
Subject: COUNCIL BUDGET 2012/13 AND MEDIUM TERM FINANCIAL PLAN 2012/13 – 2014/15

Meeting and Date: Cabinet – 5 March 2012

Council – 7 March 2012

Report of: Mike Davis, Director of Finance, Housing and 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 2012/13 budget and the Medium Term Financial Plan (MTFP) for 2012/13 – 2014/15.

Recommendation: *It is recommended that Cabinet:*

- *Approve the grants to other organisations as set out in Annex 11 subject to Council approving the 2012/13 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 2012/13, 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.*
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1. Summary

1.1 This report has been produced to seek approval for the 2012/13 budget and the MTFP for 2012/13 – 2014/15.

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 (as Section 151 Officer) is required to comment on the robustness of the budget and the adequacy of the reserves. These requirements are addressed in the attached Budget and Medium Term Financial Plan report.

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 2011/12 was £158.94 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 indications from Government regarding capping and the current economic climate, proposed increases in council tax have been limited to 3.45% for the 2012/13 budget. This gives a Band D council tax for 2012/13 of £164.43, an increase of £5.49 per annum or 11p per week. The MTFP also assumes increases of 3.45% for 2013/14 and 2014/15. 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 which and the need to ensure that the HRA remains viable. Rents have been set in accordance with DCLG formulae. Under "Housing Finance Reform" from 2012/2013 the Housing Subsidy of £6m per annum which DDC pays to Government will be replaced with a one-off payment by DDC to Government of circa £91m. The Council will finance this by borrowing at preferential rates from the Public Works Loan Board, probably over 20-30 years.

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 2013/14 and 2014/15. 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 2012/13 Council Tax resolution has been finalised and 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 capping if a higher level of Council Tax was proposed or how any proposals to reduce the level would be financed in 2012/13 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: This report does not specifically highlight any equalities implications however, in discharging their responsibilities members 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 2012/13 and Medium Term Financial Plan 2012/13-2014/15

7. Background Papers

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

Contact Officer: Helen Lamb, Financial Services Manager



Budget for 2012/13 and Medium Term Financial Plan 2012/13 – 2014/15

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EXECUTIVE SUMMARY

OVERALL POSITION

1. The key features of this Medium Term Financial Plan are:
 - Balanced General Fund budget for 2012/13;
 - Year on year reduction in budget of £500k;
 - Prudent General Fund balances maintained in 2012/13;
 - Council Tax increase of 3.45% for 2012/13, equating to an increase of less than 11p a week for Band D properties;
 - Government grant reduced by 12.7% in 2012/13, and estimated to be reduced by 3.9% in 2013/14 and 7.0% in 2014/15;
 - Savings target of £500k for 2013/14 and a further £500k for 2014/15 required;
 - Ongoing review of future expenditure and income streams including green waste and car parking;
 - Ring fenced Housing Revenue Account balance of over £9m;
 - Rent increases in line with Government guidelines;
 - Borrowing of £91m by the HRA to fund “Self Financing”;
 - Financed 2012/13 capital programme;
 - Continued progress on the shared service agenda;
 - Significant risks and budget volatility in 2013/14 and 2014/15; and
 - Recommendations are included in detail at the end of each section and consolidated at Annex 13.

BUDGET AND MEDIUM TERM PLANS

2. The Medium Term Financial Plan (MTFP) is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans three years, it is reviewed at least annually, and is monitored during the year.
3. It must not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Delivering Effective Services Report (Council 3 November 2010), the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2012/13 – 2014/15.
4. The MTFP incorporates the 2012/13 General Fund Revenue Budget, the 2012/13 Housing Revenue Account (HRA) Budget and the latest Medium Term Capital Programme (MTCP).
5. Years 2 & 3 of the MTFP (2013/14 – 2014/15) are included as indicative budgets for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the overall plan does not set the budgets for years 2 & 3.
6. The budget is presented to Cabinet and Scrutiny (Policy and Performance) in February, before being presented to Council for final approval at its meeting in March.
7. In compiling the budget regard has been given to the need to provide resources to deliver the Council's objectives, and the budget has been prepared to reflect the anticipated service costs and pressures. The General Fund revenue budget shows a small deficit in 2012/13 (Annex 1) and a deficit in 2013/14 and 2014/15 (Annex 4). However, the General Fund balance is forecast to be maintained above the £2m

level across the planning period if the target savings in 2013/14 and 2014/15 are achieved.

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

BUDGET PROCESS

9. The budget process towards achieving the savings targets included in the 2012/13 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.
10. 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.
11. In addition the budget process requires budget managers and directors to review their budgets and identify all possible efficiencies.
12. The Council is also involved in a number of joint service projects as detailed below:
 - Through the East Kent Joint Arrangements Committee the Council currently shares Internal Audit and Human Resources services with Shepway, Thanet and Canterbury;
 - Revenues & Benefits, Customer Services and ICT have been transferred to East Kent Services who will provide these functions to Dover, Canterbury and Thanet Councils;
 - East Kent Housing has also been created to act as a management organisation for Housing Services between Dover, Thanet, Canterbury and Shepway; and
 - Any additional savings from future shared services will be built into future plans as business cases are developed.

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 formed the basis for producing the budget and providing direction for service reductions and the organisational structure. They have also been used in conjunction with the service data in Annex 5.

THE GENERAL FUND

16. The Council's General Fund revenue budget for 2012/13 is shown in Annex 1. The net budget requirement, for the Council's own purposes, is £14.32m. This is to be met mainly by:
- Government grant (Revenue Support Grant and distribution of Non-Domestic Rates) of £7.24m;
 - Council Tax of £6.61m; and
 - New Homes Bonus of £449k.
17. Annex 4 shows the overview of the forecasts for 2013/14 and 2014/15, 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 2013/14 and 2014/15 budgets savings of £500k in 2013/14 and a further £500k in 2014/15 will be required.

GOVERNMENT GRANT

18. Revenue Support Grant (and NDR) of circa £7.242m is the largest single income stream for the Council. 2012/13 is the second year of a two-year settlement for local government. The grant received for 2012/13 is being reduced (after technical adjustments) by 12.4% following the Government's comprehensive spending review in 2011.
19. The settlement for 2013/14 is anticipated to be very tight. For the purposes of the Medium Term Financial Plan the working assumption is that the settlement for DDC will reduce by 3.9% in 2013/14 and a further 7.0% in 2014/15.

COUNCIL TAX

20. A council tax increase for DDC purposes of 3.45% has been built into the 2012/13 budget. This means that the Band D council tax, for Dover District Council purposes, will increase from £158.94 per annum to £164.43. For Band D Council tax payers this increase amount to less than 11p per week.
21. Increases of 3.45% per annum have also been assumed in the forecasts for 2013/14 and 2014/15.
22. The precepts from Kent County Council, Police, Fire and Rescue and Towns and Parishes have been received and annexes 10A-10C include the 2012/13 precepts and the resolution to set the Council Tax levy.

COMPARISON WITH OTHER DISTRICTS' 2011/12 BAND D COUNCIL TAX

23. DDC has one of the lowest council tax Band D rates in Kent. A comparison with the East Kent authorities 2011/12 council tax rates is shown below. This shows the percentage that their 2011/12 council tax level exceeds DDC's and the extra income DDC would receive at their level of council tax:

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

NEW HOMES BONUS

24. 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 Dover¹ is £294k granted in 2011/12, the first year of the scheme and £449k in 2012/13. For prudence only the known 2012/13 allocation has been incorporated into the baseline budget.

GENERAL FUND RESERVES AND BALANCES

25. The projected outturn for 2011/12, the budget for 2012/13 and the projections for 2013/14 and 2014/15 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 the MTFP.

HOUSING REVENUE ACCOUNT (HRA)

26. The HRA is forecast to show an increase in the accumulated surplus of £534k in 2012/13 giving a projected year-end balance of £9.94m as shown in Annex 7.
27. Under "Housing Finance Reform" from 2012/2013 the Housing Subsidy of £6m per annum which DDC pays to Government will be replaced with a one-off payment by DDC to Government of circa £91m. The Council will finance this by borrowing at preferential rates from the Public Works Loan Board, probably over 20-30 years.
28. The 2012/2013 HRA estimate has been constructed using the "shadow" negative Subsidy of £6.81m pending borrowing arrangements being put in place and borrowing rates being finalised. It is expected that the self-financing system will generate additional HRA surpluses requiring a revision of the HRA estimates early in 2012/2013 subject to a revised HRA Business Plan being adopted.
29. Rent increases averaging approximately 6.38% have been included in the HRA budget. This is in accordance with Government guidelines.

ASSET MANAGEMENT PLAN (AMP)

30. 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

¹ Based on DCLG consultation

- Properties identified for disposal.
31. 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 maintain properties in a basic state of repair but that it is a significant challenge to maintain all the Council's buildings without deterioration.

CAPITAL PROGRAMME AND SPECIAL REVENUE PROJECTS

32. 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.
33. The capital programme operates on a cash funded position with no new projects being approved to commence unless the whole projects costs can be financed through additional funding, sufficient capital receipts have been banked or other savings in the programme are identified. The new projects in the programme have been approved subject to financing being identified and the completion and approval of a project appraisal.
34. 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.
35. 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.
36. 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

37. The Treasury Management Strategy Statement, including the Prudential Indicators and Minimum Revenue Provision Statements are included as Annex 9 to the MTFP.

CONSULTATION ARRANGEMENTS

38. In 2010/11 the Council undertook extensive public consultation on strategic priorities for residents, the results of which formed the basis of the Delivering Effective Services Report (DES) in November 2010. The DES report aimed to address the projected General Fund deficit by allocating service standards and identifying priorities to provide budget setting guidance. This process set the future direction for the Council and to ensure continuity of purpose these priorities have been utilised in the budget preparation for this year also. The 2012/13 budget has been built on the recommendations in the DES report with staffing levels and budgets being reflective of the service standard allocated.
39. The MTFP report presented to Cabinet on 6th February 2012 will be placed on the Council's website for public information.

40. Town and parish councils have been updated on the uncertainties and change facing local government finance and, 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

41. 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.
42. 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

43. 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.

CORPORATE PLAN

44. The Corporate Plan and the MTFP are closely associated and it is critical that they are consistent. Directors identify budget pressures and requirements that feed into the MTFP. Some of these are simply the impact of cost increases, new legislative requirements, the need to replace or renew equipment etc. However, where there are discretionary increases in resources, redeployment of existing resources or savings to be made, these are focused upon protecting the resourcing of key corporate objectives.
45. The key themes of the Corporate plan are:
 - Enabling and supporting growth of the economy and opportunity for investment and jobs;
 - Facilitating strong communities with a sense of place and identity;
 - Serving our communities effectively; and
 - An effective and efficient Council.
46. These themes are underpinned by service transformation to improve service levels and drive down costs.
47. At a Corporate level, the Council recognises that it does not have the financial or staff resources to achieve its regeneration objectives on its own and is increasingly reliant on working in partnership with public and private sector alike. While the Council is therefore not directly able to deliver many of the projects, it nonetheless retains an important enabling role. The Council is engaging in increased partnership working with a range of partners and, where available, providing support to facilitate/enable and encourage delivery of a number of projects that will transform Dover.
48. With the demise of SEEDA and budget cuts at the HCA, the Council will rely more on the public and private sector partnership, for example through the Local Investment Plan and Local Enterprise Partnership. The Council will continue to seek new inward investment opportunities whilst supporting those who are already planning to develop in the district. The Core Strategy was adopted in 2010 and now the Council will prioritise and allocate its resources towards the regeneration delivery phase.
49. Major regeneration projects which support the objectives in the Corporate plan include:
 - The Dover Waterfront project to regenerate the waterfront area of Dover and maximise the economic impact of cruise liners and visitors to Dover;
 - Western Docks – working with the Port of Dover to support the development of a major new ferry terminal at Dover's Western Docks;
 - YorkGate – working with the other major landowner to regenerate the York St/Bench St area of Dover;
 - Aylesham Masterplan to develop c1,200 new houses and community facilities
 - Employment and Training Facilities, Aylesham – to meet the training and job needs of existing and new residents in Aylesham;
 - Dover Town Investment Zone – regeneration of the St.James area;
 - Whitfield Urban Expansion – to develop c5,750 homes and community facilities;
 - Regeneration of North Deal including the mixed use community development at Cannon Street and resolution of access arrangements at Albert Road;
 - Dover Priory Station – development to support the provision of car parking at the station in response to the introduction of the High Speed Train;

- White Cliffs Business Park Expansion – expansion of the business park to bring new jobs into the area;
 - Western Heights and Farthingloe - mixed-use development to incorporate tourism uses and residential development;
 - Betteshanger Colliery and Fowlmead Country Park - working with the Homes and Communities Agency and Hadlow College to develop a mixed-use educational, employment and tourism facility;
 - Dover Sea Sports Centre – a centre of national significance for a number of water sports, now operational;
 - Buckland Mill – development of housing with retail, car and community facilities;
 - Connaught Barracks – reclamation of 12.7ha brownfield site for exemplar housing scheme; and
 - Olympics – to meet the Council's obligations to support Olympic related activity in conjunction with the Big Screen.
50. The Council's regeneration agenda is underpinned by the award of Growth Point status. In 2009/10 and 2010/11 capital and revenue grant funding was received by DDC in recognition of its Growth Point status. There are no conditions relating to the use of the grant, except for the distinction between capital and revenue. However revenue grant may be used for capital purposes and the general presumption is that this will be spent in support of housing development, helping to deliver the Local Development Framework and regeneration agenda. The majority of the award has been committed to support the development of regeneration projects in the district.
51. As part of its service transformation agenda the Council also has a major programme for joint working, primarily with East Kent districts and KCC to deliver joint services including:
- Internal audit;
 - Waste collection and new recycling scheme;
 - Payroll and HR;
 - Revenues and benefits;
 - Customer services;
 - ICT;
 - Housing management; and
 - A framework for a wider roll-out of joint working.
52. Annexes 5A – 5E provide summaries of the main service areas under each Director. Also detailed are the service standards approved through the Delivering Effective Services Report, the objectives and the impact of changes to the standard for each service.

THE GENERAL FUND REVENUE ACCOUNTS

FINANCIAL OBJECTIVES

53. 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

54. 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 variance analysis between the budgets and forecasts from 2011/12 and 2012/13;
 - Annex 4 provides the General Fund Revenue Budget projection for the period to 2013/14;
 - Annexes 5A – 5E 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

55. The net budget requirement for the Council's own purposes is £14.32m as shown in Annex 1. This is to be met mainly by Government grant (Revenue Support Grant and distribution of Non-Domestic Rates) of £7.24m², council tax of £6.61m and New Homes Bonus of £449k.

² Based on the 2012/13 provisional settlement received 8 December 2011

56. Annex 4 shows the overview of the forecasts for 2013/14 and 2014/15, the corporate pressures from increased salary costs, pension back funding, inflation, service pressures and savings from Directors. To balance the 2013/14 and 2014/15 budgets savings of £500k in 2013/14 and a further £500k in 2014/15 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.

KEY VARIANCES / SIGNIFICANT ISSUES

Staff Salaries

57. The Council has not awarded a cost of living pay increase for staff since 2008 after which a new Job Evaluation scheme was introduced, effective April 2009. The decision for the level of cost of living increases for 2012/13 will be undertaken through the Collective Bargaining agreement which 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.
58. Known and committed adjustments for the impact of pay protection and increments under the recently implemented job evaluation scheme are included in the budgeted figures.

Vacancy Allowance and Employment Stability Savings

59. The vacancy allowance (savings from staff turnover) was set at just £100k in 2011/12. 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 retain the vacancy allowance at a low level of £125k for 2012/13.
60. It is proposed to continue the Delivering Effective Services and Employment Stability processes in 2012/13 to maintain the link between approved service standards and the approval of posts to be filled.

Pension Fund Deficit and Changes to the Local Government Pension Scheme

61. 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.
62. DDC pays two contributions to the pension scheme; 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.mm (for all staff, including HRA) in 2011/12. Although this fixed sum increases by £80k in each of 2012/13 and 2013/14 it is a reduction on the level of past payments to the fund. The difference has been transferred to an earmarked reserve to smooth any future fluctuations in the backfunding rate.

General Inflation

63. 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. For 2012/13 managers were advised to treat all non-contractual expenditure

as cash limited and therefore to retain their budgeted expenditure at their 2011/12 budget level. All managers were 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.

64. The other significant area of potential inflation pressures relates to major term contracts. In 2012/13 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 2013/14 and 2014/15 it is not realistic to attempt to model contract renewal costs and so for planning purposes a 3% increase in the cost of major term contracts has been assumed. Each 1% variance in contract inflation leads to approximately £48k variance in costs.

Contingency Provision

65. Contingency provision of £80k has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets. This has been reduced from the 2011/12 level of £121k to reflect the tightening of budgets across the organisation. 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

66. 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

67. Revenues & benefits, customer services and ICT transferred to East Kent Services (EKS) in February 2011. The 2011/12 budget projections include an allowance for the DDC share of redundancy costs which are not budgeted to recur in 2012/13. Management fees under the EKS arrangements are expected to remain at the 2011/12 level for the planning period. Further services may be considered for transfer subject to the approval of business cases.
68. The East Kent Human Resources Partnership (EKHRP) for Dover, Canterbury and Thanet (including East Kent Services) Councils and East Kent Housing is hosted by Dover District Council. Payroll is provided by Kent County Council via its Employee Services Team.
69. 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 teams from both Dover and Shepway jointly manage the contract from the Dover District Council offices.
70. In addition an internal audit partnership is in place working with the EKJAC districts, hosted by Dover.

Interest on Investments

71. The overall interest rates achieved in 2012/13 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.
72. The MTFP assumes that the Council's investments overall will average 1.72% 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.
73. Members will also be aware that the Council's £1m investment with the Icelandic bank, Landsbanki, is currently frozen. Following the legal process to recover the funds for local authorities, in association with the Local Government Association, a recent court hearing approved the court settlements in all of the Landsbanki non-test case.
74. The winding up board have confirmed that they are now in the process of reconciling the interest which has accrued in the escrow accounts and verifying the payment details which have been provided to them by all priority creditors and hope to confirm the release of the funds from the first distribution of payments from escrow shortly.

Other Income Streams and Fees and Charges Made by DDC

75. Fees and Charges (F&C) are reviewed and set annually, with reports presented to Licensing and Regulatory Committees and Cabinet. When setting F&C managers consider:
 - Cost of providing the service;
 - General market rate for the service and the charges levied by neighbouring authorities;
 - Government guidelines;
 - The last time the F&C was increased;
 - Sensible price levels – it is more sensible to increase F&C by significant amounts every two or three years rather than a few odd pence every year;
 - Impact of the fee upon service use and upon different sections of the community;
 - Impact of service use upon corporate objectives; and
 - Overall income the service generates.
76. The only F&C which are not included in this process are for car parking which are the subject of a separate report.
77. 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 2011/12 was £440k, but the latest projected outturn for the year is £400k, however this does depend on the submission of one or two large schemes which may be delayed until 2012/13. The budget for 2012/13 onwards has been set at £390k.

- Building Control

The original budget for 2011/12 was set at £345k and the projected outturn is currently £270k due to a decrease in applications during the year. The budget for 2012/13 has been set at £295k to reflect the assumption that the new enterprise zone will attract construction and hence more fees.

- Licensing

This includes taxis, gambling and other miscellaneous licences. The projected outturn in 2011/12 has already increased by 7.5% (+ £15,900) above the original budget to reflect the slightly better performance during the year. The 2012/13 budget has been increased to reflect this plus an additional 5% to cover expected growth. In total this represents an increase of 12% (£25,260) over the original 2011/12 budget.

- Land Charges

The original 2011/12 budget of £180k was set at a level reflecting consistently lower volumes in the housing market. The current projection is that this should be marginally better than budgeted, but not with enough confidence to allow an increase in the 2012/13 budget which has been maintained at £180k. However, 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 2011/12 income budgets for parking fees and penalty charge notices is currently forecast to be marginally below the original budget of £2.3m. The agreed increases in both Pay and Display charges, and in Season Ticket and Permit Charges, are due to be implemented on 1st March 2012, and it is hoped that this will enable the budgeted income to be met. These increased fees have been incorporated into the 2012/13 budget so that the expected income has risen to £2.5m.

The Council expects to make a small profit from on-street parking. In accordance with Section 55 of the Road Traffic Act 1984 (and subsequent updates), this will be used primarily to make good to the General Fund the losses of 2010/11. If the surplus exceeds this loss, it 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

It is proposed to introduce a subscription charge for the Green Waste service from April 2012. This will reduce the net costs of the service as well as enabling access to the service to be extended to all customers. The provision of a chargeable garden waste service would remove the cost of the garden waste collection service from the Council taxpayer recognising that not all taxpayers benefit from the provision of the service. Details of the chargeable garden waste collection service are still being developed in discussion with the Council's contractor but the annual income is estimated to be approximately £320k.

78. These major fees and charges generate approximately £3.8m towards the General Fund budget.

Financing the Net Requirement

79. The net requirement is financed mainly by Government grant and council tax. The total financing for 2012/13 is:

2012/13 General Fund Revenue Financing	£m	%
Revenue Support Grant	138	0.96
NDR	7,104	49.68
Total Government Grant	7,242	50.64
Council Tax	6,608	46.22
New Homes Bonus	449	3.14
Total Financing	14,299	100.0

80. 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

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

	Grant £000	Reduction £000	Reduction %
2011/12 Actual Grant	8,110		
2011/12 Adjusted Grant ¹	8,270		
2012/13 Settlement	7,242	1,028	12.4
2013/14 Estimated Settlement	6,956	286	3.9
2014/15 Estimated Settlement	6,469	487	7.0

¹ The grant received in 2011/12 has been adjusted for comparative purposes to reflect the inclusion of the council tax grant (£160k) received separately in 2011/12.

Council Tax

82. DDC's council tax (for its own use – i.e. excluding town and parish councils) for 2011/12 was £158.94 for Band D. This means DDC has one of the lowest council taxes in Kent (see table in Executive Summary).
83. Having due regard to the indications from Government regarding capping and the current economic climate, proposed increases in council tax have been limited to 3.45% for the 2012/13 budget. This gives a Band D council tax for 2012/13 of £164.43, an increase of £5.49 per annum or 11p per week. The MTFP also assumes increases of 3.45% for 2013/14 and 2014/15. These increases are unlikely to change DDC's position in relation to other authorities.

Budget Requirement

84. For 2011/12 the original budget requirement was £14.89m. The 2012/13 requirement of £14.32m represents a decrease of 4%. This reflects savings identified through the on-going Delivering Effective Services process and review of opportunities through income streams.

"Carry Forward" of Unspent Budgets

85. 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.
86. 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.
87. 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.
88. 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

89. It is recommended that Council:
 - Approve the General Fund Revenue Budget for 2012/13 and the projected outturn for 2011/12;
 - 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;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6; and
- Approve the grants to organisations detailed at Annex 11.

HOUSING REVENUE ACCOUNT

OVERVIEW

90. 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.
91. The HRA's financial position, detailed at Annex 7, can be summarised as follows:
- HRA balance at 31/3/11 £8.61m;
 - Forecast balance at 31/3/12 £9.41m;
 - Forecast operating income (before investments) in 2012/13 £19.06m;
 - Forecast operating expenditure in 2012/13 £16.11m; and
 - Forecast year end balance at 31/3/13 £9.94m.
92. At the time of writing, the HRA has 4,451 dwellings, made up of 2,842 houses and 1,609 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

93. 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

94. 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.
95. 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.

96. Because council house rents were not, at the outset, in line with the converged rents prescribed by the formula, local authorities are required to follow a process of convergence that moves rent, over a number of years, to the prescribed level.
97. The target year for rent convergence was originally set by the Government to be 2011/12. The current DCLG advised target year for convergence is 2015/16.
98. It is estimated that the interaction between the rent convergence date and the Government recommended increase of 6.1% (advised RPI of 5.6% + 0.5%) will result in an increase of 6.38% in average rents for 2012/13 on retained properties.

Housing Subsidy/Housing Finance Reform

99. Under Housing Finance Reform from 2012/2013 the current Housing Subsidy will be replaced with a self-financing system requiring a one off payment to Government financed by Local Authorities taking on borrowing. The debt "take on" for Dover will be circa £91m.
100. DDC's HRA has been in a position of negative subsidy for a number of years requiring a substantial payment to Government with the amount increasing each year. In the current financial year the payment will be circa £5.95m and would have been circa £6.81m in 2012/2013 if the Subsidy system had continued. The negative Subsidy is identified as a separate item in the HRA budget at Annex 7.
101. The payment to the Government is due to take place on 28 March 2012 with borrowing arrangements being finalised by 26 March 2012. Before this date DDC will have to make a number of decisions including the actual level and structure of the borrowing. Sufficient authority for borrowing will also need to put in place and it is proposed to reports to Cabinet on 5th March and Council on 7th March.
102. The 2012/2013 HRA estimate has been constructed using the "shadow" negative Subsidy of £6.81m pending borrowing arrangements being put in place and borrowing rates being finalised. It is expected that the self-financing system will generate additional HRA surpluses requiring a revision of the HRA estimates early in 2012/2013 subject to a revised HRA Business Plan being adopted.

LOCAL BACKGROUND

General

103. In 2005 the Council undertook a stock option appraisal and resolved to retain council housing stock. A subsequent updated Housing Business Plan for the next 30 years was completed that enabled the Council to review its decision to retain its housing stock. It was agreed not to look into stock transfer, but to address the issue of financial viability through the closure and sale of selected poor quality sheltered schemes and closure of the White Cliffs Careline. These actions significantly improved the long term viability of the Housing Revenue Account.
104. Sales of council houses (generally Right to Buy sales) are a source of capital finance for both the HRA and the General Fund. However, the Council only retains 25% of the original receipt, and the receipt itself is usually on the discounted value of the property. The retained value, which in practice is small compared to the properties' market value, can only be used for Capital purposes but is not ring fenced for HRA purposes.

105. There has been a general decline in Right-to-Buy sales in recent years, made worse by the current economic climate. In the last few years DDC has seen average sales of circa 10 units per annum although recent Government announcements of increased discounts may result in additional sales. The Government has recently issued a consultation paper in respect of RTB's and the purpose to which the receipts should be put. This suggests increasing the maximum RTB discount to £50k and also seeks to encourage councils to use receipts from sales for replacement council housing where they can.
106. In April 2011 the shared housing service East Kent Housing came into existence bringing together the housing functions of Dover, Shepway, Canterbury and Thanet Councils.

Service Charges

107. 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

108. As noted above, rent levels are calculated on an individual property basis using rent formulas prescribed by DCLG, the target date for rent convergence is now 2015/16.
109. 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.
110. 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 2011/12 average weekly rent across all properties is £73.97.
 - the 2012/13 average weekly rent is forecast to be £78.69.
 - the increase in the average weekly rent is £4.72 or 6.38%.
 - three bedroom houses have rents (for 2012/13) ranging from £76.96 per week to £102.51 per week with an average of £85.77.
111. Determination of rent levels is an executive function that had been delegated to the Director of Housing and Community. However, on deletion of this post it was transferred to the Director of Regeneration and Development who has set rent levels for 2012/13 in Consultation with the Director of finance, Housing and Community on the basis of the model described above. Due to further re-organisation it is proposed that for future years responsibility is transferred to the Director of Finance, Housing and Community or such equivalent level post resulting from any subsequent reorganisations.

2012/13 DRAFT BUDGET

112. Members will note that the HRA is forecast to show an increase in the HRA Revenue Account Balance of £534k. Annex 7 provides a draft HRA budget summary. Annex 7A provides an explanation of the main variations from the original 2011/12 budget to

the 2011/12 projected outturn and from the 2011/12 projected outturn to the 2012/13 proposed budget.

113. The projected accumulated surplus looks healthy but this cannot be assumed to be a permanent position as the current HRA business plan indicates that the HRA's viability will be under pressure. These pressures are mainly due to the loss of rent due to Rent Convergence and the requirement to fund a substantial element of the continuing Decent Homes Programme from revenue reserves due to a shortfall in capital funding.
114. A new HRA strategic Business Plan is due for completion early in 2012/13 and will be supported by a revised financial model that will include adjustments for the new self-financing arrangements advised above. Once approved by Council the Business Plan will be adopted for incorporation in the MTFP.
115. The development of three-year projections for the HRA (as currently produced for the General Fund) will be reviewed in 2012/13 once the new HRA Business Plan has been approved and self-financing is in place.

Recommendations from this Section

116. It is recommended that Council:
 - Approve the 2012/13 HRA budget at Annex 7.
 - Amend the associated authorities for rent and service charge setting, currently delegated to the Director of Regeneration and Development to the Director of Finance, Housing and Community with effect from 1 April 2012.

ASSET MANAGEMENT PLAN

117. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. It covers:
- Revenue maintenance requirements;
 - Capital works programmes;
 - Data on performance of significant corporate assets; and
 - Properties identified for disposal.
118. 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 will be a challenge to maintain all buildings without deterioration. This approach is not without risk but it ensures that the limited budget targets only essential maintenance.
119. There is an estimated backlog of planned maintenance required to "Operational Assets" in the region of £500k. The backlog has increased in the last year by £110k 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.

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

120. 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

121. 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.
122. 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

123. Members are referred to the draft Capital Programme at Annex 8A. This is a dynamic programme and a formal bidding process is operated every year to identify and plan future projects.
124. 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.

125. In addition 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.
126. The proposals above relate to the overall capital programme. Individual projects will continue to require reports for approval at evaluation, design stage (where appropriate) and tender stages in accordance with the Constitution.
127. The structure of the programme is reflected in the format of Annex 8A and is explained below:
- Work in Progress
These are live projects.
 - Projects Awaiting Appraisal
These projects are approved subject to appraisal.
 - HRA Programme for Approval
Proposed level of expenditure and allocation of funding for HRA projects, as detailed at Annex 8C.
 - New Bids
New projects are shown in the programme in the proposed priority order for release of funds. The order may be adjusted if specific funding is identified for any of the projects otherwise they will need to await available funding before they can be progressed.
 - Financed by
This table provides a summary of the financing of the proposed capital programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:
 - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids;
 - Removal of projects financed by specific grants, or within the HRA, will not generate additional resources for other projects in the General Fund programme;
 - No provision has been included for 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

128. 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

129. 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.
130. 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.
131. In addition to financing of capital expenditure, the Council also has to consider what provision, if any, should be made for the repayment of debt. Although no new long term borrowing is currently proposed, it is intended that any new borrowing, should it be required, will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in the Treasury Management Strategy Statement, Annex 9.

Prudential Code

132. 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

133. In 2004/05 the Government introduced the pooling of housing capital receipts, from Right-to-Buy sales, for distribution to authorities where there is greatest need. The Council is still able to retain 25% of the receipts from the sale of housing assets (50% - 100% in certain circumstances). The remaining 75% is paid to the Government pool.
134. 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). The Government has recently issued a consultation paper in respect of RTB's and the purpose to which the receipts should be put and this may have a negative impact on retained capital receipts available to the Council.
135. The Council generally retains 100% of non-HRA capital receipts.

Additional Projects and Future Year Requirements

136. 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;
- The currently committed projects within the draft capital programme can be fully financed. However, if anticipated capital receipts are not achieved then, to finance the programme, it is likely that some of the capital receipts from the sale of Sheltered Housing will need to be applied to General Fund regeneration projects and the HRA will have to use its increased rental income to finance some of its capital projects;
- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of such sales has fallen in the recent years. This bolsters HRA revenue income, but reduces the available capital financing and also means that the improved rental income stream has to be committed to provide finance for the HRA capital programme in future years;
- The detailed financing of the capital and special projects programmes be delegated to the Director of Finance, 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

137. 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;
 - 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

138. 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.
139. 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
140. Annex 9 to this report will set out estimates for each of the relevant Prudential Indicators in each of the financial years 2012/13 to 2014/15, and includes the latest estimates for 2011/12 aligned with the revised forecast budget. Approval is sought for proposed Indicators 2012/13 – 2014/15. The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.
141. In setting these indicators, it is important to note that the Council has not yet undertaken new borrowing in 2011/12. It is, however proposed to take out new borrowing in the coming months relating to the implementation of the Housing Revenue Account Self-Financing proposals.
142. 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

143. The Council's Treasury Strategy complies with the requirements of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council on 2 September 2002 and the CIPFA Code of Practice on Treasury Management (revised November 2009) which was adopted by this Council on 2 March 2011.
144. Approval of the strategy is a Council decision. The 2011/12 strategy is attached at Annex 9 for information and will be updated for the Council report.

RECOMMENDATIONS FROM THIS SECTION

145. 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

146. In 2010/11 the Council undertook extensive public consultation on strategic priorities for residents, the results of which formed the basis of the Delivering Effective Services Report (DES) in November 2010. The DES Report aimed to address the anticipated 2011/12 and on-going General Fund deficit report to Council on spend according to priorities. This process set the future direction for the Council and to ensure continuity of purpose these priorities have been utilised in the budget preparation for this year also. The 2012/13 budget has been built on the recommendations in the DES report with staffing levels and budgets being reflective of the service standard allocated.
147. During the year there have been individual service consultations, including recycling and site allocations for the Local Development Framework; 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.
148. At the Annual Towns and Parishes meeting in November 2011 representatives from the local precepting bodies were briefed on the current uncertainties and change facing local government finance including Reform of Council Tax Benefits, Business Rates and Universal Credits.
149. The annual budget and Medium Term Financial Plan are published on the Council's website and there will be ongoing consultation on the website for the new Corporate Plan which will be linked into ongoing budget discussions.

Internal Consultation

150. 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.
151. Directors have been involved in the production of the proposals for their service areas and have "signed off" their budgets. The overall budget proposals have been reviewed corporately by CMT.

KEY ASSUMPTIONS & READY RECKONER

152. 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

153. Salary inflation will be based on the results of the Collective Bargaining process. Contract inflation assumed to be 5% for 2012/13 and 3% for 2013/14 and 2014/15. Inflation on all other expenditure will aim to be limited to the current budget level; however a small allowance of 1% has been forecast to allow some limited growth.

Triennial Valuation of the Pension Fund by the Fund Actuaries

154. 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 2011/12 level of £1.55m for the planning period.

Interest Rates

155. It is assumed that DDC will earn an average of 1.72% on its investments in 2012/13.

Revenue Support Grant and NDR

156. The current settlement covers 2011/12 – 2012/13. It has been assumed that the settlement for 2013/14 will be reduced by 3.9% and a further 7% for 2014/15.

Council Tax

157. Council tax increase has been assumed at 3.45% for the planning period.

Second Homes Monies

158. Second Homes income from KCC is assumed to continue at the 2012/13 level.

New Homes Bonus

159. The New Homes Bonus is a new scheme that will provide the incentive and rewards for councils and communities who wish to build new homes in their area. The level awarded for 2012/13 has been assumed to continue for the planning period.

Capital Projects

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

Ready Reckoner

Payroll - 1% increase costs the General Fund approximately £96k
Council tax - 1% raises £66k
RSG/NDR – 1% equals £70k
Investment Income - 1% equals £220k (split approx 40/60 GF/HRA)
Contract inflation – 1% equals £42k

SIGNIFICANT BUDGET RISKS

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

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
<p>Localisation of Council Tax Benefit will not meet its deadline or cost targets.</p> <p>Council tax benefit is a demand led benefit, but, from April 2013, the govt is expected to provide the Council with only 90% of the current scheme funding. The council is required to:</p> <ul style="list-style-type: none"> • Design a new local CT benefit scheme by July 2012 • Consult stakeholders • Commission and test software • Forecast Council Tax benefit entitlement and take up in 2013 • Set the new Council Tax base • Provide sufficient reserves to cope with variations in demand • Implement the scheme from April 2013 and bear any overspend pro rata to the precept. 	VH	VH	<p>DDC is working with EKS, other Kent Districts and the major preceptors to explore options.</p> <p>It may be possible to set up a joint scheme with other Kent districts and pool risks with KCC</p>	<p>The Council currently spends £9.2m per annum on CTB. It will be required to design a scheme that costs no more than circa £8.3m per annum. Assuming risk is not pooled, any over spend will be borne:</p> <p>KCC 74.2% Police 9.8% Fire and Rescue 4.8% DDC 11.2%</p>	Not yet known.	Not yet known.

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
<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 Sandwich Enterprise Zone (SEZ) (the former Pfizers site) will have to be borne by the Council. 	H	H	<p>The Council is working with the task force to minimise the loss / demolition of buildings in the SEZ and thus minimise the reduction in BR.</p> <p>The Council has also submitted papers to ministers lobbying for amendments to the proposals to reduce / mitigate the effect of the SEZ.</p> <p>No Council is expected to be disadvantaged in 2012/13, so the impact will be from 2013/14 onwards.</p> <p>The relevant legislation has not yet been laid.</p>	<p>The SEZ is likely to have an area generating £3.5m BR annually left vacant after Pfizers have completed their retrenchment. Analysis has been commissioned by consultants LGF to estimate the effects on DDC of fluctuations in BR.</p> <p>A simple projection would suggest that for every 10% of this remaining site that is demolished, the BR collected reduces by £350k pa. DDC will have to bear 80% or £280k, but the actual figures are likely</p>	Not yet known	Not yet known

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
				to be more complex to project.		
<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. 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. 	M	M	None.	Not yet known.	Not yet known.	Not yet known.
<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>	£20-30K per annum.	H	H

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
Reduced level of commitment by partners in regeneration projects leading to reduced resources available to complete the projects.	H	M	The Chief Executive and the Head of Inward Investment are in frequent contact with our major partners. Our partners have also started to invest their own resources in the regeneration projects and have become identified with the projects' success.		H	L
Risk of unanticipated project overspends leading to reduced resources available to complete projects.	H	M	Major projects inevitably carry a high potential overspend risk. Project appraisal reports, budget monitoring and close liaison between the project officers and the capital accountants mitigate this.		H	L
Reduced capital receipts from Council House sales and Gateway Flats leading to reduced resources available to complete projects.	H	M	<p>The reduced receipts could arise from lower sales, lower prices or both.</p> <p>We cannot mitigate against market movements or reduced levels of sales. To some degree lower values may increase the level of interest, but this will also be dependant on interest rate movements.</p> <p>The other mitigation is by working with partners (see section 1 above) to leverage more grant funding for the regeneration projects which</p>	8 dwellings sold to date in 2011/12	H	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
			reduces reliance on council house sales and may bring forward capital receipts from DTIZ etc.			
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
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 £7m in RSG and NDR, so every 1% reduction costs the Council £70k.	H	M
Possibility of bank failure leading to loss of Council's invested capital	H	M	See Treasury Management Strategy and creation of an Investment Advisory Committee (Cabinet 12/1/09). Restricted counterparties to be used for investments, see Treasury Management Strategy, Annex 9. Liaison with Sector and monitor news to detect any new risks.	Total investments - in-house £9.5m - with Investec £12.5m	H	L
Pension Funding – increased deficit, demographic change, reduced asset values and interest rates may lead to	H	H	Instead of paying a contribution rate based on a % of salaries, DDC pays a fixed sum, increasing by £80k per annum	A 1% increase in contribution rates costs the General Fund	H	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
additional contribution rates, at the future triennial valuations, to meet backfunding requirements.			<p>for 2012/13 and 2013/14.</p> <p>As a result, contributions will not reduce as staff numbers reduce, and this will automatically result in a high contribution rate.</p> <p>The backfunding lump sum reduced from 2010/11 to 2011/12 the value of the reduction has been transferred into an earmarked reserve to smooth the impact of any future increases.</p>	approximately £96k		
Olympic Torch Event – there is a risk that the total spend will exceed the money set aside for it in reserves and that partners involved in the event may not offer sufficient levels of funding.	H	M	The Chief Executive, Director of Governance and Head of Inward Investment are in frequent contact with the relevant partners and regular monitoring of expenditure commitments will take place.	£62k has currently been committed from the Major Events reserve for 2012/13	H	M
Vista Leisure may request additional funding from the Council	H	M	Vista Leisure’s trading position depends upon Membership and usage levels which may be affected by the economic climate		H	M
The actual level of inflationary assumptions may differ to those budgeted.	M	M	Inflation levels are monitored and their impact on the MTFP assessed throughout the process.	<p>1% increase in inflation impacts:</p> <ul style="list-style-type: none"> • Contracts £48k • General £64k • Income £23k 	H	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
Fees and Charges – some sources of income may be affected by a reduction in overall economic activity. The most significant areas for this include:						
- Development Control fees	M	M	The cap on planning fees for major applications has been removed. This should offset the impact of any reduction in activity.	Development Control Fees are forecast to be £390k.	L	M
- Income from investments	M	M	The budget is based on conservative estimate of the base rate at 0.5% in 2012/13. Where possible and consistent with the Treasury Management Strategy DDC has locked into fixed interest rates at the current levels.	A 1% reduction in interest on investments leads to a reduction in General Fund income of around £100k.	M	L
- Car parking income	M	M	Car park income has been modelled as accurately as possible in order to set fees that are considered sustainable.	Total car park income is forecast to be £2.5m	M	L
- Green waste subscription service	M	M	The budget has been calculated assuming that 8,000 residents subscribe based on experience gained within other authorities who have introduced charges.	The subscription income is forecast to be £320k.	M	M

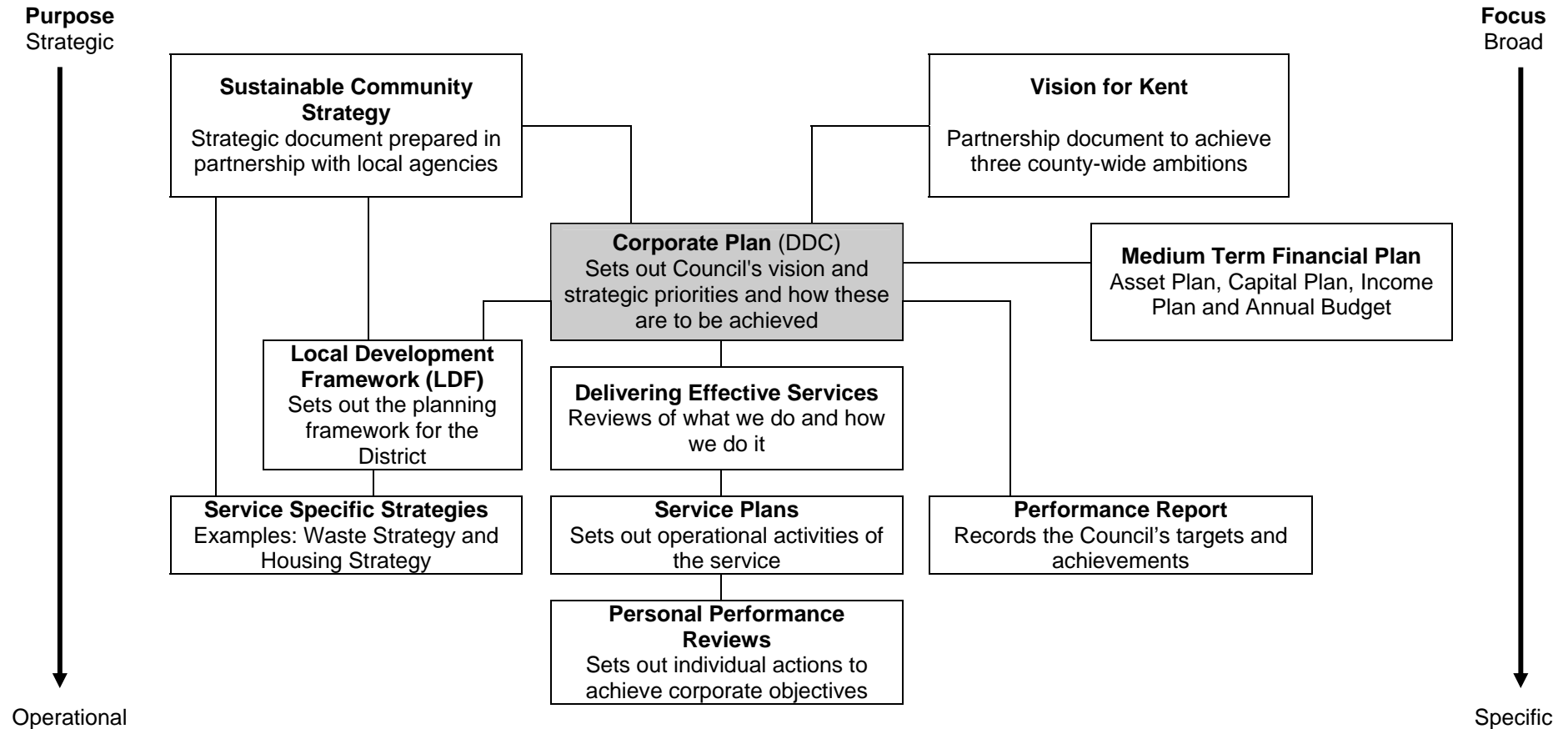
Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
- Council tax base and collection rates may stagnate or fall	H	H	<p>The estimate for the Council Tax base assumes the base will reduce slightly in 2012/13 and return to growth in 2013/14 and 2014/15.</p> <p>This is based on conservative estimates of new builds, single person discounts and collection rates.</p> <p>Based on performance to date, no surplus from the collection fund in 2011/12 has been assumed to be available for distribution in 2011/12.</p>	A 1% reduction in Council Tax costs DDC £66k.	H	M
Government are proposing to increase the discounts on council house Right-to-Buy purchases. This may reduce the capital receipts available to the Council, and if it increases sales, it will reduce rental income.	M	H	We cannot mitigate against Government legislation but will continue working with partners (see section 1 above) to leverage more grant funding for the regeneration projects which reduces reliance on council house sales and may bring forward capital receipts from DTIZ etc.	Right to Buy discounts are currently capped at £38k, the proposal is to increase the cap to £50k.	M	H
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	Land charges income is forecast to be £180k	M	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
			Charges Search information. This is a national issue and we await the outcome of the legal process.			
Directors and managers are suppressing pressures in their budgets and this is reflected in the low level of further pressures forecast in years 2 and 3. This approach may not be sustainable in the long-term.	M	M	Regular monitoring of budgets and the annual review of the 3-year MTFP should identify future pressures at an early stage.		M	M
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 £125k are forecast	M	M
Local Development Framework (LDF) costs may cause further pressures on the General Fund.	M	M	Ongoing consideration of the areas to progress on the LDF is given by the Director of Regeneration & Development. Any changes to requirements could reduce the financial input required.	Current forecasts show the LDF reserve is funded until 2013/14.	M	M
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 2012/13. No increase in the grant has been assumed for future years.	£449k per annum.	M	M

Description	Impact	Likelihood	Mitigation	Sensitivity	Residual Impact	Residual Likelihood
New Homes Bonus due may be offset by reductions in the Government Settlement.	H	H	The New Homes Bonus assumed in the MTFP is based on the DCLG projection for DDC for 2012/13. No increase in the grant has been assumed for future years.	£449k per annum.	M	H
The Council Tax rate increase may be subject to capping and therefore require a public referendum to gain approval for the increase	M	M	The Government capping rate has been advised to be set at a maximum 3.5% increase. The proposed 3.45% increase is below this limit.		M	L
£1m remains frozen with the Icelandic bank Landsbanki.	M	M	The Icelandic court settlement has found in favour of UK local authorities. The funds that are currently held in escrow in respect of our portion of the first distribution to priority creditors will be released to us but timing and impact of the exchange rate risk are uncertain.		L	L
The 2012/13 outturn may exceed the forecast position.	M	M	Regular budget monitoring meetings and held with managers and directors to review the in-year position against the budget. Monitoring reports are produced and circulated to Members advising of the position throughout the year.		L	L

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. This in turn leads to individual work objectives. In this way, there is a “golden thread” linking everything we do to achieve our overall vision. In addition to this plan we have an internally focused document - the ‘Chief Executives Organisational Objectives’ – which ensure the Council is making the best use of available resources and the workforce is supported to work effectively and efficiently to realise our ambitions and achieve our targets.

JOINT PLANS WITH PARTNERS

162. 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.
Dover Waterfront	A Memorandum of Understanding has been entered into with Dover Harbour Board and Legal Agreements are in place to enable the delivery of early infrastructure associated with T2 following the grant of the Harbour Revision Order, which will also support Dover Waterfront. We continue to work with the Homes and Communities Agency who also support this strategic objective through a 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 provides a means by which two or more of the local authority partners can agree to delegate functions to EKJAC.
East Kent Joint Scrutiny Committee	EKJS has been established to hold the EKJAC to account by scrutinising its work. This does not preclude an individual local authority partner from scrutinising a particular delegated item.
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.

Housing Management	East Kent Housing 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.
Payroll and HR	The East Kent Human Resources Partnership (EKHRP) for Dover, Canterbury and Thanet (including East Kent Services) Councils and East Kent Housing is hosted by Dover District Council. Payroll is provided by Kent County Council via its Employee Services Team.
Audit Partnership	The partnership is in place working with the EKJAC districts, hosted by Dover.
East Kent Joint Working	The first phase of services, revenues & benefits, customer services and ICT, has transferred to East Kent Services (EKS). Further services will be considered for transfer subject to the approval of business cases.

GENERAL FUND REVENUE BUDGET SUMMARY

2010/11 Actual		2011/12 Original Budget	2011/12 Projected Outturn (30 Nov 11)	2012/13 Proposed Budget
£		£	£	£
	Director			
1,268	Chief Executive	926	886	921
-6,728	Finance, Housing & Community	1,932	2,272	2,439
4,256	Regeneration & Development	2,150	2,577	2,661
12,138	Environment & Corporate Assets	6,586	7,087	6,698
1,316	Governance	1,283	1,434	1,312
140	Special Revenue Projects	11	96	9
0	Shared Services (DDC hosted)	0	9	0
0	Vacancy Allowance	-100	-16	-125
565	Delivering Effective Services	-150	-75	0
-108	Council Tax Second Homes	-118	-118	-118
0	Contingency	121	85	80
-286	Exceptional Item (BCCI Monies)	0	0	0
12,561	Net Service Expenditure	12,641	14,237	13,877
-7,115	Depreciation	-1,034	-1,508	-1,496
12,397	Pension Adjustments	2,180	1,391	1,457
16	Annual Leave Adjustment	0	0	0
59	River Stour Drainage Board	58	58	64
	Contribution to/(from) Reserves:			
-41	- Local Development Framework Reserve	-118	-116	-161
-701	- Special Projects Reserve	539	411	-9
-79	- Planning Delivery Grant	-108	-108	-30
0	- Reserve for Carry Forward requests not yet approved	0	54	0
0	- Corporate Review Reserve	0	0	0
-5	- Major Events	-75	-56	-42
0	- Benefits Resilience / Overpayment Recovery	0	0	0
-121	- Concessionary Fares	0	0	0
48	- Elections Reserve	-107	-140	15
35	- Private Sector Housing	63	63	39
58	- IT Equipment Reserve	8	33	-29
0	- On Street Parking Reserve	0	0	0
29	- Cluster Preparation	107	106	110
0	- Backfunding Equalisation Reserve	250	250	250
9	- Invest to Save	20	20	19
0	- Growth Point Funding	0	0	0
0	- Investment Equalisation Reserve	0	0	0
0	- New Homes Bonus Reserve	147	147	0
17,150	Net Service Expenditure	14,571	14,842	14,064
	Financing Adjustments			
-114	Interest Receivable	-85	-123	-149
405	Interest Payable	405	405	405
-279	Deferred Charges	0	0	0
-634	Soft Loan Adjustments	0	0	0
239	Impairment of Iceland Investment	0	0	0
16,767	Total Budget Requirement	14,891	15,124	14,320
	Financed by:			
1,295	Revenue Support Grant	1,915	1,915	138
8,919	NNDR	6,195	6,195	7,104
10,214	Total Government Grant	8,110	8,110	7,242
0	Collection Fund Surplus	0	0	0
6,389	Council Tax	6,395	6,395	6,608
0	Council Tax Grant	161	161	0
191	Area Based Grant	0	0	0
0	New Homes Bonus	294	294	449
0	Carry Forwards financed from opening balance	0	0	0
16,794	Total Financing	14,960	14,960	14,299
-27	General Fund Deficit/(Surplus) for the Year	-69	164	21
-2,197	General Fund Balance at Start of Year	-1,725	-2,048	-2,060
176	Items of carry forward - approved	0	-176	0
0	Supplementary approvals-CAB funding/SSLCT Grant	15	0	0
-2,048	Leaving Year End Balances of	-1,780	-2,060	-2,039

General Fund Service Expenditure by Cost Type

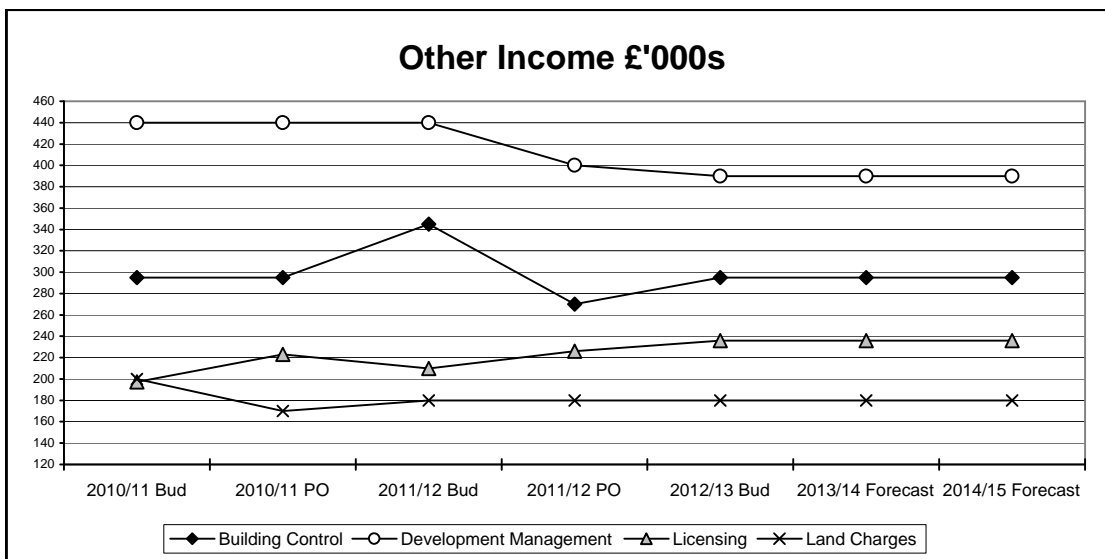
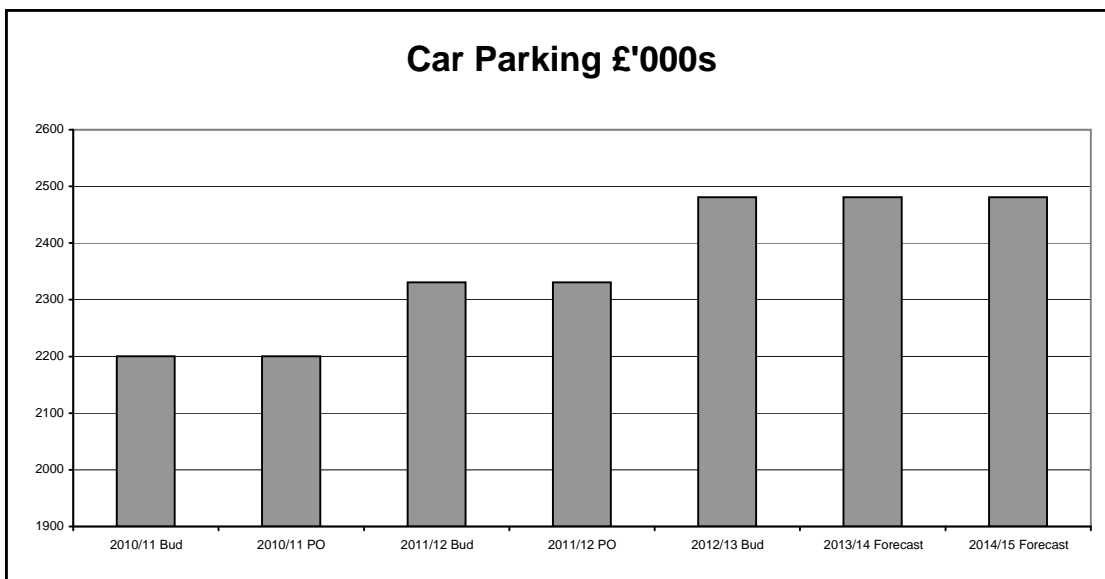
	2011/12 Original Budget	2011/12 Projected Outturn as at 30 Nov 2011	2012/13 Proposed Budget
	£000	£000	£000
Direct Expenditure			
Employees	15,355	12,284	11,996
Premises	1,660	1,712	1,761
Transport	254	233	171
Supplies and services	4,931	4,365	4,414
3rd parties	4,821	11,304	11,218
Transfer payments	42,565	42,565	44,625
Total Direct Expenditure	<u>69,586</u>	<u>72,464</u>	<u>74,184</u>
Direct Income			
Government Grants	(44,723)	(44,790)	(46,753)
Sales	(109)	(109)	(132)
Fees and Charges	(5,721)	(5,883)	(6,244)
Other Income	(2,883)	(6,381)	(6,020)
Total Direct Income	<u>(53,436)</u>	<u>(57,163)</u>	<u>(59,149)</u>
Central Support reallocation of costs	(2,127)	(1,154)	(1,043)
Depreciation	1,034	1,508	1,496
Pension Adjustment	(2,180)	(1,391)	(1,457)
Special Revenue Projects	11	96	9
Vacancy Allowance	(100)	(16)	(125)
Council Tax Second Homes	(118)	(118)	(118)
Contingency	121	85	80
Delivering Effective Services	(150)	(75)	-
Net Service Expenditure	<u>12,641</u>	<u>14,237</u>	<u>13,877</u>

GENERAL FUND KEY FIGURES - INCOME

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

Total Financing:

Revenue Support Grant & NDR	8,110	8,110	7,242	6,956	6,469
Council Tax	6,395	6,395	6,608	6,836	7,106
Other	455	455	449	449	449
Total Financing	14,960	14,960	14,299	14,241	14,024



Key Variances in Budget 2011/12 Original to 2011/12 Projected Outturn and 2011/12 Projected Outturn to 2012/13 Original			
This summary provides a full reconciliation of 2011/12 original budget to 2011/12 projected outturn and 2011/12 projected outturn to 2012/13 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		2011/12 OR - 2011/12 PO £	2011/12 PO - 2012/13 OR £
2011/12 Original (OR) Budget Surplus		(69,138)	
2011/12 Projected Outturn (PO) Budget Deficit		164,894	164,894
2012/13 Original (OR) Budget Surplus			20,574
Increase / (Decrease) in Budget Deficit / (Surplus)		234,032	(144,320)
Variances in Financing the Budget Requirement			
Government Grant	Decrease in Government settlement	0	868,004
Council Tax	Value of % increase Council Tax, net of decrease in tax base	0	(212,692)
Council Tax Freeze Grant	Council Tax grant in 2011/12 include in 2012/13 Govt settlement	0	161,000
Collection Fund	No surplus anticipated in 2011/12 and 2012/13	0	0
New Homes Bonus	New Homes Bonus increase anticipated	0	(155,067)
(Increase) / Decrease in Financing		0	661,245
Change in Budget Requirement		£	£
2011/12 Original (OR) Budget Requirement		14,890,931	
2011/12 Projected Outturn (PO) Budget Requirement		15,124,963	15,124,963
2012/13 Original (OR) Budget Requirement			14,319,398
Increase / (Decrease) in Budget Requirement		234,032	(805,565)

		ANNEX 3	
Key Variances Accounting for Change in Budget Requirement		2011/12 OR - 2011/12 PO	2011/12 PO - 2012/13 OR
		£	£
Corporate / General Changes	Notes		
EKS Redundancy Costs	East Kent Services - estimated redundancy costs (one-off pressure)	101,590	(101,590)
Delivering Effective Services	DES Restructure - additional staff costs from minor delays in redundancies and two posts retained for an additional year only (one-off pressure), as well as compromise agreements.	148,820	0
Delivering Effective Services	DES Restructure - net retained posts (ongoing pressure)	97,890	0
Vacancy Provision & Employment Stability targets	11/12 offset by credits in directorates below, leaving £90,580 to be achieved. 2012/13 targets follow DES staff reductions	159,420	(34,420)
Total employee related corporate changes		507,720	(136,010)
Corporate Training Pot	Reduced Corporate Training budget	(45,000)	20,000
Mileage and Overtime Targets	Incl. deferral of new mileage arrangements	40,000	(15,000)
Net change in central support to HRA, Partnerships etc	2011/12 reduced recharges income due to lower costs following DES changes and in-year savings, vacancies, etc. 2012/13 excludes post vacancies treated as separate corporate savings target	(46,100)	102,710
Contingency	11/12 reduction offsets actual spend within directorate budgets.	(35,280)	(5,147)
Backfunding	Change in contribution to pensions backfunding following Actuary's re-evaluation	(14,920)	66,700
Premature Retirement Pensions	Expected decrease in contribution for premature retirement pension payments per KCC	(9,510)	0
Transfer to / from Special Projects Reserve	Reduced top-up of Special Projects Reserve for funding of redundancy and associated costs for the "Delivering Effective Services" proposal and structure	(42,738)	(507,262)
Premises Insurance on DDC Properties	Insurance (net) increases	5,800	5,830
NDR on DDC Properties	NDR inflation assumed 3% in 2012/13, reduced transitional relief in 2012/13 (15% assumed - adverse), reduction in 2011/12 due to premises being let	(10,560)	35,600
IT Maintenance contracts	IT software & equipment maintenance contracts on in-house systems (excludes items transferred to EKS)	(9,210)	14,170
Insurance - Sundry	Non-vehicle/premises insurance - minor corporate changes	(4,040)	990
Utilities	Electricity, Gas and Water (excl. Street lighting, listed separately)	(2,060)	19,630

		ANNEX 3	
Key Variances Accounting for Change in Budget Requirement		2011/12 OR - 2011/12 PO	2011/12 PO - 2012/13 OR
Corporate / General Changes (Cont'd)			
Transfers to / from other reserves, other than to finance expenditure:	This is the net effect of the various transfers to and from earmarked reserves not offsetting expenditure above the line.		
- Planning Delivery Grant	Extra contribution in 2011/12 only	0	75,000
- Elections Reserve	Elections - reduction in contributions to reserves (N.B. £30k reduction in 2011/12 is towards vacancy target.	(3,000)	(30,000)
- Carry Forward requests, not yet approved	2010/11 reserve for carry forward requests from prior year, not approved until business need demonstrated (reversed in 2011/12, as one-off)	54,100	(54,100)
- Private Sector Housing Surveys	Reduced contribution/increased grant funding	0	(24,000)
- IT Equipment Reserve	Transfer c/fwd item to reserve to cover 12/13 eFin upgrade cost in service expenditure	25,000	(25,000)
- Invest to Save	Transfer to offset service savings to top up reserve	0	(694)
- Cluster Preparation Reserve	2012/13 includes reduction in amount transferred to reserve from 2nd Homes Monies	(1,210)	3,730
- New Homes Bonus Reserve	Transfer 50% 2011/12 new homes grant to reserve in 2011/12 only	0	(147,000)
Interest Receivable (incl. Grants Funds)	Interest currently achieving better returns than "bench-mark" LIBOR rate	(28,200)	(25,300)
River Stour Drainage Board	Minor differences	0	6,168
Heads of Service Variances			
Chief Executive			
Employee reductions / savings	2011/12 Budget Monitoring salary savings	(16,780)	
	2012/13 Delivering Effective Services structure		(33,930)
Other :-			
Various	2010/11 Budget carry forward (Audit fees)	4,320	(4,320)
Non-service specific	Annual East Kent Local Strategic Partnership subscription at reduced level for 11/12/KCC Forum.	(14,500)	4,200
Corporate Press & Publicity	Reductions in Corporate Communications budget	(5,000)	(7,000)

		ANNEX 3	
Key Variances Accounting for Change in Budget Requirement		2011/12 OR - 2011/12 PO	2011/12 PO - 2012/13 OR
Director of Finance, Housing & Community			
Employee reductions / savings:			
Various	2011/12 Budget Monitoring salary savings	(12,740)	
Various	2012/13 Delivering Effective Services structure		40,810
Other :-			
Various	2010/11 Budget carry forward (various HR related legal costs)	29,000	(29,000)
Careline	Careline costs shared with Shepway (Out of Hours), not in original budget	9,000	0
Careline	Careline Profit share reduction	0	27,530
Homelessness	Net (increase)/decrease in grants over expenditure	(3,670)	13,860
Grants (Sports)	Grant given to cover Sandwich Sports & Leisure Centre Trust insurance costs (effectively two year's insurance this year re "catch-up" grant - one year only in 2012/13).	4,560	(4,560)
Grants (CAB)	Supplementary approval for CAB Funding authorised by Council and assumed to continue at this level	10,000	0
Council Tax Income	Penalties & Fines recovery - decrease anticipated on Council Tax income, based on Year-to-date figures, due to realignment of cost recovery rates under shared service arrangements	25,000	0
NDR Income	Penalties & Fines recovery - increase anticipated based on Year-to-date figures	(7,000)	0
Aylesham Development	S106 Grant Money to cover expenditure	(7,030)	0
Conc Fares	Concessionary Fares - Write-back over-provision of Stagecoach redetermination costs £241,559, less additional cost of final quarter fares for 2010/11 £27,424, less estimate of additional transport consultancy fees £2,280	(211,860)	211,860
Benefits & Subsidies	Benefits Administration Grant reduction	0	41,500
Benefits & Subsidies	Reduced net credit from overpayments and subsidy income, after allowance for bad debts	0	1,000
Benefits & Subsidies	Minor Govt. Grant in 2011/12, not available in 2012/13	0	6,980
Accountancy	Consultancy Fees for professional advice - to enable savings through staff restructure	360	7,640

		ANNEX 3	
Key Variances Accounting for Change in Budget Requirement		2011/12 OR - 2011/12 PO	2011/12 PO - 2012/13 OR
Director of Regeneration & Development			
Employee reductions / savings	2011/12 Budget Monitoring salary savings	(10,850)	
	2012/13 Delivering Effective Services structure		(29,360)
Other :-			
Development Control	Anticipated income pressures, incl. income from pre-application advice	10,000	20,000
Building Control	Income reduction/(increase)	50,000	(27,200)
Museum	Anticipated effect on Museum Admission Fees of delay in merger with VIC in 2011/12	26,000	(16,500)
White Cliffs Landscape Partnership	Fully funded in 2011/12, DDC contribution allocated in 2012/13		15,770
Director of Environment & Community Assets			
Employee reductions / savings	2011/12 Budget Monitoring salary savings	(74,870)	
	2012/13 Delivering Effective Services structure		80,180
Other :-			
Various	2010/11 Budget carry forward (incl. £31.7k Corporate Maintenance; £30k Grounds Maintenance)	61,700	(61,700)
Office Accommodation	£8500 vired from contingency to pay for replacement of UPS equipment as part of business continuity work - 11/12 cost offsets favourable corporate contingency variance above	8,500	(8,500)
Anti-Social Behaviour	ASBU - Mobile CCTV camera connections funded from contingency - 11/12 cost offsets favourable corporate contingency variance above; this cost is not fully removed from 2012/13 due to reduced partnership funding	3,000	(1,000)
Anti-Social Behaviour	Loss of partnership funding in 2012/13	0	25,000
CCTV	Portion of savings target not considered achievable	28,200	0
Bad Debt - Properties	Bad Debt provision written back following recovery of amounts due from Oakleigh Properties in respect of Burlington House	(56,650)	56,650
Refuse/Recycling/Street Cleansing	2012/13 reduction, comprising £180k contract saving for changes in green waste collection arrangements, less £24k non-routine street-cleansing costs, less inflation at 2.16%	0	(68,010)
Recycling	Green waste income	0	(310,000)
Recycling	One-off contribution to KCC in 2011/12 for contract changes	0	(49,500)
Depots Rental	No requirement for depot use by Veolia under new contract	0	30,000
Street Cleansing	Income from fixed penalty enforcement for littering/ fouling	0	(10,000)
Director of Environment & Community Assets (Cont'd)			
Pest Control	Service delivery transformation	0	(12,500)
Licensing	Licensing Income - increased income, net of counsel fees for appeals	(13,700)	(9,060)

		ANNEX 3	
Key Variances Accounting for Change in Budget Requirement		2011/12 OR - 2011/12 PO	2011/12 PO - 2012/13 OR
Public Conveniences	Net increases in Town and Parish contributions above additional direct costs	200	(11,300)
Deal Pier	Additional savings target for pier from proposed service review since removed	40,850	0
Corporate Maintenance	Following a proposed reduction for a period of 1 to 2 years only, whilst undergoing full asset review, only small inflationary increase added for 2012/13 above original 2011/12 budget (NB effect of C/fwd dealt with separately).	0	10,000
Landscape Maintenance	Increase in contract above original 2011/12 budget, incl. inflation (NB effect of C/fwd dealt with separately).	0	52,800
Street Lights	Electricity - anticipated increases	25,000	28,000
Car Parking	Car Park Pay & Display income from approved increases	0	(113,000)
Car Parking	Car Parking Permit increases - all categories	0	(36,500)
Car Parking	Full year cessation of reimbursement of Car Park fees to Vista customers	0	(64,000)
Discovery Centre	Management Fees reduced	(1,000)	0
Environmental Protection Income	Additional Environmental Protection & noise-related equipment seizure income	(1,190)	70
Port Health - costs	Analysts' fees	(2,000)	1,000
Port Health - income	Anticipated reduction in organic import certificates issued	0	3,530
Dover Town Hall - costs	Management Fees - contract inflation	0	4,460
Dover Town Hall - income	Minor income (assumed one-off in 2011/12)	(2,000)	2,000

		ANNEX 3	
Key Variances Accounting for Change in Budget Requirement		2011/12 OR - 2011/12 PO	2011/12 PO - 2012/13 OR
Director of Governance			
Employee reductions / savings	2011/12 Budget Monitoring salary savings	(14,180)	
	2012/13 Delivering Effective Services structure		9,980
Other :-			
Various	2010/11 Budget carry forward (Audit fees)	2,180	(2,180)
National Leaflet Project	Reductions in net income	12,250	6,290
Legal	Legal Fees receivable - decrease expected for planning and other external work	0	8,000
Corporate Support	Re-tendering for insurance contract - assumed no commission element will be receivable under new arrangements	0	7,000
Elections	Recovery of prior year costs	(1,610)	1,610
Shared Services			
Employee reductions / savings	2011/12 Budget Monitoring salary savings	0	
	2012/13 impact of shared service staff changes		(95,610)
Other :-			
EKHRP	£16,070 DDC share of increased EKHRP budget agreed at EKHRP Board meeting in Jan 2011, offset by contingency reduction	16,070	0
EKHRP	Reduced recovery from partners, mainly offsetting salaries variances		79,660
Payroll Costs	KCC Payroll processing fees	(1,560)	1,590
		288,792	(824,745)
Numerous Miscellaneous Variances		(54,760)	19,180
Total		234,032	(805,565)

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes	2011/12 Projected Outturn	2012/13 Proposed Budget	2013/14 Forecast	2014/15 Forecast
	£000	£000	£000	£000
1	15,124 Net Budget Requirement	14,320	14,320	14,320
	Corporate Pressures			
2	- Salary Inflation / Increments / Impact of Job Evaluation		144	261
3	- Pension Backfunding (Triennial Valuation from 11/12)		80	160
4	- Contract inflation @ 3%		142	288
5	- Average expenditure inflation rate on non-specifically budgetted income items @ 1%		64	129
6	- Average income inflation rate on non-specifically budgetted income items @ 2%		-46	-94
7	- Net Central Support adjustments (approx 20% of salaries / backfunding to impact HRA / capital, etc)		-45	-84
8	Total Corporate Pressures		339	660
	Director proposals (Annex 5)			
9	- Annual Review of Parking Income		-25	-50
	- Saving in corporate maintenance only sustainable for 2 years		150	150
10	Target Savings		-500	-1,000
	15,124 Total	14,320	14,284	14,080
	Financed By :-			
11	8,110 Revenue Support Grant / NDR (-3.9%,-7.0%)	7,242	6,957	6,469
12	0 Collection Fund Surplus	0	0	0
	Council Tax Income			
	Tax increase	3.45%		
	Base increase (from 2013/14)	0.50%		
13	6,395 Total Council Tax Income	6,608	6,869	7,140
14	161 Council Tax Grant	0	0	0
15	294 New Homes Bonus	449	449	449
	14,960 Total Financing	14,299	14,275	14,058
16	164 NET (SURPLUS) / DEFICIT	21	9	22
	Impact on Reserves :-			
	Projected General Fund Reserves			
	-2,048 Opening balance	-2,060	-2,039	-2,030
	-176 Approved budget carried forward from 2010/11			
	-2,060 Closing Balance (Accumulated Surplus)	-2,039	-2,030	-2,008

**THREE YEAR REVENUE BUDGET FINANCIAL
PROJECTION**

Notes

- 1** The net budget is taken from the 2012/13 budget at Annex 1.
- 2** Increased salary costs reflect assumed inflation at 1% pay settlement for the planning period. The impact of JE increments and pay protection has also been built in.
- 3** Pension backfunding reflects the increases in backfunding required by the fund actuaries based on the current triennial valuation.
- 4** Inflation on major contracts has been assumed at 3%.
- 5** Inflation on all other expenditure will aim to be limited to the current budget level, however a small allowance of 1% 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** Total corporate pressures.
- 9** Budget pressures and savings for future years as identified by Directors
- 10** Target savings required to balance the MTFP over the 3 year planning period.
- 11** The settlement as indicated by DCLG for 2012/13. A reduction of 3.9% for 2013/14 and 7.0% for 2014/15 has been assumed.
- 12** The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts. No surplus is budgetted for 2012/13 onwards due to anticipated reductions in overall collection rates, collection of arrears and lack of growth.
- 13** Council Tax is forecast to increase by 3.45% per annum for the planning period. A 0.5% per annum increase in the tax base has also been assumed.
- 14** The Government grant to support Council's not increasing their Council Tax received in 2011/12 has been included within the RSG/NDR settlement for 2012/13.
- 15** Value of New Homes Bonus expected.
- 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.

Inward Investment – Gold

The Council's strategy for growth, enterprise and regeneration is founded on a number of national and regional designations including Growth Point, Regional Hub, International Gateway, the Sea Change programme and the award winning Local Development Framework. Core activities are predicated upon the delivery of a number of strategic (major) projects including Discovery Park at Sandwich, Dover Town Investment Zone, Dover Priory, Dover Waterfront, Aylesham, North Deal, Farthingloe, Western Heights, White Cliffs Business Park and adjacent area together with the completion of the Coalfield programme at Betteshanger.

This role will promote the Council's Regeneration Agenda to relevant stakeholders along with the wider community, as well as attracting funding and investment from public and private sector partnerships to progress and facilitate the District's regeneration opportunities.

Policy and Corporate Communications - Silver

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

Delivering Effective Services - Service Standards - Chief Executive

Service Priority			Objectives
Directorate Service Name	Service	Standard of service delivery	High Level Objective for Each Function
Head of Inward Investment	Regeneration Opportunity	Gold	Identify development opportunities and secure the appropriate funding
Policy	Policy	Silver	Support the Leader and Chief Executive in developing corporate policy and strategy to lead the development of policy across the Council
Communication and Consultation	Design, Photography, Video, PR, Web, Printing & Mail	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 2012/2013									
		Costs controlled by Director					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3300	CHIEF EXEC ADMIN TRADING ACCT	4.7	263,910	7,890	-	271,800	22,370	-	294,170	(294,170)	-
Total Chief Exec & Secretaries		4.7	263,910	7,890	-	271,800	22,370	-	294,170	(294,170)	-
A1170	NON SERVICE SPECIFIC WORK		-	68,120	-	68,120	480,360	-	548,480	-	548,480
A5001	UNAPPORTIONABLE OVERHEADS		-	53,720	-	53,720	-	-	53,720	-	53,720
Total Non-Service Specific			-	121,840	-	121,840	480,360	-	602,200	-	602,200
C3745	HEAD OF INWARD INVESTMENT	1.0	92,300	4,620	-	96,920	74,620	-	171,540	(171,540)	-
Total Inward Investment		1.0	92,300	4,620	-	96,920	74,620	-	171,540	(171,540)	-
A1040	CORPORATE PLANNING		-	500	-	500	185,320	-	185,820	-	185,820
C3336	POLICY & LEADERSHIP SUPPORT	1.8	94,470	2,060	(1,650)	94,880	17,350	-	112,230	(112,230)	-
Total Policy & Leadership Support		1.8	94,470	2,560	(1,650)	95,380	202,670	-	298,050	(112,230)	185,820
A1050	CORP PRESS & PUBLICITY	1.0	51,740	26,160	-	77,900	54,690	-	132,590	-	132,590
C3030	MAIL ROOM TRADING ACCOUNT	4.0	113,670	35,590	(40,860)	108,400	28,480	-	136,880	(136,880)	-
C3050	PRINT UNIT TRADING ACCOUNT	0.0	-	68,220	(148,050)	(79,830)	79,830	-	-	-	-
C3331	DESIGN STUDIO	2.0	89,510	16,420	-	105,930	28,580	-	134,510	(134,510)	-
C5060	MAIL ROOM POSTAGE ACCOUNT		-	117,710	(117,710)	-	-	-	-	-	-
Total Corporate Communications		7.0	254,920	264,100	(306,620)	212,400	191,580	-	403,980	(271,390)	132,590
		14.5	705,600	401,010	(308,270)	798,340	971,600	-	1,769,940	(849,330)	920,610

DIRECTOR OF GOVERNANCE

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

MONITORING OFFICER - Gold

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

DEMOCRATIC SERVICES

Members - Silver

The section provides support to all members of the Council. They service all committees of the Council, administer the councillors' remuneration and allowances scheme, co-ordinate training and development and 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.

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. 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. Shepway District Council was a founder member of the partnership but will withdraw from 31 March 2012. 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
	Investors In People	Tin	n/a
	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
Risk Management (remaining function to be focused on major projects)	Bronze	Provide a risk management service to identify and mitigate corporate risks	
Emergency Planning and Business Continuity	Emergency Planning and Business Continuity	Silver	Co-ordinate activities through joint working with KCC and other agencies
National Leaflets	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

Service Summary		Budget 2012/2013									
		Costs controlled by Director					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3330	DIRECTOR OF GOVERNANCE	1.0	106,060	7,530	-	113,590	61,110	-	174,700	(174,700)	-
Total Director		1.0	106,060	7,530	-	113,590	61,110	-	174,700	(174,700)	-
A1100	COUNCIL, CABINET & COMMITTEES		-	-	-	-	388,540	-	388,540	(58,280)	330,260
A1120	SCRUTINY		-	3,310	-	3,310	41,370	-	44,680	(6,700)	37,980
A1161	CHAIRMANS ACCOUNT		8,950	15,330	-	24,280	22,640	-	46,920	(7,040)	39,880
A1165	MEMBERS ACCOUNT		12,000	300,840	(2,500)	310,340	140,070	-	450,410	(67,940)	382,470
A1169	OTHER PUBLIC BODIES		-	16,000	-	16,000	590	-	16,590	-	16,590
Total Members			20,950	335,480	(2,500)	353,930	593,210	-	947,140	(139,960)	807,180
B4030	DISTRICT ELECTIONS		-	-	-	-	5,610	-	5,610	-	5,610
B4070	ELECTIONS - ADMIN		-	-	-	-	80,630	-	80,630	-	80,630
B4500	ELECTORAL REGISTRATION		940	64,450	(1,000)	64,390	87,960	-	152,350	-	152,350
C3301	DEMOCRATIC SERVICES	8.5	338,390	38,380	-	376,770	80,400	-	457,170	(457,170)	-
Total Democratic Services		8.5	339,330	102,830	(1,000)	441,160	254,600	-	695,760	(457,170)	238,590
B5000	LOCAL LAND CHARGES		120	18,490	(180,000)	(161,390)	134,900	-	(26,490)	-	(26,490)
Total Land Charges			120	18,490	(180,000)	(161,390)	134,900	-	(26,490)	-	(26,490)
C3540	LEGAL TRADING ACCOUNT	8.5	457,690	63,540	(67,940)	453,290	97,890	790	551,970	(551,970)	-
Total Legal		8.5	457,690	63,540	(67,940)	453,290	97,890	790	551,970	(551,970)	-
C3000	HUMAN RESOURCES TRADING ACCOUNT		49,400	-	-	49,400	250,240	-	299,640	(299,640)	-
Total H R & Corporate Training			49,400	-	-	49,400	250,240	-	299,640	(299,640)	-
A1065	BEST VALUE & CPA		-	19,890	-	19,890	135,030	-	154,920	-	154,920
B1500	EMERGENCY PLANNING		6,250	30,040	-	36,290	90,310	-	126,600	-	126,600
B7005	NATIONAL LEAFLET PROJECT		-	15,850	(35,000)	(19,150)	30,710	-	11,560	-	11,560
C3335	PERFORMANCE & RISK TEAM	5.0	255,740	13,360	-	269,100	99,700	-	368,800	(368,800)	-
Total Performance & Risk		5.0	261,990	79,140	(35,000)	306,130	355,750	-	661,880	(368,800)	293,080
		23.0	1,235,540	607,010	(286,440)	1,556,110	1,747,700	790	3,304,600	(1,992,240)	1,312,360

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 Treasury Management.

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

Procurement, Creditors and Income - Silver

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

ALTERNATIVE SERVICE DELIVERY - Gold

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

COMMUNITY DELIVERY

Strategic Housing - Gold

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

development of balanced and sustainable communities. This is often referred to as the 'place shaping' role.

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

The 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

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

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

Empty Homes Strategy 2010-15;
Private Sector Housing Strategy 2010-15;
Affordable Housing Delivery Plan 2010-15; and
Older Persons Housing Strategy 2010-15.

Although the Council no longer builds affordable housing directly, the team plays an important role in enabling the provision of affordable housing through other providers such as Housing Associations. The team can influence the allocation of grant funding from the Homes and Communities Agency and has a major input into the East Kent Local Investment Plan

Sports Development & Leisure Delivery - Silver

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

The Sport & Recreation Strategy seeks to:

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

To try and achieve these objectives, the service works in partnership with a wide range of statutory and non statutory agencies at a national and local level as well as key local partners such as Vista Leisure, the Dover District Community Sports Network and local clubs.

The service provides specialist advice in relation to new or improved sport, leisure and play provision in the district and contributes to the delivery of wider strategic objectives related to health improvement, crime reduction and social inclusion.

Current service priorities include an update of the play area element of the Dover District Play Strategy 2007-2012 and the development of a new Playing Pitch and Outdoor Sports Facilities Strategy.

Community Development - Silver

The Community Development Team undertakes a range of services which involve working with members of our communities to help them address the issues they are concerned about. The aim is to strengthen communities and to help them to become as self reliant as possible. The team provides support and guidance on one off projects often involving accessing grants but also works with key community groups on an on-going basis.

The team is also involved with the organisation of Neighbourhood Forums and Participatory Budget events, the administration of Bridging the Gap funding provided by the Coalfield Regeneration Trust.

Events - Bronze

The service helps to facilitate and engage in the planning of major events such as the Open Golf in 2011 and will play a major role in the delivery of events related to the 2012 Olympics with a focus on enabling events that deliver corporate objectives in respect of local investment and regeneration.

It also works with partners to manage the Big Screen and related events and assists with events that enable the Council to engage with local communities such as neighbourhood forums and participatory budget events.

Housing Needs and Homelessness - Gold

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

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

The Council also has recently updated its Youth Homelessness Strategy for the period 2011-2013. The strategy was revised following consultation with key stakeholders and aims to address the housing needs of young people in the district and to reduce the number of young people placed in bed and breakfast accommodation. The problem of youth homelessness has been a significant issue in recent years both locally and nationally.

Private Sector Housing - Silver

The Private Sector Housing team has a statutory duty to take action when homes do not meet the minimum legal requirements of the Housing Act 2004 regarding health and safety. The number of homes built in Dover before 1919 is significantly higher than the national average. These properties generally require more maintenance, increase the risks of injury and are harder to heat. This has implications in terms of serious health risks such as cold, fire, and falls. These hazards also lead to fuel poverty, health inequalities and we have a high percentage of homes that fail to meet the Decent Homes Standard. There are also more privately rented homes in Dover than the national average.

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

The second is through financial assistance by the provision of loans and grants. From 2006 to 2011 substantial funding (£6m) had been received from the Government's regional housing pot for this work. This money is no longer available but nearly £200,000 has been paid back the Council from these loans and grants which is to be recycled to provide further assistance. A revised Housing Assistance Policy has been produced to reflect the reduced budget and this is currently subject to public consultation.

The team is also responsible for the administering the Council's Disabled Facilities Grant (DFG). Eligible applicants are entitled to a mandatory grant to enable a disabled person to have adaptations carried out to their homes to provide access to basic amenities and access to their home. Demand for these grants is very high and increasing annually.

The team has a lead role in taking action to bring long-term empty homes back into use and works with a number of external bodies on partnership programmes. The team monitors and funds the work of the Home Improvement Agency. Since January 2012 the team has taken back responsibility for caravan site licensing.

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 managing 4,599 dwellings (2,857 houses and bungalows and 1,742 flats and maisonettes). There are currently around 2,600 people on the Council's housing waiting list. Every local housing authority maintains a Housing Revenue Account (HRA) funded mainly by rent income. This is a ring-fenced account, which may not be used to fund other Council services. Rent levels are calculated on an individual property basis using rent formulas set by the Government.

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 transferring to East Kent Services to be provided jointly for Dover, Thanet & Canterbury:

Revenues

Council tax has to be calculated, billed and collected for over 48,000 dwellings within the district. Council tax includes monies billed and collected for Dover District Council, Kent County Council, Kent Police Authority, Kent and Medway Fire and Rescue and the district's town and parish councils. The service target is to collect 98.2% of council tax in the year.

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

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

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

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

Benefits

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

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

Customer Services

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

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

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

ICT

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

The team also provides an 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 Delivery	Sports Development and Leisure Delivery (inc Deal Pier Officers, VISTA contract management, Events)	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 (delivery)	Silver	Engage, inform and support the Big Society agenda through working with communities
	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	
	Neighbourhood Forums	Silver	Provide and facilitate meetings for the local community and the Council to discuss issues and ideas
Shared Services Co-ordination and Alternative Service Delivery	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

Service Summary		Budget 2012/2013									
		Costs controlled by Director					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3310	DIRECTOR OF FINANCE, HOUSNG & COMM	1.0	105,920	3,870	-	109,790	28,940	-	138,730	(138,730)	-
Total Head of Service		1.0	105,920	3,870	-	109,790	28,940	-	138,730	(138,730)	-
C3500	ACCOUNTANCY TRADING ACCOUNT	10.1	451,110	87,280	(24,220)	514,170	118,310	-	632,480	(632,480)	-
C3020	PROCUREMENT, CREDITORS & INCOME	4.8	141,600	16,170	(94,930)	62,840	79,760	12,800	155,400	(155,400)	-
C5010	OFFICE TELEPHONES HLDG ACCOUNT	-	-	48,800	(48,800)	-	-	-	-	-	-
A1070	SPECIAL FEES AND PAYMENTS	-	-	20,000	-	20,000	25,490	-	45,490	-	45,490
A1075	TREASURY MANAGEMENT	-	-	10,840	-	10,840	35,910	-	46,750	-	46,750
A5000	SUPERANNUATION BACKFUNDING	-	1,728,980	-	-	1,728,980	(1,846,980)	-	(118,000)	-	(118,000)
B1600	GRANTS TO VOL ORGS	-	-	248,250	-	248,250	5,370	-	253,620	-	253,620
Total Accountancy		14.9	2,321,690	431,340	(167,950)	2,585,080	(1,582,140)	12,800	1,015,740	(787,880)	227,860
C3520	AUDIT TRADING ACCOUNT	-	70	710	-	780	128,960	-	129,740	(129,740)	-
Total Audit		0.0	70	710	-	780	128,960	-	129,740	(129,740)	-
C3995	ALTERNATIVE SERVICE DELIVERY	2.0	92,880	4,970	-	97,850	58,140	-	155,990	(155,990)	-
Total Alternative Service Delivery		2.0	92,880	4,970	-	97,850	58,140	-	155,990	(155,990)	-
C3360	HOUSING ADMIN TRADING ACCOUNT	1.5	91,610	4,560	-	96,170	70,390	-	166,560	(166,560)	-
M1401	HOUSING STRATEGY	-	-	33,500	-	33,500	55,800	-	89,300	-	89,300
M1900	GENERAL FUND HOUSING COSTS	-	-	-	(6,290)	(6,290)	-	-	(6,290)	-	(6,290)
M1100	PRIVATE SECTOR HOUSING	6.3	262,000	560,080	(529,110)	292,970	78,890	-	371,860	-	371,860
C3855	HOUSING NEEDS TRADING ACCOUNT	10.9	361,180	16,970	-	378,150	73,370	-	451,520	(451,520)	-
M1000	HOMELESSNESS	-	-	230,900	(270,000)	(39,100)	267,490	-	228,390	-	228,390
M1050	RENT DEPOSIT SCHEME	-	-	-	-	-	-	-	-	-	-
M1410	CHOICE BASED LETTINGS	-	-	7,280	-	7,280	-	-	7,280	-	7,280
M1910	WCCL SHARED COSTS WITH SDC	-	9,000	-	-	9,000	-	-	9,000	-	9,000
Total Residual Housing		18.7	723,790	853,290	(805,400)	771,680	545,940	-	1,317,620	(618,080)	699,540
C3730	COMMUNITY & LEISURE TRADING AC	6.0	238,040	10,550	-	248,590	77,680	-	326,270	(326,270)	-
L5617	OPEN GOLF EVENT	-	-	-	-	-	-	-	-	-	-
L5620	OLYMPIC TORCH EVENTS	-	1,000	61,000	-	62,000	198,270	-	260,270	-	260,270
L5630	OLYMPIC SCREEN	-	-	44,200	(33,500)	10,700	18,290	-	28,990	-	28,990
L5650	OLYMPICS 2012 - LOOK FUNDING (GLA)	-	-	-	-	-	-	-	-	-	-
M1500	COMMUNITY DEVELOPMENT	-	-	-	-	-	70,350	-	70,350	-	70,350
M1510	REGEN OFFICERS SMALL PROJECTS	-	-	95,590	(100,630)	(5,040)	49,210	-	44,170	-	44,170
M1520	REGEN OFFICER AYLESHAM	-	20	3,720	(9,220)	(5,480)	5,480	-	-	-	-
M1540	HEALTH & WELL BEING	-	-	-	-	-	-	-	-	-	-
M2600	SPORTS STRTGY, IMPLMTN & GRNTS	-	-	18,750	(1,850)	16,900	70,310	-	87,210	-	87,210
M2601	FEEL ALIVE EVENTS	-	-	-	-	-	4,430	-	4,430	-	4,430
Total Community & Leisure		6.0	239,060	233,810	(145,200)	327,670	494,020	-	821,690	(326,270)	495,420

Finance, Housing & Community

Budget 2012/2013

		Costs controlled by Director									
FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total		
C3010	COMPUTER SERVICES TRADING ACCT	-	476,160	-	476,160	33,080	12,330	521,570	(521,570)	-	
B1620	NNDR DISCRETIONARY RELIEF	-	110,000	-	110,000	-	-	110,000	-	110,000	
B2100	COUNCIL TAX-COST OF COLLECTION	-	826,300	(275,000)	551,300	21,100	-	572,400	-	572,400	
B2300	NNDR - COST OF COLLECTION	-	178,800	(172,000)	6,800	3,910	-	10,710	-	10,710	
B7000	BENEFITS & SUBSIDIES	6,000	46,152,210	(45,873,500)	284,710	38,120	-	322,830	-	322,830	
C3376	DDC @ YOUR SERVICE	-	260,380	-	260,380	121,380	7,820	389,580	(389,580)	-	
C3388	CORPORATE INCOME COLLECTION	-	120,750	-	120,750	30,610	-	151,360	(151,360)	-	
C3975	REVENUES & BENEFITS ADMIN	-	-	-	-	-	-	-	-	-	
C3977	BENEFITS FRAUD	-	-	-	-	-	-	-	-	-	
Total East Kent Services		0.0	6,000	48,124,600	(46,320,500)	1,810,100	248,200	20,150	2,078,450	(1,062,510)	1,015,940
		42.6	3,489,410	49,652,590	(47,439,050)	5,702,950	(77,940)	32,950	5,657,960	(3,219,200)	2,438,760

DIRECTOR OF REGENERATION AND DEVELOPMENT

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

DEVELOPMENT MANAGEMENT

The section's principal functions are:

Development Management (as applied to Regeneration Projects) - Gold

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

Development Management (general / other) - Silver

- Processing of planning and other formal applications submitted under the Town and Country Planning Acts and making determinations in accordance with policies and other material considerations and taking account of performance indicators;
- Negotiations to resolve conflict and secure better quality developments;
- Reporting applications to Planning Committee in accordance with the provisions of the Constitution;
- Responding to requests for fee-earning pre-application advice and discussion;
- Responding to other informal letters, e-mails or telephone enquiries about a wide range of matters and land charge enquiries;
- Seek to protect and enhance our heritage and environment, including settlements, buildings, landscapes and trees;
- 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. The LDF establishes the Council's objectives and policies for the future pace, scale, location and quality of development over the next 20 years and is closely allied to the Corporate Plan and Community Strategy. The production of the LDF requires much information gathering, monitoring and research and the publication of an annual monitoring report. The Core Strategy was adopted in February 2010 and attention has now turned to the preparation of the Site Allocations document which has been undergoing extensive consultation and will be subject to Public Examination in 2012. In addition, intensive work has been under way to draw up Supplementary Planning Guidance for the Whitfield Urban Expansion – a strategic allocation in the Core Strategy with innovative working using developer funding.

The Section promotes the Council's interests through involvement on other plans and strategies such as the Structure Plan and the South East Plan and is deeply engaged in the Growth Point Agenda. It is also heavily involved in supporting the Council's major regeneration projects and related research and strategies carried out by other services e.g. strategic housing and is carrying out consultations on ideas for strategic leisure provision including green infrastructure i.e. open space, childrens' 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 S106 agreements. A Charging Schedule to apply the evolving Community Infrastructure Levy is being developed through a pilot scheme with Ashford BC and DCLG

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.

BUILDING CONTROL – Silver

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

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

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

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

Capacity continues to be created through continuous reviews of staffing, procedures and practices in order to increase efficiency and effectiveness. Despite the recession, the level of building activity remained relatively stable within the district and activity has increased significantly in 2011/12. Even with this increase it has been possible to reduce the Building Control administrative resource by through continual improvements in efficiency. Capacity to increase fees substantially may well be constrained through increased competition from the private sector but additional income is starting to come from the production of SAP energy ratings and Code for Sustainable Homes assessments.

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 will implement a new collections plan relating to the national museums accreditation scheme. Participation is ongoing towards 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 Open Golf and extending the accommodation stock for the event. It will continue to prepare for the Olympics in 2012.

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

The initiative in partnership with Dover Town Council to relocate the VIC to a redesigned and enlarged museum foyer has made good progress. Planning permission has been granted and clearance from the Secretary of State has been received.

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

Service Priority			Objectives
Directorate Service Name	Service	Standard of service delivery	High Level Objective for Each Function
Development Management	Development Control (as applied to regeneration projects)	Gold	Ensure that approved regeneration projects are delivered
	Development Control (general / other)	Silver	Ensure that planning applications and conservation advice are considered in line with corporate priorities
	Conservation	Silver	
Building Control	Building Control	Silver	Raise standards of properties within the district through effective advice, support, enforcement and the provision of financial assistance where appropriate
Regeneration Delivery	Regeneration Delivery (LDF Delivery: Forward Planning)	Gold	Ensure that the LDF Delivery Plan is implemented in line with the district's priorities
	Strategic Housing	Gold	
	Strategic Transport (as applied to Regeneration Projects and LDF Delivery)	Gold	
	Regeneration Outcomes (delivery- DDC as landowner projects)	Silver	Safeguard the Council's interests as landowner in regeneration priorities
Museum & Tourism	Tourism	Bronze	Work in partnership to promote tourism to attract visitors and produce significant economic benefit to the district
	Museum	Bronze	Work in partnership with others to provide an appropriate curatorial service to the collection with reasonable public access

Service Summary		Budget 2012/2013									
		Costs controlled by Director					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3765	DIRECTOR OF REGENERATION & DEVELOPMENT	0.8	85,860	3,860	-	89,720	44,170	-	133,890	(133,890)	-
	Head of Service	0.8	85,860	3,860	-	89,720	44,170	-	133,890	(133,890)	-
H1000	BUILDING CONTROL	9.2	399,700	33,940	(315,450)	118,190	116,610	-	234,800	-	234,800
	Building Control	9.2	399,700	33,940	(315,450)	118,190	116,610	-	234,800	-	234,800
C3780	CONSERVATION/PRESERVATION ADMINISTRATION		-	-	-	-	-	-	-	-	-
H2030	CONSERVATION & PRESERVATION		-	5,430	-	5,430	6,880	-	12,310	-	12,310
	Conservation		-	5,430	-	5,430	6,880	-	12,310	-	12,310
L4010	OTHER REGENERATION PROJECTS		-	-	-	-	31,860	21,780	53,640	-	53,640
L4015	LANDSCAPE PARTNERSHIP PROJECT	1.0	15,770	-	-	15,770	-	-	15,770	-	15,770
L5000	ECONOMIC DEVELOPMENT		-	4,000	-	4,000	12,910	-	16,910	-	16,910
L5640	WATERFRONT DEVELOPMENT		-	-	-	-	36,020	-	36,020	-	36,020
	Projects & Transportation	1.0	15,770	4,000	-	19,770	80,790	21,780	122,340	-	122,340
L5601	TOURISM DEVELOPMENT		-	45,000	(11,500)	33,500	21,760	-	55,260	-	55,260
L5606	TOURISM PROMOTIONS		-	-	-	-	-	1,250	1,250	-	1,250
L5610	VIC GRANTS & HISTORIC PANELS		-	9,400	-	9,400	590	1,760	11,750	-	11,750
L7010	DOVER TOURIST INFORMN CENTRE		-	-	-	-	680	-	680	-	680
	Tourism	0.0	-	54,400	(11,500)	42,900	23,030	3,010	68,940	-	68,940
L3020	DOVER MUSEUM	10.6	378,210	160,150	(154,240)	384,120	116,830	201,420	702,370	-	702,370
L3022	MUSEUMS-BRONZE AGE BOAT-EXHIBT		-	22,930	(1,500)	21,430	2,920	-	24,350	-	24,350
L3025	DOVER MUSEUM SCHOOLS		1,500	24,350	(20,000)	5,850	8,270	-	14,120	-	14,120
L3027	MUSEUM - BEQUEST WORK		-	-	-	-	1,130	-	1,130	-	1,130
L3600	GRAND SHAFT-WESTERN HEIGHTS		-	2,100	-	2,100	2,850	-	4,950	-	4,950
	Museums	10.6	379,710	209,530	(175,740)	413,500	132,000	201,420	746,920	-	746,920
C3770	DEVELOPMENT MANAGEMENT TRADING	18.6	778,400	38,650	-	817,050	116,100	-	933,150	(933,150)	-
C5240	PLANNING DELIVERY GRANT		3,000	27,000	-	30,000	2,580	-	32,580	-	32,580
H3000	DEVELOPMENT CONTROL		-	81,070	(440,680)	(359,610)	1,200,350	5,500	846,240	-	846,240
H4000	DOVER DISTRICT DEVELOPM'T PLAN		-	167,700	-	167,700	429,470	-	597,170	-	597,170
	Development Control	18.6	781,400	314,420	(440,680)	655,140	1,748,500	5,500	2,409,140	(933,150)	1,475,990
C3760	FORWARD PLANNING - ADMIN	7.5	366,950	21,690	-	388,640	87,860	-	476,500	(476,500)	-
	Development Plan	7.5	366,950	21,690	-	388,640	87,860	-	476,500	(476,500)	-
		47.7	2,029,390	647,270	(943,370)	1,733,290	2,239,840	231,710	4,204,840	(1,543,540)	2,661,300

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 has recently introduced new service arrangements, which involves:

- 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 new 180l wheeled bin (black lid), dry recyclables collected in a new 240l wheeled bin (blue lid) and paper & card collected in the black box;
- Fortnightly collection of garden waste in hessian sacks; and
- Separate collection of clinical waste including needles.

The contract for the collection of refuse and recycling was awarded to Veolia Environmental Services (UK) in November 2010. The contract has been awarded in partnership with Shepway District Council and Kent County Council (as the disposal authority). Dover is the lead on this partnership and the client team from both Dover and Shepway will jointly manage the contract from the Dover council offices. The contract with Veolia Environmental Services (UK) extends until January 2021.

Supporting this service is the bulky waste collection service. This is where residents can arrange for larger items of waste to be collected for a small fee from their homes.

There are two methods of recycling available; the first are the 'bring banks' where residents can take their cans, glass, paper, textiles and place them into banks. These banks are then emptied by Veolia Environmental Services, the Salvation Army and Aylesford Newsprint and the materials taken for recycling or reuse.

The second method is the collection at the kerbside of recyclable material and this forms part of the range of services contracted to Veolia Environmental Services (UK) until January 2021. The materials collected through the doorstep recycling scheme 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.

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

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 Operation Cubit when it is held in the district. Operation Cubit is a multi agency initiative for dealing with untaxed and abandoned vehicles.

Street Cleansing

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

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

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

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

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

Public Protection

The principal functions for this team include:

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

Environmental Protection

The principal functions for this team include:

Pollution Control - the primary aim of the service is to facilitate acceptable standards for those living, working or visiting the district in respect of air, land and water quality. In particular, the team has a key role in fulfilling the Council's statutory duties in relation to Air Quality Management, Contaminated Land and Drinking and Bathing Water Quality.

Environmental Enforcement - the team responds to service requests relating to a range of public health and environmental crime issues. There is a statutory duty to investigate potential statutory nuisances, which include noise (from commercial and domestic premises, burglar and car alarms etc), dust, smoke (e.g. bonfires), odours, fumes, animals, etc. In addition, service requests relating to matters including drainage, rodents, accumulations on private land, trade waste, fly-tipping, filthy and verminous premises and dark smoke from industrial/commercial premises are also responded to.

Pest Control - the team manages the pest control service, which is currently contracted out to a company called Monitor. The service is primarily for the domestic sector with only a few 'commercial' treatments undertaken. The service provides treatment for rats, mice, wasps, fleas and other pests at a rate below the average rate of private pest control companies. The charge for rat and mouse treatments is reduced further for those on benefits.

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.

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.

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, Kent Police, the Kent Police Authority, Kent County Council, the Kent Fire and Rescue Service, Kent Probation and the local Primary Care Trust. The Home Office funds this partnership. The CSP has challenging targets for achieving reductions in reported crime and anti-social behaviour.

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

The Partnership also funds many initiatives across the district, 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 has been extended to March 2012. Under the terms of the lease, most categories of expenditure are the responsibility of TLF but some major areas remain as Council obligations.

- **Deal Pier** - The present Pier took three years to build and was officially opened by the Duke of Edinburgh in 1957. It provides opportunities for walking and fishing, has a café at the seaward end and two small shops at the entrance. The Pier itself is managed directly by the Council and in recent years substantial funds have been spent on repairing the steel and concrete structure. Construction of the new café and sun lounge was completed during autumn 2008 and has significantly enhanced the facilities available. This has been recognised through the receipt of several architectural awards. These works have also seen improvements to the deck surface and the installation of new lighting together with other minor improvements.
- **Leisure Centres** - The Council's leisure centres, Dover Leisure Centre, Tides and the Deal Indoor Tennis Centre provide a wide range of facilities. Dover has a traditional 25 metre swimming pool designed for lane and competitive swimming together with a learner pool, eight court sports hall, fitness and health suite, aerobics studio, squash courts, bar, cafeteria and other minor facilities. Tides consists of a beach effect leisure pool with waterslides, ancillary pools and other features, a four-court sports hall, fitness and health suite and cafeteria. The 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.

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 implementing 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
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 the spread of communicable diseases.
	Environmental Health (Non Statutory Functions)	Silver	
	Licensing	Bronze	Administer and enforce statutory licensing activities
	Waste Contract Management (including shared service with Shepway District Council)	Gold	To provide and promote an effective and efficient waste collection and recycling service and maintain street and public space cleanliness.
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 and Maintenance	Asset Management and Maintenance (includes: area offices, corporate buildings, public conveniences, precincts, bus shelters, Timeball Tower, public clocks and memorials, Cemeteries, including burials and closed churchyards)	Silver	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.
	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 2012/2013									
		Costs controlled by Director					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
C3600	DIRECTOR OF ENVIRONMENT & ASSETS	1	105,260	4,910	(44,000)	66,170	40,910	-	107,080	(107,080)	-
	Director	1.0	105,260	4,910	(44,000)	66,170	40,910	-	107,080	(107,080)	-
C3715	PROPERTY SERVICES	17.2	601,530	70,880	(1,550)	670,860	181,520	-	852,380	(852,380)	-
C3954	MAISON DIEU PREMISES		-	8,920	(3,500)	5,420	1,740	-	7,160	(7,160)	-
C3956	DEAL AREA OFFICE TRADING ACCT		-	4,440	-	4,440	910	-	5,350	(5,350)	-
C3957	DOVER AREA OFFICE (CASTLE ST)		-	58,140	-	58,140	4,750	980	63,870	(63,870)	-
C3958	SANDWICH AREA OFFICE TRAD ACCT		-	240	-	240	-	330	570	(570)	-
C3959	AYLESHAM AREA OFFICE TRAD ACCT		-	10	-	10	100	-	110	(110)	-
C5001	CORPORATE MAINTENANCE		-	320,000	-	320,000	-	-	320,000	-	320,000
C5200	OFFICE ACCOMMODATION-WHITFIELD	2.8	50,570	459,340	(2,650)	507,260	1,820	50,690	559,770	(559,770)	-
E4100	PUBLIC CONVENIENCES		-	253,470	(139,160)	114,310	20,730	16,770	151,810	-	151,810
E5000	DEPOTS		-	1,600	(1,340)	260	7,140	12,850	20,250	-	20,250
E6000	CEMETERIES		-	179,590	(142,400)	37,190	56,740	600	94,530	-	94,530
E6100	CLOSED CHURCHYARDS		-	33,420	-	33,420	17,500	-	50,920	-	50,920
E8000	COAST PROTECTION		-	2,040	(97,000)	(94,960)	42,010	249,710	196,760	-	196,760
K1020	SECTION 38		-	320	-	320	930	-	1,250	-	1,250
K2015	TRANSPORTATION SERVICES		-	196,800	-	196,800	40,220	12,490	249,510	-	249,510
K2040	BUS SHELTERS		-	16,430	(8,500)	7,930	5,550	-	13,480	-	13,480
K3000	PRECINCTS-DEAL AND DOVER		-	18,150	-	18,150	9,900	-	28,050	-	28,050
K5000	ENVIRONMENTAL IMPROVEMENTS		-	-	-	-	-	8,310	8,310	-	8,310
L1399	MISC PROPERTIES-GENERAL		-	57,670	(167,580)	(109,910)	336,050	24,650	250,790	-	250,790
L2000	HALLS-TOWN HALL DEAL		-	2,480	(3,450)	(970)	560	5,900	5,490	-	5,490
L2010	HALLS-TOWN HALL DOVER		-	127,460	(730)	126,730	13,950	76,620	217,300	-	217,300
M2300	PARKS AND OPEN SPACES		-	635,880	(81,110)	554,770	160,030	77,540	792,340	-	792,340
	Asset Management & Maintenance	20.0	652,100	2,447,280	(648,970)	2,450,410	902,150	537,440	3,890,000	(1,489,210)	2,400,790
C3610	WASTE SERVICES TRADING ACCOUNT	5	190,810	12,660	(19,990)	183,480	70,340	-	253,820	(253,820)	-
E4200	REFUSE COLLECTION		-	960,740	(26,500)	934,240	101,090	-	1,035,330	-	1,035,330
E4210	RECYCLING		-	1,116,460	(958,850)	157,610	147,170	-	304,780	-	304,780
E4220	WASTE MANAGEMENT JOINT WORKING		-	-	-	-	-	-	-	-	-
E4300	STREET CLEANSING		-	1,408,610	(59,000)	1,349,610	113,400	-	1,463,010	-	1,463,010
	Waste Services	5.0	190,810	3,498,470	(1,064,340)	2,624,940	432,000	-	3,056,940	(253,820)	2,803,120
C3960	LICENSING ADMIN TRAD ACCOUNT	3.6	128,730	10,250	-	138,980	59,490	-	198,470	(198,470)	-
E2010	LOCAL LICENSING & REGISTRATION		-	9,850	(110,200)	(100,350)	178,680	-	78,330	-	78,330
E2020	GAMBLING ACT 2005		-	200	(33,300)	(33,100)	39,060	-	5,960	-	5,960
E2030	HACKNEY CAR AND PVTE HIRE		-	9,150	(92,110)	(82,960)	107,400	-	24,440	-	24,440

Environment & Community Assets		Costs controlled by Director					Budget 2012/2013				
		FTE	Employees	Other Costs	Income	Sub-tot	Recharges	Capital	Total Cost	Charge-outs	Total
Licensing		3.6	128,730	29,450	(235,610)	(77,430)	384,630	-	307,200	(198,470)	108,730
C3940	ENV ENFT & PROTECTION MANAGER	1.8	100,290	4,960	-	105,250	27,800	-	133,050	(133,050)	-
C3980	ENVIRONMENTAL HEALTH	12.6	554,160	28,780	-	582,940	137,250	-	720,190	(720,190)	-
E1000	FOOD SAFETY AND HYGIENE	-	-	19,950	-	19,950	171,180	-	191,130	-	191,130
E1100	HEALTH AND SAFETY AT WORK	-	-	330	-	330	135,970	-	136,300	-	136,300
E1300	PEST CONTROL	-	-	150	-	150	46,400	-	46,550	-	46,550
E1400	POLLUTION CONTROL	-	-	33,090	(17,790)	15,300	106,460	2,350	124,110	-	124,110
E1425	DEFRA CONTAMINATED LAND FUND	-	-	-	-	-	26,420	-	26,420	-	26,420
E1430	ENVIRONMENTAL ENFORCEMENT	-	8,000	7,150	-	15,150	161,320	-	176,470	-	176,470
E1500	PORT HEALTH	-	7,000	4,650	(22,900)	(11,250)	85,110	-	73,860	-	73,860
E2100	DOG CONTROL MEASURES	-	-	62,500	(4,040)	58,460	28,340	-	86,800	-	86,800
Environmental Health		14.4	669,450	161,560	(44,730)	786,280	926,250	2,350	1,714,880	(853,240)	861,640
L5050	A/C BODY RCHG-WCCP	-	-	-	-	-	42,800	-	42,800	-	42,800
L6000	WHITE CLIFFS COUNTRYSIDE PROJ	5.6	261,710	34,910	(314,620)	(18,000)	18,000	-	-	-	-
L6002	WCCP-SAMPHIRE HOE	1	56,840	1,400	(58,240)	-	-	-	-	-	-
L6003	WCCP-ROMNEY MARSH PROJECT	1	-	-	-	-	-	-	-	-	-
L6009	WCCP-VISITOR SURVEY	0.5	-	-	-	-	-	-	-	-	-
L6016	DUNGNESS NNR	-	4,000	-	(4,000)	-	-	-	-	-	-
White Cliffs Countryside Project		8.1	322,550	36,310	(376,860)	(18,000)	60,800	-	42,800	-	42,800
M2500	DOVER LEISURE CENTRE	-	-	294,060	-	294,060	12,580	262,100	568,740	-	568,740
M2510	DEAL LEISURE POOL-TIDES	-	-	21,090	-	21,090	8,930	251,260	281,280	-	281,280
M2520	DEAL TENNIS CENTRE	-	-	35,000	-	35,000	6,980	32,150	74,130	-	74,130
Leisure Centres etc		-	-	350,150	-	350,150	28,490	545,510	924,150	-	924,150
K2020	COUNTRYSIDE AND WATERWAYS	-	-	-	-	-	4,750	-	4,750	-	4,750
L1800	RELOCATION OF TRAVELLERS	-	-	-	-	-	820	-	820	-	820
L3000	TIMEBALL TOWER, DEAL	-	-	1,000	(460)	540	3,340	-	3,880	-	3,880
L3630	PUBLIC CLOCKS AND MEMORIALS	-	-	2,230	(100)	2,130	2,610	-	4,740	-	4,740
L4020	CENTURION HOUSE	-	-	61,910	(65,000)	(3,090)	3,090	-	-	-	-
L4030	DOLPHIN HOUSE	-	-	64,860	(90,000)	(25,140)	25,140	-	-	-	-
L4040	CHARRINGTONS SITE	-	-	2,210	(5,060)	(2,850)	2,850	-	-	-	-
L4050	STAGECOACH	-	-	-	-	-	1,410	-	1,410	-	1,410
L4060	42 TOWNWALL ST	-	-	-	(1,410)	(1,410)	1,410	-	-	-	-
L4070	BRITANNIA PUBLIC HOUSE	-	-	-	(1,410)	(1,410)	1,410	-	-	-	-
L4080	JG SITE	-	-	-	(1,410)	(1,410)	1,410	-	-	-	-
M1200	ENERGY EFFICIENCY GRANTS	-	-	10,000	-	10,000	114,560	-	124,560	-	124,560
M2100	BEACHES AND FORESHORES	-	-	21,810	(43,030)	(21,220)	31,720	14,770	25,270	-	25,270
M2200	DEAL PIER	3	86,310	77,440	(68,660)	95,090	35,210	121,180	251,480	-	251,480
M2210	SANDWICH QUAY	-	-	5,300	(15,250)	(9,950)	19,750	-	9,800	-	9,800
M2610	PROPERTY SERVICES EVENTS	-	-	14,700	(14,700)	-	23,240	-	23,240	-	23,240

Environment & Community Assets

Budget 2012/2013

		Costs controlled by Director					Recharges	Capital	Total Cost	Charge-outs	Total
		FTE	Employees	Other Costs	Income	Sub-tot					
Asset Management and Maintenance		3.0	86,310	261,460	(306,490)	41,280	272,720	135,950	449,950	-	449,950
C3620	PARKING & COMM SAFETY MANAGER	1	71,680	5,350	-	77,030	28,300	-	105,330	(105,330)	-
C3390	PARKING SERVICES ADMINISTRATION	4.9	150,350	38,170	-	188,520	95,260	-	283,780	(283,780)	-
C3392	PARKING OPERATIONS & ENFORCEMENT	14.4	372,450	35,920	-	408,370	96,230	4,230	508,830	(508,830)	-
E2200	CCTV	4	121,880	77,880	(2,800)	196,960	55,990	3,630	256,580	-	256,580
E8700	CRIME AND DISORDER	1	34,660	1,440	(35,000)	1,100	11,190	-	12,290	-	12,290
K4000	CAR PARKS-SURFACE FREE		-	9,420	-	9,420	29,740	-	39,160	-	39,160
K4010	CAR PARKS-SURFACE PAYING		-	291,770	(1,829,000)	(1,537,230)	246,940	-	(1,290,290)	-	(1,290,290)
K4020	CAR PARKS-MULTI STOREY		-	34,300	-	34,300	1,070	-	35,370	-	35,370
K4030	CAR PARKS - ON STREET		-	46,410	(652,350)	(605,940)	529,700	-	(76,240)	-	(76,240)
M4000	ANTI-SOCIAL BEHAVIOUR	1.8	63,330	13,720	(30,000)	47,050	82,410	-	129,460	-	129,460
M4400	YOUTH TASK FORCE FUNDING		-	-	-	-	-	-	-	-	-
Parking & Community Safety		27.1	742,670	549,030	(2,549,150)	(1,257,450)	1,148,530	7,860	(101,060)	(792,610)	(893,670)
		82.2	2,897,880	7,338,620	(5,270,150)	4,966,350	4,196,480	1,229,110	10,391,940	(3,694,430)	6,697,510

Earmarked General Reserves

	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance
	2010/11 £000	2011/12 £000	2011/12 £000	2011/12 £000	2012/13 £000	2012/13 £000	2012/13 £000	2013/14 £000	2013/14 £000	2013/14 £000	2014/15 £000	2014/15 £000	2014/15 £000
General Fund Balance	(2,225)	165	0	(2,060)	0	20	(2,040)	0	8	(2,032)	0	21	(2,011)
General Fund Balance	(2,225)	165	0	(2,060)	0	20	(2,040)	0	8	(2,032)	0	21	(2,011)
Special Projects	(771)	(565)	276	(1,060)	0	516	(544)	0	0	(544)	0	0	(544)
On-Street Parking	(3)	0	0	(3)	0	3	0	0	0	0	0	0	0
ICT Equipment & Servers	(73)	(33)	0	(106)	(158)	188	(77)	(58)	0	(135)	(58)	0	(193)
Benefits Overpayments	(259)	0	0	(259)	0	0	(259)	0	0	(259)	0	0	(259)
Concessionary Fares	(162)	0	162	0	0	0	0	0	0	0	0	0	0
Elections Reserve	(144)	(15)	155	(4)	(15)	0	(19)	(15)	0	(34)	(15)	0	(49)
Private Sector Housing	(35)	(63)	0	(98)	(39)	0	(137)	0	0	(137)	0	0	(137)
Major Events	(188)	(20)	76	(132)	(20)	62	(90)	(20)	0	(110)	(20)	0	(130)
Cluster Preparation	(469)	(118)	288	(300)	(110)	50	(360)	(110)	0	(470)	(110)	0	(580)
Invest to Save	(9)	(20)	0	(28)	(19)	0	(47)	0	0	(47)	0	0	(47)
Iceland Investment Reserve	(450)	0	450	0	0	0	0	0	0	0	0	0	0
Backfunding equalisation	0	(250)	0	(250)	(250)	0	(500)	(250)	0	(750)	0	0	(750)
New Homes Bonus	0	(147)	0	(147)	0	0	(147)	0	0	(147)	0	0	(147)
Business Rates and Ctax Benefit	0	0	(612)	(612)	0	0	(612)	0	0	(612)	0	0	(612)
Earmarked Reserves Excl LDF & PD	(2,561)	(1,231)	794	(2,998)	(611)	818	(2,791)	(453)	0	(3,244)	(203)	0	(3,447)
Local Development Framework	(298)	0	116	(182)	0	161	(21)	0	25	4	0	0	4
Planning Delivery Grant	(172)	0	108	(64)	0	30	(34)	0	0	(34)	0	0	(34)
Earmarked Reserves Total	(3,031)	(1,231)	1,018	(3,244)	(611)	1,009	(2,847)	(453)	25	(3,275)	(203)	0	(3,478)
Total Revenue Reserves	(5,256)	(1,066)	1,018	(5,304)	(611)	1,029	(4,886)	(453)	33	(5,307)	(203)	21	(5,489)

EARMARKED RESERVES

Special Projects – this sum is held in reserve to be used to finance the costs of special and one-off projects. It can be used for both revenue and capital projects. The contributions and applications from this reserve are detailed in the Special Projects summary (Annex 8D).

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

ICT Equipment & Servers Reserve – this reserve has been established to level out the budgeting impact of replacing and upgrading ICT systems, equipment and servers. An allowance of up to £150k has been made to support harmonisation and updating of hardware and software as part of the EKS project. This will be applied to projects at the discretion of the Director of Finance, Housing and Community in consultation with the portfolio holder responsible for Finance.

Benefits Overpayments – recovery of benefits overpayments is difficult to forecast so contributions to this reserve were made in 2007/08 and 2008/09 when they were first incorporated into the budgets. The reserve is applied to smooth out fluctuations in performance as required and will be applied at the discretion of the Director of Finance, Housing and Community in consultation with the portfolio holder responsible for Finance.

Concessionary Fares Reserve – this reserve was established to mitigate the estimated impact of Concessionary Fares appeals. No further use of this reserve is anticipated and so the balance has been transferred to create the Business Rate & Council Tax Benefits Reserve (see below).

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

Private Sector Housing Reserve – this reserve has been set up to smooth the impact of Housing surveys required on a 4-yearly basis and to allocate the balance of additional Homelessness grant received in 2011/12 and projected for 2012/13 to be held available for future associated projects and will be applied at the discretion of the Director of Finance, Housing and Community in consultation with the relevant portfolio holder.

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

Cluster preparation (joint working) – the reserve was established from a combination of Performance Reward Grant (PRG) received and income for VAT refunds. An element of the reserve has been set aside to fund commitments from the PRG scheme for Crime & Disorder Reduction Partnerships and Private Sector Housing.

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

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

Iceland Investment Reserve – this reserve was established to set aside funds to reduce the impact of the risk of losses on the Icelandic Investment. Following the impairment of the value of the investment in the 2010/11 accounts and the recent court hearings it is anticipated that no further use of this reserve will be required and so the balance has been transferred to create the Business Rate & Council Tax Benefits Reserve (see below).

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

New Homes Bonus – this reserve was established to set aside half the grant received in 2011/12 from the New Homes Bonus scheme to support future pressures and projects relating to any significant areas of property development.

Business Rate & Council Tax Benefits Reserve – this reserve has been established to set aside some funding to assist in offsetting some of the potential costs to the Council of the current proposals relating to the retention of business rates and the revised council tax benefit scheme.

Local Development Framework – this reserve has been created to hold the monies set aside to fund the Local Development Framework. The 2012/13 General Fund revenue budget includes use of the reserve of £161k to offset spending included under the Director of Regeneration and Development. The reserve is currently forecast to be utilised during 2013/14 but changes to requirements could reduce the financial input required. Ongoing consideration of the areas to progress on the LDF is given by the Director of Regeneration & Development and funding needs will be assessed as part of this process.

Housing Planning & Delivery Grant – Housing Planning and Development Grant was received from Government on the basis of Planning performance, judged against performance indicators. The application is based on the current HPDG program (subject to separate reports).

Housing Revenue Account - 2012/13 Estimates

	2011/12 Original Budget £000	2011/12 Projected Outturn as at 31/12/11 £000	Variance to Original £000	Notes	2012/13 Proposed Budget £000	Variance to 2011/12 Projected £000	Notes
INCOME							
Dwelling Rents	(16,959)	(17,044)	(85)	1	(17,962)	(918)	A
Non-dwelling Rents	(404)	(404)	(0)		(422)	(18)	B
Charges for Services and Facilities	(340)	(325)	15	2	(350)	(25)	C
Conts. towards Expend. - Supporting People	(143)	(227)	(84)	3	(195)	32	D
Conts. towards Expend. - Leaseholders	(355)	(227)	128	4	(131)	96	E
TOTAL INCOME	(18,201)	(18,227)	(26)		(19,060)	(833)	
EXPENDITURE							
Repairs and Maintenance	3,880	3,110	(770)	5	3,428	318	F
Supervision and Management	2,593	3,400	807	6	3,110	(290)	G
Rents, Rates, Taxes and Other Charges	121	121	0		93	(28)	H
Negative Subsidy Entitlement (Incl MRA)	5,951	5,951	0		6,809	858	I
Depreciation of Fixed Assets	3,196	3,190	(6)	7	2,187	(1,003)	J
Impairment of Fixed Assets	0	0	0		0	0	
Debt Management Expenses	23	22	(1)	8	22	0	
Bad Debt Provision	85	85	0		110	25	K
Rent Rebate Subsidy Limitation	30	30	0		21	(9)	L
TOTAL EXPENDITURE	15,879	15,909	30		15,780	(129)	
NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT	(2,322)	(2,318)	4		(3,280)	(962)	
HRA Share of Corporate and Democratic Core	548	327	(221)	9	326	(1)	M
NET COST OF HRA SERVICES	(1,774)	(1,991)	(217)		(2,954)	(963)	
Amortisation of Premiums & Discounts	0	0	0		0	0	
Interest and Investment Income	(220)	(128)	92	10	(138)	(10)	N
Pension Int Costs and expected return on pensions assets	674	248	(426)	11	247	(1)	O
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(1,320)	(1,871)	(551)		(2,845)	(974)	
Amount required by statute to be credited to the HRA Balance for the year (as per the Note to the Statement of Movement below) **	804	1,073	269		2,311	1,238	
(Increase)/Decrease in the Housing Revenue Account Balance - see notes in Annex 4 contd	(516)	(798)	(282)		(534)	264	

Impact of Deficit / (surplus) on balances						
Housing Revenue Account surplus brought forward	(8,543)	(8,608)	(65)		(9,406)	(798)
Housing Revenue Account surplus carried forward	(9,059)	(9,406)	(347)		(9,940)	(534)

** 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 FRS 17	440	392	(48)	11	405	13
	440	392	(48)		405	13
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	31	37	6	12	1,121	1,084
Employer's contributions payable to the Pension Fund and retirements benefits payable direct to pensioners	(726)	(248)	478	11	(247)	1
Capital expenditure funded by the HRA	1,059	892	(167)	13	1,032	140
	364	681	317		1,906	1,225
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	804	1,073	269		2,311	1,238

Housing Revenue Account Variance Analysis
2011/12 Original Budget to 2011/12 Projected Outturn & Projected Outturn to 2012/13 Estimates

Housing Revenue Account Variation Statement - as at 31 December 2011

		£000's
Original Budget		(516)
1 Dwelling Rents	Increase income re: reduced void & Right to Buy levels	(85)
2 Charges for Services and Facilities	Reduced income from tenants	15
3 Conts towards Expend - Supporting People	Income (Careline) no longer contr'd against cost	(84)
4 Conts towards Expend - Leaseholders	Delay in "chargeable" capital works	128
5 Repairs and Maintenance	Reduction in Revenue Works Programme & recoding re: EKH Management Fee see "Supervision & Management" below.	(770)
6 Supervision and Management	Reduction in Consultancy Fees	(80)
	Reduction in projected Legal Fee income	5
	Reduction in EKH Management Fee	834
	Removal of contingency for reduced KCC Supporting People Income	(41)
	Careline cost no longer contra'd against income	84
	Misc	4
7 Depreciation of Fixed Assets		(6)
8 Debt Management Expenses		(1)
9 HRA Share of Corporate & Democratic Core	Mainly recoding of EKH Management Fee - see "Supervision & Management" above	(221)
10 Interest & Investment Income	Reduction in average rate of return	92
11 Pension Adjustments		4
12 Transfer to Major Repairs Reserve		6
13 Capital Expenditure funded by the HRA	Reduction in capital works funded from HRA revenue.	(166)
		(798)
Projected Outturn 2011/2012 as at 31 December 2011		(798)
A Dwelling Rents	Based on DCLG advised % RPI uplift	(918)
B Non Dwelling Rents	Minor Increase	(18)
C Charges for Services & Facilities	Minor uplift	(25)
D Cont to Expenditure - Supporting People	Reduction in KCC contribution	32
E Conts to Expend - Leaseholders	Decrease in works chargeable to leaseholders	97
F Repairs & Maintenance	Additional Expenditure includes: Term Maint + £50k Voids Maint + £50k & External Repairs & Redecorations + £200k	318
G Supervision and Management	General Properties - Premises Related Costs - incl: Ground Maintenance, Rubbish Clearance, Lighting etc	9
	Sheltered Properties - Premises Related Costs - incl: Ground Maintenance, Lighting, Water & Sewerage etc	27
	Gateway Managing Agents Fee	(3)
	Reduction in EKH Management Fee - mainly due to 11/12 one off costs not being repeated in 12/13	(311)
	Reduction in Consultants fees	(10)
	Misc	(2)
H Rent, Rates etc	St Nicholas House sold January 2012	(28)
I Negative Subsidy Entitlement (Incl MRA)	As per Government Determination - part contra to Rent increase	858
J Depreciation and Impairment of Fixed Assets & Tr	Based on Government advised Major Repairs Allowance	80
K Provision for Bad Debts	Contingency for expected higher debt write off due to economic climate	25
L Rent Rebate Subsidy Limitation	Re-imburement to General Fund	(9)
M HRA Share of Corporate and Democratic Core	Misc	(1)
N Interest and Investment Income	Increase due to higher reserve	(10)
O Pension related adjustments	In accordance with Accounting Standards (FRS 17)	13
P Capital expenditure funded by the HRA	Increase in capital expenditure funded from revenue.	140
2012/2013 Budget Estimate		(534)

MEDIUM TERM CAPITAL PROGRAMME - DECEMBER 2011 OUTTURN							
APPROVED BUDGET		PROPOSED BUDGET					
Projects included in the programme	TOTAL	Previous years	Estimate 2011/12	Estimate 2012/13	Estimate 2013/14	Future years	Total
	£	£	£	£	£	£	£
Work in Progress							
Dover Regeneration Projects							
Dover Pride - Dover Town Investment Zone	1,885,210	1,506,433	192,777	93,000	93,000	0	1,885,210
DTIZ - SEEDA funded projects	6,769,691	6,690,190	79,501	0	0	0	6,769,691
LIDL Site Acquisition - SEEDA/GP Funded	931,720	0	931,720	0	0	0	931,720
DTIZ/Waterfront (DDC/GP Funded)	720,000	900	719,100	0	0	0	720,000
DTIZ - HCA funded projects	2,429,719	2,386,826	42,893	0	0	0	2,429,719
DTIZ Growth Point - 2009/10 & 2010/11 Allocations	23,908	0	23,908	0	0	0	23,908
Dover Pride - Dover Priory Ph 1 & 2	120,000	107,455	12,545	0	0	0	120,000
Waterfront (Yorkgate) - (Cluster Prep/GP Funded)	115,000	24,238	70,762	20,000	0	0	115,000
Waterfront - Planning (Cluster Prep funded)	150,000	0	150,000	0	0	0	150,000
Yorkgate - Demolition of Buildings (HCA Funded)	53,468	19,903	33,564	0	0	0	53,468
Sub total	13,198,715	10,735,945	2,256,770	113,000	93,000	0	13,198,715
Other Regeneration Projects							
Aylesham Regeneration Project	1,435,913	1,266,645	109,268	35,000	25,000	0	1,435,913
Aylesham Leisure Project (ASWS)	348,000	333,753	14,247	0	0	0	348,000
Deal Tennis Centre	1,286,144	799,475	486,668	0	0	0	1,286,144
Deal Transportation & Flood Alleviation Models- GP/KCC Funded	300,000	25,354	158,000	116,646	0	0	300,000
Sub total	3,370,057	2,425,228	768,183	151,646	25,000	0	3,370,057
Other projects							
Capital grants and contributions - voluntary organisations	75,000	73,734	1,266	0	0	0	75,000
Housing Revenue Account Property Projects	4,119,600	n/a	4,119,600	0	0	0	4,119,600
Mandatory Disabled Facilities Grants	912,075	n/a	524,190	463,000	0	0	987,190
Renovation Grants	93,466	n/a	33,466	60,000	0	0	93,466
Renovation Loans	1,879,457	1,597,871	334,332	0	0	0	1,932,203
Private Sector housing schemes - loans	2,179,992	2,017,813	162,179	0	0	0	2,179,992
Private Sector housing schemes - grants	1,320,348	1,304,224	16,124	0	0	0	1,320,348
Regional Housing Loans, Grants & Fees (2009/10 & 2010/11)	958,118	892,872	2,500	10,000	0	0	905,372
MoD Rifle Range - Managed Realignment Feasibility (100% grant)	20,000	15,252	4,748	0	0	0	20,000
Walmer to Kingsdown/Oldstairs Bay Study	63,500	52,307	11,193	0	0	0	63,500
Kingsdown Promenade Repair (100% grant funded)	86,950	13,560	73,390	0	0	0	86,950
Rostrum Call Management System	48,000	0	48,000	0	0	0	48,000
Email System Upgrade - ICT Joint Working Project	29,300	0	29,300	0	0	0	29,300
IDOX - Upgrade Planning Software System	22,000	0	22,000	0	0	0	22,000
Contaminated Land-Sweetlove Place (100% grant)	18,639	0	18,639	0	0	0	18,639
Property Level Flood Protection (100% grant)	112,500	0	112,500	0	0	0	112,500
Visitor Information Centre - Relocation	186,000	0	186,000	0	0	0	186,000
Committee/Document Management & E-Petition System	0	0	17,000	0	0	0	17,000
Fountain Refurbishment-Market Sq Dover	70,000	0	0	70,000	0	0	70,000
Sub total	12,194,944	5,967,632	5,716,427	603,000	0	0	12,287,059
Sub total of projects approved	28,763,716	19,128,805	8,741,380	867,646	118,000	0	28,855,831
General Fund Projects awaiting appraisal							
White Cliffs Landscape Partnership Scheme	80,000	0	0	80,000	0	0	80,000
Beach Recycling Works - Walmer to Kingsdown (100% grant)	360,000	0	120,000	0	120,000	120,000	360,000
Beach Recycling Works - Sandown Castle to Deal Castle (100% grant)	60,000	0	0	0	30,000	30,000	60,000
Sub total	500,000	0	120,000	80,000	150,000	150,000	500,000
HRA Programme for approval							
HRA Projects financed by Major Repairs Reserve	3,307,444	n/a	0	3,307,444	0	0	3,307,444
HRA Property Projects financed by capital receipts	0	n/a	0	0	0	0	0
HRA Property Projects financed by the HRA (DRF)	1,032,556	n/a	0	1,032,556	0	0	1,032,556
HRA Property Projects financed by Supported Borrowing	0	n/a	0	0	0	0	0
Sub total	4,340,000	0	0	4,340,000	0	0	4,340,000
New bids for approval to carry out appraisal							
Surface Water Management Plan-Deal Town/Walmer (100% grant)	120,000	0	0	100,000	20,000	0	120,000
Sandown Castle - Coastal Defence Works (100% grant)	0	0	45,000	0	0	0	45,000
Community Safety Project (100% grant)	25,000	0	15,000	10,000	0	0	25,000
Play Area Refurbishments (inc Northbourne Ave) (S106 Funded)	0	0	0	116,200	0	0	116,200
Bronze Age Boat - Replacement Air Conditioning Plant	0	0	0	18,000	0	0	18,000
Building Energy Management System	0	0	0	28,000	0	0	28,000
East Cliff Public Conveniences Refurbishment	0	0	0	75,000	0	0	75,000
Tides/DLC Plant Replacement	0	0	0	21,000	0	0	21,000
Car Park Pay & Display Meters	0	0	0	32,000	0	0	32,000
Burial Records On Line	0	0	0	15,000	0	0	15,000
Sub total	145,000	0	60,000	415,200	20,000	0	495,200
Tota	33,748,716	19,128,805	8,921,380	5,702,846	288,000	150,000	34,191,031

MEDIUM TERM CAPITAL PROGRAMME - DECEMBER 2011 OUTTURN

Projects included in the programme	APPROVED BUDGET		PROPOSED BUDGET				
	TOTAL	Previous years	Estimate 2011/12	Estimate 2012/13	Estimate 2013/14	Future years	Total
	£	£	£	£	£	£	£
Financed by:							
Capital projects financed in previous financial years	19,128,805	19,128,805	0	0	0	0	19,128,805
Capital receipts - General Fund	1,337,345	n/a	971,345	437,000	118,000	0	1,526,345
Capital receipts - HRA	0	n/a	0	0	0	0	0
Major Repairs Allowance	6,534,574	n/a	3,227,130	3,307,444	0	n/a	6,534,574
Major Repairs Reserve re Tenants Compact	0	n/a	0	0	0	n/a	0
Direct Revenue Financing - HRA	1,925,026	n/a	892,470	1,032,556	0	n/a	1,925,026
Direct Revenue Financing - General Fund	258,000	n/a	275,000	0	0	n/a	275,000
Grants							
SEEDA for DTIZ	79,501	n/a	79,501	0	0	0	79,501
SEEDA for LIDL Site Acquisition	850,000	n/a	850,000	0	0	0	850,000
HCA (was - English Partnerships) for DTIZ/mid-town centre	42,893	n/a	42,893	0	0	0	42,893
HCA (Yorkgate-Demolition)	33,565	n/a	33,565	0	0	0	33,565
Growth Point Status grant 2009/10 to 2010/11	23,908	n/a	23,908	0	0	0	23,908
Growth Point (Deal Transportation Model)	183,097	n/a	105,335	77,762	0	0	183,097
Growth Point (Aylesham Leisure Project)	14,247	n/a	14,247	0	0	0	14,247
Growth Point for DTIZ/Waterfront	219,100	n/a	219,100	0	0	0	219,100
Growth Point for LIDL Site Acquisition	81,720	n/a	81,720	0	0	0	81,720
Growth Point (Waterfront-Yorkgate)	15,000	n/a	0	15,000	0	0	15,000
Growth Point (White Cliffs Landscape Partnership)	80,000	n/a	0	80,000	0	0	80,000
KCC (Deal Transportation Model)	91,549	n/a	52,665	38,884	0	0	91,549
Mandatory Disabled Facilities Grants	912,075	n/a	524,190	463,000	0	0	987,190
Coast Protection grants	435,941	n/a	135,941	0	150,000	150,000	435,941
Private Sector Renewals Grant	525,135	n/a	515,135	10,000	0	0	525,135
Dover Town Council (VIC Relocation)	75,000	n/a	75,000	0	0	0	75,000
Dover Town Council (Fountain Refurb)	10,000	n/a	0	10,000	0	0	10,000
Environment Agency (Kingsdown Promenade Repair)	73,390	n/a	73,390	0	0	0	73,390
Environment Agency (Contaminated Land-Sweetlove Place)	18,639	n/a	18,639	0	0	0	18,639
Environment Agency (Property Level Flood Protection)	112,500	n/a	112,500	0	0	0	112,500
Environment Agency (Surface Water Management)	120,000	n/a	0	100,000	20,000	0	120,000
Environment Agency (Sandown Castle-Coastal Defence)	0	n/a	45,000	0	0	0	45,000
Performance Reward Grant (Community Safety)	25,000	n/a	15,000	10,000	0	0	25,000
Section 106 Funding	0	n/a	0	116,200	0	0	116,200
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	243,445	n/a	243,445	0	0	0	243,445
Other reserves							
- Cluster Prep Reserve (Waterfront)	225,762	n/a	220,762	5,000	0	0	225,762
- Special projects reserve	73,500	n/a	73,500	0	0	0	73,500
Total	33,748,716	19,128,805	8,921,380	5,702,846	288,000	150,000	34,191,031

Note

Dover Regeneration projects comprise a single capital budget. Virements between the lines within this project are delegated to the Director of Finance, Housing & Community.

Summary of capital receipts as at January 2012

ANNEX 8B

	Estimate 2011/12	Estimate 2012/13	Estimate 2013/14	Estimate 2014/15	
	£	£	£	£	
Usable capital receipts at 1 April	(826,177)	(1,738,149)	(2,672,649)	(2,666,149)	
Capital receipts allocated to the finance committed projects	971,345	437,000	118,000	118,000	
Retained capital receipts from HRA right to buy sales received	(137,544)	-	-		- Note 1
Other receipts from sales achieved	(1,065,773)	-	-		- Note 2
<u>Surplus of receipts available to fund new projects</u>	<u>(1,058,149)</u>				Note 3
Capital receipts allocated to new projects	-	191,000	-	-	
Anticipated retained capital receipts from HRA right to buy sales	(80,000)	(111,500)	(111,500)	(111,500)	Note 1
Other anticipated sales	(750,000)	(1,260,000)	-		- Note 2
Estimated usable capital receipts to be carried forward at 31 March	<u>(1,888,149)</u>	<u>(2,481,649)</u>	<u>(2,666,149)</u>	<u>(2,659,649)</u>	

Note 1

It is estimated that there will be 11 dwelling sales in 2011/12 (7 sales have completed to date and 4 are in the pipeline expected to complete by 31/3/12). A decrease in sales is expected in the next three years and an estimate of 7 sales has been assumed for the remainder of the period.

Note 2

The current year estimate relates to the estimated value of sales in progress.

2012/13 reflects other assets currently on the market or being prepared for marketing. No asset sales are currently assumed for future years, however a disposal plan has been prepared and anticipated receipts will be added to the forecast as individual assets are progressed for sale.

Note 3

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.

HOUSING REVENUE ACCOUNT - REVENUE AND CAPITAL WORKS PROGRAMME

REVENUE WORKS PROGRAMME	APPROVED BUDGET 2011/12	REVISED BUDGET 2011/12	PROPOSED BUDGET 2012/13
	£000	£000	£000
1. Term Maintenance	1,200	1,000	1,050
2. Heating Service	680	680	680
3. Lift Servicing	10	5	5
4. Voids Maintenance	600	600	650
5. Void Properties Security	5	3	3
6. Service Contracts - Disabled Hoists & Lifts	20	13	13
7. Service Contracts - Fire Alarms	62	55	55
8. Service Contracts - Door Entry	25	15	15
9. Service Contracts - Sunny Corner	5	1	0
10. Vandalism Repairs	40	30	30
11. Insurance Excess	10	10	10
12. Electrical Safety Inspections	45	45	45
13. Legionella	10	15	15
14. External Repairs and Redecorations	500	500	700
15. Redecorations for Elderly Persons	10	20	10
16. Communal TV Aerials Installation	10	20	10
17. Estates Paths, Pavings, Floor Resurfacing	75	60	75
18. Cesspools	5	0	0
TOTAL REVENUE WORKS PROGRAMME	3,312	3,072	3,366

CAPITAL WORKS PROGRAMME	APPROVED BUDGET 2011/12	REVISED BUDGET 2011/12	PROPOSED BUDGET 2012/13
	£000	£000	£000
<u>HOUSING REVENUE ACCOUNT SCHEMES</u>			
IMPROVEMENTS			
19. Reroofing	350	350	250
20. Replacement Doors and Windows	11	1	0
21. Renewal Heating/Heating Programme	850	600	850
22. Thermal insulation	10	17	10
23. Environmental Improvements (Tenants Compact)			
Dover/Deal	31	31	31
Deal - now combined with Dover	0	0	0
Sandwich/Rural	19	19	19
Rural - now combined with Sandwich	0	0	0
24. Door Entry/Warden Call	150	2	150
25. Fire Precautions	300	85	315
26. Asbestos Programme	25	15	15
27. Structural Repairs	200	150	200
28. Kitchen Programme	1,250	1,450	1,250
29. Rewiring	650	700	500
OTHER SCHEMES			
30. Adaptations for Disabled Persons	700	700	750
31. Sheltered Refurbishments	0	0	0
32. Kitchen Installations - Revenue Funded	0	0	0
TOTAL CAPITAL WORKS PROGRAMME	4,546	4,120	4,340
Financed By:			
Capital Receipts	160	0	0
Major Repairs Allowance	3,227	3,227	3,307
Direct Revenue Financing (HRA)	1,159	892	1,033
Supported Borrowing	0	0	0
TOTAL CAPITAL WORKS PROGRAMME	4,546	4,120	4,340

FULL PROGRAMME TOTAL	7,858	7,192	7,706
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SPECIAL PROJECTS - OUTTURN 2011/12

PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE	Capital / Revenue	Total Approved	Prior Years	Estimate	Estimate	Future years	Total Revised Budget
		Budget	Exp	2011/12	2012/13	£	£
		£	£	£	£	£	£
Projects in progress							
Asset Management Planning and Asbestos Surveys	R	44,200	42,172	2,029	0	0	44,200
Corporate Property Maintenance	R	504,590	481,006	23,584	0	0	504,590
Play Areas - enhancements to strategic sites	R	50,068	35,407	0	14,661	0	50,068
Control of Asbestos Regulations Works - Corporate Buildings	R	50,000	20,776	9,224	20,000	0	50,000
Disability Discrimination Act Works - Corporate Buildings	R	109,000	74,542	19,458	15,000	0	109,000
Quality Bus Partnership (formerly Kickstart Bus Initiative)	R	78,500	54,364	24,135	0	0	78,500
Whitfield Offices: - ESP evaluation	R	47,754	47,754	0	0	0	47,754
CRM project - costs	R	234,844	234,844	0	0	0	234,844
Capital projects in capital programme financed from reserve:							
Provision allocated to capital programme to finance capital projects	C	825,976	692,476	73,500	60,000	0	825,976
		1,944,932	1,683,340	151,930	109,661	0	1,944,931
Projects approved subject to project appraisal							
Provision - possible abortive costs on unsuccessful Aylesham welfare scheme	R	8,430	0	8,430	0	0	8,430
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	R	60,466	0	60,466	0	0	60,466
Dover Museum & VIC refurbishment & equipment	R	0	0	0	0	0	0
Play Areas - Clarendon, Dover provision of new site (only to go ahead if S106 funding available)	R	100,000	0	100,000	0	0	100,000
Dover Port Community Charity Trust	R	25,000	0	25,000	0	0	25,000
Olympics 2012	R	30,000	0	30,000	0	0	30,000
New bids for approval to carry out appraisal							
Car Park Study	R	25,000	0	0	25,000	0	25,000
DES Efficiency Projects	R	80,000	0	0	80,000	0	80,000
Connaught Park Pond/Shelter	R	36,000	0	0	36,000	0	36,000
Parks - General Repairs (walls, fences, lakes, structures etc)	R	25,000	0	0	25,000	0	25,000
Cemetery Provision for Dover - consultancy	R	10,000	0	0	10,000	0	10,000
Farthingloe/Western Heights - consultancy	R	30,000	0	0	30,000	0	30,000
Corporate Property Maintenance	R	50,000	0	0	50,000	0	50,000
Proposed balance to transfer to capital projects	C	0	0	0	0	0	0
Total Projects Subject to Approval/Appraisal		479,896	0	223,896	256,000	0	479,896
GRAND TOTAL		2,424,828	1,683,340	375,826	365,661	0	2,424,827
Special Projects Financing							
Funded from Special Projects Reserve (see annex 7)		2,324,828	1,683,340	275,826	365,661	0	2,324,827
Section 106 Funding:- Clarendon Play Area		100,000		100,000	0		100,000
TOTAL		2,424,828	1,683,340	375,826	365,661	0	2,424,827

Remaining balance in Special Projects reserve	
Balance at 1 April 2011	770,512
Proposed allocation to projects 2011/12	-275,826
General Fund contribution to reserve re 2010/11 restructure	565,031
Balance at 31 March 2012	1,059,718
Proposed allocation to projects 2012/13	-365,661
Contribution to ICT Reserve	-150,000
Balance at 31 March 2013	544,057

CAPITAL AND SPECIAL PROJECT SCHEMES - ADDITIONAL PROJECTS & FUTURE YEAR 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

SCHEME	YEAR ONE 2012/13 £	YEAR TWO 2013/14 £	YEAR THREE 2014/15 £	YEAR FOUR TO TEN 2015/16- 2021/22 £	NOTES	Essential Desirable
Tides Plant replacement		420,000	27,000	110,000	The plant within the leisure centres is nearing (or exceeded) its designed life and a programme for its replacement has been prepared by Chapman Bathurst. Failure to renew a critical plant item that has reached or exceeded its expected life, runs the risk of a breakdown and may result in a feature being out of action for a prolonged period or even closure of a facility/leisure centre.	E
DLC Plant replacement		4,500	14,000	838,050	The plant within the leisure centres is nearing (or exceeded) its designed life and a programme for its replacement has been prepared by Chapman Bathurst. Failure to renew a critical plant item that has reached or exceeded its expected life, runs the risk of a breakdown and may result in a feature being out of action for a prolonged period or even closure of a facility/leisure centre.	E
Car Park Pay and Display Metering		32,000	32,000	96,000	The current machines are near the end of their life and it is planned to replace them over a 6 year period	E
Parks - General repairs to walls, fences, lakes, structures etc		25,000	50,000	350,000	Using special revenue funds	E
Cemetery Provision for Dover				550,000	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
Disabled Facilities Grant Funding	95,000	125,000	125,000	875,000	Without any more funding from DDC we can only help about 42 applicants a year. We get about 60 new applicants a year so with this level of funding the list will get longer all the time. There are 122 on the waiting list which for those on the bottom means a 4 or 5 year wait with current funding levels. Grant costs will also increase so the amount of jobs we do will also reduce.	D
Museum general replacements, light units, floor coverings, plant				50,000		E
Resurfacing of the Whitfield Office middle car park				50,000		E
Whitfield Office roof replacement				70,000	Continuation of programmed roof replacement work	E
Dover Town Hall replacement of flat roof coverings				150,000	The lead flat roofs are becoming worn (thin) and may need replacing with the next 10 years	E
Dover Town Hall external redecorations and repairs				135,000		E
Dover Town Hall external wall repairs				200,000	Eroding masonry will require restoration work	E
Tides external tennis Courts		75,000			Resurfacing and lining	E
DLC Roof & skylight replacement			348,000		Although not leaking these items have exceeded the expected life and are long over due replacement	E
Resurfacing Middle Street - car park				70,000	Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue	E
Resurfacing Sandwich Quay - car park				50,000	Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue	E
Resurfacing Castle Hill - car park				20,000	Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue	E
Repairs at Broadlees - car park				20,000	Failure to carry out car park resurfacing will lead to H & S issues, possible closure and loss of revenue	E
Deal Pier - resurfacing and seat refurbishment on the pier stem				270,000		E
Deal Pier - Structural Inspection and remedial work				50,000	Required to ensure that the pier structure will not deteriorate	E
Street scape improvements Middle Street Car park Deal			100,000			D
Street scape improvements South Street Deal				250,000		D
Street scape improvements Market Square Fountain Dover			75,000			D

SCHEME	YEAR ONE 2012/13 £	YEAR TWO 2013/14 £	YEAR THREE 2014/15 £	YEAR FOUR TO TEN 2015/16-2021/22 £	NOTES	Essential Desirable
Cemetery Provision for Aylesham				520,000	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.	D
Cemetery Provision for Deal				100,000	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
Victoria Park new changing rooms Option 2		200,000			Are beyond repair and due to be closed	D
Elms Vale Pavilion Refurbishment				200,000		D
CHP for Tide Leisure Centre -			25,000		CHP plant is based on a 140kW diesel engine modified to run on biofuels. Heat would be recovered from the operation of the system in proportion to the electrical load. At full output the system would produce 150kW of hot water.	D
DLC general refurbishment/replacements				400,000	General up-grading and modernisation of the facility	D
Replacement of the Whitfield Office lighting			70,000		The existing Office lighting is not zone controlled and there have also been significant improvements made in recent years in more energy efficiency lighting tubes. Improvements made to our lighting circuits with regards controls together with the install	D
Solar PV for Whitfield Offices				85,000	The Whitfield offices have a SE roof elevation that could support 214m2 of solar PV. This would provide 30.36 kWp with an estimated 24,944 kWh/annum/	D
Tides, Dover Leisure Ctrs, Whitfield offices and Dover museum				200,000	Technically feasible and financially viable energy efficiency measures to be considered as possible future capital schemes	D
Seafront enhancement at Deal following flood protection work		125,000				D
Corporate Property Maintenance (Special Revenue Funded)		50,000	50,000	50,000	Required to prevent further deterioration to the corporate portfolio. Failure to carry out preventative maintenance work will result in capital expenditure for the premature replacement of a building component.	E
TOTAL	95,000	1,056,500	916,000	5,759,050		

PROJECTS TO BE CONFIRMED

Clock Tower - Public Conveniences				TBC	Provisional subject to negotiations with DHB	E
Kings Street redevelopment - Public Conveniences				TBC		D
South Street redevelopment - Public Conveniences				TBC		D
Utilities Management for all corporate properties				Cost as yet unknown. Feasibility study to be done	The installation of automatic meter reading and monitoring for gas, electricity and water. "Smart metering", installed and monitored by external companies can result in reduced and energy/water consumption.	D
Play Areas - Set up sinking fund for new features from section 106 monies for the replacement of play equipment				TBC		E
Whitfield Offices ICT software and hardware updates				TBC		E
Elms Vale Pavilion renewal (£500k) Option 1						D

TREASURY MANAGEMENT STRATEGY STATEMENT 2012/13

1. Introduction

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."

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. These reports are required to be adequately scrutinised by Committee before being recommended to the Council. This role is undertaken by the Governance Committee.

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 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.

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.

Treasury Management Strategy for 2012/13

The strategy for 2012/13 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators; and
- the MRP strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators which will 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 CIFPA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

2. The Capital Prudential Indicators 2012/13 – 2014/15

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.

A key issue facing the Council is the impact of planned HRA reform. This would essentially end the impact of the housing subsidy system and will see the HRA as a stand alone business. The legislation has yet to be enacted, but the Council will need to approve revised limits in expectation of the reform going ahead.

The Council currently pays into the HRA housing subsidy system, and in order to stop future payments, from 1 April 2012 the Council is required to pay the CLG £91m. This payment is effectively HRA debt, and so the prudential indicators have been adjusted to reflect this change. The actual payment will be made on the 28 March 2012 and so the indicators will take immediate effect from the approval of these limits by Council. The change is expected to be beneficial to the Council.

Capital Expenditure: This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure	2010/11 Actual £000	2011/12 Forecast £000	2012/13 Proposed £000	2013/14 Proposed £000	2014/15 Proposed £000
General Fund	4,520	4,120	1,363	288	150
HRA existing	4,187	4,681	4,340	4,340 ³	4,340
HRA settlement	0	90,473 ⁴	90,473	90,473	90,473
HRA	4,187	95,154	94,813	94,813	94,813
Total	8,707	99,274	96,176	95,101	94,963

³ Assumes 2012/13 forecast level of spend continues for the planning period.

⁴ Based on the final 'Determination to Implement self-financing for council housing' from DCLG.

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 need (borrowing).

	2010/11 Actual £000	2011/12 Forecast £000	2012/13 Proposed £000	2013/14 Proposed £000	2014/15 Proposed £000
Capital Expenditure:					
Non-HRA	4,520	4,120	1,363	288	150
HRA	4,187	4,681	4,340	4,340	4,340
HRA settlement	0	90,473	90,473	90,473	90,473
Total	8,707	99,274	96,176	95,101	94,963
Financed by:					
Capital receipts	(529)	(971)	(437)	(118)	0
Capital grants	(3,277)	(2,898)	(805)	(170)	(150)
Capital reserves	(3,213)	(3,521)	(3,312)	(3,307)	(3,307)
Revenue	(1,501)	(1,411)	(1,149)	(1,033)	(1,033)
Net financing need for the year	187	90,473	90,473	90,473	90,473

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 Council is asked to approve the CFR projections below:

	2010/11 Actual £000	2011/12 Forecast £000	2012/13 Proposed £000	2013/14 Proposed £000	2014/15 Proposed £000
Capital Financing Requirement (CFR):					
CFR – non housing	11,615	11,615	11,768	11,768	11,768
CFR - housing	(4,187)	(4,187)	(4,340)	(4,340)	(4,340)
HRA Settlement	0	90,473	90,473	90,473	90,473
Total CFR	7,428	97,901	97,901	97,901	97,901
Movement in CFR		90,473	0	0	0

Movement in Capital Financing Requirement:					
HRA Settlement		90,473	0	0	0
Movement in CFR		90,473	0	0	0

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); the Medium Term Financial Plan has been prepared on this basis.

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

- 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.

No revenue charge is currently required for the HRA. However under HRA reform the HRA will be required to charge depreciation on its assets, which will have a revenue effect. In order to address any possible adverse impact, regulations will allow the Major Repairs Allowance to be used as a proxy for depreciation for the first five years.

The Use of the Council's Resources and the Investment Position - The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

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:

- Actual and estimates of the 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.

Ratio of financing costs to net revenue stream	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Non-HRA	0.85%	1.78%	1.32%	1.32%	1.32%
HRA (inclusive of settlement)	(1.89%)	(1.89%)	(1.89%)	(1.89%)	(1.89%)

The estimates of financing costs include current commitments and the proposals in this budget report.

- Estimates of the incremental impact of capital investment 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	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Council tax - band D	£0.59	£1.87	£0.06	£0.05	TBC ⁵

- iii. 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 investment decisions	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Weekly housing rent levels	£2.81	£3.94	£4.56	£4.57	£4.58

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

3. Treasury Management Strategy

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.

Current Portfolio Position

The Council's treasury portfolio position at 31 March 2011, with forward projections are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2010/11 Actual £000	2011/12 Forecast £000	2012/13 Forecast £000	2013/14 Forecast £000	2014/15 Forecast £000
External borrowing					
Borrowing at 1 April	7,002	7,098	7,130	7,130	7,130
Expected change in borrowing	96	32	0	0	0
HRA settlement		90,473	90,473	90,473	90,473
Forecast borrowing at 31 March	7,098	97,603	97,603	97,603	97,603
CFR – the borrowing need	7,428	97,901	97,901	97,901	97,901
Under borrowing	330	298	298	298	298

⁵ The capital programme for 2014/15 is still to be decided based on the level of future capital receipts available.

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 total borrowing, net of any investments, 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 2012/13 and the following two financial years (shown as net borrowing above). 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.

Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary - This is the limit beyond which external borrowing 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 borrowing.

Operational boundary	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Borrowing	15,000	15,000	15,000	15,000
Add HRA settlement	90,473	90,473	90,473	90,473
Total	105,473	105,473	105,473	105,473

The Authorised Limit for external borrowing - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing 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	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000
Borrowing	20,000	20,000	20,000	20,000
Add HRA settlement	91,000 ⁶	91,000	91,000	91,000
Total	111,000	111,000	111,000	111,000

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.

⁶ The final settlement has been advised at £90.473m, the limit has been set to allow for any unforeseen minor variations.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec 2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee inflation target. Hopes for an export led recovery appear likely to be disappointed due to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.

Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

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

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher 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 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully; and
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high and will be maintained for the borrowing excluding the HRA reform settlement.

Against this background and the risks within the economic forecast, caution will be adopted with the 2012/13 treasury operations. The Director of Finance, Housing and Community will

monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

The requirement for the HRA reform settlement to be made to the CLG on 28 March 2012 will require a separate consideration of a borrowing strategy. The Council will need to have the cash settlement amount of £91m available by the 28th March 2012, so separate borrowing solely for this purpose is anticipated. The PWLB are providing loans at interest rates 0.85% lower than the usual PWLB interest rates solely for the settlement requirements. This provides a compelling reason to utilise this borrowing availability. The exact structure of debt to be drawn is currently being considered by officers to ensure it meets the requirements of the HRA business plan and the overall requirements of the Council. Whilst the debt can be drawn earlier than needed, this may incur a revenue cost, and will be considered when a review of the structure of actual prevailing borrowing and investment interest rates is undertaken nearer to the time.

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

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

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
- 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; and
- 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:

	2012/13	2013/14	2014/15
Interest rate Exposures	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	90%	90%	90%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity Structure of fixed interest rate borrowing 2012/13			
	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%	

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.

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.

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

Annual Investment Strategy

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, 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 banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, 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 coding which show the varying degrees of 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 3 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Investment instruments identified for use in the financial year are listed in appendix 3 under the 'Specified' and 'Non-Specified' Investments categories.

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, Moodys and Standard and Poors. 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 duration for investments. The Council will therefore use counterparties within the following durational band:

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

This methodology does not apply the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. 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.

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

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

Country Limits

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

AAA

Australia
Canada
Denmark
Finland
Germany
Luxembourg
Netherlands
Norway
Singapore
Sweden
Switzerland
U.K.

AA+

- Hong Kong
- U.S.A.
- France

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.

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 3 of 2013. Bank Rate forecasts for financial year ends (March) are:

- 2011 / 2012 0.50%
- 2012 / 2013 0.50%
- 2013 / 2014 1.25%
- 2014 / 2015 2.50%

There are downside risks to these forecasts (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 there could be upside risk, 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 0.70%
- 2013/14 1.00%
- 2014/15 1.60%
- 2015/16 3.30%
- 2016/17 4.10%

However, the MTFP assumes that the Council's investments overall will average 1.72% per annum over the planning period, based on bank base rates remaining at 0.5%. This reflects the uncertainty in this area and is considered an appropriate cautious approach for this budget.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

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

Maximum principal sums invested > 364 days			
	2012/13	2013/14	2014/15
Principal sums invested > 364 days	£21m	£21m	£21m

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

Icelandic Bank Investments – The Icelandic courts have supported the view that the Council will be treated as a preferred creditor, thereby seeing a high proportion of the investment being returned. The actual repayment is currently expected to be partially in foreign currency assets. It is currently too early to provide a definitive policy on how this exchange rate risk will be managed, but the expectation will be that the risk will be managed proactively and assets converted to sterling at the earliest opportunity.

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

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

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

Liquidity – in respect of this area the Council seeks to maintain:

Bank overdraft - £0.75m

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 manager's returns 110% above 7 day compounded LIBID.

End of year investment report

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

External fund managers

£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 additionally stipulates guidelines and duration and other limits in order to contain and control risk.

Policy on the use of external service providers

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

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

Treasury Management Scheme of Delegation

The treasury management scheme of delegation is as follows:

(i) Full Council

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

(ii) Cabinet

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

(iii) Governance Committee

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

Role of the Section 151 Officer

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

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

APPENDIX 1 Economic Background

Global economy

The outlook for the global economy remains clouded with uncertainty with the UK economy struggling to generate sustained recovery that offers any optimism for the outlooks for 2011 and 2012, or possibly even into 2013. Consumer and business confidence levels are low and with little to boost sentiment, it is not easy to see potential for a significant increase in the growth rate in the short term.

At the centre of much of the uncertainty is the ongoing **Eurozone sovereign debt crisis** which has intensified, rather than dissipated throughout 2011. The main problem has been **Greece**, where, even with an Eurozone/IMF/ECB bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved if this will be either “orderly” or “disorderly”, and/or also include exit from the €uro bloc.

As if that were not enough there is growing concern about the situation in **Italy** and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and the lack of political will to address the need for fundamental reforms in the economy. The Eurozone now has a well established track record of always doing too little too late to deal with this crisis; this augurs poorly for future prospects, especially given the rising level of electoral opposition in northern EU countries to bailing out profligate southern countries.

The US economy offers little to lift spirits. With the next Presidential elections due in November 2012, the current administration has been hamstrung by political gridlock with the two houses split between the main parties. In quarter 3 the Federal Reserve started “Operation Twist” in an effort to re-ignite the economy in which growth is stalling. High levels of consumer indebtedness, unemployment and a moribund housing market are weighing heavily on consumer confidence and so on the ability to generate sustained economic growth.

Hopes for broad based recovery have, therefore, focussed on the **emerging markets** but these areas have been struggling with inflationary pressures in their previously fast growth economies. China, though, has maintained its growth pattern, despite tightening monetary policy to suppress inflationary pressures, but some forward looking indicators are causing concern that there may not be a soft landing ahead, which would then be a further dampener on world economic growth.

UK economy

The Government’s austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has virtually flatlined and concerns at the risk of a technical recession (two quarters of negative growth) in 2012, it looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner – the EU. The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. GDP growth has, basically, flatlined since the election of 2010 and, worryingly, the economic forecasts for 2011 and 2012 have been revised lower on a near quarterly basis as the UK recovery has, effectively, stalled. With fears of a potential return to recession the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity.

Unemployment. With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the deterioration of growth prospects.

Inflation and Bank Rate. For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation standing at 5.2% at the start of quarter 4 2011. They remain of the view that the rate will fall back to, or below, the 2% target level within the two year horizon.

AAA rating. The ratings agencies have recently reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy at deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve its desired outcome. This credit position has ensured that the UK government is able to fund itself at historically low levels and with the safe haven status from Eurozone debt also drawing in external investment the pressure on rates has been down, and looks set to remain so for some time.

Sector's forward view

Economic forecasting remains troublesome with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains weak and whilst there is still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty include:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- 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 exporting 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 increasingly seem likely to be undershot;
- a continuation of high levels of inflation ;
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both;
- stimulus packages failing to stimulate growth;
- elections due in the US, Germany and France in 2012 or 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

The overall balance of risks remains weighted to the downside. Lack of economic growth, both domestically and overseas, will impact on confidence putting upward pressure on unemployment. It will also further knock levels of demand which will bring the threat of recession back into focus.

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.

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before mid-2013 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

APPENDIX 2 - Treasury Management Practice
Credit and Counterparty Risk Management Specified and Non-Specified Investments and Limits

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of 50% ** will be held in aggregate in non-specified investment

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ rating criteria where applicable)

	* Minimum ‘High’ Credit Criteria	Use
Debt Management Agency Deposit Facility	N/A	In-house
Term deposits – local authorities	N/A	In-house
Term deposits – banks and building societies **	Green	In-house
Term deposits – banks and building societies **	Short-term F1, Long-term A, Support 1	Fund Managers

Term deposits with nationalised banks and banks and building societies operating with government guarantees

	* Minimum Credit Criteria	Use	*** Max % of total investments	Max. maturity period
UK nationalised banks	Green	In-house	£5m	5 years
UK nationalised banks	Short-term F1, Long-term A, Support 3	Fund Managers	20%	5 years
Banks nationalised by high credit rated (sovereign rating) countries – non UK	Short-term F1, Long-term A, Support 3 Sovereign rating AA+	Fund Managers	20%	5 years
Government guarantee (explicit) on ALL deposits by high credit rated (sovereign rating) countries	Short-term F1, Long-term A, Support 3	Fund Managers	20%	5 years
UK Government support to the banking sector (implicit guarantee)	Green	In-house	£5m	5 years
UK Government support to the banking sector (implicit guarantee) ***	UK sovereign rating	Fund Managers	£5m	5 years

***The original list of banks covered when the support package was initially announced was:

- Abbey (now part of Santander)
- Barclays
- HBOS (now part of the Lloyds Group)
- Lloyds TSB
- HSBC
- Nationwide Building Society
- RBS
- Standard Chartered

Banks eligible for support under the UK bail-out package and which have issued debt guaranteed by the Government are eligible for a continuing Government guarantee when debt issues originally issued and guaranteed by the Government mature and are refinanced. However, no other institutions can make use of this support as it closed to new issues and entrants on 28.2.10. The banks which have used this explicit guarantee are as follows:

- Bank of Scotland
- Barclays
- Clydesdale
- Coventry Building Society
- Investec bank
- Nationwide Building Society
- Rothschild Continuation Finance plc
- Standard Life Bank
- Tesco Personal Finance plc
- Royal Bank of Scotland
- West Bromwich Building Society
- Yorkshire Building Society

Other specified investment instruments with maturities up to one year:

	* Minimum Credit Criteria	Use
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating	In-house
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating	Fund Managers
Certificates of deposit issued by banks and building societies covered by the UK Government banking support package (implicit guarantee)	UK sovereign rating	In-house
Certificates of deposit issued by banks and building societies covered by the UK Government banking support package (implicit guarantee)	UK sovereign rating	Fund Managers
Certificates of deposit issued by banks and building societies NOT covered by UK Government support package (implicit guarantee)	Green	In-house
Certificates of deposit issued by banks and building societies NOT covered by UK Government guarantee support package (implicit guarantee)	*Short-term F1, Long-term A, Support 3	Fund Managers
UK Government Gilts	UK sovereign rating	In-house buy and hold and Fund Managers

	* Minimum Credit Criteria	Use
Bonds issued by multilateral development banks	AAA	In-house buy and hold and Fund Managers
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (refers solely to GEFCO - Guaranteed Export Finance Corporation)	UK sovereign rating	In-house buy and hold and Fund Managers
Sovereign bond issues (other than the UK govt)	AAA	In-house buy and hold and Fund Managers
Treasury Bills	UK sovereign rating	In house and Fund Managers
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
Government Liquidity Funds	Long-term A	In-house and Fund Managers
Money Market Funds	Long-term A	In-house and Fund Managers
Enhanced cash funds	Long-term A	In-house and Fund Managers
Bond Funds (see note 3)	Long-term A	In-house and Fund Managers
Gilt Funds	Long-term A	In-house and Fund Managers

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

NON-SPECIFIED INVESTMENTS:

For maturities in excess of 1 year

	* Minimum Credit Criteria	Use	Total investments	Max. maturity period
Term deposits – local authorities	--	In-house	£21m	5 years
Term deposits – banks and building societies	Green	In-house	£21m	5 years
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating	Fund Managers	100% of external fund	Average duration must not exceed 3 years
Certificates of deposit issued by banks and building societies covered by the UK Government banking support package (implicit guarantee)	UK sovereign rating	Fund Managers	100% of external fund	Average duration must not exceed 3 years
Certificates of deposit issued by banks and building societies NOT covered by UK Government guarantee support package (implicit guarantee)	Short-term F1, Long-term A, Support 2	Fund Managers	100% of external fund	Average duration must not exceed 3 years
UK Government Gilts	UK sovereign rating	In-house and Fund Managers	50% of external fund	Average duration must not exceed 3 years
Bonds issued by multilateral development banks	AAA	In-house and Fund Managers	50% of external fund	Average duration must not exceed 3 years
Sovereign bond issues (other than the UK govt)	AAA	In-house and Fund Managers	50% of external fund	Average duration must not exceed 3 years

Resolution to set the Council Tax

COUNCIL 7 MARCH 2012

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

2012/13

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

- (1) It be noted that on 18th January 2012 the Council calculated the Council Tax Base for 2012/13
- (a) as 40,188.44 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	319.15
Ash	1,214.70
Aylesham	1,102.77
Capel-le-Ferne	693.75
Deal	7,252.96
Denton-with-Wootton	176.67
Dover	9,551.58
Eastry	878.96
Eythorne	877.59
Goodnestone	186.04
Great Mongeham	288.72
Guston	426.54
Hougham-without	191.53
Langdon	240.58
Lydden	251.38
Nonington	309.66
Northbourne	294.97
Preston	281.03
Ringwould-with-Kingsdown	1,056.26
Ripple	162.78
River	1,524.40
St Margarets-at-Cliffe	1,287.70
Sandwich	2,032.33
Shepherdswell-with-Coldred	769.62
Sholden	439.75
Staple	236.06
Stourmouth	120.00
Sutton-by-Dover	321.19
Temple Ewell	635.26
Tilmanstone	155.51
Walmer	3,442.60
Whitfield	1,872.25
Wingham	707.38
Woodnesborough	429.42
Worth	457.35
	40,188.44

- (2) That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) for 2012/13 is calculated as:

£6,608,185

- (3) That the following amounts be calculated by the Council for the year 2012/13

in accordance with Sections 31 to 36 of the Act:

- (a) £89,840,099 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) £81,218,223 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £8,621,876 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) £214.54 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) £2,013,691 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £164.43 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	189.50
Ash	223.76
Aylesham	204.79
Capel-le-Ferne	185.69
Deal	212.37
Denton-with-Wootton	217.07
Dover	233.91
Eastry	219.13
Eythorne	211.15
Goodnestone	196.14
Great Mongeham	193.33
Guston	209.00
Hougham-without	204.55
Langdon	210.15
Lydden	202.22
Nonington	188.65
Northbourne	197.30
Preston	200.01
Ringwould-with-Kingsdown	193.24
Ripple	187.47
River	207.99
St Margarets-at-Cliffe	213.35
Sandwich	228.40
Shepherdswell-with-Coldred	205.47
Sholden	214.46
Staple	193.34
Stourmouth	187.81
Sutton-by-Dover	196.71
Temple Ewell	201.01
Tilmanstone	204.30
Walmer	203.64
Whitfield	203.59
Wingham	219.78
Woodnesborough	199.36
Worth	201.46

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	126.33	147.39	168.44	189.50	231.61	273.72	315.83	379.00
Ash	149.17	174.04	198.90	223.76	273.48	323.21	372.93	447.52
Aylesham	136.53	159.28	182.04	204.79	250.30	295.81	341.32	409.58
Capel-le-Ferne	123.79	144.43	165.06	185.69	226.95	268.22	309.48	371.38
Deal	141.58	165.18	188.77	212.37	259.56	306.76	353.95	424.74
Denton-with-Wootton	144.71	168.83	192.95	217.07	265.31	313.55	361.78	434.14
Dover	155.94	181.93	207.92	233.91	285.89	337.87	389.85	467.82
Eastry	146.09	170.43	194.78	219.13	267.83	316.52	365.22	438.26
Eythorne	140.77	164.23	187.69	211.15	258.07	304.99	351.92	422.30
Goodnestone	130.76	152.55	174.35	196.14	239.73	283.31	326.90	392.28
Great Mongeham	128.89	150.37	171.85	193.33	236.29	279.25	322.22	386.66
Guston	139.33	162.56	185.78	209.00	255.44	301.89	348.33	418.00
Hougham-without	136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10
Langdon	140.10	163.45	186.80	210.15	256.85	303.55	350.25	420.30
Lydden	134.81	157.28	179.75	202.22	247.16	292.10	337.03	404.44
Nonington	125.77	146.73	167.69	188.65	230.57	272.49	314.42	377.30
Northbourne	131.53	153.46	175.38	197.30	241.14	284.99	328.83	394.60
Preston	133.34	155.56	177.79	200.01	244.46	288.90	333.35	400.02
Ringwould-with-Kingsdown	128.83	150.30	171.77	193.24	236.18	279.12	322.07	386.48
Ripple	124.98	145.81	166.64	187.47	229.13	270.79	312.45	374.94
River	138.66	161.77	184.88	207.99	254.21	300.43	346.65	415.98
St Margarets-at-Cliffe	142.23	165.94	189.64	213.35	260.76	308.17	355.58	426.70
Sandwich	152.27	177.64	203.02	228.40	279.16	329.91	380.67	456.80
Shepherdswell-with-Coldred	136.98	159.81	182.64	205.47	251.13	296.79	342.45	410.94
Sholden	142.97	166.80	190.63	214.46	262.12	309.78	357.43	428.92
Staple	128.89	150.38	171.86	193.34	236.30	279.27	322.23	386.68
Stourmouth	125.21	146.07	166.94	187.81	229.55	271.28	313.02	375.62
Sutton-by-Dover	131.14	153.00	174.85	196.71	240.42	284.14	327.85	393.42
Temple Ewell	134.01	156.34	178.68	201.01	245.68	290.35	335.02	402.02
Tilmanstone	136.20	158.90	181.60	204.30	249.70	295.10	340.50	408.60
Walmer	135.76	158.39	181.01	203.64	248.89	294.15	339.40	407.28
Whitfield	135.73	158.35	180.97	203.59	248.83	294.07	339.32	407.18
Wingham	146.52	170.94	195.36	219.78	268.62	317.46	366.30	439.56
Woodnesborough	132.91	155.06	177.21	199.36	243.66	287.96	332.27	398.72
Worth	134.31	156.69	179.08	201.46	246.23	291.00	335.77	402.92

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

2012/13

that the Kent County Council, the Kent Police Authority and the Kent and Medway Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each

	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
Kent Police Authority	92.45	107.86	123.27	138.68	169.50	200.32	231.13	277.36
Kent & Medway Fire & Rescue Authority	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

2012/13

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	962.60	1,123.04	1,283.47	1,443.91	1,764.78	2,085.65	2,406.51	2,887.82
Ash	985.44	1,149.69	1,313.93	1,478.17	1,806.65	2,135.14	2,463.61	2,956.34
Aylesham	972.80	1,134.93	1,297.07	1,459.20	1,783.47	2,107.74	2,432.00	2,918.40
Capel-le-Ferne	960.06	1,120.08	1,280.09	1,440.10	1,760.12	2,080.15	2,400.16	2,880.20
Deal	977.85	1,140.83	1,303.80	1,466.78	1,792.73	2,118.69	2,444.63	2,933.56
Denton-with-Wootton	980.98	1,144.48	1,307.98	1,471.48	1,798.48	2,125.48	2,452.46	2,942.96
Dover	992.21	1,157.58	1,322.95	1,488.32	1,819.06	2,149.80	2,480.53	2,976.64
Eastry	982.36	1,146.08	1,309.81	1,473.54	1,801.00	2,128.45	2,455.90	2,947.08
Eythorne	977.04	1,139.88	1,302.72	1,465.56	1,791.24	2,116.92	2,442.60	2,931.12
Goodnestone	967.03	1,128.20	1,289.38	1,450.55	1,772.90	2,095.24	2,417.58	2,901.10
Great Mongeham	965.16	1,126.02	1,286.88	1,447.74	1,769.46	2,091.18	2,412.90	2,895.48
Guston	975.60	1,138.21	1,300.81	1,463.41	1,788.61	2,113.82	2,439.01	2,926.82
Hougham-without	972.64	1,134.74	1,296.85	1,458.96	1,783.18	2,107.39	2,431.60	2,917.92
Langdon	976.37	1,139.10	1,301.83	1,464.56	1,790.02	2,115.48	2,440.93	2,929.12
Lydden	971.08	1,132.93	1,294.78	1,456.63	1,780.33	2,104.03	2,427.71	2,913.26
Nonington	962.04	1,122.38	1,282.72	1,443.06	1,763.74	2,084.42	2,405.10	2,886.12
Northbourne	967.80	1,129.11	1,290.41	1,451.71	1,774.31	2,096.92	2,419.51	2,903.42
Preston	969.61	1,131.21	1,292.82	1,454.42	1,777.63	2,100.83	2,424.03	2,908.84
Ringwould-with-Kingsdown	965.10	1,125.95	1,286.80	1,447.65	1,769.35	2,091.05	2,412.75	2,895.30
Ripple	961.25	1,121.46	1,281.67	1,441.88	1,762.30	2,082.72	2,403.13	2,883.76
River	974.93	1,137.42	1,299.91	1,462.40	1,787.38	2,112.36	2,437.33	2,924.80
St Margarets-at-Cliffe	978.50	1,141.59	1,304.67	1,467.76	1,793.93	2,120.10	2,446.26	2,935.52
Sandwich	988.54	1,153.29	1,318.05	1,482.81	1,812.33	2,141.84	2,471.35	2,965.62
Shepherdswell-with-Coldred	973.25	1,135.46	1,297.67	1,459.88	1,784.30	2,108.72	2,433.13	2,919.76
Sholden	979.24	1,142.45	1,305.66	1,468.87	1,795.29	2,121.71	2,448.11	2,937.74
Staple	965.16	1,126.03	1,286.89	1,447.75	1,769.47	2,091.20	2,412.91	2,895.50
Stourmouth	961.48	1,121.72	1,281.97	1,442.22	1,762.72	2,083.21	2,403.70	2,884.44
Sutton-by-Dover	967.41	1,128.65	1,289.88	1,451.12	1,773.59	2,096.07	2,418.53	2,902.24
Temple Ewell	970.28	1,131.99	1,293.71	1,455.42	1,778.85	2,102.28	2,425.70	2,910.84
Tilmanstone	972.47	1,134.55	1,296.63	1,458.71	1,782.87	2,107.03	2,431.18	2,917.42
Walmer	972.03	1,134.04	1,296.04	1,458.05	1,782.06	2,106.08	2,430.08	2,916.10
Whitfield	972.00	1,134.00	1,296.00	1,458.00	1,782.00	2,106.00	2,430.00	2,916.00
Wingham	982.79	1,146.59	1,310.39	1,474.19	1,801.79	2,129.39	2,456.98	2,948.38
Woodnesborough	969.18	1,130.71	1,292.24	1,453.77	1,776.83	2,099.89	2,422.95	2,907.54
Worth	970.58	1,132.34	1,294.11	1,455.87	1,779.40	2,102.93	2,426.45	2,911.74

- (6) That the Council's basic amount of Council Tax for
2012/13
is determined as not being excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act
1992.

Mike Davis

Head of Finance, Housing and Community

PARISH AND TOWN COUNCILS**2012/13**

Item No	Town and Parish Councils	2011/12			2012/13			Council Tax Increase
		Precept £	Tax Base	Council Tax £	Precept £	Tax Base	Council Tax £	
1	Alkham	8,000	320.91	24.93	8,000	319.15	25.07	0.56%
2	Ash	72,065	1,222.25	58.96	72,065	1,214.70	59.33	0.63%
3	Aylesham	40,463	1,096.36	36.91	44,509	1,102.77	40.36	9.35%
4	Capel-le-Ferne	14,500	689.66	21.02	14,750	693.75	21.26	1.14%
5	Deal	298,500	7,257.40	41.13	347,700	7,252.96	47.94	16.56%
6	Denton-with-Wootton	9,300	172.31	53.97	9,300	176.67	52.64	-2.46%
7	Dover	638,150	9,570.39	66.68	663,650	9,551.58	69.48	4.20%
8	Eastry	47,136	883.37	53.36	48,079	878.96	54.70	2.51%
9	Eythorne	41,000	872.09	47.01	41,000	877.59	46.72	-0.62%
10	Goodnestone	5,355	184.31	29.05	5,900	186.04	31.71	9.16%
11	Great Mongeham	8,140	290.35	28.04	8,343	288.72	28.90	3.07%
12	Guston	18,334	411.52	44.55	19,012	426.54	44.57	0.04%
13	Hougham-without	7,250	183.88	39.43	7,685	191.53	40.12	1.75%
14	Langdon	11,000	236.20	46.57	11,000	240.58	45.72	-1.83%
15	Lydden	9,000	252.80	35.60	9,500	251.38	37.79	6.15%
16	Nonington	7,000	309.20	22.64	7,500	309.66	24.22	6.98%
17	Northbourne	9,697	298.56	32.48	9,697	294.97	32.87	1.20%
18	Preston	10,000	283.21	35.31	10,000	281.03	35.58	0.76%
19	Ringwould-with-Kingsdown	34,743	1,040.95	33.38	30,431	1,056.26	28.81	-13.69%
20	Ripple	3,750	163.84	22.89	3,750	162.78	23.04	0.66%
21	River	66,402	1,520.65	43.67	66,402	1,524.40	43.56	-0.25%
22	St Margarets-at-Cliffe	60,000	1,290.91	46.48	63,000	1,287.70	48.92	5.25%
23	Sandwich	125,000	2,065.71	60.51	130,000	2,032.33	63.97	5.72%
24	Shepherdswell-with-Coldred	30,326	771.32	39.32	31,588	769.62	41.04	4.37%
25	Sholden	22,000	450.39	48.85	22,000	439.75	50.03	2.42%
26	Staple	6,500	236.06	27.54	6,825	236.06	28.91	4.97%
27	Stourmouth	2,805	112.98	24.83	2,805	120.00	23.38	-5.84%
28	Sutton-by-Dover	11,123	320.25	34.73	10,368	321.19	32.28	-7.05%
29	Temple Ewell	23,236	651.20	35.68	23,236	635.26	36.58	2.52%
30	Tilmanstone	7,000	158.22	44.24	6,200	155.51	39.87	-9.88%
31	Walmer	135,000	3,453.39	39.09	135,000	3,442.60	39.21	0.31%
32	Whitfield	73,310	1,871.77	39.17	73,310	1,872.25	39.16	-0.03%
33	Wingham	36,706	712.77	51.50	39,150	707.38	55.35	7.48%
34	Woodnesborough	11,000	427.73	25.72	15,000	429.42	34.93	35.81%
35	Worth	16,000	455.50	35.13	16,936	457.35	37.03	5.41%
		1,919,791	40,238.41		2,013,691	40,188.44		

2012/13 Precepts and the NDR Multiplier**The Council Tax Base**

The Council Tax base (in terms of the number of "Band D equivalent") has been resolved for the coming year at: 40,188.44

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

The District Council's precept upon the Collection Fund in 2012/13 for its own purposes will be: £6,608,185.00

The Band D Council Tax for the District Council's own purposes will therefore be: £164.43

The Band D Council Tax for the District Council's own purposes last year was: £158.94

The increase in Council Tax for the District Council's own purposes is therefore: 3.45%

This is an annual increase of: £5.49

Or a weekly increase of: £0.11

Parish Council Precepts

The Parish Councils will, in total, precept: £2,013,691.00

Last year, Parish Councils precepted: £1,919,791.00

The ave. Band D Council Tax for the Parish Councils' own purposes will therefore be: £50.11

The ave. Band D Council Tax for the Parish Councils' own purposes last year was: £47.71

This is an increase of: 5.02%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be: £8,621,876.00

Kent County Council Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2012/13 will be: £42,108,644.00

Last year's precept was: £42,161,001.00

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%

2012/13 Precepts and the NDR Multiplier**Kent Police Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2012/13 will be:	£5,573,333.00
Last year's precept was:	£5,580,263.00
The Band D Council Tax will therefore be:	£138.68
Last year's Band D Council Tax was:	£138.68
The Band D Council Tax increase as a result of this precept is therefore:	0.00%

Kent Fire & Rescue Service Authority Precept

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2012/13 will be:	£2,730,804.00
Last year's precept was:	£2,734,200.00
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 2012/13 for qualifying properties of less than £18,000:	£0.450
And for these properties the 2011/12 rate was:	£0.426
For all other properties the 2012/13 rate is:	£0.458
And for these properties the 2011/12 rate was:	£0.433

GRANTS TO CONCESSIONARY RENTALS 2012-13

2011/12	2012/13		
£			
1	1	AYLESHAM PARISH COUNCIL	LEASE OF ATTLÉE AVENUE RECREATION GROUND, AYLESHAM
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
300	325	DEAL ANGLING CLUB	LEASE OF ANGLING CABIN ON DEAL PIER
300	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
40,701	40,751		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

2011/12	2012/13	Increase / (Reduction)		
£	£	%		
200,000	300,000	50%	Vista Leisure	Vista grant for 12/13 £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
2,500	1,500	(40%)	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.
0	1,000		Victoria Bowls	Contribution to running expenses of the Club
6,130	6,300	3%	Various	Sports development grants - small payments awarded to sports clubs for coaching and kits
100,500	100,500	0%	Dover Citizen's Advice Bureau	£87k grant, plus extra £10k grant agreed by M Farrow (Traylor), 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
357,630	457,800			

Budget Monitoring Report to November 2011 (Abridged)

Introduction

1. This is a summarised version of the Budget Monitoring report to November 2011 providing an update on the General Fund and associated areas.

Budget Monitoring Process

2. Three General Fund revenue budget types are maintained:
 - **“Original Budget”** - as approved by Council in March 2011.
 - **“Adjusted Original Budget”** - reflects approved changes since the Original Budget was set, such as items carried forward from the previous year and supplementary costs that were either approved by Council or by special decision notices of its members. The “Adjusted Approved Budget” is therefore the budget against which managers are currently monitoring their activities.
 - **“Projected Outturn”** – reflects the year-end outturn as projected by budget managers, which is the anticipated position at the year-end based on current trends and information. It includes the transfer of cost centres or services between Directors, and both agreed and anticipated changes in service expenditure and income, whether favourable or adverse.

General Fund Approved Revenue Budget

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

Notes	£000	£000
1 Original Budget		(69)
2 Approved carry forwards – both confirmed and provisional.	176	
3 Financing of carry forwards from General Fund balances brought forward from 2010/11	(176)	
4 Approved increases for Citizen’s Advice Bureau funding and grant funding to Sandwich Sports & Leisure Centre Trust towards insurance costs	14	
		14
Adjusted original budget		(55)
5 Further adverse variances (see Annex 12B)		41
Projected Outturn		(14)
Projected Year End General Fund Balance		2,062

Notes

- 1 Annex 12A shows a summary of the Original Budget (with approved adjustments listed towards the bottom of the first column of figures) and the Projected Outturn.
 - 2 & 3 Carry forwards of £219k were requested. Of these, £43k were rejected and £97k were approved. The remaining £79k have been transferred either to the IT Equipment reserve (£25k for the next upgrade to the main financial system) or have been set aside in a "Carry Forwards reserve" (£54k). If the amounts set aside in the Carry Forwards reserve are not required, they will be added back to the General Fund Balance.
 - 4 At its meeting on 2nd March 2011, Council authorised additional spend to maintain a fully operational and adequate Citizen's Advice Bureau service, which has resulted in an additional £10k grant funding. Similarly, under special decision notice DD13, additional grant funding of £4,560 to Sandwich Sports & Leisure Centre Trust was agreed to cover their insurance costs.
 - 5 Further adverse variances of £41k have been reported. See Annex 12B for details.
4. The main points to note are an overall forecast overspend of £41k against the adjusted original budget, and projected General Fund balances of £2,062k.
 5. The most significant changes in the months of October and November 2011 are:
 - £45k reduction in training budgets (favourable);
 - £30k improvement in development control income (favourable for period, but still adverse for year);
 - £37k reduction in anticipated share of EKS redundancy costs (favourable);
 - £49k reduced internal recharges to General Fund (favourable);
 - £41k savings target for Deal Pier not achieved (adverse);
 - £28k savings target for CCTV not achieved (adverse).
 6. Details of all significant variances are included at Annex 12B.

Budget risks

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

Description	Impact	Likelihood	Mitigation
Olympic Torch Event – costs and commitments to spend are starting to be raised and there is a risk that the total spend during 2011/12 and 2012/13 will exceed the money set aside for it in reserves.	M	H	Regular reviews of the budget will take place and opportunities for external funding are being explored.
There is a risk of under-achievement of the £250k combined target for additional "Delivering Effective Services" savings and Vacancy provisions (although £159k has been achieved to date).	M	M	Directors and the Chief Executive have reviewed their budgets to achieve £30k annual ongoing savings from each of their areas.

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. Mitigation not clear.
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Investment Performance

8. Based on figures received from Investec to the end of November, Investec are projecting a return of approximately 1.02% for the year, which would amount to approximately £187k. In-house interest generated to the end of November 2011 is £97k, generating an estimated annualised return of 1.37%. This outperforms the benchmark (7-day LIBID rate), which currently stands at 0.55% (annualised).

Contingency

9. The contingency budget of £121k includes £30k to cover DDC's share of the increased East Kent Human Resources budget and other HR-related systems costs, of which £16k has been utilised in the year-to-date for the initial calculation of the increase to the EKHR budget.
10. Also within the overall £121k contingency budget is an amount of £31k earmarked for those "voluntarily reduced" service budgets where certain costs would not definitely arise. Of this sum, £2k approx. has been utilised to cover consultancy costs for research and provision of an annual pay report, and advice on re-tendering insurance contracts.
11. From the general contingency pot, £3k has been used for maintenance of mobile CCTV camera connections, £5.5k for further legal costs on the Dover Harbour Board consultation, and £8.5k for UPS replacement for business continuity purposes. The non-earmarked portion of the general contingency pot, not yet utilised, is £43k.

GENERAL FUND BUDGET SUMMARY FOR 2011/12 AS AT 30 NOVEMBER 2011

COMPARISON BETWEEN ORIGINAL BUDGET AND PROJECTED OUTTURN BY DIRECTORATE

	Original Budget 11/12	Projected Outturn 11/12	Variance
	£	£	£
Chief Executive	729,490	841,840	112,350
Director of Finance, Housing & Community	5,598,250	5,426,750	-171,500
Director of Regeneration & Development	1,789,710	1,733,950	-55,760
Director of Environment & Corporate Assets	5,922,770	5,376,430	-546,340
Director of Governance	1,752,480	1,655,540	-96,940
Shared Services (DDC-hosted)	337,030	256,140	-80,890
Special Revenue Projects	116,710	85,650	-31,060
Salary Vacancy Provision/Delivering Effective Services	-250,000	-90,580	159,420
Job Evaluation (10/11 Appeals)	0	0	0
Additional Joint Working Target	0	0	0
Net Direct Expenditure	15,996,440	15,285,720	-710,720
Council Tax Second Homes	-118,100	-118,100	0
Contingency	120,700	85,420	-35,280
Reserve for Carry Forward requests	0	54,100	54,100
River Stour Drainage Board Levy	57,656	57,656	0
Recharge Income from HRA/Capital	-2,095,410	-1,132,930	962,480
Deferred Charges	0	0	0
Interest receivable	-85,110	-123,000	-37,890
Interest Payable	405,200	405,200	0
Use of reserves:			
- Local Development Framework Reserve	-118,300	-115,500	2,800
- Special Projects Reserve	421,900	408,832	-13,068
- Planning Delivery Grant	-108,000	-108,000	0
- Major Events	-74,360	-56,010	18,350
- Benefits Resilience / Overpayments Recovery	0	0	0
- Elections Reserve	-106,920	-139,920	-33,000
- Private Sector Housing Reserve	63,000	63,000	0
- Concessionary Fares Reserve	0	0	0
- IT Equipment Reserve	8,000	33,000	25,000
- Joint Working/Cluster Preparation Reserve	107,480	106,270	-1,210
- Invest to Save	19,755	19,755	0
- Backfunding Equalisation Reserve	250,000	250,000	0
- Growth Point Funding	0	0	0
- New Homes Bonus Reserve	147,000	147,000	0
	14,890,931	15,122,493	231,562
Financed by:			
Revenue Support Grant	1,914,818	1,914,818	0
NDR	6,194,758	6,194,758	0
Council Tax	6,395,493	6,395,493	0
Council Tax Grant	161,000	161,000	0
New Homes Bonus	294,000	294,000	0
	14,960,069	14,960,069	0
Net Deficit / -Surplus before supplementary approvals	-69,138	162,424	231,562
Adjustments:			
Items of carry forward - approved	97,200 ²	0	-97,200 ²
Items of carry forward - placed in reserves	79,100 ³	0	-79,100 ³
Financing of carry forwards from General Fund Balance brought forward	-176,300	-176,300	0
Supplementary approvals-CAB funding & SSLCT grant	14,560 ⁴	0	-14,560 ⁴
Net Deficit / -Surplus	-54,578	-13,876	40,702
Impact of Deficit / - Surplus on Balances			
General Fund Balance B/Fwd	-1,725,341 ¹	-2,224,582	¹
Financing of carry forwards from opening balance	0	176,300	
Net Deficit / -Surplus	-69,138	-13,876	
General Fund Balance C/Fwd	-1,794,479	-2,062,158	

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.

² The items of approved carry forward are shown separately against the original budget and are then included within the Directorate budgets in Projected Outturn.

³ The items of carry forward not yet approved (£79k), that may need to be spent, are shown separately against the original budget and then included as a "Reserve for Carry Forwards" in the Projected Outturn (£54k) and a transfer to IT Equipment reserve (£25k). If some of these reserves are not needed, they will be added back to the General Fund balance.

⁴ On 2 March 2011, Council authorised additional spend to maintain a fully operational and adequate C.A.B. service, which resulted in a supplementary approval of £10k. Special decision notice DD13 approved £4.6k additional grant funding to cover Sandwich Sports & Leisure Centre Trust insurance.

Main Movements in Projected Outturn

The Main Movements in Projected Outturn are:	Previous Reports £000	Oct/Nov Variances £000	Total Variance £000
Major one-off variances:			
Concessionary Fares - net reduction in accrued Appeal settlements to transport operator, following negotiation (one-off saving)	(212)	0	(212)
East Kent Services - estimated redundancy costs (one-off pressure)	139	(37)	102
DES Restructure - additional staff costs from minor delays in redundancies and two posts retained for an additional year only (one-off pressure), as well as compromise agreements.	134	15	149
Reduced redundancy costs in 2010/11, therefore lower reimbursement of special projects reserve required	(43)	0	(43)
Bad Debts Written-Back - commercial property debts settled - provision no longer required (one-off saving)	(57)	0	(57)
Museum Admission Fees - anticipated reduction due to delay in museum/VIC merger to Feb/Mar 2012	26	0	26
Mileage policy changes - expected savings not deliverable due to deferral of new policy implementation (one-off pressure)	20	0	20
Backfunding - decreased costs (one-off saving)	0	(15)	(15)
	7	(37)	(30)
Other General Fund variances:			
DES Restructure - net retained posts (ongoing pressure)	101	(3)	98
Building Control Income - anticipated reduction	50	0	50
Recharges - net favourable impact of General Fund recharges, recalculated under shared services and post-DES structure	0	(46)	(46)
Corporate/Qualification Training budgets reduced (£10k one-off)	0	(45)	(45)
Deal Pier savings target not achieved	0	41	41
Development Control Income - anticipated reduction	40	(30)	10
East Kent Services - estimated ongoing savings higher than original service budgets	(49)	0	(49)
Interest Receivable - includes profit on sales of investments	(32)	4	(28)
CCTV savings target not achieved	0	28	28
Street Lighting - increased electricity costs anticipated under new Haven contract	25	0	25
Business rates-net reductions following corporate review of NDR	(24)	0	(24)
Corporate Overtime savings target	0	20	20
Penalties & Fines income on Council Tax & NDR	0	18	18
East Kent Local Strategic Ptshp - reduced annual subscription	(5)	(10)	(15)
Licensing Income - additional income net of appeal costs	0	(14)	(14)
National Leaflet Project - net income reduction	0	12	12
Premature Retirement Pension Payments	0	(10)	(10)
Office phones - increase in charges/saving attributable to EKS	0	10	10
Software Maintenance - net savings on contracts, etc	0	(9)	(9)
S106 income covering costs on Aylesham Community Develop't	0	(7)	(7)
Homelessness - net increase in grant over expenditure	0	(6)	(6)
Corporate Communications - net reduction	0	(5)	(5)
Dog Control - increased Kennel Fees and reduced income from parishes for dog warden patrol services	0	5	5
Deal Area Office - Rent payable to K.C.C. for library space	4	0	4
Elections Reserve - reduction above £30k target	0	(3)	(3)
Premises Insurance - increase following corporate review	6	0	6
Employee Insurance - increase following corporate review	6	0	6
Other net costs	6	(7)	(1)
	128	(57)	71
Total – Adverse/(Favourable)	135	(94)	41

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This is the statutory format required to be produced for the Statement of Accounts and is included for completeness.

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.

2010/11		2011/12		2012/13		
Actual	Net	Mid-Year		Gross	Gross Income	Net
Expenditure	Expenditure	Forecast Net		Expenditure		Expenditure
£ 000's	£ 000's	£ 000's		£ 000's	£ 000's	£ 000's
1,153	1,468			11,723	(10,373)	1,350
11,749	10,936			14,358	(3,797)	10,561
759	(1,006)			1,467	(2,490)	(1,023)
5,559	0			0	0	0
(2,615)	(1,991)			16,105	(19,060)	(2,955)
82,319	0			0	0	0
1,959	933			37,944	(36,963)	981
2,246	1,844			2,064	(261)	1,803
523	68			211	0	211
(12,833)	0			0	0	0
90,819	12,252			83,872	(72,944)	10,928
(339)	0					0
0	0					0
1,832	1,920					2,014
59	58					64
435	641					335
405	405					405
(520)	(257)					(293)
(275)	0					0
8	0					0
(1,115)	0					0
2,135	1,369					1,369
(286)	0					0
93,158	16,388					14,822
(6,370)	(6,395)					(6,608)
(1,832)	(1,920)					(2,014)
0	(161)					0
0	(294)					(449)
(1,486)	(1,915)					(138)
(8,919)	(6,195)					(7,104)
74,551	(492)					(1,491)

On its services the Council spent:-

Central Services to the Public
 Cultural, Environmental, Regulatory and Planning Services
 Highways and Transport Services
 Exceptional item – revaluation (gain)/loss of GF stock
 Local Authority Housing (HRA)
 Exceptional item – revaluation (gain)/loss of HRA stock
 Other Housing Services
 Corporate and Democratic Core
 Non-distributed Costs
 Exceptional item – pension capitalised gain & settlements

NET COST OF SERVICES

(Gain) or loss on disposal of fixed assets
 (Gain) or loss on financial assets
 Amounts due to Precepting Authorities:
 - Town and Parish Councils
 - River Stour Drainage Board
 Contribution of Housing Capital Receipts to Government Pool

Financing & Investment Income & Expenditure:

Interest payable and similar charges
 Interest and investment income
 Income and expenditure in relation to investment properties and changes in their fair value
 Impairment of Icelandic Investment
 Capital Grant Contributions
 Pensions interest cost & expected return on assets
 Exceptional item

NET OPERATING EXPENDITURE

Demand on the Collection Fund:
 - Council Tax Income for DDC Purposes *
 - Council Tax Income passed to Parishes
 Council Tax Freeze Grant
 New Homes Bonus
 Government Grants (not attributable to specific services)
 Distribution from Non-Domestic Rates Pool

TOTAL: (SURPLUS) / DEFICIT FOR THE YEAR

* 2011/12 and 2012/13 not adjusted for *Collection Fund surplus* change of treatment under SORP

MOVEMENT IN RESERVES STATEMENT

ANNEX 14

2010/11 Actual			This is the statutory format required to be produced for the Statement of Accounts and is included for completeness.	2011/12 Mid-Year Forecast			2012/13 Budget		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total	General Fund	Housing Revenue Account	Total
2,197	7,958	10,155	OPENING BALANCE	2,224	8,608	10,832	2,060	9,406	11,466
3,392	(77,943)	(74,551)	Surplus or (deficit) on provisions of services	(1,379)	1,871	492	(1,355)	2,846	1,491
0	0	0	Other Comprehensive Income and Expenditure	0	0	0	0	0	0
3,392	(77,943)	(74,551)	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE	(1,379)	1,871	492	(1,355)	2,846	1,491
			Adjustments between accounting basis and funding basis under regulations:						
1,533	0	1,533	Depreciation	1,490	0	1,490	1,478	0	1,478
32	0	32	Amortisation	18	0	18	18	0	18
5,559	82,319	87,878	Impairments	0	0	0	0	0	0
0	(922)	(922)	Major Repairs Reserve	0	(37)	(37)	0	(1,121)	(1,121)
0	0	0	MRA to fund Cap Exp	0	0	0	0	0	0
279	0	279	REFCUS	0	0	0	0	0	0
(1,115)	0	(1,115)	Capital Grants Applied	0	0	0	0	0	0
(312)	37	(275)	Investment Properties Revals	0	0	0	0	0	0
(93)	(246)	(339)	Gain / Loss on Sale of Assets	0	0	0	0	0	0
(10)	0	(10)	Revaluation Gain	0	0	0	0	0	0
445	0	445	Financial Instruments Reserve	0	0	0	0	0	0
(231)	0	(231)	Financial Impairment	0	0	0	0	0	0
(10,636)	(1,746)	(12,382)	Pensions	(269)	(144)	(413)	(335)	(158)	(493)
19	0	19	Collection Fund Adjustment Account	0	0	0	0	0	0
(22)	(849)	(871)	Capital Expenditure Funded from revenue	0	(892)	(892)	0	(1,033)	(1,033)
(16)	0	(16)	Employee Benefits Reserve	0	0	0	0	0	0
435	0	435	Capital Receipts Pooling	641	0	641	335	0	335
(4,133)	78,593	74,460		1,880	(1,073)	807	1,496	(2,312)	(816)
(741)	650	(91)	NET INCREASE / DECREASE BEFORE TRANSFERS TO EARMARKED RESERVES	501	798	1,299	141	534	675
			Transfers to / from Earmarked Reserves						
768	0	768	Earmarked Reserves	(665)	0	(665)	(162)	0	(162)
0	0	0	Transfers to other organisations	0	0	0	0	0	0
768	0	768	Earmarked Reserves Tfrs to Capital	(665)	0	(665)	(162)	0	(162)
27	650	677	INCREASE / DECREASE IN YEAR	(164)	798	634	(21)	534	513
2,224	8,608	10,832	CLOSING BALANCE	2,060	9,406	11,466	2,039	46,635	11,979

SUMMARY OF RECOMMENDATIONS

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

General Fund Revenue Accounts

- Approve the General Fund Revenue Budget for 2012/13 and the projected outturn for 2011/12;
- 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;
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 6; and
- Approve the grants to organisations detailed at Annex 11.

Housing Revenue Account

- Approve the 2012/13 HRA budget at Annex 7; and
- Amend the associated authorities for rent and service charge setting, currently delegated to the Director of Regeneration and Development to the Director of Finance, Housing and Community with effect from 1 April 2012.

Capital & Special Revenue Programmes

- 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; 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

- Approve the Treasury Management Strategy, including the Prudential Indicators and Minimum Revenue Provision statement, noting that revised the 2011/12 indicators, limits and boundaries will take immediate effect and therefore be in place for the HRA reform transactions on 26th and 28th March 2012.

Council Tax Resolution

- 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	158.94	164.43	3.45%
Kent County Council	1,047.78	1,047.78	0.00%
Kent Police Authority	138.68	138.68	0.00%
Kent & Medway Fire & Rescue Authority	67.95	67.95	0.00%
Sub-Total	1,413.35	1,418.84	0.39%
Town & Parish Council (average)	47.71	50.11	5.02%
Total Band D Council Tax	1,461.06	1,468.95	0.54%