



**Budget
2021/22
and
Medium Term
Financial Plan
2021/22 – 2024/25**

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EXECUTIVE SUMMARY

OVERALL POSITION

1. This section provides a summary of the main points of the budget and Medium Term Financial Plan (MTFP) covering the General Fund Revenue Budget, Housing Revenue Account (HRA) and Capital Programme.

BUDGET AND MEDIUM TERM PLANS

2. The MTFP is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans four years, it is reviewed at least annually, and is monitored during the year.
3. It should not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Corporate Plan and the Asset Management Plan. This MTFP covers the period 2021/22 – 2024/25.
4. Year 1 (2021/22) is the formally approved budget for the coming year. Years 2 - 4 of the MTFP (2022/23 – 2024/25) are included as “indicative budgets” for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the MTFP does not set the budgets for the future years.
5. Regard has been given to the resources required to deliver the Council's objectives and the budget has been prepared to reflect the anticipated service costs and pressures. However, this budget has been set in a period of unprecedented uncertainty due to the pandemic, the exit from the EU and the role DDC will play as host to a Border Control Point.
6. The various lockdowns and the system of tiers has had an impact on DDC's budget, primarily through the loss of income. In addition, the EU Transition has led to the requirement on DDC to create an expanded Dover Port Health Function which, when fully staffed, is expected to have a minimum of 100 additional staff operating within a new purpose-built Border Control Post (BCP) facility provided by DEFRA.
7. These events have led to significant uncertainties at the time of writing, impacting (mainly) the 2021/22 revenue budget, including:
 - 2020/21
 - Expenditure for the year
 - Income for the year
 - Council Tax income
 - Business Rates income
 - The final value of government support to local authorities
 - The 2020/21 outturn and the reserves and balances to be carried forwards.
 - 2021/22
 - The duration and severity of the lockdown / tiered restrictions
 - The speed of economic recovery
 - The net cost to DDC of the expanded Port Health Function
 - The costs to DDC of the changes in the flow and any disruptions in cross channel trade

- The extent to which government are willing to underwrite the council's financial risks from income levels from Port Health, given the uncertainty of volumes
 - Expenditure for the year
 - Income for the year
 - Council Tax income
 - Business Rates income – including potential Material Change of Circumstances appeals to the VOA by businesses within the Dover district who believe they have been adversely affected
 - The final value of government support to local authorities.
- Future Years
 - The continuing impacts of Covid and the speed of economic recovery
 - The review of local government finance and the on-going baseline level of financing available including:
 - The Fair Funding Review
 - New Homes Bonus (or any replacement)
 - The reform of the Business Rates Retention model
 - Business Rates revaluations and re-sets
8. It should be noted that the Covid support from government is likely to lead to an overall underspend in 2020/21, which will be used to support pressures in 2021/22. None of the Covid support measures are expected to remain in place beyond 2021/22 and so they do not affect the Council's underlying baseline position. The recovery from Covid may, of course, last into 2022/23 and beyond.
 9. It should also be noted that DDC has received £4.1m funding for the initial set up of the expanded Port Health service and a commitment to underwrite any additional costs to DDC has been made by DEFRA, but only for the current year to 31st March 2021. In reality, much of this is likely to be carried over into 2021/22. Future underwriting of any costs is being requested from DEFRA up to 2023.
 10. In view of the uncertainty as to the net cost of the service, the phasing in of the additional staff, funding for 2021/22 and the underwriting by DEFRA of any net losses in 2021/22, the budget does not yet contain any estimates for the costs of this service. The £4.1m of set up funding provided to DDC by DEFRA in 2020/21 will be held in an earmarked reserve and released to offset expenditure as it arises, whether that is in 2020/21 or 2021/22.
 11. The budget has been prepared in unprecedented circumstances. It is the view of the Strategic Director (Corporate Resources) (Section 151 Officer) that, having due regard to the circumstances and the range of uncertainties, the budget has been prepared in an appropriate and prudent manner. As far as can be determined, and based upon the information available at the time of producing this report, the estimates are robust and the resources are adequate for the Council's spending plans in 2021/22.

BUDGET HEADLINES

GENERAL FUND

12. The General Fund headlines are:

- General Fund budget deficit of £500k for 2021/22;
- General Fund balance forecast at £2m;
- DDC Council Tax increase of £4.95 (2.6%) for a Band D property, maintaining the lowest Council Tax in East Kent;
- Overall net expenditure levels increased due to numerous factors, including;
 - Impact of Covid £1.9m mainly on major income streams from lockdowns;
 - Impact on Council Tax income levels from increased uptake in Council Tax Reduction Scheme;
 - Reduction in New Homes Bonus income;
 - Savings target of £1.3m.

THE HOUSING REVENUE ACCOUNT

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

- The management of DDC's housing stock has been transferred from East Kent Housing (EKH) back to DDC and EKH will be dissolved.
- 2021/22 budget funded;
- HRA balance maintained at £1m for 2021/22;
- Major variances for 2021/22:
 - Increase of rent by CPI +1% (2.5% in total);
 - Increased capital works;
- Rents are set by Government, and have been increased by CPI +1% since 2020/21.

THE CAPITAL AND REVENUE PROJECTS PROGRAMME

14. The capital and revenue projects programme headlines are:

- The current general fund capital programme totals £90.4m and is fully funded (subject to the borrowing) The major projects in the programme are:
 - Development of the Dover Fast Track Bus Route;
 - Refurbishment of Dover Town Hall;
 - Town Centre Regeneration fund;
 - Purchase of refuse & recycling vehicles;
 - Dover Cable Car project;
 - Sandwich Guildhall Forecourt; and
 - Dover Market Square Public Realm Improvements.
- The resources for funding capital and revenue projects will be largely exhausted by the current programme.
- Future capital receipts are expected to come mainly from one-off asset sales and on-going housing right to buy sales which amount to circa £500k per annum at current sales levels, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future.

- Revenue project resources will also be largely depleted, and no significant new resources are expected other than from contributions from the revenue budget.
- Borrowing for capital purposes can be undertaken but this will make business case proposals for projects more challenging as they will have to recognise the costs of borrowing and repayment.

TREASURY MANAGEMENT AND CAPITAL STRATEGIES

15. The Council is required to produce a Capital Strategy, Treasury Management Strategy and Investment Strategy. These are included at Annexes 7A, 7B and 7C.

KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS

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

CONSULTATION

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

THE GENERAL FUND REVENUE ACCOUNTS

INTRODUCTION

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

FINANCIAL OBJECTIVES

20. The main financial objectives for the GF Revenue Account¹ are as follows:
 - Produce a fully funded GF Budget;
 - Maintain general balances over the medium term at an appropriate level (considered to be a minimum of around 10% of the net budget requirement or £1.5m, and a preferred level at or above £2m);
 - Use earmarked reserves to finance one-off items;
 - Support the Council's corporate priorities and agreed service standards; and
 - Undertake appropriate consultation.

BUDGET DISCIPLINE

21. Corporate Management Team, in consultation with the Leader and Portfolio Holders, have reviewed their service areas to support delivery of efficient and effective services within the budgets available.
22. In order to maintain firm downwards pressure on expenditure and recruitment, and to ensure budgets are directed to the Council's priorities the Council maintains a continuous "employment management" process. The employment management process provides Chief Executive sign-off for all recruitment; so that options are explored and tested before any recruitment is permitted.
23. The Council also has the facility to undertake efficiency and service reviews. These review services to deliver efficiencies, savings, alternative delivery methods, digital improvements, smarter working and improved customer experiences.
24. A key element of financial management is the treatment of unspent budgets. The Council has sought to promote a culture whereby budget managers have the flexibility to manage their budgets responsibly. Accordingly, managers are given the opportunity to carry forward unused elements of their budget, subject to approval by the Strategic Director (Corporate Resources).

THE GENERAL FUND BUDGET SUMMARY

25. The Council's GF revenue budget for 2021/22 is shown in Annex 1. The budget forecasts a deficit of £500k for 2021/22, and the GF balance is forecast to be £2.1m. The net budget requirement for the Council's own purposes, after transfers to/from earmarked reserves is £18.2m.

¹ The Revenue Account funds day to day recurrent expenditure. There are separate financing arrangements for capital expenditure where the benefit of the expenditure lasts for more than one year.

Movement of budget requirement between 2020/21 and 2021/22	2020/21 Original Budget £000	2021/22 Original Budget £000	Difference
Underlying Budget Requirement	15,311	16,959	1,648
Earmarked Reserve adjustments ²	2,416	1,323	(1,093)
Net Budget Requirement	17,727	18,282	555
Budget Financing	(17,729)	(17,782)	(53)
(Surplus) / Deficit	(2)	500	502

26. The underlying Budget Requirement has increased between the financial years, reflecting the impact of Covid 19, inflationary and other service expenditure changes.
27. The Council's GF revenue budget for 2021/22 is shown in Annex 1. The main factors impacting the General Fund budget are detailed at Annex 1D.

KEY VARIANCES / SIGNIFICANT ISSUES

28. The table below summarises the main variances between the 2020/21 original budget and the proposed 2021/22 budget.

	£000	£000
2020/21 Original Budget Forecast		(2)
Decrease in forecast total NNDR funding	998	
Increase in Council Tax income	(186)	
Decrease in Collection Fund Surplus (Council Tax)	43	
Reduction in New Homes Bonus funding	744	
Lower Tier Services Grant to offset Govt funding reductions	(360)	
Covid Funding Support Grants	(1,301)	
Other net increases in funding (minor)	9	
Total Variances in Funding		53
Reduced contribution to Special Projects reserve	(931)	
Other net reserve use	375	
Total Variances In Reserves		(556)
Impact of salaries inflation, increased car allowances, changes in grades and associated pensions impact	526	
Refuse & Recycling Contract Renewal	1,317	
Homelessness – additional Housing Benefit income	(120)	
Flexible Homeless Support grant applied to offset increasing costs	(232)	
Recycling income – increased green waste subscriptions	(118)	
Revised treatment of borrowing - allow for MRP only	(500)	
Increased forecast in Development Control Income	(120)	
Numerous miscellaneous variances	(242)	
Total Variances in Corporate and Service Budgets		511

² Earmarked reserves are used to offset agreed expenditure within services in accordance with the protocols detailed in Annex 4.

	£000	£000
Allowance for 25% reduction in Parking activity	665	
Support to leisure providers	940	
Allowance for fall in rental income streams	90	
Allowance for reduction in CT/NDR penalty & fine income	200	
Estimated on-going impact of Covid Lockdowns		1,895
Contract savings through procurement of refuse vehicles	(80)	
Target saving from review of resources & digital efficiencies	(250)	
Target temporary accommodation saving for homelessness	(100)	
Target increase in parking income	(250)	
Income generation target	(295)	
Work with partners to identify options for alternative service provision	(130)	
Numerous other operational savings options	(190)	
Target Savings		(1,295)
2021/22 Forecast Budget Deficit		500

FINANCING THE BUDGET

29. Financing of the net 2020/21 requirement is shown below.

2021/22 General Fund Revenue Financing	£000	%
Non-Domestic Rates Income	7,344	44.5
Revenue Support Grant	58	0.4
Lower Tier Services Grant	360	2.2
New Homes Bonus	990	6.0
Council Tax	7,689	46.7
Collection Fund Surplus (Council Tax)	40	0.2
Total Core Financing	16,481	100.0
Additional Covid Support 2021/22 Only	1,301	
Total Financing	17,782	

30. The year on year changes in financing are detailed at Annex 1A. The following sections provide further explanation of the Council's main funding streams.

REVENUE SUPPORT GRANT

31. RSG (from Government) has been reduced by significant amounts every year since 2012/13.
32. The cash settlements are shown in the table below. RSG was expected to fall away to £nil from 2021/22, however the provisional settlement includes an additional year at the current level (plus inflation).

Revenue Support Grant Settlement	Grant £000	Reduction £000	Reduction %	Cumulative £000	Cumulative %
2012/13 ³	5,112				
2013/14 ⁴	4,699	413	8.1	413	8.1
2014/15	3,698	1,001	21.3	1,414	27.7
2015/16	2,529	1,169	31.6	2,583	50.5
2016/17	1,758	771	30.5	3,354	65.6
2017/18	1,027	731	41.6	4,085	79.9
2018/19	568	459	44.7	4,544	88.9
2019/20	57	511	90.0	5,055	98.9
2020/21	57	0	0	5,055	98.9
2021/11	58	(1)	(1.8)	5,054	98.9
2022/23 Onwards	0	58	100.00	5,112	100.0

33. For financial planning purposes it has been assumed that RSG remains at zero for the remainder of the MTFP planning period.

LOWER TIER SERVICES GRANT

34. A new grant (Lower Tier Services Grant). This is not “new money” and is funded from £111m of NHB returned surplus. It has been introduced in the provisional settlement and ensures that no authority receives a reduction in Core Spending Power. It is very heavily weighted towards district councils, and particularly those that are losing from the changes in NHB. It is expected that this will be a short-term grant that will disappear when wider reforms of local government funding are introduced (possibly in 2022-23).
35. The provisional settlement has awarded DDC an allocation of £360k, this is less than the reduction in NHB of £743k.

BUSINESS RATES (BR)

The Business Rates Retention System

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

Attribution of BR Income (Indicative)	£m
Dover district net rate yield	(39.4)
Less	
50% to Government	19.7

³ Split for 2012/13 based on proportion of RSG:NNDR for 2013/14 before Council Tax Support Funding, with an adjustment to add to the 2012/13 RSG the level of CTS funding of £1,218k awarded in 13/14 for comparability across the years.

⁴ Council Tax Support Funding added by Govt. to RSG from 2013/14 onwards, replacing subsidy for council tax benefit previously shown in service costs. This effectively covers reduced income from Council Tax due to discounts being applied against tax base/council tax bills instead of being awarded as Benefit. CTS Funding not disclosed separately by Government from 14/15 onwards.

Attribution of BR Income (Indicative)	£m
9% to KCC and 1% to Fire	3.9
Retained balance of 40%	(15.8)
Less: tariff to Government	12.3
Balance retained by DDC	(3.5)

38. From the 40% retained, if the baseline amount that remains with the council is greater than the council's baseline budget requirement, then the council pays the excess to government in the form of a "tariff". For Dover this means the bulk of the 40% is also paid to government, as shown in the table.
39. Once the tariff is set, a district will have to continue to pay this amount to government. If actual collection is lower (for example, due to demolition, successful appeals, bad debts etc.) the council has to continue to pay the tariff, and bear the loss itself until it hits the safety net at which point losses are capped. For DDC this is circa £278k.
40. The dynamic nature of the system, the elements of which can all be moving in different directions, can produce perverse outcomes, which make it very difficult to develop a stable and robust budget. The accounting regulations for the different elements of the system also mean that some elements are recognised in different years, even though they arise in the current year.
41. Provisions for likely reductions in rateable value (RV) from appeals and bad debts also have to be calculated. These may or may not be sufficient.
42. For 2021/22 the baseline budget requirement (or 'Baseline Funding Level (BFL)) is deemed to be £3,705k. The safety net kicks in at £3,427k, meaning the first £278k of any loss must be borne by the Council before a safety net payment is received from Government. The safety net payment would top up the Council's income to 92.5% of the BFL (i.e. to £3,427k).
43. Reform / revision of the BR system is overdue and may occur in 2022/23, at which point a "reset" is also expected to occur and some loss of 'growth retention' is expected. However, the exact mechanisms and timings are not yet known.
44. Therefore, the MTFP assumes the continuation of the system as at present, without any "reset", and with a continuation of pooling to reduce levies.
45. There are several significant aspects to the current business rates regime:
- "Real" Growth
 - The DDC BR Profile
 - Renewable Energy Income
 - Enterprise Zone Relief Compensation Grant (Income)
 - The Business rates Pilot and Pool

Real Growth

46. The Dover District has been successful in generating significant real growth in developments in the district during 2016/17 – 2021/22 and this is vital to the Council since it helps to offset the erosion of the tax base and BR income from BR appeals, or from unexpected downward revisions by the VOA.

47. However, BR is still dominated by a small number of heraditaments.

DDC BR Profile

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

Dover's Rateable Values	Rateable Value ⁵ £000	%
Channel Tunnel	28,000	25
Discovery Park	9,375	8
Dover Harbour Board	2,730	2
Tesco, Whitfield	2,390	2
Biomass Power Plant	2,120	2
Sub Total	44,615	39
Remainder ⁶	66,650	61
Total	114,265	100

Renewable Energy Income

49. The new Biomass Power Plant at Discovery Park is a renewable energy site. As such, we are able to retain all of the BR income ourselves, i.e. it does not have to be shared between the preceptors, so long as we granted planning permission. The RV of the plant is £2,120k.

Enterprise Zone Relief Compensation Grant

50. The Discovery Park is a 'Case B' type Enterprise Zone (EZ), and the EZ Relief given to its businesses are compensated by separate government grants. The compensation grant received is split between the preceptors in accordance with the tier split and is not subject to any additional levy (which is advantageous). As such, it also sits outside of the pooling arrangements.

51. Although now declining as the period of EZ relief expires, and no new businesses are allowed to claim it, Enterprise Zone Relief Compensation grant is still expected to generate £597k in 2021/22 (£781k in 2020/21).

The Business Rates Pilot and Pool

52. For 2018/19 DDC was included, with KCC and all other Kent districts, in the Kent BR Pilot, enabling all business rates growth to be retained locally (i.e. without Government taking its 50% share and without it charging any levy on growth). Government did not renew the Kent BR pilot for a second year and so the Kent BR Pool resumed operation in 2019/20 and continues in 2020/21.

53. DDC is not a full Member of the BR pool, as it is advantageous to all pool members, including DDC, to minimise the BR levy we pay, by giving DDC "shadow" pool member status and this has been agreed to continue for 2021/22.

⁵ Note – These figures are based on 2017 valuations. Rateable Value is not the same as the Business Rates paid. RV is multiplied by a government set multiplier (50.4p in 2018/19 increasing to 51.2p in 2019/20 for the standard multiplier) to determine the amount payable and this may be subject to BR reliefs.

⁶ The next largest site is just 1% of the total.

Forecasts

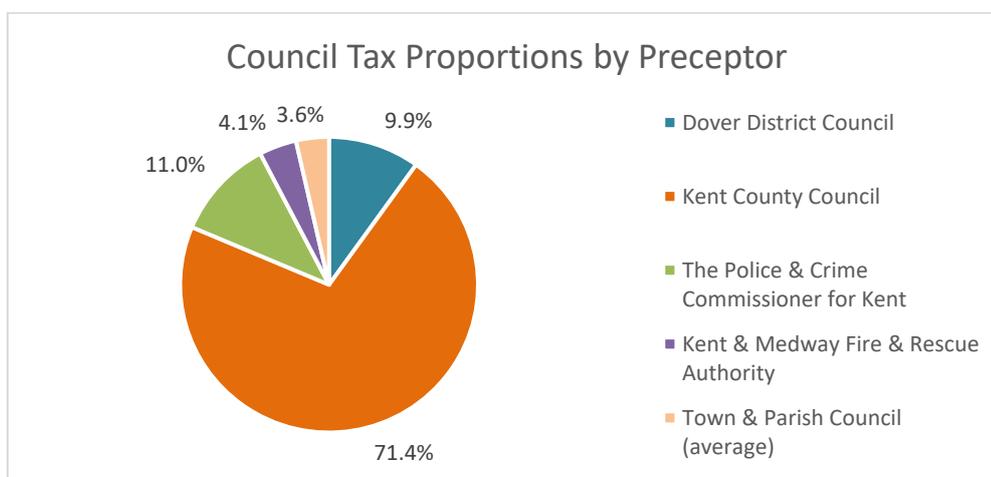
54. Despite the extreme volatility, the outcome for 2020/21 is expected to be an improved position compared to 2019/20, largely due to renewable energy income retained (see section above). However, there is expected to be a deficit on the NDR Collection Fund at the end of the year that will need to be recovered in future years, in line with the Collection Fund accounting requirements (including the 3-year phasing implemented to support Local Authorities manage the impact of Covid 19 on collection rates). Additionally, the Government has announced an Income Compensation scheme that is proposed to fund up to 75% of income losses from NDR. The full details of how this scheme will be calculated and applied in practice have not been finalised and announced.
55. The NDR1 return to Government was submitted at the end of January 2021. This return determines the forecasts for the NDR budget to be recognised in 2021/22. Despite the volatility of the current financial situation it is forecast that the net NDR position (after allowing from transfers to and from reserves to negate the impact of timing differences between the accounting for transactions and the application to the GF budget) will be at a similar level to that forecast for the 2020/21 budget.

COUNCIL TAX

56. A Council Tax increase of 2.6% for DDC purposes has been assumed for the 2021/22 budget which, if approved, will produce a Band D Council Tax of £197.19. This will result in an increase of £4.95 per year on a Band D property, which is 5p within the Government's capping requirements, which limit increases to 2% or £5, whichever is the greater.
57. The decrease in the tax base from 39,029.75 Band D equivalent properties in 2020/21 to 38,993.34 equivalent properties in 2021/22, a reduction of 0.1%, is mainly due to a forecast growth in the claimant counts for Council Tax Reduction Scheme (CTRS), partially offset by new properties being registered for Council Tax (incl. estimates of new builds).
58. The combined impact of the Council Tax increase and the tax base increase is forecast to generate total Council Tax income of £7.7m. For planning purposes a Council Tax increase of £4.95 per annum has been estimated for future years.
59. The total Council Tax charge for a Band D property is made up as follows:

	2020/21 £	2021/22 £	Increase %
Dover District Council	192.24	197.19	2.57
Kent County Council	1,351.26	1418.76	5.00
The Police & Crime Commissioner for Kent	203.15	218.15	7.38
Kent & Medway Fire & Rescue Authority	79.29	80.82	1.93
Sub-Total	1,825.94	1,914.92	4.87
Town & Parish Council (average)	68.45	71.08	3.84
Total Band D Council Tax	1,894.39	1,986.00	4.84

60. How the total Council Tax charge is allocated to the individual organisations is illustrated below:



COMPARISON WITH OTHER DISTRICTS' 2020/21 BAND D COUNCIL TAX

61. DDC has one of the lowest Council Tax rates in Kent. A comparison with the East Kent authorities' 2020/21 Council Tax rates below shows the percentage that their 2020/21 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 DDC would receive
Dover District Council	192.24	-	-
Canterbury City Council	216.27	15%	£926k
Folkestone and Hythe District Council	254.16	35%	£2.40m
Thanet District Council	238.14	27%	£1.80m

NEW HOMES BONUS

62. New Homes Bonus (NHB) was funded by the MHCLG⁷ from a top slice of existing local government finance. The NHB received is credited to the General Fund revenue budget and it is therefore an essential element in balancing the Council's budget. Reductions in NHB results in offsetting savings being required.
63. The grant awarded to Dover since the start of the scheme is detailed below:

Year of Scheme	Financial Year	Annual Grant £000	Cumulative Grant £000	Cumulative Years Included
1	2011/12	294	294	1
2	2012/13	155	449	2
3	2013/14	450	899	3
4	2014/15	396	1,296	4
5	2015/16	275	1,570	5

⁷ Ministry of Housing, Communities and Local Government

Year of Scheme	Financial Year	Annual Grant £000	Cumulative Grant £000	Cumulative Years Included
6	2016/17	328	1,899	6
7	2017/18	415	1,865	5
8	2018/19	497	1,515	4
9	2019/20	488	1,729	4
10	2020/21	333 (1 year only)	1,733	4
11	2021/22	5 (1 year only)	990	2
12 (Est)	2022/23	0	488	1
13 (Est)	2023/24	0	0	0

64. The Government implemented changes to the scheme from 2017/18 resulting in a reduction in the number of years grant in payment from 6 years in 2016/17 to 5 years in 2017/18 and further reducing to 4 years in 2018/19. In addition, Government has introduced a minimum growth level of 0.4%, below which no NHB will be paid. The growth delivered by DDC for the 2021/22 NHB calculations was not sufficient to receive NHB in year, however a small award has been received for the delivery of affordable homes (£5k).
65. For the purposes of the MTFP it has been assumed that no new NHB grant will be awarded in future years. It is therefore forecast that the reductions to the scheme will continue, reducing the payments every financial year, resulting in nil payment by 2023/24. There may be changes to other areas of funding, for example from the results of the Fair Funding Review, that could offset this reduction but at this stage not enough information is available to incorporate other changes into the forecasts.

COLLECTION FUNDS

66. The Collection Funds (CF) are statutory funds. They sit entirely outside of the General Fund and the Council budget.
67. The Council manages Collection Funds for Council Tax and Business Rates. Every year the CF is credited with the income from CT and BR (c. £70m and £50m respectively).
68. The CF is also debited with the precepts from DDC, KCC, Fire, Police etc. These precepts are based on the forecast of income based on assumptions about the tax base, collection rates, etc. So, if income is below forecast, the collection fund will show a deficit at the year end. If it is above forecast, it will show a surplus.
69. This surplus (or deficit) is owed to (or by) the preceptors and will be added to (or deducted from) the following year's precept in order to distribute the surplus available in the CF or contribute the projected deficit back to the CF to top it up. This is a continuous rolling process.
70. It is forecast that there will be a deficit for Council Tax of £1.556m by the end of 2020/21. Due to the 3-year spreading regulations and the surplus carried forwards from 19/20 the DDC contribution to the deficit in 2021/22 will be £40k.
71. It is forecast that there will be a deficit for NDR of £16.9m by the end of 2020/21. Due to the 3-year spreading regulations and the surplus carried forwards from 19/20

the DDC contribution to the deficit in 2021/22 will be £5.7m, this will be financed from s31 grant funding for reliefs carried forwards from 2020/21.

GENERAL FUND RESERVES AND BALANCES

72. The uncertainty and volatility that has been introduced into the major income streams for Business Rates and NHB suggest that maintaining or increasing reserves would be prudent. However, with the current pressures and uncertainties associated with Covid 19 it is accepted that some use of reserves may be required in order to avoid any undue or excessive service changes or reductions in 2021/22 to fund any budget deficit, with the intention to review the budget during 2021/22 and plan for a balanced budget in 2022/23.
73. The proposed General Fund balance in 2021/22 of £2.1m is above the Council's £2m "minimum preferred level".
74. Forecasting future years is particularly challenging at this time due to the uncertain nature of the current unprecedented economic environment, the unknown longer-term impact of Covid 19 lockdowns and the future of Government funding.
75. However, considering the loss of one-off Covid funding after 2021/22, the reduction in NHB & inflationary pressures it is anticipated that there will be a requirement to save in the region of £1.3m from 2022/23, followed by a further £500k in 2023/24, as detailed in Annex 2.
76. The Council's earmarked reserves, and protocols for their use, are set out in Annex 4. Without these earmarked reserves the Council cannot plan effectively for anticipated future events and requirements and expenditure of a cyclical nature. Nor could the Council plan to smooth the impacts of the volatile income streams from Business Rates, New Homes Bonus etc. Therefore, the earmarked reserves are held at an appropriate level for the Council's future plans.
77. Further supporting information on the GF budget is provided in the following Annexes:
 - Annex 1 contains the budget summary for the General Fund;
 - Annex 1A summarises the net expenditure and financing requirements;
 - Annex 1B shows the net service expenditure analysed by categories of expenditure and income;
 - Annex 1C shows the key expenditure and income figures and patterns for the General Fund;
 - Annex 1D details the main factors impacting the General Fund budget;
 - Annex 2 provides the General Fund Revenue Budget projection for the period to 2023/24;
 - Annexes 3A – 3C contain summaries of the services managed by each Director and the associated budgets;
 - Annex 4 contains details of the General Fund balance and earmarked reserves; and
 - Annex 9 details the Grants made to Organisations for approval.

Recommendations from this Section

78. It is recommended that Cabinet:
- Approve the grants to organisations detailed at Annex 9.
79. It is recommended that Council:
- Approve the General Fund Revenue budget for 2021/22;
 - Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 4.

HOUSING AND THE HOUSING REVENUE ACCOUNT

OVERVIEW

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

HRA FINANCIAL OBJECTIVES

82. The main strategic financial objectives of the Housing Revenue Account are as follows:
- Maintain a Housing Revenue Account that is self-financing and reflects the requirements of residents;
 - Comply with the Decent Homes Standard and relevant health and safety requirements;
 - Maximise the recovery of rental income;
 - Minimise the number of void properties and minimise the level of rent arrears and debt write offs;
 - Provide sufficient investment in the current stock to maintain its condition and implement upgrades as necessary;
 - Maintain an adequate level of HRA balances and reserves;
 - Undertake prudential borrowing, in accordance with the Council's treasury management policies, where appropriate and there is a business case to do so, for investment in additional properties and property development;
 - Develop a programme to deliver new affordable housing across the district.
83. At the time of writing, the HRA has 4,318 dwellings, made up of 2,681 houses and 1,637 flats.

2020/21 DRAFT BUDGET AND MEDIUM TERM FORECAST

84. The HRA's financial position, detailed at Annex 5, can be summarised as follows:
- HRA balance to be maintained for the period at £1m;
 - Housing Initiatives Reserve balance is to be used for future years for restorative measures on DDC's housing stock. The housing development projects (as detailed in paragraph 91) for the planning period will be funded by borrowing.
85. The major variances between the 2020/21 budget and the 2021/22 proposed budget are:
- Increase in rent of CPI + 1% (1.5%);
 - Ongoing increase in major capital works, to include significant building of new properties.
86. The future year projections show an increasing income stream from rents. This is due to the ending of the Government's requirement to reduce rents in cash terms by 1% per annum for the period 2016/17 – 2019/20, and so rents can now be increased.

The HRA is also facing general inflationary pressures on its expenditure. During 2021/22 the major HRA development projects will be funded through borrowing instead of funding from the HIR. This will be used in future years on restorative measures on DDC's council stock. We are expecting to bring in 24 interim housing units, 24 properties across the district as well as a further 12 property buy-backs.

87. Annex 5 provides a draft HRA budget summary & Annex 5A details the 4 year forecast position for the HRA.
88. The planned capital and revenue works budgets was supplied by the property services section and has been set to account for the expected level of repairs needed to maintain the stock at an appropriate level for the planning period.

BACKGROUND

89. With effect from 1st April 2012 the government replaced the existing subsidy based system of HRA financing with "Self-Financing". For DDC this resulted in the replacement of the subsidy that we were paying to Government (£6.3m in 2011/12) with a single payment to them of £90.5m. This was facilitated by DDC borrowing the required sum from the PWLB. Government direction was to plan for long term rent increases of 1% above inflation. Servicing the loan, over 30 years, cost less than the negative subsidy, and so the HRA started to accrue a surplus which could be invested in new housing or other appropriate requirements. The current balance outstanding on the PWLB loan is c.£72m.
90. The HRA budget is balanced for 2021/22. The HIR balance during 2021/22 is being used for restorative works. New projects will use borrowing, as required, to support the on-going programme of housing development.
91. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2021/22 budget is based on the work programme provided by the property services section and incorporating the results of the survey.
92. In May 2017 Dover District Council Jobcentre Plus went live with the Universal Credit Full Service. There has been a significant increase in HRA rent arrears during the period since. The situation is being closely monitored and bad debt provisions of £250k are included within the 2020/21 and 2021/22 budgets to allow for this increase. The debt appears to be mainly a cash flow issue rather than a bad debt due to the timing delays associated with payment of Universal Credit. However, tenants now directly receive the Universal Credit payment, whereas with Housing Benefit, payments are made direct to the landlord. This is resulting in some cases of higher debt levels from tenants not paying their rent and we are beginning to see some evictions due to this.
93. The Coronavirus 2020 Housing Act resulted in courts being closed from March 2020 meaning all eviction cases have been put on hold. Courts reopened in September 2020 however no eviction cases have been heard and are unlikely to be heard in this financial year.

Rent Setting

94. Council house rents are effectively controlled by Government. As the MHCLG has now allowed for rents to be increased from 2021/22 the average increase is 1.5%. Rent levels are calculated on an individual property basis using rent formulas previously prescribed by MHCLG.
95. It is not, therefore, possible to report on the rent to be set for, say, a standard 2 bedroom flat or a standard 3-bedroom house. However, for Members' information the following figures may be helpful:
- The 2020/21 average weekly rent across all properties is £85.47;
 - The 2021/22 average weekly rent is forecast to be £86.75
 - The increase in the average weekly rent is £1.28 or 1.5%; and
 - Three bedroom houses have rents (for 2021/22) ranging from £87.52 per week to £108.93 per week with an average of £95.15
96. Approval of rent levels is an executive function that has been delegated to the Head Housing in consultation with the Portfolio Holder responsible for Housing based on the model described above.

Capital Receipts

97. Like the majority of Councils, Dover has entered into an agreement with Government to retain 100% of the receipts from right-to-buy sales above the anticipated trend level. These excess receipts (known as "1:4:1 replacement") are ring fenced to provide part funding of the cost of new affordable/social housing. This means that there is a cap on the receipts that can be used for general capital purposes. This can be supplemented by the element of excess RTB receipts retained for 'debt repayment' that may be used for other capital purposes if repayment of debt is funded from an alternative source.
98. As at the end of December 2020 there had been 7 RTB sales in the financial year. It is estimated that retained 'excess receipts' will be in excess of £500k by the end of the financial year. This has to be used within 3 years of receipt, or else it must be repaid to MHCLG, and, when applied to a capital scheme, it cannot comprise more than 30% of the scheme costs, so other funding sources must also be available.
99. In order to comply with these rules and avoid claw back by the MHCLG, this funding is normally applied to HRA housing projects, before any other sources are used.

Service Charges

100. 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.

THE MANAGEMENT OF DDC'S HOUSING STOCK

101. The management of DDC's housing stock has been transferred from East Kent Housing (EKH) back to DDC and EKH will be dissolved on or after 26th March 2021.

102. EKH was formed in 2011 to provide housing management services for Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council.
103. Following concerns over the management of DDC's housing stock by EKH, particularly in relation to tenant health and safety including gas certification, electrical testing, asbestos, legionella etc (collectively referred to as "compliance"), a tenant consultation was undertaken in December 2019, and on 20th February 2020 a DDC special Cabinet took the decision to bring management of the Council's housing stock back in house.
104. The three other Councils also decided to take back the management of their own housing stock.
105. During the project to return the housing stock it became apparent that the extent of issues had, if anything, been underestimated and so this has required a complex process including:
 - The transfer of the majority of EKH staff to the 4 councils (under TUPE and COSOP regulations and guidance);
 - The disaggregation of computer systems and procedures;
 - The disaggregation, collation and transfer of tenant and property records;
 - The transfer of contracts and establishing robust and appropriate contract management;
 - Liaison with the Social Housing Regulator (SHR);
 - The establishment of new in-house teams;
 - Transfer of the relevant customer and operational data from EKH's M365 into DDC's systems;
 - Addressing a backlog of complicated tenancy issues, a backlog of repairs (in part due to the pandemic and contractors unable to access properties);
 - Addressing a backlog of disrepair claims;
 - Verifying and paying a backlog of over £1m unpaid invoices;
 - Improving void performance; and
 - Improving safeguarding protocols.
106. This was a major project and required significant involvement of staff from a number of areas including housing management, property management, procurement, legal, HR, ICT and finance.
107. The in-house teams are now established and operational. Much of the work has been completed, but there remains a significant amount of work to do including:
 - Bringing compliance levels and procedures up to the required level to obtain sign-off from the Social Housing Regulator;
 - Completing the disaggregation and implementation of computer systems; and
 - Embedding and developing the smooth running of the new service.
108. The cumulative problems indicated above have given rise to building a new HRA Business Plan to help to forecast the cash flow needed for the Council. This includes a 14-year capital investment programme of restorative measures as well as working towards its housing stock becoming carbon neutral by 2050 (as per the Climate Change Emergency report to cabinet on 4th November 2019).

HRA BUSINESS PLAN

109. As mentioned above the HRA Business Plan has been built to assess the impact on future modelling of the HRA cashflow for both future major projects and future increased spend on improvements on the housing stock. The plan evaluated and confirmed that a 14-year profiled spend on capital investment is an affordable approach to support the restorative measures required. The plan will form a basis for any future modelling the Council wishes to consider.

HOUSING DEVELOPMENT AND INVESTMENT

110. Housing development and investment within the district is taking place on a number of fronts, of which the most significant are:
- HRA Investment, utilising
 - Housing Initiatives Reserve (HIR)
 - Borrowing
 - 1:4:1 Right to Buy Replacement
 - Acquisition and new build
 - Investment in existing stock
 - Registered Providers Investment
 - Private Sector Housing
 - Commercial housing developments
 - Homelessness strategy

111. These are discussed in more detail below.

HRA INVESTMENT

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

112. The HIR has been funded by the transfer of surpluses in previous years whilst maintaining a £1m balance in the HRA. The HIR was established to fund a programme of new house building / acquisition. Since 2017/18 HIR funding, coupled with 1:4:1 Right to Buy funding has enabled the re-purchase of 52 former Council properties which have been added to the HRA stock. To date in 2020/21, 7 properties have been purchased and this is expected to increase by the end of the financial year. Additionally, over the period the refurbishment of properties in Folkestone Rd to provide 9 flats has also been completed as well as 9 new build properties being purchased in Capel. The refurbishment of Norman Tailyour House, Deal has been completed providing 18 new 1 and 2 bedroom flats. Further projects are being developed to continue to directly provide additional affordable housing in the district; these include:
- A mixed tenure re-development of 65 units at the former William Muge and Snelgrove sheltered housing sites, Dover;
 - The development of interim housing on sites at Kimberley Close and Barwick Road Dover and Stockdale Gardens in Deal;
 - 8 units developed at Folkestone Road, Dover;
 - 26 properties being developed at Napchester Road in Whitfield.
113. Further opportunities are being considered and the business case for each examined prior to a formal a project approval being sought.

114. It is proposed that the 2021/22 housing developments will be financed by borrowing. The balance in the HIR at the end of 2020/21 is projected to be around £13.8m. The four year HRA forecast (Annex 5A), shows the balance will be significantly depleted by the end of 2024/25 due to the restorative measures on DDC's Council stock.

Investment in Existing Stock

115. The HRA budget and projects take account of the need to invest in existing stock before establishing a surplus for the HIR. A stock condition survey was undertaken in 2017, to inform the on-going maintenance and investment requirements. The 2021/22 budget is based on the work programme provided by the property services section incorporating the results of the survey and the work required for Decent Homes standards.

Recommendations from this Section

116. It is recommended that Council:
- Approve the HRA budget for 2021/22

ASSET MANAGEMENT PLAN (AMP)

117. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers:
- Revenue maintenance requirements;
 - Capital works programmes;
 - Data on performance of significant corporate assets; and
 - Properties identified for disposal.
 - During 2021 the AMP will be amended to reflect the commitment of the Council to be a zero-carbon organisation
118. Expenditure on repairs and maintenance forms a direct link with the revenue budget, which contains the resources to meet the programme of repairs and maintenance. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Strategic Director (Operations and Commercial) confirms that there are sufficient resources to keep properties generally wind and water-tight, but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget focuses mainly on essential maintenance.
119. There is a growing backlog of planned maintenance required for "Operational Assets". Significant expenditure is needed at:
- Tides Leisure Centre- because of its age, needs work to the external envelope of the wet side buildings. Extensive renewal of worn out and inefficient heating plant for the wet side completed in January 2019. Survey work has indicated that more extensive repairs and replacements than were originally thought are also necessary. Further work is being undertaken to establish the route to achieve a sustainable future for the complex over the next 30-40 years.
 - Dover Town Hall - During 2020 Dover District Council secured stage 2 HLF funding for Dover Town Hall, to support a scheme which will provide a sustainable future for the priceless Burgess heritage assets and the Stone Hall. The construction phase is due to start at the end of 2021.
 - Deal Pier - Repairs to Deal Pier, including resurfacing of the stem to protect the structure beneath, were undertaken in 2018. Concrete repair works to structural members on the pierhead including the south steps completed in 2020. These secure the structural integrity in the medium term however more general significant cyclical concrete repairs are again becoming necessary and investigative work to ascertain the extent and cost of such repairs will be undertaken during 2021.
120. An Urgent Works earmarked reserve was established and this is held to fund urgent works on corporate assets if required.

Summary

The key points for Members to note are:

- There are sufficient resources to maintain the Council's General Fund properties in a basic state of repair but it is a significant challenge to maintain all the buildings without deterioration and this does carry a risk of service

failure or an increase in the overall maintenance backlog; The current resource levels preclude wholesale expenditure on initiatives to cut carbon emissions however innovative sustainable projects and solutions will cumulatively and significantly reduce emissions in order to help the Council achieve its organisational zero carbon ambition by 2030.

- The Strategic Director (Operations and Commercial) is reviewing opportunities for realising capital receipts from surplus assets to support financing of the capital programme.

CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

Purpose of the Capital Programme

121. The primary objectives are to:

- Maintain an achievable, affordable capital programme;
- Ensure capital resources are aligned with corporate priorities;
- Identify any requirement for Prudential Borrowing, and ensure that it is only undertaken if it is affordable; and
- Maximise available resources by actively seeking external funding and disposing of surplus assets.

Definition of Capital

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

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

123. With the exception of revenue resources and the use of external leasing, none of the sources above can be applied to meet revenue requirements.

Content of the Capital Programme

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

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

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

126. To simplify the management of regeneration budgets it has been agreed that they are treated as one major project and virements between them can be authorised by the Strategic Director (Corporate Resources).

127. To facilitate efficient decision making, final approval for projects up to £50k that are included on the Capital and Special Revenue Programmes are delegated to the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance.
128. In addition, a contingency has been included on the MTCP and Special Revenue Programme to allow progression of small projects without significant policy implications. It is proposed that the approval of such projects continues to be delegated to the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance.
129. All projects will continue to require reports for approval of a Project Appraisal and at evaluation, design and tender stages, where appropriate, in accordance with the Constitution.
130. The structure of the programme is reflected in the format of Annex 6A and is explained below:
- Committed General Fund Projects
These are live General Fund projects that have been approved by Cabinet through the Project Appraisal process or under the agreed delegated authority, and are committed or in progress.
 - Proposed General Fund Projects
New projects are shown in the programme for approval of funding to the projects. These projects will be subject to the completion of a Project Appraisal for Cabinet or delegated approval before they commence.
 - Financed by
This table provides a summary of the financing of the proposed Capital Programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:
 - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids;
 - Removal of projects financed by specific grants, or from the HRA, will not generate additional resources for other projects in the General Fund programme.

Content of the Special Revenue Projects Programme

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

Content of the Digital and ICT Projects Programme

132. The Digital and ICT Projects Programme (Annex 6D) comprises significant projects which are required to deliver digital improvements to services and support the ICT infrastructure. These are usually one-off revenue expenditure in nature and are therefore to be funded from reserves as annual recurrent revenue budgets are insufficient to finance them.

Financing of the Capital and Special Revenue Projects Programmes

133. In order to maximise the capital resources available to the Council, the detailed decision to apply capital receipts, revenue resources, grants, s106 monies etc. to finance the approved Capital and Special Revenue Projects Programmes is delegated to the Strategic Director (Corporate Resources), in consultation with the portfolio holder responsible for Finance, and capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance Capital and Special Revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.
134. The financing of the capital programme will be reported to Members as part of the Outturn Report. This is produced annually and accompanies the final accounts.
135. In addition to financing of capital expenditure, the Council also has to consider what provision, if any, should be made for the repayment of debt. Although new long term borrowing has not yet been undertaken, it is intended that new borrowing, when required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in the Treasury Management Strategy Statement.

Prudential Code

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

Capital Receipts

137. In 2004/05 the Government introduced the pooling of housing capital receipts, from Right-to-Buy sales, for distribution to authorities where there is greatest need. From 1 April 2012 new Right-to-Buy regulations apply. The main change from previous regulation is that receipts in excess of those allowed for under the Housing Finance Reform Debt Settlement may be retained by an authority for 1:4:1 replacement of Affordable Housing.
138. Right-to-Buy (RTB) sales in 2020/21 have been lower than levels in 2019/20. Although the level of receipts available for general capital purposes is capped additional funding is available from the element of excess RTB retained for debt repayment that may be used for other capital purposes.
139. The Council generally retains 100% of non-HRA capital receipts and non-RTB HRA capital receipts, subject to capital allowance regulations.
140. Annex 6B details the level of capital receipts held, expected, committed to projects proposed and to be used for new projects. The balance of receipts after these

anticipated receipts and commitments is shown as zero. Future capital receipts are expected to come mainly from housing right to buy sales and amount to circa £500k per annum at current sales levels, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future. No other major receipts are currently expected.

Summary

The key points for Members to note are:

- The Capital Programme operates on a cash funded position with no new projects being approved to commence unless the whole project costs can be financed through additional funding, sufficient capital receipts have been banked, external borrowing is approved or other savings in the programme have been identified. The new projects in the programme have been approved subject to the completion of a Project Appraisal for approval by Cabinet, or the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder responsible for Finance under delegated powers;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. Since 2017/18 the level of RTB sales has been declining and the level of sales for 2020/21 is currently showing this trend is continuing. Therefore, the amount of receipts available for general capital purposes remains limited.
- The detailed financing of the Capital and Special Revenue Projects Programmes is delegated to the Strategic Director (Corporate Resources) in consultation with the portfolio holder responsible for Finance;
- There is no provision for making capital grants to other organisations, other than those grants already approved; and
- The lack of headroom in the capital programme for additional projects is a significant constraint and large projects will need to be funded from external borrowing where revenue savings can be identified to offset the borrowing costs (such as the Dover District Leisure Centre project).
- Following a number of years during which only patch repairs have been undertaken, there is now a need for significant investment across the authority's assets, parks and ICT to achieve a standard that will enable a programme of rolling works to be introduced.

RECOMMENDATIONS FROM THIS SECTION

141. It is recommended that Council:

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

TREASURY MANAGEMENT AND THE PRUDENTIAL CODE

142. 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.
143. 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.
144. Annexes 7A – 7C set out estimates for each of the relevant Prudential Indicators in each of the financial years 2021/22 to 2024/25, and include the latest estimates for 2020/21 aligned with the revised forecast budget. Approval is sought for the proposed indicators for 2021/22 – 2024/25.
145. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance, and useable reserves and internal borrowing. Significant projects, including the Dover District Leisure Centre, will ultimately be financed by borrowing; however no borrowing has been undertaken at this time. Approval levels for borrowing are included in Annex 7B.

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 in September 2002 and the CIPFA Code of Practice on Treasury Management (revised November 2017) that was adopted by this Council in March 2018.
147. Approval of the strategy is a Council decision.

RECOMMENDATIONS FROM THIS SECTION

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

KEY ASSUMPTIONS & READY RECKONER

Background

149. 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

150. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation for 2021/22 is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. Contract inflation is assumed to be 2% for future years. Inflation on all other expenditure will aim to be limited to the current budget level; however, a small allowance of 2% has been forecast to allow some limited growth.

Staff Numbers

151. The 2021/22 budget includes 360 full time equivalent posts directly employed for DDC plus a further 28 employed by DDC as part of the East Kent Audit Partnership (working for Canterbury, Thanet, Folkestone and Hythe and Dover and recharged accordingly) and East Kent HR (working for Canterbury, Thanet and Dover and recharged accordingly) allocated across services.

Triennial Valuation of the Pension Fund by the Fund Actuaries

152. The triennial valuation took effect from April 2019. It has been assumed that the DDC backfunding contribution will increase by 5% above the 2021/22 level of £1.82m for the planning period.

Interest Rates

153. It is assumed that DDC will maintain the 2020/21 level of income from investments for the remainder of the planning period. Any additional income generated will be transferred to reserves to support future projects.

Revenue Support Grant

154. The current draft settlement provides figures for 2021/22. It is assumed that this will reduce to nil for future years.

Business Rates Retention

155. The calculations are based on the completion of the NDR1 submitted in January. The forecasts assume a small element of inflation / growth for the planning period.

Council Tax

156. Council tax increases have been assumed at £4.95 for 2021/22 and for the remainder of the planning period.

New Homes Bonus

157. New Homes Bonus is a scheme that provided incentives and rewards for councils and communities who support delivery of new homes in their area. It is assumed that 2022/23 will be the last year in which DDC receives NHB as the scheme is being wound down.

Capital Projects

158. There are no material revenue pressures expected from current capital projects as they go live.

Ready Reckoner

- Payroll - 1% increase costs the General Fund approximately £100k;
- Council tax - 1% raises c.£75k;
- RSG – assumed to be nil for future years;
- NDR – 1% growth in BR income equates to c.£70k (DDC's share @ 40%, less 50% levy, but will be higher under pooling due to reduced levy rates);
- Investment Income - 1% equals approximately £400k (based on investment balances of £40m);
- Contract inflation – 1% equals c.£100k;

SIGNIFICANT BUDGET RISKS

159. Budgets, by their nature, involve an element of forecasting which entails uncertainty and hence risk. The schedule below highlights the main strategic / high value budget risks.
160. Although it currently represents the greatest risk, a specific heading has not been included for Covid-19, because it will impact to a significant extent across all of the other risks.
161. Income risks:
- Business Rates
 - New Homes Bonus
 - Fair Funding Review
 - Council Tax
 - Treasury Management
 - Property Investment
 - Capital Receipts
 - Housing rent collection
 - Car parking
162. Expenditure risks:
- Brexit
 - Port Health
 - Pension Funding
 - Homelessness
 - Contract renewals

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
1	Business Rates	<p>The key challenges are:</p> <ul style="list-style-type: none"> • Changes to the overall Business rates retention (BRR) regime including the future level of BRR – 50%, 75%, 100%? • Future re-sets of the DDC baseline, sacrificing some / all of the gains made to date. • The next revaluation – will it be fiscally neutral or negative and who will make up the shortfall? • Class action appeals such as ATMs and hospitals • Individual appeals such as Channel Tunnel. • “Material Change of Circumstances” appeals following the impacts of Covid-19 • The difficulty in forecasting future BR taxbase changes. • Operation of the Collection Fund and the timing of recognition of income. • Unexpected revaluations, errors and initiatives by the VOA such as reduced valuations for hospitals and fire stations. • Errors in the MHCLG settlement • Changes in the Enterprise Zone and / or renewables 	£7m pa.

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
		<p>schemes.</p> <ul style="list-style-type: none"> • Weak BR performance by other Kent districts leading to an impact on the Kent pool. • Poor understanding of the regime by the MHCLG. • The Fair Funding Review leading to changes in the baseline or other aspects of the regime. <p>The opportunities for Councils individually or collectively to mitigate the above impacts are limited other than through the management of their own finances, smoothing reserves etc. and individual lobbying and response to consultations.</p> <p>Collective lobbying and response to consultations will also take place where possible, but the impacts of changes are often re-distributive and do not fall evenly across the sector and so it is difficult to create consensus.</p>	
2	New Homes Bonus	<p>Government have indicated that they wish to change their commitment to New Homes Bonus and are expected to scrap it altogether.</p> <p>This is a core part of DDC's funding stream, generated in recognition of recent planning decisions, which were taken, in part, on the understanding that the NHB pledge would be honoured by government and may be used to mitigate the impacts of those decisions.</p> <p>The 2021/22 settlement includes a significant reduction in NHB with a further reduction expected in 2022/23 and no payments after that year. The key issue will be whether NHB is replaced and if so, by what.</p>	£990k pa.
3	Fair Funding Review	<p>The government has consulted on a Fair Funding review which will re-calibrate the local government settlement. The FRR is now expected to take place in 2022/23.</p> <p>Pressure from upper tier and unitary authorities and the challenges arising from adult social care may reduce the resources available to district councils.</p> <p>As with the current settlement, the Council can take part in Kent wide lobbying on the settlement, but has limited ability to influence the settlement.</p>	Unable to forecast at the time of writing.

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
4	Council Tax Base & Collection Rates.	<p>The draft budget includes an assumed reduction in Council Tax income due to an increase in the level of Council Tax Reduction Scheme claimants and downward pressure on collection rates.</p> <p>The lockdown and restrictions required by the Tier system impair economic performance and employment. It is not possible to forecast with certainty the overall impact upon Council Tax income in 2021/22.</p>	£7.7m pa
5	Treasury Management	<p>Of the current forecast £1.7m treasury management income £600k is being transferred to earmarked reserves to support future projects and reduce the GF risk of over-reliance on the income stream.</p> <p>Reductions in capital values would only impact the GF if the funds were realised when the values were low. Due to the breadth of investments held it is unlikely that this would become necessary as other funds could be realised or short term borrowing undertaken if cash flow shortages occur.</p>	£1.7m pa
6	Property Income	The Council receives rental income from its commercial regeneration properties. There is a risk that this income may be reduced if tenants are unable to continue to trade.	£2.3m pa
7	Capital receipts	<p>Capital receipts come from housing and other asset sales. Any drop-off in the level of receipts will lead to reduced resources available to complete projects. The reduced receipts could arise from lower sales, lower prices or both.</p> <p>We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of demand, but this will also be dependant on interest rate movements.</p>	£500k pa (average level)
8	HRA rent arrears	<p>The roll out of Universal Credit has been mirrored by a significant increase in housing rent arrears.</p> <p>A bad debt provision is included within the budget and arrears levels are being monitored.</p> <p>The Coronavirus 2020 Housing Act has resulted in eviction cases currently being on hold since March 2020.</p>	<p>Annual HRA rent £19.6m</p> <p>Current arrears £965k</p>
9	Car Parking	Car parking income is expected to be impacted by the lockdown and tier restrictions. The depth and length of the impact is unknown.	£2.6m pa

Ref	Risk Description	Explanation and Mitigation	Budget Sensitivity
10	Brexit – Port and East Kent impact	<p>The creation of a “third country” border between the UK and France increases the risks of border closures and related disruptions to the traffic flows in and out of the port and Channel Tunnel. This poses a risk in terms of the impact on local businesses and communities, the disruption in the delivery of services such as waste collection, and the requirement clear litter, clean highways etc.</p> <p>The Council is in discussions with MHCLG regarding the additional costs being borne by the Council.</p>	Unable to forecast the impact at the time of writing.
11	Port Health	<p>As Port Health authority the Council is required to develop a whole new team of circa 100 staff (gross budget expected to be £8m) to service the new Border Control Point at Guston. Significant risks include the uncertainty of the start date for this service (expected to be July 2021), the unknown volume of vehicles requiring inspection, the inspection fees and the absence of a financial guarantee from DEFRA to underwrite any losses in the early years of the service.</p> <p>The Council is in discussions with DEFRA regarding the financial risk to the Council.</p>	Unable to forecast the impact at the time of writing.
12	Pension Funding	<p>The latest triennial valuation increased the overall DDC annual pension fund contribution from £3.6m to £3.8m pa.</p> <p>Prior to the Covid-19 pandemic the Kent scheme was at the highest overall level of funding since the 1980’s and had made significant progress towards 100% funding.</p> <p>It is not yet clear how the pandemic will change this position and whether the Council will have to make significantly increased contributions following the next triennial valuation.</p> <p>It should also be noted that DDC’s share of the scheme costs is heavily impacted by staff demographics and the maturity of the scheme and is therefore significantly less well funded. This also adds upwards pressure to the costs.</p>	£3.8m pa contribution
13	Homeless expenditure	<p>Expenditure will continue to increase due to the impact of Coronavirus, the Homeless Reduction Bill and the continued implementation of Universal Credit in the district. Close monitoring of the impact of the Bill and the in-year budget. Investigating innovative options to support homeless requirements in the district.</p>	Unable to forecast at the time of writing.
14	Major Contract Renewals	<p>When major recurrent contracts are up for renewal the price achieved by the council depend upon the functioning of the market in the particular sector and the attractiveness of the package assembled by DDC.</p>	Unable to forecast at the time of writing.

BUDGET SUMMARY

<u>2019/20</u> <u>Actual</u> £000		<u>2020/21</u> <u>Original Budget</u> £000	<u>2020/21</u> <u>Projected</u> <u>Outturn</u> <u>(February 21)</u> £000	<u>2021/22</u> <u>Budget</u> £000
	Directorate			
618	Chief Executive	1,395	1,395	1,246
4,186	Operations & Commercial Services	4,431	7,276	6,725
11,061	Corporate Resources	12,359	13,309	12,728
194	Shared Services (DDC hosted)	222	221	229
561	Special Revenue Projects	16	16	120
0	Vacancy Allowance	-150	-150	-150
0	Allowance for additional resource requirements	100	100	0
0	Estimated on-going impact of Covid Lockdowns	0	0	1,895
0	Target Savings	0	0	-1,295
16,620	Net Direct Expenditure	18,372	22,167	21,498
	Other Operating Income & Expenditure:			
0	Property Investment & Commercialisation Target	-100	0	0
0	Contingency	146	146	146
74	River Stour Drainage Board	75	75	77
-1,329	Directorate costs recharged to HRA & Capital Projects	-1,647	-1,646	-3,412
15,365	Net Operating Expenditure	16,847	20,742	18,309
	Financing Adjustments:			
-1,389	Revenue Expenditure Funded by Capital Under Statute	-1,124	-1,124	-1,276
-1,692	Interest Receivable	-1,750	-1,550	-1,673
282	Interest Payable	138	213	363
594	Loan Principal Repayments/Borrowing Allowance	1,953	1,953	1,453
-2,205	Total Financing Adjustments	-783	-508	-1,133
	Contribution to/(from) Reserves:			
302	- Regeneration Reserve	432	-75	199
401	- Special Projects & Events Reserve	1,454	137	500
2,357	- Periodic Operations Reserve	-313	432	57
16	- ICT Systems & Servers Reserve	50	50	85
376	- Business Rates & Council Tax Reserve	38	46	265
3,452	Net Contribution to/(from) Reserves	1,662	590	1,107
16,612	Total Budget Requirement	17,727	20,824	18,282
	Financed by:			
7,515	Business Rates - Total Income Net of Timing Adjustments	8,342	8,280	7,344
56	Revenue Support Grant	57	57	58
0	Lower Tier Services Grant	0	0	360
0	Covid Funding Support	0	3,240	1,301
7,216	Council Tax	7,503	7,428	7,689
112	Council Tax - Collection Fund Surplus / (Deficit)	84	84	40
9	Council Tax - Other S31 Grants	9	9	0
1,729	New Homes Bonus	1,733	1,733	990
1	New Burdens	0	0	0
16,638	Total Financing	17,729	20,831	17,782
-26	General Fund Deficit/(Surplus) for the Year	-2	-7	500
-2,539	General Fund Balance at Start of Year	-2,648	-2,565	-2,572
-2,565	Leaving Year End Balances of	-2,650	-2,572	-2,072

General Fund Service Expenditure by Cost Type

	2020/21 Original Budget £000	2021/22 Proposed Budget £000
Direct Expenditure		
Employees	15,990	17,974
Premises	1,535	2,629
Transport	227	210
Supplies and services	6,006	6,353
Third parties	10,340	12,023
Shared services	2,529	2,421
Transfer payments	25,954	23,590
Total Direct Expenditure	<u>62,581</u>	<u>65,201</u>
Direct Income		
Government Grants	(26,875)	(24,731)
Sales	(70)	(352)
Fees and Charges	(10,951)	(11,267)
Other Income	(6,063)	(6,664)
Total Direct Income	<u>(43,959)</u>	<u>(43,014)</u>
Central Support reallocation of costs	(438)	(1,489)
Special Revenue Projects	16	120
Vacancy Allowance & Employment Stability	(150)	(150)
Climate Change and Other Resource Require	100	-
Shared services (DDC Hosted)	222	229
Estimated on-going impact of Covid Lockdown	-	1,895
Target Savings	-	(1,295)
Net Service Expenditure	<u>18,372</u>	<u>21,498</u>

GENERAL FUND KEY FIGURES - EXPENDITURE

	2019/20 Outturn	2020/21 Original Budget	2021/22 Draft Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Key Expenditure Figures:	£000	£000	£000	£000	£000	£000
Employees:						
Basic	10,322	11,308	13,808	14,084	14,366	14,653
NI	1,067	1,155	1,387	1,415	1,443	1,472
Current year pension	1,544	2,065	2,596	2,648	2,701	2,755
Backfunding	1,648	1,443	1,492	1,567	1,645	1,727
	14,581	15,971	19,283	19,713	20,155	20,607
Major contracts:						
Refuse Collection	1,242	1,213	1,760	1,813	1,867	1,923
Recycling	1,173	1,251	1,896	1,953	2,011	2,072
Street Cleansing	1,615	1,735	1,860	1,916	1,973	2,032
Total Waste	4,030	4,199	5,516	5,681	5,852	6,027
Balance of Third Party Payments ¹	1,339	931	1,277	1,315	1,355	1,396
	9,399	9,329	12,309	12,678	13,059	13,450

Notes

¹ Excludes EKS Management Fees & WCLP

GENERAL FUND KEY FIGURES - INCOME

	2019/20 Outturn	2020/21 Original Budget	2021/22 Draft Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Key Income Figures:	£000	£000	£000	£000	£000	£000
Car Parking	(2,250)	(2,638)	(2,638)	(2,691)	(2,745)	(2,799)
Rent Income	(2,227)	(2,255)	(2,255)	(2,300)	(2,346)	(2,393)
Development Management	(729)	(790)	(925)	(944)	(962)	(982)
Building Control	(316)	(320)	(325)	(332)	(338)	(345)
Licensing	(202)	(208)	(187)	(191)	(195)	(198)
Green Waste	(330)	(600)	(610)	(622)	(635)	(647)
Land Charges	(156)	(171)	(160)	(163)	(166)	(170)
	(6,210)	(6,982)	(7,100)	(7,242)	(7,387)	(7,535)
Total Financing:						
Non-Domestic Rates	7,515	8,350	7,344	7,678	7,709	7,871
Revenue Support Grant	56	57	58	0	0	0
Council Tax	7,216	7,503	7,689	7,959	8,230	8,501
New Home Bonus	1,729	1,733	990	490	0	0
Covid	0	0	1,301	0	0	0
Lower Tier Grant	0	0	360	0	0	0
Other	122	94	40	40	40	40
Total Financing	16,638	17,737	17,782	16,167	15,979	16,412

GENERAL FUND KEY ELEMENTS

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

Staff Salaries

2. Independent advice on the cost of living increase is received to form the basis of negotiations for the 2021/22 pay settlement and is factored into the budget.

Vacancy Allowance and Organisational Savings

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

Pension Fund

4. The Council's Pension Fund (part of the countywide fund administered by Kent County Council) is subject to actuarial valuation on a three-yearly cycle. The last triennial valuation (the "2019 valuation") of the KCC pension fund started in April 2019 and was implemented from April 2020.
5. DDC pays two contributions to the pension fund; these are "current service rate" (the additional pension earned in year) and a lump sum to finance the existing pension deficit. The actuarial report advised that based on the various assumptions used the current contributions required to meet the cost of pensions being earned today increased from 15.5% to 18.8%.
6. The annual calculations in respect of pension benefits as at 31 March 2019 estimated a decrease in the pension fund deficit for Dover. Dover is paying this deficit off over the next 14 years as agreed with the actuary. As a result, the fixed sum to finance the deficit was increased by £60k from £1.76m to £1.82m (for all staff, including HRA) in 2021/22 and then increased by £70k in 22/23.
7. It should be noted that changes to the pension fund deficit are largely a result of factors outside of the Council's control including increases in pensions payable, increased life expectancy and lower asset values.

General Inflation

8. Setting a guideline level of inflation introduces a risk of "over budgeting". Instead, all managers are asked to consider the specific quantity and price of services they will actually need in the coming year and to reduce expenditure where possible.
9. The other significant area of potential inflation pressures relates to major term contracts. In 2020/21 the assumed level of contract inflation is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. For future years it is not realistic to attempt to model contract renewal costs and so for planning purposes a 2% increase in the cost of major term contracts has been assumed. Each 1% variance in contract inflation leads to approximately £120k variance in costs.

Contingency Provision

10. Contingency provision of £146k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. As part of the budget setting process managers and directors are asked to identify any budgets held for items such as legal or consultants' fees that would only be required if certain circumstances occurred. These budgets have been removed from individual budgets and will be funded from this provision if required for the items identified.

Grants to Organisations

1. The Council makes Grants to Organisations in two ways, by concessionary rentals and by cash payments. The value of grants proposed for 2021/22 totals £325k comprising concessionary rentals of £38k and grant payments of £287k. The Concessionary Rentals are grants given to lessees of the Council properties to support them with their accommodation. The Grants to Organisations are for groups generally supporting services across the district or for those who need support.
2. The grants include contributions to the Citizens Advice Bureau, Your Leisure, KCC and the Neighbourhood Forums allocation. The main difference to the budget for 2021/22 compared to 2020/21, is the removal of the Home improvement Agency grant and the Walmer Paddling Pool payment to Your Leisure. Each of these individual grants, with the organisations' names and the grant purposes, are set out in Annex 9.

Shared Services

3. East Kent Services manage the ICT and Human Resources functions on behalf of Dover, Canterbury and Thanet Councils. They also manage the revenues & benefits and customer services contract with Civica (which started on 1st February 2018) on behalf of the East Kent Councils. Thanet are the accountable body for these arrangements and they will continue to handle the accounting arrangements and be billed by Civica, and they in turn will charge management fees to Dover, as at present.
4. The Council an 8-year contract to carry out recycling, bulky, garden, food & residual waste collections along with street cleansing operations to Veolia Environmental Services (UK), which commenced in 16th January 2021. The contract has been awarded in partnership with Folkestone and Hythe District Council (FHDC) and Kent County Council (as the disposal authority). Dover is the lead on this partnership and manages the client team who oversee the contract from the Dover District Council offices on behalf of the three authorities.
5. East Kent Audit partnership (EKAP), hosted by Dover, provides internal audit services to Dover, Folkestone and Hythe, Canterbury and Thanet (including East Kent Services) Councils.

Interest on Investments

6. The overall interest rates achieved in 2020/21 will depend on the combination of the LIBID rate and the margin it maintains above base rate, the rates for current investments, the prevailing market rates when current investments are renewed, as well as the permissible deposit durations which change according to updated credit rating criteria.

7. The Bank of England base rate has stayed at 0.10% during 2020/21 and is expected to remain at that level for the near future. Uncertainty remains in the financial markets due to the continuing effects of the global pandemic and the post EU transition trade arrangements. As of the 31st December 2020 the Council has a total of £50m invested in pooled investment funds. These are forecast to generate an income return of between 4-5% per annum.
8. The MTFP assumes that the Council's investments overall will earn the General Fund £1,673k (£77k less than the level budgeted for 2020/21), this is due the impact of the global pandemic.

Other Income Streams and Fees and Charges Made by DDC

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

- Car Parking

The Covid-19 pandemic had a significant impact on parking income streams due to on-going national lockdowns and strict travel restrictions on local tourism. The 2020/21 gross income (before costs) for parking fees and penalty charge notices is currently forecast to be performing at c.40% below the original budget.

The 2021/22 service budget has been set at the same level as 2020/21, with an allowance for a 25% reduction in activity levels within the Covid pressures assumptions, partially offset by anticipated Government funding for quarter 1. Additionally, an allowance has been included for additional income for changes to charging proposals to be considered by Cabinet on 1st February 2021.

- Rental Income

The 2021/22 budget forecasts rental income of over £2.3m. This consists of the rent (excluding any costs) for B&Q, Whitfield Court and garages as well as existing rental streams from corporate properties, including the letting of space at DDC's Whitfield offices.

- Development Management

The original budget for Development Management fee income in 2020/21 was £780k incorporating £720k for planning application fees and £60k for pre-application fees. Planning application fee income is standing at £685k to date and it is anticipated that the planning application fee income should achieve target by the end of the financial year. Fee income for pre-application advice has remained steady with a circa £15k increase anticipated by the end of year.

The income budget for 2021/22 has increased by £120k on the planning application fees and £15k on the pre-application fees. Making the budget total £885k. This reflects the Fees and Charges report that has been informed by the expected mix of application types and the anticipated take-up of pre-application advice.

- Licensing

This includes Alcohol, Regulated Entertainment, Taxis, Gambling and other miscellaneous licences. The original budget for 2020/21 was set at £209k. Incomes from the various licensing streams are projected to surpass their targets by the end of the financial year.

The 2021/22 budget has decreased slightly to £184k due to reduced income from numerous areas including: licenses, betting, vehicle checks and the impact from Covid. The overall reduction however has been offset by a decrease in expenditure against the licensing budgets.

- Land Charges

The original 2020/21 budget was £170k. This is expected to have a shortfall of income in year by approximately £15k and is based on the lower number of search requests than expected that have occurred. The 2021/22 budget reflects the anticipated on-going reduction in the number of searches and has been set at £160k. The income reduction is a reflection of free data accessibility and an uncertain property market.

- Green Waste Subscription Service

The Green Waste subscription service original budget for 2020/21 was set at £330K. The 2021/22 budget has been set at £448k based on an estimate of approximately 9,160 subscribers which increased from this year's 6,394 subscribers due to additional residents joining the scheme during the initial lockdown.

- Building Control

The Building Control (BRFE) income is largely dependent upon construction activity. Assumptions about the level of activity combined with the economic forecasts led to a budget of £320k being set for 2020/21. The year-to-date receipts are likely to be below the forecast budget due to the impact of lockdowns on the construction industry. The budget for 2020/21 has been increased to £325k.

12. In total the major fees and charges generate over £6.5m gross towards the General Fund budget.

THREE YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2020/21 Projected Outturn £000	2021/22 Proposed Budget £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000
1	20,824	18,282	18,282	18,282	18,282
	Corporate Adjustments				
2	- Salary inflation and increments including impact on National Insurance and Pensions		412	814	1,239
3	- Pension Backfunding (Triennial Valuation from 20/21)		75	153	235
4	- Contract inflation @ 2%		240	486	736
5	- Average other expenditure inflation impact @2%		215	435	658
6	- Average income inflation impact		(299)	(503)	(944)
7	Total Inflation Adjustments		643	1,384	1,924
8	- Reduction in impact of Covid 19 pressures		(1,421)	(1,895)	(1,895)
9	0	0	(1,421)	(1,895)	(1,895)
	20,824	18,282	17,504	17,771	18,312
	Financed By :-				
10	8,280 Non-Domestic Rates Income	7,344	7,678	7,709	7,871
11	57 Revenue Support Grant / Lower Tier Services Grant	418	0	0	0
	Council Tax Income				
12	84 Collection Fund Surplus	40	40	40	40
	Tax rate increase (3% annual increase) Base increase (1% per annum)				
13	7,437 Total Council Tax Income (incl s.31 grant)	7,689	7,959	8,230	8,501
14	1,733 New Homes Bonus	990	490	0	0
15	3,240 Covid Support Funding	1,301	0	0	0
	20,831	17,782	16,168	15,979	16,413
16	(7) NET (SURPLUS) / DEFICIT	500	1,336	1,792	1,899
17	Target Savings & Income Growth		(1,300)	(1,800)	(1,900)
18	(7) NET (SURPLUS) / DEFICIT AFTER SAVINGS	500	36	(8)	(1)
	Projected General Fund Reserves				
	(2,565) Opening balance	(2,572)	(2,072)	(2,036)	(2,044)
19	(2,572) Closing Balance	(2,072)	(2,036)	(2,044)	(2,045)

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1** The net budget is taken from the 2021/22 budget at Annex 1.
- 2** Increased salary costs reflect assumed inflation at 2% pay settlement for the planning period.
- 3** Pension backfunding reflects the increases in backfunding required by the fund actuaries based on the current triennial valuation.
- 4** Inflation on major contracts has been assumed at 2% for the planning period.
- 5** Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 2% has been forecast to allow some limited growth.
- 6** Increases in general income received (excluding specifically budgetted items such as car parking) assumed at 2% inflation.
- 7** Total adjustments due to inflation and associated costs.
- 8** Assumed recovery from Covid pressures over planning period.
- 9** Total corporate adjustments.
- 10** Forecast NDR funding, including impact of inflation & assumptions for impact of Covid 19 and business changes.
- 11** It is anticipated that RSG and the Lower Tier Services grant will cease from 2022/23.
- 12** The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.
- 13** Council Tax is forecast to increase by £4.95 (band D) per annum for the rest of the planning period. A 1% per annum increase in the tax base has also been assumed.
- 14** New Homes Bonus forecast to reduce to £0 over a 2 year period.
- 15** Additional funding to offset pressures relating to Covid 19 has been provided in 2020/21 and 2021/22. It is assumed that
- 16** Forecast (surplus) / deficit.
- 17** Target savings / income required in future years.
- 18** Revised (surplus) / deficit after target savings.
- 19** Forecast General Fund Balance.

OFFICE OF THE CHIEF EXECUTIVE

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

LEADERSHIP SUPPORT

Leadership Support

This team is mainly concerned with the formulation of policy and strategy, including corporate planning, and updates to the annual State of the District, the development and delivery of the Health and Wellbeing agenda and strategic Public Health liaison. The team also supports the Corporate Management Team and the Executive, through project based work, CMT and Leadership Forum co-ordination and attendance.

Communications, PR & Marketing

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

External Funding

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

Design, Print and Postal Services

The team provides an in-house Design Studio service, including photography, video and drone services. The team is also responsible for Print Unit services for in-house printing and Mail Room services. The Design Team ensure the Council's brand and corporate identity are adhered to in all communications. Both the Print Unit and Mail Room also support partner organisations.

Corporate Services

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

- Provide insurance cover for the Council's assets and liability risks;
- Monitor, report and comment on the Council's performance and benchmark to other authorities where possible to measure efficiency and value for money;

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

Chief Executive

Budget 2021/2022

2020/21 Sub-total	Description	FTE	Costs controlled by Head of Service				2021/22 Sub-total	Recharges and Other Adjustments	
			Employees	Other Costs	Income			Total	
186,490	CHIEF EXEC ADMIN TRADING ACCT	1.61	174,065	12,420	-	186,485	(186,485)	-	
127,000	NON SERVICE SPECIFIC WORK	0.00	48,770	79,380	-	128,150	904,964	1,033,114	
313,490	Total Chief Executive	1.61	222,835	91,800	-	314,635	718,479	1,033,114	
239,290	HEAD OF INWARD INVESTMENT	3.48	248,311	8,170	-	256,481	(256,481)	-	
49,250	ECONOMIC DEVELOPMENT	0.00	-	34,660	-	34,660	230,991	265,651	
288,540	Total Inward Investment	3.48	526,526	42,830	-	291,141	(25,490)	265,651	
150,410	HEAD OF LEADERSHIP SUPPORT	2.00	150,005	4,010	-	154,015	(154,015)	-	
103,020	DESIGN STUDIO	2.00	103,537	7,970	-	111,507	(111,507)	-	
103,140	MAIL ROOM TRADING ACCOUNT	2.00	85,029	20,340	-	105,369	(105,369)	-	
210,370	CORPORATE SUPPORT TRADING ACCT	3.60	194,303	8,100	-	202,403	(202,403)	-	
22,030	PRINT UNIT TRADING ACCOUNT	0.00	-	45,520	(28,500)	17,020	(17,020)	-	
36,200	EMERGENCY PLANNING	0.00	25,000	19,050	-	44,050	30,200	74,250	
720	UNAPPORTIONABLE OVERHEADS	0.00	-	19,690	-	19,690	1,110	20,800	
(15,180)	PHOTOCOPIERS HOLDING ACCOUNT	0.00	-	26,340	(40,190)	(13,850)	13,850	-	
-	MAIL ROOM POSTAGE ACCOUNT	0.00	-	41,000	(41,000)	-	-	-	
-	CORPORATE PLANNING	0.00	-	-	-	-	76,230	76,230	
-	HEALTH PROJECTS	0.00	-	-	-	-	26,110	26,110	
-	COVID 19 EMERGENCY	0.00	-	-	-	-	199,481	199,481	
610,710	Total Leadership Support	9.60	557,874	192,020	(109,690)	640,204	(243,333)	396,871	
1,212,740		14.69	1,307,235	326,650	(109,690)	1,245,980	449,657	1,695,637	

STRATEGIC DIRECTOR OF CORPORATE RESOURCES

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

GOVERNANCE & LEGAL SERVICES

Monitoring Officer

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

Data Protection Officer

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

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

The Data Protection Officer must be able to perform their duties in an independent manner and the Council may not give the Data Protection Officer instruction on exercising their role. The Solicitor to the Council is the Council's designated Data Protection Officer.

Legal Services

This section is responsible for providing a full legal service to the Council. This includes corporate and service specific legal advice, together with legal support to the Monitoring Officer and legal advice and support to the Executive and all Committees of the Council. The legal service includes planning law, conveyancing, employment law and support for the Council's regulatory functions (including both civil and criminal court work). The Legal team continues to be heavily involved in supporting the regeneration agenda and advising on numerous matters including a number of housing development schemes and the delivery of a new leisure centre in Dover.

East Kent Human Resources (EKHR)

Human Resources – this Council is the host Authority for the East Kent HR Service, which is a shared service governed under a Joint Committee arrangement (East Kent Services Committee) and shared with Canterbury and Thanet Councils. EKHR also provide HR

services to East Kent Housing. The leadership of this service is delegated to the Head of Collaborative Services who is also the Head of Shared Services. The service is responsible for advising on HR matters including recruitment, retention, absence management, and disciplinary and grievance matters.

Payroll – EKHR also provides and manages a full Payroll provision for the Council and the other partner councils in the shared arrangement. This payroll service includes payment of staff, statutory and other deductions, production of interfaces to the general ledger, the production of statutory returns and liaison with statutory bodies. System security is managed within the team for all users.

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

Democratic Services

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

Chairman and Leader of the Council - The section provides secretarial and administrative support to the Leader of the Council and the Chairman of the Council. In addition, civic events organised by the Chairman to commemorate such events as Merchant Navy Day, Armed Forces Day and Commonwealth Day are organised by the section

Electoral Services

Electoral Services are responsible for the organisation and conduct of Parliamentary, Police and Crime Commissioner Elections, County Council, District Council and Parish Council elections and by-elections within the district. Electoral Services are also responsible for the conduct of local and national referenda, parish polls and reviewing polling districts and places. The costs incurred in the conduct of elections are met by the body concerned. The Council is obliged to appoint an officer of the Council to act as Returning Officer (RO) to undertake their statutory duties. The officer acts as Acting Returning Officer at Parliamentary Elections, the Deputy Returning Officer at County Council Elections and the Local Returning Officer at Police and Crime Commissioner Elections. The Council is also obliged to appoint an officer of the Council to act as Electoral Registration Officer (ERO) to undertake their statutory duties. The Electoral Services Team are responsible for maintaining the Register of Electors on behalf of the ERO throughout the year, which includes running a district wide canvass of all households from July to December each year.

FINANCE AND INVESTMENT

Financial Administration

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

Accountancy

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

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

Procurement, Creditors and Income

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

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

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

Affordable Housing Development

The Affordable Housing Development Team includes strategic housing and enabling, affordable housing delivery, community led housing and self-build housing, services and interconnects with many functions carried out by the Council's Planning service and Property Services sections.

Strategic Housing and Enabling - The Council's Strategic Housing service is responsible for developing an effective strategic approach which will help meet the housing needs in the district and contribute to the development of sustainable communities.

The strategic housing function plays an important role in enabling the provision of affordable housing in the district. This is through partnership working with other affordable housing providers such as Registered Providers, through development of new Council Housing stock, direct by the Council, and through liaison with developers to ensure affordable homes are delivered on new housing developments in line with Council Planning Policy.

The service plays an important role liaising with other Council services such as Development Management, Regeneration Delivery and Corporate Property Services as well as external agencies such as Homes England in order to secure new affordable housing in the district.

The service also provides input into a number of key partnerships which aim to deliver improved housing services both county-wide and locally. The Key Partnerships are with Homes England, with whom the Council is an Investment Partner, and with Kent Housing Group.

Affordable Housing Delivery - The Affordable Housing Delivery service was established in 2019 and expanded in 2020. The service exists to directly deliver new Council owned affordable housing. An initial target of a programme of 500 new homes has been approved by Cabinet and the first of these new homes have been completed.

The service predominantly delivers homes for affordable rent, but also delivers shared ownership homes, accessible properties, and interim homes for the homeless.

The Key Partnerships are with Homes England, with whom the Council is an Investment Partner, and with Kent Housing Group.

The service liaises closely with other Council services such as Housing Management, Housing Options, Planning, Property Services, Legal, Governance and Accountancy.

Housing Policy - The Housing Policy service was established in 2020 to provide support to all teams delivering housing services across the Council, in connection with the production of policy information and local and national monitoring returns. The service ensures that all statutory obligations are met in relation to the production of housing strategies and returns.

This service liaises closely with Housing Management, Housing Options, Private Sector Housing and the whole Affordable Housing Development service, and works in partnership with Kent Housing Group.

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

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

REGULATORY SERVICES

Public Protection

- **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. It also operates the National Food Hygiene Rating Scheme throughout the area, 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. A risk-based, targeted and proportionate approach to interventions and enforcement is utilised when ensuring compliance with the relevant Acts and Regulations.
- **Port Health** – Dover District Council is the Port Health Authority for Port of Dover. 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, to issue Ship Sanitation Certificates to demonstrate that such vessels are free from pests and to undertake a range of imported food controls. At the end of the EU exit transition period the Port Health function significantly increased and includes checks on Organic products, IUU fish products, Products of Animal Origin and High Risk Foods Not of Animal Origin.

Licensing

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

- Alcohol, public entertainment and late night refreshments, including Temporary events,
- Gambling,
- Private Hire and Hackney Carriages vehicles, drivers and operators,
- Animals - boarding and breeding establishments, Riding establishments, Zoo's, Pet Shops, Dangerous Wild animals,
- Beauty Treatments – Tattooing, piercing, acupuncture, electrolysis etc.
- Street Trading,
- Scrap Metal.

Environmental Protection

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

Environmental Crime

A team of uniformed and non-uniformed staff, combined with an external contractor seek to promote behavioural change through a range of enforcement and educative activities with the aim of creating a cleaner, safer and greener environment. The work of the team is

supplemented and enhanced by partnership working with Kent Police, KCC, Parish Councils etc. The principal focus of this team area is to tackle environmental crimes including:

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

Planning Enforcement

The team investigate breaches of planning control, including responding to complaints raised by interested parties, and taking formal enforcement action in appropriate cases. In addition, they deal with appeals to the planning inspectorate against enforcement notices, prosecute for non-compliance with notices and organise Direct Action where necessary. The team are also driving forward the Councils Town Centre Initiative s215 work which is seeking to improve the appearance and condition of Dover Town.

Private Sector Housing

Services provided by the Private Sector Housing team comprise:

- Tackling rogue landlords and improving the private rented sector through legal/formal action to require owners/landlords meet the minimum Health and safety requirements laid down in the Housing Act 2004 and other regulations.
- The licensing of Houses in Multiple Occupation.
- The provision of Mandatory Disabled Facilities Grants and other discretionary grants and loans to adapt homes for independent living.
- The provision of financial housing assistance to vulnerable owner occupiers living in substandard homes.
- The licensing of Caravan Sites.
- Bringing empty homes back into use

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

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

COMMUNITY AND DIGITAL SERVICES

Community Development

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

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

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

Community Safety

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

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

The Dover District Community Safety partnership is a group of agencies who come together to ensure Dover district remains a safe place to live, work and visit.

We have an excellent record of working together and Dover district is one of the safest places to live, work and visit in the county.

We are determined to continue to improve our performance and are confident that with the continued commitment of our partners and by improving our work within the communities, we will succeed in making Dover district a safer place.

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

Encampments, Events, Emergency Planning, Business Continuity and all Safeguarding issues (Child and Adult Protection) and the Disclosure and Barring Service checks within the authority.

CCTV

We have operated a Closed Circuit Television (CCTV) system since 1994. Cameras are strategically located around the town centres in Dover, Deal and Sandwich. The camera network is recorded 24 hours a day, 365 days a year.

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

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

CCTV has proved itself in recent years to be a powerful weapon in the continuing fight against crime, particularly when integrated with other crime reduction methods such as retail 'radio-link' systems.

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

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

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

Digital Services

The Digital Services Team shape and implement the Council's digital vision. Ensure the Council's websites meet customer needs and deliver business objectives to change behaviours and achieve channel shift. Influence the Council's approach to digital, using insight and analytics to understand the customer. Provide advice and guidance to ensure the Council's digital initiatives are aligned and customer focussed.

The Head of Community Services also acts as EKS ICT Client Officer.

HOUSING SERVICES

Housing Needs

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

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

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

The Council's strategic approach to addressing homelessness has recently been reviewed and the draft Homelessness and Rough Sleeping Strategy 2020-2024 is going to Cabinet in January 2021 for authority to consult. The document builds on past successes and existing partnerships across the Dover District, sets priorities that reflect our commitment to continue developing existing initiatives and an action plan for their achievement.

Housing Management

Dover District Council is the major social landlord in the district. At the time of writing, the HRA has 4,318 dwellings, made up of 2,681 houses and 1,637 flats.

On 20 February 2020 Cabinet confirmed their intention to withdraw from the contract with EKH and return the housing management service in house and on 1 October 2020 the service was successfully returned to the Council. Responsibility for tenancy management and property management / investment is now split between the Strategic Directors of Corporate Resources and Operations & Commercial with teams reporting to each. Housing management service delivery functions are the responsibility of the Strategic Director (Corporate Resources).

The in-house team deliver tenancy and estate management, income collection, resident involvement and anti-social behaviour case management services for tenants living in Dover District Council stock.

Officers at DDC have also assumed project management responsibility for the upgrade of the EKH single IT system to a cloud-based version and for its separation into four distinct contracts.

It is anticipated that EKH will be formally wound up and cease to exist as a legal entity at the end of March 2021.

SHARED SERVICES

EAST KENT AUDIT PARTNERSHIP

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

EK SERVICES

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

are outsourced by the East Kent Councils to Civica and EKS acts as a joint strategic client on behalf of the three East Kent Councils)

Revenues

Council Tax has to be calculated, billed and collected for over 52,000 dwellings within the district. Council Tax includes monies billed and collected for Dover District Council, Kent County Council, The Police & Crime Commissioner for Kent, Kent and Medway Fire and Rescue and the district's town and parish councils. The service target is to collect 96.84% of Council Tax in the financial year.

Business Rates / Non Domestic Rates (NDR) also have to be calculated, billed and collected for around 4,000 businesses in the district. NDR is distributed by the council to the Government, KCC, Police, Fire and Rescue. The service target is to collect at least 98.20% of NDR in the financial year.

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

Benefits

The service anticipates that it will pay out benefits and financial assistance to nearly 1,900 council tenants, over 2,800 private tenants and more than 9,200 council taxpayers. Universal Credit has been in place in the district since 2017, and the service will work with the Department for Work and Pensions (DWP) to move those claiming housing benefit to UC between 2020 and 2024.

Customer Services

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

ICT

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

A five year technology renewal plan is in place and also support to the Dover SIRO for information governance and compliance matters. ICT work closely with Dover District Council's procurement team to ensure that any hardware or technology systems that are purchased by the council are centrally managed by the ICT teams to ensure compliance with various national and local protocols such as Public Service Network compliance. ICT have a dedicated network and infrastructure security team who work closely with the Council Senior Information Risk Officer (SIRO) to ensure the councils information and systems remain secure.

Corporate Resources

Budget 2021/2022

Costs controlled by Head of Service							Recharges and Other Adjustments	
2020/21 Sub total	Description	FTE	Employees	Other Costs	Income	2021/22 Sub-total		Total
133,600	STRATEGIC DIRECTOR - CORPORATE RESOURCES	1.00	122,208	12,890	-	135,098	(135,098)	-
133,600	Total Strat Director Of Corporate Resources	1.00	122,208	12,890	-	135,098	(135,098)	-
107,170	HEAD OF FINANCE & INVESTMENT	1.00	99,370	8,980	-	108,350	(108,350)	-
572,640	ACCOUNTANCY TRADING ACCOUNT	10.00	437,706	160,370	(31,170)	566,907	(566,907)	-
172,750	PROCUREMENT, CREDITORS & INCOME	8.17	297,014	37,310	(89,290)	245,034	(245,034)	-
-	HOUSING DEVELOPMENT	6.00	262,032	7,360	(142,540)	126,852	(126,852)	-
147,920	SPECIAL FEES AND PAYMENTS	-	-	122,070	(5,000)	117,070	1,250	118,320
20,000	TREASURY MANAGEMENT	-	-	35,000	-	35,000	30,220	65,220
1,869,110	BCKFNDNG & OTHER PENSION COSTS	-	-	1,978,440	(69,890)	1,908,550	(2,001,740)	(93,190)
251,160	GRANTS TO VOLUNTARY ORGS	-	-	251,160	-	251,160	12,130	263,290
9,710	OFFICE TELEPHONES HLDG ACCOUNT	-	-	54,370	(54,370)	-	-	-
3,150,460	Total Finance and Investment	25.17	1,096,123	2,655,060	(392,260)	3,358,923	(3,005,283)	353,640
182,990	COMMUNITY AND ENGAGEMENT	1.00	165,702	24,730	-	190,432	(190,432)	-
313,560	DIGITAL SERVICES TEAM	9.00	351,579	54,530	(66,990)	339,119	(339,119)	-
512,440	COMPUTER SERVICES TRADING ACCT	0.00	-	390,160	-	390,160	(390,160)	-
408,090	COMMUNITY DEVELOPMENT TEAM	11.50	412,678	17,680	-	430,358	(430,358)	-
166,840	COMMUNITY SAFETY & CCTV TEAM	4.00	159,971	3,200	-	163,171	(163,171)	-
165,190	FUNDING & COMMUNICATIONS	4.00	198,661	8,470	-	207,131	(207,131)	-
-	BUSINESS CONTINUITY	-	-	-	-	-	12,640	12,640
-	COMMUNITY DEVELOPMENT	-	-	-	-	-	300,188	300,188
2,500	REGEN OFFICER AYLESHAM	-	-	2,500	-	2,500	46,190	48,690
6,170	INSPIRE FUND	1.00	24,436	200	-	24,636	1,550	26,186
-	AYLESHAM GARDEN VILLAGE	-	-	-	-	-	29,430	29,430
4,500	SPORTS STRTGY, IMPLMTN & GRNTS	-	-	4,500	-	4,500	-	4,500
79,180	CCTV	2.00	45,725	80,730	(3,500)	122,955	168,731	291,686
21,330	CRIME AND DISORDER	-	-	1,550	(22,000)	(20,450)	32,430	11,980
(19,450)	ANTI-SOCIAL BEHAVIOUR	-	-	12,140	-	12,140	77,532	89,672
39,760	CORPORATE PRESS & PUBLICITY	-	-	30,270	-	30,270	117,291	147,561
-	SE STRATEGIC PRTNP MIGRATION	-	-	-	-	-	440	440
1,883,100	Total Community and Digital Services	32.50	1,358,753	630,660	(92,490)	1,896,923	(933,949)	962,974

Costs controlled by Head of Service							Recharges and Other Adjustments	
2020/21 Sub-total	Description	FTE	Employees	Other Costs	Income	2021/22 Sub-total		Total
520	AUDIT TRADING ACCOUNT		-	250	-	250	(250)	-
162,670	CORPORATE INCOME COLLECTION		-	164,270	-	164,270	(164,270)	-
161,040	DDC @ YOUR SERVICE		-	162,880	-	162,880	(162,880)	-
393,420	COUNCIL TAX-COST OF COLLECTION		-	957,730	(557,660)	400,070	40,690	440,760
(34,610)	NNDR - COST OF COLLECTION		-	148,410	(185,000)	(36,590)	20,200	(16,390)
611,620	BENEFITS & SUBSIDIES		-	24,736,820	(24,162,290)	574,530	40,440	614,970
1,294,660	Total Shared Services	0.00	-	26,170,360	(24,904,950)	1,265,410	(226,070)	1,039,340
239,550	HEAD OF GOVERNANCE & LEGAL SVS	3.00	234,361	22,170	-	256,531	(256,531)	-
211,060	ELECTORAL SERVICES	5.00	231,654	10,800	-	242,455	(242,455)	-
199,920	DEMOCRATIC SERVICES	4.00	190,267	13,280	-	203,547	(203,547)	-
115,420	HUMAN RESOURCES TRADING ACCOUNT		-	72,750	-	72,750	(72,750)	-
423,360	LEGAL TRADING ACCOUNT	7.71	420,942	65,581	(25,700)	460,823	(460,823)	-
-	COUNCIL, CABINET & COMMITTEES		-	-	-	-	312,018	312,018
9,750	CHAIRMAN'S ACCOUNT		-	9,750	-	9,750	24,590	34,340
239,220	MEMBERS ACCOUNT		-	273,640	(3,250)	270,390	92,720	363,110
30,000	LEGAL FEES HOLDING ACCOUNT		-	30,000	-	30,000	-	30,000
-	ELECTIONS - ADMIN		-	-	-	-	160,700	160,700
100,230	ELECTORAL REGISTRATION		-	80,000	(500)	79,500	211,715	291,215
1,568,510	Total Governance	19.71	1,077,225	577,971	(29,450)	1,625,746	(434,364)	1,191,383
125,230	HEAD OF REGULATORY SERVICES	1.41	111,144	16,080	-	127,224	(127,224)	-
211,600	ENVIRONMENTAL CRIME	4.81	151,336	22,150	-	173,486	(173,486)	-
264,240	ENVIRONMENTAL PROTECTION	4.45	249,362	30,440	-	279,803	(279,803)	-
486,860	PUBLIC PROTECTION	6.00	329,590	12,590	-	342,180	(342,180)	-
291,220	PLANNING ENFORCEMENT	6.86	293,175	18,270	-	311,445	(311,445)	-
198,180	LICENSING ADMIN TRAD ACCOUNT	4.00	175,433	11,310	-	186,743	(186,743)	-
73,490	CORPORATE HEALTH & SAFETY	8.00	426,576	28,410	-	454,986	(454,986)	-
100	PEST CONTROL		-	100	-	100	23,650	23,750
13,900	ENV PROTECTION ENFORCEMENT		-	36,895	(20,350)	16,545	303,465	320,011
9,100	DOG CONTROL MEASURES		-	12,000	(2,200)	9,800	53,570	63,370
(5,250)	ENVIRONMENTAL CRIME		-	1,780	(22,000)	(20,220)	225,050	204,830
5,880	PLANNING ENFORCEMENT		-	5,610	-	5,610	334,525	340,135
19,720	FOOD SAFETY AND HYGIENE	1.00	60,433	5,800	(3,000)	63,233	134,210	197,443
-	HEALTH AND SAFETY AT WORK		-	-	-	-	146,370	146,370
(21,650)	PORT HEALTH	1.00	77,568	17,270	(32,850)	61,988	266,414	328,402
(97,980)	LICENSING		-	500	(77,000)	(76,500)	119,500	43,000
(20,070)	MISCELLANEOUS LICENSING		-	5,000	(19,070)	(14,070)	48,460	34,390
(17,490)	GAMBLING ACT 2005		-	-	(13,200)	(13,200)	24,720	11,520
(57,840)	HACKNEY CAR & PRIVATE HIRE		-	12,120	(74,850)	(62,730)	107,792	45,062
-	CALL OUT PAYMENTS - NOISE POLLUTION		-	500	-	500	-	500
2,935,030	Total Regulatory Services	37.53	1,874,616	236,826	(264,520)	1,846,922	(88,140)	1,758,782

Costs controlled by Head of Service							Recharges and Other Adjustments	
2020/21 Sub-total	Description	FTE	Employees	Other Costs	Income	2021/22 Sub-total		Total
194,910	STRATEGIC HOUSING	1.00	90,613	8,260	-	98,873	(98,873)	-
568,230	HOUSING NEEDS TRADING ACCOUNT	14.64	545,824	15,410	-	561,234	(561,234)	-
1,455,790	PRIVATE SECTOR HOUSING (incl. Renov'n Grants)	7.16	341,010	1,303,270	(42,130)	1,602,150	97,970	1,700,120
(21,070)	KENT HOMECHOICE	1.00	53,010	101,500	(168,640)	(14,130)	14,130	-
491,100	HOMELESSNESS	-	-	1,212,000	(911,000)	301,000	400,134	701,134
-	RENT DEPOSIT SCHEME	-	-	10,000	(10,000)	-	-	-
7,000	HOUSING STRATEGY	-	-	7,000	-	7,000	34,330	41,330
144,140	COMMUNITY HOUSING FUND	-	-	28,550	-	28,550	43,510	72,060
9,240	CHOICE BASED LETTINGS	-	-	13,810	-	13,810	-	13,810
2,849,340	Total Housing	23.80	1,030,456	2,699,800	(1,131,770)	2,598,486	(70,033)	2,528,453
13,086,805		139.71	6,559,381	32,983,567	(26,815,440)	12,727,508	(4,892,936)	7,834,571

STRATEGIC DIRECTOR OF OPERATIONS AND COMMERCIAL

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

COMMERCIAL SERVICES

Refuse and Recycling Collections

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

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

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

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

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

In addition to the weekly recycling and waste collections, the Council offers other related services such as, for example, the bulky waste collection service. This is available for residents who wish to arrange for larger items of waste to be collected for a small fee from their homes. The removal of abandoned vehicles is also administered by this section in accordance with the Refuse Disposal Amenities Act (1978).

Street Cleansing

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

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

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

Parking Services

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

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

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

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

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

Parks & Open Spaces

The Council has a substantial stock of parks, open spaces and sports grounds throughout the district including, for example, Kearsney Abbey and Connaught Park in Dover and Victoria Park in Deal. The areas provide for both active and passive leisure and include facilities such as skateboard parks, multi-use games areas, play areas, sports pitches, bowling greens and tennis courts in addition to areas for walking and quiet reflection. Grounds maintenance of the sites had been contracted out for many year’s but the Council decided in 2016 to insource the service and this work has been undertaken by a directly managed team from April 2017.

The Council has commissioned a range of strategies this year which includes; a Parks & Open Spaces Strategy, a Playing Pitch & Outdoor Sports Provision Strategy & a Play Area Strategy. This work will feed into the development of the Council’s overarching Green Infrastructure Strategy and support the revision of the District Local Plan. The various strategies will help

the Council to plan for future investment and provide a strategic approach to how it manages and delivers future projects.

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

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

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

Up on the Downs - project now completed

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

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

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

ASSETS & BUILDING CONTROL

This service is divided into a number of key areas:

Asset Management

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

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

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

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

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

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

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

Coast Protection - Under the Coast Protection Act 1949 the Council has powers to provide and maintain coastal defences to protect the land from erosion. The Government provides financial support to coast protection authorities by grant aiding capital schemes, with the approval processes being managed by The Environment Agency, but will not grant aid routine maintenance. Shoreline Management Plans for the coastal frontage have been produced and work is ongoing on implementing the recommendations of the Pegwell Bay to Kingsdown Coastal Strategy.

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

Facilities Management

The service covers a number of properties:

- **Dover Town Hall (Maison Dieu), Dover** - The main facilities at Dover Town Hall are the Stone Hall, Connaught Hall and the Council Chamber. There are also other smaller areas available for hire. The facilities are used for a variety of functions including wedding receptions, dinners, parties, dances, concerts, theatre, exhibitions, seminars, elections etc. but have been closed due to Covid the lease with Your Lease is due to be terminated in spring 2021 in order to facilitate major renovations and restoration of Burgess decorations and features. The Council was successful in the stage 2 bid to the Heritage Lottery Fund in September 2020, Enabling work is being undertaken prior

to commencement of the main NHLF project. which involves major renovations and improvements to the building.

- **Deal Pier** - The present Pier, the third on this site, was officially opened by the Duke of Edinburgh in 1957. It provides opportunities for walking and fishing and has an architectural award winning café at the seaward end, which has been operated very successfully by the new tenant Deal Pier Kitchen Ltd since January 2019. There are two small shops at the entrance. The Pier itself is managed directly by the Council. Substantial maintenance works including concrete repairs, replacement seating, resurfacing of the stem, refurbishment of the pier head buildings, reglazing the shelters on the stem were undertaken during 2018 & 2019. The pier stem lighting is due to be replaced in 2021. Together these improvements have transformed the appearance of the pier and visitor experience.
- **Leisure Centres** – The new Dover District Leisure Centre at Whitfield opened in February 2019 and Places Leisure have reported that both membership levels and visits to the asset are both significantly higher than projections. The centre has been warmly welcomed by the community. The Old Dover Leisure Centre is closed awaiting demolition in early 2020. Tides Leisure and Indoor Tennis Centre provides a wide range of facilities including a beach effect leisure pool with waterslides, ancillary pools, and other features, a four-court sports hall, fitness/health suite and a cafeteria. The Indoor Tennis Centre is an LTA Beacon status site, recognising it's high quality and affordable community tennis programmes. The impact of Covid has been very significant for the leisure industry and Tides and Dover Leisure Centre are no exception the long term impacts are not known at the time of providing this report.

Building Control

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

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

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

Housing Maintenance

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

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

The first priority is to regain full control of the various aspects of health and safety compliance matters, such as electrical safety. A huge amount of hard work from the whole team has seen very significant improvements and there are robust plans in place to complete the job in 2021, captured in the voluntary undertaking that Dover District Council agreed with the Regulator for Social Housing in January 2021.

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

A pilot study involving the refurbishment of the external walls, windows, roof coverings and rainwater goods of houses in Aycliffe will complete in 2021 and will then be evaluated to see if this new approach to planned maintenance delivers cost savings and better outcomes for the tenants concerned.

INWARD INVESTMENT AND TOURISM

The Inward Investment Service and Tourism Service is responsible for attracting funding and private sector investment into the district to aid and support the growth and regeneration agenda identified in the Council's Corporate Plan while also being responsible for the developing tourism role. In addition, the Inward Investment Service and Tourism Service is also engaged on a number of the Council's direct project and strategic ambitions while supporting the Council's role in a number of external regeneration partnership and funding organisations. The Inward Investment and Tourism Service also provides assistance to strategic transportation and planning activities while identifying and implementing opportunities to also promote a positive image for the locality through the regeneration, growth and tourism and visitor agenda.

MUSEUM & TOURISM SERVICES

Dover Museum

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 are open free to the public. It operates a successful schools programme and works with young people, traditionally a hard to reach group for museums, to make the museum more relevant to them, and a team of volunteers is implementing a new collections plan relating to the national museums accreditation scheme. The museum is currently undertaking a project to relocate its reserve collections from the Maison Dieu to a new store. Staff at the museum are working on the Dover Town Hall NLHF project and the Urban Archaeological Database.

Tourism & Visitor Economy

This Dover District Council service is the destination management & marketing organisation for the Dover District (including the character towns of Deal, Dover, Sandwich and wider

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

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

Following Dover District Council's new 'Destination White Cliffs Country – Growth Strategy for Tourism and the Visitor Economy 2020 to 2030¹', the Corporate Plan 2020-2024 (Corporate Objective 1: Regeneration – Tourism & Inward Investment) and emerging Local Plan 2020 to 2040, this function has specific responsibility to deliver a diverse range of promotional, engagement and placemaking projects, as well as to provide a clear vision and direction for the district, creating a vibrant destination where everyone is recognised as a visitor and where tourism is everyone's business.

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

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

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

PLANNING, REGENERATION AND DEVELOPMENT

Development Management (Regeneration Projects)

Contribute to the realisation of major projects and other significant schemes, including resolution of any conflict between corporate aspirations and planning principles and policies, collaborative working and project management. Work closely with the Inward Investment Team.

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

Development Management (General / Other)

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

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

Local Land Charges

The section is responsible for local land charges. Duties include the maintenance of the Local Land Charges Register, liaison with other departments regarding the correct registration and removal of charges, acceptance, compilation and return of local land charges searches and liaison with departments for replies associated with personal searches. The Land Charges team maintains comprehensive background records of charges recorded within the Land Charges Register.

Local Plans, Infrastructure and Heritage

This Section brings together the Development Plan work that sets out the future of the District. The primary focus for the team is to prepare a District Local Plan, which will cover the period up to 2040. This has involved undertaking an assessment of the areas of land that have come forward for development under the 'Call for sites', refreshing Dover Transportation Study, developing a Deal Transportation Model, and updating a number of open space strategies and preparation of the rest of the detailed evidence base to support the plan. An Infrastructure Delivery Plan is also being prepared to support the implementation of the plan,.

The Council's existing Adopted Core Strategy establishes the Council's objectives and policies for the future pace, scale, location and quality of development over a 20 year period (up until 2026) and is closely allied to the Corporate Plan and Community Strategy. The production of a Local Plan involves information gathering, monitoring and research. The implementation of the Local Plan is reported each year in the form of an Authority Monitoring Report.

Other work in the Section includes, monitoring the payments pursuant to S106 Agreements, processing Listed Buildings applications and the implementation of the District Council's Heritage Strategy by empowering local groups to prepare Conservation Area Character Appraisals.

The Section promotes the Council's interests and is deeply engaged in the District regeneration agenda. It is also heavily involved in supporting the Council's major regeneration projects and related research, strategies and corporate priorities that are carried out by other services.

The overall objective is to bring focus to the Council's regeneration activities particularly in Dover Town Centre and to 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.

Landowner Projects

The section also has responsibility for assisting with 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 either the Local Plan or planning application processes.

Support Services

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

Operations and Commercial

Budget 2021/2022

Costs controlled by Head of Service							Recharges and Other Adjustments	
2020/21 Sub-total	Description	FTE	Employees	Other Costs	Income	2021/22 Sub-total	Total	
182,870	STRAT DIRECTOR - OPS & COMM	2.81	208,338	12,480	-	220,818	(220,818)	
182,870	Total Strategic Director (Operations & Commercial)	2.81	208,338	12,480	-	220,818	(220,818)	
1,004,420	PROPERTY SERVICES	24.26	1,191,916	83,250	(60,100)	1,215,066	(1,215,066)	
3,580	PROPERTY MAINTENANCE TEAM	5.00	145,231	(137,120)	-	8,111	42,640	
492,710	OFFICE ACCOMMODATION-WHITFIELD	0.61	13,392	431,250	(2,300)	442,342	(492,592)	
68,200	THE DOVER GATEWAY (CASTLE ST)	-	-	73,410	(5,000)	68,410	(68,410)	
7,700	MAISON DIEU PREMISES	-	-	10,940	(3,500)	7,440	(7,440)	
-	PROPERTY SERVICES HRA	23.00	1,011,737	8,860	-	1,020,597	(1,020,597)	
7,360	CIVIC CAR	-	-	6,880	-	6,880	(930)	
77,380	PUBLIC CONVENIENCES	-	-	182,699	(105,000)	77,699	68,780	
(43,290)	COAST PROTECTION	-	-	180	(25,800)	(25,620)	321,910	
1,200	SECTION 38	-	-	931	-	931	830	
63,000	STREETLIGHTING AND NAMING	-	-	143,000	(80,000)	63,000	97,480	
-	COUNTRYSIDE AND WATERWAYS	-	-	-	-	-	4,310	
16,690	BUS SHELTERS	-	-	16,900	-	16,900	5,760	
950	PRECINCTS-DEAL AND DOVER	-	-	771	-	771	12,760	
-	ENVIRONMENTAL IMPROVEMENTS (DEPRECIATION ONLY)	-	-	-	-	-	4,360	
(358,050)	GARAGES GF	-	-	57,950	(416,000)	(358,050)	193,800	
(51,990)	SHOPS & SHOWROOMS GF	-	-	1,950	(73,500)	(71,550)	48,200	
22,850	55-61 CASTLE STREET (FORMER CO-OP)	-	-	44,100	(19,000)	25,100	30,630	
(322,260)	WHITFIELD COURT	-	-	57,127	(349,800)	(292,673)	44,550	
(973,720)	B&Q RETAIL WAREHOUSE	-	-	11,130	(1,067,970)	(1,056,840)	4,160	
(213,410)	MISC PROPERTIES-GENERAL	-	-	39,073	(236,270)	(197,197)	652,439	
-	RELOCATION OF TRAVELLERS	-	-	-	-	-	2,860	
119,810	HALLS-TOWN HALL DOVER	-	-	215,340	(170,000)	45,340	641,440	
530	TIMEBALL TOWER, DEAL	-	-	410	(410)	-	14,570	
420	PUBLIC CLOCKS AND MEMORIALS	-	-	345	-	345	1,270	
(24,440)	DOLPHIN HOUSE	-	-	68,950	(94,260)	(25,310)	25,310	
-	ENERGY EFFICIENCY GRANTS	-	-	-	-	-	33,300	
(58,480)	BEACHES AND FORESHORES	-	-	19,256	(79,330)	(60,074)	47,860	
94,070	DEAL PIER	4.05	122,554	67,870	(79,020)	111,404	116,110	
(8,720)	SANDWICH QUAY	-	-	5,583	(14,300)	(8,717)	24,170	
(16,000)	PROPERTY SERVICES EVENTS	-	-	5,000	(21,000)	(16,000)	13,610	
13,850	BUILDING CONTROL	5.04	306,935	41,130	(331,000)	17,065	165,800	
(724,750)	DOVER LEISURE CENTRE	-	-	31,421	(876,774)	(845,353)	671,220	
117,410	DEAL LEISURE POOL-TIDES	-	-	120,377	-	120,377	476,030	
1,700	DEAL TENNIS CENTRE	-	-	2,230	-	2,230	86,600	
465,900	CORPORATE MAINTENANCE	-	-	500,900	-	500,900	-	
9,530	DEPOTS	-	-	9,870	(1,590)	8,280	21,650	

Costs controlled by Head of Service								
2020/21 Sub-total	Description	FTE	Employees	Other Costs	Income	2021/22 Sub total	Recharges and Other Adjustments	Total
(205,850)	Total Assets & Building Control	61.96	2,791,765	2,121,964	(4,111,924)	801,804	1,069,374	1,871,178
104,120	HEAD OF COMMERCIAL SERVICES	1.00	96,450	11,800	-	108,250	(108,250)	-
75,490	TRANSPORT & PARKING MANAGER	1.00	69,195	8,150	-	77,346	(77,346)	-
211,690	PARKS & OPEN SPACES ADMIN	4.76	263,774	9,040	-	272,814	(272,814)	-
(419,480)	GROUNDS MAINTENANCE TEAM	25.35	655,724	232,100	(1,035,619)	(147,795)	147,796	-
134,520	PARKING SERVICE ADMINISTRATION	3.00	113,252	32,830	-	146,082	(146,082)	-
508,110	PARKING OPERATIONS & ENFORCMENT	15.49	450,783	40,520	-	491,303	(491,303)	-
188,600	WASTE SERVICES TRADING ACCOUNT	6.00	258,030	33,300	(85,000)	206,330	(206,330)	-
-	PARKS FOR PEOPLE-KEARSNEY	1.81	12,691	21,340	-	34,031	1,040	35,071
-	A/C BODY RCHG-SRB,S/START,WCCP		-	-	-	-	39,030	39,030
(23,090)	WHITE CLIFFS COUNTRYSIDE PROJ	5.50	178,618	95,030	(278,738)	(5,090)	5,090	-
-	WCCP-SAMPHIRE HOE	2.00	64,148	31,690	(95,838)	-	-	-
-	WCCP - ROMNEY MARSH PROJECT	1.00	30,189	9,350	(39,539)	-	-	-
-	WCCP-WILDLIFE/SITE SURVEY		-	16,692	(16,692)	-	-	-
-	OFFICE MANAGER AND ADMIN	2.00	111,520	(160,922)	(2,348)	(51,750)	51,750	-
-	DOVER SITES MANAGEMENT		-	15,255	(15,255)	-	-	-
-	SHEPWAY SITES MANAGEMENT	1.00	15,000	22,705	(37,705)	-	-	-
-	FOLKESTONE DOWNS		-	13,334	(13,334)	-	-	-
-	RIVER DOUR		-	550	(550)	-	-	-
-	DUNGENESS (EDF ENERGY)	2.00	69,622	31,637	(101,259)	-	-	-
-	FORT BURGOYNE	0.60	20,460	9,653	(30,113)	-	-	-
-	OUR FINEST DOUR PROJECT	1.00	21,209	4,590	(25,799)	-	-	-
67,310	CEMETERIES		-	195,879	(125,000)	70,879	147,090	217,969
62,900	CLOSED CHURCHYARDS		-	52,396	-	52,396	52,890	105,286
692,300	PARKS AND OPEN SPACES		-	605,250	(40,720)	564,530	289,854	854,384
5,510	KEARSNEY PARKS		-	-	-	-	13,790	13,790
13,310	CAR PARKS-SURFACE FREE		-	12,666	-	12,666	45,370	58,036
(1,424,180)	CAR PARKS-SURFACE PAYING		-	368,121	(1,819,710)	(1,451,589)	317,440	(1,134,149)
(749,920)	CAR PARKS - ON STREET		-	66,250	(818,400)	(752,150)	603,955	(148,195)
1,195,690	REFUSE COLLECTION		-	1,871,150	(127,930)	1,743,220	138,461	1,881,680
332,300	RECYCLING		-	1,922,600	(1,073,000)	849,600	126,310	975,910
-	FHDC WASTE CONTRIBUTION		-	5,060,000	(5,060,000)	-	-	-
-	KCC WASTE CONTRIBUTION		-	1,000,000	(1,000,000)	-	-	-
1,699,040	STREET CLEANSING		-	1,886,406	(63,500)	1,822,906	114,520	1,937,427
5,340	KEARSNEY PARK CAFÉ	7.72	205,624	69,380	(292,204)	(17,200)	41,000	23,800
2,679,560		81.23	2,636,290	13,588,742	(12,198,253)	4,026,779	833,260	4,860,039

Costs controlled by Head of Service								
2020/21 Sub-total	Description	FTE	Employees	Other Costs	Income	2021/22 Sub total	Recharges and Other Adjustments	Total
695,760	REGENERATION DELIVERY TRADING	11.12	619,067	52,630	(6,900)	664,797	(664,797)	-
1,079,230	DEVELOPMENT MANAGEMENT TRADING	22.73	904,786	61,170	-	965,956	(965,956)	-
(647,780)	DEVELOPMENT MANAGEMENT		-	157,740	(925,200)	(767,460)	1,452,156	684,696
-	FARTHINGLOE PROJECT		-	-	-	-	2,310	2,310
-	AYLESHAM DEVELOPMENT		-	32,000	(32,000)	-	-	-
3,000	PLANNING DELIVERY GRANT		-	3,000	-	3,000	4,640	7,640
470	CONSERVATION & HERITAGE		-	490	-	490	109,750	110,240
-	BROWNFIELD REGISTER		-	-	-	-	9,280	9,280
3,000	DOVER DISTRICT DEVELOPM'T PLAN		-	4,000	-	4,000	483,297	487,297
250	OTHER REGENERATION PROJECTS		-	250	-	250	162,330	162,580
-	WATERFRONT DEVELOPMENT		-	-	-	-	950	950
(157,140)	LOCAL LAND CHARGES		-	10,790	(160,000)	(149,210)	186,090	36,880
	OPS & COMMERCIAL SPECIAL REVENUE PROJECTS		-	3,500	-	3,500	-	3,500
976,790		33.85	-	325,570	(1,124,100)	725,323	780,050	1,505,373
371,960	MUSEUM HERITAGE & TOURISM ADMIN	7.78	-	2,450	-	253,276	(253,276)	-
182,020	STRATEGIC TOURISM TRADING ACCOUNT	6.02	-	1,740	-	279,955	(279,955)	-
140,360	DOVER MUSEUM		-	200,893	(60,620)	140,273	500,926	641,200
17,220	MUSEUMS-BRONZE AGE BOAT-EXHIBT		-	18,060	(800)	17,260	46,690	63,950
4,900	DOVER MUSEUM SCHOOLS		-	23,900	(19,000)	4,900	24,010	28,910
-	MUSEUM - BEQUEST WORK		-	1,690	-	1,690	-	1,690
270	CHANNEL SWIMMING		-	280	-	280	-	280
70,250	MUSEUM COLLECTION STORAGE	3.00	56,318	66,840	-	123,158	2,250	125,408
2,150	GRAND SHAFT-WESTERN HEIGHTS		-	1,577	-	1,577	4,120	5,697
161,280	TOURISM DEVELOPMENT		-	90,030	-	90,030	338,642	428,672
18,330	VIC GRANTS & HISTORIC PANELS		-	20,330	-	20,330	23,700	44,030
-	CRUISE WELCOME OPERATION		-	4,000	(4,280)	(280)	-	(280)
-	OPEN GOLF EVENT		-	17,670	-	17,670	96,850	114,520
968,740		16.80	585,360	449,460	(84,700)	950,120	503,957	1,454,077
4,602,110		196.65	7,745,606	16,498,216	(17,518,978)	6,724,844	2,965,823	9,690,667

Earmarked General Reserves (MTFP Forecast)

	Closing Balance 2019/20 £000	Contribution 2020/21 £000	Application 2020/21 £000	Closing Balance 2020/21 £000	Contribution 2021/22 £000	Application 2021/22 £000	Closing Balance 2021/22 £000	Contribution Future Years £000	Application Future Years £000	Closing Balance Future Years £000
1 General Fund Balance	-2,565	-7	0	-2,572	0	500	-2,072	0	27	-2,045
2 Special Projects & Events	-5,940	-325	1,847	-4,417	-620	2,282	-2,756	-1,800	193	-4,363
3 Periodic Operations Reserve	-9,610	-1,041	2,713	-7,938	-292	2,430	-5,801	-432	3,685	-2,548
4 Dover Regeneration Reserve	-3,530	-518	997	-3,051	-226	1,571	-1,707	-1,083	481	-2,309
5 Dover Regeneration Reserve	-705	-754	731	-728	-115	338	-505	-345	675	-175
6 Business Rates & Council Tax Support	-1,582	-5,115	0	-6,697	0	5,661	-1,036	0	821	-216
7 District Regen & Economic Dev Reserve	-11,867	0	7,084	-4,783	0	1,918	-2,866	0	1,918	-948
Earmarked Reserves Total	-33,235	-7,752	13,372	-27,615	-1,254	14,198	-14,670	-3,660	7,771	-10,559
Total Revenue Reserves	-35,799	-7,759	13,372	-30,186	-1,254	14,698	-16,742	-3,660	7,798	-12,603

EARMARKED RESERVES

The following earmarked reserves are held:

1. General Fund Balance

The General Fund Balance is forecast to remain above the £2m preferred level in 2021/22. The forecasts for future years show the General Fund Balance being maintained above £2m if action is taken to deliver the target budget reductions. It is considered that at this time there are sufficient other earmarked reserves to support the council while the Council continues to address future budget pressures.

2. Special Projects & Events Reserve

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

3. Periodic Operations Reserve

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

4. Regeneration Reserve

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

5. Digital & ICT Equipment & Servers

The Digital & ICT Equipment & Servers reserve is held in order to support the requirements of the current and future digital strategies. The contributions and applications from this reserve are detailed in the Digital & ICT project summary (Annex 6D). Approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

6. Business Rates & Council Tax Support Reserve

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

7. Dover Regeneration & Economic Development Reserve

The £12.5m transferred from the Housing Revenue Account to the General Fund in 2013 is held in this reserve. The reserve has been allocated to fund the new Dover District Leisure Centre and as matching funding to the Dover Town Hall lottery funded project.

Housing Revenue Account - Draft Budget 2021/22 as at 21/01/21

	<i>19/20 Actual</i>	<i>Original Budget</i>	<i>2021/22 Proposed Budget</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
INCOME			
Dwelling Rents	(18,600)	(19,510)	(19,594)
Non-dwelling Rents	(20)	(19)	(19)
Tenant Charges for Services and Facilities	(668)	(656)	(726)
Leaseholder Charges for Services and Facilities	(264)	(240)	(240)
Conts. towards Expend. - Grants for Supporting People	0	0	0
TOTAL INCOME	(19,552)	(20,424)	(20,579)
EXPENDITURE			
Repairs and Maintenance	3,037	3,461	3,982
Supervision and Management	4,639	4,765	4,848
Rents, Rates, Taxes and Other Charges	27	23	23
Negative Subsidy Entitlement (Incl MRA)	0	0	0
Self Financing Settlement Determination	0	0	0
Depreciation of Fixed Assets	2,090	2,069	2,147
Impairment of Fixed Assets	0	0	0
Revaluation Gain - rev of pr yr loss	0	0	0
Debt Management Expenses	34	37	39
Bad Debt Provision	87	250	250
Rent Rebate Subsidy Limitation	4	0	0
TOTAL EXPENDITURE	9,917	10,604	11,289
NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT	(9,635)	(9,820)	(9,290)
HRA Share of Corporate and Democratic Core	458	470	908
HRA share of other amounts not allocated to specific services	175	0	0
NET COST OF HRA SERVICES	(9,002)	(9,350)	(8,382)
(Gain)/Loss on Sales of HRA Fixed Assets	(1,296)	0	0
Interest Payable and Similar Charges	2,543	2,532	2,869
Amortisation of Premiums & Discounts	0	0	0
Interest and Investment Income	(18)	(18)	(14)
Pension Int Costs and expected return on pensions assets	313	314	328
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(7,460)	(6,523)	(5,199)
Amount required by statute to be credited to the HRA Balance for the year (as per the Note to the Statement of Movement below) **	7,997	12,263	6,004
Net (Increase)/Decrease in the Housing Revenue Account Balance before transfers to or from reserves	537	5,741	805
Transfer (from) reserves	(3,591)	(7,634)	(775)
Transfer to reserves	3,060	1,833	0
(Increase)/decrease in year on the HRA balance	6	(60)	30

Impact of Deficit / (surplus) on balances			
Housing Revenue Account surplus brought forward	(1,033)	(1,027)	(1,027)
Housing Revenue Account surplus carried forward	(1,027)	(1,027)	(997)

** Note to the Statement of Movement on the HRA Account			
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year			
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Net Charges made for retirement benefits in accordance with IAS19	469	430	439
(Gain)/loss on sale of HRA fixed asset	1,296	0	0
	1,765	430	439
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year			
Transfer to/(from) the Major Repairs Reserve	2,539	2,606	2,567
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(488)	(314)	(328)
Capital expenditure funded by the HRA	4,181	9,541	3,325
	6,232	11,833	5,565
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	7,997	12,263	6,004

FOUR YEAR REVENUE BUDGET FINANCIAL PROJECTION

Notes	2020/21 Projected Outturn £000	2021/22 Forecast £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000
1	(20,424) Income	(20,579)	(20,579)	(20,579)	(20,579)
	Income Adjustments				
2	Rent increases at CPI + 1% from 2020/21		(490)	(992)	(1,507)
3	Impact of Right to Buy sales on rental income		27	54	82
4	Forecast rent from new stock		(356)	(712)	(1,161)
5	Inflation on leasehold & service charges		(19)	(39)	(59)
	(20,424) Total	(20,579)	(21,417)	(22,268)	(23,224)
6	11,074 Expenditure	12,197	12,197	12,197	12,197
	Expenditure Adjustments				
7	Repairs and Maintenance (2% inflation & add properties)		3,265	3,460	3,658
8	Supervision and Management (2% inflation & add properties)		147	297	450
9	Other Misc expenditure inflation		19	39	59
	11,074 Total	12,197	15,628	15,993	16,365
10	15,091 Other Charges	9,187	9,187	9,187	9,187
11	Increase of capital spend on Works programme		(611)	(478)	(345)
12	Pension backfunding increase				
13	Annual borrowing allowance for capital projects		(57)	(114)	(169)
	15,091 Total	9,187	8,519	8,595	8,673
14	(7,634) Transfer from Housing Initiatives reserve	(775)	(2,775)	(2,325)	(1,825)
15	1,833 Transfer to Housing Initiatives reserve	0	0	0	0
16	(60) NET (SURPLUS) / DEFICIT	30	(46)	(6)	(12)
	Impact on Reserves :-				
	Projected HRA Balance				
	(1,027) Opening balance	(1,088)	(1,058)	(1,104)	(1,110)
17	(1,088) Closing Balance	(1,058)	(1,104)	(1,110)	(1,122)
	Projected Housing Initiatives Reserve Balance				
	(13,438) Opening balance	(13,773)	(12,998)	(10,222)	(7,897)
	(1,833) Contribution to reserve	0	0	0	0
	1,498 Proposed application of reserve	775	2,775	2,325	1,825
18	(13,773) Closing Balance	(12,998)	(10,222)	(7,897)	(6,071)

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1** The gross income budget is taken from the 2020/21 budget at Annex 5.
- 2** Following the rent reduction period the Government has advised that rent increases will return to levels of CPI plus 1%.
- 3** Right to Buy sales have a negative impact on rent income. Based on current levels this has been assumed to reduce rent income by 0.2% per annum.
- 4** Additional income forecast as a result of the proposed increases in stock from the Housing Initiatives projects.
- 5** It is assumed that tenant service charges will increase in line with inflation.
- 6** The gross expenditure budget is taken from the 2020/21 budget at Annex 5.
- 7** It is assumed that repairs & maintenance expenditure will increase in line with inflation.
- 8** It is assumed that supervision & management expenditure will increase in line with inflation.
- 9** Inflationary increases on other expenditure areas.
- 10** Other charges are taken from the 2020/21 budget at Annex 5. These include, capital works, interest payable & receivable & pension charges.
- 11** The 2020/21 budget includes the Housing Initiatives capital projects based on the current programme. The current commitments result in a reduction in spend in future years, this will be reviewed and updated on an on-going basis.
- 12** The HRA share of the Authority's pension deficit is assumed to increase by 5% per annum in line with the Actuary's forecasts.
- 13** The current level of proposed budget for restorative measures on DDC owned stock from the Housing Initiatives Reserve is above the forecast level of the HIR so there is borrowing of £17m over 40 years as of 2019/20
- 14** The level of funding of projects from the Housing Initiatives reserves based on the current programme & forecasts.
- 15** The annual transfer to the Housing Initiatives reserves to support future projects.
- 16** Forecast (surplus) / deficit.
- 17** Forecast HRA Balance.
- 18** Forecast Housing Initiatives Reserve Balance.

HRA Housing Development Projects

	Total Project Cost £000	Prior years spend £000	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000
Foxborough Close (2)	459	38	30	296	95	0
Property purchases (90)	13,893	7,853	1,540	1,500	1,500	1,500
Interim Housing - Kimberley Close (16)	1,093	29	300	764	0	0
Interim Housing - Stockdale Gardens (8)	1,162	30	300	832	0	0
Interim Housing - Barwick Road (24)	4,580	120	0	1,460	3,000	0
William Muge & Snelgrove (65)	14,700	7,323	7,377	0	0	0
113 Folkestone Road Development (8)	1,037	96	942	0	0	0
Proposed Housing Developments (24)	9,000	0	0	3,000	3,000	3,000
Whitfield 1A - (26)	5,000	0	0	1,000	3,000	1,000
Salvatori Land (c12)	1,500	0	0	750	750	0
Total Housing Projects			10,488	9,602	11,345	5,500
<u>Financed By:</u>						
Capital Receipts			6,520	0	0	0
Borrowing			2,211	7,189	9,900	4,150
Excess Right to Buy			1,157	1,367	1,350	1,350
Grant & S106 Funding			600	296	95	0
Housing Initiatives Reserve			0	750	0	0
Sub total	52,425	15,490	10,488	9,602	11,345	5,500

	ACTUAL 2019/20 £000's	ORIGINAL BUDGET 2020/21 £000's	PROJECTED OUTTURN 2020/21 £000's	PROPOSED BUDGET 2021/22 £000's
REVENUE WORKS PROGRAMME				
Term Maintenance	1,100	1,150	1,150	1,250
External Decorations	85	450	450	450
Drainage Works	2	2	2	3
Communal TV Aerials Works	6	15	15	15
Window Repairs	200	200	200	200
Elderly Persons Redecorations	25	25	25	25
Estates Paths, Pavings, Floor Resurfacing	35	70	70	70
Insurance Excess/Storm Damage	2	7	7	7
Vandalism	2	4	4	4
Electrical Safety Inspections & Works	190	50	50	275
Health and Safety Water Inspections & Works	100	25	25	100
Void Properties	700	700	700	800
Heating Servicing & Inspections	650	510	510	540
Lift Maintenance & Inspections	11	11	11	20
Disabled Hoists & Lifts	10	10	10	10
Fire Alarm Servicing & Inspections	80	80	80	60
Door Entry	15	30	30	19
Tenant Compensation	3	3	3	15
Tenants Compact - Dover / Deal / Sandwich & Rural	1	0	0	50
Environmental Improvements	100	100	100	50
TOTAL REVENUE WORKS PROGRAMME	3,316	3,441	3,441	3,962

	ACTUAL 2019/20 £000's	ORIGINAL BUDGET 2020/21 £000's	PROJECTED OUTTURN 2020/21 £000's	PROPOSED BUDGET 2021/22 £000's
CAPITAL WORKS PROGRAMME				
<u>HOUSING REVENUE ACCOUNT SCHEMES</u>				
IMPROVEMENTS				
Reroofing	255	430	806	500
Replacement Doors and Windows	435	375	375	250
Door Entry System Installations	10	50	20	50
Fire Precaution Works	300	350	1,200	200
Heating Renewals	378	700	775	735
Thermal Insulation	10	10	-	10
Asbestos Inspection & Works Programme	320	230	180	200
Structural Repairs	120	80	110	300
Electrical Rewiring Programme	200	300	400	25
Kitchen Replacement Programme	550	555	555	400
Lift Refurbishment	33	40	-	50
Bathroom Replacement Programme	350	355	355	350
Adaptations for Disabled Persons	350	400	148	350
Restorative & Carbon Neutral Programme	-	-	-	1,000
Play areas	-	51	-	-
Provision for ICT	28	-	-	-
Proposed Capital ICT Projects	-	360	360	-
Capital Works Programme Total	3,339	4,286	5,284	4,420
Financed By:				
Major Repairs Reserve	2,616	2,606	2,606	1,845
Direct Revenue Financing (HRA)	723	1,680	2,678	2,575
Total Financed By (Capital Works)	3,339	4,286	5,284	4,420
FULL PROGRAMME TOTAL	6,655	7,727	8,725	8,382

MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - 2020/21 - FEBRUARY 2021 OUTTURN

Projects included in the programme	APPROVED BUDGET	PROPOSED BUDGET					
	Total £000	Previous years £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Future Years £000	Total £000
Committed General Fund Projects							
Doover Regeneration Projects							
DTIZ - Waterfront	1,038	904	134	0	0	0	1,038
DTIZ Growth Point - Unallocated Grant Funding	87	0	87	0	0	0	87
Bus Rapid Transit project (BRT)	16,220	316	999	9,261	6,943	0	17,520
Dover Market Square public realm improvements	2,791	0	200	2,591	0	0	2,791
Cable Car project	0	0	35	0	0	0	35
Sub total	20,137	1,221	1,456	11,853	6,943	0	21,472
Other Regeneration Projects							
Aylesham Regeneration Project	1,604	1,557	46	0	0	0	1,604
Discovery Park - Grant no.2 (100% grant funded)	2,722	0	0	2,722	0	0	2,722
Building Foundations for Growth Grant - unallocated funding	21	0	0	21	0	0	21
Sub total	4,347	1,557	46	2,743	0	0	4,347
ICT Projects							
New Financial System	400	317	83	0	0	0	400
New Corporate Software & Hardware	437	268	169	0	0	0	437
Sub total	837	586	252	0	0	0	837
Other projects							
Disabled Facilities Grants:-							
Mandatory Disabled Facilities Grants	1,759	n/a	800	1,133	0	0	1,933
Winter Warmth Grants	50	n/a	50	0	0	0	50
Renovation Grants	5	n/a	5	0	0	0	5
Renovation/PSH Loans	93	n/a	93	0	0	0	93
Empty Homes Loans	115	n/a	115	0	0	0	115
Sandwich Guildhall Forecourt improvement works	0	0	20	280	100	0	400
Tides LC refurbishment	1,120	758	72	130	130	30	1,120
Dover Museum & Bronze Age Boat - Essential Works	276	48	8	220	0	0	276
Whitfield Offices - Capital Works	220	197	23	0	0	0	220
Dover Town Hall-Urgent Repairs	550	134	116	300	0	0	550
Sandwich Quay - dredge & install fenders	50	39	11	0	0	0	50
Deal Pier - Capital Works	1,363	1,134	39	190	0	0	1,363
DTIZ enhancement works	120	120	0	0	0	0	120
Kearsney Café fit-out	100	0	100	0	0	0	100
CCTV upgrade & relocation / Town Centre WIFI	280	276	4	0	0	0	280
Maison Dieu restoration (Dover Town Hall)	722	567	155	0	0	0	722
Maison Dieu major restoration works(Dover Town Hall) - Delivery Phase	65	0	65	4,723	4,723	0	9,510
Street-lighting works	935	559	376	0	0	0	935
Deal Beach Management 2015-20 (100% grant funded)	1,750	367	912	471	0	0	1,750
Parks for People - Kearsney Abbey & Russell Gardens	3,261	2,260	1,001	0	0	0	3,261
Dover Leisure Centre - new facility provision	26,200	25,891	309	0	0	0	26,200
Old Dover Leisure Centre demolition	600	166	434	0	0	0	600
New museum storage facility	750	0	0	750	0	0	750
Property Acquisition - 3 - 55-61 Castle St	1,398	694	0	0	0	0	694
Sub total	41,781	33,209	4,708	8,197	4,953	30	51,096
Sub total of Committed General Fund Projects	67,102	36,573	6,462	22,793	11,896	30	77,753
General Fund Projects - Proposed Projects							
Capital Contingency	106	0	106	0	0	0	106
Sandwich Guildhall Forecourt improvement works	0	0	0	650	0	0	650
Victoria Park-Play Area (S106 funded)	37	0	0	0	37	0	37
St Margarets Bay coast protection works (grant funded)	150	0	0	150	0	0	150
Kearsney Abbey / Russell Gardens-play area/disabled facilities access	60	0	60	0	0	0	60
Street-lighting works	200	0	0	0	0	200	200
Dover Town Hall - DDC contribution to major refurbishment works	4,835	0	0	0	0	0	0
Public toilets refurbishment	50	0	0	50	0	0	50
Replacement coin sorter & counter	12	0	0	0	0	0	0
Dolphin House - balconies	200	0	0	200	0	0	200
Strategic Land Purchase - Dover	2,000	0	0	0	0	700	700
Dover Town Hall - essential repairs	0	0	0	0	0	0	0
Dover Market Square project	150	0	0	150	0	0	150
Disabled Facilities Grants	0	0	0	0	0	0	0
Whitfield Offices - install PVs	200	0	0	200	0	0	200
Future High St bid match funding	2,500	0	233	574	581	312	1,700
Town Centre Regeneration Fund	0	0	0	350	0	0	350
Sandwich Quay	150	0	0	150	0	0	150
Cable Car project	1,500	0	0	375	375	715	1,465
Purchase of Refuse & Recycling Vehicles	0	0	4,500	0	0	0	4,500
Kearsney Café CCTV	0	0	0	45	0	0	45
Discovery Centre District Archive	0	0	0	700	0	0	700
Disabled Facilities Grants	0	0	0	1,276	0	0	1,276
Sub total of General Fund Proposed Projects	12,150	0	4,899	4,870	993	1,927	12,689
General Fund Projects Total	79,252	36,573	11,360	27,663	12,889	1,957	90,441

MEDIUM TERM CAPITAL PROGRAMME (GENERAL FUND) - 2020/21 - FEBRUARY 2021 OUTTURN

Projects included in the programme	APPROVED BUDGET	PROPOSED BUDGET					
	Total £000	Previous years £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Future Years £000	Total £000
Financed by:							
Capital projects financed in previous financial years	36,573	36,573	0	0	0	0	36,573
Capital receipts - General Fund	9,777	n/a	1,858	4,125	1,525	1,807	9,315
Capital receipts - General Fund - 21/22 amendment	0	n/a	0	(375)	(375)	0	(750)
Capital receipts - General Fund	0	n/a	0	745	0	0	745
Capital receipts - General Fund (Dover Regeneration)	250	n/a	0	250	0	0	250
Capital receipts - DFG Grant Repayments	156	n/a	0	156	0	0	156
Capital receipts - PSH Loan receipts	208	n/a	208	0	0	0	208
Direct Revenue Financing:-							
General Fund	295	n/a	95	1,020	170	0	1,285
HRA	38	n/a	38	0	0	0	38
Heritage Lottery Fund Grant (Parks for People-Kearsney)	1,001	n/a	1,001	0	0	0	1,001
Heritage Lottery Fund Grant (Maison Dieu restoration - Dover Town Hall)	41	n/a	41	0	0	0	41
Section 106 Funding	37	n/a	0	0	37	0	37
Grants:-							
Growth Point Grant Funding	107	n/a	107	0	0	0	107
KCC Better Care Fund (Disabled Facilities Grant)	1,653	n/a	850	978	0	0	1,828
KCC Better Care Fund (Disabled Facilities Grant) - estimate	0	n/a	0	1,276	0	0	1,276
Coastal Communities Fund (Dover Market Sq proj)	2,441	n/a	200	2,241	0	0	2,441
Environment Agency (Deal Beach Management 2015-20)	1,383	n/a	912	471	0	0	1,383
Environment Agency (St Margarets Bay coast protection works)	150	n/a	0	150	0	0	150
MHCLG Building Foundations for Growth Grant (Discovery Park)	2,743	n/a	0	2,743	0	0	2,743
Sport England - (new Dover Leisure Centre)	45	n/a	45	0	0	0	45
Homes England (BRT)	15,784	n/a	904	8,375	6,504	0	15,784
National Lottery Heritage Funding (Maison Dieu-delivery)	0	n/a	0	2,135	2,135	0	4,270
Grant funding (TBC) - Cable Car	0	n/a	0	375	375	0	750
Other reserves:-							
- Cluster Prep	29	n/a	29	0	0	0	29
- Special projects	100	n/a	120	280	100	0	500
- ICT	152	n/a	152	0	0	0	152
- District Regeneration & Economic Development	3,919	n/a	84	1,918	1,918	0	3,919
- SEEDA-Dover Regeneration	150	n/a	0	0	0	150	150
- Developer Agreement Receipt	100	n/a	0	100	0	0	100
PWLB borrowing - Property Acquisition	704	n/a	0	0	0	0	0
PWLB borrowing - other	1,000	n/a	0	500	500	0	1,000
PWLB borrowing - Refuse & Recycling Vehicles	0	n/a	4,500	0	0	0	4,500
Salix loan - Street-lighting works	218	n/a	218	0	0	0	218
Salix loan - Whitfield Offices-install PVs	200	n/a	0	200	0	0	200
Unsupported borrowing	0	n/a	0	0	0	0	0
Total	79,252	36,573	11,360	27,663	12,889	1,957	90,441
Notes							
1) Dover Regeneration projects comprise a single capital budget. Virement between the lines within this project are delegated to the Strategic Director (Corporate Resources).							
2) Authorisation of approved projects up to £50k included on the Programme delegated to the Strategic Director (Corporate Resources) in consultation with the Portfolio Holder for Finance, Governance & Digital							
3) Authorisation of projects funded from the Capital Contingency delegated to Strategic Director (Corporate Resources) in consultation with the Portfolio Holder for Finance, Governance & Digital							
4) Delegated authority to the Strategic Director (Corporate Resources), in consultation with the Portfolio Holder responsible for Finance, to: Authorise project overspends up to a maximum of 10% or £100k (whichever is lower) ; and apply relevant financing resources to cover.							

Capital Receipts Summary as at 31/12/20

Capital Receipt Category	2019/20 Opening Balance £000	Receipts in year £000	Allocated to Projects £000	2020/21 Opening Balance £000	Anticipated future income £000	MTCP Project Funding £000	New Bids 2021/22 MTFP £000	Available funding £000
Ring Fenced for 1:4:1 Affordable Housing	(4,334)	(1,388)	1,572	(4,150)	(1,676)	4,459	1,367	0
Ring fenced for Private Sector Housing	(417)	(93)	353	(157)	(51)	208	0	0
Ring fenced for Dover Regeneration	(250)	0	0	(250)	0	250	0	0
Ring fenced for Aylesham contractual commitments	(776)	0	0	(776)	(278)	0	1,054	0
Ring fenced for DFGs	(83)	(73)	0	(156)	(14)	156	14	0
Un-ringfenced capital receipts	(12,286)	(865)	1,835	(11,316)	(500)	9,015	295	(2,506)
Total	(18,146)	(2,419)	3,760	(16,805)	(2,519)	14,088	2,730	(2,506)

SPECIAL REVENUE PROJECTS - 2020/21 OUTTURN

<u>SPECIAL REVENUE PROJECTS</u>	Capital / Revenue	Total Approved Budget £000	Prior Years Exp £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Future years £000	Total Revised Budget £000
Committed Special Revenue Projects								
Corporate Property Maintenance	R	155	n/a	155	0		0	155
Parks - General Repairs (walls, fences, lakes, structures etc)	R	116	108	8	0	0	0	116
Dover District Transportation Study	R	204	149	132	0	0	0	281
Duke of York Roundabout Design	R	39	29	0	0	0	0	29
Commonwealth War Memorial-Dover	R	500	484	16	0	0	0	500
Food Waste Promotion	R	47	19	28	0	0	0	47
LDF Plan	R	285	127	158	0	0	0	285
Property Strategy-external support	R	200	90	50	50	10	0	200
North Deal Land Study	R	300	150	0	0	0	0	150
Resurfacing Car Parks & DDC owned access roads	R	240	162	78	0	0	0	240
Clarendon Field - safety boundary fence	R	30	2	28	0	0	0	30
Dover Regeneration - enabling costs	R	160	96	65	0	0	0	160
Butts - access bridge works	R	30	1	29	0	0	0	30
Contribution to Open Golf event	R	180	119	61	0	0	0	180
East Kent Waste 2021	R	200	87	113	0	0	0	200
Property Renovations grant scheme	R	300	117	150	0	33	0	300
Beach Huts - refurbishments	R	50	34	16	0	0	0	50
Old St James Church works	R	190	29	161	0	0	0	190
Future High Streets Fund - business case	R	150	0	155	0	0	0	155
Reopening High Streets Safely Fund	R	105	0	105	0	0	0	105
Astor Theatre repair	R	20	0	20	0	0	0	20
Timeball Tower works	R	80	0	10	70	0	0	80
Deal Indoor Tennis Centre - Flood Protection Works	R	0	0	40	0	0	0	40
Project feasibility costs	R	50	10	40	0	0	0	50
Sub total - committed projects		3,631	1,812	1,619	120	43	0	3,593
Capital projects in capital programme financed from reserve:								
Provision allocated to capital programme to finance capital projects	C	100	n/a	120	280	100	0	500
Total committed projects		3,731	1,812	1,739	400	143	0	4,093
Proposed Projects								
Special Revenue Contingency	R/C	66	0	66	0	0	0	66
Gazen Salts - nature reserve works	R	25	0	25	0	0	0	25
Sandwich Town place-making	R	1,050	0	0	0	0	0	0
Closed churchyard repairs	R	50	0	0	50	0	0	50
Paths & Structures in Parks & Open Spaces	R	50	0	50	0	0	0	50
Corporate Property Maintenance	R	50	0	0	0	0	50	50
Museum Lighting Improvements	R	69	0	0	69	0	0	69
Kearsney Abbey / Russell Gdns - contingency	C/R	250	0	250	0	0	0	250
CAB alterations to co-locate Deal & Dover CABs	R	30	0	30	0	0	0	30
Duke of York & Whitfield roundabout study	R	40	0	40	0	0	0	40
Dover Tourism signage - only to proceed with external funding	R	30	0	30	0	0	0	30
Aylesham Leisure allocation	R	200	0	200	0	0	0	200
Climate change initiatives	R	475	0	80	395	0	0	475
Support for organisational changes	R	500	0	0	500	0	0	500
Town Centre Regeneration	R	0	0	0	1,200	0	0	1,200
Public conveniences refurbishments	C/R	0	0	0	50	0	0	50
Sub total - proposed projects		2,885	0	771	2,264	0	50	3,085
Proposed balance to transfer to capital projects	C	0	n/a	0	0	0	0	0
Total proposed projects		2,885	0	771	2,264	0	50	3,085
GRAND TOTAL		6,616	1,812	2,510	2,664	143	50	7,179

<u>SPECIAL REVENUE PROJECTS</u>	Capital / Revenue	Total Approved Budget £000	Prior Years Exp £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Future years £000	Total Revised Budget £000
Special Projects Financing								
Special Projects financed in previous years		1,812	1,812	0	0	0	0	1,812
Special Project Reserve		2,830	0	1,723	914	143	50	2,830
Special Project Reserve		50	0	0	50	0	0	50
SEEDA-Dover Regen Reserve		69	0	69	0	0	0	69
HCA-Dover Regen Reserve		6	0	6	0	0	0	6
Major Events Reserve		61	0	61	0	0	0	61
Backfunding Equalisation Reserve		500	0	0	500	0	0	500
KCC & Dover Growth Fund Reserve		1,200	0	0	1,200	0	0	1,200
HM Treasury grant		16	0	16	0	0	0	16
Future High Streets Fund (MHCLG grant)		155	0	155	0	0	0	155
Reopening High Streets Safely Fund		105	0	105	0	0	0	105
Local Authority contributions		105	0	105	0	0	0	105
S106		200	0	200	0	0	0	200
External contributions		70	0	70	0	0	0	70
TOTAL		7,179	1,812	2,510	2,664	143	50	7,179

Remaining balance in Special Projects reserve	
Balance at 1 April 2020	4,902
Allocation to projects in 20/21	-1,723
Allocation to ICT Reserve in 20/21	-635
Allocation from General Fund for 20/21	0
Allocation from LDF reserve for 20/21	5
Allocation from New Homes Bonus reserve for 20/21	282
Allocation from KCC Planning reserve for 20/21	17
Balance at 31 March 2021	2,848
Proposed allocation to projects in 21/22 & future years	-1,107
Proposed allocation to new projects in 21/22 & future years	-50
Allocation from General Fund for 21/22	600
Allocation from General Fund for future years	1,800
Balance after future years allocations	4,091

Remaining balance in Major Events Reserve	
Balance at 1 April 2020	104
Allocation to projects in 20/21	-61
Allocation from General Fund for 20/21	20
Balance at 31 March 2021	63
Proposed allocation to projects in 21/22 & future years	0
Allocation from General Fund for 21/22	20
Balance after future years allocations	83

DIGITAL & ICT PROJECTS - 2020/21 OUTTURN

<u>DIGITAL REVENUE PROJECTS</u>	Capital / Revenue	Total Approved Budget £000	Prior Years Exp £000	Estimate 2020/21 £000	Estimate 2021/22 £000	Estimate 2022/23 £000	Future years £000	Total Revised Budget £000
Infrastructure Investment Projects								
Payment Card Industry (PCI) Compliance	R	35	32	3	0	0	0	35
IDOX Upgrade - Planning, Building Control & Property Services	R	85	75	10	0	0	0	85
Regulatory Services - purchase IDOX Uniform database	R	65	26	39	0	0	0	65
Windows 2008 Servers & SQL 2008 Databases upgrade	R	18	6	12	0	0	0	18
AIM upgrade	R	11	6	5	0	0	0	11
Website Accessibility Audit	R	30	0	30	0	0	0	30
Uniform Database Server replacement	R	12	0	12	0	0	0	12
Back up solution - renewal licences	R	0	0	7	0	0	0	7
Digital & ICT Reserve funded - small projects	R	16	1	15	0	0	0	16
Total - committed projects		272	146	133	0	0	0	279
Infrastructure Investment - Proposed Projects								
Corporate Digital Projects	R/C	1,547	0	415	375	375	375	1,540
Regulatory Services - handheld systems	R	20	0	20	0	0	0	20
Total - proposed projects		1,567	0	435	375	375	375	1,560
GRAND TOTAL		1,839	146	568	375	375	375	1,839
Digital Projects Financing								
Projects financed in previous years		145	145	0	0	0	0	145
Digital & ICT Reserve		1,533	0	520	338	338	337	1,533
HRA Funding		160	0	47	38	38	37	160
TOTAL		1,838	145	567	376	376	374	1,838

<u>Remaining balance in Digital & ICT Reserve</u>	£000
Balance at 1 April 2020	705
Allocation to Revenue projects in 20/21	-520
Allocation to Capital projects in 20/21	-152
Funding for Data Capture officer - 20/21	-17
Allocation to GF for MS365 subs (Year 1 only)	-42
Allocation from General Fund for 20/21	115
Allocation from Special Project Reserve for 20/21	635
Allocation from Planning Reserve for 20/21	4
Balance at 31 March 2021	728
Proposed allocation to Revenue projects in 21/22 & future years	-1,013
Proposed allocation to Capital projects in 21/22 & future years	0
Proposed allocation to new projects in 21/22 & future years	0
Allocation from General Fund for 2021/22	115
Allocation from General Fund for MTFP period (22/23 - 24/25)	345
Balance after future years allocations	175

Capital Strategy Report 2021/22

1. Introduction

1.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

1.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

2. Capital Expenditure and Financing

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

2.2 In 2021/22, the Authority is planning capital expenditure of £40.9m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2019/20 actual £000	2020/21 forecast £000	2021/22 budget £000	2022/23 budget £000	2023/24 budget £000
General Fund services	6,661	11,360	26,863	13,689	1,957
Council housing (HRA)	14,033	15,772	14,022	11,345	5,550
TOTAL	20,664	27,132	40,885	25,034	7,457

2.3 The main General Fund capital projects include development of the Dover Fast Track Bus Route, refurbishment of Dover Town Hall, Town Centre Regeneration fund, Dover Cable Car project, Sandwich Guildhall Forecourt and Dover Market Square.

2.4 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of £9.6m new homes over the forecast period.

2.5 Capital investments include loans and shares made for service purposes and property to be held primarily for financial return in line with the definition in the CIPFA Treasury Management Code.

- 2.6 **Governance:** Service managers bid annually in August to include projects in the Authority's capital programme. Bids are collated by Accountancy who calculate the financing cost (which can be nil if the project is fully externally financed). The Corporate Management Team appraises all bids based on a comparison of service priorities against financing costs and makes recommendations to Cabinet. The final capital programme is then presented to Cabinet in February and to Council in March each year.
- 2.7 For full details of the Authority's capital programme, including the project appraisals undertaken, see Annex 6A
- 2.8 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2019/20 actual £000	2020/21 forecast £000	2021/22 budget £000	2022/23 budget £000	2023/24 budget £000
External sources	2,567	3,618	19,040	9,146	0
Capital resources	4,055	9,742	5,468	3,300	3,157
Revenue resources	8,875	6,843	8,488	2,188	150
Debt	5,167	6,929	7,889	10,400	4,150
TOTAL	20,664	27,132	40,885	25,034	7,457

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

Table 3: Replacement of debt finance in £ millions

	2019/20 actual £000	2020/21 forecast £000	2021/22 budget £000	2022/23 budget £000	2023/24 budget £000
Revenue resources	4,247	4,320	4,396	4,474	4,555

Annual Minimum Revenue Provision Statement 2021/22

- 2.10 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

- 2.11 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 2.12 The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.
- 2.13 For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with the former regulations that applied on 31st March 2008.
- 2.14 For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined as being equal to the accounting charge for depreciation and impairment on those assets (or parts of) continuing until the expenditure has been fully funded.
 - Repayments included in annuity loans are applied as MRP
 - Capital expenditure incurred during 2021/22 will not be subject to a MRP charge until 2022/23
 - No MRP will be charged in respect of assets held within the Housing Revenue Account.
 - MRP in respect of the £90m payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.
- 2.15 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase slightly during 2021/22. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2019/20 actual £000	2020/21 forecast £000	2021/22 budget £000	2022/23 budget £000	2023/24 budget £000
General Fund services	57,606	67,212	70,001	69,515	66,662
Council housing (HRA)	74,484	74,328	79,074	86,452	90,602
TOTAL CFR	132,089	141,539	149,074	155,967	157,263

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

- 2.17 The AMP is used as a management tool to assist in ensuring that the Council’s property assets meet the objectives set out in the Council’s Corporate Property Strategy. It covers: Revenue maintenance requirements; Capital works programmes; Data on performance of significant corporate assets; and Properties identified for disposal. Expenditure on repairs and maintenance forms a direct link with the revenue budget, which contains the resources to meet the programme of repairs and maintenance. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Strategic Director (Operations and Commercial) confirms that there are sufficient resources to keep properties generally wind and water-tight, but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget focuses mainly on essential maintenance.
- 2.18 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Authority is currently also permitted to spend capital receipts on service transformation projects until 2022/23. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £0.5m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable in £ millions

	2019/20 actual £000	2020/21 forecast £000	2021/22 budget £000	2022/23 budget £000	2023/24 budget £000
Un-ring-fenced capital receipts	865	500	500	500	500

3. **Treasury Management**

- 3.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.2 Due to decisions taken in the past, the Authority currently has £77m long term borrowing at an average interest rate of 3.4% and £50m treasury investments at an average rate of %.
- 3.3 **Borrowing strategy:** The Authority’s main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).
- 3.4 Projected levels of the Authority’s total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	2019/20 actual £000	2020/21 forecast £000	2021/22 budget £000	2022/23 budget £000	2023/24 budget £000
Debt (incl. PFI & leases)	4,867	2,211	7,689	10,400	4,150
Capital Financing Requirement	132,089	137,039	144,574	151,467	152,763

3.5 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.

3.6 **Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m
Authorised limit - borrowing	338.5	338.5	338.5	338.5
Operational boundary - borrowing	333.0	333.0	333.0	333.0

3.7 Further details on borrowing can be found in the treasury management strategy - Annex 7B.

3.8 **Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

3.9 The Authority’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments in £millions

	2019/20 actual £000	2020/21 forecast £000	2021/22 budget £000	2022/23 budget £000	2023/24 Budget £000
Total investments	50.0	50.0	50.0	50.0	50.0

3.10 Further details on treasury investments can be found in the treasury management strategy - Annex 7B

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

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

4. Investments for Service Purposes

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

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

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

5. Commercial Activities

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

5.2 **Governance:** Decisions on commercial investments are approved by the Portfolio Holder for Corporate Resources and Performance in line with the criteria and limits approved by Council in the Property Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

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

6. Liabilities

6.1 In addition to debt of £7.9m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £77m). It has also set aside £2m to cover risks of NDR appeals and Municipal Mutual Insurance claims. The Council is also at risk of having to pay for costs towards termination of its Kent wide housing Private Finance Initiatives, further claims from Municipal Mutual Insurance and relating to the East Kent Housing and Civica pension schemes. The Council has not put aside any money because the risks of these events occurring continue to be assessed as very remote (see the 2019/20 Statement of Accounts for further information).

7. Revenue Budget Implications

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

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

	2019/20 actual	2020/21 forecast	2021/22 budget	2022/23 budget	2023/24 budget
General Fund	3.24%	1.91%	1.88%	1.82%	1.78%
HRA	17.42%	18.12%	17.52%	17.45%	13.99%

7.2 Further details on the revenue implications of capital expenditure are included in the Capital and Special Revenue section of the 2021/22 Budget and MTFP.

7.3 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Strategic Director of Corporate Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable because of the financial viability analysis that has been completed on the planned expenditure.

8. Knowledge and Skills

8.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Strategic Director of Corporate Resources is a qualified Accountant with many years' experience, the Strategic Director of Corporate Resources is a qualified Civil Engineer. The Council pays for staff to study towards relevant professional qualifications. Where Council staff do not have the knowledge and skills required, use is made of external advisers

and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensure that the Council has access to up to date knowledge and skills commensurate with its risk appetite.

Treasury Management Strategy Statement 2021/22

1. Introduction

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy (see Annex 7C).

2. External Context

- 2.1 **Economic background:** The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.
- 2.2 The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.
- 2.3 UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

- 2.4 GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.
- 2.5 GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.
- 2.6 The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.
- 2.7 Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.
- 2.8 Credit outlook: After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.
- 2.9 The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
- 2.10 Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.
- 2.11 Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

- 2.12 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 2.13 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.
- 2.14 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 4%, and that new long-term loans will be borrowed at an average rate of 3%.

3. Local Context

- 3.1 On 31st December 2020, the Authority held £87.8m of borrowing and £61.4m of treasury investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Capital Expenditure and Financing Requirement

	2019/20 Actual £000	2020/21 Estimate £000	2021/22 Forecast £000	2022/23 Forecast £000	2023/24 Forecast £000
General Fund	6,631	11,360	26,863	13,689	1,957
HRA	14,033	15,772	14,022	11,345	5,550
Total Expenditure	20,664	27,132	40,885	25,034	7,457
Capital Receipts	4,055	9,742	5,468	3,300	3,157
Grants and Contributions	2,567	3,618	19,040	9,146	0
Reserves and Revenue	8,875	6,843	8,488	2,188	150
Borrowing	5,167	6,929	7,889	10,400	4,150
Total Financing	20,664	27,132	40,885	25,034	7,457

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3 The Authority has an increasing CFR due to the increased scope of the proposed capital programme and will therefore be required to increase its external borrowing over the forecast period; this is after maximising the use of internal borrowing.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years.

4. **Borrowing Strategy**

- 4.1 As at 31 March 2020 the Authority held £107m of loans, an increase of £4m on the previous year, as part of its strategy for funding previous years' capital programmes. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £338.5m
- 4.2 Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 4.3 Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.5 The Authority has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.
- 4.6 Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.7 In addition, the Authority may borrow further short-term loans to cover cash flow shortages.
- 4.8 Sources of borrowing: The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - Any institution approved for investments (see below)
 - Any other bank or building society authorised to operate in the UK
 - Any other UK public sector body
 - UK public and private sector pension funds (except Kent Pension Fund)
 - Capital market bond investors
 - UK Municipal Bonds Agency Plc and other special purpose companies created to enable local authority bond issues.

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

5. Treasury Investment Strategy

- 5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £51m and £73m, and similar levels are expected to be maintained in the forthcoming year.
- 5.2 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 5.3 **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this

event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

- 5.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to continue into more secure and/or higher yielding asset classes during 2021/22. This is especially the case for balances that are available for longer-term investment. A dwindling proportion of the Authority’s surplus cash remains invested in short-term unsecured bank deposits, and money market funds. This diversification will represent a continuation of the strategy adopted in 2017.
- 5.5 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 5.6 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 3 below subject to the limits shown.

Table 2: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	12 months	£8m	Unlimited
Operating bank	12 months	£20m	£20m
Building societies (unsecured) *	12 months	£8m	£8m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£10m per fund

This table must be read in conjunction with the notes below

* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- 5.7 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 5.8 **Secured investments:** Investments secured on the borrower’s assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a

key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- 5.9 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.10 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.11 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 5.12 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £20m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 5.13 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- No new investments will be made,
 - Any existing investments that can be recalled or sold at no cost will be, and
 - Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.14 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 5.15 **Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 5.16 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 5.17 **Investment limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be £22m on 31st March 2021. In order that no more than 35% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £8 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 5.18 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £20m in operational bank accounts count against the relevant investment limits.
- 5.19 Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Additional investment limits

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

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

6. Treasury Management Indicators

6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.

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

Credit risk indicator	Target
Portfolio average credit score	6.0

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

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

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

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

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

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

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

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

- 6.8 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£30m	£30m	£30m

7. Related Matters

- 7.1 The CIPFA Code requires the Authority to include the following in its treasury management strategy.
- 7.2 **Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities’ use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 7.3 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 7.6 **Housing Revenue Account:** On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA’s underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority’s average interest rate on investments, adjusted for credit risk.
- 7.7 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater

regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Strategic Director (Corporate Resources) believes this to be the most appropriate status.

8. Financial Implications (General Fund)

- 8.1 The General Fund budget for investment income in 2021/22 is £1.67m, based on an average investment portfolio of £50 million at an interest rate of 3.3%. The General Fund budget for debt interest paid in 2021/22 is £363k, based on an PWLB borrowing of £4m at an average interest rate of 3.6% and short term borrowing of £22m at an average interest rate of 1%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
- 8.2 Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

9. Other Options Considered

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

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

Appendix A - Arlingclose Economic & Interest Rate Forecast - December 2020

Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10												
Downside risk	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.20									
Downside risk	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
10yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
50yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%
PWLB HRA Rate = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B - Existing Investment & Debt Portfolio Position

	31 December 2020 Actual portfolio £m	31 December 2020 Average rate %
External borrowing:		
Public Works Loan Board	75.6	3.46
Local authorities	11.0	0.04
Total gross external debt	86.6	
Treasury investments:		
Banks & building societies (unsecured)	11.4	0.05
Strategic pooled funds -		
Property fund	6.0	4.13
Bond fund	8.0	2.95
Diversified income funds	28.0	4.15
Short term bond fund	8.0	0.59
Total treasury investments	61.4	
Net debt	25.2	

Investment Strategy Report 2021/22

1. Introduction

1.1 The Authority invests its money for three broad purposes:

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

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

2. Treasury Management Investments

2.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £51m and £73m during the 2021/22 financial year.

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

2.3 **Further details:** Full details of the Authority's policies and its plan for 2021/22 for treasury management investments are covered Annex 7B, the treasury management strategy.

3. Service Investments: Loans

3.1 **Contribution:** The Council lends money to its subsidiaries, its suppliers, local businesses, local charities, housing associations and private sector housing owners to support local public services and stimulate local economic growth. The Council currently holds Private Sector Housing loans of £3.4m (of which £1.1m is allocated to the Financial Instruments Loss Allowance and £2.3m is the resultant net value in the 2019/20 accounts). The Council has approved the establishment of a property company to develop, acquire and manage property investments at arm's length from the Council; it may therefore make loans to this subsidiary to fund proposed projects.

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

Table 1: Loans for service purposes

Category of borrower	2021/22
	Approved Limit £m
Subsidiaries	100.0
Businesses investing in the district	3.0
Local charities	0.5
Housing associations	2.0
Private Sector Housing	4.0
TOTAL	109.5

- 3.3 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority’s statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 3.4 Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans by undertaking thorough due diligence on any proposals, securing the loan against assets where possible and seeking external advice when necessary.
4. **Service Investments: Shares**
- 4.1 **Contribution:** The Council invests in the shares of its subsidiaries to support local public services and stimulate local economic growth. The Council does not currently hold any such shares but is in the process of establishing a property company to develop, acquire and manage property investments at arm’s length from the Council to provide a vehicle to invest in both private residential and commercial primarily to support regeneration. It is proposed that the Council will be the sole shareholder and will initially invest £100 in share capital in the company. Any further investment in subsidiaries would be subject to approval in accordance with the Property Investment Strategy.
- 4.2 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in subsidiaries is set at £1m.
- 4.3 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by undertaking thorough due diligence and seeking external advice as appropriate.
- 4.4 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority’s upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Proportionality

- 5.1 The Authority is dependent on profit generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Authority has contingency plans for continuing to provide these services. These plans include the transfer of surplus income to earmarked reserves, diversification of its portfolio to protect against loss in a particular sector, lease monitoring and review and monitoring of borrowing options and costs.

Table 4: Proportionality of Investments

	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
Gross service expenditure	£60.2m	£59.0m	£62.9m	£63.9m	£64.7m
Investment income	£1.7m	£1.7m	£1.7m	£1.8m	£1.9m
Proportion	2.8%	2.9%	2.7%	2.8%	2.9%

6. Capacity, Skills and Culture

- 6.1 **Elected members and statutory officers:** The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council establishes project teams from all the professional disciplines from across the Council and as and when required. External professional advice is taken where required and will always be sought in consideration of any major property investment decision. The Council currently employs Arlingclose Limited as treasury management advisers and utilises various other professional advisors as appropriate. Training and briefings are offered to support project team members in maintaining up to date knowledge and expertise to understand and challenge.
- 6.2 **Commercial deals:** Full due diligence is undertaken for all major schemes that the Council decides to purchase. This includes appropriate legal and other professional advice to ensure that the Council complies with current guidance and that the scheme is in the best interests of the Council. The finance team works with service managers to assess the viability for any commercial deals. Finance staff attend regular training course and have access to the prudential framework to ensure principles of the framework are adhered to.
- 6.3 **Corporate governance:** On 30 November 2016 Council approved the Property Investment Strategy. This approved investing up to £200m in commercial and residential property, either directly or through a property company, primarily in order to increase economic regeneration and also to generate returns. This strategy delegated the approval of these investments to the Portfolio Holder responsible for Finance, advised by Project Advisory Groups where required.

7. Investment Indicators

7.1 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

7.2 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses.

7.3

Table 5: Total investment exposure in £millions

Total investment exposure	2019/20 Actual £m	2020/21 Forecast £m	2021/22 Forecast £m
Treasury management investments	50.0	50.0	50.0
Service investments: Loans	3.5	3.6	3.7
Non treasury investments	22.3	22.3	22.3
TOTAL INVESTMENTS	75.8	75.9	76

7.4 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the Council's other investments are proposed to be funded by borrowing in the future. At the time of writing, no long-term borrowing has been undertaken to fund the existing non treasury investments. This will continue to be kept under review, working with Arlingclose Limited, and borrowing undertaken when appropriate. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

7.5 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2020/21 Forecast	2021/22 Forecast
Treasury management investments	4.0%	4.0%
Non treasury investments	1.6%	1.6%

Resolution to set the Council Tax

COUNCIL 3 MARCH 2021

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

2021/22

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

(1) It be noted that on 27th January 2021 the Council calculated the Council Tax Base for

2021/22

- (a) as 38,993.94 for the whole Council area [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,
- (b) for dwellings in those parts of its area to which a Parish precept relates, as follows:

Part of the Council's Area	Tax Base
Alkham	303.93
Ash	1,177.32
Aylesham	1,567.16
Capel-le-Ferne	677.79
Deal	6,763.64
Denton-with-Wootton	177.95
Dover	8,162.52
Eastry	807.20
Eythorne	793.06
Goodnestone	173.63
Great Mongeham	271.50
Guston	417.05
Hougham-without	179.72
Langdon	237.42
Lydden	260.97
Nonington	293.20
Northbourne	277.73
Preston	384.78
Ringwould-with-Kingsdown	1,025.62
Ripple	142.39
River	1,487.93
St Margarets-at-Cliffe	1,299.06
Sandwich	1,939.66
Shepherdswell-with-Coldred	766.76
Sholden	722.01
Staple	232.32
Stourmouth	117.02
Sutton-by-Dover	307.89
Temple Ewell	666.71
Tilmanstone	159.70
Walmer	3,385.65
Whitfield	2,079.88
Wingham	749.80
Woodnesborough	494.80
Worth	490.17
	38,993.94

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

2021/22

is calculated as:

£7,689,215

- (3) That the following amounts be calculated by the Council for the year 2021/22

in accordance with Sections 31 to 36 of the Act:

- (a) £104,571,697 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £94,110,735 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £10,460,995 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act).
- (d) £268.27 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £2,771,780 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £197.19 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. (*Council Tax at Band D for District Excluding Parish Precepts*).

Town and Parish Councils	£
Alkham	240.42
Ash	268.11
Aylesham	267.92
Capel-le-Ferne	268.00
Deal	256.65
Denton-with-Wootton	271.37
Dover	299.02
Eastry	267.30
Eythorne	253.13
Goodnestone	237.27
Great Mongeham	231.23
Guston	300.30
Hougham-without	255.61
Langdon	259.40
Lydden	262.33
Nonington	227.89
Northbourne	238.60
Preston	251.77
Ringwould-with-Kingsdown	239.70
Ripple	229.19
River	241.02
St Margarets-at-Cliffe	266.20
Sandwich	333.15
Shepherdswell-with-Coldred	257.05
Sholden	247.22
Staple	231.14
Stourmouth	260.78
Sutton-by-Dover	239.90
Temple Ewell	237.68
Tilmanstone	242.86
Walmer	255.27
Whitfield	253.71
Wingham	268.41
Woodnesborough	241.12
Worth	248.05

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

(3) (h)

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	160.28	186.99	213.71	240.42	293.85	347.27	400.70	480.84
Ash	178.74	208.53	238.32	268.11	327.69	387.27	446.85	536.22
Aylesham	178.61	208.38	238.15	267.92	327.46	387.00	446.53	535.84
Capel-le-Ferne	178.67	208.44	238.22	268.00	327.56	387.11	446.67	536.00
Deal	171.10	199.62	228.13	256.65	313.68	370.72	427.75	513.30
Denton-with-Wootton	180.91	211.07	241.22	271.37	331.67	391.98	452.28	542.74
Dover	199.35	232.57	265.80	299.02	365.47	431.92	498.37	598.04
Eastry	178.20	207.90	237.60	267.30	326.70	386.10	445.50	534.60
Eythorne	168.75	196.88	225.00	253.13	309.38	365.63	421.88	506.26
Goodnestone	158.18	184.54	210.91	237.27	290.00	342.72	395.45	474.54
Great Mongeham	154.15	179.85	205.54	231.23	282.61	334.00	385.38	462.46
Guston	200.20	233.57	266.93	300.30	367.03	433.77	500.50	600.60
Hougham-without	170.41	198.81	227.21	255.61	312.41	369.21	426.02	511.22
Langdon	172.93	201.76	230.58	259.40	317.04	374.69	432.33	518.80
Lydden	174.89	204.03	233.18	262.33	320.63	378.92	437.22	524.66
Nonington	151.93	177.25	202.57	227.89	278.53	329.17	379.82	455.78
Northbourne	159.07	185.58	212.09	238.60	291.62	344.64	397.67	477.20
Preston	167.85	195.82	223.80	251.77	307.72	363.67	419.62	503.54
Ringwould-with-Kingsdown	159.80	186.43	213.07	239.70	292.97	346.23	399.50	479.40
Ripple	152.79	178.26	203.72	229.19	280.12	331.05	381.98	458.38
River	160.68	187.46	214.24	241.02	294.58	348.14	401.70	482.04
St Margarets-at-Cliffe	177.47	207.04	236.62	266.20	325.36	384.51	443.67	532.40
Sandwich	222.10	259.12	296.13	333.15	407.18	481.22	555.25	666.30
Shepherdswell-with-Coldred	171.37	199.93	228.49	257.05	314.17	371.29	428.42	514.10
Sholden	164.81	192.28	219.75	247.22	302.16	357.10	412.03	494.44
Staple	154.09	179.78	205.46	231.14	282.50	333.87	385.23	462.28
Stourmouth	173.85	202.83	231.80	260.78	318.73	376.68	434.63	521.56
Sutton-by-Dover	159.93	186.59	213.24	239.90	293.21	346.52	399.83	479.80
Temple Ewell	158.45	184.86	211.27	237.68	290.50	343.32	396.13	475.36
Tilmanstone	161.91	188.89	215.88	242.86	296.83	350.80	404.77	485.72
Walmer	170.18	198.54	226.91	255.27	312.00	368.72	425.45	510.54
Whitfield	169.14	197.33	225.52	253.71	310.09	366.47	422.85	507.42
Wingham	178.94	208.76	238.59	268.41	328.06	387.70	447.35	536.82
Woodnesborough	160.75	187.54	214.33	241.12	294.70	348.28	401.87	482.24
Worth	165.37	192.93	220.49	248.05	303.17	358.29	413.42	496.10

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

- (4) That it be noted for the year
2021/22

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	945.84	1,103.48	1,261.12	1,418.76	1,734.04	2,049.32	2,364.60	2,837.52
The Police & Crime Commissioner for Kent	145.43	169.67	193.91	218.15	266.63	315.11	363.58	436.30
Kent & Medway Fire & Rescue Service	53.88	62.86	71.84	80.82	98.78	116.74	134.70	161.64

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

2021/22

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Town and Parish Councils	£	£	£	£	£	£	£	£
Alkham	1,305.43	1,523.00	1,740.58	1,958.15	2,393.30	2,828.44	3,263.58	3,916.30
Ash	1,323.89	1,544.54	1,765.19	1,985.84	2,427.14	2,868.44	3,309.73	3,971.68
Aylesham	1,323.76	1,544.39	1,765.02	1,985.65	2,426.91	2,868.17	3,309.41	3,971.30
Capel-le-Ferne	1,323.82	1,544.45	1,765.09	1,985.73	2,427.01	2,868.28	3,309.55	3,971.46
Deal	1,316.25	1,535.63	1,755.00	1,974.38	2,413.13	2,851.89	3,290.63	3,948.76
Denton-with-Wootton	1,326.06	1,547.08	1,768.09	1,989.10	2,431.12	2,873.15	3,315.16	3,978.20
Dover	1,344.50	1,568.58	1,792.67	2,016.75	2,464.92	2,913.09	3,361.25	4,033.50
Eastry	1,323.35	1,543.91	1,764.47	1,985.03	2,426.15	2,867.27	3,308.38	3,970.06
Eythorne	1,313.90	1,532.89	1,751.87	1,970.86	2,408.83	2,846.80	3,284.76	3,941.72
Goodnestone	1,303.33	1,520.55	1,737.78	1,955.00	2,389.45	2,823.89	3,258.33	3,910.00
Great Mongeham	1,299.30	1,515.86	1,732.41	1,948.96	2,382.06	2,815.17	3,248.26	3,897.92
Guston	1,345.35	1,569.58	1,793.80	2,018.03	2,466.48	2,914.94	3,363.38	4,036.06
Hougham-without	1,315.56	1,534.82	1,754.08	1,973.34	2,411.86	2,850.38	3,288.90	3,946.68
Langdon	1,318.08	1,537.77	1,757.45	1,977.13	2,416.49	2,855.86	3,295.21	3,954.26
Lydden	1,320.04	1,540.04	1,760.05	1,980.06	2,420.08	2,860.09	3,300.10	3,960.12
Nonington	1,297.08	1,513.26	1,729.44	1,945.62	2,377.98	2,810.34	3,242.70	3,891.24
Northbourne	1,304.22	1,521.59	1,738.96	1,956.33	2,391.07	2,825.81	3,260.55	3,912.66
Preston	1,313.00	1,531.83	1,750.67	1,969.50	2,407.17	2,844.84	3,282.50	3,939.00
Ringwould-with-Kingsdown	1,304.95	1,522.44	1,739.94	1,957.43	2,392.42	2,827.40	3,262.38	3,914.86
Ripple	1,297.94	1,514.27	1,730.59	1,946.92	2,379.57	2,812.22	3,244.86	3,893.84
River	1,305.83	1,523.47	1,741.11	1,958.75	2,394.03	2,829.31	3,264.58	3,917.50
St Margarets-at-Cliffe	1,322.62	1,543.05	1,763.49	1,983.93	2,424.81	2,865.68	3,306.55	3,967.86
Sandwich	1,367.25	1,595.13	1,823.00	2,050.88	2,506.63	2,962.39	3,418.13	4,101.76
Shepherdswell-with-Coldred	1,316.52	1,535.94	1,755.36	1,974.78	2,413.62	2,852.46	3,291.30	3,949.56
Sholden	1,309.96	1,528.29	1,746.62	1,964.95	2,401.61	2,838.27	3,274.91	3,929.90
Staple	1,299.24	1,515.79	1,732.33	1,948.87	2,381.95	2,815.04	3,248.11	3,897.74
Stourmouth	1,319.00	1,538.84	1,758.67	1,978.51	2,418.18	2,857.85	3,297.51	3,957.02
Sutton-by-Dover	1,305.08	1,522.60	1,740.11	1,957.63	2,392.66	2,827.69	3,262.71	3,915.26
Temple Ewell	1,303.60	1,520.87	1,738.14	1,955.41	2,389.95	2,824.49	3,259.01	3,910.82
Tilmanstone	1,307.06	1,524.90	1,742.75	1,960.59	2,396.28	2,831.97	3,267.65	3,921.18
Walmer	1,315.33	1,534.55	1,753.78	1,973.00	2,411.45	2,849.89	3,288.33	3,946.00
Whitfield	1,314.29	1,533.34	1,752.39	1,971.44	2,409.54	2,847.64	3,285.73	3,942.88
Wingham	1,324.09	1,544.77	1,765.46	1,986.14	2,427.51	2,868.87	3,310.23	3,972.28
Woodnesborough	1,305.90	1,523.55	1,741.20	1,958.85	2,394.15	2,829.45	3,264.75	3,917.70
Worth	1,310.52	1,528.94	1,747.36	1,965.78	2,402.62	2,839.46	3,276.30	3,931.56

- (6) That the Council's basic amount of Council Tax for
2021/22
is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act
1992.

Mike Davis

Strategic Director (Corporate Resources)

PARISH AND TOWN COUNCILS**2021/22**

Item No	Town and Parish Councils	2020/21				2021/22				
		Total Requirement £	Precept £	Tax Base	Council Tax £	Total Requirement £	Precept £	Tax Base	Council Tax £	Council Tax Increase
1	Alkham	12,880.00	12,880.00	304.27	42.33	13,138.00	13,138.00	303.93	43.23	2.13%
2	Ash	83,500.00	83,500.00	1,161.21	71.91	83,500.00	83,500.00	1,177.32	70.92	-1.38%
3	Aylesham	110,961.93	110,961.93	1,568.81	70.73	110,845.23	110,845.23	1,567.16	70.73	0.00%
4	Capel-le-Ferne	41,902.00	41,902.00	673.96	62.17	47,993.00	47,993.00	677.79	70.81	13.90%
5	Deal	396,109.10	396,109.10	6,828.29	58.01	402,166.03	402,166.03	6,763.64	59.46	2.50%
6	Denton-with-Wootton	12,748.00	12,748.00	171.43	74.36	13,200.00	13,200.00	177.95	74.18	-0.24%
7	Dover	804,844.00	804,844.00	8,299.07	96.98	831,200.00	831,200.00	8,162.52	101.83	5.00%
8	Eastry	56,190.00	56,190.00	817.26	68.75	56,592.79	56,592.79	807.20	70.11	1.98%
9	Eythorne	44,365.00	44,365.00	802.60	55.28	44,365.00	44,365.00	793.06	55.94	1.19%
10	Goodnestone	7,170.00	7,170.00	174.43	41.11	6,959.09	6,959.09	173.63	40.08	-2.51%
11	Great Mongeham	9,155.00	9,155.00	274.27	33.38	9,241.86	9,241.86	271.50	34.04	1.98%
12	Guston	42,738.00	42,738.00	403.13	106.02	43,000.00	43,000.00	417.05	103.11	-2.74%
13	Hougham-without	10,500.00	10,500.00	180.70	58.11	10,500.00	10,500.00	179.72	58.42	0.53%
14	Langdon	15,104.59	15,104.59	242.80	62.21	14,770.00	14,770.00	237.42	62.21	0.00%
15	Lydden	16,925.00	16,925.00	257.00	65.86	17,000.00	17,000.00	260.97	65.14	-1.09%
16	Nonington	9,000.00	9,000.00	295.03	30.51	9,000.00	9,000.00	293.20	30.70	0.62%
17	Northbourne	11,232.00	11,232.00	270.56	41.51	11,500.00	11,500.00	277.73	41.41	-0.24%
18	Preston	19,575.05	19,575.05	380.46	51.45	21,000.00	21,000.00	384.78	54.58	6.08%
19	Ringwould-with-Kingsdown	43,633.00	43,633.00	1,028.01	42.44	43,600.00	43,600.00	1,025.62	42.51	0.16%
20	Ripple	4,514.10	4,514.10	148.49	30.40	4,556.48	4,556.48	142.39	32.00	5.26%
21	River	65,602.00	65,602.00	1,496.74	43.83	65,215.00	65,215.00	1,487.93	43.83	0.00%
22	St Margarets-at-Cliffe	90,000.00	90,000.00	1,303.78	69.03	89,648.13	89,648.13	1,299.06	69.01	-0.03%
23	Sandwich	239,736.06	239,736.06	1,940.37	123.55	263,709.66	263,709.66	1,939.66	135.96	10.04%
24	Shepherdswell-with-Coldred	45,900.00	45,900.00	765.48	59.96	45,900.00	45,900.00	766.76	59.86	-0.17%
25	Sholden	36,847.10	36,847.10	736.50	50.03	36,122.16	36,122.16	722.01	50.03	0.00%
26	Staple	7,887.89	7,887.89	232.89	33.87	7,887.89	7,887.89	232.32	33.95	0.24%
27	Stourmouth	7,121.00	7,121.00	116.46	61.15	7,441.00	7,441.00	117.02	63.59	3.99%
28	Sutton-by-Dover	12,899.00	12,899.00	304.77	42.32	13,149.00	13,149.00	307.89	42.71	0.92%
29	Temple Ewell	26,996.00	26,996.00	662.04	40.78	26,996.00	26,996.00	666.71	40.49	-0.71%
30	Tilmanstone	6,875.19	6,875.19	156.52	43.93	7,294.00	7,294.00	159.70	45.67	3.96%
31	Walmer	162,545.00	162,545.00	3,340.57	48.66	196,641.00	196,641.00	3,385.65	58.08	19.36%
32	Whitfield	117,000.00	117,000.00	2,039.52	57.37	117,550.00	117,550.00	2,079.88	56.52	-1.48%
33	Wingham	53,730.58	53,730.58	685.90	78.34	53,399.48	53,399.48	749.80	71.22	-9.09%
34	Woodnesborough	20,635.00	20,635.00	479.01	43.08	21,736.56	21,736.56	494.80	43.93	1.97%
35	Worth	24,788.00	24,788.00	487.42	50.86	24,930.05	24,930.05	490.17	50.86	0.00%
		2,671,609.59	2,671,609.59	39,029.75	68.45	2,771,747.41	2,771,747.41	38,993.94	71.08	3.84%

T&P Average

T&P Average

2021/22 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: 38,993.94

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

The District Council's precept upon the Collection Fund in 2021/22 for it's own purposes will be: £7,689,215.00

The Band D Council Tax for the District Council's own purposes will therefore be: £197.19

The Band D Council Tax for the District Council's own purposes last year was: £192.24

The increase in Council Tax for the District Council's own purposes is therefore: 2.57%

This is an annual increase of: £4.95

Or a weekly increase of: £0.10

Parish Council Precepts

The Parish Councils will, in total, precept: £2,771,747.41

Last year, Parish Councils precepted: £2,671,609.59

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £71.08

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £68.45

This is an increase of: 3.84%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be: £10,460,962.41

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2021/22 will be: £55,323,045.00

Last year's precept was: £52,739,340.00

The Band D Council Tax will therefore be: £1,418.76

Last year's Band D Council Tax was: £1,351.26

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

2021/22 Precepts and the NDR Multiplier**The Police & Crime Commissioner for Kent**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2021/22 will be:	£8,506,528.00
Last year's precept was:	£7,928,894.00
The Band D Council Tax will therefore be:	£218.15
Last year's Band D Council Tax was:	£203.15
The Band D Council Tax increase as a result of this precept is therefore:	7.38%

Kent Fire & Rescue Service Authority Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2021/22 will be:	£3,151,490.00
Last year's precept was:	£3,094,669.00
The Band D Council Tax will therefore be:	£80.82
Last year's Band D Council Tax was:	£79.29
The Band D Council Tax increase as a result of this precept is therefore:	1.93%

Non-Domestic Rates

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in the pound, and are paid into a central pool for redistribution. The prescribed 'lower' rate in 2021/22 for qualifying properties of less than £51,000 rateable value is:	£0.499
And for these properties, the 2020/21 'lower' rate was:	£0.499
For all other properties >£51,000, the 2021/22 'higher' rate is:	£0.512
And for these properties, the 2020/21 'higher' rate was:	£0.512

GRANTS TO CONCESSIONARY RENTALS 2021-22

2020/21	2021/22		
£	£		
50	50	Sandwich Tennis Club	Lease Of Tennis Courts In Sandown Road, Sandwich
75	75	Aylesham Parish Council	Lease Of 1.82 Acres At Market Square, Aylesham
225	225	Dover Bowling Club	Lease Of Pavilion In Maison Dieu Gardens, Dover
355	355	Victoria Park Bowling Club	Rent Of Pavilion, Victoria Park, Deal
150	150	Aylesham Parish Council	Lease Of 7.7 Acres Adjoining Hill Crescent, Aylesham
325	0	Deal & Walmer Angling Club	Lease Of Angling Cabin On Deal Pier - not in use
450	0	Capel-Le-Ferne Parish Council	Lease Of Land In Lancaster Avenue For Use Of Playing Field no longer required
1,225	1,225	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (Our Half Of The 7 Months @50% Of £4,200)
1,750	1,750	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (We Pay The Remaining 5 Months @ 100% Of £4,200)
2,500	2,500	Dover Athletic Football Club	
			Orange Telephone Mast 50% Of Rental Fee (Dover Ath Keep All Income As Part Of Our Support For Them - Grant Reflects Payment To Code Instead Of Their Payment Of Our Half In Original Deal)
8,000	8,000	Dover Athletic Football Club	Lease Of Ground At Crabble Athletic, River
10,000	10,000	Dover Citizen's Advice Bureau	Rent Of 1st Floor Dover Area Office
10,000	10,000	Deal Citizen's Advice Bureau	Lease Of The Cedars, 26 Victoria Road, Deal
3,250	3,250	Cross Links	9 Sheridan road
38,355	37,580		In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites

2020/21	2021/22	Change	
£	£	%	
100,350	100,350	0%	Your Leisure Budget agreed as £100,350 for Tides 2021/22
5,000	0	-100%	Your Leisure A grant of £5k to YL for Walmer Paddling Pool lease ends 31/3/21.
1,500	1,500	0%	Pegasus Playscheme Provision of a playscheme for children with disabilities
1,500	1,500	0%	Age Concern Provision of area office services.
3,000	3,000	0%	Kent County Council Contribution to Sports Partnership
4,500	4,500	0%	Gazen Salts Nature Reserve To assist in managing and maintaining the reserve
10,000	16,000	60%	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.
10,000	10,000	0%	Dover Outreach Centre Grant towards the Winter Shelter costs.
12,000	12,000	0%	Dover Rugby Club For ground maintenance at Crabble Athletic Ground, covered by saving made in the Landscape maintenance contract.
1,000	1,000	0%	Victoria Bowls Contribution to running expenses of the Club
4,000	4,000	0%	Dover Bowling Club Grant towards grounds maintenance at Dover Bowling Green. Covered by savings within the grounds maintenance budget. Reducing scale as per agreement letter dated 01 April 2017.
102,000	102,000	0%	Dover Citizen's Advice Bureau £97k CAB Core Funding grant inc £10k from HRA, plus £3,500 service charge contribution and £1,500 Other potential services.
22,500	22,500	0%	Neighbourhood Forums Grant to support voluntary and community organisations. *Any variances will most likely be caused by extra money available due to money raised through the Dover Lotto
8,000	0	-100%	Home Improvement Agency "Intouch" Housing Improvement Agency funding not required 21/22
5,000	5,000	0%	Deal Town Council Astor Theatre grant
3,500	3,500	0%	Actions with Communities in Rural Kent Contribution to rural housing
293,850	286,850		

SUMMARY OF RECOMMENDATIONS

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

General Fund Revenue Account

It is recommended that Cabinet:

- Approve the grants to organisations detailed at Annex 9.

It is recommended that Council:

- Approve the General Fund Revenue budget for 2021/22;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 4.

Housing Revenue Account

It is recommended that Council:

- Approve the HRA budget for 2021/22.

Capital & Special Revenue Programmes

It is recommended that Council:

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

Treasury Management and the Prudential Code

It is recommended that Council:

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

Council Tax Resolution

It is recommended that Council:

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

	2020/21 £	2021/22 £	Increase %
Dover District Council	192.24	197.19	2.57
Kent County Council	1,351.26	1418.76	5.00
The Police & Crime Commissioner for Kent	203.15	218.15	7.38
Kent & Medway Fire & Rescue Authority	79.29	80.82	1.93
Sub-Total	1,825.94	1,914.92	4.87
Town & Parish Council (average)	68.45	71.08	3.84
Total Band D Council Tax	1,894.39	1,986.00	4.84

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

	<u>Valuation Bands</u>							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	945.84	1,103.48	1,261.12	1,418.76	1,734.04	2,049.32	2,364.60	2,837.52
The Police & Crime Commissioner for Kent	145.43	169.67	193.91	218.15	266.63	315.11	363.58	436.30
Kent & Medway Fire & Rescue Service	53.88	62.86	71.84	80.82	98.78	116.74	134.70	161.64
Dover District Council	131.46	153.37	175.28	197.19	241.01	284.83	328.65	394.38
Total	1,276.61	1,489.38	1,702.15	1,914.92	2,340.46	2,766.00	3,191.53	3,829.84