
Subject:	COUNCIL BUDGET 2013/14 AND MEDIUM TERM FINANCIAL PLAN 2013/14 – 2015/16
Meeting and Date:	Cabinet – 4 March 2013 Council – 6 March 2013
Report of:	Mike Davis, Director of Finance, Housing & Community
Portfolio Holder:	Councillor Michael Connolly, Portfolio Holder for Corporate Resources and Performance
Decision Type:	Key
Classification:	Unrestricted

Purpose of the report: To seek approval for the 2013/14 budget and the Medium Term Financial Plan (MTFP) for 2013/14 – 2015/16.

Recommendation: *It is recommended that Cabinet:*

- *Approve the freeze of Green Waste subscription fees at £40; and*
- *Approve the grants to other organisations as set out in Annex 11 subject to Council approving the 2013/14 budget;*

It is recommended that Cabinet recommends to Council:

- *That the General Fund Revenue Budget, the Capital and Special Projects Programmes, the Housing Revenue Account budget, the Council Tax Resolution and the content of the Medium Term Financial Plan (MTFP) be approved;*
- *To note that it is the view of the Head of Finance and ICT that the budget has been prepared in an appropriate and prudent manner and that based upon the information available, the budgets are robust and the estimated General Fund and Housing Revenue Account balances and reserves are considered adequate for the Council's current spending plans;*
- *In setting the Budget for 2013/14, to release the grants to other organisations as determined by Cabinet and set out in Annex 11;*
- *That the various recommendations at the end of the sections within the attached budget and MTFP, and summarised at Annex 15 to Appendix 1, are approved.*

1. Summary

- 1.1 This report has been produced to seek approval for the 2013/14 budget and the MTFP for 2013/14 – 2015/16.
- 1.2 If approved by Cabinet, the budget will be presented to Council, together with the resolution to set the Council Tax.
- 1.3 The MTFP also contains a number of other recommendations. These are shown at the end of the sections within the MTFP and summarised at Annex 15.

2. Introduction and Background

- 2.1 As part of its financial management process the Council is required to consider the MTFP and its implications for the Council's service objectives and financial management. The Director of Finance, Housing and Community (Section 151 Officer) is required to comment on the robustness of the budget and the adequacy of the reserves. These requirements are addressed in the attached Budget and Medium Term Financial Plan report.

General Fund Budget

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

Council Tax

- 2.4 DDC's council tax (for its own use – i.e. excluding town and parish councils) for 2012/13 was £164.43 for Band D. This means DDC has one of the lowest council taxes in Kent (see table in Executive Summary).
- 2.5 Having due regard to the current economic climate, proposed increases in council tax have been limited to 1.86% for the 2013/14 budget. This gives a Band D council tax for 2013/14 of £167.49, an increase of £3.06 per annum or 6p per week. The MTFP also assumes increases of 1.99% for 2014/15 and 2015/16. These increases are unlikely to change DDC's position in relation to other authorities insofar as we will remain a lower taxing authority than our neighbours irrespective of any increases they may or may not make in those years.

Capital Programme

- 2.6 The Council has limited capital resources, but within these resources it has discretion over which projects to support. The Medium Term Capital Programme shows that resources have been applied to the regeneration projects in support of the Council's corporate objectives.

Housing Revenue Account (HRA)

- 2.7 The HRA is constrained by the DCLG specified formulae for rent setting and the need to ensure that the HRA remains viable. Rents have been set consistent with past guidance from Government.

Future Budgets

- 2.8 With regard to the rest of the MTFP, because this is a planning document, adoption of the MTFP does not commit the Council to the forecasts for 2014/15 and 2015/15. These are for planning purposes and are likely to be adjusted in the light of new information or changes in the Council's circumstances.

Changes to the Budget and MTFP

2.9 Since presentation to Cabinet and Scrutiny there have been no major changes to the budget and MTFP. Minor amendments include:

- All precepts have been received and the 2013/14 Council Tax resolution has been finalised and included;
- The final figure for DDC's Band D Council Tax for 2013/14 has been included at £167.49;
- The Treasury Management Strategy has been included;
- An Income & Expenditure Account and a Movement in Reserves Statement have been added to reflect the statutory format required for the Statement of Accounts.

3. **Identification of Options**

3.1 The Council is required to set a budget, and so declining to do so is not an option. Members could choose to change the allocation of resources between services, and that option remains open to Council during the financial year.

3.2 Members could also decide to set a different Council Tax level. However consideration should be given to the risk and impact of triggering a Council Tax Referendum if a higher level of Council Tax was proposed or how any proposals to reduce the level would be financed in 2013/14 and future years, while ensuring the budget remains robust and reserves sufficient.

4. **Resource Implications**

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

5. **Corporate Implications**

5.1 Comment from the Section 151 Officer: No further comments to add.

5.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

5.3 Comment from the Equalities Officer: The Equality officer has been consulted as part of the preparation of this report and has no further comment to add other than to remind members that in discharging their responsibilities they are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.

6. **Appendices**

Appendix 1 – Budget for 2013/14 and Medium Term Financial Plan 2013/13-2015/16

7. **Background Papers**

Delivering Effective Services – Shaping the Future of the District (Council 3 Nov 2010)



**Budget 2013/14
and
Medium Term
Financial Plan
2013/14 – 2015/16**

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EXECUTIVE SUMMARY

OVERALL POSITION

1. The key features of this Medium Term Financial Plan are:
 - Balanced General Fund budget for 2013/14;
 - Year on year reduction in budget of £305k;
 - Prudent General Fund balances maintained in 2013/14;
 - Council Tax increase of 1.86% for 2013/14, equating to an increase of 6p a week for Band D properties;
 - Government grant reduced by 7.2% in 2013/14, and estimated to be reduced by 12.8% in 2014/15 and 9.6% in 2015/16;
 - Savings target of £800k for 2014/15 and a further £650k for 2015/16 required to balance the budget in those years;
 - Restructured General Fund earmarked reserves
 - Ongoing review of future expenditure and income streams;
 - Ring fenced Housing Revenue Account balance of over £7m;
 - Rent increases in line with rent convergence guidelines;
 - Financed 2013/14 capital programme; and
 - Significant risks and budget volatility in 2014/15 and 2015/16.
2. Recommendations are included in detail at the end of each section and consolidated at Annex 13.

BUDGET AND MEDIUM TERM PLANS

3. The Medium Term Financial Plan (MTFP) is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans three years, it is reviewed at least annually, and is monitored during the year.
4. It must not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Delivering Effective Services Report (Council 3 November 2010), the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2013/14 – 2015/16.
5. The MTFP incorporates the 2013/14 General Fund Revenue Budget, the 2013/14 Housing Revenue Account (HRA) Budget and the latest Medium Term Capital Programme (MTCP).
6. Years 2 & 3 of the MTFP (2014/15 – 2015/16) are included as indicative budgets for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the overall plan does not set the budgets for years 2 & 3.
7. The budget is presented to Cabinet and Scrutiny (Policy and Performance) in February, before being presented to Council for final approval at its meeting in March.
8. In compiling the budget regard has been given to the need to provide resources to deliver the Council's objectives, and the budget has been prepared to reflect the anticipated service costs and pressures. The General Fund revenue budget shows a small surplus in 2013/14 (Annex 1) and savings targets of £800k in 2014/15 and a further £650k in 2015/16 that are forecast to be required to deliver balanced budgets

in those years (Annex 4). The General Fund balance is forecast to be maintained above the £2m level in 2013/14.

9. It is the view of the Director of Finance, Housing & Community (Section 151 Officer) that the budget has been prepared in an appropriate and prudent manner and that based upon the information available the estimates are robust and the resources are adequate for the Council's spending plans.

BUDGET PROCESS

10. The budget process towards achieving the savings targets included in the 2013/14 budget follows on from the adoption of the recommendations of the Employment Stability Report Phase 2 – The Way Forward, on 19 May 2010. This report approved an enhanced Employment Stability process and recommended that priority functions be identified to link to performance targets in future years.
11. This report was followed by detailed work with individual services and portfolio holders in order to explore and assess all services across the authority. The work resulted in the Delivering Effective Services (DES) Report approved by Council 3 Nov 2010 (see below). The budget has been built on the recommendations in the DES report with staffing levels and budgets being reflective of the service standard allocated.
12. During 2012/13 the forecasts for Local Government Financing were predicting significant cuts in funding for Local Authorities for 2013/14. In order to address this Corporate Management Team, in consultation with Members, undertook detailed reviews of all service areas to identify options for delivering the savings required to balance the 2013/14 budget. These reviews involved an assessment of each service including detailed options ranging from the current service provision to the statutory minimum level of provision. This review has led to the proposals included in this budget for approval by Members; further details are included in the General Fund section and the detailed variances at Annex 3.

DELIVERING EFFECTIVE SERVICES

13. The Council, in adopting the recommendations of the Delivering Effective Services Report (DES) November 2010, aimed to address the anticipated 2011/12 and on-going General Fund deficit through a mixture of:
 - service prioritisation;
 - restructuring;
 - further efficiencies within services/departments; and
 - shared services.
14. Services were ranked as 'Gold, Silver and Bronze' and these classifications have been used as a comparative service priority for service delivery.
15. The report represented the start of an ongoing process to meet the anticipated budget pressures over the coming years. The service standards set in the report have continued to form a basis for reviewing the budget, providing direction for service reductions and informing the Employment Stability process and the design of the organisational structure. They have also been used in conjunction with the service data in Annex 5.

16. The next stage of the DES report was approved by Council on 12th December 2012 with the further reduction to the Chief Officer Structure (CMT) through the redundancy of the Director of Regeneration & Development. The subsequent changes to the Chief Officer responsibilities and service areas were reported to Council on 30th January 2013 and approved. The revised structures have been incorporated into the Budget & MTFP in Annexes 5A – 5D.

THE GENERAL FUND

17. The Council's General Fund revenue budget for 2013/14 is shown in Annex 1. The budget is balanced with reserves forecast to remain above £2m. The net budget requirement, for the Council's own purposes, is £14m. This is to be met mainly by:
- Government grant (Revenue Support Grant and distribution of Non-Domestic Rates) of £6.72m;
 - Council Tax of £5.83m; and
 - New Homes Bonus of £927k
 - The Council also receives £1,218k in Council Tax Support funding (of which £284k is to be transferred to Towns & Parishes).
18. Annex 4 shows the overview of the forecasts for 2014/15 and 2015/16, the corporate pressures from increased salary costs, pension funding and inflation and service pressures and savings from directors. It is forecast that to balance the 2014/15 and 2015/16 budgets savings of £800k in 2014/15 and a further £650k in 2015/16 will be required.

GOVERNMENT GRANT

19. Revenue Support Grant (and NDR) of £6.72m is the largest single income stream for the Council. 2013/14 is the first year of a two-year settlement for local government. The grant received for 2013/14 is being reduced (after technical adjustments) by 7.2% from the 2012/13 level.
20. The draft settlement for 2014/15 is forecast to be a further reduction of 12.8% which equates to a reduction of £948k. For the purposes of the Medium Term Financial Plan the working assumption is that the settlement for DDC will reduce by a further 9.6% in 2015/16.

CHANGES IN LOCAL GOVERNMENT FINANCE

21. The main changes in Local Government Finance are:
- Welfare Reform
 - Localisation of support for Council Tax;
 - Universal Credit;
 - Benefits Cap;
 - Social Sector Size Criteria (bedroom tax).
 - Reform of Local Government Finance
 - Localisation of business rates.
22. These changes are included in more detail in the Changes in Local Government Finance section of this report.

COUNCIL TAX

23. A council tax increase for DDC purposes of 1.86% has been built into the 2013/14 budget. This means that the Band D council tax, for Dover District Council purposes, will increase from £164.43 per annum to £167.49. For Band D Council tax payers this increase amounts to 6p per week.
24. For planning purposes increases of 1.99% per annum have been assumed in the forecasts for 2014/15 and 2015/16.
25. The precepts from Kent County Council, The Police & Crime Commissioner for Kent, Kent Fire and Rescue Authority and Towns and Parishes have been received and annexes 10A-10C include the 2013/14 precepts and the resolution to set the Council Tax levy.

COMPARISON WITH OTHER DISTRICTS' 2012/13 BAND D COUNCIL TAX

26. DDC has one of the lowest council tax Band D rates in Kent. A comparison with the East Kent authorities 2012/13 council tax rates is shown below. This shows the percentage that their 2012/13 council tax level exceeds DDC's and the extra income DDC would receive at their level of council tax:

	Band D Council Tax £	% Difference to DDC	Extra Income to DDC
Dover District Council	164.43	-	-
Canterbury City Council	178.65	+9%	£494k
Shepway District Council	231.48	+41%	£2.3m
Thanet District Council	209.97	+28%	£1.6m

NEW HOMES BONUS

27. The Government has pledged cash for communities who allow new homes to be built in their area. DDC will retain 80% of the council tax from new properties for the first 6 years through this mechanism. The grant awarded for Dover is £294k granted in 2011/12, the first year of the scheme, £449k in 2012/13 and £927k in 2013/14. For planning purposes an increase in the allocation of £200k has been incorporated into the baseline budget for future years.

GENERAL FUND RESERVES AND BALANCES

28. The projected outturn for 2012/13, the budget for 2013/14 and the projections for 2014/15 and 2015/16 will enable General Fund balances to be maintained above £2m over the planning period, subject to the target savings being achieved. In addition, a number of earmarked reserves are held for specific purposes. The reserves and the protocols for their use are set out in Annex 6.

HOUSING REVENUE ACCOUNT (HRA)

29. It is proposed to maintain the policy of making a transfer of a portion of the HRA surplus into the Housing Initiatives Reserves. Therefore after a transfer of £2m for 2013/14 the HRA is forecast to show a deficit of £280k. The projected 2013/14 year-end HRA balance is £7.47m as shown in Annex 7.

30. Under Housing Finance Reform from 2012/13 the Housing Subsidy was replaced with a self-financing system requiring a one off payment to Government financed by Local Authorities taking on borrowing. The payment to the Government took place on 26 March 2012 and was £90.473m. The loan was taken out with PWLB for 30 years at a fixed interest rate of 3.18%. The annual repayment of principal and interest on the loan is £4.702m which replaced the negative Subsidy payment of approximately £6m.
31. Rent increases averaging approximately 3.37% have been included in the HRA budget. This is consistent with past guidance from Government.

ASSET MANAGEMENT PLAN (AMP)

32. 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.
33. Expenditure on repairs and maintenance (R&M) forms a direct link with the revenue budget, which will contain the resources to meet the agreed R&M. The Director of Environment & Corporate Assets confirms that there are sufficient resources to keep properties generally wind and water-tight but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget targets only essential maintenance.

CAPITAL PROGRAMME AND SPECIAL REVENUE PROJECTS

34. The Medium Term Capital Programme is included at Annex 8A and details all the current projects in progress as well as new projects to be appraised and approved.
35. The capital programme operates on a cash funded position with no new projects being approved to commence unless the whole project cost can be financed through additional funding, sufficient capital receipts have been banked or other savings in the programme being identified. The new projects in the programme have been approved subject to financing being identified and the completion and approval of a project appraisal.
36. Capital resources are extremely limited and due to this receipts from the sale of the Sheltered Housing Schemes will be allocated to fund regeneration projects in the proposed capital programme. The HRA will therefore have to finance its capital spend from its improved rental income and balances.
37. The Special Revenue Projects Programme comprises significant projects that are not usually treated as capital but which are "one off" in nature and are therefore to be funded from reserves (see section on General Fund Reserves above). Because they are financed from revenue reserves cancellation of any of these projects would free up resources that could be used to finance capital projects, revenue projects, or used for other purposes. If all proposed and projected projects proceed the Special Projects reserve will be depleted by the end of 2015/16.

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

TREASURY MANAGEMENT STRATEGY STATEMENT

39. The Treasury Management Strategy Statement, including the Prudential Indicators and Minimum Revenue Provision Statements will be included in the March circulation of the MTFP.

CONSULTATION ARRANGEMENTS

40. The Council has undertaken a public consultation on residents' satisfaction with services and their priorities for those services. Although a range of opinions were expressed there was no particular consensus for an area of change. The Council is proposing to undertake a further consultation exercise during 2014/15 to inform the priorities for the future.
41. The MTFP report to be presented to Cabinet on 4th February 2013 will be placed on the Council's website for public information.
42. Town and parish councils (T&Ps) have been updated on the changes facing local government finance, including the impact on T&Ps of the implementation of the Council Tax Support scheme. In addition, all Portfolio holders, budget managers and directors are briefed and consulted prior to, and during, the budget process.

KEY ASSUMPTIONS AND SIGNIFICANT BUDGET RISKS

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

RELATED STRATEGIES AND PLANS AND JOINT PLANS WITH PARTNERS

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

CHANGES TO LOCAL GOVERNMENT FINANCE

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

WELFARE REFORM

47. Welfare reform encompasses:
- Localisation of support for Council Tax
 - Universal Credits
 - Benefits Cap
 - Social Sector Size Criteria (“Bedroom tax”)
48. Welfare reform has implications for local government finance, both directly and through demands for services.

Localisation of Support for Council Tax

Background

49. Council tax benefit (CTB) currently provides those on low incomes with support towards the payment of their council tax bills. The benefit is administered by local authorities, but funded by central government. Recent legislation has abolished council tax benefit from April 2013 and paved the way for local schemes (variously referred to as Council Tax Support Schemes (CTSS) and Council Tax Reduction Schemes (CTRS)).
50. The key elements in the government’s changes to CTB are:
- The standard national CTB scheme ends in March 2013;
 - Each billing authority must implement its own local scheme from April 2013;
 - Government funding to the local scheme will be reduced by 10% compared to its funding for CTB (although in reality the reduction in annual funding, compared to 2012/13, is approaching 15%);
 - Pensioners must not be disadvantaged by the changes;
 - Incentives to work should not be removed;
 - CTB was a “benefit” scheme. CTRS will be a “discount” scheme. This has implications for the tax base;
 - A grant will be provided by DCLG, in the first year, to authorities not reducing support to working age claimants by more than 8.5%.

How does a “discount” scheme differ from a “benefit” scheme?

51. Under the current CTB scheme, groups with low incomes are still liable for Council Tax, but the liability is paid in full (or in part, depending on a means test), by CTB, administered by DDC. DDC receive funding from Government, making the cost to DDC neutral. Annual CTB payments in the Dover district are around £10m.

52. With a discount scheme, instead of raising Council Tax bills, and then paying them by benefit, the bills are reduced through the use of a discount.
53. In broad terms the effect on the public purse is neutral. There is little difference between raising Council Tax bills, which the government then pays on behalf of the claimant, or reducing the bills by a discount. The difference arises if the grant to cover the loss of income as a result of the discount does not fund the full cost of the discount.
54. In practice, government propose to reduce the support they pay to support the CTRS. This means that a small reduction in discount would be required to offset the reduced grant. The table below illustrates the effect of a 10% reduction in government support.

Notes		<u>Simplified Illustrative Comparison</u>	Council Tax Benefit	Council Tax Reduction Scheme
A		Council Tax Base (Band D equivalents)	40,000	35,000
B		Band D Council Tax (inc KCC, Police, Fire)	£1,400	£1,400
C		Total Council Tax billed	£56,000k	£49,000k
D		Amount paid by benefits (funded by Government)	£7,000k	
E	C-D	Amount paid by Tax Payers	£49,000k	£49,000k
F		Council Tax Reduction Grant from Government to General Fund KCC, Police, Fire and DDC		£6,300k
G		Amount paid by claimants	-	£700k
H	D+E+F+G	Total Resource available to the Councils	£56,000k	£56,000k

Notes

- A. The tax base will be lower under a discount scheme because more discounts are awarded.
- B. For comparative purposes, assume the Band D Council Tax is £1,400 pa.
- C. The total amount billed is higher under a benefit system because of the higher tax base.
- D. Benefits, funded by Government, are used to pay some of the Council Tax bills.
- E. All other things being equal (in reality they never are), the amount of Council Tax paid by the Council Tax payers is the same.
- F. The Government pays a grant to the four major preceptors, KCC, Police, Fire and DDC. If the grant was the same as the amount paid for Council Tax Benefit, the two systems would be the same. In this illustration it is assumed to be reduced by 10%.
- G. If both systems are fully funded, claimants would not pay under either system. With the reduced government funding, a small amount of the discount is withdrawn (for DDC this will be 6%) and so claimants have to pay a small amount (6%) of the Council Tax.
- H. In this illustration, the total resources available to the major preceptors under the two systems are the same.

How does this affect the various tiers of local government?

55. In Kent there are 3 tiers. The upper tier comprises Kent County Council, Police and Fire and Rescue. The second tier comprises the district councils. The third tier comprises the Towns and Parishes. The effects upon each tier are different.
56. The upper tier authorities will all experience the loss in Council Tax base and therefore Council Tax income. However, they are unable to take direct action to address this as they have no control over the implementation of the local scheme. They will receive a Council Tax Reduction Grant from government, but it will not fully compensate for the loss in Council Tax.
57. The second tier authorities are the districts. They will also experience the loss in Council Tax base and Council Tax income. They will receive a Council Tax Reduction Grant from government, but it will not fully compensate for the loss in Council Tax. However, as the billing authority, they are responsible for designing the new local CTRS and can take steps to mitigate the loss that they, and the upper tier authorities, experience.
58. The third tier authorities will also experience the loss in Council Tax base and income. They will not receive a CTRS grant from government. However, government have provided an additional grant to the districts, which they can share with the Towns and Parishes to mitigate their loss, should they chose to do so. For Dover this grant was circa £284k and largely offset the anticipated losses to Towns and Parishes for 2013/14.

How has this been implemented in Kent?

59. Because KCC, Police, Fire and Rescue account, between them, for over 85% of Council Tax, they have a significant incentive to ensure that any scheme recoups the financial losses from the reduced tax base. They have therefore worked with the districts to develop local schemes that make the overall 10% savings required to make the schemes financially viable.
60. If the districts implement the main Kent wide scheme, or a local variant that delivers the required savings, then the upper tier authorities have agreed to provide a grant to each district council, of £125k per annum, for the next 3 years, to underpin the additional administrative costs that the districts will incur as billing authorities. They have also agreed to underwrite the financial impact of any increase in claimant numbers.
61. The main elements of the Kent wide scheme are:
 - A reduction in benefit to claimants of circa 18%. That means that claimants who weren't paying Council Tax will be required to pay 18% of the bill in future;
 - A reduction in empty property discount from 6 months to 3 months;
 - Second homes discounts to continue at 10%.
62. The East Kent authorities (DDC, Canterbury City Council and Thanet District Council) have developed a local variant to this scheme. The key features of this scheme are:
 - A reduction in benefit to claimants of circa 6%. That means that claimants who weren't paying Council Tax will be required to pay 6% of the bill in future;

- Elimination of all empty property discounts, in order to meet the costs of the higher discount to claimants;
 - Elimination of second homes discounts in order to meet the costs of the higher discount to claimants.
63. The East Kent scheme therefore means lower bills to claimants and should also ensure higher levels of collection.

Universal Credits (UC)

64. Universal credits are a major element of the welfare reform agenda. Although Council Tax Benefit / Council Tax Reduction will stay with local authorities, Housing Benefit will transfer to the Department for Work and Pensions.
65. The transfer for some new claims will generally happen with effect from October 2013 (although this date may slip). Transfer of other live claims currently with the local authority will be triggered when there is a significant change in a claimants claim.
66. The remainder of the claims will be subject to a phased migration, with completion of transfer scheduled for 2017/18.
67. The key elements / challenges in the new system are:
- “Digital by default” – it is assumed that 80% of claims will be on-line, and that there will be minimal personal contact or intervention;
 - The Local Authority role in UC delivery requires further clarification;
 - In the majority of cases, benefit will be paid on a monthly basis, direct to the claimants bank account, rather than to landlords, as is currently the case with Housing Benefit. This is to re-acustom claimants to the pattern of salary payments when they return to work;
 - The change in payment patterns will require East Kent Housing to focus on maintaining collection rates;
 - For those in work, the system will require monthly data transfers from their employers to the HMRC, and then from HMRC to DWP systems, in order to adjust benefit for changes in income;
 - Claims from homes within a “House in Multiple Occupation” (HMO) are currently checked to property records by DDC to ensure the total number of claims from the HMO is consistent with (or does not exceed) the number of homes it contains, and so reduce the risk of fraud. It is not yet clear how this check will be replicated by the DWP as they do not have access to our property database.

Benefits Cap

68. The intention of the Benefits Cap is to prevent anyone in receipt of benefit receiving an income that is greater than the national average wage of circa £26k for families.
69. Local authorities will be responsible for administering the cap for claimants in receipt of Housing Benefit until that claim is migrated to Universal Credit.
70. If the total amount of benefits in payment (including Housing Benefit) exceeds £26k per annum then the excess will be deducted from Housing Benefit by the Local

Authority. When the claim transfers to Universal Credit then the DWP will be responsible for making the reduction.

71. Although the cap was originally intended to be for everyone in April 2013, government have since decided that the cap will be gradually introduced during 2013.

“Bedroom Tax”

72. The Social Sector Size Criteria is generally referred to as the “bedroom tax”. It will apply to Housing Benefit claimants and, for those claimants deemed to have 1 bedroom more than they require, they will lose 14% of their Housing Benefit.
73. For claimants with 2 excess bedrooms, they will face a loss of 25% of their Housing Benefit.

REFORM OF LOCAL GOVERNMENT FINANCE

Localisation of Business Rates (BR)

74. The proposals focus on the distribution of BR¹ revenues between central and local government, rather than changes to the system of BR taxation. Businesses will see no difference in the way they pay BR or the way the tax is set. Rate setting powers will remain under the control of central government and the revaluation process will be unchanged.
75. On 18 July 2011, CLG published proposals for BR retention, as part of the Local Government Resource Review. This was followed by a series of eight technical papers, published on 19 August 2011, which provided further detail. The government’s response to the consultation was published on 19 December 2011.
76. In the future, 50% of BR will be localised through a system of top-ups and tariffs that fix an amount to be paid by high yield authorities, that will be distributed to low yield authorities. Local authorities will be able to retain a proportion of all BR growth or conversely will experience a fall in resources if BR decline.
77. The remaining 50% of BR will be distributed in a similar way as currently, which is through the formula grant process. This also allows the Government to retain a proportion of BR centrally to meet public expenditure targets.
78. In addition there will be a levy on “disproportionate growth”. This levy will be paid to DCLG and used to finance a safety net for those authorities experiencing little or negative growth. A “reset mechanism” will be in place with a period of ten years between resets, but with flexibility for more frequent resets in exceptional circumstances.

What are the top-up and tariffs and how do these work?

79. Top-ups and tariffs are set so that all other things being equal a local authority will start with the same resources under the new system as it had under the old. Thus if an authority collects £35m BR and previously received £8m in re-distributed BR through the formula grant system, it will pay a tariff of £27m.

¹ Business Rates (BR) are also variously referred to as Non-Domestic Rates (NDR) and National Non-Domestic Rates (NNDR).

80. If however the same authority collecting £35m previously received £40m in re-distributed BR through the formula grant system, it will receive a top up under the new system of £5m.
81. Dover, in common with the bulk of district Councils, will be “tariff” authorities, as they collect far more than they receive in formula grant.

Will top-ups and tariffs be increased for inflation?

82. The top-ups and tariffs will automatically increase for inflation. This gives top-up authorities a guaranteed increase in part of their resources and means that a tariff authority will lose resources unless it ensures its BR growth keeps pace with inflation.

How will the starting point be determined?

83. The starting point is 2012/13 levels of support received through the formula grant system. This has been subject to some technical changes, and an overall reduction for Dover of £524k from £7.242m to £6.718m in 2013/14.

How does the levy work?

84. Each authority is set a bespoke levy arrangement, to prevent authorities from disproportionately benefiting from growth in BR in their area.
85. For Dover, the levy will be such that for every £100k increase in business rates, we will retain £20k.

How will rate reliefs and discounts work?

86. There are a range of mandatory and discretionary reliefs and discounts. These include:
- Small business rate relief;
 - Relief to Charities, Community Amateur Sports Clubs and non-profit making bodies;
 - Relief to Academies. They are treated differently for NDR purposes than local authority schools, so the transfer of schools to academies will reduce NDR income.

87. Generally these reliefs and discounts will continue to be received by organisations as at present.

Will there be a safety net?

88. A safety net will apply, to protect local authorities experiencing low rates of BR growth or reductions in the level of BR collected by capping the loss they face. The safety net will be triggered when a local authorities' baseline income falls by more than 7.5%. This will be funded from the levy collected by government.

What about appeals?

89. At a national level, the average impact of appeals is a reduction of 3.6% of the total value of the valuation list.

90. When BR are collected they are passed to central government. Government have indicated that when an appeal is successful the local authority must repay the appellant promptly. However, as the monies were passed to central government, they will refund the local authority. However, the government refund to the local authority will be stretched over 5 years, so the authority will experience a negative cashflow.
91. Successful appeals will also have an impact on the level of BR that can be collected in the future.

How does the calculation work for Dover?

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

Ref	Element	Notes	
	Levy	Impact on DDC of growth 1% in BR (gain of £334k)	£67k
		2% (£668k)	£133k
		3% (£1,002k)	£200k
		DDC will keep 20% of gains.	

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

What is the impact of this on Dover?

Dover's Rateable Values	Rateable Value ² £000	%
Top 5		
Channel Tunnel	15,400	17
Discovery Park	8,440	9
Dover Harbour Board	5,250	6
Tesco's, Whitfield	2,830	3
Thanet Offshore Wind Cable	1,280	1
Sub Total	33,120	36
The rest	58,195	64
Total	91,315	100

92. To put this into context, if 1/3 of Discovery Park were to be demolished, then the loss would be circa £2,813,333. In broad terms, to recover this loss through other developments, and thus avoid any financial loss to DDC, would require the equivalent development / construction and occupation of :

- 280 – 500 average sized industrial units, or
- 28 Dover Marks and Spencer's stores, or
- 85 Iceland stores.

93. In preparing the MTFP it has been assumed that the loss of BR in the Dover district will exceed £600k, that DDC will therefore be in the safety net, and that the maximum loss of revenue to the Council will be £243k.

What is the impact on Dover's cashflow

94. The impact on DDC cashflow is difficult to forecast. The main elements will be:

- The requirement to continue to pay over the BR and tariff based upon the forecast of BR for the coming year;
- The potential impact on DDC of significant losses in BR that could arise as a result of:
 - Demolition of major elements of the Pfizers site;
 - Increased levels of business failure;
 - Reduced collection rates due to higher empty property levels;
 - Any increase in academies in the area;
 - Increased take-up of the Enterprise Zone BR discount;
 - The 5 year delay, by government, in refunding successful BR appeals.

² Note – Rateable Value is not the same as the Business Rates paid. RV is multiplied by a government set multiplier (currently around 46p) to determine the amount payable.

THE OVERALL IMPACT OF THE CHANGES

How will the changes affect financial planning?

95. Local authorities are used to forecasting expenditure and income such as fees and charges. The changes will increase the level of instability in the forecast of resources and the interaction of both with economic growth will increase the associated risks. As an example the decline of a major industry could result in both a decline in the business rate base and an increase in council tax support demand.
96. Local authorities will need to take account of national growth assumptions, local area characteristics and local forecasts to estimate potential future business rates growth and demand for council tax support.

What about the collection fund?

97. Any changes during the year in the level of business rates or council tax benefit will fall initially upon the collection fund. There is likely to be increased instability within the collection fund as a result of the changes and the level of surpluses and deficits is likely to rise. The government is looking at the cash flow implications for billing authorities and may introduce an ability to share and cash flow shortfalls with major preceptors at fixed points during the year.

Will the changes have an impact on reserves?

98. The additional instability in resources may have an impact upon reserves and should be considered when deciding upon the overall level of reserves needed. In taking into account the risks associated with changes in resource levels local authorities need to consider the basis of estimation of receipts and the level of confidence they have in achieving any underlying growth, maintaining collection rates and managing service demand.

Will demand for services increase / change?

99. It is anticipated that the changes will have individual and cumulative impacts on claimants that will, in turn, put extra pressure on services including:
 - Collection of Council Tax;
 - Universal Credits and Bedroom Tax are expected to put significant downward pressure on HRA collection rates;
 - Pressure for housing transfers to downsize;
 - Homelessness;
 - Collection of Business Rates;
 - Customer services;
 - Providing advice to DWP claimants;
 - Debt counselling (including via CAB).

Recommendations from this Section

100. It is recommended that Council:
 - Confirms its adoption of the Council Tax Reduction scheme and in doing so its determination to remove second homes and empty properties discounts made at the meeting of 30 January 2013 the effect of which will be as follows:

- Approves the policy that the empty homes discount is reduced to 0% for Class C empty properties from 1 April 2013;
- Approves the removal of the second home discount so that Council Tax will be payable in full on these properties from 1 April 2013.

THE GENERAL FUND REVENUE ACCOUNTS

FINANCIAL OBJECTIVES

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

SUPPORTING INFORMATION

102. The following annexes are provided:
- Annex 1 contains the budget summary for the General Fund;
 - Annex 2 shows the net service expenditure analysed by categories of expenditure and income;
 - Annex 2A shows the key expenditure figures and patterns for the General Fund;
 - Annex 2B shows the key income figures and patterns for the General Fund;
 - Annex 3 provides a detailed variance analysis between the budgets and forecasts from 2012/13 and 2013/14;
 - Annex 4 provides the General Fund Revenue Budget projection for the period to 2015/16;
 - Annexes 5A – 5D contain summaries of the services managed by each Director, the service objectives and associated budgets; and
 - Annex 6 contains details of the General Fund balance and earmarked reserves.

GENERAL FUND SUMMARY

103. The net budget requirement for the Council's own purposes is £14m as shown in Annex 1. This is to be met mainly by Government grant (Revenue Support Grant and distribution of Non-Domestic Rates) of £6.72m³, Council Tax income of £5.83m, Council Tax Support funding of £1,219k (of which £284k is to be transferred to Towns & Parishes) and New Homes Bonus of £927k.
104. Annex 4 shows the overview of the forecasts for 2014/15 and 2015/16, the corporate pressures from increased salary costs, pension back funding, inflation, service pressures and savings from Directors. To balance the 2014/15 and 2015/16 budgets savings of £800k in 2014/15 and a further £650k in 2015/16 will be required. The DES process and the on-going review of all expenditure and income streams will be the main approach used to identify options towards addressing the required savings.

³ Based on the 2013/14 provisional settlement received 19 December 2012

KEY VARIANCES / SIGNIFICANT ISSUES

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

	£000
2012/13 Original Budget Forecast	21
Decrease in Government Grant	524
NDR Redistribution Safety Net	243
Decrease in Tax Base from Council Tax Support proposals	892
Reduction in benefits administration grant and subsidy income received	131
Council Tax Support grant funding	(935)
Council Tax increase at 1.97% (£3.24pa / 6p per week)	(112)
Target staff savings (subject to consultation)	(293)
Reduced Parking Income	265
Review of recharges, incl. HRA (street lighting & litter picking on HRA car parks and open spaces, community engagement team, etc)	(260)
Reduced interest charges from consolidated GF and HRA interest rate	(169)
Reduced interest receivable forecast due to ongoing reduction in deposit interest rates	56
Reduced management fee charge from East Kent Services	(164)
Reduced external audit fees following abolition of Audit Commission and transfer to the private sector	(37)
Increased Development Control fee income (see below)	(80)
Review of dog control service and contract	(28)
Forecast reduction in Land Charges income (see below)	30
Refuse, recycling and street cleansing contract increases	125
Partnership Funding Team income target	(45)
Reduced premises insurance (mainly Deal Pier)	(30)
Development Control – reduced publicity & consultancy	(22)
Housing strategy – no consultancy for 2013/14	(25)
Increased rental and room hire income from Whitfield and Gateway offices	(25)
Cleaning contract for Whitfield offices – target saving	(22)
Increased Building Control income, incl. fire risk consultancy	(17)
Various miscellaneous variances	(32)
2013/14 Budget Forecast	(9)

Staff Salaries

106. The decision for the level of cost of living increases for 2013/14 will be undertaken through the Collective Bargaining agreement that is in place with the Unions. The process will be activated shortly and independent advice on the cost of living increase will be received to form the basis of these discussions.
107. Known and committed adjustments for the impact of pay protection and increments under the current job evaluation scheme are included in the budgeted figures.

Vacancy Allowance and Organisational Savings

108. The vacancy allowance (savings from staff turnover) was set at £125k in 2012/13. Due to the on-going Delivering Effective Services and Employment Stability processes and the impact of shared services in reducing staffing establishment levels it has been considered prudent to reduce the vacancy allowance to a lower level of £100k for 2013/14.
109. The 2013/14 budget includes £293k of "Delivering Effective Services" savings. This saving includes the approved redundancy of The Director of Regeneration & Development, staff savings identified by managers across the organisation in order to deliver the required savings for the 2013/14 budget and include some deletion of vacant posts. The proposed changes are subject to a consultation process with all affected staff prior to finalising the proposals.
110. It is proposed to continue the Delivering Effective Services and Employment Stability processes in 2013/14 to maintain the link between approved service standards and the approval of posts to be filled.

Pension Fund

111. 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 of the KCC pension fund started in April 2010, and was implemented from April 2011.
112. 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 the DDC contribution rate for "current service" should be 14.2% and that the fixed sum to finance the deficit should be £1.5m (for all staff, including HRA) in 2011/12. This fixed sum has increased by £80k in each of 2012/13 and 2013/14.

General Inflation

113. Setting a guideline level of inflation runs the risk that this will be used by budget managers as the "norm" to set budgets even when the inflation rate for their services is less. When setting their proposed budgets all managers are asked to consider the specific quantity and price of services they will actually need in the coming year and reduce expenditure where necessary in order to avoid an overall inflationary increase.
114. The other significant area of potential inflation pressures relates to major term contracts. In 2013/14 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 2014/15 and 2015/16 it is not realistic to attempt to model contract renewal costs and so for planning purposes a 2.5% increase in the cost of major term contracts has been assumed. Each 1% variance in contract inflation leads to approximately £50k variance in costs.

Contingency Provision

115. Contingency provision of £98k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. This has increased slightly from the 2012/13 level to reflect the on-going tightening of

budgets across the organisation. In addition, as part of the budget setting process managers and directors were asked to identify any budgets held for items such as legal or consultants fees that would only be required if certain circumstances occurred. These budgets have been removed from individual budgets and will be funded from this provision if required for the items identified.

Grants to Organisations

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

Shared Services

117. Revenues & benefits, customer services and ICT transferred to East Kent Services (EKS) in February 2011. Management fees under the EKS arrangements are forecast to reduce from the 2012/13 level for the planning period.
118. This Council is the host for the joint East Kent HR Partnership provided by East Kent Services. Payroll is provided by Kent County Council via its Employee Services Team.
119. The Council awarded a 10-year contract for the collection of refuse and recycling to Veolia Environmental Services (UK), which commenced in January 2011. The contract was awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and the client teams from both Dover and Shepway jointly manage the contract from the Dover District Council offices.
120. In addition an internal audit partnership, hosted by Dover, is in place working with Dover, Shepway, Canterbury and Thanet (including East Kent Services) Councils and East Kent Housing.

Interest on Investments

121. The overall interest rates achieved in 2013/14 will depend on the combination of the LIBID rate and the margin it maintains above base rate, the rates for current investments, the prevailing market rates when current investments are renewed, and the performance of gilts held by Investec (the Councils investment managers) over the year.
122. The MTFP assumes that the Council's investments overall will average 1.43% per annum on investments of circa £22m (split approximately 40/60 between General Fund and HRA pro rata to estimated cash balances). This is based on bank base rates assumed to remain at 0.5% for the majority of the planning period.
123. Members should note that the localisation of Business Rates places a significant potential risk on DDC's cash flow if there is a significant reduction in Business Rates collection through revaluation, demolition or major business failure in the district. This would reduce the funds available for investment and therefore reduce the interest earned.
124. Members will also be aware that the Council had a £1m investment with the Icelandic bank, Landsbanki which is currently subject to a legal process. The winding up board have calculated the accrued interest and the total amount repayable is

£1,062k. As at 31st December 2012 a number of distributions have been made amounting to £500k. The balance of £562k is due to be repaid in annual distributions up to December 2019.

Other Income Streams and Fees and Charges Made by DDC

125. Fees and Charges (F&C) are reviewed and set annually, with reports presented to Licensing and Regulatory Committees and Cabinet. When setting F&C managers consider:

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

126. The only F&C that are not included in this process are for car parking which are the subject of a separate report.

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

- Development Management

The volume of fee applications is expected to remain at broadly the current level. The original budget for Development Management fee income for 2012/13 was £390k and the latest projected outturn for the year is £430k. The budget for 2013/14 onwards has been set at £470k following the implementation of a 15% fee increase in November 2012.

- Building Control

The Building Control (BRFE) income is largely dependent upon construction activity. Assumptions about the level of activity, the award of 'growth point' status to DDC combined with the economic forecasts lead to a budget of £295k being set for 2012/13. However the wider economic position deteriorated during 2012/13 and the expected increase in construction activity locally has not yet materialised. The result is that even with price increases of 5% built in the 2013/14 forecasts are for a reduction in the total BRFE income to £285k.

- Licensing

This includes taxis, gambling and other miscellaneous licences. The projected outturn for 2012/13 is £242k. The 2013/14 budget has been reduced slightly to £234k to reflect the impact of the current economic climate on the income streams.

- Land Charges

The original 2012/13 budget of £180k was set at a level reflecting consistently lower volumes in the housing market. The current projection is that this may be lower than budgeted, and this has been reflected in the 2013/14 budget which has been set at £150k.

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

- Car Parking

The 2012/13 income budgets for parking fees and penalty charge notices is currently forecast to be below the original budget of £2.4m at £2.2m. There have been a number of factors impacting on the income streams in year including the current economic climate, the Olympics and poor weather over the summer. The forecast for 2013/14 has been set at the same reduced level as the projection for 2012/13.

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

- Green Waste Subscription Service

A subscription charge for the Green Waste service was introduced from April 2012. This has reduced the net costs of the service as well as enabling access to the service to be extended to all customers. It is proposed that the subscription fee for 2013/14 is frozen at the 2012/13 level of £40. Based on the initial take up of the service in 2012/13 the budget for 2013/14 has been set at £153k.

128. These major fees and charges generate approximately £3.4m towards the General Fund budget.

Financing the Net Requirement

129. The net requirement is financed mainly by Government grant and Council Tax. The total financing for 2013/14 is:

2013/14 General Fund Revenue Financing	£m	%
Revenue Support Grant	3,481	
NDR	3,237	
RSG & NDR Settlement	6,718	
Council Tax Support Funding (Gross)	1,218	
NDR Redistribution Safety Net	(243)	
Total Government Grant	7,693	53.1
Council Tax	5,822	40.2

Collection Fund Surplus	37	0.3
New Homes Bonus	927	6.4
Total Financing	14,479	100.0

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

Government Grant

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

	Grant £000	Reduction £000	Reduction %
2012/13 Settlement	7,242		
2013/14 Draft Settlement	6,718	524	7.2
2014/15 Draft Settlement	5,858	860	12.8
2015/16 Estimated Settlement	5,296	562	9.6

Council Tax

132. DDC's council tax (for its own use – i.e. excluding town and parish councils) for 2012/13 was £164.43 for Band D. This means DDC has one of the lowest council taxes in Kent (see table in Executive Summary).
133. Having due regard to the indications from Government regarding capping and the current economic climate, proposed increases in council tax have been limited to 1.86% for the 2013/14 budget. This gives a Band D council tax for 2013/14 of £167.49, an increase of £3.06 per annum or 6p per week. The MTFP assumes increases of 1.99% for 2014/15 and 2015/16. These increases are unlikely to change DDC's position in relation to other authorities.

Budget Requirement

134. For 2012/13 the original budget requirement was £14.32m. The 2013/14 requirement of £14.47m includes the new grant funding to parishes of £284k. Excluding this, there is an underlying decrease of £134k or 1%. This reflects savings identified through a detailed review of services undertaken across the organisation.

"Carry Forward" of Unspent Budgets

135. 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.
136. If budget managers were unable to carry forward balances they would be placed in a position of "use it or lose it", and this could lead to unnecessary expenditure at the year-end.
137. To avoid this managers are given the opportunity to carry forward unused elements of their budget. This has been applied using the broad guidelines that:
- The carry forward should be for a planned purpose;

- The carry forward should be sustainable – it is not appropriate to create an on-going commitment (such as employing additional permanent staff) from a one-off saving; and
 - The Director of Finance, Housing and Community reviews the carry forwards requested and approves them as appropriate.
138. In order to ensure that the carry forward can be integrated into the following year's budgets as soon as possible, it is proposed that the current practice of the Director of Finance, Housing and Community having delegated authority to approve the carry forward, and the carry forwards being reported in the outturn report and budget monitoring reports continues.

Recommendations from this Section

139. It is recommended that Cabinet:
- Approve the freeze of Green Waste subscription fees at £40; and
 - Approve the grants to organisations detailed at Annex 11.
140. It is recommended that Council:
- Approve the General Fund Revenue Budget for 2013/14 and the projected outturn for 2012/13;
 - Continue the practice of delegated authority to the Director of Finance, Housing and Community to:
 - approve revenue budget carry forwards within the guidelines set out
 - create and draw down Growth Point reserves in order to apply them to regeneration projects and support; and
 - Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

HOUSING REVENUE ACCOUNT

OVERVIEW

141. The Local Government and Housing Act 1989 (s74) requires that local housing authorities maintain a ring fenced Housing Revenue Account (HRA). This account contains the revenue expenditure and income from provision of council dwellings and associated services and is ring fenced from the rest of the authority's expenditure and income.
142. The HRA's financial position, detailed at Annex 7, can be summarised as follows:
- HRA balance at 31/3/12 £7.37m (plus £2.5m Housing Initiatives reserve);
 - Forecast balance at 31/3/13 £7.75m (plus £5m Housing Initiatives reserve);
 - Forecast deficit for 2013/14 of £280k after transfer of £2m to the Housing Initiatives reserve;
 - Forecast year end balance at 31/3/14 £7.47m (plus £7m Housing Initiatives reserve).
143. At the time of writing, the HRA has 4,444 dwellings, made up of 2,836 houses and 1,608 flats. This is after excluding Sheltered Housing schemes that have been decanted for disposal and two Gateway flats that are currently empty pending open market sale.

FINANCIAL OBJECTIVES

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

NATIONAL BACKGROUND

Rent Restructuring

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

147. Because council house rents were not, at the outset, in line with the converged rents prescribed by the formula, local authorities are required to follow a process that moves rent, over a number of years, to the prescribed level.
148. The target year for rent convergence was originally set by the Government to be 2011/12. The current DCLG advised target year is 2015/16.
149. It is estimated that the interaction between the rent convergence date and the proposed increase of 3.1% (September 2012 RPI of 2.6% + 0.5%) will result in an increase of 3.37% in average rents for 2013/14 on retained properties.

Housing Subsidy/Housing Finance Reform

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

Welfare Reform

153. The Government is reforming the benefit system to promote work and personal responsibility. Universal credit is being introduced to replace the individual elements of the current system. Universal credit is a major feature of the Welfare Reform Act and will simplify the benefits system into a single streamlined payment. It is proposed to be introduced on new claimants from November 2013 onwards.
154. Currently housing benefit is paid directly to the landlord and under universal credit housing benefit will be paid directly to the tenants. Reduction in housing benefit entitlement, based on the degree to which a household is under occupying a social rented property is commonly referred to as bedroom tax, as the assessment is made on the number and ages of children and the number of bedrooms in the property. This charge will not apply to persons of a pensionable age. East Kent Housing has profiled the tenants occupying Dover DC's properties and has identified over 490 families who will be affected by the 'bedroom tax'.
155. Subject to the introduction of welfare reform the Council may experience a reduction in income from council rents due to an increase in rent arrears. Pilot studies have shown that this impact is difficult to forecast and so it has not been practical to quantify and adjust for it in the 2013/14 budget.

LOCAL BACKGROUND

General

156. In recent years strong financial & operational controls have enabled DDC to improve its housing stock whilst strengthening its HRA reserves. Housing Finance Reform has also provided additional funding for future investment in housing and it is for this purpose that the Housing Initiatives Reserve has been established. It is proposed to maintain the policy of making an annual transfer of a portion of the HRA surplus into

the Housing Initiatives Reserves in the 2013/14 budget, subject to a suitable 2013/14 outturn.

157. Sales of council houses (generally Right to Buy sales) are a source of capital finance for the organisation. As part of the Housing Finance Reform, new Right to Buy (RTB) regulations came into place. As well as being able to offer larger discounts on the sale value of the properties, the calculation of the monies from RTB receipts paid to Government has changed. The Council is expected to pay the Government £207k annually. This figure is based on 7 RTB sales each year.
158. East Kent Housing is a shared housing service bringing together the housing functions of Dover, Shepway, Canterbury and Thanet Councils, and is responsible for the management and maintenance of 18,000 homes owned by the 4 Councils.

Service Charges

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

Rent Levels

160. As noted above, rent levels are calculated on an individual property basis using rent formulas previously prescribed by DCLG, the target date for rent convergence is now 2015/16.
161. It should also be noted that although DCLG removed the compulsory minimum limit for rent increases several years ago, Councils were able to maintain this limit if they wished. As this maintains the rent income stream DDC continues to apply this limit.
162. Rents are set on a property-by-property basis, and so it is not possible to report on the rent to be set for a standard 2 bedroom flat or a standard 3-bedroom house. However, for Members information the following figures may be helpful:
 - The 2012/13 average weekly rent across all properties is £78.69;
 - The 2013/14 average weekly rent is forecast to be £81.34;
 - The increase in the average weekly rent is £2.65 or 3.37%; and
 - Three bedroom houses have rents (for 2013/14) ranging from £81.34 per week to £103.68 per week with an average of £88.80.
163. Determination of rent levels is an executive function that had been delegated to the Director of Finance, Housing and Community on the basis of the model described above.

2013/14 DRAFT BUDGET

164. The HRA is forecast to maintain balances of circa £7.5m following a deficit of £280k in 2013/14 after allowing for the transfer of £2m to the Housing Initiatives reserve. Annex 7 provides a draft HRA budget summary & Annex 7A provides an explanation of the main variations from the original 2012/13 budget to the 2012/13 projected outturn and from the 2012/13 projected outturn to the 2013/14 proposed budget.

165. The projected accumulated surplus looks healthy but this cannot be assumed to be a permanent position as there will be significant future pressures that will call upon the HRA reserves. These pressures are mainly due to the loss of rent from Rent Convergence and the requirement to fund the ongoing Decent Homes Programme.

Recommendations from this Section

166. It is recommended that Council:
- Approve the 2012/13 Projected Outturn and the 2013/14 HRA budget at Annex 7; and
 - Approve the 2012/13 and 2013/14 transfers to the Housing Initiatives Reserve.

ASSET MANAGEMENT PLAN

167. 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.
168. Expenditure on repairs and maintenance (R&M) forms a direct link with the revenue budget, which will contain the resources to meet the agreed R&M. Standards of maintenance, and therefore of required expenditure, are to some extent subjective. The Director of Environment & Corporate Assets confirms that there are sufficient resources to keep properties generally wind and water-tight but it continues to be a challenge to maintain all buildings without deterioration. Continuing with this approach increases the risk, but it ensures that the limited budget targets only essential maintenance.
169. There is an estimated backlog of planned maintenance required to "Operational Assets" in the region of £600k. The backlog has increased in the last year by £100k due to a combination of budget cuts and the unexpected failure of building components and assets. Overall the backlog has been substantially reduced since the 2009 Asset Management report mainly due to programmed maintenance repairs being re-prioritised and transferred to a later year, but the backlog figure is gradually increasing.

Summary

The key points for Members to note are:

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

CAPITAL PROGRAMME & SPECIAL REVENUE PROGRAMME

Purpose of the Capital Programme

170. 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

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

Content of the Capital Programme

173. Members are referred to the draft Medium Term Capital Programme (MTCP) at Annex 8A. This is a dynamic programme and a formal bidding process is operated every year to identify and plan future projects.
174. However, the speed of developments in relation to major projects such as DTIZ, Aylesham, North Deal, etc has shown that if formal approval is required for every minor change in the programme, this will generate delays. In order to manage this it is proposed that the current practice, as set out below, is continued:
- The programme be continuously updated to reflect the latest position;
 - The latest programme will be included in the budget monitoring report (or a summary of changes will be provided) circulated to Members during the year;
 - The latest version of the programme will be displayed on the intranet and internet;
 - Whenever changes are required which exceed the overall spend of the programme, Member approval will be required – in effect, approval will be required if officers cannot find savings within existing resources to accommodate changes, or cannot finance them from external sources; 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.

175. To simplify the management of regeneration budgets it has been agreed that they are treated as one major project and virements between them can be authorised by the Director of Finance, Housing & Community.
176. To facilitate efficient decision making it is proposed that final approval for projects up to £50k that are included on the capital and special revenue programmes will be delegated to the Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance.
177. In addition a capital contingency has been added to the MTCP in order to allow progression of small projects without significant policy implications. It is proposed that the approval of such projects is delegated to the Director of Finance, Housing & Community in consultation with the Portfolio Holder responsible for Finance.
178. The proposals above relate to the overall capital programme. Individual projects over £50k will continue to require reports for approval at evaluation, design stage (where appropriate) and tender stages in accordance with the Constitution.
179. The structure of the programme is reflected in the format of Annex 8A and is explained below:

- Committed General Fund Projects
These are live General Fund projects that have been approved by Cabinet through the Project Appraisal process and are committed or in progress.
- Proposed General Fund Projects
New projects are shown in the programme for approval of funding to the projects. These projects will be subject to the completion of a Project Appraisal for approval by Cabinet before they commence. (The White Cliffs Landscape Project will not require a Project Appraisal as both the anticipated capital and revenue spend is grant funded so it is proposed to proceed based on the approval of the Cabinet Report of 3 October 2011).
- HRA Programme
Proposed level of expenditure and allocation of funding for HRA projects, as detailed at Annex 8C.
- Financed by
This table provides a summary of the financing of the proposed capital programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:
 - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids;
 - Removal of projects financed by specific grants, or within the HRA, will not generate additional resources for other projects in the General Fund programme;
 - No provision has been included for new capital grants in the budget, except to honour grants already awarded;
 - To finance the programme the capital receipts from the sale of Sheltered Housing will need to be applied to General Fund regeneration projects and the HRA will have to use its increased rental income and reserves to finance some of its capital projects.

Content of the Special Projects Programme

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

Financing of the Capital and Special Revenue Projects Programmes

181. In order to maximise the capital resources available to the Council, it is proposed that the detailed decision to apply capital receipts, revenue resources, grants, s106 monies etc to finance the approved Capital and Special Revenue Projects programmes be delegated to the Director of Finance, Housing and Community, in consultation with the portfolio holder responsible for Finance, and that capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance capital and revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.
182. 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.
183. In addition to financing of capital expenditure, the Council also has to consider what provision, if any, should be made for the repayment of debt. Although no new long term borrowing is currently proposed, it is intended that any new borrowing, should it be required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in the Treasury Management Strategy Statement, Annex 9 (to be provided for the March circulation).

Prudential Code

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

Pooling of Capital Receipts

185. 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.

186. Falling HRA Right-to-Buy (RTB) sales have reduced receipts, although they have helped to maintain the HRA rental income stream. However it is anticipated that this income will be needed to make up the shortfall in capital receipts to finance HRA capital expenditure required to meet the Decent Homes programme (see the section on the HRA above).
187. The Council generally retains 100% of non-HRA capital receipts.

Additional Projects and Future Year Requirements

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

Summary

The key points for Members to note are:

- The capital programme operates on a cash funded position with no new projects being approved to commence unless the whole project costs can be financed through additional funding, sufficient capital receipts have been banked or other savings in the programme are identified. The new projects in the programme have been approved in a priority order and will commence in the agreed order in line with capital receipts being received or specific funding identified;
- Capital resources are extremely limited and due to this if receipts are received from the sale of the Sheltered Housing Schemes they will be allocated to fund regeneration projects in the proposed capital programme. The HRA will therefore have to finance its capital spend from its improved rental income and balances;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of such sales has fallen in the recent years. This bolsters HRA revenue income, but reduces the available capital financing and also means that the improved rental income stream has to be committed to provide finance for the HRA capital programme in future years;
- The detailed financing of the capital and special projects programmes be delegated to the Director of Finance, Housing and Community in consultation with the portfolio holder responsible for Finance;
- There is no provision for making capital grants to other organisations, other than those grants already approved; and
- The lack of headroom in the capital programme for additional projects is a significant constraint. However, it is still considered imprudent to change the "no borrowing" strategy adopted in 2004/05 to finance capital projects unless revenue resources to service the borrowing and repayments can be identified.

RECOMMENDATIONS FROM THIS SECTION

189. It is recommended that Council:
- Approve the basis upon which the capital and special projects programmes have been compiled; and

- Delegate the decisions to apply capital receipts, revenue funds and other capital resources to finance the capital and special projects programmes to the Director of Finance, in consultation with the portfolio holder responsible for Finance;
- Approve that capital resources required to finance new projects are secured before new projects commence;
- Delegate the authorisation of projects up to £50k that are included in the capital and special revenue programmes to the Director of Finance, Housing & Community in consultation with the portfolio holder responsible for Finance;
- Delegate the authorisation of projects funded from the Capital Contingency to the Director of Finance, Housing & Community in consultation with the portfolio holder responsible for Finance;
- Approve that retained poolable housing capital receipts are retained and used to fund capital allowances on Regeneration and Decent Homes agendas;

TREASURY MANAGEMENT AND THE PRUDENTIAL CODE

190. 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.
191. 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
192. Annex 9 to this report sets out estimates for each of the relevant Prudential Indicators in each of the financial years 2013/14 to 2015/16, and includes the latest estimates for 2012/13 aligned with the revised forecast budget. Approval is sought for the proposed indicators for 2013/14 – 2015/16. The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.
193. In setting these indicators, it is important to note that the Council undertook new borrowing in 2011/12 relating to the implementation of the Housing Revenue Account Self-Financing.
194. The capital programme has been financed to date within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance, and useable reserves.

TREASURY MANAGEMENT

195. The Council's Treasury Strategy complies with the requirements of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council on 2 September 2002 and the CIPFA Code of Practice on Treasury Management (revised November 2009) that was adopted by this Council on 2 March 2011.
196. Approval of the strategy is a Council decision. Annex 9 will be included in the March circulation of the MTFP.

RECOMMENDATIONS FROM THIS SECTION

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

CONSULTATION ARRANGEMENTS

BUDGET CONSULTATION

External Consultation

198. The Council has undertaken a public consultation on residents' satisfaction with services and their priorities for those services. Although a range of opinions were expressed there was no particular consensus for an area of change.
199. The Council proposes to undertake a further consultation exercise in 2014/15 to assist in setting the priorities to develop proposals to support the on-going future challenges to local government finance.
200. During the year there have been individual service consultations, including play areas, housing strategies and land allocations. Residents are also able to express views on the Council's services through the Neighbourhood Forums. Any consultation responses are considered corporately and where possible linked through to the Corporate Plan and budget.
201. At the Annual Towns and Parishes meeting in September 2012 representatives from the local precepting bodies were briefed on the current changes facing local government finance including Reform of Council Tax Benefits, Business Rates and Universal Credits. An additional meeting with Towns & parishes was held in January 2013 to give a further update on the changes, focusing on the impact of the proposed Council Tax Support Scheme on Towns & Parishes and the setting of the resources and the Council Tax precept.
202. The annual budget and Medium Term Financial Plan are published on the Council's website and there is ongoing consultation on the website for the Corporate Plan which will be linked into ongoing budget discussions.

Internal Consultation

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

KEY ASSUMPTIONS & READY RECKONER

205. 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

206. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation for 2013/14 is based on the details of the specific contracts, the state of the market for the specific services and any other relevant factors. Contract inflation is assumed to be 2.5% for 2014/15 and 2015/16. 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

207. The 2013/14 budget includes 217 full time equivalent posts allocated across services as detailed in Annexes 5A-5E.

Triennial Valuation of the Pension Fund by the Fund Actuaries

208. The triennial valuation was effective from April 2011. It has been assumed that the DDC backfunding contribution will increase by £80k per annum above the 2012/13 level of £1.63m for the planning period.

Interest Rates

209. It is assumed that DDC will earn an average of 1.43% on its investments in 2013/14.

Revenue Support Grant and NDR

210. The current settlement covers 2013/14 – 2014/15. The 2014/15 settlement proposes a reduction in RSG and NDR of 12.8%. It has been assumed that the settlement for 2015/16 will be reduced by 9.6%.

Business Rates Retention

211. It is assumed that DDC will incur a reduction in NDR greater than the level at which the “Safety Net” will be reached and a reduction in funding has been included to reflect this.

Council Tax

212. Council tax increases have been assumed at 1.99% for the remainder of the planning period.

Council Tax Support

213. The new Council Tax Support scheme has been incorporated into the 2013/14 budget based on estimates for the Tax Base as reported to Council on 30th Jan 2013.

Second Homes Monies

214. Second Homes income from KCC is assumed to continue at the 2013/14 level.

New Homes Bonus

215. The New Homes Bonus is a new scheme that provides incentives and rewards for councils and communities who wish to build new homes in their area. The level awarded for 2013/14 has been assumed to increase by £200k per annum for the planning period.

Capital Projects

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

Ready Reckoner

Payroll - 1% increase costs the General Fund approximately £95k

Council tax - 1% raises £58k

RSG/NDR – 1% equals £74k

Investment Income - 1% equals £220k (split approx 40/60 GF/HRA)

Contract inflation – 1% equals £50k

Business Rates Tariff - Every £100k reduction below the NDR baseline results in £40k reduced income for DDC to a maximum of the safety net value of £243k

Business Rates Levy – Every £100k received above the NDR baseline results in £20k additional income.

SIGNIFICANT BUDGET RISKS

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

Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
1	<p>Localisation of Council Tax Benefit will not meet its cost targets.</p> <p>Council tax benefit is a demand led benefit, but, from April 2013, the government will provide the Council with only 90% of the 2012/13 scheme funding.</p>	H	H	<p>DDC has worked with EKS, other Kent Districts and the major preceptors to explore options.</p> <p>The council has designed and consulted on its new scheme and, subject to final approval, will implement the scheme from April 2013. DDC approved its full scheme via full Council on 30th January 2013.</p> <p>EKS are employing additional staff to assist with the additional workload. Adverts are currently out to recruit these staff.</p>	1% reduction in collection rates costs £58k.	M	M

Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
2	<p>NDR Localisation</p> <ul style="list-style-type: none"> The localisation to Business Rates (formerly NDR) transfers 80% of the impact of growth or reduction in the tax base and collection rates to the billing authority. 80% of any significant reduction in the Business Rates collected from the district, subject to a maximum impact limited by the safety net incorporated in the scheme. The Business Rates collected from the Sandwich Enterprise Zone (SEZ) (the former Pfizers site) are anticipated to reduce and this is likely to cause the safety net to be reached. There may be a significant impact on cash flow 	H	H	<p>The Council has submitted papers to ministers lobbying for amendments to the proposals to reduce / mitigate the effect of the Sandwich Enterprise Zone (SEZ).</p> <p>The budget for 2013/14 assumes that the safety net level will be reached and so a pressure of £242k has been included.</p> <p>The NDR1 return to DCLG takes into account of the likely scenario at the Discovery Park during 2013/14.</p>	<p>The maximum impact of £242k has been included in the budget for 2013/14.</p> <p>The additional impact of the reduction in cash flow would cost approx £140k for every £1m that is withdrawn from the investment portfolio for 1 year.</p>	H	H

Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
3	<p>Universal Credit</p> <ul style="list-style-type: none"> The administration of benefits other than Council Tax Benefits will progressively transfer to the Department for Work and Pensions from April 2014. This is considered to be vulnerable to delays in implementation. It is intended that 80% of claims will be made on-line, and assessed in call centres. It is not clear what support potential claimants will require, but they may seek support from their local Councils, CAB etc. It is not clear what impact this will have on Council resources. Housing Benefit will be paid in cash direct to claimants rather than landlords. It is not clear what impact this will have on rent collection rates or homelessness. 	H	H	None. Position still unclear from DWP. Announcements expected during early part of 2013.	Not yet known.	Not yet known.	Not yet known.
4	<p>Neighbourhood Development Plans may be produced by a number of Town or Parish Councils, for which the cost items such as a referendum and examination is the responsibility of the District Council.</p>	H	H	<p>Planning advice is provided to towns and parishes to help ensure a good process is followed which would help to minimise costs.</p> <p>Government grants are currently available to offset the costs to districts however it is not known whether this will continue into future years.</p>	£20-30K per annum.	H	H

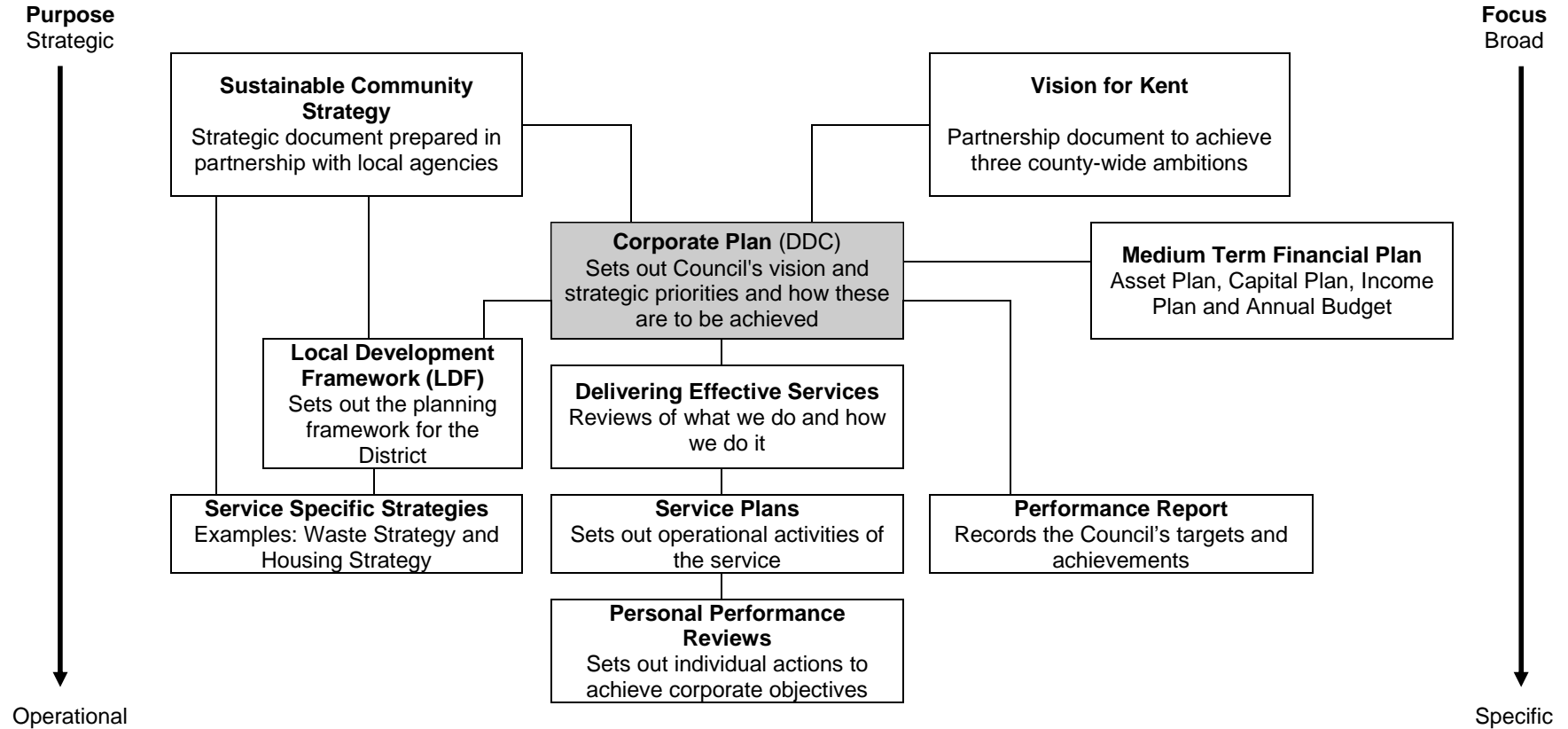
Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
5	Reduced level of commitment by partners in regeneration projects leading to reduced resources available to complete the projects.	H	M	The Chief Executive and the Head of Inward Investment are in frequent contact with our major partners. Our partners have also started to invest their own resources in the regeneration projects and have become identified with the projects' success.		H	L
6	Reduced capital receipts House sales and Gateway Flats leading to reduced resources available to complete projects.	H	M	The reduced receipts could arise from lower sales, lower prices or both. We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of interest, but this will also be dependant on interest rate movements.		H	M
7	The level of resources for repairs and maintenance to properties may result in asset deterioration and potential service failure.	H	M	A corporate budget is held for repairs and maintenance of assets enabling the Director of Environment and Corporate Assets to allocate the resources appropriately according to need.		H	M
8	There is a risk that the Government settlement for future years will be less than the forecast included in this plan.	H	M	As with the current settlement, the Council can take part in Kent wide lobbying on the settlement, but has limited ability to influence the settlement.	The Council receives £7.4m in RSG, NDR and Council Tax Support funding so every 1% reduction costs the Council £74k.	H	M

Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
9	Pension Funding – increased deficit, demographic change, reduced asset values and interest rates may lead to additional contribution rates, at the future triennial valuations, to meet backfunding requirements.	H	H	Instead of paying a contribution rate based on a % of salaries, DDC pays a fixed sum.	A 1% increase in contribution rates costs the General Fund approximately £80k	H	M
10	Vista Leisure may request additional funding from the Council	M	M	The proposed merger with Thanet Leisure Force is expected to give greater resilience to Vista		M	M
11	Fees and Charges – some sources of income may be affected by a reduction in overall economic activity.	M	M	Income assumptions are made at a conservative level based on historic performance and other known influencing factors. Active monitoring of income levels is carried out throughout the year.		M	M
12	Land charges - there is currently a risk to the Land Charges income stream.	M	M	Personal Search Fees were discontinued following a change in legislation in 2010. Charging prior to this change is currently the subject of litigation as is the charges regime for Land Charges Search information. This is a national issue and we await the outcome of the legal process.	Land charges income is forecast to be £150k	M	M
13	The budgeted level of vacancy savings may not be achieved.	M	M	The current Employment Stability process challenges the replacement of all vacancies and temporary staff requests. In addition, active monitoring of vacancy savings is carried out throughout the year.	Vacancy savings of £100k are forecast	M	M

Ref	Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
14	New Homes Bonus may not be achieved through low levels of new homes completions.	H	M	The New Homes Bonus assumed in the MTFP is based on the DCLG projection for DDC for 2013/14. An increase in the grant of £200k per annum has been assumed for future years.	£927k per annum.	M	M

RELATED STRATEGIES AND PLANS

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



Notes:

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

JOINT PLANS WITH PARTNERS

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

Partner / Project	Commentary
Dover Town Investment Zone (DTIZ)	We have signed Development Agreements with Bond City Limited in relation to the DTIZ scheme and continue to work with the Homes and Communities Agency who have taken on the responsibility for the obligations contained in the earlier SEEDA Funding Agreement.
Aylesham Regeneration	Agreements are in place with the developer Hillreed/Ward for the development of Aylesham. The planning application for the development has been received and reported to Committee. Due to the economic pressures, it has been necessary to process a Deed of Variation – this is currently under consideration.
Connaught Barracks	A Memorandum of Understanding has been entered into with the Homes and Communities Agency. This has seen the preparation of high level strategic master planning which has enabled the site to be taken to the market through the Government's Accelerated Delivery Programme (build now, pay later). Expressions of interest are currently being sought for this exemplar site.
Hadlow College at Betteshanger	A Memorandum of Understanding has been entered into with Hadlow College. We continue to work with Hadlow College and the Homes and Communities Agency to bring forward and enable a comprehensive development of the former business park and adjacent country park.
Westen Heights and Farthingloe	A Planning Performance Agreement has been completed with the main land owner in the locality, CGI Limited. We continue to work with CGI and other bodies and key agencies such as the Town Council and English Heritage to explore opportunities for this area.
East Kent Spatial Development Company	The Council continues to work with the Company to explore and bring forward investment opportunities in the District.
East Kent Joint Arrangements Committee	EKJAC provided a means by which two or more of the local authority partners could agree to delegate functions to EKJAC. Work is now underway to develop a successor body to EKJAC.
Waste and Recycling	The Council has awarded a 10 year contract for the collection of refuse and recycling to Veolia Environmental Services (UK), which commenced in January 2011. The contract has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and the client team from both Dover and Shepway jointly manage the contract from the Dover District Council offices.
East Kent Housing	EKH has been established as an Arms Length Management Organisation jointly owned by Dover, Canterbury, Shepway and Thanet districts to deliver a range of delegated housing management services.
Choice Based Lettings	A Choice Based Lettings service is being delivered by Kent Homechoice the organisation set up in partnership with other Kent local authorities to provide the service.
Housing PFI	A partnership project between KCC and districts to secure further PFI funding that will deliver extra care housing schemes across Kent , including Dover district.

Audit Partnership	The partnership is in place working with the EKJAC districts, hosted by Dover.
East Kent Services	EKS manage revenues & benefits, customer services, ICT and Human Resources on behalf of Dover, Canterbury and Thanet.

GENERAL FUND REVENUE BUDGET SUMMARY

2011/12 Actual		2012/13 Original Budget	2012/13 Projected Outturn (31 Dec 12)	2013/14 Proposed Budget
£		£	£	£
	Director			
4,682	Chief Executive	2,399	2,329	2,161
2,495	Finance, Housing & Community	2,571	2,686	2,431
6,973	Environment & Corporate Assets	6,778	7,002	7,105
2,160	Governance	2,283	2,444	2,438
60	Special Revenue Projects	9	124	8
0	Shared Services (DDC hosted)	0	0	0
0	Vacancy Allowance	-125	-16	-100
0	Delivering Effective Services	0	150	-293
-118	Council Tax Second Homes	-118	-113	-113
0	Contingency	80	28	98
0	Exceptional Item (BCCI Monies)	0	0	0
16,252	Net Service Expenditure	13,877	14,634	13,735
-4,045	Depreciation	-1,495	-1,526	-1,494
1,351	Pension Adjustments	1,457	1,148	1,207
-12	Annual Leave Adjustment	0	0	0
58	River Stour Drainage Board	64	64	64
0	Council Tax Support Funding to Towns & Parishes	0	0	284
	<u>Contribution to/(from) Reserves:</u>			
471	- Special Projects & Events Reserve	-32	-416	162
167	- Periodic Operations Reserve	54	154	-72
354	- Urgent Works Reserve	360	360	354
83	- Regeneration Reserve	-191	-225	32
214	- IT Equipment Reserve	-30	-50	58
14,893	Net Service Expenditure	14,064	14,143	14,330
	Financing Adjustments			
-149	Interest Receivable	-149	-154	-92
406	Interest Payable	405	236	236
-59	Revenue Expenditure Funded by Capital Under Statute	0	0	0
-115	Soft Loan Adjustments	0	0	0
-109	Impairment of Iceland Investment	0	0	0
96	Transfer to Grants Unapplied	0	0	0
14,963	Total Budget Requirement	14,320	14,225	14,474
	Financed by:			
1,915	Revenue Support Grant	138	138	3,481
6,195	NDR	7,104	7,104	3,237
8,110	RSG & NDR Settlement	7,242	7,242	6,718
0	Council Tax Support Funding	0	0	1,218
0	Impact of Business Rates Redistribution	0	0	-243
0	Collection Fund Surplus	0	0	37
6,395	Council Tax	6,608	6,608	5,822
160	Council Tax Grant	0	0	0
331	New Homes Bonus	449	449	927
14,996	Total Financing	14,299	14,299	14,479
-33	General Fund Deficit/(Surplus) for the Year	21	-74	-5
-2,225	General Fund Balance at Start of Year	-2,060	-2,258	-2,332
0	Items of carry forward - approved	0	0	0
0	Supplementary approvals-CAB funding/SSLCT Grant	0	0	0
-2,258	Leaving Year End Balances of	-2,039	-2,332	-2,337

General Fund Service Expenditure by Cost Type

	2012/13 Original Budget	2012/13 Projected Outturn as at 31 Dec 2012	2013/14 Proposed Budget
	£000	£000	£000
Direct Expenditure			
Employees	11,996	11,942	11,930
Premises	1,761	1,736	1,719
Transport	171	175	169
Supplies and services	4,414	4,752	4,050
3rd parties	4,731	5,087	4,944
Shared Services	3,209	3,060	3,060
Transfer payments	44,625	44,625	38,063
Total Direct Expenditure	<u>70,907</u>	<u>71,377</u>	<u>63,935</u>
Direct Income			
Government Grants	(46,753)	(46,781)	(40,036)
Sales	(132)	(130)	(130)
Fees and Charges	(6,244)	(6,008)	(5,832)
Other Income	(2,742)	(2,936)	(2,652)
Total Direct Income	<u>(55,871)</u>	<u>(55,855)</u>	<u>(48,650)</u>
Central Support reallocation of costs	(1,044)	(1,441)	(1,438)
Depreciation	1,496	1,527	1,495
Pension Adjustment	(1,457)	(1,147)	(1,207)
Special Revenue Projects	9	124	8
Vacancy Allowance & Employment Stability 09/10	(125)	(16)	(100)
Council Tax Second Homes	(118)	(113)	(113)
Contingency	80	28	98
Delivering Effective Service	-	150	(293)
Net Service Expenditure	<u>13,877</u>	<u>14,634</u>	<u>13,735</u>

GENERAL FUND KEY FIGURES - EXPENDITURE

	2011/12 Original Budget £000	2011/12 Projected Outturn £000	2012/13 Original Budget £000	2012/13 Projected Outturn £000	2013/14 Draft Budget £000	2014/15 Forecast £000	2015/16 Forecast £000
Key Expenditure Figures:							
Employees:							
Basic ¹	10,322	7,803	7,784	7,688	7,732	7,848	7,954
NI	860	667	696	662	644	653	662
Current year pension	1,355	1,039	1,017	996	1,031	1,047	1,061
Backfunding	1,292	1,277	1,344	1,344	1,410	1,490	1,570
	13,829	10,786	10,841	10,690	10,817	11,038	11,247

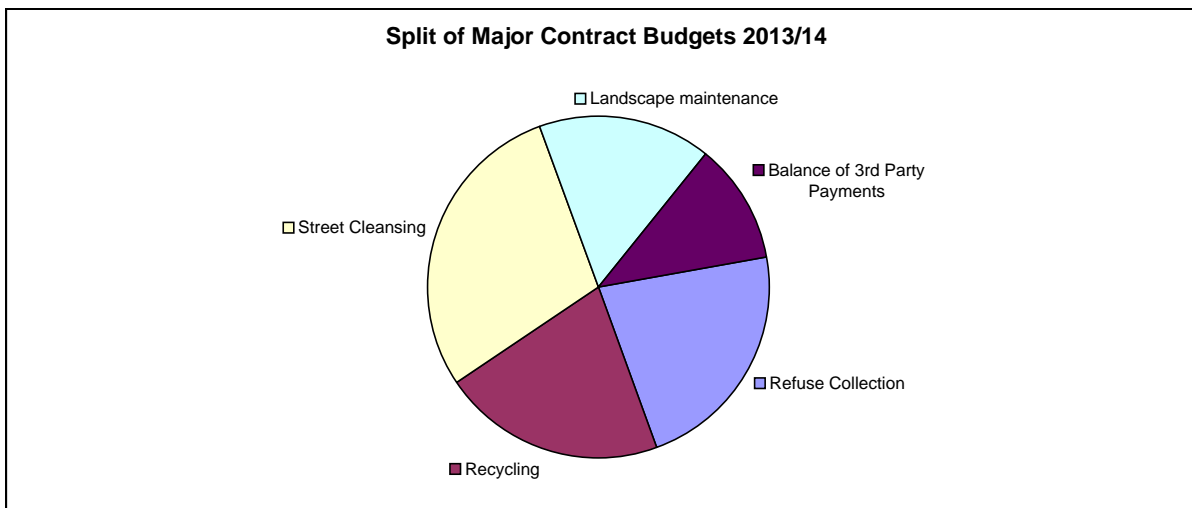
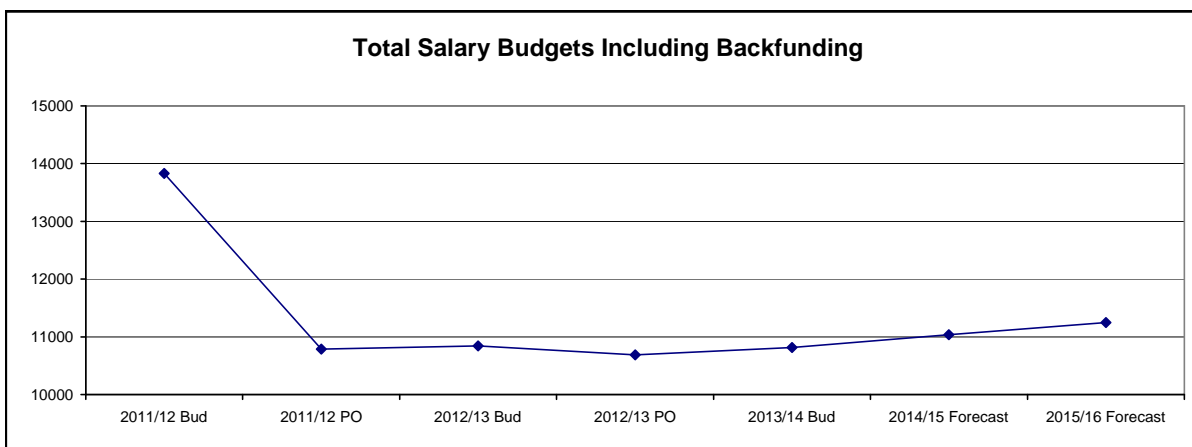
Major contracts:

Refuse Collection		958	1,005	1,060	1,087	1,114
Recycling		1,103	965	1,023	1,049	1,075
Street Cleansing		1,383	1,393	1,383	1,418	1,453
Total Waste		3,444	3,363	3,466	3,553	3,641
Landscape maintenance		765	765	788	808	828
Balance of 3rd Party Payments ²		522	1,047	544	558	572
		4,731	5,175	4,798	4,918	5,041

Notes

¹ Salaries decreased significantly in 2011/12 due to the transfer of staff to EKS and EKH

² Excludes EKS Management Fees

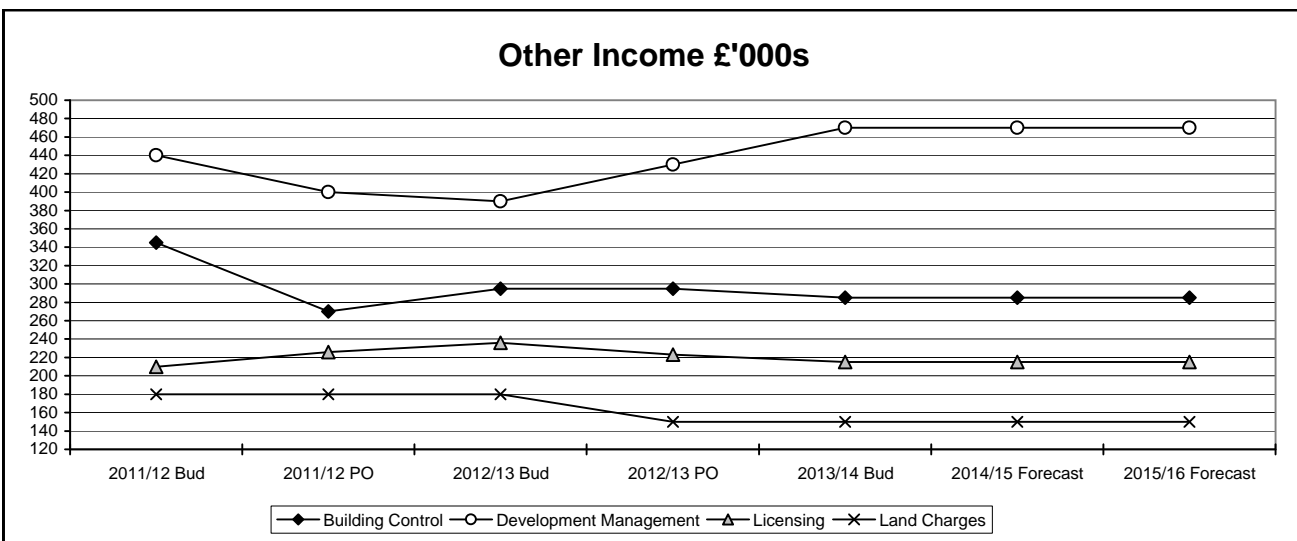
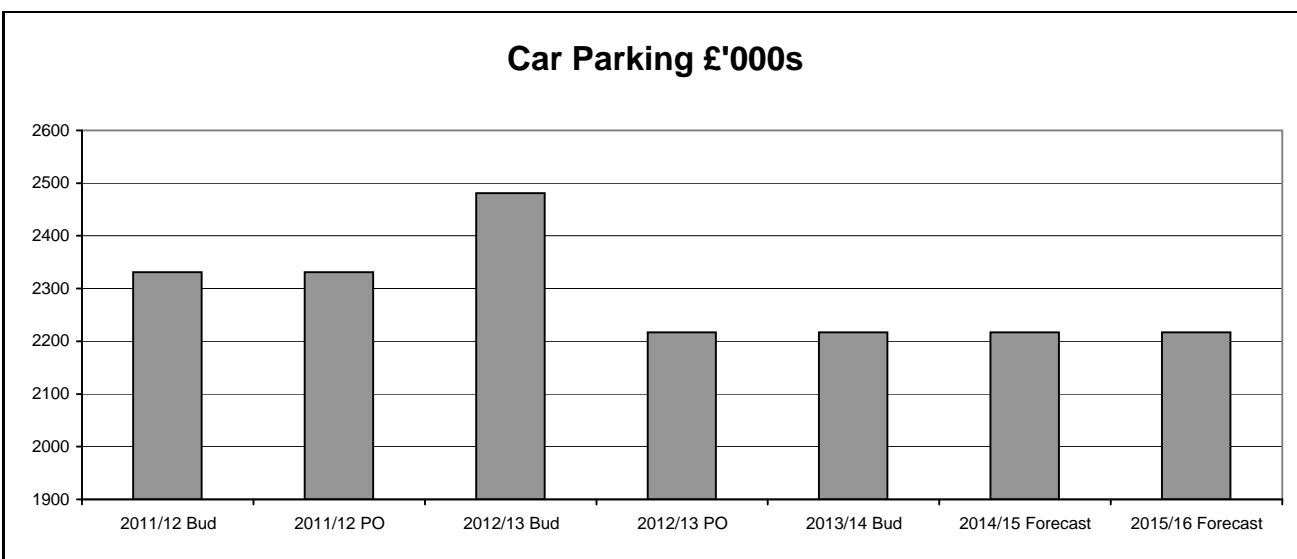


GENERAL FUND KEY FIGURES - INCOME

	2011/12 Original Budget £000	2011/12 Projected Outturn £000	2012/13 Original Budget £000	2012/13 Projected Outturn £000	2013/14 Draft Budget £000	2014/15 Forecast £000	2015/16 Forecast £000
Key Income Figures:							
Car Parking	-2,331	-2,331	-2,481	-2,217	-2,217	-2,217	-2,217
Building Control	-345	-270	-295	-295	-285	-285	-285
Development Management	-440	-400	-390	-430	-470	-470	-470
Licensing	-210	-226	-236	-223	-215	-215	-215
Land Charges	-180	-180	-180	-150	-150	-150	-150
	-3,506	-3,407	-3,582	-3,315	-3,337	-3,337	-3,337

Total Financing:

Revenue Support Grant & NDR			7,242	7,242	6,718	5,858	5,296
Council Tax			6,608	6,608	6,763	6,788	6,859
Other			449	449	542	742	942
Total Financing			14,299	14,299	14,023	13,389	13,097



Key Variances in Budget 2012/13 Original to 2012/13 Projected Outturn and 2012/13 Projected Outturn to 2013/14 Original			
This summary provides a full reconciliation of 2012/13 original budget to 2012/13 projected outturn and 2012/13 projected outturn to 2013/14 proposed budget. It should be noted that this is a budget reconciliation and does not include any changes to service focus or activity within sections, which are detailed separately at the end of the service descriptions by Directors within the report.			
Change in Budget Deficit		2012/13 OR - 2012/13 PO £	2012/13 PO - 2013/14 OR £
2012/13 Original (OR) Budget Deficit		21	
2012/13 Projected Outturn (PO) Budget Surplus		(75)	(75)
2013/14 Original (OR) Budget Surplus			(5)
Increase / (Decrease) in Budget Deficit / (Surplus)		(95)	70
Variances in Financing the Budget Requirement			
Government Grant	Decrease in Government settlement, incl. est'd impact of NDR Redistribution	0	767
Council Tax	Value of % increase in Council Tax, less impact of decrease in tax base from funding of "benefits" through discounts in 2013/14 - net adverse	0	787
Council Tax Support Grant	Council Tax support grant for funding of "benefits" through discounts in 2013/14	0	(1,219)
Collection Fund	Surplus anticipated in 2013/14	0	(37)
New Homes Bonus	New Homes Bonus increase anticipated	0	(478)
(Increase) / Decrease in Financing		0	(180)
Change in Budget Requirement		£	£
2012/13 Original (OR) Budget Requirement		14,319	
2012/13 Projected Outturn (PO) Budget Requirement		14,224	14,224
2013/14 Original (OR) Budget Requirement			14,474
Increase / (Decrease) in Budget Requirement		(95)	250

			ANNEX 3
Key Variances Accounting for Change in Budget Requirement		2012/13 OR - 2012/13 PO	2012/13 PO - 2013/14 OR
		£	£
Corporate / General Changes	Notes		
Restructure Costs	Restructure - estimated redundancy costs (one-off pressure)	150	(150)
Vacancy Provision & Employment Stability targets	12/13 partly offset by credits in directorates below, leaving £15,680 to be achieved and £40k shortfall. 2013/14 targets follow proposed changes to staff structures	109	(377)
Total employee related corporate changes		259	(527)
<u>Net change in central support to HRA, Partnerships etc</u>	2012/13 net favourable variances from reduced costs and review of recharges, incl. HRA (street lighting & litter picking on HRA car parks and open spaces, etc). 2013/14 minimal change from prior year outturn.	(230)	6
Contingency	11/12 reduction offsets actual spend within directorate budgets.	(52)	69
Interest Payable	Reductions in interest payable following pooling of General Fund and HRA borrowing	(169)	0
Interest Receivable	Reduced interest receivable in 2013/14 due to ongoing reduction in deposit interest rates	(4)	60
Backfunding	Change in contribution to pensions backfunding following Actuary's re-evaluation, incl. impact of withdrawal of Shepway from EKHRP	30	66
Premature Retirement Pensions	Expected increase in contribution for premature retirement pension payments per KCC	14	15
Audit Fees	2013/14 Audit Fee reductions on transfer from Audit Commission to Grant Thornton, incl. Audit fee, grants and claims, etc	0	(37)
Premises Insurance on DDC Properties	Premises Insurance (net) decreases in 2012/13 (£25k re Deal Pier) and inflationary increase for 2013/14	(37)	8
NDR on DDC Properties	NDR inflation	7	25
Out of Hours	Review of "out of hours" cover and standby payments - target saving	0	(6)
BCCI Recovery	BCCI Divident/Recovery in 2012/13	(33)	33
Insurance - Sundry	Non-vehicle/premises insurance - minor corporate changes	6	2
Utilities	Electricity, Gas and Water (excl. Street lighting & Olympic Screen) - mainly a reduction due to lower gas useage at central offices, offset in 2013/14 by inflation	(10)	3
Bad Debts	Provision for Bad Debts	0	50
<u>Transfers to / from other reserves, other than to finance expenditure:</u>	This is the net effect of the various transfers to and from earmarked reserves not offsetting expenditure above the line.		
- Periodic Operations Reserve	Transfer of part EKS savings in 2012/13 to offset pressures in 2013/14. 2013/14 Elections Reserve contribution ceased and Deal tennis Centre contribution introduced.	100	(210)
- Special Projects & Events Reserve	Use in 2012/13 and top-up in 2013/14 of Special Projects Reserve for funding of one-off costs to achieve 2013/14 budget savings. No Invest to Save transfer expected in 2013/14 after top-ups from prior year savings.	(150)	281
- IT Equipment Reserve	Additional transfer in 2013/14 to bring infrastructure in line with EKS IT strategy	0	50
- Regeneration Reserve	Transfer part of 2013/14 new homes grant to reserve	0	279
River Stour Drainage Board	Estimated increase in Drainage Board special levy	0	1
DDC Grant to Towns & Parishes	Council Tax Support Funding to Towns & Parishes	0	284

			ANNEX 3
Key Variances Accounting for Change in Budget Requirement		2012/13 OR - 2012/13 PO	2012/13 PO - 2013/14 OR
Directorate Variances			
Chief Executive			
Employee reductions / savings	2012/13 Budget Monitoring salary savings	(112)	0
	2013/14 Further Salary / Restructure variances	0	(48)
Other :-			
Various	2012/13 Estimated costs arising from Neighbourhood Development plans, funded from contingency in 2012/13 and therefore offset by favourable contingency variance above	18	(18)
Development Management	Development Management increased income from Government fee increase	(40)	(40)
Development Management	Development Management forecast reduction in pre-application advice and sundry fee income	20	0
Development Management	Reduced publicity/advertising and consultancy in 2013/14	0	(22)
Development Management	Lease Car Rent - no further cost due to post reduction	0	(4)
Director of Governance			
Employee reductions / savings	2012/13 Budget Monitoring salary savings	31	
	2013/14 Further Salary / Restructure variances		12
Other :-			
Various	2012/13 Standards Committee investigations funded by contingency in 2012/13 and therefore offset by favourable contingency variance above	7	(7)
Land Charges Income	Land Charges Income reduction in 12/13 expected to continue	30	0
Land Charges	Reduced NLIS software licence (renewed at lower level of service)	0	(3)
National Leaflet Project	Reduction in net profit up to cessation of project	19	0
Legal	Legal Fees receivable - increase expected for planning/S106 and Right-to-buys	(6)	(5)
Legal	Reduced legal books and publications	0	(5)
Members	Review of Members' meetings and support	0	(10)
Corporate Support	Admin Fees charged to leaseholders of General Fund properties in 2012/13 for management of insurance contracts (with small reduction in 2013/14)	(8)	1
Pollution Control	Reduction of Air Quality monitoring stations (from 2 to 1) and other savings on equipment maintenance, consultancy and subscriptions	0	(10)
Littering Enforcement	Littering Enforcement - increased income (after contract costs & legal fees) - subject to agreement of final proposals	0	(20)
Licensing Income	Minor licensing income changes across all categories	(5)	6
Dog Control Measures	Dog control contract review - expected savings from 2013/14	0	(28)
Pest Control	Changes to pest control service provision (net of income), incl. minor extension of old contract into 2012/13	4	(5)

			ANNEX 3
Key Variances Accounting for Change in Budget Requirement		2012/13 OR - 2012/13 PO	2012/13 PO - 2013/14 OR
Director of Finance, Housing & Community			
Employee reductions / savings:			
Various	2012/13 Budget Monitoring salary savings	9	
Various	2013/14 Further Salary / Restructure variances		(16)
Other :-			
Various	2012/13 WCCP £10k increased contribution to continue (funded by contingency in 2012/13) + WCCP £3k funded from Corp Maintenance (12/13 only), less proposed £5k charge to HRA in 13/14 for CAB	13	(8)
Various	2012/13 Costs arising from legal cases - case taken by private sector housing for "breaches of HMO regulations" and homelessness "maladministration" complaint upheld by LGO - funded from contingency and therefore offset by favourable contingency variance above	11	(11)
NDR Discretionary Relief	Uplift in relief given, mainly due to increase in liability on which discretionary relief based, mostly relating to charitable associations	16	7
East Kent Services	EKS Savings delivered in 2012/13, expected to continue in 2013/14 (NB £100k covers "carry forward reserve" movement above)	(164)	0
Council Tax Income	Penalties & Fines recovery - decrease anticipated on Council Tax income, partly due to realignment of cost recovery rates under shared service arrangements	0	15
Benefits & Subsidies	Benefits Administration Grant reduction	0	56
Benefits & Subsidies	Reduced net credit from overpayments and subsidy income, due to removal of Council Tax benefits and replacement with "Council Tax support" scheme	0	75
Benefits & Subsidies	Kent Benefits Partnership subscription no longer required under shared service arrangements	(6)	0
Private Sector Housing	Reduced funding to Home Improvement Agency	0	(10)
Private Sector Housing	Increased fee income from registration of HMO buildings (Houses in Multiple Occupancy)	0	(3)
Housing Strategy	No housing strategy consultancy planned in 2013/14	0	(25)
Housing	HQN subscription no longer required	(3)	0
Community Engagement	Redesign of Community Engagement Team to support HRA - expected contribution from HRA	0	(35)
Corporate Press & Publicity	Reductions in Corporate Communications budget	0	(10)
Partnership Funding Team	Income target for corporate funding team	0	(45)

			ANNEX 3
Key Variances Accounting for Change in Budget Requirement		2012/13 OR - 2012/13 PO	2012/13 PO - 2013/14 OR
Director of Environment & Community Assets			
Employee reductions / savings	2012/13 Budget Monitoring salary savings	3	
	2013/14 Further Salary / Restructure variances		58
Other :-			
Various	2012/13 Temporary Licensing Admin Support post funded by contingency in 2012/13 and therefore offset by favourable contingency variance above	6	(6)
Parking Income	Reduction in parking fees, season tickets and PCNs from impact of weather and downturn in 2012/13, as well as removal of proposed Sunday charging. Impact expected to continue into 2013/14	265	0
Rental Income	Additional rental and room hire income from Whitfield and Dover Gateway offices (including projected income from new tenant)	(8)	(17)
Office Accommodation - cleaning	£30k target saving in 2013/14 from changes to cleaning contract, less inflation provision	0	(28)
CCTV	CCTV equipment maintenance reduction in 2012/13 (inflation only 13/14)	(8)	1
Beaches & Foreshores	Walmer Parish Council contribution to paddling pool	0	(5)
Deal Pier	Income from fishing rights - expected reduction	0	5
Parks & Open Spaces	Landscape maintenance - inflation on contract	0	17
Parks & Open Spaces	Increased income from roundabout sponsorship	0	(5)
Refuse & Recycling	Waste collection and recycling: 2012/13 mainly reduced income from green waste collection (offset by related reduction in contract charges), and increase in RPI on contracts from Jan-Mar 2013 (2.58% vs. 2.16% budgeted); 2013/14 Inflation	53	59
Street Cleansing	Street Cleansing: 2012/13 increase in RPI on contracts from Jan-Mar 2013 (2.58% vs. 2.16% budgeted) and reduced funding from KCC for weed spraying; 2013/14 Inflation, less contract changes for Bring Bank sites and litter bins	30	(18)
Public Conveniences	Net decrease in Town and Parish contributions	0	3
Public Conveniences	Net increase in cleaning contract (inflation)	0	5
Building Control	Building Control forecast reduction in BRFE income	0	10
Building Control	Building Control increased sundry income in 2013/14, incl. new income stream from fire risk consultancy	0	(27)
Tourism Development	Removal of "Planning a holiday" campaign	0	(3)
Tourism Development	CAST Interreg contribution removed	0	(5)
Museum	Museum Admission Fees - reduction	0	7

			ANNEX 3
Key Variances Accounting for Change in Budget Requirement		2012/13 OR - 2012/13 PO	2012/13 PO - 2013/14 OR
Shared Services			
Employee reductions / savings	2012/13 Budget Monitoring salary savings	0	
	2013/14 Further Salary / Restructure variances (offset below)		(86)
Other :-			
EKHRP	Reduced recovery from partners to offset salary reductions and other cost savings (2012/13 element in line below)	0	88
EKHRP	£8,710 DDC increased share of revised EKHRP budget, subject to ongoing review (figure likely to reduce in 2012/13)	9	(9)
Audit Partnership	Internal Audit - estimated saving	0	(15)
		(86)	263
Numerous Miscellaneous Variances			
		(9)	(13)
Total			
		(95)	250

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes	2012/13 Projected Outturn	2013/14 Proposed Budget	2014/15 Forecast	2015/16 Forecast
	£000	£000	£000	£000
1	14,225 Net Budget Requirement	14,474	14,474	14,474
	Corporate Pressures			
2	- Salary Inflation / Increments / Impact of Job Evaluation		140	269
3	- Pension Backfunding (Triennial Valuation from 11/12)		80	160
4	- Contract inflation @ 2.5%		123	250
5	- Average expenditure inflation rate on non-specifically budgetted income items @ 2%		145	293
6	- Average income inflation rate on non-specifically budgetted income items @ 2%		-64	-130
7	- Net Central Support adjustments (approx 20% of salaries / backfunding to impact HRA / capital, etc)		-44	-86
8	- Reduction in Town & Parish grant funding in line with Government funding reductions		-36	-64
9	Total Corporate Pressures		343	692
10	Service Savings / Pressures			
	- 2013/14 one-off saving implementation costs		-150	-150
	- Forecast reduction in Homelessness grant		21	21
11	Target Savings		-800	-1,450
	14,225 Total	14,474	13,888	13,587
	Financed By :-			
12	7,242 Revenue Support Grant / NDR / Council Tax Support (- 12.8%,-9.6%)	7,693	6,708	6,064
13	0 Collection Fund Surplus	37	37	37
13	Council Tax Income			
	Tax increase	1.99%		
	Base increase	0.50%		
14	6,608 Total Council Tax Income	5,822	5,967	6,116
15	449 New Homes Bonus	927	1,127	1,327
	14,299 Total Financing	14,479	13,839	13,544
16	-74 NET (SURPLUS) / DEFICIT	-5	49	43
	Impact on Reserves :-			
	Projected General Fund Reserves			
	-2,258 Opening balance	-2,332	-2,337	-2,288
	0 Approved budget carried forward from 2010/11			
	-2,332 Closing Balance (Accumulated Surplus)	-2,337	-2,288	-2,245

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1 The net budget is taken from the 2013/14 budget at Annex 1.
- 2 Increased salary costs reflect assumed inflation at 1% pay settlement for the planning period.
- 3 Pension backfunding reflects the increases in backfunding required by the fund actuaries based on the current triennial valuation.
- 4 Inflation on major contracts has been assumed at 2.5%.
- 5 Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 2% has been forecast to allow some limited growth.
- 6 Increases in general income received (excluding specifically budgetted items such as car parking, Development Control fees, etc) assumed at 2% inflation.
- 7 As the costs of central support services increase, some of this will be clawed back by recharges outside the General Fund.
- 8 The Town & Parish Council Tax Support grant is to be rolled into the main Government funding. The reductions forecast for RSG/NDR therefore need to be applied to the funding for Towns & Parishes.
- 9 Total corporate pressures.
- 10 Budget pressures and savings for future years as identified by Directors
- 11 Target savings required to balance the MTFP over the 3 year planning period.
- 12 The settlement as indicated by DCLG for 2013/14. A reduction of 12.8% for 2014/15 and 9.6% for 2015/16 has been assumed.
- 13 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts.
- 14 Council Tax is forecast to increase by 1.99% per annum for the planning period. A 0.5% per annum increase in the tax base has also been assumed.
- 15 Value of New Homes Bonus expected for 2013/14, estimated to increase by £200k per annum for future years.
- 16 Forecast (surplus) / deficit.

OFFICE OF THE CHIEF EXECUTIVE

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

LEADERSHIP SUPPORT - Silver

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

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

DEVELOPMENT MANAGEMENT

The section's principal functions are:

Development Management (as applied to Regeneration Projects) - Gold

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

Development Management (general / other) - Silver

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

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

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

REGENERATION DELIVERY

Development Plan and Implementation - Gold

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

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

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

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

Landowner Projects - Silver

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

Delivering Effective Services - Service Standards - Chief Executive

Service Priority			Objectives
Directorate Service Name	Service	Standard of service delivery	High Level Objective for Each Function
Policy & Corporate Communications	Policy	Silver	Support the Leader and Chief Executive in developing corporate policy and strategy to lead the development of policy across the Council
	Design, Photography, Video, Web, Printing & Mail	Silver	Manage the communication of Council action and ambition and protect the Council's reputation.
Personal Assistants/Secretaries	Personal Assistants to Corporate Management	Silver	Support the management team in the achievement of corporate objectives

Service Summary		Budget 2013/2014									
		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3300	CHIEF EXEC ADMIN TRADING ACCT	2.0	191,770	7,160	(2,600)	196,330	30,800	-	227,130	(227,130)	-
Total Chief Exec & Secretaries		2.0	191,770	7,160	(2,600)	196,330	30,800	-	227,130	(227,130)	-
A1170	NON SERVICE SPECIFIC WORK		(6,000)	46,610	(45,000)	(4,390)	437,240	-	432,850	-	432,850
A5001	UNAPPORTIONABLE OVERHEADS		2,260	-	-	2,260	-	-	2,260	-	2,260
Total Non-Service Specific			(3,740)	46,610	(45,000)	(2,130)	437,240	-	435,110	-	435,110
A1040	CORPORATE PLANNING		-	500	-	500	241,720	-	242,220	-	242,220
C3336	POLICY & LEADERSHIP SUPPORT	1.8	94,420	1,800	-	96,220	21,710	-	117,930	(117,930)	-
Total Policy & Leadership Support		1.8	94,420	2,300	-	96,720	263,430	-	360,150	(117,930)	242,220
C3030	MAIL ROOM TRADING ACCOUNT	4.0	102,750	35,880	-	138,630	37,380	-	176,010	(176,010)	-
C3050	PRINT UNIT TRADING ACCOUNT		-	61,120	(38,190)	22,930	76,170	-	99,100	(99,100)	-
C3331	DESIGN STUDIO	2.0	92,750	15,360	-	108,110	13,970	-	122,080	(122,080)	-
C5020	PHOTOCOPIERS HOLDING ACCOUNT		-	25,000	(25,000)	-	60	-	60	-	60
C5060	MAIL ROOM POSTAGE ACCOUNT		-	102,600	(102,600)	-	-	-	-	-	-
Total Corporate Communications		6.0	195,500	239,960	(165,790)	269,670	127,580	-	397,250	(397,190)	60
C3765	HEAD OF DEVELOPMENT & PUBLIC PROTEC	0.8	88,990	3,640	-	92,630	45,860	-	138,490	(138,490)	-
C3745	HEAD OF INWARD INVESTMENT	1.0	101,550	5,110	-	106,660	48,510	-	155,170	(155,170)	-
C3760	FORWARD PLANNING - ADMIN	9.0	452,910	30,470	-	483,380	126,950	-	610,330	(610,330)	-
C3770	DEVELOPMENT MANAGEMENT TRADING	16.1	647,050	38,640	-	685,690	177,380	-	863,070	(863,070)	-
C5240	PLANNING DELIVERY GRANT		3,000	27,000	-	30,000	2,770	-	32,770	-	32,770
H2030	CONSERVATION & PRESERVATION		-	7,450	(2,000)	5,450	6,430	-	11,880	-	11,880
L4010	OTHER REGENERATION PROJECTS		-	-	-	-	27,190	40,770	67,960	-	67,960
L5000	ECONOMIC DEVELOPMENT		-	2,660	-	2,660	24,900	-	27,560	-	27,560
L5640	WATERFRONT DEVELOPMENT		-	-	-	-	19,050	-	19,050	-	19,050
H3000	DEVELOPMENT CONTROL		-	57,020	(500,750)	(443,730)	1,060,900	2,630	619,800	-	619,800
H4000	DOVER DISTRICT DEVELOPM'T PLAN		-	220,360	-	220,360	483,780	-	704,140	-	704,140
Development Plan		26.9	1,293,500	392,350	(502,750)	1,183,100	2,023,720	43,400	3,250,220	(1,767,060)	1,483,160
		36.7	1,771,450	688,380	(716,140)	1,743,690	2,882,770	43,400	4,669,860	(2,509,310)	2,160,550

DIRECTOR OF GOVERNANCE

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

MONITORING OFFICER - Gold

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

DEMOCRATIC SERVICES

Members - Silver

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

Electoral Services - Silver

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

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

Local Land Charges - Bronze

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

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

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

Public Protection

The principal functions for this team include:

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

Environmental Protection

The principal functions for this team include:

- **Pollution Control** - the primary aim of the service is to facilitate acceptable standards for those living, working or visiting the district in respect of air, land and water quality. In particular, the team has a key role in fulfilling the Council's statutory duties in relation to Air Quality Management, Contaminated Land and Drinking and Bathing Water Quality.
- **Environmental Enforcement** - the team responds to service requests relating to a range of public health and environmental crime issues. There is a statutory duty to investigate potential statutory nuisances, which include noise (from commercial and domestic premises, burglar and car alarms etc), dust, smoke (e.g. bonfires), odours, fumes, animals, etc. In addition, service requests relating to matters including drainage, rodents, accumulations on private land, trade waste, fly-tipping, filthy and verminous premises and dark smoke from industrial/commercial premises are also responded to.
- **Pest Control** - the team manages the pest control service, which is provided by Cannon Pest Control who offer discounted rates for Dover District Council Residents. The service is primarily for the domestic sector with only a few 'commercial' treatments undertaken. The service provides treatment for rats, mice, wasps, fleas and other pests at a rate below the average rate of private pest control companies.
- **Dog Control Measures** - the Environmental Health section manages the dog warden service, which is currently contracted out to a company called Dog Control Solutions. The key purpose of the warden is to target and patrol the district with a view to reducing the number of stray dogs and the levels of dog fouling using a combination of enforcement and educative methods.

Environmental Crime

A major campaign to clamp down on environmental crimes such as littering and dog fouling is being launched in early 2013. This important campaign follows feedback from public surveys and Neighbourhood Forum meetings showing that littering and dog fouling are key concerns for residents.

Dover District Council is authorising a number of its officers, together with Dover Neighborhood Policing teams and Kent County Council Community Wardens to be able to record these offences whilst conducting their duties across the district. In addition the Council is exploring its options in terms of increasing its enforcement capacities.

DDC is launching a campaign to raise awareness of the impact of littering and dog fouling and will be displaying signs and posters, visiting schools and Neighbourhood Forums, and providing a detailed web page.

LOCAL LICENSING AND REGISTRATION - Bronze

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

CORPORATE SUPPORT

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

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

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

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

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

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

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

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

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

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

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

LEGAL SERVICES - Gold

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

EAST KENT HUMAN RESOURCES PARTNERSHIP (EKHRP)

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

Payroll - payroll provides a full payroll service that includes payment of staff, statutory and other deductions, production of interfaces to the general ledger, the production of statutory returns and liaison with statutory bodies. System security is managed within the team for all users. The service has been delegated to Employee Services at Kent County Council.

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

Delivering Effective Services - Service Standards - Director of Governance

Service Priority			Objectives
Directorate Service Name	Service	Standard of service delivery	High Level Objective for Each Function
Democratic Services	Support for Council meetings, Councillors and Civic responsibilities	Silver	Provision of effective and efficient administrative support to the Council, Cabinet and Committees
	Land Charges	Bronze	Maintain the statutory Local Land Charges records and provide a cost effective search service.
	Electoral Services (statutory functions only)	Silver	Conduct European Parliamentary, Parliamentary, County Council, District Council, Parish Council Elections and Referendums
	Statutory Monitoring Officer function	Gold	Maintain constitution and ensure lawfulness and fairness of decision making with the council
	Local Democracy Day	Bronze	Provide cost neutral democratic events in partnership with local schools
	Civic Car	Bronze	Provision of transport for senior members to attend official functions and meetings
Legal	Legal Services	Gold	Provide sound legal advice to members and officers to protect the council's interests
Corporate Support and Client Side Commissioning/ Monitoring	Insurance	Gold	Provide insurance cover for appropriate insurable risks
	Complaints	Bronze	Respond to customer complaints and act as a mediator with the service department to resolve issues
	Data Protection / RIPA (statutory functions only)	Gold	Ensure that all requests for personal information and surveillance duties are complied with in accordance with current legislation
	Corporate Reviews / Inspection	Bronze	Provide appropriate support to value for money reviews and statutory external inspections
	Equalities	Bronze	Deliver statutory Equality and Diversity requirements
	Freedom Of Information (FOI)	Bronze	Respond to all FOI requests in line with the current legislative guidelines and maintain the Council's publication agenda to reduce the number of requests
	Performance Reporting – Monitoring partnership and shared service arrangements/ Surveys	Silver	Monitoring, reporting and challenging of effective and appropriate management information
	Monitoring the achievement of Value for Money	Silver	Monitor and challenge value for money achievement throughout the organisation
Emergency Planning and Business Continuity	Emergency Planning and Business Continuity	Silver	Co-ordinate activities through joint working with KCC and other agencies
	National Leaflets Project	Bronze	Provide a proactive service to promote the National leaflet Project to maximise income and reduce costs
Internal Project Management	Internal Project Management	Tin	n/a
Environmental Enforcement and Protection	Environmental Health (Statutory Functions)	Gold	Maintain the quality of the environment and protect public health by reducing the incidence and effects of pollution to air, land and water and improve health and safety and food safety standards, reduce the incidence of food related illness and control t
	Environmental Health (Non Statutory Functions)	Silver	

Delivering Effective Services - Service Standards - Director of Governance

Service Priority			Objectives
Directorate Service Name	Service	Standard of service delivery	High Level Objective for Each Function
	Licensing	Bronze	Administer and enforce statutory licensing activities

Service Summary		Budget 2013/2014									
Governance		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3330	HEAD OF GOVERNANCE	3	166,600	4,730	-	171,330	36,440	-	207,770	(207,770)	-
	Total Head of Service & Investigator	3	166,600	4,730	-	171,330	36,440	-	207,770	(207,770)	-
A1100	COUNCIL, CABINET & COMMITTEES		-	-	-	-	437,590	-	437,590	(65,640)	371,950
A1120	SCRUTINY		-	1,250	-	1,250	43,960	-	45,210	(6,780)	38,430
A1161	CHAIRMANS ACCOUNT		-	11,000	-	11,000	22,330	-	33,330	(5,260)	28,070
A1162	CIVIC CAR		6,500	3,210	-	9,710	-	-	9,710	(1,560)	8,150
A1165	MEMBERS ACCOUNT		12,000	290,060	(2,500)	299,560	162,910	4,250	466,720	(71,250)	395,470
A1169	OTHER PUBLIC BODIES		-	15,250	-	15,250	1,900	-	17,150	-	17,150
	Total Members		18,500	320,770	(2,500)	336,770	668,690	4,250	1,009,710	(150,490)	859,220
B4070	ELECTIONS - ADMIN		-	-	-	-	85,230	-	85,230	-	85,230
B4500	ELECTORAL REGISTRATION		940	62,660	(50)	63,550	146,690	-	210,240	-	210,240
C3301	DEMOCRATIC SERVICES	8.5	329,820	13,420	-	343,240	127,930	-	471,170	(471,170)	-
	Total Democratic Services	8.5	330,760	76,080	(50)	406,790	359,850	-	766,640	(471,170)	295,470
B5000	LOCAL LAND CHARGES		120	11,480	(150,000)	(138,400)	188,170	-	49,770	-	49,770
	Total Land Charges		120	11,480	(150,000)	(138,400)	188,170	-	49,770	-	49,770
C3540	LEGAL TRADING ACCOUNT	8.5	457,680	54,130	(16,530)	495,280	124,600	790	620,670	(620,670)	-
	Total Legal	8.5	457,680	54,130	(16,530)	495,280	124,600	790	620,670	(620,670)	-
C3000	HUMAN RESOURCES TRADING ACCOUNT		50,630	-	-	50,630	275,300	-	325,930	(325,930)	-
	Total H R & Corporate Training		50,630	-	-	50,630	275,300	-	325,930	(325,930)	-
A1065	BEST VALUE & CPA		-	12,970	-	12,970	110,980	-	123,950	-	123,950
B1500	EMERGENCY PLANNING		6,000	23,610	-	29,610	92,700	-	122,310	-	122,310
B7005	NATIONAL LEAFLET PROJECT		-	-	-	-	4,240	-	4,240	-	4,240
C3335	PERFORMANCE & RISK TEAM	4.8	249,090	9,350	(7,050)	251,390	104,180	-	355,570	(355,570)	-
	Total Performance & Risk	4.8	255,090	45,930	(7,050)	293,970	312,100	-	606,070	(355,570)	250,500
C3960	LICENSING ADMIN TRAD ACCOUNT	3.8	134,340	5,790	-	140,130	81,920	-	222,050	(222,050)	-
E2010	LOCAL LICENSING & REGISTRATION		300	3,890	(87,940)	(83,750)	92,170	-	8,420	-	8,420
E2015	MISCELLANEOUS LICENSING		-	4,390	(18,720)	(14,330)	44,320	-	29,990	-	29,990
E2020	GAMBLING ACT 2005		300	290	(25,440)	(24,850)	40,930	-	16,080	-	16,080
E2030	HACKNEY CAR AND PVTE HIRE		400	10,160	(101,890)	(91,330)	130,660	-	39,330	-	39,330
	Licensing	3.8	135,340	24,520	(233,990)	(74,130)	390,000	-	315,870	(222,050)	93,820
C3940	ENV ENFT & PROTECTION MANAGER	1.8	100,930	1,910	-	102,840	33,230	-	136,070	(136,070)	-
C3980	ENVIRONMENTAL HEALTH	10.6	480,580	23,470	-	504,050	193,940	-	697,990	(697,990)	-
C3990	ENVIRONMENTAL CRIME	2.6	92,970	10,730	-	103,700	51,600	-	155,300	(155,300)	-
E1000	FOOD SAFETY AND HYGIENE		-	19,450	(720)	18,730	197,320	-	216,050	-	216,050
E1100	HEALTH AND SAFETY AT WORK		-	100	-	100	133,780	-	133,880	-	133,880
E1300	PEST CONTROL		-	50	(1,500)	(1,450)	22,380	-	20,930	-	20,930
E1400	POLLUTION CONTROL		-	23,970	(16,830)	7,140	94,760	2,350	104,250	-	104,250
E1430	ENVIRONMENTAL ENFORCEMENT		8,000	1,780	-	9,780	151,130	-	160,910	-	160,910
E1500	PORT HEALTH		7,000	3,810	(28,340)	(17,530)	87,700	-	70,170	-	70,170
E2100	DOG CONTROL MEASURES		3,000	33,900	(5,670)	31,230	44,170	-	75,400	-	75,400
E2120	FLYTIPPING & WASTE ENFORCEMENT		-	1,000	-	1,000	61,250	-	62,250	-	62,250
E2140	LITTERING ENFORCEMENT		-	144,000	(168,750)	(24,750)	34,930	-	10,180	-	10,180
E2160	ENV EDUCATION & CAMPAIGNS		-	500	-	500	30,080	-	30,580	-	30,580
E2180	MISC ENVIRONMENTAL ENFORCEMENT		-	-	-	-	4,850	-	4,850	-	4,850
	Environmental Health	15.0	692,480	264,670	(221,810)	735,340	1,141,120	2,350	1,878,810	(989,360)	889,450
		43.6	2,107,200	802,310	(631,930)	2,277,580	3,496,270	7,390	5,781,240	(3,343,010)	2,438,230

DIRECTOR OF FINANCE, HOUSING AND COMMUNITY

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

FINANCE

Accountancy - Gold

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

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

Procurement, Creditors and Income - Silver

The procurement team provides support to major procurement projects ensuring the Council achieves best value, complies with its constitution, EU and other legislation and procurement best practice. The team is also responsible for the procurement infrastructure, including managing and upgrading the system for requisitioning and raising orders, negotiating of contracts and catalogues and updating guidance and contract standing orders.

The creditors team are responsible for the accurate and timely processing of approved invoices and managing the payments process. They are also responsible for maintaining the Contracts Register, uploading Supplier Spend data to the Internet and administering the Procurement Card scheme.

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

COMMUNITY ENGAGEMENT

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

STRATEGIC HOUSING

Housing Strategy - Gold

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

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

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

Housing Strategy and Enabling – Gold

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

- Housing Strategy
- Homelessness Strategy
- Tenancy Strategy

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

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

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

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

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

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

Housing Needs and Homelessness - Gold

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

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

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

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

Private Sector Housing - Silver

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

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

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

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

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

SHARED SERVICES

East Kent Internal Audit Partnership

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

East Kent Housing

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

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

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

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

East Kent Services

The Director of Finance along with the Alternative Services Delivery Manager will act as the lead for the following services which transferred to East Kent Services in February 2011 and are provided jointly for Dover, Thanet & Canterbury:

Revenues

Council tax has to be calculated, billed and collected for over 48,000 dwellings within the district. Council tax includes monies billed and collected for Dover District Council, Kent County Council, The Police & Crime Commissioner for Kent, Kent and Medway Fire and Rescue and the district's town and parish councils. The service target is to collect 97.61% of council tax in the year.

Business rates (NDR) also have to be calculated, billed and collected for around 3,400 business properties in the district. NDR is currently passed to central government where it is re-distributed within Revenue Support Grant based on a national formula. In 2013/14 this process is due to change and the Council will collect the NDR amount but will distribute it to the other preceptors as well as to the Government. The service will deliver around £100,000 charity relief as well as a £100,000 reserve to support business hardship as a result of the recession. NDR will be delivered in a shared service arrangement with Thanet District Council.

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

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

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

Benefits

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

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

Customer Services

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

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

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

ICT

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

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

Delivering Effective Services - Service Standards - Director of Finance

Service Priority			Objectives
Directorate Service Name	Service	Standard of service delivery	High Level Objective for Each Function
Finance	Accountancy (inc Grants to Voluntary Organisations)	Gold	Support the authority to remain financially viable, produce a balanced budget and sustainable MTFP.
	Statutory Financial Officer (S151) function	Gold	Act as section 151 officer with statutory responsibilities for the proper administration of DDC's financial affairs.
	Procurement (Creditors and Sundry Income)	Silver	Achieve value for money in purchasing decisions and supporting local businesses to participate in the Council's procurement process
Community Engagement	Sports Development and Leisure Delivery	Silver	Encourage increased participation in sport and leisure for all ages and ability
	Events	Bronze	Support prominent events and anniversaries in line with corporate objectives
	Community Development	Silver	Engage, inform and support the Big Society agenda through working with communities
	Shared Service Co-ordination and Alternative Service Delivery	Gold	Develop new ways of working with partners, third parties and the community to both reduce costs and maintain service levels
	Neighbourhood Forums	Silver	Provide and facilitate meetings for the local community and the Council to discuss issues and ideas
Strategic Housing	Housing Needs	Gold	Deliver options and resources to prevent homelessness and to provide choice for those seeking affordable housing
	Private Sector Housing	Silver	Raise standards of properties within the district through effective advice, support, enforcement and the provision of financial assistance where appropriate
	Disabled Facilities Grants (reduction in grant)	Silver	

Service Summary		Budget 2013/2014									
		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
Finance, Housing & Community		FTE	Employees	Other Costs	Income	Sub-tot					
C3310	HEAD OF FINANCE	1.0	109,650	3,530	-	113,180	30,650	-	143,830	(143,830)	-
Total Head of Service		1.0	109,650	3,530	-	113,180	30,650	-	143,830	(143,830)	-
C3500	ACCOUNTANCY TRADING ACCOUNT	11.1	454,380	43,940	-	498,320	156,430	-	654,750	(654,750)	-
C3020	PROCUREMENT, CREDITORS & INCOME	5.4	160,750	16,630	(7,100)	170,280	86,250	12,800	269,330	(269,330)	-
C5010	OFFICE TELEPHONES HLDG ACCOUNT	-	-	35,420	(35,420)	-	-	-	-	-	-
A1070	SPECIAL FEES AND PAYMENTS	-	-	70,000	-	70,000	22,040	-	92,040	-	92,040
A1075	TREASURY MANAGEMENT	-	-	13,220	-	13,220	35,700	-	48,920	-	48,920
A5000	SUPERANNUATION BACKFUNDING	-	1,853,760	-	-	1,853,760	(1,942,260)	-	(88,500)	-	(88,500)
B1600	GRANTS TO VOL ORGS	-	-	253,250	-	253,250	2,680	-	255,930	-	255,930
Total Accountancy		16.5	2,468,890	432,460	(42,520)	2,858,830	(1,639,160)	12,800	1,232,470	(924,080)	308,390
C3520	AUDIT TRADING ACCOUNT	8	40	700	-	740	143,210	-	143,950	(143,950)	-
Total Audit		8.0	40	700	-	740	143,210	-	143,950	(143,950)	-
C3360	HOUSING ADMIN TRADING ACCOUNT	1.5	89,420	1,370	-	90,790	53,760	-	144,550	(144,550)	-
M1401	HOUSING STRATEGY	-	-	8,500	-	8,500	31,930	-	40,430	-	40,430
M1900	GENERAL FUND HOUSING COSTS	-	-	-	(1,000)	(1,000)	-	-	(1,000)	-	(1,000)
M1100	PRIVATE SECTOR HOUSING	6.5	258,080	519,290	(504,010)	273,360	95,680	-	369,040	-	369,040
C3855	HOUSING NEEDS TRADING ACCOUNT	10.8	343,130	13,130	-	356,260	102,010	-	458,270	(458,270)	-
M1000	HOMELESSNESS	-	-	271,100	(294,730)	(23,630)	273,830	-	250,200	-	250,200
M1050	RENT DEPOSIT SCHEME	-	-	15,300	(15,300)	-	-	-	-	-	-
M1410	CHOICE BASED LETTINGS	-	-	11,400	(4,000)	7,400	-	-	7,400	-	7,400
Total Strategic Housing		18.8	690,630	840,090	(819,040)	711,680	557,210	-	1,268,890	(602,820)	666,070
C3730	COMMUNITY & LEISURE TRADING AC	5.0	205,790	7,630	-	213,420	80,620	-	294,040	(294,040)	-
C3995	ALTERNATIVE SERVICE DELIVERY	1.5	118,190	17,260	(8,020)	127,430	48,980	-	176,410	(176,410)	-
A1050	CORP PRESS & PUBLICITY	1.0	52,130	16,130	-	68,260	46,230	-	114,490	-	114,490
L5630	OLYMPIC SCREEN	-	-	14,200	-	14,200	30,310	-	44,510	-	44,510
M1500	COMMUNITY DEVELOPMENT	-	-	-	(35,000)	(35,000)	96,740	-	61,740	-	61,740
M1501	SE STRATEGIC PRTPN MIGRATION	1.0	1,620	-	(1,620)	-	80	-	80	-	80
M1510	REGEN OFFICERS SMALL PROJECTS	-	-	40,050	(40,000)	50	33,800	-	33,850	-	33,850
M2600	SPORTS STRTGY, IMPLMTN & GRNTS	-	-	18,050	(1,850)	16,200	76,540	-	92,740	-	92,740
M2601	FEEL ALIVE EVENTS	-	-	-	-	-	48,150	-	48,150	-	48,150
Total Community Engagement		8.5	377,730	113,320	(86,490)	404,560	461,450	-	866,010	(470,450)	395,560
C3010	COMPUTER SERVICES TRADING ACCT	-	-	560,590	-	560,590	36,510	11,950	609,050	(609,050)	-
B1620	NNDR DISCRETIONARY RELIEF	-	-	133,000	-	133,000	-	-	133,000	-	133,000
B2100	COUNCIL TAX-COST OF COLLECTION	-	-	777,480	(260,000)	517,480	26,370	-	543,850	-	543,850
B2300	NNDR - COST OF COLLECTION	-	-	165,750	(174,000)	(8,250)	6,330	-	(1,920)	-	(1,920)
B7000	BENEFITS & SUBSIDIES	-	-	39,518,710	(39,179,250)	339,460	37,090	-	376,550	-	376,550
C3376	DDC @ YOUR SERVICE	-	-	131,010	-	131,010	113,760	7,820	252,590	(252,590)	-
C3388	CORPORATE INCOME COLLECTION	-	-	127,280	-	127,280	34,600	-	161,880	(161,880)	-
M1910	WCCL SHARED COSTS WITH SDC	-	9,000	-	-	9,000	-	-	9,000	-	9,000
Total East Kent Services		0.0	9,000	41,413,820	(39,613,250)	1,809,570	254,660	19,770	2,084,000	(1,023,520)	1,060,480
		52.8	3,655,940	42,803,920	(40,561,300)	5,898,560	(191,980)	32,570	5,739,150	(3,308,650)	2,430,500

DIRECTOR OF ENVIRONMENT AND CORPORATE ASSETS

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

WASTE MANAGEMENT - Gold

Refuse and Recycling Collections

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

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

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

Aside from the weekly recycling and waste collections, the Council offers other services such as the bulky waste collection service. This is available for residents who wish to arrange for larger items of waste to be collected for a small fee from their homes.

The Council also provides 'bring banks' as an alternative to the doorstep recycling services where residents can take their cans, glass, paper, textiles and place them into banks. These banks are then emptied by Veolia Environmental Services, the Salvation Army and Aylesford Newsprint and the materials taken for recycling or reuse.

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

Garden waste collected fortnightly through the subscription green waste collection service, is composted on a local farm and ploughed back in as a soil improver.

Food waste collected weekly as part of the new service is taken to an anaerobic digestion plant at Blaise Farm in Kings Hill for processing.

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

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

Street Cleansing

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

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

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

PARKING SERVICES - Gold

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

CCTV - Bronze

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

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

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

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

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

COMMUNITY SAFETY - Gold

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

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

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

ANTI-SOCIAL BEHAVIOUR – Gold

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

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

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

ASSET MANAGEMENT AND MAINTENANCE- Silver

This service is divided into a number of key areas:

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

- **Cemeteries** - There are six cemeteries in the district managed by the Council, located in Dover, Deal, Sandwich and Aylesham, presently used for earth burials, covering a total of 19.25 hectares.
- **Closed Churchyards** - The Council has a legal obligation for the upkeep of closed churchyards, which are no longer maintained by the church or parish councils. There are currently 21 closed churchyards maintained, covering 5.01 hectares.
- **Markets** - Markets are currently held every Saturday in Dover and Deal. The Council operates the long established fruit and vegetable market in Market Square, Dover with the stallholders paying a set fee per pitch, while Dover District Chamber of Commerce and Deal Town Council operates the Dover and Deal markets in partnership with Dover District Council.
- **Public Clocks and Memorials** - The Council is responsible for the upkeep of various public clocks throughout the district. These include St George's Church Clock in Deal, Walmer Lifeboat Clock and St Peter's Church Clock, Sandwich. The Council also maintains Chillenden Windmill.
- **Beaches and Foreshores** - The district's coastline extends between Dover and Sandwich. This budget maintains the beaches and foreshores in this area. Additional income is generated by leasing beach and boat plots at the following locations:
 - Beach huts in St Margaret's Bay;
 - Beach hut plots in Kingsdown;
 - Commercial boat plots in Deal and Walmer; and
 - Private boat plots in Deal, Walmer, Kingsdown and St Margaret's.
- **Oil Pollution** - In accordance with the County of Kent Oil Pollution Response Scheme, the District Council has responsibility to deal with pollutions by oil on beaches and with the threat of oil to beaches and to sea up to a depth of 5.5 metres at low water mark of ordinary tides or to a distance of one mile from the shore, whichever is less. Areas beyond this extent are dealt with by Kent County Council. Work continues on the preparation of the District Oil Pollution Plan and developing links with neighbouring authorities.
- **Leasehold Properties** – The Council has significant land holdings across the District some of which are let for commercial and/or retail use. The Valuation team ensures these are managed in accordance with the Corporate Property Strategy and Asset Management Plan.

FACILITIES MANAGEMENT - Silver

The service covers a number of properties;

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

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

BUILDING CONTROL – Silver

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

The second area of activity is paid for from the General Fund. This area includes certain Building Regulations work, for which no fees can be charged, for example, building work to adapt a house for someone with a disability. Another example is building control has become a repository for information regarding self-certification of certain Building Regulations applications, relating to replacement windows and electricity etc. Central Government does not allow local authorities to charge for this function (just under 7000 such applications were received in 2010).

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

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

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

MUSEUM SERVICE – Bronze

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

TOURISM - Bronze

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

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

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

WHITE CLIFFS COUNTRYSIDE PARTNERSHIP - Silver

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

COAST PROTECTION - Gold

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

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

Service Priority			Objectives
Directorate Service Name	Service	Standard of service delivery	High Level Objective for Each Function
Parking and Community Safety	Parking	Gold	To provide a co-ordinated and integrated Parking Service that is complementary to traffic management strategies and supports the local economy
	Community Safety	Gold	Work in partnership with others to make the district a safer place in which to live
	CCTV	Bronze	Work with partners to provide an appropriate level of CCTV service.
Asset Management & Building Control	Asset Management and Maintenance (includes: area offices, corporate buildings, public conveniences, precincts, bus shelters, Timeball Tower, public clocks and memorials, Cemeteries, including burials and closed churchyards)	Silver	To seek to manage and maintain the Council's corporate property assets at minimum cost and maximum efficiency including managing the Council's Capital Programme to ensure that targets are achieved on time and within budget provision.
	Facilities Management (Dover Town Hall, Dover Leisure Centre, Tides, Walmer Paddling Pool, Deal Pier)	Silver	To ensure that the facilities, leased to or operated by Vista, Thanet Leisure Force, the White Cliffs Countryside Project and Deal Pier staff are managed efficiently and effectively
	Parks and Open Spaces (including Play Areas, Multi – Use Games Areas, Skate Parks, Beaches and Foreshores etc)	Silver	Maintain the District Council's Parks and Open Spaces in order to provide reasonable facilities for residents and visitors.
	Building Control	Silver	Raise standards of properties within the district through effective advice, support, enforcement and the provision of financial assistance where appropriate
	White Cliffs Countryside Project	Silver	Work in partnership with the community and voluntary sector to manage and protect the areas of natural significance and make them accessible to the public
	Highways Management	Bronze	Deliver statutory highways requirements
	Coastal Protection	Gold	Maintain the coast defences within its district through working with Central Government and other agencies including the Environment Agency.
	Environmental Sustainability (Climate Change)	Bronze	Provide advice and guidance on reducing the carbon footprint for the Council and district

Service Summary		Budget 2013/2014									
		Costs controlled by Head of Service					Recharges	Capital	Total Cost	Charge-outs	Total
Environment & Community Assets		FTE	Employees	Other Costs	Income	Sub-tot					
C3600	HEAD OF PROPERTY, LEISURE & WASTE MGMT	1.0	109,580	3,780	(28,000)	85,360	45,490	-	130,850	(130,850)	-
Head of Service		1.0	109,580	3,780	(28,000)	85,360	45,490	-	130,850	(130,850)	-
C3715	PROPERTY SERVICES	16.0	591,960	64,650	(1,550)	655,060	207,960	-	863,020	(863,020)	-
C3954	MAISON DIEU PREMISES	-	-	9,230	(3,500)	5,730	1,910	-	7,640	(7,640)	-
C3956	DEAL AREA OFFICE TRADING ACCT	-	-	4,430	-	4,430	1,170	-	5,600	(5,600)	-
C3957	DOVER AREA OFFICE (CASTLE ST)	-	-	61,520	(5,000)	56,520	2,890	980	60,390	(60,390)	-
C3958	SANDWICH AREA OFFICE TRAD ACCT	-	-	240	-	240	-	330	570	(570)	-
C5001	CORPORATE MAINTENANCE	-	-	290,000	-	290,000	-	-	290,000	-	290,000
C5200	OFFICE ACCOMMODATION-WHITFIELD	2.8	56,050	474,610	(16,100)	514,560	3,830	50,690	569,080	(569,080)	-
E4100	PUBLIC CONVENIENCES	-	-	262,990	(136,000)	126,990	22,270	16,770	166,030	-	166,030
E5000	DEPOTS	-	-	1,830	(1,560)	270	5,920	9,230	15,420	-	15,420
E6000	CEMETERIES	-	-	185,660	(158,480)	27,180	64,220	570	91,970	-	91,970
E6100	CLOSED CHURCHYARDS	-	-	34,380	-	34,380	18,920	-	53,300	-	53,300
E8000	COAST PROTECTION	-	-	560	(83,000)	(82,440)	52,260	253,070	222,890	-	222,890
K1020	SECTION 38	-	-	340	-	340	1,060	-	1,400	-	1,400
K2015	TRANSPORTATION SERVICES	-	-	198,900	(53,700)	145,200	80,420	12,500	238,120	-	238,120
K2040	BUS SHELTERS	-	-	16,190	(8,500)	7,690	4,880	-	12,570	-	12,570
K3000	PRECINCTS-DEAL AND DOVER	-	-	16,400	-	16,400	10,450	-	26,850	-	26,850
K5000	ENVIRONMENTAL IMPROVEMENTS	-	-	-	-	-	-	4,710	4,710	-	4,710
L1399	MISC PROPERTIES-GENERAL	-	-	41,000	(180,030)	(139,030)	369,670	24,660	255,300	-	255,300
L2000	HALLS-TOWN HALL DEAL	-	-	1,800	(1,800)	-	710	5,900	6,610	-	6,610
L2010	HALLS-TOWN HALL DOVER	-	-	135,570	(600)	134,970	12,470	76,620	224,060	-	224,060
L4015	LANDSCAPE PARTNERSHIP PROJECT	3.0	76,450	120	(78,340)	(1,770)	1,770	-	-	-	-
M2300	PARKS AND OPEN SPACES	-	-	653,680	(72,270)	581,410	176,660	66,970	825,040	-	825,040
Asset Management & Maintenance		21.8	724,460	2,454,100	(800,430)	2,378,130	1,039,440	523,000	3,940,570	(1,506,300)	2,434,270
H1000	BUILDING CONTROL	8.6	377,520	34,920	(333,250)	79,190	141,380	-	220,570	(15,320)	205,250
Building Control		8.6	377,520	34,920	(333,250)	79,190	141,380	-	220,570	(15,320)	205,250
L5050	A/C BODY RCHG-WCCP	-	-	-	-	-	45,050	-	45,050	-	45,050
L6000	WHITE CLIFFS COUNTRYSIDE PROJ	6.6	249,580	33,620	(301,200)	(18,000)	18,000	-	-	-	-
L6002	WCCP-SAMPHIRE HOE	1.5	56,460	2,500	(58,960)	-	-	-	-	-	-
L6018	FOLKESTONE DOWNS	-	-	20,300	(20,300)	-	-	-	-	-	-
White Cliffs Countryside Project		8.1	306,040	56,420	(380,460)	(18,000)	63,050	-	45,050	-	45,050
M2500	DOVER LEISURE CENTRE	-	-	286,820	-	286,820	14,460	262,100	563,380	-	563,380
M2510	DEAL LEISURE POOL-TIDES	-	-	16,410	-	16,410	7,630	251,260	275,300	-	275,300
M2520	DEAL TENNIS CENTRE	-	-	35,000	-	35,000	3,470	21,450	59,920	-	59,920
Leisure Centres etc				338,230	-	338,230	25,560	534,810	898,600	-	898,600

Service Summary		Budget 2013/2014									
Environment & Community Assets		Costs controlled by Head of Service									
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total
K2020	COUNTRYSIDE AND WATERWAYS		-	-	-	-	4,960	-	4,960	-	4,960
L1800	RELOCATION OF TRAVELLERS		-	-	-	-	1,030	-	1,030	-	1,030
L3000	TIMEBALL TOWER, DEAL		-	1,100	(560)	540	3,670	-	4,210	-	4,210
L3630	PUBLIC CLOCKS AND MEMORIALS		-	1,380	(100)	1,280	2,990	-	4,270	-	4,270
L4020	CENTURION HOUSE		-	4,620	(10,540)	(5,920)	5,920	-	-	-	-
L4030	DOLPHIN HOUSE		-	69,260	(90,000)	(20,740)	20,740	-	-	-	-
L4035	FANUM HOUSE		-	4,380	(1,250)	3,130	-	-	3,130	-	3,130
L4040	CHARRINGTONS SITE		-	2,230	(5,620)	(3,390)	3,390	-	-	-	-
M1200	ENERGY EFFICIENCY GRANTS		-	10,000	-	10,000	57,660	-	67,660	-	67,660
M2100	BEACHES AND FORESHORES		-	22,240	(47,960)	(25,720)	38,860	14,970	28,110	-	28,110
M2200	DEAL PIER	3.0	87,460	50,580	(60,050)	77,990	55,160	121,180	254,330	-	254,330
M2210	SANDWICH QUAY		-	5,640	(18,100)	(12,460)	10,100	-	(2,360)	-	(2,360)
M2610	PROPERTY SERVICES EVENTS		-	15,750	(15,750)	-	6,420	-	6,420	-	6,420
Facilities Management		3.0	87,460	187,180	(249,930)	24,710	210,900	136,150	371,760	-	371,760
C3610	WASTE SERVICES TRADING ACCOUNT	5.0	205,780	11,150	(14,000)	202,930	85,710	-	288,640	(288,640)	-
E4200	REFUSE COLLECTION		-	1,062,670	(28,000)	1,034,670	103,380	-	1,138,050	-	1,138,050
E4210	RECYCLING		-	1,081,500	(912,090)	169,410	147,910	-	317,320	-	317,320
E4300	STREET CLEANSING		-	1,401,090	(69,000)	1,332,090	112,910	-	1,445,000	-	1,445,000
Waste Services		5.0	205,780	3,556,410	(1,023,090)	2,739,100	449,910	-	3,189,010	(288,640)	2,900,370
L5601	TOURISM DEVELOPMENT		-	36,550	(11,800)	24,750	24,750	-	49,500	-	49,500
L5606	TOURISM PROMOTIONS		-	-	-	-	-	1,250	1,250	-	1,250
L5610	VIC GRANTS & HISTORIC PANELS		-	9,400	-	9,400	5,330	1,760	16,490	-	16,490
L3020	DOVER MUSEUM & VIC	10.4	378,650	159,740	(143,500)	394,890	123,590	205,410	723,890	-	723,890
L3022	MUSEUMS-BRONZE AGE BOAT-EXHIBIT		-	18,760	(1,800)	16,960	7,020	-	23,980	-	23,980
L3025	DOVER MUSEUM SCHOOLS		1,500	24,300	(23,000)	2,800	7,910	-	10,710	-	10,710
L3027	MUSEUM - BEQUEST WORK		-	-	-	-	370	-	370	-	370
L3600	GRAND SHAFT-WESTERN HEIGHTS		-	2,120	-	2,120	2,930	-	5,050	-	5,050
Museum & Tourism		10.4	380,150	250,870	(180,100)	450,920	171,900	208,420	831,240	-	831,240
C3620	PARKING & COMM SAFETY MANAGER	1.0	72,140	890	-	73,030	32,750	-	105,780	(105,780)	-
C3390	PARKING SERVICES ADMINISTRATION	5.0	155,130	35,100	-	190,230	106,800	-	297,030	(297,030)	-
C3392	PARKING OPERATIONS & ENFORCEMENT	14.2	364,670	33,550	-	398,220	114,320	4,230	516,770	(516,770)	-
E2200	CCTV	4.0	123,000	75,560	(3,290)	195,270	77,100	3,630	276,000	-	276,000
E8700	CRIME AND DISORDER	1.0	35,060	1,060	(35,000)	1,120	26,890	-	28,010	-	28,010
K4000	CAR PARKS-SURFACE FREE		-	10,190	-	10,190	33,250	-	43,440	-	43,440
K4010	CAR PARKS-SURFACE PAYING		-	297,420	(1,569,530)	(1,272,110)	270,560	-	(1,001,550)	-	(1,001,550)
K4020	CAR PARKS-MULTI STOREY		-	35,320	-	35,320	1,340	-	36,660	-	36,660
K4030	CAR PARKS - ON STREET		-	48,300	(647,300)	(599,000)	522,470	-	(76,530)	-	(76,530)
M4000	ANTI-SOCIAL BEHAVIOUR	1.8	63,560	9,800	(30,000)	43,360	69,470	-	112,830	-	112,830
Parking, CCTV & Community Safety		27.0	813,560	547,190	(2,285,120)	(924,370)	1,254,950	7,860	338,440	(919,580)	(581,140)
		84.9	3,004,550	7,429,100	(5,280,380)	5,153,270	3,402,580	1,410,240	9,966,090	(2,860,690)	7,105,400

Earmarked General Reserves

Notes	Balance	Contribution	Application	Balance	Contribution	Application	Balance	Contribution	Application	Balance	Contribution	Application	Balance
	2011/12 £000	2012/13 £000	2012/13 £000	2012/13 £000	2013/14 £000	2013/14 £000	2013/14 £000	2014/15 £000	2014/15 £000	2014/15 £000	2015/16 £000	2015/16 £000	2015/16 £000
1 General Fund Balance	-2,258	0	-75	-2,333	0	-5	-2,338	0	49	-2,289	0	43	-2,245
2 Special Projects & Events Reserve	-1,403	-39	893	-549	-170	333	-386	-20	135	-271	-20	181	-110
3 Periodic Operations Reserve	-607	-159	58	-708	-28	171	-566	-5	164	-407	-5	50	-361
4 Urgent Works Reserve	-765	-360	402	-723	-360	200	-883	-110	200	-793	0	200	-593
5 Regeneration Reserve	-553	0	89	-465	-100	220	-344	-100	48	-397	-100	30	-467
6 ICT Equipment & Servers	-287	-158	188	-258	-58	190	-126	-58	130	-54	-58	0	-112
7 Business Rates & Council Tax Support	-612	0	0	-612	-242	242	-612	0	242	-370	0	242	-128
8 Earmarked Reserves Total	-4,228	-716	1,629	-3,314	-958	1,356	-2,917	-293	919	-2,291	-183	703	-1,771
9 Total Revenue Reserves	-6,486	-716	1,554	-5,647	-958	1,351	-5,255	-293	968	-4,580	-183	746	-4,016

EARMARKED RESERVES

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

1. General Fund Balance

The General Fund Balance is forecast to remain above the £2m preferred level in 2014/15.

2. Special Projects & Events Reserve

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

3. Periodic Operations Reserve

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

4. Urgent Works Reserve

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

It is recommended that approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

5. Regeneration Reserve

In order to support the Local Development Framework process and associated regeneration projects an Economic Regeneration Reserve has been established. It is recommended that the approval of expenditure from this reserve is delegated to the Section 151 Officer and the Portfolio Holder responsible for Finance.

6. ICT Equipment & Servers

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

7. Business Rates & Council Tax Support Reserve

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

Housing Revenue Account - 2013/14 Budget Estimate

	2012/13 Original Budget	2012/13 Projected Outturn as at 31/12/12	Variance to Original Budget	Notes	2013/14 Proposed Budget	Variance to 2012/13 Projected	Notes
	£000	£000	£000		£000	£000	
INCOME							
Dwelling Rents	(17,962)	(18,100)	(138)	1	(18,520)	(420)	A
Non-dwelling Rents	(422)	(436)	(14)	2	(444)	(8)	B
Tenant Charges for Services and Facilities	(315)	(285)	30	3	(285)	0	
Conts. towards Expend. - Grants for Supporting People	(195)	(179)	16	4	(178)	1	
Leaseholder Charges for Services and Facilities	(166)	(241)	(75)	5	(166)	75	C
TOTAL INCOME	(19,060)	(19,241)	(181)		(19,593)	(352)	
EXPENDITURE							
Repairs and Maintenance	3,428	3,443	15	6	3,385	(58)	D
Supervision and Management	3,110	3,195	85	7	3,511	316	E
Rents, Rates, Taxes and Other Charges	93	66	(27)	8	67	1	
Negative Subsidy Entitlement (Incl MRA)	6,809	0	(6,809)	9	0	0	
Depreciation of Fixed Assets	2,187	2,187	0		2,180	(7)	F
Impairment of Fixed Assets	0	0	0		0	0	
Debt Management Expenses	22	22	0		20	(2)	G
Bad Debt Provision	110	110	0		250	140	H
Rent Rebate Subsidy Limitation	21	21	0		20	(1)	
TOTAL EXPENDITURE	15,780	9,044	(6,736)		9,433	389	
NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT	(3,280)	(10,197)	(6,917)		(10,160)	37	
HRA Share of Corporate and Democratic Core	326	403	77	10	435	32	I
HRA share of other amounts not allocated to specific services	0	0	0		0	0	
NET COST OF HRA SERVICES	(2,954)	(9,794)	(6,840)		(9,725)	69	
(Gain)/Loss on Sales of HRA Fixed Assets	0	0	0		0	0	
Interest Payable and Similar Charges	0	3,032	3,032	11	2,980	(52)	J
Amortisation of Premiums & Discounts	0	0	0		0	0	
Interest and Investment Income	(138)	(138)	0		(138)	0	
Pension Int Costs and expected return on pensions assets	247	338	91	12	338	0	
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(2,845)	(6,562)	(3,717)		(6,545)	17	
Amount required by statute to be credited to the HRA Balance for the year (as per the Note to the Statement of Movement below) **	2,311	3,674	1,363		4,826	1,152	
Net (Increase)/Decrease in the Housing Revenue Account Balance before transfers to or from reserves	(534)	(2,888)	(2,354)		(1,719)	1,169	
Transfer to or (from) reserves	0	2,500	2,500		2,000	(500)	K
(Increase)/decrease in year on the HRA balance	(534)	(387)	147		280	667	

Impact of Deficit / (surplus) on balances						
Housing Revenue Account surplus brought forward	(9,940)	(7,365)	2,575		(7,752)	(387)
Housing Revenue Account surplus carried forward	(10,475)	(7,752)	2,723		(7,472)	280

** 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						
	£	£	£		£	£
Net Charges made for retirement benefits in accordance with IAS19	405	407	2	12	425	18
	405	407	2		425	18
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	1,121	2,587	1,466	13	2,589	2
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(247)	(338)	(91)	12	(338)	0
Capital expenditure funded by the HRA	1,033	1,018	(15)	14	2,151	1,133
	1,907	3,267	1,360		4,402	1,135
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	2,312	3,674	1,362		4,827	1,153

Housing Revenue Account Variance Analysis
2012/13 Original Budget to 2012/13 Projected Outturn & Projected Outturn to 2013/14 Estimates

ANNEX 7A

Housing Revenue Account Variation Statement - as at 31 December 2012

		£000's
Original Budget		(534)
1 Dwelling Rents	Increase income - reduced void rate.	(138)
2 Non Dwelling Rents	Increased garage rent	(14)
3 Tenant Charges for Services & Facilities	Decrease re: post budget adjustment	30
4 Conds towards Expend - Supporting People	Reduction in Supporting People Grant	16
5 Leaseholder Charges for Services and Facilities	Increase in chargeable repairs	(75)
6 Repairs and Maintenance	Increase Software maintenance & recharges.	15
7 Supervision and Management	Uplift in EKH Management Fee - £39k post budget increase. Balance = internal re-allocation of costs.	105
	Reduction in insurance cost	(83)
	Highway Cleansing - new charge from General Fund	40
	Play area maintenance delayed from 2011/12	28
	Decrease in Corporate/Abnormal Maintenance	(11)
	Decrease re: clearance of rubbish	(10)
	Decrease in Careline cost - offset to reduced income.	(10)
	Abnormal Maintenance - heating oil clear up	15
	Decrease in Consultant Fees	(9)
	Increase in Corporate Repairs & Maintenance	5
	Reduction in Legal Fees Receivable	5
	Advertising costs re: Choice Based Lettings	6
	Misc	4
8 Rent, Rates Taxes & Other Charges	Reduction due to Manley House disposal	(27)
9 Negative Subsidy	Replaced by interest & principal payments re: borrowing under Housing Finance Reform	(6,809)
10 HRA Share of Corporate & Democratic Core	Increase in recharges	78
11 Interest & Investment Income	Interest on borrowing following Housing Finance Reform	3,032
12 Pension Adjustments	In accordance with Accounting Standards (FRS 17)	2
13 Transfer to Major Repairs Reserve	Increase due to uplift of Major Repairs Allowance under Housing Finance Reform	1,466
14 Capital Expenditure funded by the HRA	Increase due to adjustments required under Housing Finance Reform	373
	Adjustment due to reduction in Capital Works Programme	(387)
15 Transfer to Reserves	Transfer to Housing Initiatives Reserve	2,500
		(387)
Projected Outturn 2012/2013 as at 31 December 2011		(387)
A Dwelling Rents	Uplift based on DCLG advised % RPI uplift	(420)
B Non Dwelling Rents	Minor Increase	(8)
C Conds to Expend - Leaseholders	Estimated decrease in works chargeable to leaseholders	75
D Repairs & Maintenance	Major variances include: External Redecorations - £150k, Voids Maint + £65k & Heating Servicing + £20k	(58)
E Supervision and Management	Professional & Agency - re: Property Services Housing Initiatives related post (£35K) & contribution to Community Development (£35k)	80
	Charge for un-adopted street lighting on HRA estates	49
	EKH Management Fee - fee is expected to be maintained at 2012/13 level. Increase is due to fees relating to the Capital Programme no longer being "split off". Contra effect is a reduction in capital works funded	192
	Misc	(5)
F Depreciation of Fixed Assets	Minor reduction	(7)
G Debt Management Expenses	Minor Decrease	(2)
H Provision for Bad Debts	Contingency for expected increase in bad debts due to economic climate & benefit reform.	140
I HRA Share of Corporate and Democratic Core	Mainly increases in recharges with £9k offset saving in external Audit fees	32
J Interest Payable	Annual decrease in interest element of debt repayment	(52)
K Transfer to Reserves	Reduction to £2m from £2.5m to reflect reduced in year surplus.	(500)
L Pension related adjustments	In accordance with Accounting Standards (FRS 17)	18
M Capital expenditure funded by the HRA	Due to increased Capital Works Programme.	1,133
2012/2013 Budget Estimate		280

MEDIUM TERM CAPITAL PROGRAMME - FEBRUARY 2013 OUTTURN							
APPROVED BUDGET		PROPOSED BUDGET					
Projects included in the programme	Total	Previous	Estimate	Estimate	Estimate	Future	Total
		years	2012/13	2013/14	2014/15	years	
		£	£	£	£	£	£
Committed General Fund Projects							
Dover Regeneration Projects							
Dover Pride - Dover Town Investment Zone	1,885	1704	157	24	0	0	1,885
DTIZ - SEEDA funded projects	6,842	6693	2	147	0	0	6,842
DTIZ/Waterfront (DDC/GP Funded)	720	582	138	0	0	0	720
DTIZ - HCA funded projects	2,456	2387	0	69	0	0	2,456
DTIZ Growth Point - 2009/10 & 2010/11 Allocations	32	0	33	0	0	0	33
Dover Pride - Dover Priory Ph 1 & 2 (see grants & contributions appx)	120	107	0	13	0	0	120
Waterfront (Yorkgate) - (Cluster Prep/GP Funded)	115	83	32	0	0	0	115
Waterfront - Planning (Cluster Prep funded)	150	0	0	150	0	0	150
Sub total	12,320	11,556	362	403	0	0	12,321
Other Regeneration Projects							
Aylesham Regeneration Project	1,436	1,373	63	0	0	0	1,436
Deal Transportation & Flood Alleviation Models- GP/KCC Funded	300	124	46	130	0	0	300
Sub total	1,736	1,497	109	130	0	0	1,736
Other projects							
Capital grants and contributions - voluntary organisations (see appx)	75	74	1	0	0	0	75
Mandatory Disabled Facilities Grants	811	n/a	501	310	0	0	811
Renovation Grants	74	n/a	74	0	0	0	74
Renovation Loans/PSH Loans	4,319	3,854	60	405	0	0	4,319
Private Sector housing schemes - grants	1,323	1,320	3	0	0	0	1,323
Regional Housing Loans, Grants & Fees (2009/10 & 2010/11)	895	895	0	0	0	0	895
Private Sector Renewal Grants	0	0	0	0	0	0	0
Walmer to Kingsdown/Oldstairs Bay Study	72	66	6	0	0	0	72
Rostrum Call Management System	48	36	12	0	0	0	48
IDOX - Upgrade Planning Software System	21	16	5	0	0	0	21
Property Level Flood Protection (100% grant)	98	38	60	0	0	0	98
Visitor Information Centre - Relocation	186	1	185	0	0	0	186
Sandown Castle - Coastal Defence Works (100% grant)	46	0	37	9	0	0	46
Committee/ Document Management and E- Petition System	17	5	12	0	0	0	17
Northbourne Ave & Elms Vale Play Area Refurbishments (S106 & HRA Funded)	136	0	136	0	0	0	136
Noise Recording Equipment	12	0	12	0	0	0	12
Sub total	8,133	6,305	1,104	724	0	0	8,133
Sub total of Committed General Fund Projects	22,190	19,358	1,575	1,257	0	0	22,190
General Fund Projects - Proposed Projects							
White Cliffs Landscape Partnership Scheme (Growth Point Funded)	80	0	0	0	0	0	0
Beach Recycling Works - Walmer to Kingsdown (100% grant)	240	0	0	120	0	120	240
Beach Recycling Works - Sandown Castle to Deal Castle (100% grant)	60	0	0	30	0	30	60
Fountain Refurbishment & Street Scape Improvements - Market Square Dover	60	0	0	75	0	0	75
Community Safety Project (100% grant)	25	9	16	0	0	0	25
Bronze Age Boat - Replacement Air Conditioning Plant	18	0	0	18	0	0	18
Building Energy Management System	28	0	0	28	0	0	28
East Cliff Public Conveniences Refurbishment	75	0	75	0	0	0	75
Burial Records On Line	15	0	0	15	0	0	15
ICT Infrastructure Investment	129	0	129	0	0	0	129
Urban Renewal	2,500	0	0	850	850	800	2,500
Aylesham Redevelopment	0	0	0	55	0	0	55
Dover Town Investment Zone	0	0	0	150	0	0	150
Dover Leisure Centre - Plant & Equipment Replacement	0	0	0	100	0	0	100
Tides - Plant & Equipment Replacement	0	0	0	70	0	0	70
Leisure Centres Contingency - Repairs & Equipment	0	0	0	100	200	200	500
Disabled Facilities Grant Funding	0	0	0	100	0	0	100
Disabled Adaptations Assistance	0	0	0	50	0	0	50
Victoria Park - New Changing Rooms	0	0	0	200	0	0	200
Museum - General Replacements	0	0	0	50	20	0	70
Deal Pier - Resurfacing & seat refurbishment on pier stem	0	0	0	0	135	135	270
Deal Seafront Enhancement	0	0	0	125	0	0	125
Capital Contingency	0	0	0	100	0	0	100
Disabled Facilities Grants (100% grant funded)	0	0	0	463	0	0	463
White Cliffs Landscape Project-DDC Capital Expenditure (100% grant funded)	0	0	0	125	0	0	125
White Cliffs Landscape Project-Capital Grants (100% grant funded)	0	0	0	614	0	0	614
Deal Youth Centre (S106 Funded)	0	0	0	200	0	0	200
Electronic Booking System-Leisure Centres-DDC Contribution	0	0	19	0	0	0	19
Sub total of Proposed General Fund Projects	3,230	9	239	3,638	1,205	1,285	6,376
General Fund Projects Total	25,420	19,367	1,814	4,895	1,205	1,285	28,566
HRA Programme							
Housing Revenue Account Property Projects - Committed Works	3,925	n/a	3,925	0	0	0	3,925
Housing Revenue Account Property Projects - Proposed Works	0	n/a	0	5,321	0	0	5,321
Sheridan Rd Play Area Refurbishment (HRA Funded)	0	n/a	0	48	0	0	48
HRA Total	3,925	0	3,925	5,369	0	0	9,294
Total	29,345	19,367	5,739	10,264	1,205	1,285	37,860

MEDIUM TERM CAPITAL PROGRAMME - FEBRUARY 2013 OUTTURN							
APPROVED BUDGET		PROPOSED BUDGET					
Projects included in the programme	Total	Previous	Estimate	Estimate	Estimate	Future	Total
		years	2012/13	2013/14	2014/15	years	
		£	£	£	£	£	£
Financed by:							
Capital projects financed in previous financial years	19,367	19,367	0	0	0	0	19,367
Capital receipts - General Fund	748	n/a	570	1,292	355	335	2,552
Capital receipts - HRA	0	n/a	0	0	0	0	0
Major Repairs Allowance	2,935	n/a	2,935	2,870	0	n/a	5,805
Tenants Compact - Reserve Funding	0	n/a	0	348	0	n/a	348
Direct Revenue Financing - HRA	1,018	n/a	1,018	2,151	0	n/a	3,169
Direct Revenue Financing - General Fund	52	n/a	52	659	0	n/a	711
Grants			0				
SEEDA for DTIZ	149	n/a	2	147	0	0	149
HCA (was - English Partnerships) for DTIZ/mid-town centre	69	n/a	0	69	0	0	69
Growth Point Status grant 2009/10 to 2010/11	32	n/a	33	0	0	0	33
Growth Point (Deal Transportation Model)	118	n/a	31	87	0	0	118
Growth Point (Waterfront-Yorkgate)	15	n/a	15	0	0	0	15
Growth Point (White Cliffs Landscape Partnership)	80	n/a	0	80	0	0	80
KCC (Deal Transportation Model)	59	n/a	15	43	0	0	58
Mandatory Disabled Facilities Grants	716	n/a	501	678	0	0	1,179
Coast Protection grants	306	n/a	6	150	0	150	306
Private Sector Renewals Grant	343	n/a	63	280	0	0	343
Renovation/PSH Repayments of Loans	125	n/a	0	125	0	0	125
Dover Town Council (VIC Relocation)	75	n/a	75	0	0	0	75
Dover Town Council (Fountain Refurb)	0	n/a	0	0	0	0	0
Environment Agency (Property Level Flood Protection)	60	n/a	61	0	0	0	61
Environment Agency (Surface Water Management)	0	n/a	0	0	0	0	0
Environment Agency (Sandown Castle-Coastal Defence)	46	n/a	37	9	0	0	46
Performance Reward Grant (Community Safety)	16	n/a	16	0	0	0	16
Section 106 Funding	116	n/a	116	200	0	0	316
Supported borrowing - HRA	0	n/a	0	0	0	0	0
Supported borrowing - General Fund	0	n/a	0	0	0	0	0
Unsupported borrowing	0	n/a	0	0	0	0	0
Other reserves							
- Cluster Prep Reserve (Waterfront/DFG)	242	n/a	17	225	0	0	242
- Special projects reserve	37	n/a	56	0	0	0	56
- ICT Reserve (ICT Infrastructure Investment)	101	n/a	101	0	0	0	101
- Housing Initiatives Reserve (Urban Renewal)	2,500	n/a	0	850	850	800	2,500
- HRA Capital Funding Reserve	20	n/a	20	0	0	0	20
Total	29,345	19,367	5,740	10,263	1,205	1,285	37,860

Summary of capital receipts as at January 2012

ANNEX 8B

	Actual 2011/12	Estimate 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate Future Years £000
	£	£	£	£	
Usable capital receipts at 1 April	826	1,361	2,177	897	542
Capital receipts allocated to the finance committed projects	(737)	(571)	(24)	0	0 Note 1
Retained capital receipts from HRA right to buy sales received	263	250	-	-	Note 2
Receipts ringfenced for affordable housing and debt repayment	0	(357)	-	-	Note 3
Other receipts from sales achieved	1,009	1,494	-	-	Note 4
Surplus of receipts available to fund new projects	1,361	2,177	2,153	897	542 Note 5
Capital receipts allocated to new projects	0	0	(1,256)	(355)	(335) Note 6
Estimated usable capital receipts to be carried forward at 31 March	1,361	2,177	897	542	207 Note 7
<u>Potential additional capital receipts, subject to future disposal proposals:</u>					
Balance from previous year		0	272	886	4,694
Anticipated retained capital receipts from HRA right to buy sales		22	101	113	113 Note 8
Other anticipated sales		250	514	3,695	835 Note 9
Total potential additional receipts		272	886	4,694	5,642 Note 10

Note 1

Capital receipts allocated to fund committed capital projects

Note 2

It is estimated that there will be 8 dwelling sales in 2012/13 (5 sales have completed to date and 3 are in the pipeline expected to complete by 31/3/13).

Note 3

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.

Note 4

Retained capital receipts received to date for disposals in year

Note 5

This represents the level of capital receipts currently available to fund the proposed new projects. Projects will be allocated these resources according to the assessment of priority at appraisal stage.

Note 6

Balance of existing receipts available to fund additional projects.

Note 8

Future retained receipts from Right to Buy sales as per DCLG calculations

Note 9

The current year estimate relates to sale of Buckland Bridge public convenience and two Gateway flats. In future years it is assumed that there will be other corporate asset sales identified including Gateway flat sales. These receipts can be retained provided capital allowances are applied in accordance with legislation.

Note 10

Potential available levels of future capital receipts subject to income from future disposals

	PROJECTED	PROPOSED
	BUDGET	BUDGET
HRA REVENUE WORKS PROGRAMME	2012/13	2013/14
	£000	£000
Term Maintenance	1,200	1,200
External Decorations	700	550
Cesspool Drainage Replacement	0	5
Communal TV Aerials Installation	10	10
Elderly Persons Redecorations	10	10
Estates Paths, Pavings, Floor Resurfacing	58	75
Insurance Excess	10	10
Vandalism	30	30
Electrical Safety Inspections	45	45
Health and Safety Water Inspections	15	15
Voids Properties	650	700
Void Security	2	3
Heating Servicing	530	550
Lift Maintenance	5	5
Disabled Hoists & Lifts	13	13
Fire Alarm Servicing	70	55
Door Entry	15	15
Sunny Corner	0	0
Tenant Compensation	3	3
TOTAL REVENUE WORKS PROGRAMME	3,365	3,294

	PROJECTED	PROPOSED
	BUDGET	BUDGET
HRA CAPITAL WORKS PROGRAMME	2012/13	2013/14
	£000	£000
IMPROVEMENTS		
Reroofing	450	240
Replacement Doors and Windows	0	483
Door Entry Systems	50	129
Fire Precaution Works	100	475
Renewal Heating	350	182
Thermal Insulation	50	218
Asbestos Programme	25	20
Structural Repairs	200	180
Kitchen Programme	1,250	1,463
Rewiring	750	485
Tenants Compact (DDC initiated)	0	300
Tenants Compact - Dover / Deal	31	30
Tenants Compact - Sandwich / Rural	19	19
Adaptations for Disabled Persons	650	549
Contingency re: Alarm Systems - Sheltered	0	200
Sheridan Road Play Area	0	48
Anite Upgrade/Provision for replacement Housing System	28	350
TOTAL HRA CAPITAL PROGRAMME	3,953	5,369
Financed By:		
Capital Receipts	0	0
Major Repairs Allowance	2,935	2,870
Direct Revenue Financing (HRA)	1,018	2,151
Tenants Compact & Play Area Reserves	0	348
TOTAL CAPITAL WORKS FUNDING	3,953	5,369

FULL PROGRAMME TOTAL	7,318	8,663
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SPECIAL PROJECTS - FEBRUARY 2013 OUTTURN

PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE	Capital / Revenue	Total Approved	Prior Years	Estimate	Estimate	Estimate	Future	Total Revised
		Budget	Exp	2012/13	2013/14	2014/15	years	Budget
		£	£	£	£	£	£	£
Committed Special Revenue Projects								
Corporate Property Maintenance	R	520	500	20	0	0	0	520
Play Areas - enhancements to strategic sites	R	50	35	0	15	0	0	50
Control of Asbestos Regulations Works - Corporate Buildings	R	50	21	7	22	0	0	50
Disability Discrimination Act Works - Corporate Buildings	R	109	92	4	13	0	0	109
Quality Bus Partnership (formerly Kickstart Bus Initiative)	R	78	76	0	2	0	0	78
Farthingloe/Western Heights - consultancy	R	20	0	20	0	0	0	20
ICT Solutions-Regen & Dev/Corp PA & Support	R	50	0	29	21	0	0	50
Capital projects in capital programme financed from reserve:								
Provision allocated to capital programme to finance capital projects	C	766	727	56	0	0	0	783
		1,643	1,451	136	73	0	0	1,660
Proposed Projects								
Provision - possible abortive costs on unsuccessful Aylesham we	R	8	0	8	0	0	0	8
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	R	61	0	61	0	0	0	61
Play Areas - Clarendon, Dover provision of new site (only to go ahead if S106 funding available)	R	0	0	0	0	0	0	0
Dover Port Community Charity Trust	R	25	0	25	0	0	0	25
Car Park Study	R	25	0	0	25	0	0	25
DES Efficiency Projects	R	30	0	30	0	0	0	30
Connaught Park Pond/Shelter	R	36	0	0	36	0	0	36
Parks - General Repairs (walls, fences, lakes, structures etc)	R	25	0	0	25	25	31	81
Cemetery Provision for Dover - consultancy	R	10	0	0	10	0	0	10
Farthingloe/Western Heights - consultancy	R	10	0	10	0	0	0	10
Corporate Property Maintenance	R	35	0	16	50	50	100	216
Corporate Property Maintenance - Contingency	R	0	0	0	50	50	50	150
Whitfield Office Lighting Replacement	R	0	0	0	70	0	0	70
Utilities Management for all Corporate Properties	R	0	0	0	10	10	0	20
Dover Tourism Signage Scheme	R	0	0	0	20	0	0	20
Big Screen	R	0	0	0	20	0	0	20
Proposed balance to transfer to capital projects	C	0	0	0	0	0	0	0
Total Projects Subject to Approval/Appraisal		265	0	150	316	135	181	782
GRAND TOTAL		1,908	1,451	286	389	135	181	2,442
Special Projects Financing								
Funded from Special Projects Reserve (see annex 7)		1,908	1,451	286	389	135	181	2,442
TOTAL		1,908	1,451	286	389	135	181	2,442

Remaining balance in Special Projects reserve

Balance at 1 April 2012	1,240
Transfer of Invest to Save Reserve	47
Transfer of Major Events Reserve	3
Proposed allocation to projects 2012/13	-286
Contribution to Olympic Torch Celebration	-99
One-off allocation to fund 13/14 savings	-150
Contribution to ICT Reserve	-150
Balance at 31 March 2013	605
Proposed allocation to projects in 13/14 & future years	-705
Repayment of 12/13 one-off allocation to fund 13/14 savings	150
General Fund allocation to support future major events	60
Balance after future years allocations	110

CAPITAL AND SPECIAL PROJECT SCHEMES - FUTURE YEARS REQUIREMENTS

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

REF:	SCHEME	YEAR TWO 2014/15 £	YEAR THREE 2015/16 £	FUTURE YEARS 2016/17- 2021/22 £000	NOTES	Essential/ Desirable
	CAPITAL RECEIPT FUNDED					
	Regeneration					
1	Aylesham Redevelopment	30			Ongoing redevelopment of Aylesham Village including building of residential dwelling and improvements to roads and play facilities.	E
2	Dover Town Investment Zone	100	80		Request from Tim Ingleton for 13/14 bid to match current level of internal fees plus £10k to cover consultancy costs.	E
	Disabled Facilities					
3	Disabled Facilities Grant Funding	100	100		DDC contribution to support grant funding to meet statutory requirements on Disabled Facilities. Estimated DFG grant funding of £463k due in 13/14 (see Grant section for details).	E
4	Disabled Adaptations Assistance	50	50		Provide financial assistance for minor disabled adaptations to reduce the DFG waiting list and reduce the risk of a legal challenge to the Council.	E
	Car Parks					
5	Car Park Pay and Display Metering	150	100	100	The current machines are near the end of their life and no longer in production; it will become increasingly more expensive to maintain them. The plan is to replace them over a 3 - 5 year period.	E
6	Resurfacing & other works - Middle Street car park		170		Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue	E
7	Resurfacing car parks			50	Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue	E
	Cemeteries					
8	Cemetery Provision for Dover			550	The existing cemeteries in Dover will reach capacity in 2 to 3 years and if burial space within Dover is still to be made available a new site will have to be developed	D
9	Cemetery Provision for Aylesham			520	Options involving the use of private sector funding are being reviewed to enable the provision of a natural burial ground on land that DDC already own.	E
10	Cemetery Provision for Deal			100	The current cemetery space at Hamilton Road will reach capacity in 5 years. The long term plans have always envisaged that the cemetery will be extended onto adjacent land that DDC already own.	D
	Corporate Buildings					
11	Elms Vale Pavilion Refurbishment		100	100	Required for general up-grading and modernisation of a very tired and outdated facility that is well used	D
12	Resurfacing of the Whitfield Office middle car park			50		E
13	Solar PV for Whitfield Offices			85	The Whitfield offices have a SE roof elevation that could support 214m ² of solar PV. This would provide 30.36 kWp with an estimated 24,944 kWh/annum/	D
14	Dover Town Hall replacement of flat roof coverings			150	The lead flat roofs are becoming worn (thin) and may need replacing with the next 10 years	E
15	Dover Town Hall external redecorations and repairs			135		E
16	Dover Town Hall external wall repairs			200	Eroding masonry will require restoration work	E

REF:	SCHEME	YEAR TWO 2014/15 £	YEAR THREE 2015/16 £	FUTURE YEARS 2016/17- 2021/22	NOTES	Essential/ Desirable
17	Deal Pier - Structural Inspection and remedial work			50	Required to ensure that the pier structure will not deteriorate	E
18	Tides, Dover Leisure Ctrs, Whitfield offices and Dover museum			200	Technically feasible and financially viable energy efficiency measures to be considered as possible future capital schemes	D
	Other					
	TOTAL CAPITAL RECEIPT FUNDED	430	600	2,290		
	RESERVE FUNDED					
19	Parks - General repairs to walls, fences, lakes, structures etc (Special Project Reserve)			244	Using special revenue funds	E
	TOTAL RESERVE FUNDED	0	0	244		
	GRANT FUNDED					
	TOTAL GRANT FUNDED	0	0	0		
	S106 FUNDED					
	TOTAL S106 FUNDED	0	0	0		
	HRA FUNDED					
20	HRA Property Projects	5,460	5,316		Funded from HRA resources-includes replacement housing system.	
	TOTAL HRA FUNDED	5,460	5,316	0		
		5,890	5,916	2,534		

TREASURY MANAGEMENT STRATEGY STATEMENT

1 INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

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

Regulatory changes mean that council tax payers are entitled to spread their payments over 12 instalments instead of 10, from 2013/14. However, major preceptors are proposing to change their pattern of precepting accordingly (from 10 to 12 instalments). Similarly, DDC will redistribute NDR collected (based on estimates) to major preceptors and Government under new localisation arrangements. There may be an impact on cash flow of these changes of arrangements.

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

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

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision. In addition, this Council will receive quarterly update reports.

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

1.3 Treasury Management Strategy for 2013/14

The strategy for 2013/14 covers two main areas:

Capital issues

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

Treasury management issues

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

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

2 THE CAPITAL PRUDENTIAL INDICATORS 2013/14 – 2015/16

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding/borrowing need:

	2011/12 Actual £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Capital expenditure:					
General Fund	3,650	2,091	4,666	1,205	1,205
HRA	3,727	3,925	5,369	5,369	5,369
Total	7,377	6,016	10,035	6,574	6,574

	2011/12 Actual £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Financed by:					
Capital receipts	737	571	1,280	355	355
Capital grants	2,309	1,149	2,111	0	0
Capital reserves	3,321	3,110	4,293	6,219	6,219
Revenue	1,010	1,186	2,351	0	0
Net financing need for the year	0	0	0	0	0

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

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

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

The Council is asked to approve the CFR projections below:

	2011/12 Actual £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Capital Financing Requirement					
CFR – non housing	11,487	11,685	11,685	11,685	11,685
CFR – housing	86,746	86,548	86,548	86,548	86,548
Total CFR	98,233	98,233	98,233	98,233	98,233
Movement in CFR	90,717	-	-	-	-

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

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

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

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

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

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

These options provide for a reduction in the borrowing need over approximately the asset's life. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

2.4 Core funds and expected investment balances

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

2.5 Affordability prudential indicators

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

2.6 Ratio of financing costs to net revenue stream.

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

%	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
General Fund	1.78%	0.58%	0.58%	0.58%	0.58%
HRA	(1.63%)	14.34%	14.34%	14.34%	14.34%

The estimates of financing costs include current commitments and the proposals in this budget report. The HRA indicator has changed significantly due to the impact of Housing Finance Reform and the undertaking of £90m of borrowing in 2011/12.

2.7 Incremental impact of capital expenditure decisions on council tax.

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

Incremental impact of capital investment decisions on band D council tax					
£	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Council tax - band D	£1.92	£1.60	£0.20	£0.05	£0.05

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

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

Incremental impact of capital expenditure decisions on housing rent levels					
£	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Weekly housing rent levels	£2.24	£4.49	£9.44	£9.46	£9.47

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

3 Borrowing

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

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2012, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2011/12 Actual £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
External Debt					
Debt at 1 April	97,705	97,705	97,705	97,705	97,705
Expected change in Debt	0	0	0	0	0
Actual gross debt at 31 March	97,705	97,705	97,705	97,705	97,705
The Capital Financing Requirement	98,233	98,233	98,233	98,233	98,233
Under / (over) borrowing	528	528	528	528	528

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two

financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

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

3.2 Treasury Indicators: limits to borrowing activity

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

Operational boundary	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Debt	105,473	108,000	108,000	108,000

The operational boundary has been uplifted to allow for changes in business rates collection patterns and the potential impact of successful appeals.

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

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

Authorised limit	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Debt	20,000	22,500	22,500	22,500
HRA Debt Limit	91,000	91,000	91,000	91,000
Total	111,000	113,500	113,500	113,500

3.3 Prospects for interest rates

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

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10

		PWLB Borrowing Rates (including certainty rate adjustment)		
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Director of Finance, Housing and Community will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

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

Although not anticipated, if we do have to undertake borrowing in advance of need the Council will:

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

Treasury management limits on activity

There are three debt-related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates.

However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

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

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

Interest rate exposures:			
	2013/14	2014/15	2015/16
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity structure of fixed interest rate borrowing 2013/14			

	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 years to 5 years	0%	50%
5 years to 10 years	0%	100%
10 years and above	0%	100%

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed.

3.6 Debt rescheduling

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

The reasons for any rescheduling to take place will include:

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

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

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

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

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

Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political

environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Sector, in producing its colour codings which show the varying degrees of suggested creditworthiness.

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

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

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

Investment instruments identified for use in the financial year are listed in appendix 5.2. Counterparty limits will be as set through the Council’s treasury management practices – also shown in appendix 5.2.

4.2 Creditworthiness policy

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

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

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

- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour Not to be used

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

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

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

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

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

4.3 Country limits

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

AAA

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

AA+

- France
- Hong Kong
- U.S.A

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

In house investments are currently limited to UK banks only; a maximum of £5m can be invested per insituiton with the exception of the Council's operational bank were the limit will be £8m to cover short term fluctuations in cash flow.Investment strategy

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

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2014. Bank Rate forecasts for financial year ends (March) are:

2012/13	0.50%	2014/15	0.75%
2013/14	0.50%	2015/16	1.75%

There are risks that actual rates may remain lower (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected.

However, should the pace of growth pick up more sharply than expected rates could rise, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next five years are as follows:

2012/13	0.50%	2014/15	0.60%
2013/14	0.50%	2015/16	1.50%

Investment treasury indicator and limit - total principal funds are not invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

Maximum principal sums invested > 365 days			
£m	2013/14	2014/15	2015/16
Principal sums invested > 365 days	£21m	£21m	£21m

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

4.4 Icelandic bank investments

The Icelandic winding up board has completed its work and the council has been classed as a priority creditor. The assets of Landsbanki are being liquidated and returned to creditors. We have received approximately £500k to date and expect to receive back the majority of our initial investment.

4.5 Investment risk benchmarking

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

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

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

Liquidity –The Council seeks to maintain:

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

Yield - local measures of yield benchmarks are:

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

4.6 End of year investment report

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

4.7 External fund managers

£12.5m of the Council's funds are externally managed on a discretionary basis by Investec Asset Management.

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

4.8 Treasury management scheme of delegation

(i) Full Council

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

(ii) Cabinet

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

(iii) Governance Committee

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

The treasury management role of the section 151 officer:

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

- recommending the appointment of external service providers.

5 Appendices

1. Economic background
2. Treasury management practice – credit and counterparty risk management

5.1 APPENDIX: Economic Background (Supplied by Sector)

The Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which is unlikely to grow significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 1% in quarter 3 is unlikely to prove anything more than a washing out of the dip in the previous quarter before a return to weak, or even negative, growth in quarter 4.

The **Eurozone sovereign debt crisis** has abated somewhat following the ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request (for a national bailout) and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a crunch point as the Eurozone imminently faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many commentators still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high, unless the Eurozone were to accept a major write down of Greek debt. The possibility of a write down has now been raised by the German Chancellor, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. However, the housing market does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. However, there are increasing concerns over flashing warning signs in various parts of the Chinese economy that indicate it could be in risk of heading for a hard landing rather than a gradual slow down.

The UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended in the autumn statement over a longer period than the original four years. Achieving this new extended time frame will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period. It was important for the Government to retain investor confidence in UK gilts so there was little room for it to change course other than to move back the timeframe.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is, though, little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance

sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any near-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;

- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East.

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's Aaa rating at the start of 2013).

5.2 APPENDIX: Treasury Management Practice – Credit and Counterparty Risk Management

Investment instruments identified for use in the financial year are listed below.

In house investments

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

Fund manager investments

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

Budget Monitoring to December 2012 (Abridged)

Introduction

1. This is a summarised version of the Budget Monitoring report to December 2012 providing an update on the General Fund and associated areas.

General Fund Approved Revenue Budget

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

Notes	£000	£000
1	Original Budget	21
	Variances:	
	Previously reported - adverse	48
	Quarter 3 - favourable	(143)
		(95)
	Projected Outturn	(74)
	Projected Year End General Fund Balance	2,333
Notes		
1	Annex 12A shows a summary of the Original Budget and the Projected Outturn.	

3. The main points to note are a forecast underspend of £95k against the original budget, and projected General Fund balances of £2,333k.
4. The most significant changes in the quarter to December 2012 are detailed below. In addition Annex 3 includes a full reconciliation of the variances.

Category	Reason	£000
Car Parking income	Net income reduction – impact of weather and economic downturn (adverse)	255
Recharges	Cost savings and increased recovery from HRA (street lighting & litter picking on HRA car parks and open spaces, etc) (favourable)	(228)
Interest payable	Reduced cost following pooling of GF and HRA loans (favourable)	(169)
Backfunding	Increased costs mainly relating to EKHRP following Shepway's withdrawal from the service (adverse)	44
Vacancy savings	Estimated shortfall of vacancy savings against budget (adverse)	40
Interest receivable	Now expected to be in line with budget (favourable)	(32)
Miscellaneous	Numerous other variances (net favourable)	(53)
Variances in Quarter		(143)

Budget risks

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

Description	Impact	Likelihood	Mitigation
There is a risk of under-achievement of the £125k Vacancy provision target.	L	M	We have achieved £69k from the first six months' salary monitoring. We have made provision for £40k possible under-achievement within the December report leaving only £16k outstanding, and are hopeful that the next update of salary monitoring will show that this amount of saving has been achieved.
Green Waste Income is currently lower than budgeted, and the cost per household charged by Veolia for green waste collection is higher than budgeted. The reduction in income will be offset by a reduction in contract expenditure. However, there are additional inflationary pressures on recycling, refuse collection and street cleansing contracts for Jan-Mar 2013. The total impact of these pressures is £70k est. (included in the accounts), but may need revising, which could lead to further pressures.	L	H	Waste contracts continue to be reviewed and additional income may be identified to offset this shortfall.
There is currently a risk to the Land Charges income. The Charging Regime is the subject of legal challenges against DDC and other local authorities. The situation is ongoing and the outcome of litigation is awaited.	M	M	On-going. Not yet clear what mitigation can be undertaken.
A review of Parking Income has been undertaken to determine the impact of the recession and a wet summer on takings. The net impact after expenditure savings is £255k, which is expected to continue into the next financial year. The £255k pressure is included within the December budget monitoring report.	M	H	It has been possible to absorb the impact of this shortfall from favourable variances elsewhere, including reductions in interest payable by the General Fund due to pooling of loans with HRA, and following a review of recharges to make full but fair charges to the HRA.

Investment Performance

6. Based on figures received from Investec to the end of December, Investec are projecting a return of approximately 1.15 % for the year, which would amount to about £112k. In-house interest generated to the end of December 2012 is £179k, generating an estimated annualised return of 1.38 %. This outperforms the benchmark (7-day LIBID rate), which currently stands at 0.41 % (annualised).
7. Based on budgeted interest receivable of £148,600 for the General Fund, there is a projected surplus of approximately £4k for the current year, which is included within the reported figures.

Contingency

8. The original contingency budget was £80.3k of which £67.4k has been committed for items including an increase in the grant to White Cliffs Countryside Project, potential costs associated with Local Development Plans and costs for Standards Committee investigations. The non-earmarked portion of contingency, not yet utilised, is £12.9k

Resolution to set the Council Tax

COUNCIL 6 MARCH 2013

The Council is recommended to resolve the following in relation to Council Tax for
2013/14

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

(1) It be noted that on 30th January 2013 the Council calculated the Council Tax Base for

2013/14

(a) as 34,757.85 for the whole Council area [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,

(b) for dwellings in those parts of its area to which a Parish precept relates, as follows:

Part of the Council's Area	Tax Base
Alkham	295.62
Ash	1,085.28
Aylesham	837.88
Capel-le-Ferne	606.29
Deal	6,125.36
Denton-with-Wootton	165.54
Dover	7,457.80
Eastry	751.40
Eythorne	758.93
Goodnestone	170.52
Great Mongeham	260.66
Guston	394.30
Hougham-without	181.94
Langdon	218.74
Lydden	239.61
Nonington	287.68
Northbourne	260.97
Preston	252.16
Ringwould-with-Kingsdown	963.13
Ripple	140.50
River	1,471.64
St Margarets-at-Cliffe	1,216.05
Sandwich	1,823.45
Shepherdswell-with-Coldred	718.31
Sholden	388.65
Staple	224.89
Stourmouth	112.85
Sutton-by-Dover	290.75
Temple Ewell	608.77
Tilmanstone	145.79
Walmer	3,143.32
Whitfield	1,705.16
Wingham	645.48
Woodnesborough	379.88
Worth	428.55
	34,757.85

(2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for
2013/14

is calculated as:

£5,821,592

- (3) That the following amounts be calculated by the Council for the year 2013/14

in accordance with Sections 31 to 36 of the Act:

- (a) £98,052,314 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) £90,152,253 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £7,900,061 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) £227.29 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) £2,078,469 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £167.49 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. (*Council Tax at Band D for District Excluding Parish Precepts*).

Town and Parish Councils	£
Alkham	190.94
Ash	226.82
Aylesham	213.64
Capel-le-Ferne	190.08
Deal	227.41
Denton-with-Wootton	221.18
Dover	260.92
Eastry	227.39
Eythorne	214.48
Goodnestone	200.47
Great Mongeham	199.50
Guston	223.08
Hougham-without	208.81
Langdon	213.38
Lydden	209.52
Nonington	193.52
Northbourne	201.26
Preston	220.86
Ringwould-with-Kingsdown	199.23
Ripple	195.96
River	208.67
St Margarets-at-Cliffe	217.55
Sandwich	244.32
Shepherdswell-with-Coldred	214.37
Sholden	217.52
Staple	196.45
Stourmouth	206.48
Sutton-by-Dover	199.90
Temple Ewell	204.07
Tilmanstone	207.46
Walmer	206.68
Whitfield	219.40
Wingham	270.64
Woodnesborough	204.70
Worth	209.43

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	127.29	148.51	169.72	190.94	233.37	275.80	318.23	381.88
Ash	151.21	176.42	201.62	226.82	277.22	327.63	378.03	453.64
Aylesham	142.43	166.16	189.90	213.64	261.12	308.59	356.07	427.28
Capel-le-Ferne	126.72	147.84	168.96	190.08	232.32	274.56	316.80	380.16
Deal	151.61	176.87	202.14	227.41	277.95	328.48	379.02	454.82
Denton-with-Wootton	147.45	172.03	196.60	221.18	270.33	319.48	368.63	442.36
Dover	173.95	202.94	231.93	260.92	318.90	376.88	434.87	521.84
Eastry	151.59	176.86	202.12	227.39	277.92	328.45	378.98	454.78
Eythorne	142.99	166.82	190.65	214.48	262.14	309.80	357.47	428.96
Goodnestone	133.65	155.92	178.20	200.47	245.02	289.57	334.12	400.94
Great Mongeham	133.00	155.17	177.33	199.50	243.83	288.17	332.50	399.00
Guston	148.72	173.51	198.29	223.08	272.65	322.23	371.80	446.16
Hougham-without	139.21	162.41	185.61	208.81	255.21	301.61	348.02	417.62
Langdon	142.25	165.96	189.67	213.38	260.80	308.22	355.63	426.76
Lydden	139.68	162.96	186.24	209.52	256.08	302.64	349.20	419.04
Nonington	129.01	150.52	172.02	193.52	236.52	279.53	322.53	387.04
Northbourne	134.17	156.54	178.90	201.26	245.98	290.71	335.43	402.52
Preston	147.24	171.78	196.32	220.86	269.94	319.02	368.10	441.72
Ringwould-with-Kingsdown	132.82	154.96	177.09	199.23	243.50	287.78	332.05	398.46
Ripple	130.64	152.41	174.19	195.96	239.51	283.05	326.60	391.92
River	139.11	162.30	185.48	208.67	255.04	301.41	347.78	417.34
St Margarets-at-Cliffe	145.03	169.21	193.38	217.55	265.89	314.24	362.58	435.10
Sandwich	162.88	190.03	217.17	244.32	298.61	352.91	407.20	488.64
Shepherdswell-with-Coldred	142.91	166.73	190.55	214.37	262.01	309.65	357.28	428.74
Sholden	145.01	169.18	193.35	217.52	265.86	314.20	362.53	435.04
Staple	130.97	152.79	174.62	196.45	240.11	283.76	327.42	392.90
Stourmouth	137.65	160.60	183.54	206.48	252.36	298.25	344.13	412.96
Sutton-by-Dover	133.27	155.48	177.69	199.90	244.32	288.74	333.17	399.80
Temple Ewell	136.05	158.72	181.40	204.07	249.42	294.77	340.12	408.14
Tilmanstone	138.31	161.36	184.41	207.46	253.56	299.66	345.77	414.92
Walmer	137.79	160.75	183.72	206.68	252.61	298.54	344.47	413.36
Whitfield	146.27	170.64	195.02	219.40	268.16	316.91	365.67	438.80
Wingham	180.43	210.50	240.57	270.64	330.78	390.92	451.07	541.28
Woodnesborough	136.47	159.21	181.96	204.70	250.19	295.68	341.17	409.40
Worth	139.62	162.89	186.16	209.43	255.97	302.51	349.05	418.86

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

2013/14

that the Kent County Council, the Police & Crime Commissioner for Kent and the Kent and Medway Fire and Rescue Service 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	698.52	814.94	931.36	1,047.78	1,280.62	1,513.46	1,746.30	2,095.56
The Police & Crime Commissioner for Kent	94.31	110.03	125.75	141.47	172.91	204.35	235.78	282.94
Kent & Medway Fire & Rescue Service	45.30	52.85	60.40	67.95	83.05	98.15	113.25	135.90

- (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

2013/14

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	965.42	1,126.33	1,287.23	1,448.14	1,769.95	2,091.76	2,413.56	2,896.28
Ash	989.34	1,154.24	1,319.13	1,484.02	1,813.80	2,143.59	2,473.36	2,968.04
Aylesham	980.56	1,143.98	1,307.41	1,470.84	1,797.70	2,124.55	2,451.40	2,941.68
Capel-le-Ferne	964.85	1,125.66	1,286.47	1,447.28	1,768.90	2,090.52	2,412.13	2,894.56
Deal	989.74	1,154.69	1,319.65	1,484.61	1,814.53	2,144.44	2,474.35	2,969.22
Denton-with-Wootton	985.58	1,149.85	1,314.11	1,478.38	1,806.91	2,135.44	2,463.96	2,956.76
Dover	1,012.08	1,180.76	1,349.44	1,518.12	1,855.48	2,192.84	2,530.20	3,036.24
Eastry	989.72	1,154.68	1,319.63	1,484.59	1,814.50	2,144.41	2,474.31	2,969.18
Eythorne	981.12	1,144.64	1,308.16	1,471.68	1,798.72	2,125.76	2,452.80	2,943.36
Goodnestone	971.78	1,133.74	1,295.71	1,457.67	1,781.60	2,105.53	2,429.45	2,915.34
Great Mongeham	971.13	1,132.99	1,294.84	1,456.70	1,780.41	2,104.13	2,427.83	2,913.40
Guston	986.85	1,151.33	1,315.80	1,480.28	1,809.23	2,138.19	2,467.13	2,960.56
Hougham-without	977.34	1,140.23	1,303.12	1,466.01	1,791.79	2,117.57	2,443.35	2,932.02
Langdon	980.38	1,143.78	1,307.18	1,470.58	1,797.38	2,124.18	2,450.96	2,941.16
Lydden	977.81	1,140.78	1,303.75	1,466.72	1,792.66	2,118.60	2,444.53	2,933.44
Nonington	967.14	1,128.34	1,289.53	1,450.72	1,773.10	2,095.49	2,417.86	2,901.44
Northbourne	972.30	1,134.36	1,296.41	1,458.46	1,782.56	2,106.67	2,430.76	2,916.92
Preston	985.37	1,149.60	1,313.83	1,478.06	1,806.52	2,134.98	2,463.43	2,956.12
Ringwould-with-Kingsdown	970.95	1,132.78	1,294.60	1,456.43	1,780.08	2,103.74	2,427.38	2,912.86
Ripple	968.77	1,130.23	1,291.70	1,453.16	1,776.09	2,099.01	2,421.93	2,906.32
River	977.24	1,140.12	1,302.99	1,465.87	1,791.62	2,117.37	2,443.11	2,931.74
St Margarets-at-Cliffe	983.16	1,147.03	1,310.89	1,474.75	1,802.47	2,130.20	2,457.91	2,949.50
Sandwich	1,001.01	1,167.85	1,334.68	1,501.52	1,835.19	2,168.87	2,502.53	3,003.04
Shepherdswell-with-Coldred	981.04	1,144.55	1,308.06	1,471.57	1,798.59	2,125.61	2,452.61	2,943.14
Sholden	983.14	1,147.00	1,310.86	1,474.72	1,802.44	2,130.16	2,457.86	2,949.44
Staple	969.10	1,130.61	1,292.13	1,453.65	1,776.69	2,099.72	2,422.75	2,907.30
Stourmouth	975.78	1,138.42	1,301.05	1,463.68	1,788.94	2,114.21	2,439.46	2,927.36
Sutton-by-Dover	971.40	1,133.30	1,295.20	1,457.10	1,780.90	2,104.70	2,428.50	2,914.20
Temple Ewell	974.18	1,136.54	1,298.91	1,461.27	1,786.00	2,110.73	2,435.45	2,922.54
Tilmanstone	976.44	1,139.18	1,301.92	1,464.66	1,790.14	2,115.62	2,441.10	2,929.32
Walmer	975.92	1,138.57	1,301.23	1,463.88	1,789.19	2,114.50	2,439.80	2,927.76
Whitfield	984.40	1,148.46	1,312.53	1,476.60	1,804.74	2,132.87	2,461.00	2,953.20
Wingham	1,018.56	1,188.32	1,358.08	1,527.84	1,867.36	2,206.88	2,546.40	3,055.68
Woodnesborough	974.60	1,137.03	1,299.47	1,461.90	1,786.77	2,111.64	2,436.50	2,923.80
Worth	977.75	1,140.71	1,303.67	1,466.63	1,792.55	2,118.47	2,444.38	2,933.26

- (6) That the Council's basic amount of Council Tax for
2013/14
is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act
1992.

Mike Davis

Director of Finance, Housing and Community

PARISH AND TOWN COUNCILS**2013/14**

Item No	Town and Parish Councils	2012/13			2013/14					Council Tax Increase
		Precept £	Tax Base	Council Tax £	Total Requirement £	DDC Grant £	Precept £	Tax Base	Council Tax £	
1	Alkham	8,000	319.15	25.07	7,500	-567	6,933	295.62	23.45	-6.46%
2	Ash	72,065	1,214.70	59.33	71,777	-7,388	64,389	1,085.28	59.33	0.00%
3	Aylesham	44,509	1,102.77	40.36	48,958	-10,291	38,667	837.88	46.15	14.35%
4	Capel-le-Ferne	14,750	693.75	21.26	15,485	-1,791	13,694	606.29	22.59	6.26%
5	Deal	347,700	7,252.96	47.94	419,086	-52,024	367,062	6,125.36	59.92	24.99%
6	Denton-with-Wootton	9,300	176.67	52.64	9,452	-564	8,888	165.54	53.69	1.99%
7	Dover	663,650	9,551.58	69.48	836,828	-140,028	696,800	7,457.80	93.43	34.47%
8	Eastry	48,079	878.96	54.70	51,725	-6,716	45,009	751.40	59.90	9.51%
9	Eythorne	41,000	877.59	46.72	41,000	-5,335	35,665	758.93	46.99	0.58%
10	Goodnestone	5,900	186.04	31.71	6,098	-474	5,624	170.52	32.98	4.01%
11	Great Mongeham	8,343	288.72	28.90	9,123	-780	8,343	260.66	32.01	10.76%
12	Guston	19,012	426.54	44.57	23,303	-1,384	21,919	394.30	55.59	24.73%
13	Hougham-without	7,685	191.53	40.12	7,889	-371	7,518	181.94	41.32	2.99%
14	Langdon	11,000	240.58	45.72	11,000	-962	10,038	218.74	45.89	0.37%
15	Lydden	9,500	251.38	37.79	10,500	-428	10,072	239.61	42.03	11.22%
16	Nonington	7,500	309.66	24.22	8,000	-512	7,488	287.68	26.03	7.47%
17	Northbourne	9,697	294.97	32.87	9,890	-1,077	8,813	260.97	33.77	2.74%
18	Preston	10,000	281.03	35.58	14,447	-990	13,457	252.16	53.37	50.00%
19	Ringwould-with-Kingsdown	30,431	1,056.26	28.81	33,150	-2,583	30,567	963.13	31.74	10.17%
20	Ripple	3,750	162.78	23.04	4,494	-494	4,000	140.50	28.47	23.57%
21	River	66,402	1,524.40	43.56	62,815	-2,211	60,604	1,471.64	41.18	-5.46%
22	St Margarets-at-Cliffe	63,000	1,287.70	48.92	64,253	-3,379	60,874	1,216.05	50.06	2.33%
23	Sandwich	130,000	2,032.33	63.97	152,949	-12,853	140,096	1,823.45	76.83	20.10%
24	Shepherdswell-with-Coldred	31,588	769.62	41.04	35,705	-2,030	33,675	718.31	46.88	14.23%
25	Sholden	22,000	439.75	50.03	21,904	-2,460	19,444	388.65	50.03	0.00%
26	Staple	6,825	236.06	28.91	6,825	-311	6,514	224.89	28.96	0.17%
27	Stourmouth	2,805	120.00	23.38	4,560	-160	4,400	112.85	38.99	66.77%
28	Sutton-by-Dover	10,368	321.19	32.28	10,368	-946	9,422	290.75	32.41	0.40%
29	Temple Ewell	23,236	635.26	36.58	23,200	-931	22,269	608.77	36.58	0.00%
30	Tilmanstone	6,200	155.51	39.87	6,200	-373	5,827	145.79	39.97	0.25%
31	Walmer	135,000	3,442.60	39.21	134,500	-11,310	123,190	3,143.32	39.19	-0.05%
32	Whitfield	73,310	1,872.25	39.16	94,810	-6,291	88,519	1,705.16	51.91	32.56%
33	Wingham	39,150	707.38	55.35	69,876	-3,294	66,582	645.48	103.15	86.36%
34	Woodnesborough	15,000	429.42	34.93	15,800	-1,666	14,134	379.88	37.21	6.53%
35	Worth	16,936	457.35	37.03	19,000	-1,027	17,973	428.55	41.94	13.26%
		2,013,691	40,188.44	50.11	2,362,469	-284,000	2,078,469	34,757.85	59.80	19.34%

T&P Average

T&P Average

2013/14 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: 34,757.85

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

The District Council's precept upon the Collection Fund in 2013/14 for it's own purposes will be: £5,821,592.00

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

The Band D Council Tax for the District Council's own purposes last year was: £164.43

The increase in Council Tax for the District Council's own purposes is therefore: 1.86%

This is an annual increase of: £3.06

Or a weekly increase of: £0.06

Parish Council Precepts

The Parish Councils will, in total, precept: £2,078,469.41

Last year, Parish Councils precepted: £2,013,691.00

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £59.80

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £50.11

This is an increase of: 19.34%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be: £7,900,061.41

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2013/14 will be: £36,418,580.00

Last year's precept was: £42,108,644.00

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

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

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

2013/14 Precepts and the NDR Multiplier**The Police & Crime Commissioner for Kent Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2013/14 will be:	£4,917,193.00
Last year's precept was:	£5,573,333.00
The Band D Council Tax will therefore be:	£141.47
Last year's Band D Council Tax was:	£138.68
The Band D Council Tax increase as a result of this precept is therefore:	2.01%

Kent & Medway Fire & Rescue Service Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2013/14 will be:	£2,361,796.00
Last year's precept was:	£2,730,804.00
The Band D Council Tax will therefore be:	£67.95
Last year's Band D Council Tax was:	£67.95
The Band D Council Tax increase as a result of this precept is therefore:	0.00%

Non-Domestic Rates

Non-domestic rates are collected by billing authorities at a nationally prescribed rate in the pound, and are paid into a central pool for redistribution. The prescribed rate in 2013/14 for qualifying properties of less than £18,000:	£0.462
And for these properties the 2012/13 rate was:	£0.450
For all other properties the 2013/14 rate is:	£0.471
And for these properties the 2012/13 rate was:	£0.458

GRANTS TO CONCESSIONARY RENTALS 2013-14
2012/13 2013/14

25	25	Aylesham Parish Council	Lease Of Land At Spinney Wood, Aylesham
50	50	Sandwich Tennis Club	Lease Of Tennis Courts In Sandown Road, Sandwich
75	75	Aylesham Parish Council	Lease Of 1.82 Acres At Market Square, Aylesham
100	100	Aylesham Parish Council	Lease Of 1.95 Acres Of Land Adjoining Ratling Road, Aylesham
125	125	Aylesham Parish Council	Lease Of 4.94 Acres At Dorman Avenue North, Aylesham
225	225	Dover Bowling Club	Lease Of Pavilion In Maison Dieu Gardens, Dover
275	275	Victoria Park Bowling Club	Rent Of Pavilion, Victoria Park, Deal
300	300	Aylesham Parish Council	Lease Of 7.7 Acres Adjoining Hill Crescent, Aylesham
325	325	Deal Angling Club	Lease Of Angling Cabin On Deal Pier
325	325	Deal & Walmer Angling Club	Lease Of Angling Cabin On Deal Pier
450	450	Capel-Le-Ferne Parish Council	Lease Of Land In Lancaster Avenue For Use Of Playing Field
1,225	1,225	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (Our Half Of The 7 Months @50% Of £4,200)
1,750	1,750	Dover Rugby Football Club	Rent Of Crabble Pavilion, River (We Pay The Remaining 5 Months @ 100% Of £4,200)
2,500	2,500	Dover Athletic Football Club	Orange Telephone Mast 50% Of Rental Fee (Dover Ath Keep All Income As Part Of Our Support For Them - Grant Reflects Payment To Code Instead Of Their Payment Of Our Half In Original Deal)
5,000	5,000	Deal Town Council	Astor Theatre
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
40,750	40,750	In most cases, the above shows a 50% grant or more reduction in the rental charges for DDC properties or income generating sites	

Financial Assistance Payments to Other Outside Bodies

2012/13	2013/14	Reduction	
£	£	%	
300,000	300,000	0%	Vista Leisure Vista grant for 13/14 £300k Although £35k will be used to cover costs of tennis centre M2520 agreed as vista will benefit from additional income from the tennis centre
1,500	1,500	0%	Pegasus Playscheme Provision of a playscheme for children with disabilities
4,000	4,000	0%	Sandwich Sports and Leisure Centre To assist with expenditure for the facility
3,000	3,000	0%	Kent County Council Contribution to Sports Partnership
4,500	4,500	0%	Gazen Salts Nature Reserve To assist in managing and maintaining the reserve
10,000	10,000	0%	Sandwich Town Cricket Club To assist the Club in defraying its expenditure in managing, maintaining and improving the Recreation Grounds at The Butts & Gazen Salts.
1,000	1,000	0%	Victoria Bowls Contribution to running expenses of the Club
6,300	6,300	0%	Various Sports development grants - small payments awarded to sports clubs for coaching and kits
100,500	100,500	0%	Dover Citizen's Advice Bureau £97k CAB Core Funding grant, plus £3,500 service charge contribution
4,500	4,500	0%	Dover Volunteer Centre Replacement of Concessionary Fares taxi voucher scheme
22,500	22,500	0%	Neighbourhood Forums Joint contribution with KCC for neighbourhood projects
19,100	9,200	-52%	Home Improvement Agency "Intouch" Housing Improvement Agency funding
476,900	467,000		

GENERAL FUND BUDGET SUMMARY FOR 2012/13 AS AT 31 DECEMBER 2012

COMPARISON BETWEEN ORIGINAL BUDGET AND PROJECTED OUTTURN BY DIRECTORATE

	Original Budget 12/13 £	Projected Outturn 12/13 £	Variance £
Chief Executive	798,340	722,520	-75,820
Director of Finance, Housing & Community	5,693,290	5,768,670	75,380
Director of Regeneration & Development	1,733,290	1,721,910	-11,380
Director of Environment & Corporate Assets	5,032,600	5,200,690	168,090
Director of Governance	1,552,020	1,617,580	65,560
Shared Services (DDC-hosted)	215,260	260,070	44,810
Special Revenue Projects	44,570	115,980	71,410
Salary Vacancy Provision/Delivering Effective Services	-125,000	-15,680	109,320
Net Direct Expenditure	14,944,370	15,391,740	447,370
Council Tax Second Homes	-118,100	-113,070	5,030
Contingency	80,273	28,363	-51,910
River Stour Drainage Board Levy	63,824	63,824	0
Recharge Income from HRA/Capital	-1,024,810	-1,203,380	-178,570
Interest receivable	-148,600	-152,500	-3,900
Interest Payable	405,080	236,160	-168,920
Use of reserves:			
- Local Development Framework Reserve	-161,000	-161,000	0
- Special Projects Reserve	-53,200	-152,760	-99,560
- Planning Delivery Grant	-30,000	-30,000	0
- Major Events	-42,000	-132,000	-90,000
- Elections Reserve	15,000	15,000	0
- Private Sector Housing Reserve	39,000	39,000	0
- IT Equipment Reserve	-29,500	-50,110	-20,610
- Joint Working/Cluster Preparation Reserve	110,000	110,000	0
- Invest to Save	19,061	19,061	0
- Carry Forward Reserve	0	100,000	100,000
- New Homes Bonus Reserve	0	-34,270	-34,270
- Backfunding Equalisation Reserve	250,000	250,000	0
	14,319,398	14,224,058	-95,340
Financed by:			
Revenue Support Grant	137,707	137,707	0
NDR	7,103,865	7,103,865	0
Council Tax	6,608,185	6,608,185	0
New Homes Bonus	449,067	449,067	0
	14,298,824	14,298,824	0
Net Deficit / -Surplus before supplementary approvals	20,574	-74,766	-95,340
Adjustments:			
Supplementary approvals	0	0	0
Net Deficit / -Surplus	20,574	-74,766	-95,340

Impact of Deficit / - Surplus on Balances

General Fund Balance B/Fwd	-2,059,688 ¹	-2,258,100
Net Deficit / -Surplus	20,574	-74,766
General Fund Balance C/Fwd	-2,039,114	-2,332,866

Comments:

¹ The Original budget shows the General Fund balance as per the M.T.F.P. The Projected Outturn shows the General Fund balance as per the Statement of Accounts.

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

2011/12 Actual Net Expenditure	2012/13 Mid-Year Forecast Net Expenditure		2013/14		
£ 000's	£ 000's		Gross Expenditure	Gross Income	Net Expenditure
£ 000's	£ 000's		£ 000's	£ 000's	£ 000's
1,399	1,562	On its services the Council spent:-			
3,298	3,741	Central Services to the Public	2,596	(960)	1,636
4,977	4,773	Cultural and Related Services	3,701	(400)	3,301
2,165	2,032	Environmental and Regulatory Services	10,149	(5,313)	4,836
(1,003)	(774)	Planning and Development Services	3,385	(1,494)	1,891
2,555	0	Highways and Transport Services	1,501	(2,279)	(778)
1,535	(9,793)	Exceptional item – revaluation (gain)/loss of GF stock	0	0	0
90,473	0	Local Authority Housing (HRA)	9,866	(19,593)	(9,727)
983	1,154	Exceptional item – revaluation (gain)/loss of HRA stock	0	0	0
1,466	1,788	Other Housing Services	41,688	(40,547)	1,141
152	311	Corporate and Democratic Core	2,020	(198)	1,822
108,000	4,794	Non-distributed Costs	(108)	0	(108)
		NET COST OF SERVICES	74,798	(70,784)	4,014
(378)	0	(Gain) or loss on disposal of fixed assets			0
1,920	2,014	Amounts due to Precepting Authorities:			
0	0	- Town and Parish Councils			2,078
58	64	- Council Tax Support Funding to Towns & Parishes			284
515	207	- River Stour Drainage Board			64
		Contribution of Housing Capital Receipts to Government Pool			242
		Financing & Investment Income & Expenditure:			
406	3,268	Interest payable and similar charges			3,216
(529)	(297)	Interest and investment income			(236)
		Income and expenditure in relation to investment properties and changes in their fair value			0
(105)	0	Impairment of Icelandic Investment			0
(110)	0	Capital Grant Contributions			(613)
(1,152)	(714)	Pensions interest cost & expected return on assets			1,880
1,410	1,880	Exceptional item			0
0	0	NET OPERATING EXPENDITURE			10,929
110,035	11,216	Demand on the Collection Fund:			
(6,433)	(6,608)	- Council Tax Income for DDC Purposes *			(5,822)
(1,920)	(2,014)	- Council Tax Income passed to Parishes			(2,078)
0	0	Council Tax Support Funding			(1,219)
0	0	Collection Fund Surplus			(37)
0	(449)	New Homes Bonus			(927)
(2,405)	(138)	Government Grants (not attributable to specific services)			(3,481)
(6,195)	(7,104)	Distribution from Non-Domestic Rates Pool			(3,237)
0	0	Impact of Localisation of Business Rates			243
93,082	(5,097)	TOTAL: (SURPLUS) / DEFICIT FOR THE YEAR			(5,629)

* 2012/13 and 2013/14 not adjusted for *Collection Fund surplus* change of treatment under SORP

MOVEMENT IN RESERVES STATEMENT

ANNEX 14

2011/12 Actual			This is the statutory format required to be produced for the Statement of Accounts and is included for completeness.	2012/13 Mid-Year Forecast			2013/14 Budget		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total	General Fund	Housing Revenue Account	Total
£ 000's	£ 000's	£ 000's		£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
2,225	8,608	10,833	OPENING BALANCE	2,258	7,365	9,623	2,333	7,752	10,085
(1,085)	(91,997)	(93,082)	Surplus or (deficit) on provisions of services	(1,464)	6,561	5,097	(918)	6,547	5,629
(1,085)	(91,997)	(93,082)	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE	(1,464)	6,561	5,097	(918)	6,547	5,629
			Adjustments between accounting basis and funding basis under regulations:						
1,475	0	1,475	Depreciation	1,502	0	1,502	1,470	0	1,470
18	0	18	Amortisation	25	0	25	25	0	25
2,554	5,618	8,172	Impairments	0	0	0	0	0	0
0	(1,741)	(1,741)	Major Repairs Reserve	0	(2,587)	(2,587)	0	(2,589)	(2,589)
59	0	59	REFCUS	0	0	0	0	0	0
(1,248)	0	(1,248)	Capital Grants Applied	(714)	0	(714)	(613)	0	(613)
(106)	0	(106)	Investment Properties Revals	0	0	0	0	0	0
(311)	(67)	(378)	Gain / Loss on Sale of Assets	0	0	0	0	0	0
(1)	0	(1)	Revaluation Gain	0	0	0	0	0	0
(60)	0	(60)	Financial Instruments Reserve	0	0	0	0	0	0
0	90,473	90,473	HRA Housing Finance Reform	0	0	0	0	0	0
(195)	(530)	(725)	Pensions	394	(69)	325	334	(86)	248
(37)	0	(37)	Collection Fund Adjustment Account	0	0	0	0	0	0
(267)	(499)	(766)	Capital Expenditure Funded from revenue	(52)	(1,018)	(1,070)	0	(2,152)	(2,152)
12	0	12	Employee Benefits Reserve	0	0	0	0	0	0
515	0	515	Capital Receipts Pooling	207	0	207	242	0	242
2,408	93,254	95,662		1,362	(3,674)	(2,312)	1,458	(4,827)	(3,369)
1,323	1,257	2,580	NET INCREASE / DECREASE BEFORE TRANSFERS TO EARMARKED RESERVES	(102)	2,887	2,785	540	1,720	2,260
			Transfers to / from Earmarked Reserves						
(1,290)	(2,500)	(3,790)	Earmarked Reserves	177	(2,500)	(2,323)	(535)	(2,000)	(2,535)
0	0	0	Transfers to other organisations	0	0	0	0	0	0
(1,290)	(2,500)	(3,790)		177	(2,500)	(2,323)	(535)	(2,000)	(2,535)
33	(1,243)	(1,210)	INCREASE / DECREASE IN YEAR	75	387	462	5	(280)	(275)
2,258	7,365	9,623	CLOSING BALANCE	2,333	7,752	10,085	2,338	7,472	9,810

SUMMARY OF RECOMMENDATIONS

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

Changes to Local Government Finance

It is recommended that Council:

- Confirms its adoption of the Council Tax Reduction scheme and in doing so its determination to remove second homes and empty properties discounts made at the meeting of 30 January 2013 the effect of which will be as follows:
 - Approves the policy that the empty homes discount is reduced to 0% for Class C empty properties from 1 April 2013;
 - Approves the removal of the second home discount so that Council Tax will be payable in full on these properties from 1 April 2013.

General Fund Revenue Account

It is recommended that Cabinet:

- Approve the freeze of Green Waste subscription fees at £40; and
- Approve the grants to organisations detailed at Annex 11.

It is recommended that Council:

- Approve the General Fund Revenue Budget for 2013/14 and the projected outturn for 2012/13;
- Continue the practice of delegated authority to the Director of Finance, Housing and Community to:
 - approve revenue budget carry forwards within the guidelines set out
 - create and draw down Growth Point reserves in order to apply them to regeneration projects and support; and
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6.

Housing Revenue Account

It is recommended that Council:

- Approve the 2012/13 projected outturn and the 2013/14 HRA budget at Annex 7; and
- Approve the 2012/13 and 2013/14 transfers to the Housing Initiatives Reserve.

Capital & Special Revenue Programmes

It is recommended that Council:

- Approve the basis upon which the capital and special projects programmes have been compiled;
- Delegate the decisions to apply capital receipts, revenue funds and other capital resources to finance the capital and special projects programmes to the Director of Finance, Housing and Community in consultation with the relevant portfolio holder;
- Approve that capital resources required to finance new projects are secured before new projects commence;
- Delegate the authorisation of projects up to £50k that are included in the capital and special revenue programmes to the Director of Finance, Housing & Community in consultation with the portfolio holder responsible for Finance;
- Delegate the authorisation of projects funded from the Capital Contingency to the Director of Finance, Housing and Community in consultation with the portfolio holder responsible for Finance; and
- Approve that retained poolable housing capital receipts are used to fund capital allowances on Regeneration and Decent Homes agendas;

Treasury Management and the Prudential Code

It is recommended that Council:

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

Council Tax Resolution

It is recommended that Council:

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

	2011/12 £	2012/13 £	Increase %
Dover District Council	164.43	167.49	1.86%
Kent County Council	1,047.78	1,047.78	0.00%
The Police & Crime Commissioner for Kent	138.68	141.47	2.01%
Kent & Medway Fire & Rescue Authority	67.95	67.95	0.00%
Sub-Total	1,418.84	1,424.69	0.41%
Town & Parish Council (average)	50.11	59.80	19.34%
Total Band D Council Tax	1,468.95	1,484.49	1.06%

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

	Valuation Bands							
	A	B	C	D	E	F	G	H
Precepting Authority:	£	£	£	£	£	£	£	£
Kent County Council	698.52	814.94	931.36	1,047.78	1,280.62	1,513.46	1,746.30	2,095.56
The Police & Crime Commissioner for Kent	94.31	110.03	125.75	141.47	172.91	204.35	235.78	282.94
Kent & Medway Fire & Rescue Service	45.30	52.85	60.40	67.95	83.05	98.15	113.25	135.90
Dover District Council	111.66	130.27	148.88	167.49	204.71	241.93	279.15	334.98
Total (excl. T&P)	949.79	1,108.09	1,266.39	1,424.69	1,741.29	2,057.89	2,374.48	2,849.38