	HOMELESSNESS		-	161,520	( 200,710)	( 39,190)	217,970	-	178,780	-	178,780
M1100	PRIVATE SECTOR HOUSING	4.3	177,420	543,950	( 526,300)	195,070	69,950	1,580	266,600	-	266,600
M1200	ENERGY EFFICIENCY GRANTS		-	10,100	-	10,100	77,780	-	87,880	-	87,880
M1401	HOUSING STRATEGY		-	42,000	-	42,000	68,830	-	110,830	-	110,830
M1410	CHOICE BASED LETTINGS		-	7,690	-	7,690	-	-	7,690	-	7,690
M1900	GENERAL FUND HOUSING COSTS		-	-	( 29,280)	( 29,280)	-	-	( 29,280)	-	( 29,280)
<b>Housing &amp; Homelessness</b>		18.0	685,960	805,540	( 756,290)	735,210	532,760	1,580	1,269,550	( 647,050)	622,500
C3365	SNR COMMUNITY DEVELOPMENT MANAGER	2.1	99,420	5,120	-	104,540	41,210	-	145,750	( 145,750)	-
L5000	ECONOMIC DEVELOPMENT		-	10	-	10	6,210	-	6,220	-	6,220
M1520	AYLESHAM COMMUNITY DEVELOPMENT OFF	1.0	33,410	4,600	( 38,010)	-	14,870	-	14,870	-	14,870
M1540	HEALTH & WELL-BEING	2.0	58,610	6,130	-	64,740	24,740	-	89,480	-	89,480
M1550	STREET SCENE		-	-	-	-	-	-	-	-	-
<b>Community Development</b>		5.1	191,440	15,860	( 38,010)	169,290	87,030	-	256,320	( 145,750)	110,570
C3730	LEISURE SERVICES TRADING ACCT	2.7	135,660	3,130	-	138,790	31,130	-	169,920	( 169,920)	-
M2600	SPORTS STRATEGY, IMPLMTN & GRNTS		-	16,840	( 1,630)	15,210	58,770	-	73,980	-	73,980
<b>Sport &amp; Leisure</b>		2.7	135,660	19,970	( 1,630)	154,000	89,900	-	243,900	( 169,920)	73,980
C3740	PROJECTS & TRANSPORTATION UNIT	5.8	243,320	25,820	-	269,140	110,120	-	379,260	( 379,260)	-
L4000	DOVER PRIDE SPECIAL REVENUE PR	1.0	76,890	15,110	( 62,000)	30,000	20,000	-	50,000	-	50,000
L4010	OTHER REGENERATION PROJECTS		-	-	-	-	100,580	-	100,580	-	100,580
L4020	CENTURION HOUSE		-	63,000	( 65,000)	( 2,000)	2,000	-	-	-	-
L4030	DOLPHIN HOUSE		-	90,160	( 97,750)	( 7,590)	7,590	-	-	-	-
L4040	CHARRINGTONS SITE		-	2,130	( 2,740)	( 610)	610	-	-	-	-
L4060	42 TOWNWALL ST		-	-	( 20)	( 20)	20	-	-	-	-
L4070	BRITANNIA PUBLIC HOUSE		-	-	-	-	-	-	-	-	-
L4090	HADLOW FEASIBILITY STUDY		-	-	( 20)	( 20)	20	-	-	-	-
L5640	WATERFRONT DEVELOPMENT		-	-	-	-	60,490	-	60,490	-	60,490
<b>Projects &amp; Transportation</b>		6.8	320,210	196,220	( 227,530)	288,900	301,430	-	590,330	( 379,260)	211,070

## Community &amp; Development

Budget 2011/2012

		Costs controlled by Head of Service									
	FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total	
L5601		-	45,430	( 13,500)	31,930	5,990	-	37,920	-	37,920	
L5605		-	-	-	-	790	-	790	-	790	
L5606		-	-	-	-	-	1,250	1,250	-	1,250	
L5610		-	9,600	-	9,600	1,290	1,760	12,650	-	12,650	
L5617		-	109,360	( 40,000)	69,360	62,940	-	132,300	-	132,300	
L5620		-	14,200	-	14,200	9,830	-	24,030	-	24,030	
L5630		-	40,870	( 24,970)	15,900	10,940	-	26,840	-	26,840	
L7010	3.0	99,610	20,920	( 57,240)	63,290	16,820	3,290	83,400	-	83,400	
<b>Tourism</b>		<b>3.0</b>	<b>99,610</b>	<b>240,380</b>	<b>( 135,710)</b>	<b>204,280</b>	<b>108,600</b>	<b>6,300</b>	<b>319,180</b>	<b>-</b>	<b>319,180</b>
L3020	7.4	260,000	130,070	( 96,700)	293,370	37,530	65,510	396,410	-	396,410	
L3022		-	21,000	( 2,000)	19,000	1,770	-	20,770	-	20,770	
L3025		1,000	21,400	( 22,500)	( 100)	1,480	-	1,380	-	1,380	
L3026		-	20,000	( 20,000)	-	-	-	-	-	-	
L3302		-	1,000	-	1,000	-	-	1,000	-	1,000	
L3600		-	2,400	-	2,400	2,570	-	4,970	-	4,970	
<b>Museums</b>		<b>7.4</b>	<b>261,000</b>	<b>195,870</b>	<b>( 141,200)</b>	<b>315,670</b>	<b>43,350</b>	<b>65,510</b>	<b>424,530</b>	<b>-</b>	<b>424,530</b>
C5240		6,000	27,000	-	33,000	5,260	-	38,260	-	38,260	
H3000	16.8	665,950	125,020	( 473,000)	317,970	352,050	1,190	671,210	( 12,760)	658,450	
H4000		-	122,800	-	122,800	323,360	-	446,160	-	446,160	
K6000		-	-	-	-	760	-	760	-	760	
<b>Development Control</b>		<b>16.8</b>	<b>671,950</b>	<b>274,820</b>	<b>( 473,000)</b>	<b>473,770</b>	<b>681,430</b>	<b>1,190</b>	<b>1,156,390</b>	<b>( 12,760)</b>	<b>1,143,630</b>
C3760	5.2	240,570	21,850	-	262,420	38,700	-	301,120	( 301,120)	-	
<b>Development Plan</b>		<b>5.2</b>	<b>240,570</b>	<b>21,850</b>	<b>-</b>	<b>262,420</b>	<b>38,700</b>	<b>-</b>	<b>301,120</b>	<b>( 301,120)</b>	<b>-</b>
		<b>77.9</b>	<b>3,231,270</b>	<b>1,827,390</b>	<b>( 2,121,220)</b>	<b>2,937,440</b>	<b>2,131,370</b>	<b>74,580</b>	<b>5,143,390</b>	<b>( 2,009,210)</b>	<b>3,134,180</b>

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

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

### **WASTE MANAGEMENT - Gold**

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

The section manages the provision of a refuse and recycling collection service throughout the district. The main service provision is a weekly collection of residual waste from householders, but also includes a separate collection of clinical waste including needles. At the current time Dover does not provide residents with a container for residual waste and therefore the majority of waste is collected within black bags provided by the customer.

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

Changes to the residual collection will be made under the new contract and wheeled bins will be rolled out across the Dover district from September 2011 to all households where they can be accommodated. Under the new scheme residual waste will be collected on a fortnightly basis. However, a separate weekly collection of food waste will be undertaken under the new scheme. The food waste will be composted at a facility within Kent.

Supporting this 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.

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 Veolia Environmental Services 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 Veolia Environmental Services (UK) until January 2021. 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. Under the new scheme to be rolled out from September 2011 tetrapak cartons and plastic pots, tubs and trays will also be collected.

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.

Garden waste is also collected fortnightly through the green waste collection service, which now covers most of the district. The green waste is composted on a local farm and ploughed back in as a soil improver.

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

The removal of abandoned vehicles is also administered by this section in accordance with the Refuse Disposal Amenities Act (1978). Dover also acts as the lead agency for operation cubit when it is held in the district. Operation cubit is a multi agency initiative for dealing with untaxed and abandoned vehicles.

### **Street Cleansing**

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

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

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

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

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

#### **Public Protection**

The principal functions for this team include:

- **Food Safety and Hygiene Control** - the Council undertakes visits and inspections of food establishments on a programmed, risk rated basis to ensure that appropriate standards of food hygiene are maintained. In the coming year it is envisaged that this will be extended to include the new 'National Food Hygiene Rating System' that has replaced the '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**

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 Food Hygiene Rating System' that has replaced the '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, trade waste, fly-tipping, 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.

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

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

## **PARKING SERVICES - Gold**

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.

## **CCTV - Bronze**

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.

## **COMMUNITY SAFETY - Gold**

Dover district experiences low levels of crime and is consistently in the bottom quarter of reported crime levels in Kent. The Council manages the Dover District Community Safety Partnership (CSP), a group of agencies including Dover District Council, 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 – Gold**

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

Health 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.

## **ASSET MANAGEMENT AND MAINTENANCE- Silver**

This service is divided into a number of key areas:

- **Parks and Open Spaces** - The Council has a substantial stock of parks, open spaces and sports grounds throughout the district including, for example, Kearsney Abbey and Connaught Park in Dover and Victoria Park in Deal. The areas provide for both active and passive leisure and include facilities such as skateboard parks, multi-use games areas, play areas, sports pitches, bowling greens and tennis courts in addition to areas for walking and quiet reflection. Grounds maintenance of the sites in recent years has been carried out by English Landscapes and the company has been awarded a 10-year contract that expires 31 March 2016
- **Public Conveniences** - The Council currently maintains and operates 21 facilities within the towns and villages across the district. Of these, 13 are provided with the support of 1 Town Council and 5 Parish Councils.
- **Depots** - This budget includes costs associated with one operational depot at Dover, and the former depot at Deal, as well as several garages and stores. The depot in Dover is leased to Veolia Environmental Services as part of the Council's Waste Management Contract and includes the responsibility for their repair and maintenance. Other premises are leased to the Landscape Group as part of the contract for landscape maintenance.
- **Cemeteries** - There are six cemeteries in the district managed by the Council, located in Dover, Deal Sandwich and Aylesham, presently used for earth burials, covering a total of 19.25 hectares.
- **Closed Churchyards** - The Council has a legal obligation for the upkeep of closed churchyards, which are no longer maintained by the church or parish councils. There are currently 21 closed churchyards maintained, covering 5.01 hectares.
- **Markets** - Markets are currently held in Dover (Saturday) and Deal (Saturday). The Council operates the long established fruit and vegetable market with the stallholders paying a set fee per pitch, while Dover District Chamber of Commerce and Deal Town Council operates the Dover and Deal markets in partnership with Dover District Council.
- **Public Clocks and Memorials** - The Council is responsible for the upkeep of various public clocks throughout the district. These include St George's Church Clock in Deal, Walmer Lifeboat Clock and St Peter's Church Clock, Sandwich. The Council also maintains Chillenden Windmill.
- **Beaches and Foreshores** - The district's coastline extends between Dover and Sandwich. This budget maintains the beaches and foreshores in this area. Additional income is generated by leasing beach and boat plots at the following location:
  - Beach huts in St Margaret's Bay;
  - Beach hut plots in Kingsdown;
  - Commercial boat plots in Deal and Walmer; and
  - Private boat plots in Deal, Walmer, Kingsdown and St Margaret's.
- **Oil Pollution** - In accordance with the County of Kent Oil Pollution Response Scheme, the District Council has responsibility to deal with pollutions by oil on beaches and with the threat of oil to beaches and to sea up to a depth of 5.5 metres at low water mark of ordinary tides or to a distance of one mile from the shore,



whichever is less. Areas beyond this extent are dealt with by Kent County Council. Work continues on the preparation of the District Oil Pollution Plan and developing links with neighbouring authorities.

### **FACILITIES MANAGEMENT - Silver**

- **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 been extended to March 2012. Under the terms of the lease, most categories of expenditure are the responsibility of TLF but some major areas remain as Council obligations.
- **Deal Pier** - The present Pier took three years to build and was officially opened by the Duke of Edinburgh in 1957. It provides opportunities for walking and fishing, has a café at the seaward end and two small shops at the entrance. The Pier itself is managed directly by the Council and in recent years substantial funds have been spent on repairing the steel and concrete structure. Construction of the new café and sun lounge was completed during autumn 2008 and has significantly enhanced the facilities available. This has been recognised through the receipt of several architectural awards. These works have also seen improvements to the deck surface and the installation of new lighting together with other minor improvements.
- **Leisure Centres** - The Council's leisure centres, Dover Leisure Centre, Tides and the Deal Indoor Tennis Centre provide a wide range of facilities. Dover has a traditional 25 metre swimming pool designed for lane and competitive swimming together with a learner pool, eight court sports hall, fitness and health suite, aerobics studio, squash courts, bar, cafeteria and other minor facilities. Tides consists of a beach effect leisure pool with waterslides, ancillary pools and other features, a four-court sports hall, fitness and health suite and cafeteria. The Deal Tennis Centre (air hall) 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 a new "permanent" Indoor Tennis Centre is scheduled for completion in June 2011. The leisure centres have been leased to and managed by Vista Leisure since April 2001. Vista Leisure also manage the children's paddling Pool in Walmer.

### **White Cliffs Countryside Partnership - Silver**

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

### **Coast Protection - Gold**

Under the Coast Protection Act 1949 the Council has powers to provide and maintain coastal defences to protect the land from erosion. The Government provides grant aid for new capital schemes, which are managed by The Environment Agency, but will not grant aid routine maintenance. A new Shoreline Management Plan for the coastal frontage has recently been completed and work is also progressing on implanting the recommendations of the Pegwell Bay to Kingsdown Coastal Strategy.

## Delivering Effective Services - Service Standards - Director of Environment &amp; Corporate Assets

Service Priority				Objectives	Key Impacts
Directorate Service Name	Service	Current standard of service delivery	Proposed standard of service delivery	High Level Objective for Each Function	Impact on Services due to revised service delivery standards
Environmental Enforcement and Protection	Environmental Health (Statutory Functions)	Gold	Gold	Maintain the quality of the environment and protect public health by reducing the incidence and effects of pollution to air, land and water and improve health and safety and food safety standards, reduce the incidence of food related illness and control the spread of communicable diseases.	Non-statutory functions to be delivered at minimum requirement
	Environmental Health (Non Statutory Functions)	Gold	Silver		
	Licensing	Gold	Bronze	Administer and enforce statutory licensing activities	Move towards electronic service provision and reduce face to face contact
	Waste Contract Management (including shared service with Shepway District Council)	Silver	Gold	To provide and promote an effective and efficient waste collection and recycling service and maintain street and public space cleanliness.	Implementation of joint waste contract
Parking and Community Safety	Parking	Gold	Gold	To provide a co-ordinated and integrated Parking Service that is complementary to traffic management strategies and supports the local economy	
	Community Safety	Gold	Gold	Work in partnership with others to make the district a safer place in which to live	
	CCTV	Gold	Bronze	Work with partners to provide an appropriate level of CCTV service.	Reduce hours of operation and investigate options for external funding
Asset Management and Maintenance	Asset Management and Maintenance (includes: area offices, corporate buildings, public conveniences, precincts, bus shelters, Timeball Tower, public clocks and memorials, Cemeteries, including burials and closed churchyards)	Silver	Silver	To seek to manage and maintain the Council's corporate property assets at minimum cost and maximum efficiency including managing the Council's Capital Programme to ensure that targets are achieved on time and within budget provision.	
	Facilities Management (Dover Town Hall, Dover Leisure Centre, Tides, Walmer Paddling Pool, Deal Pier)	Silver	Silver	To ensure that the facilities, leased to or operated by Vista, Thanet Leisure Force, the White Cliffs Countryside Project and Deal Pier staff are managed efficiently and effectively	
	Parks and Open Spaces (including Play Areas, Multi – Use Games Areas, Skate Parks, Beaches and Foreshores etc)	Gold	Silver	Maintain the District Council's Parks and Open Spaces in order to provide reasonable facilities for residents and visitors.	Focus resources on strategic sites and seek alternative service delivery options for others
	White Cliffs Countryside Project	Silver	Silver	Work in partnership with the community and voluntary sector to manage and protect the areas of natural significance and make them accessible to the public	
	Highways Management	Silver	Bronze	Deliver statutory highways requirements	Amalgamations of functions with emphasis on coastal protection
	Coastal Protection	Gold	Gold	Maintain the coast defences within its district through working with Central Government and other agencies including the Environment Agency.	
	Environmental Sustainability (Climate Change)	Silver	Bronze	Provide advice and guidance on reducing the carbon footprint for the Council and district	Reduce to minimum statutory requirement and support the embedding of sustainability in all Council services

## Service Summary

Budget 2011/2012

Environment & Community Assets	Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
	FTE	Employees	Other Costs	Income	Sub-tot					
C3600 HEAD OF PROPERTY, LEISURE & WASTE MGMT	1.0	103,140	5,110	(37,000)	71,250	69,650	-	140,900	(140,900)	-
<b>Head of Service</b>	<b>1.0</b>	<b>103,140</b>	<b>5,110</b>	<b>(37,000)</b>	<b>71,250</b>	<b>69,650</b>	<b>-</b>	<b>140,900</b>	<b>(140,900)</b>	<b>-</b>
C3715 PROPERTY SERVICES	31.2	1,159,670	101,440	(1,050)	1,260,060	175,050	-	1,435,110	(1,435,110)	-
C3954 MAISON DIEU PREMISES	-	-	10,310	(3,500)	6,810	1,920	-	8,730	(8,730)	-
C3956 DEAL AREA OFFICE TRADING ACCT	-	-	970	-	970	1,540	-	2,510	(2,510)	-
C3957 DOVER AREA OFFICE (CASTLE ST)	2.0	90,350	71,770	(76,140)	85,980	12,260	980	99,220	(99,220)	-
C3958 SANDWICH AREA OFFICE TRAD ACCT	-	-	730	-	730	1,310	730	2,770	(2,770)	-
C3959 AYLESHAM AREA OFFICE TRAD ACCT	-	-	1,910	-	1,910	960	-	2,870	(2,870)	-
C5001 CORPORATE MAINTENANCE	-	-	310,000	-	310,000	-	-	310,000	-	310,000
C5200 OFFICE ACCOMODATION-WHITFIELD	1.9	42,790	426,570	(1,750)	467,610	(1,660)	50,970	516,920	(516,920)	-
E4100 PUBLIC CONVENIENCES	-	-	227,300	(101,890)	125,410	22,960	17,580	165,950	-	165,950
E5000 DEPOTS	-	-	3,780	(30,000)	(26,220)	4,730	13,320	(8,170)	-	(8,170)
E6000 CEMETERIES	-	-	171,920	(142,850)	29,070	45,170	600	74,840	-	74,840
E6100 CLOSED CHURCHYARDS	-	-	32,460	-	32,460	15,920	-	48,380	-	48,380
E8000 COAST PROTECTION	-	-	2,530	(97,000)	(94,470)	36,730	249,710	191,970	-	191,970
K1020 SECTION 38	-	-	310	-	310	-	-	310	-	310
K2015 TRANSPORTATION SERVICES	-	-	141,500	-	141,500	58,680	-	200,180	-	200,180
K2040 BUS SHELTERS	-	-	14,720	(8,500)	6,220	2,960	-	9,180	-	9,180
K3000 PRECINCTS-DEAL AND DOVER	-	-	26,260	-	26,260	5,420	-	31,680	-	31,680
K5000 ENVIRONMENTAL IMPROVEMENTS	-	-	-	-	-	-	8,310	8,310	-	8,310
L1399 MISC PROPERTIES-GENERAL	-	-	59,870	(172,450)	(112,580)	275,840	18,080	181,340	-	181,340
L2000 HALLS-TOWN HALL DEAL	-	-	2,690	(1,730)	960	3,220	5,900	10,080	-	10,080
L2010 HALLS-TOWN HALL DOVER	-	-	116,850	-	116,850	21,340	69,000	207,190	-	207,190
<b>Property Services</b>	<b>35.2</b>	<b>1,292,810</b>	<b>1,723,890</b>	<b>(636,860)</b>	<b>2,379,840</b>	<b>684,350</b>	<b>435,180</b>	<b>3,499,370</b>	<b>(2,068,130)</b>	<b>1,431,240</b>
C3610 WASTE SERVICES TRADING ACCOUNT	4.0	146,570	14,040	-	160,610	70,950	-	231,560	(231,560)	-
E4200 REFUSE COLLECTION	-	-	900,570	(45,000)	855,570	114,950	-	970,520	-	970,520
E4210 RECYCLING	-	-	1,353,640	(652,790)	700,850	109,410	-	810,260	-	810,260
E4220 WASTE MANAGEMENT JOINT WORKING	-	-	-	-	-	57,470	-	57,470	-	57,470
E4300 STREET CLEANSING	-	-	1,375,010	(49,000)	1,326,010	137,410	-	1,463,420	-	1,463,420
<b>Waste Services</b>	<b>4.0</b>	<b>146,570</b>	<b>3,643,260</b>	<b>(746,790)</b>	<b>3,043,040</b>	<b>490,190</b>	<b>-</b>	<b>3,533,230</b>	<b>(231,560)</b>	<b>3,301,670</b>
C3960 LICENSING ADMIN TRAD ACCOUNT	3.9	133,300	12,590	-	145,890	49,600	-	195,490	(195,490)	-
E2010 LOCAL LICENSING & REGISTRATION	-	350	5,730	(98,600)	(92,520)	120,130	1,560	29,170	-	29,170
E2020 GAMBLING ACT 2005	-	300	250	(30,000)	(29,450)	34,870	-	5,420	-	5,420
E2030 HACKNEY CAR AND PVTE HIRE	-	100	9,350	(81,750)	(72,300)	84,690	-	12,390	-	12,390
<b>Licensing</b>	<b>3.9</b>	<b>134,050</b>	<b>27,920</b>	<b>(210,350)</b>	<b>(48,380)</b>	<b>289,290</b>	<b>1,560</b>	<b>242,470</b>	<b>(195,490)</b>	<b>46,980</b>
C3980 ENVIRONMENTAL HEALTH	13.3	589,240	41,040	-	630,280	97,330	-	727,610	(727,610)	-
E1000 FOOD SAFETY AND HYGIENE	-	-	27,960	-	27,960	124,580	-	152,540	-	152,540
E1100 HEALTH AND SAFETY AT WORK	-	-	600	-	600	112,880	-	113,480	-	113,480
E1300 PEST CONTROL	-	-	41,750	(29,000)	12,750	55,510	-	68,260	-	68,260
E1400 POLLUTION CONTROL	-	-	33,460	(16,670)	16,790	123,320	2,350	142,460	-	142,460
E1430 ENVIRONMENTAL ENFORCEMENT	-	8,000	7,330	-	15,330	156,600	-	171,930	-	171,930
E1500 PORT HEALTH	-	7,000	6,770	(23,530)	(9,760)	102,150	-	92,390	-	92,390
E2100 DOG CONTROL MEASURES	-	-	59,050	(7,050)	52,000	29,540	-	81,540	-	81,540
<b>Environmental Health</b>	<b>13.3</b>	<b>604,240</b>	<b>217,960</b>	<b>(76,250)</b>	<b>745,950</b>	<b>801,910</b>	<b>2,350</b>	<b>1,550,210</b>	<b>(727,610)</b>	<b>822,600</b>

Environment & Community Assets		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
L6000	WHITE CLIFFS COUNTRYSIDE PROJ	4.6	190,080	7,180	( 153,310)	43,950	13,000	440	57,390	-	57,390
L6002	WCCP-SAMPHIRE HOE	1.0	41,330	800	( 49,810)	( 7,680)	5,000	-	( 2,680)	-	( 2,680)
L6003	WCCP-ROMNEY MARSH PROJECT	1.0	25,610	7,210	( 61,380)	( 28,560)	15,000	-	( 13,560)	-	( 13,560)
L6009	WCCP-VISITOR SURVEY	0.5	16,790	200	( 16,050)	940	-	-	940	-	940
L6010	OFFICE MANAGER & ADMIN	1.0	26,750	14,090	20,670	61,510	( 21,000)	-	40,510	-	40,510
L6011	DOVER SITES MANAGEMENT		-	5,000	( 5,000)	-	-	-	-	-	-
L6013	INTERREG PROJECTS - SITES	1.0	46,080	16,410	( 69,890)	( 7,400)	5,000	-	( 2,400)	-	( 2,400)
L6016	DUNGENESS NNR		4,000	2,000	( 7,770)	( 1,770)	1,000	-	( 770)	-	( 770)
L6020	RIVER DOUR		10,000	11,500	( 20,930)	570	-	-	570	-	570
L6023	MEMORIAL FUNDS		-	3,000	( 3,000)	-	-	-	-	-	-
<b>White Cliffs Countryside Project</b>		<b>9.2</b>	<b>360,640</b>	<b>67,390</b>	<b>( 366,470)</b>	<b>61,560</b>	<b>18,000</b>	<b>440</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>
M2500	DOVER LEISURE CENTRE		-	193,690	-	193,690	34,600	57,130	285,420	-	285,420
M2510	DEAL LEISURE POOL-TIDES		-	26,450	-	26,450	26,180	167,290	219,920	-	219,920
M2520	DEAL TENNIS CENTRE		-	34,710	-	34,710	10,520	29,470	74,700	-	74,700
<b>Leisure Centres etc</b>			<b>-</b>	<b>254,850</b>	<b>-</b>	<b>254,850</b>	<b>71,300</b>	<b>253,890</b>	<b>580,040</b>	<b>-</b>	<b>580,040</b>
E8700	CRIME AND DISORDER	1.0	34,370	920	( 35,000)	290	6,970	-	7,260	-	7,260
M4000	ANTI-SOCIAL BEHAVIOUR	2.3	97,070	16,190	( 55,050)	58,210	47,580	-	105,790	-	105,790
<b>Crime &amp; Disorder</b>		<b>3.3</b>	<b>131,440</b>	<b>17,110</b>	<b>( 90,050)</b>	<b>58,500</b>	<b>54,550</b>	<b>-</b>	<b>113,050</b>	<b>-</b>	<b>113,050</b>
K2020	COUNTRYSIDE AND WATERWAYS		-	-	-	-	2,790	-	2,790	-	2,790
L1800	RELOCATION OF TRAVELLERS		-	-	-	-	730	-	730	-	730
L3000	TIMEBALL TOWER, DEAL		-	950	( 440)	510	5,670	-	6,180	-	6,180
L3630	PUBLIC CLOCKS AND MEMORIALS		-	1,680	( 100)	1,580	1,800	-	3,380	-	3,380
L5050	A/C BODY RCHG-SRB,S/START,WCCP		-	-	-	-	51,000	-	51,000	-	51,000
M2100	BEACHES AND FORESHORES		-	20,840	( 51,720)	( 30,880)	19,930	16,790	5,840	-	5,840
M2200	DEAL PIER	2.4	67,810	74,310	( 107,850)	34,270	33,710	123,130	191,110	-	191,110
M2210	SANDWICH QUAY		-	4,890	( 18,750)	( 13,860)	12,490	-	( 1,370)	-	( 1,370)
M2300	PARKS AND OPEN SPACES		-	586,670	( 79,300)	507,370	156,370	48,540	712,280	-	712,280
M2610	PROPERTY SERVICES EVENTS		-	11,750	( 11,750)	-	1,430	-	1,430	-	1,430
<b>Other</b>		<b>2.4</b>	<b>67,810</b>	<b>701,090</b>	<b>( 269,910)</b>	<b>498,990</b>	<b>285,920</b>	<b>188,460</b>	<b>973,370</b>	<b>-</b>	<b>973,370</b>
C3390	PARKING SERVICES ADMINISTRATION	4.6	145,490	38,170	-	183,660	48,500	4,330	236,490	( 236,490)	-
C3392	PARKING OPERATIONS & ENFORCEMENT	14.3	363,160	34,850	-	398,010	26,800	4,230	429,040	( 429,040)	-
E2200	CCTV	5.6	161,100	77,230	( 53,000)	185,330	33,250	12,490	231,070	-	231,070
K4000	CAR PARKS-SURFACE FREE		-	7,860	-	7,860	24,690	-	32,550	-	32,550
K4010	CAR PARKS-SURFACE PAYING		-	351,300	( 1,688,150)	( 1,336,850)	234,990	-	( 1,101,860)	-	( 1,101,860)
K4020	CAR PARKS-MULTI STOREY		-	35,460	-	35,460	1,100	-	36,560	-	36,560
K4030	CAR PARKS - ON STREET		-	46,170	( 642,350)	( 596,180)	547,160	-	( 49,020)	-	( 49,020)
<b>Parking &amp; CCTV</b>		<b>24.6</b>	<b>669,750</b>	<b>591,040</b>	<b>( 2,383,500)</b>	<b>( 1,122,710)</b>	<b>916,490</b>	<b>21,050</b>	<b>( 185,170)</b>	<b>( 665,530)</b>	<b>( 850,700)</b>
		<b>96.8</b>	<b>3,510,450</b>	<b>7,249,620</b>	<b>( 4,817,180)</b>	<b>5,942,890</b>	<b>3,681,650</b>	<b>902,930</b>	<b>10,527,470</b>	<b>( 4,029,220)</b>	<b>6,498,250</b>

Earmarked General Reserves

	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance
	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	2013/14 £000	2013/14 £000	2013/14 £000
General Fund Balance	(2,197)	0	472	(1,725)	0	(69)	(1,794)	0	53	(1,741)	0	65	(1,677)
<b>General Fund Balance</b>	<b>(2,197)</b>	<b>0</b>	<b>472</b>	<b>(1,725)</b>	<b>0</b>	<b>(69)</b>	<b>(1,794)</b>	<b>0</b>	<b>53</b>	<b>(1,741)</b>	<b>0</b>	<b>65</b>	<b>(1,677)</b>
Special Projects	(1,310)	0	918	(392)	(550)	132	(811)	0	0	(811)	0	0	(811)
On-Street Parking	(3)	0	0	(3)	0	0	(3)	0	0	(3)	0	0	(3)
ICT Equipment & Servers	(15)	(58)	23	(50)	(8)	0	(58)	(8)	0	(66)	(8)	0	(74)
Benefits Overpayments	(259)	(52)	0	(311)	0	0	(311)	0	0	(311)	0	0	(311)
Concessionary Fares	(282)	(239)	0	(521)	0	0	(521)	0	0	(521)	0	0	(521)
Elections Reserve	(96)	(48)	0	(144)	(48)	155	(37)	(48)	0	(85)	(48)	0	(133)
Major Events	(194)	(20)	53	(161)	(20)	94	(86)	(20)	0	(106)	(20)	0	(126)
Cluster Preparation	(460)	(111)	392	(178)	0	157	(21)	0	0	(21)	0	0	(21)
Private Sector Housing Reserve	0	0	0	0	(63)	0	(63)	0	0	(63)	0	0	(63)
Backfunding equalisation	0	0	0	0	(250)	0	(250)	(250)	0	(500)	(250)	0	(750)
Invest to Save	(204)	(9)	0	(213)	(20)	6	(227)	(19)	0	(246)	(2)	0	(247)
Iceland Investment Reserve	(450)	0	0	(450)	0	0	(450)	0	0	(450)	0	0	(450)
New Homes Bonus	0	0	0	0	(147)	0	(147)	(294)	0	(441)	(441)	0	(882)
<b>Earmarked Reserves Excl LDF &amp; PDG</b>	<b>(3,272)</b>	<b>(536)</b>	<b>1,386</b>	<b>(2,423)</b>	<b>(1,106)</b>	<b>544</b>	<b>(2,984)</b>	<b>(639)</b>	<b>0</b>	<b>(3,624)</b>	<b>(769)</b>	<b>0</b>	<b>(4,392)</b>
Local Development Framework	(339)	0	135	(203)	0	154	(49)	0	114	65	0	89	155
Planning Delivery Grant	(251)	0	107	(144)	0	108	(36)	0	0	(36)	0	0	(36)
<b>Earmarked Reserves Total</b>	<b>(3,861)</b>	<b>(536)</b>	<b>1,628</b>	<b>(2,770)</b>	<b>(1,106)</b>	<b>806</b>	<b>(3,069)</b>	<b>(639)</b>	<b>114</b>	<b>(3,594)</b>	<b>(769)</b>	<b>89</b>	<b>(4,273)</b>
<b>Total Revenue Reserves</b>	<b>(6,059)</b>	<b>(536)</b>	<b>2,100</b>	<b>(4,495)</b>	<b>(1,106)</b>	<b>737</b>	<b>(4,864)</b>	<b>(639)</b>	<b>168</b>	<b>(5,335)</b>	<b>(769)</b>	<b>154</b>	<b>(5,950)</b>

## EARMARKED RESERVES

**Special Projects** – this sum is held in reserve to be used to finance the costs of special and one-off projects. It can be used for both revenue and capital projects. The contributions and applications from this reserve are detailed in the Special Projects summary (Annex 9E). In 2010/11 £550k has been allocated to the reserve to fund the estimated cost of the Delivering Effective Services restructure, this sum is to be repaid to the reserve from the 2011/12 budget.

**On-Street Parking Reserve** – this is the ring-fenced parking surplus that is used to fund highways, transport and environmental schemes within the district. Any deficit incurred in year can be partially offset by use of the remaining balance on the reserve.

**ICT Equipment & Servers Reserve** – this reserve has been established to level out the budgeting impact of replacing ICT equipment and servers.

**Benefits Overpayments** – recovery of benefits overpayments is difficult to forecast so contributions to this reserve were made in 2007/08 and 2008/09 when they were first incorporated into the budgets. The reserve is applied to smooth out fluctuations in performance as required.

**Elections** – this reserve has been established to smooth the budgetary impact of the district election cycle.

**Major Events** – the Open Golf Championship is held annually at one of a limited number of championship-standard UK links courses, one of which is Royal St. Georges at Sandwich. The Championship might be expected to take place at Sandwich once a decade. The Council is also involved in various events being staged (e.g. the Olympic Torch event). The Major Events Reserve has been established to assist the Council in meeting the costs it will incur as these events take place within the district.

**Cluster preparation (joint working)** – the reserve was established from a combination of Performance Reward Grant (PRG) received and income for VAT refunds and in 2011/12 the Second Homes funding from KCC will also be added. An element of the reserve has been set aside to fund commitments from the PRG scheme for Crime & Disorder Reduction Partnerships and Private Sector Housing.

An allocation has also been made to fund the DDC contribution to the Dover Waterfront project to regenerate the waterfront area of Dover. This includes maximising the economic impact of cruise liners and a cable car to provide connectivity to the castle and support tourism and leisure.

The Council is engaged with partner authorities in seeking to exploit opportunities to provide/procure services jointly, thus saving costs and enhancing resilience. However, it is recognised that there are initial start-up costs arising from such initiatives. The balance of this reserve is allocated to assist the Council in being able to make initial investments that secure longer-term joint working benefits and savings.

**Private Sector Housing Reserve** – this reserve has been set up to smooth the impact of Housing surveys required on a 4-yearly basis and to allocate the balance of additional Homelessness grant due to be received in 2011/12 to be held available for future associated projects.

**Backfunding Equalisation Reserve** – this reserve has been set up to smooth any impact of increased backfunding contributions required from future actuarial valuations or to provide additional support to fund any losses from the Icelandic Investment if required.

**Invest to Save** – the Invest to Save Reserve has been established to finance projects where there is a clear payback, typically within five years. Any such payback will be generated by reductions in the budget of the service benefiting from the investment and will be used to repay the Invest to Save Reserve.

**Iceland Investment Reserve** – this reserve has been established to set aside funds to reduce the impact of the risk of losses on the Icelandic Investment.

**New Homes Bonus** – this reserve has been established to set aside half the grant anticipated from the New Homes Bonus scheme to support future pressures and projects relating to any significant areas of property development.

**Local Development Framework** – this reserve has been created to hold the monies set aside to fund the Local Development Framework. The 2011/12 General Fund revenue budget includes use of the reserve of £118k to offset spending included under the Director of Community and Development, the reserves schedule proposes use of up to £154k based on the total requirements from the project plan. The reserve is currently forecast to be fully utilised during 2012/13 but changes to requirements could reduce the financial input required. Ongoing consideration of the areas to progress on the LDF is given by the Director of Community & Development and funding needs will be assessed as part of this process.

Housing Revenue Account - 2011/12 Estimates

ANNEX 8

	2010/11 Original Budget	2010/11 Projected Outturn as at 31/12/10	Variance to Original	Notes	2011/12 Proposed Budget	Variance to 2010/11 Projected	
<b>INCOME</b>							
Dwelling Rents	(15,997)	(16,207)	(210)	1	(16,959)	(752)	A
Non-dwelling Rents	(415)	(409)	6	5	(404)	6	B
Sale of HRA Land	0	(5)	(5)	5	0	5	C
Charges for Services and Facilities	(500)	(328)	172	2	(340)	(12)	D
Conts. towards Expend - Supporting People	(227)	(143)	84	3	(143)	0	
Conts. towards Expend - Leaseholders	(106)	(244)	(138)	4	(355)	(111)	E
<b>TOTAL INCOME</b>	<b>(17,245)</b>	<b>(17,336)</b>			<b>(18,201)</b>		
<b>EXPENDITURE</b>							
Repairs and Maintenance	4,130	3,991	(139)	6	3,880	(111)	F
Supervision and Management	2,790	2,678	(113)	7	2,593	(85)	G
Rents, Rates, Taxes and Other Charges	86	125	39	8	121	(4)	H
Negative Subsidy Entitlement (Incl MRA)	5,388	5,388	0		5,951	563	I
Depreciation and Impairment of Fixed Assets	3,368	3,374	6		3,196	(178)	J
Debt Management Expenses	16	22	6	9	23	1	K
Increased provision for bad debts	70	70	0		85	15	L
Rent Rebate Subsidy Limitation	0	35	35	10	30	(5)	M
<b>TOTAL EXPENDITURE</b>	<b>15,848</b>	<b>15,682</b>			<b>15,879</b>		
<b>NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT</b>							
	<b>(1,396)</b>	<b>(1,654)</b>			<b>(2,322)</b>		
HRA Share of Corporate and Democratic Core	403	490	87	11	548	58	N
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>(994)</b>	<b>(1,164)</b>			<b>(1,774)</b>	<b>(610)</b>	
Amortisation of Premiums and Discounts	(3)	(3)	0		0	3	O
Interest and Investment Income	(315)	(245)	70	12	(220)	25	P
Pension Int Costs and expected return on pensions assets	678	678	0		674	(4)	Q
<b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>	<b>(634)</b>	<b>(734)</b>			<b>(1,320)</b>		
(Surplus)/Deficit for the year on the HRA Income and Expenditure Account	(634)	(734)			(1,320)		
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	254	148	(106)	13	804		
<b>(Increase)/Decrease in the Housing Revenue Account Balance</b>	<b>(379)</b>	<b>(586)</b>			<b>(516)</b>		
Housing Revenue Account surplus brought forward	(7,380)	(7,958)			(8,543)		
Housing Revenue Account surplus carried forward	(7,759)	(8,543)			(9,060)		
<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	469	469	0		440	(29)	Q
	<b>469</b>	<b>469</b>			<b>440</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	(216)	(222)	(6)		31	253	J
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(731)	(731)	0		(726)	5	Q
Capital expenditure funded by the HRA	732	632	(100)	13	1,059	427	R
	<b>(215)</b>	<b>(321)</b>			<b>364</b>		
<b>Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year</b>	<b>254</b>	<b>148</b>			<b>804</b>		
	0	0			0		



## Housing Revenue Account Variance Analysis

**Housing Revenue Account Variation Statement - as at 31 December 2010*****2010/11 Original Budget to 2010/11 Projected Outturn to 2011/12 Estimates***

<b>Original Budget</b>		<u>£000's</u>
		<b>(379)</b>
1 Dwelling Rents	Increase income due to reduced void & Right to Buy levels	(210)
2 Charges for Services and Facilities	Charges to Lease Holder/Tenants reduced due to transfer of Gateway freehold	172
3 Conts towards Expend - Supporting People	Reduced Careline income - see 7 below	84
4 Conts towards Expend - Leaseholders	Increase in major works	(138)
5 Other Income	Minor adjustments	1
6 Repairs and Maintenance	Various savings including Heating Servicing (£70k) & Void Maintenance (£50k)	(139)
7 Supervision and Management	Reduced Careline cost - see 3 above	(84)
	Savings on staff costs	(39)
	Consultancy Fees 'Approved carry forward' from 2009/10	17
	Other adjustments	(7)
8 Rents, Rates, Taxes and Other Charges	Increase in Council Tax on empty properties - re: decanted Sheltered Properties	39
9 Debt Management Expenses	Change of apportionment between HRA & General Fund	6
10 Rent Rebate Subsidy Limitation	Re-imburement of Housing Benefit restriction to General Fund	35
11 HRA Share of Corporate & Democratic Core	Mainly redundancy & pension costs following 'delivering effective services' restructure	87
12 Interest & Investment Income	Reduction in interest rates achieved	70
13 Capital Expenditure funded by the HRA	Reduction in capital works funded from HRA revenue	(100)
	<b>Projected Outturn 2010/2011</b>	<u><b>(586)</b></u>

## Housing Revenue Account Variance Analysis

### Housing Revenue Account Variation Statement - as at 31 December 2010

#### *2010/11 Original Budget to 2010/11 Projected Outturn to 2011/12 Estimates*

		£000's
	<b>Projected Outturn 2010/2011</b>	<b>(586)</b>
A	Dwelling Rents	(752)
B	Non Dwelling Rents	6
C	Sale of HRA Land	5
D	Charges for Services & Facilities	(12)
E	Conts. towards Expend - Leaseholders	(111)
F	Repairs & Maintenance	(111)
G	Supervision and Management	15
	Adjustment in recharges for support services	15
	Estates Management savings including reduction in hire of agency staff	(52)
	Reduction in Consultants fees	(51)
	Sale of Council Houses - reduction in income expectation due to reduced level of RTB	8
	Other adjustments	(5)
H	Rent, Rates etc	(4)
I	Negative Subsidy Entitlement (Incl MRA)	563
J	Depreciation and Impairment of Fixed Assets & Transfer from Major Repairs Reserve	76
K	Debt Management Expenses	1
L	Provision for Bad Debts	15
M	Rent Rebate Subsidy Limitation	(5)
N	HRA Share of Corporate and Democratic Core	(180)
	Reduction in rechages for support services and estimated redundancy & pension costs of 'delivering effective services' accrued in 2010/11 (see note 11)	(180)
	Estimated ALMO Management Charge	238
O	Amortisation of Premiums & Discounts	3
P	Interest and Investment Income	25
Q	Pension related adjustments	(29)
R	Capital expenditure funded by the HRA	427
	Increase in capital expenditure funded from revenue including £201k previously funded from Supported Borrowing.	427
	<b>2011/2012 Estimate</b>	<b>(516)</b>

## MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2011 OUTTURN

<u>Projects included in the programme</u>	Current Approved Total £	PROPOSED BUDGET					
		Previous years £	Estimate 2010/11 £	Estimate 2011/12 £	Estimate 2012/13 £	Future years £	Total £
<b>Work in Progress</b>							
<b><u>Dover Regeneration Projects<sup>1</sup></u></b>							
Dover Pride - Dover Town Investment Zone	1,505,960	1,383,713	122,247	0	0	0	1,505,960
DTIZ - SEEDA funded projects	7,546,729	6,679,909	866,820	0	0	0	7,546,729
DTIZ - HCA funded projects	2,386,344	2,383,656	6,330	0	0	0	2,389,986
Mid-Town Development - Growth Point Funding	85,380	74,023	11,357	0	0	0	85,380
DTIZ Growth Point - 2009/10 & 2010/11 Allocations	320,628	0	320,628	0	0	0	320,628
Dover Pride - Dover Priory Ph 1 & 2 (see grants & contributions appx)	120,000	107,455	12,545	0	0	0	120,000
Dover Sea Sports Centre - Growth Point Funded	170,000	112,627	57,373	0	0	0	170,000
Waterfront (Yorkgate)	30,000	5,000	25,000	0	0	0	30,000
Sea Change (DDC Contribution) - Growth Point Funded	250,000	0	250,000	0	0	0	250,000
Yorkgate - Demolition of Buildings (HCA Funded)	48,200	0	50,790	0	0	0	50,790
<b>Dover Regeneration Projects<sup>1</sup></b>	<b>12,463,241</b>	<b>10,746,383</b>	<b>1,723,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,469,473</b>
<b><u>Other Regeneration Projects</u></b>							
Aylesham Regeneration Project	1,310,913	1,114,231	196,683	0	0	0	1,310,913
Aylesham Leisure Project (ASWS) (see grants & contributions appx)	348,000	67,906	280,094	0	0	0	348,000
Deal Tennis Centre	1,286,144	12,141	1,031,297	242,706	0	0	1,286,144
Deal Transportation & Flood Alleviation Models- Growth Point Funded	300,000	0	300,000	0	0	0	300,000
<b>Other Regeneration Projects</b>	<b>3,245,057</b>	<b>1,194,277</b>	<b>1,808,074</b>	<b>242,706</b>	<b>0</b>	<b>0</b>	<b>3,245,057</b>
<b><u>Other projects</u></b>							
Capital grants and contributions - voluntary organisations (see appx)	75,000	68,734	6,266	0	0	0	75,000
Housing Revenue Account Property Projects	4,140,000	n/a	4,140,000	0	0	0	4,140,000
Mandatory Disabled Facilities Grants	1,498,095	n/a	680,000	398,095	420,000	0	1,498,095
Dover Urban Scheme - private sector renewals - loans and grants	439,920	439,920	0	0	0	0	439,920
Renovation Grants	117,718	n/a	23,998	93,720	0	0	117,718
Renovation Loans	1,340,632	440,632	900,000	0	0	0	1,340,632
Private Sector housing schemes - loans	2,218,277	1,918,277	300,000	0	0	0	2,218,277
Private Sector housing schemes - grants	1,344,926	1,244,926	100,000	0	0	0	1,344,926
Regional Housing Loans, Grants & Fees (2009/10 & 2010/11)	1,239,704	574,458	550,000	115,246	0	0	1,239,704
Regional Housing Loans (2010/11)	0	0	0	0	0	0	0
Regional Housing Grants & Fees (2010/11)	0	0	0	0	0	0	0
Replace cash receipting and income system	51,190	40,697	10,492	0	0	0	51,190
Land Contamination	80,435	55,150	25,285	0	0	0	80,435
Kingsdown Beach - Emergency Work (100% grant)	150,000	4,147	145,853	0	0	0	150,000
MoD Rifle Range - Managed Realignment Feasibility (100% grant)	20,000	8,270	11,730	0	0	0	20,000
Walmer to Kingsdown/Oldstairs Bay Study	63,500	51,552	11,948	0	0	0	63,500
Voicemail - Purchase Replacement System	20,000	0	20,000	0	0	0	20,000
<b>Other projects</b>	<b>12,799,397</b>	<b>4,846,764</b>	<b>6,925,572</b>	<b>607,061</b>	<b>420,000</b>	<b>0</b>	<b>12,799,397</b>
<b>Total projects approved</b>	<b>28,507,694</b>	<b>16,787,424</b>	<b>10,456,736</b>	<b>849,767</b>	<b>420,000</b>	<b>0</b>	<b>28,513,926</b>
<b><u>General Fund Projects awaiting appraisal</u></b>							
Beach Recycling Works - Walmer to Kingsdown (100% grant)	382,000	0	121,000	0	121,000	140,000	382,000
Waterfront (Yorkgate)	50,000	0	50,000	20,000	0	0	70,000
Waterfront	150,000	0	75,000	75,000	0	0	150,000

**MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2011 OUTTURN**

<u>Projects included in the programme</u>	<b>Current Approved Total</b>	<b>PROPOSED BUDGET</b>					<b>Total</b>
		<b>Previous years</b>	<b>Estimate 2010/11</b>	<b>Estimate 2011/12</b>	<b>Estimate 2012/13</b>	<b>Future years</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Sub total</b>	<b>582,000</b>	<b>0</b>	<b>246,000</b>	<b>95,000</b>	<b>121,000</b>	<b>140,000</b>	<b>602,000</b>
<b><u>HRA Programme for approval<sup>2</sup></u></b>							
HRA Projects financed by Major Repairs Reserve	3,160,000	n/a	0	3,227,000	Part of HRA Business Plan review	Part of HRA Business Plan review	3,227,000
HRA Property Projects financed by capital receipts	160,000	n/a	0	160,000			160,000
HRA Property Projects financed by the HRA	496,000	n/a	0	1,059,000			1,059,000
HRA Property Projects financed by Supported Borrowing	201,000	n/a	0	0			0
<b>Sub total</b>	<b>4,017,000</b>	<b>0</b>	<b>0</b>	<b>4,446,000</b>	<b>0</b>	<b>0</b>	<b>4,446,000</b>
<b><u>New bids for approval to carry out appraisal (in order of priority)</u></b>							
Kingsdown Promenade Repair (100% grant funded)			80,000				80,000
Beach Recycling Works - Sandown Castle to Deal Castle (100% grant)						30,000	30,000
1) ICT Joint Working Project				35,000			35,000
2) Dover Town Investment Zone (DTIZ)				193,250	93,000	93,000	379,250
3) Aylesham Development				75,000	25,000	25,000	125,000
4) Town Centre/Waterfront (property acquisitions)				650,000			650,000
5) Visitor Information Centre - Relocation				150,000			150,000
6) Connaught Park Pond Repair				20,000			20,000
7) Disabled Facilities Grant Funding				290,666	290,666	290,666	871,998
8) Private Sector Housing (Renovation Grants)				90,000	90,000		180,000
<b>Sub total</b>	<b>0</b>	<b>0</b>	<b>80,000</b>	<b>1,503,916</b>	<b>498,666</b>	<b>438,666</b>	<b>2,521,248</b>
<b>Total</b>	<b>33,106,694</b>	<b>16,787,424</b>	<b>10,782,736</b>	<b>6,894,683</b>	<b>1,039,666</b>	<b>578,666</b>	<b>36,083,174</b>

**MEDIUM TERM CAPITAL PROGRAMME - JANUARY 2011 OUTTURN**

<b>Projects included in the programme</b>	<b>PROPOSED BUDGET</b>						
	<b>Current</b>	<b>Previous</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Future</b>	<b>Total</b>
	<b>Approved Total</b>	<b>years</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>years</b>	
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financed by:</b>							
Capital projects financed in previous financial years	16,787,424	16,787,424	0	0	0	0	16,787,424
Capital receipts - General Fund	717,452	n/a	586,526	1,559,842	498,666	408,666	3,053,700
Capital receipts - HRA	315,000	n/a	155,000	160,000	0	0	315,000
Major Repairs Allowance	6,312,000	n/a	3,152,000	3,227,000	0	n/a	6,379,000
Major Repairs Reserve re Tenants Compact	0	n/a	0	0	0	n/a	0
Direct Revenue Financing - HRA	1,128,000	n/a	632,000	1,059,000	0	n/a	1,691,000
Direct Revenue Financing - General Fund	225,500	n/a	20,000	205,500	0	n/a	225,500
Grants							
SEEDA for DTIZ	866,820	n/a	866,820	0	0	0	866,820
HCA (was - English Partnerships) for DTIZ/mid-town centre	2,688	n/a	6,330	0	0	0	6,330
HCA (Yorkgate-Demolition)	48,200	n/a	50,790	0	0	0	50,790
Growth Point Revenue (DTIZ)	25,960	n/a	25,960	0	0	0	25,960
Growth Point Status grant 2009/10 to 2010/11	320,628	n/a	320,628	0	0	0	320,628
Growth Point (Deal Tennis Centre)	290,000	n/a	290,000	0	0	0	290,000
Growth Point (Mid-Town Development)	11,357	n/a	11,357	0	0	0	11,357
Growth Point (Deal Transportation Model)	300,000	n/a	300,000	0	0	0	300,000
Growth Point (Dover Sea Sports Centre)	57,373	n/a	57,373	0	0	0	57,373
Growth Point (Aylesham Leisure Project)	280,094	n/a	280,094	0	0	0	280,094
Growth Point (Sea Change)	250,000	n/a	250,000	0	0	0	250,000
Mandatory Disabled Facilities Grants	1,248,000	n/a	429,905	398,095	420,000	0	1,248,000
Coast Protection grants	551,531	n/a	290,531	0	121,000	170,000	581,531
DEFRA (Land contamination grant)	25,285	n/a	25,285	0	0	0	25,285
Private Sector Renewals Grant	1,965,246	n/a	1,850,000	115,246	0	0	1,965,246
Tennis Foundation	400,000	n/a	400,000	0	0	0	400,000
Dover Town Council (VIC Relocation)		n/a		75,000	0	0	75,000
Environment Agency (Kingsdown Promenade Repair)		n/a	80,000		0	0	80,000
Supported borrowing - HRA	402,000	n/a	201,000	0	0	0	201,000
Supported borrowing - General Fund	0	n/a	0	0	0	0	0
Unsupported borrowing	340,644	n/a	340,644	0	0	0	340,644
Other reserves							
- Cluster Prep Reserve (Waterfront)	225,000	n/a	150,000	95,000	0	0	245,000
- Special projects reserve	10,492	n/a	10,492	0	0	0	10,492
<b>Total</b>	<b>33,106,694</b>	<b>16,787,424</b>	<b>10,782,735</b>	<b>6,894,683</b>	<b>1,039,666</b>	<b>578,666</b>	<b>36,083,174</b>

<sup>1</sup>Dover Regeneration projects comprise a single capital budget. Virement between the lines within this project are delegated to the Director of Finance to approve.

<sup>2</sup>The detailed HRA capital programme is provided at Annex 9D.

**Summary of capital receipts as at January 2010**

ANNEX 9B

	<b>Estimate 2010/11 £000</b>	<b>Estimate 2011/12 £000</b>	<b>Estimate 2012/13 £000</b>	<b>Estimate 2013/14 £000</b>	
Usable capital receipts at 1 April	757,962	1,058,836	1,297,489	953,318	
Capital receipts allocated to the finance committed projects	(741,526)	(290,926)	0	0	
Retained capital receipts from HRA right to buy sales received	66,750	-	-	-	- Note 1
Other receipts from sales achieved	405,058	-	-	-	- Note 2
<b><u>Surplus of receipts available to fund new projects in 2011/12</u></b>	<b>488,244</b>				Note 3
Capital receipts allocated to new projects	0	(1,428,916)	(498,666)	(408,666)	
Anticipated retained capital receipts from HRA right to buy sales	51,300	82,121	82,121	82,121	Note 1
Other anticipated sales	519,292	1,876,374	72,374	72,374	Note 2
<b><u>Estimated usable capital receipts to be carried forward at 31 March</u></b>	<b>1,058,836</b>	<b>1,297,489</b>	<b>953,318</b>	<b>699,147</b>	Note 4

**Note 1**

It is estimated that there will be 10 dwelling sales in 2010/11 (6 sales have completed to date and more are in the pipeline), a decrease in sales is expected in the next three years and an estimate of 7 sales has been assumed for the remainder of the period.

**Note 2**

The current year estimate relates to the sale of garages, Regent Bingo and Western Road Depot. Unit 1 Granville Street Dover and disposal of Charlton Green site have already completed.

In future years it is assumed that there will be other corporate asset sales identified including Gateway flat sales. These receipts can be retained provided capital allowances are applied in accordance with legislation.

**Note 3**

This represents the level of capital receipts currently available to fund the proposed new projects and HRA needs. Projects will be allocated these resources according to the priority order allocated at Annex 9A, subject to compliance with pooling regulations for application of capital allowances.

**Note 4**

Usable capital receipts are forecast to increase during 2011/12 but are expected to reduce during the remainder of the planning period.

**MEMORANDUM SCHEDULE OF CAPITAL GRANTS AND CONTRIBUTIONS**

	Approved Budget	PRIOR YEARS	2010/11 Budget	2011/12 Budget	Total Budget
	£				£
Dover Pride - Dover Priory Station	120,000	107,455	12,545	0	120,000
Dover Pride - Dover Sea Sports Centre (GP funded element)	170,000	112,627	57,373	0	170,000
Aylesham Leisure Provision - ASSWS	348,000	67,906	280,094	0	348,000
Deal Wanderers Rugby Sports & Social Club - clubhouse	20,000	18,734	1,266	0	20,000
Sandwich Sports and Leisure Centre	45,000	40,000	5,000	0	45,000
Sea Change (DDC contribution - GP funded)	250,000	0	250,000	0	250,000
<b>TOTAL CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>953,000</b>	<b>346,722</b>	<b>606,278</b>	<b>0</b>	<b>953,000</b>

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

<b>REVENUE WORKS PROGRAMME</b>	APPROVED BUDGET 2010/11 £000	REVISED BUDGET 2010/11 £000	PROPOSED BUDGET 2011/12 £000
1. Term Maintenance	1,200	1,190	1,200
2. Heating Service	750	680	680
3. Lift Servicing	10	10	10
4. Voids Maintenance	650	600	600
5. Void Properties Security	5	10	5
6. Service Contracts - Disabled Hoists & Lifts	25	25	20
7. Service Contracts - Fire Alarms	62	62	62
8. Service Contracts - Door Entry	25	15	25
9. Service Contracts - Sunny Corner	5	5	5
10. Vandalism Repairs	40	40	40
11. Insurance Excess	10	10	10
12. Electrical Safety Inspections	45	45	45
13. Legionella	10	15	10
14. External Repairs and Redecorations	550	550	500
15. Redecorations for Elderly Persons	20	20	10
16. Communal TV Aerials Installation	10	10	10
17. Estates Paths, Pavings, Floor Resurfacing	70	70	75
18. Cesspools	10	0	5
<b>TOTAL REVENUE WORKS PROGRAMME</b>	<b>3,497</b>	<b>3,357</b>	<b>3,312</b>

<b>CAPITAL WORKS PROGRAMME</b>	APPROVED BUDGET 2010/11 £000	REVISED BUDGET 2010/11 £000	PROPOSED BUDGET 2011/12 £000
<b>HOUSING REVENUE ACCOUNT SCHEMES</b>			
<b>IMPROVEMENTS</b>			
19. Reroofing	280	280	350
20. Replacement Doors and Windows	25	5	10.5
21. Renewal Heating/Heating Programme	850	850	850
22. Thermal insulation	10	10	10
23. Environmental Improvements (Tenants Compact)			
Dover	20	20	20
Deal	11	11	11
Sandwich	12	12	12
Rural	7	7	7
24. Door Entry/Warden Call	0	17	150
25. Fire Precautions	150	133	300
26. Asbestos Programme	25	25	25.11
27. Structural Repairs	200	200	200
28. Kitchen Programme	1,400	1,000	1,250
29. Rewiring	650	650	650.45
<b>OTHER SCHEMES</b>			
30. Adaptations for Disabled Persons	600	600	600
31. Sheltered Refurbishments	0	0	0
32. Kitchen Installations - Revenue Funded		320	0
<b>TOTAL CAPITAL WORKS PROGRAMME</b>	<b>4,240</b>	<b>4,140</b>	<b>4,446</b>
<b>Financed By:</b>			
Capital Receipts	155	155	160
Major Repairs Allowance	3,152	3,152	3,227
Direct Revenue Financing (HRA)	732	632	1,059
Supported Borrowing	201	201	0
<b>TOTAL CAPITAL WORKS PROGRAMME</b>	<b>4,240</b>	<b>4,140</b>	<b>4,446</b>

<b>FULL PROGRAMME TOTAL</b>	<b>7,737</b>	<b>7,497</b>	<b>7,758</b>
-----------------------------	--------------	--------------	--------------



## SPECIAL PROJECTS - OUTTURN 2010/11AS AT 31 DEC 2010 &amp; PROPOSED BUDGET 2011/12

<b>PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE</b>	<b>Current Approved Budget £</b>	<b>Prior Years Exp £</b>	<b>Estimate 2010/11 £</b>	<b>Estimate 2011/12 £</b>	<b>Future Years £</b>	<b>Total Revised Budget £</b>
<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	465,146	39,444	0	0	504,590
Play Areas - enhancements to strategic sites	306,809	33,907	224,422	16,161	0	274,490
Control of Asbestos Regulations Works - Corporate Buildings	50,000	12,802	17,198	20,000	0	50,000
Disability Discrimination Act Works - Corporate Buildings	109,000	57,194	27,306	24,500	0	109,000
Quality Bus Partnership (formerly Kickstart Bus Initiative)	78,500	14,699	47,801	16,000	0	78,500
Whitfield office moves	254,170	250,003	4,167	0	0	254,170
Whitfield Offices: - ESP evaluation	50,000	39,754	10,246	0	0	50,000
CRM project - costs	281,587	204,020	77,567	0	0	281,587
DTIZ - consultants and marketing costs (allocation to capital reduced)	31,851	31,851	0	0	0	31,851
Provision allocated to capital programme to finance capital projects	660,356	649,864	10,492	0	0	660,356
<b>Total Projects in Progress</b>	<b>2,371,063</b>	<b>1,787,300</b>	<b>474,782</b>	<b>76,661</b>	<b>0</b>	<b>2,338,743</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
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	60,466	0	60,466	0	0	60,466
Dover Museum lighting	20,000	0	20,000	0	0	20,000
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
<b>New bids for approval to carry out appraisal</b>						
Charity Trust		0	0	25,000	0	25,000
Olympics 2012		0	0	30,000	0	30,000
Funding of redundancy & pension costs in 2010/11 (to be repaid in 2012/13)		0	550,000	0	0	550,000
Proposed balance to transfer to capital projects		0	0	0	0	0
<b>Total Projects Subject to Approval / Appraisal</b>	<b>188,896</b>	<b>0</b>	<b>738,896</b>	<b>55,000</b>	<b>0</b>	<b>793,896</b>
<b>GRAND TOTAL</b>	<b>2,559,959</b>	<b>1,787,300</b>	<b>1,213,678</b>	<b>131,661</b>	<b>0</b>	<b>3,132,639</b>
<b>Special Projects Financing</b>						
Funded From Special Projects Reserve (See Annex 7)	2,263,857	1,787,300	917,576	131,661		2,836,537
Section 106 Funding:						0
Clarendon Play Area	100,000		100,000			100,000
Whitfield Park	116,204		116,204			116,204
Victoria Park	17,056		17,056			17,056
Victoria Park - Playbuilder finance	32,042		32,042			32,042
Victoria Park - Deal Town Council contribution	25,000		25,000			25,000
Corporate Communication contribution (Play Areas)	5,800		5,800			5,800
<b>Total Projects Subject to Approval / Appraisal</b>	<b>2,559,959</b>	<b>1,787,300</b>	<b>1,213,678</b>	<b>131,661</b>	<b>0</b>	<b>3,132,639</b>

<b>Special Projects reserve (See Annex 7)</b>	
<b>Balance at 1 April 2010</b>	<b>1,309,897</b>
Proposed allocation to projects 2010/11	-917,576
<b>Balance at 31 March 2011</b>	<b>392,321</b>
Proposed allocation to projects 2011/12	-131,661
General Fund contribution to reserve re 2010/11 restructure	550,000
<b>Balance at 31 March 2012</b>	<b>810,660</b>

## **TREASURY MANAGEMENT STRATEGY STATEMENT 2011/12**

### **1. Introduction**

#### **Background**

Treasury management is defined as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

#### **Statutory requirements**

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

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 subsequent to the Act and included as paragraph 9 of this report); this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Department of Communities and Local Government has issued revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009.

#### **CIPFA requirements**

The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised November 2009) is requested to be adopted by this Council on 2 March 2011.

The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement that sets out the policies and objectives of the Council’s treasury management activities.
- Creation and maintenance of Treasury Management Practices that set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Governance Committee.

## **Treasury Management Strategy for 2011/12**

The suggested strategy for 2011/12 in respect of the following aspects of the treasury management function is based upon the finance officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Sector.

The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council
- Prudential and Treasury Indicators
- the current treasury position
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- the MRP strategy

### **Balanced Budget Requirement**

It is a statutory requirement under Section 33 of the Local Government Finance 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

### **2. Treasury Limits for 2011/12 to 2013/14**

It is a statutory duty under Section 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". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the 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 council rent levels is 'acceptable'.

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; details of the Authorised Limit can be found in table 1 of this report.

### **3. Current Portfolio Position**

The Council's treasury portfolio position at 31/12/10 comprised:

		Principal	Ave. rate
<b><u>LONG TERM DEBT</u></b>		£'000	%
Fixed rate funding	PWLB <sup>4</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 <sup>5</sup>	6,470	0.76
	DDC Portfolio <sup>6</sup>	6,574	1.84
	External (Investec)	15,645	0.80
	SEEDA (DTIZ)	904	0.50
	English Partnerships (DTIZ)	47	0.50
<b>TOTAL INVESTMENTS</b>		<b>29,640</b>	<b>0.88</b>

#### 4. Borrowing Requirement

The Council is currently planning to undertake long-term borrowing to finance its capital spending plans as follows:

Deal Tennis Centre:	£
Markets/PWLB	210,000
Tennis Foundation (interest free)	130,644
	<u><b>340,644</b></u>

There will be a further borrowing requirement due to the reform of the Housing Subsidy System. At the current time the impact of this is unknown but is estimated to be in the region of £88m although significant changes to draft proposals are expected. The current proposals are that the reform would be effective from 2012/13.

#### 5. Prudential and Treasury Indicators for 2011/12 – 2013/14

Prudential and Treasury Indicators as set out below are relevant for the purposes of setting an integrated treasury management strategy.

PRUDENTIAL INDICATORS	2009/10	2010/11	2011/12	2012/13	2013/14
	Actual	Projected	Forecast	Forecast	Forecast
<b>Capital Expenditure</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Non - HRA	4,626	6,735	790	790	790
HRA	4,013	4,140	4,882	4,017	4,017
<b>TOTAL</b>	<b>8,639</b>	<b>10,875</b>	<b>5,672</b>	<b>4,807</b>	<b>4,807</b>

<sup>4</sup> £1m due 2026, £3m due 2057. Currently high premiums on redemption.

<sup>5</sup> Precept payments were paid from this balance on 05/01/2011

<sup>6</sup> This includes £1m Investment to Landbanki and excludes interest.

PRUDENTIAL INDICATORS	2009/10	2010/11	2011/12	2012/13	2013/14
	<b>Actual</b>	<b>Projected</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Ratio of financing costs to net revenue stream</b>					
Non - HRA	1.43%	0.79%	0.79%	0.79%	0.79%
HRA	-1.04%	-1.89%	-1.89%	-1.89%	-1.89%
<b>Net borrowing requirement</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
brought forward 1 April	4,473	4,678	5,394	5,595	(5,033)
carried forward 31 March	N/A	N/A	N/A	N/A	N/A
in year borrowing requirement	4,473	4,678	5,394	5,595	(5,033)
<b>Capital Financing Requirement as at 31 March</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Non – HRA	11,477	11,682	12,398	12,599	1,951
HRA	(4,222)	(4,240)	(4,755)	(4,755)	-
TOTAL	7,255	7,442	7,643	7,844	1,951
<b>Annual change in Capital Financing Requirement</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Non – HRA	0	0	0	0	-
HRA	187	201	201	201	-
TOTAL	187	201	201	201	-
<b>Incremental impact of capital investment decisions</b>					
Increase in council tax (band D) per annum	£1.46	£0.61	£5.32	£0.05	£0.05
Increase in average housing rent per week	£2.06	£2.82	£2.23	£2.24	£0.01

TREASURY MANAGEMENT INDICATORS	2009/10	2010/11	2011/12	2012/13	2013/14
	<b>Actual</b>	<b>Projected</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Authorised Limit for external debt</b>					
borrowing	20,000	20,000	20,000	20,000	20,000
other long term liabilities	-	-	-	-	-
TOTAL	20,000	20,000	20,000	20,000	20,000
<b>Operational Boundary for external debt</b>					
borrowing	15,000	15,000	15,000	15,000	15,000
other long term liabilities	-	-	-	-	-
TOTAL	15,000	15,000	15,000	15,000	15,000
<b>Actual external debt</b>	17,000	7,000	7,000	7,000*	7,000*

\* Excludes potential impact of Housing Finance Reform

<b>TREASURY MANAGEMENT INDICATORS</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>Actual</b>	<b>Projected</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net interest re fixed rate borrowing / investments	79%	78%	90%	90%	90%
<b>Upper limit for variable rate exposure</b>					
Net interest re variable rate borrowing / investments	21%	22%	30%	30%	30%
<b>Upper limit for total principal sums invested for over 364 days</b>					
Per maturity date	£21m	£21m	£21m	£21m	£21m

<b>Maturity structure of fixed rate borrowing during 2011/12</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%

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted on 2 September 2002 and the revised 2009 Code is requested to be approved by full Council as part of this report.

## **6. Prospects for Interest Rates**

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

### **Sector Bank Rate forecast for financial year-ends (March)**

- 2010/2011 0.50%
- 2011/2012 1.00%
- 2012/2013 2.25%
- 2013/2014 3.25%

There is downside risk to these forecasts if recovery from the recession proves to be weaker and slower than currently expected.

## **7. Borrowing Strategy**

### **Borrowing rates**

The Sector forecast for the PWLB new borrowing rate is as follows: -

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Mar-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	2.25%	3.25%
5yrPW LB rate	3.30%	3.30%	3.40%	3.50%	3.60%	4.30%	5.00%
10yrPW LB rate	4.40%	4.40%	4.40%	4.50%	4.70%	5.10%	5.40%
25yrPW LB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%
50yrPW LB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%

The Council's borrowing strategy will give consideration to new borrowing in the following order of priority:

The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years

Temporary borrowing from the money markets or other local authorities

PWLB variable rate loans for up to 10 years

Short dated borrowing from non PWLB below sources

Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.

PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt

**Sensitivity of the forecast** – In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

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

### Policy on borrowing in advance of need

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

In determining whether borrowing will be undertaken in advance of need the Council will: -

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them

## **8. Debt Rescheduling**

The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which has now been compounded since 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB to PWLB debt restructuring is now much less attractive than it was before both of these events. In particular, consideration would have to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing. However, some interest savings might still be achievable through using LOBO (Lenders Option Borrowers Option) loans, and other market loans, in rescheduling exercises rather than using PWLB borrowing as the source of replacement financing.

The reasons for any rescheduling to take place will include:

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

Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Cabinet , at the earliest meeting following its action.

## **9. Annual Investment Strategy**

### **Investment Policy**

The Council will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are: -

- (a) the security of capital and
- (b) the liquidity of its investments.



The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed in appendix 5 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Policies.

### **Creditworthiness policy**

This Council uses the creditworthiness service provided by Sector. This service has been progressively enhanced over the last year and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands:

Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	3 months

This Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys tend to be more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with few banks on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

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

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market

data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

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

### Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA and AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in appendix 6.

AAA	AA+
Canada	Australia
Denmark	Belgium
Finland	Hong Kong
France	
Germany	AA
Luxembourg	Japan
Netherlands	Kuwait
Norway	Qatar (AA S&P rating)
Singapore	UAE
Sweden	
Switzerland	AA-
U.K.	Italy
U.S.A.	Saudi Arabia

This list will be added to, or deducted from, by officers should ratings change in accordance with this policy. In house investments are currently limited to UK banks only; a maximum of £5m can be invested per institution.

## 10. Investment Strategy

**In-house funds:** The Council has core balances available for investment currently at a level of approximately £20m and fluctuating amounts of cash flow available for investment. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**Interest rate outlook:** Bank Rate has been unchanged at 0.50% since March 2009. Bank Rate is forecast to commence rising in quarter 4 of 2011 and then to rise steadily from thereon. Bank Rate forecasts for financial year-ends (March) are as follows:

- 2010/2011 0.50%
- 2011/2012 1.00%
- 2012/2013 2.25%
- 2013/2014 3.25%

There is downside risk to these forecasts if economic growth is weaker than expected. There is also a risk that the MPC could decide to start raising Bank Rate in quarter 3 of 2011 if it feels it needs to defend its credibility in containing inflation and the inflation expectations of the public.

The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by this council.

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

### 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 2011/12 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

There have been a number of developments that require separate consideration and approval for use these include:

**Nationalised banks** in the UK have credit ratings that do not conform to the credit criteria usually used by local authorities to identify banks that 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. 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** - 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 providing a banking support package. The Council will continue to use these banks where possible and while rates are advantageous.

### 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
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

	Minimum Credit Criteria	Use	Total investments	Max. maturity period
				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

### End of year investment report

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

### External fund managers (if applicable)

£15m of the Council's funds are externally managed on a discretionary basis by Investec.

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

### 11. Policy on the use of external service providers

The Council currently uses Sector as its external treasury management advisers.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### 12. Scheme of delegation

The treasury management scheme of delegation is as follows:

#### (i) Full Council

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

**(ii) Cabinet**

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

**(iii) Governance Committee**

reviewing the treasury management policy and procedures and making recommendations to the responsible body.

**13. Role of the Section 151 Officer**

The treasury management role of the section 151 officer is as follows:

recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance  
 submitting regular treasury management policy reports  
 submitting budgets and budget variations  
 receiving and reviewing management information reports  
 reviewing the performance of the treasury management function  
 ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function  
 ensuring the adequacy of internal audit, and liaising with external audit  
 recommending the appointment of external service providers.

**13. Minimum Revenue Provision Policy Statement 2011/12**

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).

Option	Description	Brief description
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 2011/12:**

##### 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).

### **Accounting treatment of investments**

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.



**Resolution to set the Council Tax Levy**

COUNCIL 2 MARCH 2011

The following determinations relating to the Council Tax levy in  
2011/12

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) 40,238.41 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	320.91
Ash	1,222.25
Aylesham	1,096.36
Capel-le-Ferne	689.66
Deal	7,257.40
Denton-with-Wootton	172.31
Dover	9,570.39
Eastry	883.37
Eythorne	872.09
Goodnestone	184.31
Great Mongeham	290.35
Guston	411.52
Hougham-without	183.88
Langdon	236.20
Lydden	252.80
Nonington	309.20
Northbourne	298.56
Preston	283.21
Ringwould-with-Kingsdown	1,040.95
Ripple	163.84
River	1,520.65
St Margarets-at-Cliffe	1,290.91
Sandwich	2,065.71
Shepherdswell-with-Coldred	771.32
Sholden	450.39
Staple	236.06
Stourmouth	112.98
Sutton-by-Dover	320.25
Temple Ewell	651.20
Tilmanstone	158.22
Walmer	3,453.39
Whitfield	1,871.77
Wingham	712.77
Woodnesborough	427.73
Worth	455.50
	40,238.41

- (b) That the following amounts be now calculated by the Council for the year 2011/12

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

- (i) £87,018,710 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) £70,138,850 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) £16,879,860 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) £8,564,576 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) £206.65 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) £1,919,791 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

<b>Town and Parish Councils</b>	<b>£</b>
Alkham	183.87
Ash	217.90
Aylesham	195.85
Capel-le-Ferne	179.96
Deal	200.07
Denton-with-Wootton	212.91
Dover	225.62
Eastry	212.30
Eythorne	205.95
Goodnestone	187.99
Great Mongeham	186.98
Guston	203.49
Hougham-without	198.37
Langdon	205.51
Lydden	194.54
Nonington	181.58
Northbourne	191.42
Preston	194.25
Ringwould-with-Kingsdown	192.32
Ripple	181.83
River	202.61
St Margarets-at-Cliffe	205.42
Sandwich	219.45
Shepherdswell-with-Coldred	198.26
Sholden	207.79
Staple	186.48
Stourmouth	183.77
Sutton-by-Dover	193.67
Temple Ewell	194.62
Tilmanstone	203.18
Walmer	198.03
Whitfield	198.11
Wingham	210.44
Woodnesborough	184.66
Worth	194.07

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)

	<b>Valuation Bands</b>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	122.58	143.01	163.44	183.87	224.73	265.59	306.45	367.74
Ash	145.27	169.48	193.69	217.90	266.32	314.74	363.17	435.80
Aylesham	130.57	152.33	174.09	195.85	239.37	282.89	326.42	391.70
Capel-le-Ferne	119.97	139.97	159.96	179.96	219.95	259.94	299.93	359.92
Deal	133.38	155.61	177.84	200.07	244.53	288.99	333.45	400.14
Denton-with-Wootton	141.94	165.60	189.25	212.91	260.22	307.54	354.85	425.82
Dover	150.41	175.48	200.55	225.62	275.76	325.90	376.03	451.24
Eastry	141.53	165.12	188.71	212.30	259.48	306.66	353.83	424.60
Eythorne	137.30	160.18	183.07	205.95	251.72	297.48	343.25	411.90
Goodnestone	125.33	146.21	167.10	187.99	229.77	271.54	313.32	375.98
Great Mongeham	124.65	145.43	166.20	186.98	228.53	270.08	311.63	373.96
Guston	135.66	158.27	180.88	203.49	248.71	293.93	339.15	406.98
Hougham-without	132.25	154.29	176.33	198.37	242.45	286.53	330.62	396.74
Langdon	137.01	159.84	182.68	205.51	251.18	296.85	342.52	411.02
Lydden	129.69	151.31	172.92	194.54	237.77	281.00	324.23	389.08
Nonington	121.05	141.23	161.40	181.58	221.93	262.28	302.63	363.16
Northbourne	127.61	148.88	170.15	191.42	233.96	276.50	319.03	382.84
Preston	129.50	151.08	172.67	194.25	237.42	280.58	323.75	388.50
Ringwould-with-Kingsdown	128.21	149.58	170.95	192.32	235.06	277.80	320.53	384.64
Ripple	121.22	141.42	161.63	181.83	222.24	262.64	303.05	363.66
River	135.07	157.59	180.10	202.61	247.63	292.66	337.68	405.22
St Margarets-at-Cliffe	136.95	159.77	182.60	205.42	251.07	296.72	342.37	410.84
Sandwich	146.30	170.68	195.07	219.45	268.22	316.98	365.75	438.90
Shepherdswell-with-Coldred	132.17	154.20	176.23	198.26	242.32	286.38	330.43	396.52
Sholden	138.53	161.61	184.70	207.79	253.97	300.14	346.32	415.58
Staple	124.32	145.04	165.76	186.48	227.92	269.36	310.80	372.96
Stourmouth	122.51	142.93	163.35	183.77	224.61	265.45	306.28	367.54
Sutton-by-Dover	129.11	150.63	172.15	193.67	236.71	279.75	322.78	387.34
Temple Ewell	129.75	151.37	173.00	194.62	237.87	281.12	324.37	389.24
Tilmanstone	135.45	158.03	180.60	203.18	248.33	293.48	338.63	406.36
Walmer	132.02	154.02	176.03	198.03	242.04	286.04	330.05	396.06
Whitfield	132.07	154.09	176.10	198.11	242.13	286.16	330.18	396.22
Wingham	140.29	163.68	187.06	210.44	257.20	303.97	350.73	420.88
Woodnesborough	123.11	143.62	164.14	184.66	225.70	266.73	307.77	369.32
Worth	129.38	150.94	172.51	194.07	237.20	280.32	323.45	388.14

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  
2011/12

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;

<b>Valuation Bands</b>							
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  
2011/12

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;

<b>Valuation Bands</b>							
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  
2011/12

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;

<b>Valuation Bands</b>							
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

2011/12

for each of the categories of dwellings shown below:-

	<b>Valuation Bands</b>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	958.85	1,118.66	1,278.47	1,438.28	1,757.90	2,077.52	2,397.13	2,876.56
Ash	981.54	1,145.13	1,308.72	1,472.31	1,799.49	2,126.67	2,453.85	2,944.62
Aylesham	966.84	1,127.98	1,289.12	1,450.26	1,772.54	2,094.82	2,417.10	2,900.52
Capel-le-Ferne	956.24	1,115.62	1,274.99	1,434.37	1,753.12	2,071.87	2,390.61	2,868.74
Deal	969.65	1,131.26	1,292.87	1,454.48	1,777.70	2,100.92	2,424.13	2,908.96
Denton-with-Wootton	978.21	1,141.25	1,304.28	1,467.32	1,793.39	2,119.47	2,445.53	2,934.64
Dover	986.68	1,151.13	1,315.58	1,480.03	1,808.93	2,137.83	2,466.71	2,960.06
Eastry	977.80	1,140.77	1,303.74	1,466.71	1,792.65	2,118.59	2,444.51	2,933.42
Eythorne	973.57	1,135.83	1,298.10	1,460.36	1,784.89	2,109.41	2,433.93	2,920.72
Goodnestone	961.60	1,121.86	1,282.13	1,442.40	1,762.94	2,083.47	2,404.00	2,884.80
Great Mongeham	960.92	1,121.08	1,281.23	1,441.39	1,761.70	2,082.01	2,402.31	2,882.78
Guston	971.93	1,133.92	1,295.91	1,457.90	1,781.88	2,105.86	2,429.83	2,915.80
Hougham-without	968.52	1,129.94	1,291.36	1,452.78	1,775.62	2,098.46	2,421.30	2,905.56
Langdon	973.28	1,135.49	1,297.71	1,459.92	1,784.35	2,108.78	2,433.20	2,919.84
Lydden	965.96	1,126.96	1,287.95	1,448.95	1,770.94	2,092.93	2,414.91	2,897.90
Nonington	957.32	1,116.88	1,276.43	1,435.99	1,755.10	2,074.21	2,393.31	2,871.98
Northbourne	963.88	1,124.53	1,285.18	1,445.83	1,767.13	2,088.43	2,409.71	2,891.66
Preston	965.77	1,126.73	1,287.70	1,448.66	1,770.59	2,092.51	2,414.43	2,897.32
Ringwould-with-Kingsdown	964.48	1,125.23	1,285.98	1,446.73	1,768.23	2,089.73	2,411.21	2,893.46
Ripple	957.49	1,117.07	1,276.66	1,436.24	1,755.41	2,074.57	2,393.73	2,872.48
River	971.34	1,133.24	1,295.13	1,457.02	1,780.80	2,104.59	2,428.36	2,914.04
St Margarets-at-Cliffe	973.22	1,135.42	1,297.63	1,459.83	1,784.24	2,108.65	2,433.05	2,919.66
Sandwich	982.57	1,146.33	1,310.10	1,473.86	1,801.39	2,128.91	2,456.43	2,947.72
Shepherdswell-with-Coldred	968.44	1,129.85	1,291.26	1,452.67	1,775.49	2,098.31	2,421.11	2,905.34
Sholden	974.80	1,137.26	1,299.73	1,462.20	1,787.14	2,112.07	2,437.00	2,924.40
Staple	960.59	1,120.69	1,280.79	1,440.89	1,761.09	2,081.29	2,401.48	2,881.78
Stourmouth	958.78	1,118.58	1,278.38	1,438.18	1,757.78	2,077.38	2,396.96	2,876.36
Sutton-by-Dover	965.38	1,126.28	1,287.18	1,448.08	1,769.88	2,091.68	2,413.46	2,896.16
Temple Ewell	966.02	1,127.02	1,288.03	1,449.03	1,771.04	2,093.05	2,415.05	2,898.06
Tilmanstone	971.72	1,133.68	1,295.63	1,457.59	1,781.50	2,105.41	2,429.31	2,915.18
Walmer	968.29	1,129.67	1,291.06	1,452.44	1,775.21	2,097.97	2,420.73	2,904.88
Whitfield	968.34	1,129.74	1,291.13	1,452.52	1,775.30	2,098.09	2,420.86	2,905.04
Wingham	976.56	1,139.33	1,302.09	1,464.85	1,790.37	2,115.90	2,441.41	2,929.70
Woodnesborough	959.38	1,119.27	1,279.17	1,439.07	1,758.87	2,078.66	2,398.45	2,878.14
Worth	965.65	1,126.59	1,287.54	1,448.48	1,770.37	2,092.25	2,414.13	2,896.96

Mike Davis

Head of Finance and ICT

**PARISH AND TOWN COUNCILS      2011/12**

Item No	Town and Parish Councils	Precept £	Tax Base	Council Tax £
1	Alkham	8,000	320.91	24.93
2	Ash	72,065	1,222.25	58.96
3	Aylesham	40,463	1,096.36	36.91
4	Capel-le-Ferne	14,500	689.66	21.02
5	Deal	298,500	7,257.40	41.13
6	Denton-with-Wootton	9,300	172.31	53.97
7	Dover	638,150	9,570.39	66.68
8	Eastry	47,136	883.37	53.36
9	Eythorne	41,000	872.09	47.01
10	Goodnestone	5,355	184.31	29.05
11	Great Mongeham	8,140	290.35	28.04
12	Guston	18,334	411.52	44.55
13	Hougham-without	7,250	183.88	39.43
14	Langdon	11,000	236.20	46.57
15	Lydden	9,000	252.80	35.60
16	Nonington	7,000	309.20	22.64
17	Northbourne	9,697	298.56	32.48
18	Preston	10,000	283.21	35.31
19	Ringwoud-with-Kingsdown	34,743	1,040.95	33.38
20	Ripple	3,750	163.84	22.89
21	River	66,402	1,520.65	43.67
22	St Margarets-at-Cliffe	60,000	1,290.91	46.48
23	Sandwich	125,000	2,065.71	60.51
24	Shepherdswell-with-Coldred	30,326	771.32	39.32
25	Sholden	22,000	450.39	48.85
26	Staple	6,500	236.06	27.54
27	Stourmouth	2,805	112.98	24.83
28	Sutton-by-Dover	11,123	320.25	34.73
29	Temple Ewell	23,236	651.20	35.68
30	Tilmanstone	7,000	158.22	44.24
31	Walmer	135,000	3,453.39	39.09
32	Whitfield	73,310	1,871.77	39.17
33	Wingham	36,706	712.77	51.50
34	Woodnesborough	11,000	427.73	25.72
35	Worth	16,000	455.50	35.13
		1,919,791	40,238.41	

**2011/12 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 :- 40,238.41

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

The District Council's precept upon the Collection Fund in 2011/12 for it's own purposes will be :- £6,395,493.00

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 :- £158.94

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

This is an annual increase of :- £0.00

Or a weekly increase of :- £0.00

**Parish Council Precepts**

The Parish Councils will, in total, precept :- £1,919,791.00

Last year, Parish Councils precepted :- £1,832,393.00

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £47.71

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £45.58

This is an increase of :- 4.67%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be :- £8,315,284.00

**Kent County Council Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2011/12 will be :- £42,161,001.00

Last year's precept was :- £42,121,154.00

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

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

The Band D Council Tax increase as a result of this precept is therefore :- 0.00%

**2011/12 Precepts and the NDR Multiplier****Kent Police Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2011/12 will be :-	£5,580,263.00
Last year's precept was :-	£5,574,989.00
The Band D Council Tax will therefore be :-	£138.68
Last year's Band D Council Tax was :	£138.68
The Band D Council Tax increase as a result of this precept is therefore :-	0.00%

**Kent Fire & Rescue Service Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2011/12 will be :-	£2,734,200.00
Last year's precept was :-	£2,731,616.00
The Band D Council Tax will therefore be :-	£67.95
Last year's Band D Council Tax was :	£67.95
The Band D Council Tax increase as a result of this precept is therefore :-	0.00%

**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 2011/12 for qualifying properties of less than £18,000 :-	£0.426
And for these properties the 2010/11 rate was :-	£0.407
For all other properties the 2011/12 rate is :-	£0.433
And for these properties the 2010/11 rate was :-	£0.414



## GRANTS TO CONCESSIONARY RENTALS 2011-12

£		
100%	1 AYLESHAM PARISH COUNCIL	LEASE OF ATTLEE AVENUE RECREATION GROUND, AYLESHAM
50%	25 AYLESHAM PARISH COUNCIL	LEASE OF LAND AT SPINNEY WOOD, AYLESHAM
50%	50 SANDWICH TENNIS CLUB	LEASE OF TENNIS COURTS IN SANDOWN ROAD, SANDWICH
50%	75 AYLESHAM PARISH COUNCIL	LEASE OF 1.82 ACRES AT MARKET SQUARE, AYLESHAM
50%	100 AYLESHAM PARISH COUNCIL	LEASE OF 1.95 ACRES OF LAND ADJOINING RATLING ROAD, AYLESHAM
50%	125 AYLESHAM PARISH COUNCIL	LEASE OF 4.94 ACRES AT DORMAN AVENUE NORTH, AYLESHAM
50%	225 DOVER BOWLING CLUB	LEASE OF PAVILION IN MAISON DIEU GARDENS, DOVER
50%	275 VICTORIA PARK BOWLING CLUB	RENT OF PAVILION, VICTORIA PARK, DEAL
50%	300 AYLESHAM PARISH COUNCIL	LEASE OF 7.7 ACRES ADJOINING HILL CRESCENT, AYLESHAM
50%	300 DEAL ANGLING CLUB	LEASE OF ANGLING CABIN ON DEAL PIER
50%	300 DEAL & WALMER ANGLING CLUB	LEASE OF ANGLING CABIN ON DEAL PIER
50%	450 CAPEL-LE-FERNE PARISH COUNCIL	LEASE OF LAND IN LANCASTER AVENUE FOR USE OF PLAYING FIELD
70.83%	1,225 DOVER RUGBY FOOTBALL CLUB	RENT OF CRABBLE PAVILION, RIVER (our half of the 7 months @50% of £4,200)
	1,750 DOVER RUGBY FOOTBALL CLUB	RENT OF CRABBLE PAVILION, RIVER (we pay the remaining 5 months @ 100% of £4,200)
100%	2,500 DOVER ATHLETIC FOOTBALL CLUB	ORANGE TELEPHONE MAST 50% of rental fee (Dover Ath keep all income as part of our support for them - grant reflects payment to code instead of their payment of our half in original deal)
100%	5,000 DEAL TOWN COUNCIL	ASTOR THEATRE
100%	8,000 DOVER ATHLETIC FOOTBALL CLUB	LEASE OF GROUND AT CRABBLE ATHLETIC, RIVER
100%	10,000 DOVER CITIZEN'S ADVICE BUREAU	RENT OF 1ST FLOOR DOVER AREA OFFICE
100%	10,000 DEAL CITIZEN'S ADVICE BUREAU	LEASE OF THE CEDARS, 26 VICTORIA ROAD, DEAL
<b>40,701</b> In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites		

## Financial Assistance Payments to Other Outside Bodies

2010/11	2011/12	Reduction	
£	£	%	
300,000	200,000	-33%	Vista Leisure
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. The grant reduces to £165k, but this includes £35k to service debt on the tennis centre, which is expected to generate a more than offsetting increase in income, so £200k has been included for comparative purposes.			
15,000	0	-100%	Vista Leisure Playscheme
Provision of a playscheme for children			
3,200	2,500	-22%	Pegus Playscheme
Provision of a playscheme for children with disabilities			
8,000	4,000	-50%	Sandwich Sports and Leisure Centre
To assist with expenditure			
6,000	4,500	-25%	Gazen Salts Nature Reserve
To assist in managing and maintaining the reserve			
13,000	10,000	-23%	Sandwich Town Cricket Club
To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts.			
4,500	4,500	0%	Various
Sports development grants - small payments awarded to sports clubs for coaching and kits			
110,500	90,500	-15%	Dover Citizen's Advice Bureau
£87k grant plus £3,500 service charge contribution			
n/a	4,500		Dover Volunteer Centre
Replacement of Concessionary Fares taxi voucher scheme			
22,500	22,500	0%	Neighbourhood Forums
Joint contribution with KCC			
<b>482,700</b>	<b>343,000</b>		

## Budget Monitoring Report to December 2010 (Abridged)

### Introduction

1. This is the Budget Monitoring report to December 2010. It covers the General Fund, the Housing Revenue Account and the Capital and Special Works programmes.

### Budget Monitoring Process

2. Three General Fund revenue budget types are maintained :-
  - “**Original Budget**” - as approved by Council in March 2010.
  - “**Latest approved budget**” - reflecting approved changes since the Original Budget, such as items carried forward, transfer of cost centres or services between Directors, agreed changes in service expenditure and any identified savings and increased income
  - “Latest Approved Budget” is therefore the budget against which managers are currently monitoring their activities.
  - “**Projected Outturn**”, which reflects the year-end outturn as projected by budget managers and shows the anticipated position at the year end based on current trends and information.

### General Fund Approved Revenue Budget

3. The table below sets out the adjustments to the budget.

Notes	£000	£000
1 <b>Original Budget</b>		<b>57</b>
2    Approved carry forwards – confirmed	120	
3    Approved carry forward – provisional	110	
4    Council approved increase for survey of Hackney Carriage unmet demand	13	
		243
<b>Adjusted original budget</b>		<b>300</b>
5    Approved favourable variances	(326)	
6    Further projected variances	498	
		172
<b><u>Total variance against adjusted original budget</u></b>		<b>172</b>
<b>Projected Outturn</b>		<b>472</b>
		<b>472</b>
Projected Year End General Fund Balance		1,725
		1,725

**Notes**

- 1 Annex 13A shows a summary of the Original Budget, Latest Approved Budget and Projected Outturn.
  - 2 & 3 Carry forwards of £285k were requested. Of these £55k have been rejected, £120k have been approved and £110k have been provisionally approved but will only be released if they become essential.
  - 4 Council have approved £13k to fund a survey of unmet demand for Hackney Carriages. The £13k will be recouped by increasing fees for the years 2011/12 to 2013/14.
  - 5 Approved favourable variances have increased by £253k since last reported. See Annex 13B.
  - 6 Projected adverse variances have increased by £92k since last reported. See Annex 13C.
4. The main points to note are an overall forecast overspend of £172k against the adjusted original budget, and the reduction in General Fund balances to £1,725k.
  5. The reduction in forecast overspend from £333k previously reported includes an additional VAT recovery of £107k in respect of VAT refunded for prior years, which means that there are now cumulative VAT recoveries of £180k credited against the General Fund in the current year. Further sums are expected, including interest, and the accounting treatment will be reviewed at the year-end to determine the best use of these refunds.
  6. Other significant transfers to / from earmarked reserves (that do not impact the General Fund balance) are:

<b>Transfers from / (to) Earmarked Reserves:</b>	<b>£000</b>
Anticipated redundancy and associated costs required to achieve the "delivering effective services" proposals and structure, covered by use of the Special Projects reserve	550
Partner contribution to fund Shared Services Vehicle with Thanet and Canterbury for feasibility and implementation work (£120k per partner), covered by a transfer from the Joint Working/Cluster Preparation reserve	120
Concessionary Fares reduction following reassessment of appeals from transport operators and projected reduction of in-year costs. This saving has not been confirmed and so has been transferred to an earmarked reserve for any additional appeals or changes in appeal outcomes	(239)
Crime & Disorder spend on equipment, etc, funded from DDC's share of performance reward monies (released from Joint Working reserve)	50
Database Merger costs with Thanet (Revenues), covered by a transfer from the Joint Working/Cluster Preparation reserve	50
Legal and Consultancy costs for Dover's share of waste and street cleansing joint working proposals, covered by a transfer from the Joint Working/Cluster Preparation reserve	34
Open Golf additional 2010/11 net cost – timing only – covered by Major Events Reserve	28
Private Sector Housing software funded from DDC's share of performance reward monies for achieving target reductions in empty homes (released from Joint Working reserve)	13
<b>Net use of Earmarked Reserves</b>	<b>56</b>

7. There are also significant budget risks outlined in the section below, which could further reduce available General Fund balances and reserves.

### **Budget risks**

8. There is currently a risk to the Land Charges income. The Charging Regime is the subject of a legal challenge elsewhere in the country. The situation is ongoing and advice is awaited from the relevant Government departments.
9. S106 monies from Aylesham were to include the funding of the Aylesham Community Development Officer post. The first amount due from the developers in respect of this will be £72,666 prior to the occupation of the first housing unit. As at 31<sup>st</sup> March 2010, costs of £55,447 in respect of the post had been charged "on account", with further costs arising in 2010/11 at £2,600 per month. There is a risk that if the S106 monies are not received, the costs will have to be covered by the General Fund, which will be an additional pressure on future results.
10. Final development of the KCC payroll service interface to the Council's accounting system is continuing. The interim nature of the current interface means that budget monitoring of staff costs is time-consuming and behind target. There is a risk that the level of manual intervention required to resolve interface errors cannot be sustained against increasing resource constraints, which could affect accuracy and timeliness of information in this key financial area, if not resolved.
11. The new joint Waste Services contract<sup>7</sup> has been awarded to Veolia who start work on January 16<sup>th</sup> 2011, with the roll out of the new waste collection service methodology within DDC planned to start in September 2011. The new contract, whilst delivering savings of c£200k relative to current spend, has not achieved the anticipated overall savings, mainly due to increase in the anticipated cost of street cleansing. This has resulted in an estimated pressure of £198k for the current year, which is included in the figures to 31<sup>st</sup> December, and further details are given in Annex 13C. The affect on future years against original MTFP projections is potentially a pressure in the region of £300k, although there may be some scope to adjust service standards post contract award and there will also be opportunities to increase recycling income, yet to be evaluated.
12. Ongoing legal and consultancy costs of the Waste project may also reduce the Cluster Preparation reserve available to meet one-off costs of other joint working initiatives (£80k estimated share for Dover since 2009/10 out of £187k total costs).
13. Further deterioration in investment performance could reduce returns below the £192k pressure included within the projected outturn. See Investment Performance below.
14. While the figures in Annex 13A show that we have already achieved £520k of the combined £720k vacancy/employment stability target, and further savings are expected towards the remaining £200k, it must be borne in mind that some of these savings will be attributed to HRA through the recharges process. We have reviewed the likely impact and determined that this will not significantly affect the achievement of the £720k target for the General Fund. (See also "Contingency" section below).

### **Management Action**

15. CMT implemented a freeze on non-essential and non-committed spending throughout the organisation in 2009/10, which remains in force during 2010/11. In addition, to

---

<sup>7</sup> Comprising recycling & waste collections and street cleansing.

provide further tightening of expenditure controls, a formal process has now been implemented requiring all purchase orders to be counter-signed by the responsible Director.

16. CMT have actively challenged managers' requests for carry forward of unspent budgets from 2009/10. Of these requests: £55k have been denied; £120k have been approved and added to the approved resource base; £110k have been set aside in a reserve and are only to be spent if essential, with justification to Heads of Service for approval.
17. The proactive management and tightening of "Employment Stability" processes continue to provide challenge and resistance to employment of additional staff resource, and deliver expected reductions in establishment levels.
18. The Delivering Effective Services report has identified a "ratings scale" for services, which will enable further expenditure cuts to be targeted towards lower ranking rather than key services.

### **Investment Performance**

19. Based on figures received from Investec to the end of December, Investec are projecting a return of approximately 0.8% for the year, which would amount to approximately £125k. In-house interest generated to the end of December 2010 is £95k, generating an estimated annualised return of 1.39%. This outperforms the benchmark (7-day LIBID rate), which currently stands at 0.50% (annualised). However, the original budget was set with the expectation of achieving 2.32% return on all investments and therefore a pressure of £192k has been incorporated within the December budget monitoring figures for General Fund, and HRA have additionally reported a £70k pressure (to September).
20. In-house returns are currently outperforming the returns being forecast by our investment manager Investec. A review has been undertaken to determine the most appropriate levels of funds to be retained with Investec and the level to be brought back in house. A request has been submitted to Investec to release £3.1m of funds that due to mature in February.

### **Contingency**

21. The contingency budget of £60k is partly earmarked for consultancy advice on the Harbour Board proposals (up to £25k) of which £12k has been incurred in the current year. However, the Director of Regeneration has confirmed that the Harbour Board has offered and paid a contribution of £34k towards all costs incurred (£48k to date), which means contingency may not be needed unless further decisions over the Port lead to consultants being re-engaged for advice. Therefore £60k contingency currently remains unutilised and may be applied instead to partially offset Job Evaluation re-grade pressures.

## SUMMARY OF RECOMMENDATIONS

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

### General Fund Revenue Accounts

- Approve the General Fund Revenue Budget for 2011/12 and the projected outturn for 2010/11.
- Continue the practice of delegated authority to the Director of Finance 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.
- Approve the grants to organisations detailed at Annex 12.

### Housing Revenue Account

- Approve the 2011/12 HRA budget at Annex 8.
- Amend the associated authorities for rent and service charge setting, currently delegated to the Director of Housing & Community, to the Director of Community & Development with effect from 1 April 2011.

### Capital & Special Revenue Programmes

- 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 Director of Finance, in consultation with the portfolio holder responsible for Finance;
- Delegate the decision to capitalise the DES restructure redundancy and pension costs to the Director of Finance, in consultation with the portfolio holder responsible for Finance;
- Approve that capital resources required to finance new projects are secured before new projects commence;
- Approve that poolable housing capital receipts are retained and used to fund capital allowances on Regeneration and Decent Homes agendas;

### Treasury Management and the Prudential Code

- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement
- Adopt the CIPFA Code of Practice on Treasury Management (revised November 2009).