

## REPORT OF THE HEAD OF FINANCE AND ICT

COUNCIL – 5 MARCH 2008

**COUNCIL BUDGET 2008/09****Recommendations**

*It is recommended that Council:*

- *approve the General Fund Revenue Budget (Annex 1A), the Capital and Special Projects Programmes (Annexes 11A and 11E), the HRA budget (Annex 10A), the Council Tax levy (Annex 9D) and the content and recommendations of the Medium Term Financial Plan (MTFP); and*
- *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 estimates are robust and that it is the view of the Head of Finance and ICT that the estimated General Fund and Housing Revenue Account balances and reserves are considered adequate for the Council's current spending plans.*

*The further recommendations below link to the recommendations made at the end of each section in the Medium Term Financial Plan. It is recommended that Council:*

- *Delegate to the Head of Finance and ICT authority to apply the Concessionary Fares reserve to meet any increase in Concessionary Fares above that provided in the 2008/09 budget.*
- *Delegate to the Head of Finance and ICT the authority to approve revenue budget carry forwards within the guidelines set out.*
- *Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 9A.*
- *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 Head of Finance and ICT.*
- *Approve the recommendations for the treatment of the "Minimum Revenue Provision" as set out in Annex 11G.*
- *Approve the Prudential Indicators and the Treasury Management Strategy.*
- *Note the analysis of assumptions, unknowns, risks and future events and pressures which underpin the MTFP.*

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**Purpose of the Report**

1. Under the Local Government Finance Act 1992 the Council is required to approve its precept and revenue budget each financial year, to establish the precept sum, expenditure parameters for the budget and to enable an appropriate level of Council Tax to be levied. The 2008/09 Revenue Budget summary is set out at Annex 1A to

the attached MTFP. A summary of the precepts is provided in Annex 9C and the resolution to set the Council Tax is set out in Annex 9D.

2. As part of its financial management process the Council is required to consider the Medium Term Financial Plan (MTFP) and its implications for the Council's service objectives and financial management and the Head of Finance and ICT (as Section 151 Officer) is required to comment on the robustness of the budget and the adequacy of the reserves. All of these requirements are addressed in the attached Budget and Medium Term Financial Plan report.
3. The budget and MTFP were considered by Cabinet on 7<sup>th</sup> January 2008, and by Scrutiny (Policy and Performance) Committee on 14<sup>th</sup> January 2008. They are now presented to Council for approval.
4. The MTFP also contains a number of other recommendations. These are shown at the end of the sections within the MTFP and are also shown in the list of recommendations above.

#### Background

5. The format of the MTFP has evolved over recent years. In March 2007, Council received the MTFP and a separate Council Tax Levy report. In addition, a number of copies of the full budget book, which ran to 164 pages of detailed estimates, were made available in the Members Resource Room.
6. This year the format of the MTFP has been discussed with Cabinet, Scrutiny and the Shadow Portfolio Holder for Finance and as a result, in order to provide Members with more information, and less paper, a consolidated MTFP has been produced. This includes a "strategic budget" for Members (see Annexes 1 – 11) instead of the full 164 page budget book.

#### Evaluation of options available to the Council

##### General Fund Revenue Budget

7. For 2008/09, 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.
8. The Council has discretion over allocation of resources to service priorities and its use of reserves, and can determine its Council Tax within the constraints of capping as set by Government (the Council has no influence over the level of Government funding) but must have due regard to the capacity to set viable budgets in ensuing years.

##### Capital Programme

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

### Housing Revenue Account

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

### Future Budgets

11. With regard to the rest of the MTFP, because this is also a planning document, adoption of the MTFP does not commit the Council to the forecasts for 2009/10 and 2010/11. These are for planning purposes and are likely to be adjusted in the light of new information or changes in the Council’s circumstances.

### Information to be considered in taking the decision

12. Members are asked to take into account the contents of the attached MTFP, the Corporate Plan and other related plans, as set out in the section “Related Plans and Strategies”, before considering the recommendations above.

### Background Papers

Revenue Estimates working papers.  
DCLG web site.  
Housing Subsidy Determination papers.  
Previous MTFP  
Corporate Plan and Service Plans.

### Resource Implications

13. The revenue budgets and capital plans determine the level of Council Tax and the utilisation of resources in 2008/09. The MTFP is a key element in the prudent use of resources over the medium term.

### Consultation

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

### Appendices

Appendix 1 – Medium Term Financial Plan

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Head of Finance and ICT

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

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# **Budget for 2008/09 and Medium Term Financial Plan 2008/09 – 2010/11**

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(Annexes A – D are also provided for each of the Heads of Service below.)

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## **EXECUTIVE SUMMARY**

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

1. The Medium Term Financial Plan (MTFP) is the Council's key financial planning tool and underpins the strategic approach to financial planning. Although it spans three years, it is reviewed at least annually, and is monitored during the year.
2. It must not be viewed in isolation but as part of the wider planning process and in conjunction with other plans and strategies, in particular the Corporate Plan and the Asset Management Plan. The MTFP before Members today covers the period 2008/09 – 2010/11.
3. The MTFP incorporates the 2008/09 General Fund Revenue Budget, the Housing Revenue Account (HRA) Budget and the latest Medium Term Capital Programme.
4. Years 2 & 3 of the MTFP (2009/10 – 2010/11) are included as indicative budgets for planning purposes. These will be rolled forward and amended in subsequent MTFPs and so approval of the overall plan does not set the budgets for years 2 & 3.
5. The budget for 2008/09 has been prepared following recent meetings of the Cabinet and Scrutiny (Policy and Performance) Committee, to allow the Council's formal consideration and approval of its budgets at its meeting on 5th March 2008.
6. In compiling the budget for 2008/09 the Council has had regard to the need to provide resources to deliver its 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 2008/09, but is in balance across the three years.
7. It is the view of the Head of Finance and ICT (who is also the Section 151 Officer) that the budget has been prepared in an appropriate and prudent manner and that based upon the information available, the estimates are robust.

### **THE GENERAL FUND**

8. The Council's General Fund revenue budget for 2008/09 is shown in Annex 1A. After allowing for income arising from a number of sources including fees and charges, interest, specific government grants etc, the net budget requirement for the Council's own purposes is £16.044m. The Council also requires £1.676m for Towns and Parishes and £50k for the River Stour Drainage Board, giving a funding requirement of £17.770m. This is to be met mainly by Government grant (Revenue Support Grant and distribution of Non-Domestic Rates) of £10.113m and Council Tax of £7.557m (of which DDC will retain £5.881m, £1.676m will pass to Towns and Parishes and £50k to the River Stour Drainage Board).
9. Annex 1B shows that Heads of Service have reported pressures of around £590k for 2009/10 – 2010/11. It also shows that savings of around £450k in 2009/10 – 2010/11 will be required in order to balance the MTFP.

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

10. A Council Tax increase of 4.95% for DDC purposes has been built into the 2008/09 budget. If approved, this means that the Band D Council Tax, for Dover District



Council purposes, will increase by £6.97 per annum or 13p per week to £147.77 per annum. Increases of 4.95% per annum have been assumed in the forecasts for 2009/10 and 2010/11.

11. More information on the Council Tax and NNDR is provided in the section "Council Tax and National Non Domestic Rates for 2008/09" in the main body of the MTFP. A summary of the precepts from Kent County Council, Police, Fire and Rescue and Towns and Parishes is provided at Annex 9C and the resolution to set the Council Tax levy is provided at Annex 9D.

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

12. The projected outturn for 2007/08, the draft budget for 2008/09 and the projections for 2009/10 and 2010/11 will enable General Fund balances to be maintained above £2m over the planning period (see Annex 9A). In addition earmarked reserves have been established for specific purposes including the Open Golf championship, and preparatory work for further partnership working, particularly in East Kent.
13. However, it should be noted that the Planning Development Grant reserve will be depleted probably by the end of 2008/09. The successor to PDG is Housing Planning Delivery Grant (HPDG) and at this stage it has been assumed that the Council will receive £50k of this grant. In the meantime a prudent approach to the application of these reserves has been maintained.
14. It is the view of the Head of Finance and ICT that the estimated General Fund and Housing Revenue Account balances and reserves are adequate for the Council's current spending plans.

### **HOUSING REVENUE ACCOUNT**

15. The HRA is forecast to show a surplus of £193k for 2008/09. If it can be maintained, this level of annual surplus suggests that the HRA is viable, and the accumulated surplus of £6.8m looks healthy. However, a revised HRA business plan is due for completion in early 2008/09. This will take account of forecast revenue and capital expenditure and income over the coming years and will provide a more complete picture of the long-term position.

### **ASSET MANAGEMENT PLAN**

16. 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.
17. The AMP also considers the level of maintenance work required to maintain properties at the standard to which the Council aspires. The Corporate Property Strategy and Asset Management Plan have recently been revised and were submitted to Cabinet on 3rd March 2008. This report indicated that there is a backlog in revenue funded maintenance for the period to 2011. Changing assumptions for inflation and the standard of maintenance required will affect the actual value of the backlog. Nonetheless it indicates that the aspirational standards of maintenance are likely to be above the levels the Council currently can finance.

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

18. Members will note that the capital programme budget for major regeneration projects has significantly increased. Capital resources are extremely limited, and in order to ensure that the capital programme remains affordable other projects have been re-phased. The changes to the programme are summarized in the MTCP Variation Statement at Annex 11F.
19. The Special Projects Programme (see Annex 11E) comprises significant projects which are not, in the main, capital, and which are “one off” in nature and are therefore to be funded from reserves (see section on General Fund Reserves above). Because they are financed from revenue reserves cancellation of any of these projects would free up resources which could be used to finance capital projects, revenue projects, or used for other purposes.
20. Options for additional funding of capital projects will continue to be investigated, and the Council will continue to work with partners, including SEEDA, English Partnerships and KCC to maximise the capital resources available to the Council.

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

21. The Prudential Indicators and the Treasury Management and Minimum Revenue Provision Statements are included as annexes to the MTFP and approval is sought.

## **CONSULTATION ARRANGEMENTS**

22. The Council has undertaken a range of consultations on the budget. A user friendly summary of the MTFP, the MTFP report presented to Cabinet on 7th January 2008, and the draft Corporate Plan have been placed on the Council’s website, inviting the public to give their views.
23. A consultation has also been undertaken with representatives of National Non-Domestic Rate (NNDR) payers by contacting the larger NNDR payers, Chambers of Commerce, Institutes of Small Business and the Town and Parish Councils.
24. The Council’s Citizens Panel, all Town and Parish councils, minority groups, community groups and the District Youth Forum have all been consulted and, in addition, all budget managers and Heads of Service are briefed and consulted prior to, and during, the budget process.

## **KEY ASSUMPTIONS, UNKNOWNNS AND VARIABLES**

25. The budget and projections have been based on the best information available. However there are areas where there remains a degree of uncertainty or it has been necessary make assumptions. The most significant of these, at the time of writing, have been stated in order to ensure that Members are aware of the basis of the budget.

## **RELATED STRATEGIES AND PLANS**

26. Members’ attention is drawn to the chart of related plans and strategies in the MTFP and the fact that when considering the allocation of resources within the draft budget, due regard should be given to the extent to which the proposed allocation supports the stated aims and objectives of the Council.

## CONCLUSIONS

27. Based on :-

- a 4.95% Council Tax increase;
- the Government settlement for 2008/09, 2009/10 and 2010/11;
- the other key assumptions stated in this plan;

the General Fund revenue budget is balanced across the three years.

28. The minimum target level for General Reserves is 10% of net budget requirement and is therefore currently set at £1.6m, with a preferred level of £2m. The General Reserve is forecast to remain at, or above, the £2M level over the planning period and additional earmarked reserves have been created to meet specific anticipated costs.
29. The Housing Revenue Account is forecast to be in surplus in 2008/09. The HRA has projected reserves of £6.8M at the end of 2008/09, but a more complete view of the HRA's financial position will be available when the business plan is completed early in 2008/09.
30. The capital programme can be financed, but there is no budget for new capital grants and there is no room for additional projects except at the expense of currently approved projects. The potential for additional sources of funding for capital will be kept under review.

# THE GENERAL FUND REVENUE ACCOUNTS

## FINANCIAL OBJECTIVES

31. The main financial objectives for the General Fund Revenue Account are as follows:-
- To produce a balanced General Fund Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.
  - To maintain general reserves over the medium term at an appropriate level (considered to be at least 10% of the net revenue requirement, but a preferred level of at least £2m), to deploy general reserves as appropriate to finance one-off items, to smooth expenditure between years and not to plan on the use of the general reserves to finance on-going base budget expenditure if that reduces them below 10% of the net revenue requirement.
  - To use the Special Projects and other earmarked reserves to finance one-off items and not, where possible, to support base budget expenditure.
  - To ensure that the allocation of resources is consistent with, and supportive of, the Council's corporate priorities.
  - To undertake appropriate consultation with local residents in the financial choices facing the Council.
32. It is helpful to consider the MTFP against both national and local backgrounds and these are explained below.

## THE NATIONAL BACKGROUND TO THE GENERAL FUND REVENUE ACCOUNT

### The Local Government Settlement

33. The main points to note in the settlement are set out below.
- a. The government have changed the calculation of the Revenue Support Grant (RSG) and distribution of National Non Domestic Rates (NNDR) (the distinction is entirely notional and so for brevity, this report will refer to them collectively as Government Grant). The government have moved to a three year system of funding for local authorities. The 2008/09 settlement is the first in the three year cycle and reflects the results of a Comprehensive Spending Review (CSR07) undertaken by central government.
  - b. The current government grant system no longer relies on the calculation of "Formula Spending Shares" (FSS) which set an expenditure norm for each local authority. The calculation of FSS has been discontinued and authorities simply receive a settlement figure. This means that authorities do not have a "standard" level of expenditure against which they can compare themselves.
  - c. For shire districts, the minimum increase over the 2007/08 settlement, after adjustments for changes in service provision, was 1.0%, and this was the increase received by Dover District Council. For 2009/10 and 2010/11 the increases will be 0.5% in both years.
  - d. In 2007/08 Dover District Council had total financing of £15.562m (see Annex 1A) of which £9.957m (or 64% came from government grant) and 36% from Council Tax. If the total financing requirement for 2008/09 has increased by

3% (or £482k) to £16.044m, but government grant has only increased by 1% (after adjusting for changes in service funding) then the balance all falls on the Council Tax. Without offsetting savings in the budget this alone would account for an increase in Council Tax above 5%.

#### Council Tax Levels

34. The Government have not released details of capping criteria, however they have indicated that Council Tax average increases are expected to be less than 5%. It is not clear how the “average” level will be determined, but the MTFP assumes that 5% represents the ceiling for DDC Council Tax increases.

#### Efficiency Savings

35. Government requirements for the future attainment and calculation of “Gershon” efficiency savings have not been finalised. A 71 page booklet “Delivering Value for Money in Local Government: Meeting the Challenge of CSR07” has been published by the Department for Communities and Local Government, but it does not provide definitive guidance.
36. Policy and Performance Team officers continue to work, with colleagues from other Councils, to establish what will be required. However, in the light of the very tight local government settlement it is anticipated that any cashable savings achieved to meet our target will remain available to the council for re-investment, and the main challenge will be to demonstrate that the savings have not been made at the expense of service reductions. However, more information / guidance will be required before this is certain.

#### Planning Delivery Grant (PDG) and Planning Fees

37. In the past the planning performance by DDC has generated significant PDG awards for the authority. This has been used :-
- a. For one-off initiatives including capital projects
  - b. To finance a proportion of on-going base budget spend (mainly planners salaries and market supplements)
  - c. To finance the Local Development Framework reserve.
38. The final PDG awards will be made in 2007/08. On the basis of the anticipated awards and planned usage the Council’s PDG reserve will be more or less depleted by the end of 2008/09.
39. The PDG scheme is due to be replaced with Housing PDG (HPDG) from 2008/09. The specific criteria and scale of the awards that the Council may receive have not been finally determined, although the Council has reasonable expectations of some success. This is set out in more detail in a report to Cabinet 4 February 2008 on this topic by the Head of Development and Public Protection.
40. For the purposes of the MTFP, it has been assumed that HPDG will be sufficient to finance the base budget element currently financed by PDG.
41. In parallel with HPDG, planning fees are expected to increase, and the current cap on fees, set at £50k, is expected to be raised to £250k. It is anticipated that this will protect planning fee income even if there is a downturn in activity.

### Concessionary Fares Scheme

42. The Concessionary Fares Scheme is a national scheme but there are also local factors, so the key aspects are outlined within the “Local Background” section below.

### **THE LOCAL BACKGROUND**

#### General Fund Revenue Budget and Three Year Projection

43. Annex 1A contains the 2008/09 draft budget summary. This shows that the budget for 2008/09 is forecast to be a minor deficit. Annex 1B contains the projections for 2009/10 –2010/11. This shows that over the three years, if the indicated savings in 2009/10 are achieved, the MTFP is broadly in balance, and the General Fund Balances are maintained above £2m.
44. The process for the production of the MTFP for the period 2009/10 – 2011/12 will start early in the 2008/09 year and this will require Heads of Service to identify and evaluate options for delivering the required savings.

#### Links to the Corporate Plan

45. The Corporate Plan and the MTFP are closely associated and it is critical that they are consistent. Heads of Service identify budget pressures and requirements that feed into the MTFP. Some of these are simply the impact of cost increases, new legislative requirements, the need to replace or renew equipment etc. However, where there are discretionary increases in resources, or redeployment of existing resources, these are focused upon the key Corporate objectives.
46. The Annexes 2 – 8 provide details of all the main variations for individual Heads of Service. The main links to the Corporate Plan are through the increased resourcing of regeneration and partnership work, Housing strategy / renewal initiatives, improved transportation and supporting the “green” agenda as set out below :-
- Dover Pride – additional resources to support Dover Pride which delivers a partnership including Kent County Council, South East England Development Agency & English Partnerships to support the Dover Regeneration programme.
  - Regeneration – extra posts in support of the Regeneration Team
  - East Kent Local Strategic Partnership – an additional £25k to support the operation of the partnership.
  - Climate change – provision for an additional post
  - Quality Bus Partnership – £25k commitment to transportation.
  - Joint working - savings of £9k from the Audit partnership.
  - Handyman Scheme - £15k
  - Strategic Housing Post - £43k
  - Additional planning posts - £53k

- Recycling - £53k

### Corporate Income Streams

47. The main income streams from Government Grant, Council Tax, Second Homes, Collection Fund surplus and Area Based Grants are set out below.

### Government Grant

48. The overall requirement for an authority is calculated using a “four block” model. The four blocks are :-

- Relative Needs Block  
This block is based on formulae which aim to reflect the varying needs of different authorities for each main area of service.
- Relative Resource Amount  
This is a negative figure and takes account of the relative ability of different authorities to raise Council Tax income.
- Central Allocation  
This is a per capita allocation of resources.
- Floor Damping  
This guarantees all authorities at least a minimum level of grant, funded by scaling back the level of grant paid to authorities receiving more than the minimum level.

49. For 2008/09 Government grant will be £10,113k, an increase of £156k over the £9,957k for 2007/08.

50. Before the grant was announced, press releases from DCLG had suggested that local government would receive a settlement 1% higher than inflation. This would indicate a cash figure for 2008/09 of between 3.5 – 4.0% higher than the settlement for 2007/08. As each 1% increase is worth around £100k for DDC, this suggests an increase of £350 - £400k.

51. However the settlement for 2008/09 – 2010/11 indicates that DDC will receive a 1.5% cash increase for 2008/09 and 0.5% for 2009/10 & 2010/11.

52. The 1.5% increase incorporates the Waste Efficient Grant, and, when this is taken into account the cash increase in 2008/09 is just 1.0%. This amounts to a “real terms” loss of around 2.5 – 3.0% grant in 2008/09 and a loss of around 7.5 – 9.0% in real terms over the planning period. This means that cumulatively DDC will lose £750k - £900k in Government Grant.

53. The main reason for this low level of increase is that DDC is “on the floor” in grant calculation. This means that the grant the Council is receiving is higher (by some £500k in Dover’s case) than its requirements, as calculated by Government. As a result DDC will receive the minimum or “floor” increases until the Government determined requirements “overtake” the current level of grant and DDC will then be “off the floor”.

54. When specific grants are consolidated into RSG, unless they lift DDC off the floor, we will probably see no real benefit. This is an important consideration because, in three

years time, it is likely that the Concessionary Fares specific grant will be consolidated into the RSG. That may mean that the improved Concessionary Fares grant (see section below) could, effectively be lost in 2011/12. For this reason the Concessionary Fares grant has not been consolidated into the base budget.

#### Council Tax

55. DDC's Council Tax (for its own use – i.e. excluding Town and Parish Councils) for 2007/08 was £140.80 for Band D. This means DDC has one of the lowest Council Taxes in Kent. Having due regard to the indications from Government regarding capping, proposed increases in Council Tax have been limited to 4.95% for the 2008/09 budget and also for the projections to 2010/11. Such an increase is unlikely to change DDC's position in relation to other authorities.

#### Income from Second Homes

56. In 2007/08 Kent County Council returned to districts all additional second homes monies above an initial £2M that was retained by the County. This was redistributed pro rata to second homes within districts and DDC received an additional £84k.
57. It is anticipated that the same arrangements will apply in 2008/09 and income of £84k has been included in the budget, pending confirmation of this figure from KCC.

#### Collection Fund Surplus

58. The Collection Fund is a separate account maintained by the Council. It is credited with the Council Tax collected on behalf of DDC (including that for the Parishes and the River Stour Drainage Board), Kent County Council, Kent Police and Fire and Rescue services.
59. The fund is then used to meet the precepts from these bodies. When collection rates are higher than forecast a surplus may be generated in the fund. The estimated surplus on the Collection Fund at 31 March 2008 must be shared proportionately amongst the major precepting bodies. The amount attributable to Dover District Council as its proportion of the surplus is £50k and this has been included in the 2008/09 revenue account.

#### Area Based Grants

60. Area Based Grants (ABGs) are “new” grants introduced for 2008/09. However, they do not represent “new” funds. ABGs are simply existing grants which were ring-fenced, but have now become “general” grants without being included within the main Government Grant.
61. For 2008/09 the Council will receive 2 ABGs. They are £57k for “Youth” and £49k for Cohesion. Although these are not ring-fenced, it is likely that DCLG will expect the commitments made when these were specific grants to continue to be delivered. Therefore, for the purposes of the budget, it has been assumed that these grants are fully committed and do not represent new funds.
62. At this stage there is insufficient detail to incorporate these grants, and their application, into the budget books. When this data is available their introduction will be reported via the monthly Budget Monitoring report – but the net effect will be neutral.



### Major Areas of Service Costs and Pressures

63. These are set out in the sections below.

#### Staff Salaries

64. The staff salaries increase is forecast to be 2.0% for the annual pay award, plus an allowance of 1% for increments and grade adjustments.

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

65. The Council's Pension Fund (part of the countywide fund administered by Kent County Council) is subject to actuarial valuation on a three yearly cycle. The triennial valuation of the KCC pension fund started in April 2007, and will be implemented from April 2008.
66. The KCC pension fund has had a better year in terms of return on investments (although this is true of most funds) and the fund now has assets to meet 73% of liabilities compared to 63% at the last valuation. Dover District Council's share of the overall deficit has therefore reduced to £29.7m. This level is broadly in line with other district councils and the average for districts of £27.9m.
67. However the actuaries advise that there are still a number of significant pressures upon the fund. The main items impacting on the Pension Fund deficit are:
- Gilt yields have fallen. This increases the current value of the gilts that have to be held by the fund to meet all future liabilities.
  - Delay in the abolition of the 85 year rule and continuing uncertainty as to the future protection of existing fund members
  - Increased longevity of scheme members
  - The age profile of scheme members
  - The ratio of pensioners to active members and the burden that therefore falls onto the current payroll.
68. Additional factors that influence the on-going contribution rate include :-
- Changing the scheme accrual rate from 1/80 to 1/60 and changes to the determination of final salary;
  - Retirement at 65, with earlier retirement options and a reduced pension;
  - increasing the earliest retirement age to 55 (effectively, abolition of the 85 year rule); and
  - Changes in the employee contribution rate.
69. The pension fund is actually broken down into "sub funds" for each district council. For DDC the employer's contribution rate required to pay for current pension and to meet the cost, over the next 20 years, of making up the funding deficit will therefore have to increase.

70. Based on the previous valuation it had been expected that the contribution rate would be 28.8% in 2008/09, 30.8% in 2009/10 and 32.8% in 2010/11. These rates comprised 10.7% contribution to reflect the cost of additional pension earned in the year, and 18.1%, 20.1% and 22.1% respectively to address the pension fund deficit.
71. Instead, following the triennial valuation and the changes to the pension fund scheme, the actuaries have advised that the DDC rate should increase to 32.3%<sup>1</sup>, comprising 14.7% for additional pension earned in the year and 17.6% for the deficit, but these rates would be constant proportions of the payroll for the three years of the valuation. Based on pensionable pay of around £9.5m, the 32.3% rate would require contributions of £3.069m.
72. However, this approach does contain a flaw in that fluctuations in the salary base will lead to fluctuations in the amount contributed to the pensions deficit, and, if the payroll is reduced, or does not increase at the annual rate of 4.7% assumed by the actuaries, then we may have under contributed and find that the deficit has increased. In order to address this, it is proposed that instead of making a contribution to the pension deficit based on a percentage of pensionable pay, the Council will simply pay 14.7% of pensionable pay plus £1,691k annually (increased by 4.7% in each of 2009/10 and 2010/11).
73. Based on pensionable pay of around £9.5m, this approach will require contributions of £3.088m. The difference between the two approaches is therefore marginal (and all contributions benefit the Council by addressing the pension fund deficit) but this second method gives more certainty, will be easier to administer, and should avoid the potential pitfalls of under funding. It has therefore been used in the production of the budget and MTFP.
74. For the future, it should be noted that the actuaries also consider that there may be further upward pressures at the next valuation.

#### Concessionary Fares

75. The Concessionary Fares scheme currently provides passholders with free travel on local buses in Kent. From 2008/09 the main changes to the scheme are:
- The scheme will be a national scheme – passholders can use it on buses in any area.
  - The charge to local authorities will change. At present local authorities are charged based on the travel of those to whom they issued passes – i.e. their own residents. From 2008/09 authorities will be charged for all journeys that originate in their area. Put simply, DDC will have to pay for all concessionary journeys starting in the district. This could include day visitors returning, by bus, to other districts, visitors staying in the area etc. At the same time, Dover residents visiting other areas, or returning from, say Canterbury or Bluewater, will be a cost to Canterbury City Council or Dartford respectively (so long as they use local buses).
  - Within Kent the costs of the scheme were apportioned between authorities based upon the number of passes issued by each authority. This was seen as unsatisfactory due to the potential number of “mantelpiece passes” i.e. passes that were issued but never used. As a result Kent authorities have

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<sup>1</sup> At an estimated extra cost to the General Fund of over £400k.

moved towards attribution of costs based on journeys made. Unfortunately since the scheme became free (rather than a 50% fares reduction) the reliability of ticketing data has reduced and so usage can only be estimated by surveying bus passengers and extrapolating the results. This has changed the attribution of costs between authorities and has made the attribution more volatile as a small number of passengers detected on an otherwise infrequently used route can skew the results.

76. The changes in the scheme have also led to a number of uncertainties as to the financial implications. The main issues are:
- Authorities in Kent are discussing different models for apportioning the costs of the scheme between districts.
  - The bus operators are arguing that they should be paid for a higher percentage of the costs of all concessionary travel. The Department for Transport has not issued guidance as to a reasonable level and there are variations in the compensation level across the regions in England and Scotland and Wales.
77. The draft settlement for 2008/09 includes a specific grant for the additional costs of Concessionary Fares. For DDC this is £333k. This has been included in the draft budget, but it is important to acknowledge that the true costs of the scheme in 2008/09 can, at this stage, only be based on the best estimates from the operators, MCL, and are the subject of appeals by Stagecoach. At the moment the scheme costs are forecast to increase by around £70 - 80k, showing a surplus on the grant of £250 - £260k. However, this surplus has been posted to a reserve until such time as the true costs of the scheme are known.
78. This also avoids the grant becoming a mainstream source of funding, and will minimise problems if and when it is consolidated into RSG.
79. During the year this reserve may be drawn upon to meet the costs of concessionary fares if they exceed the provision in the revenue budget. Delegated authority is sought to enable the Head of Finance and ICT to draw down this reserve, solely to offset increased concessionary fares costs, without further reports to Council.

#### Interest on Investments

80. In the current economic climate forecasting mid to long term interest rates is difficult. However, the strategy of bringing a significant proportion of the funds that were with the Council's fund managers, Investec, back under in-house management will continue (although this will depend upon prevailing market conditions and performance at the time that opportunities arise). To provide additional stability of income a proportion of the funds will be locked into current interest rates for up to 1 year, with the balance available to take advantage of shorter term increases.
81. Sector, the Councils Treasury Management advisors currently believe that the bank base rate (and hence other interest rates) will fall in 2008/09. However, because we have also locked some investments in at higher rates, the overall interest rates achieved will depend on the combination of long term rates, rates when investments are renewed, and the performance of gilts held by Investec over the year.
82. Overall, the MTFP assumes that the Council's investments will average 4.75% per annum in 2008/09 (compared to an average of 5.7% being achieved at present) on

investments of £26.1m, split between General Fund and HRA pro rata to estimated cash balances. This attribution is subject to adjustment if cashflows change materially from those forecast.

### Inflation

83. Rather than set a guideline level of inflation, with the risk that this will be used by budget managers to set budgets even when the inflation rate for their services is less, all managers have been asked to consider the specific quantity and price of services they will actually need in the coming year.
84. In addition, salary inflation has been assumed at 2% for the pay settlement. With an additional 1% assumed for “increment drift” as a proportion of staff progress up the salary scales.
85. The final significant area of potential inflation pressures relates to major term contracts. At present the most significant contract under review during the planning period is for waste collection and recycling. The specific inflation rates encountered will be heavily influenced by changes in contract specification, market conditions at the time of renewal, and the potential for joint procurement with other authorities<sup>2</sup>. It would not be credible to attempt to model each of these factors at this stage and so for planning purposes a 3% increase in the cost of major term contracts has been assumed.

### Fees and Charges Made by DDC

86. Fees and Charges (FC) are reviewed and set annually. Reports have been presented to Licensing, Regulatory and Planning Committees on the FC that they set or administer, together with an overall report to Cabinet. When setting FC managers consider:
  - The cost of providing the service
  - The general market rate for the service and the charges levied by neighbouring authorities
  - Government guidelines
  - The last time the FC was increased
  - Sensible price levels – it is more sensible to increase FC by significant amounts every two or three years rather than a few odd pence every year.
  - The impact of the fee upon service use and upon different sections of the community.
  - The impact of service use upon corporate objectives.
87. The only FC which are not included in this process are for Car Parking as they are the subject of a separate report.

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<sup>2</sup> The potential for a joint procurement with Shepway is being investigated and a joint specification is being worked up.

### Central Support

88. The process for attribution of central support (generally central services such as premises, ICT, finance, legal, HR, payroll, exchequer services etc) has been reviewed this year.
89. The main aims were to ensure that the new process:
- Is simpler to understand and administer
  - Is up to date and equitable
  - Can be updated easily every year.
  - Wherever possible, to charge costs direct to the end user and minimise the amount of recharging that is done.
90. Overall the process has not led to a major switch of resources between the general fund, the HRA, and capital projects. A process of checking and challenging the allocations is now underway, partly in support of the HRA business review. This may identify adjustments that need to be made in 2008/09 in order to “bed in” the new allocations.
91. In addition, even if the total allocation to the General Fund is broadly the same, the detailed allocation of costs between services and cost centres within the General Fund will have changed. In many cases this is the net result of updated time allocations, and often comprises a large number of small changes. As a result it is not practical to detail all the causes of changes in central support charges to individual services. Also, some costs which used to appear as “recharges” are now direct costs. These changes also affect the inter year comparisons.
92. To assist Members, the analysis of variations in service costs will be addressed in the sections for each Head of Service, and will focus on “real” changes in resource level (as set out in the “C” Annexes), rather than variations arising from changes in the method of recharging between cost centres.

### Council Tax Single Person Discount (CTSPD) and Council Tax Benefit (CTB)

93. The Audit Commission have queried the treatment of CTSPD by all district councils in Kent<sup>3</sup>, and although grant claims for CTB have been signed off by the auditors in the past, the queries go back to 1999.
94. At the present time the issue is being researched by officers and the auditors’ views are being clarified. If the auditors concerns are substantiated officers currently believe that any arrears of “overclaimed” grant will impact on the Collection Fund<sup>4</sup> rather than directly on DDC.
95. If the basis of the auditors calculations are accepted then between £150k and £250k of Council Tax benefit will probably have to be repaid from the Collection Fund to the DWP. It is anticipated that the surplus on the Collection Fund is sufficient to absorb this.

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<sup>3</sup> It now appears that this may be a national issue, rather than just Kent wide.

<sup>4</sup> DDC, KCC, Police and Fire all precept on the collection fund and so the impact on the collection fund is likely to be shared pro rata to the precepts.

### Audit Commission Fees

96. The Audit Commission (AC) are currently undertaking a national consultation (received 30/11/07) on their fee levels for 2007/08. Although this is not specific to individual authorities, the average increases forecast, by the AC, to be 14% in 2008/09, then 8% in each of 2009/10 and 2010/11.
97. The AC is expected to charge the Council around £170k for all audit, inspection and certification work in 2007/08, and increases on the proposed scale, if applied to all aspects of AC work, may take fees up to £226k. This represents an increase of over £56k and equates to over 1% of Council Tax. Overall the fees would equate to over 4% of Council Tax.
98. Responses to the consultation were required by 11th January. It is not certain when the final fees for DDC will be known, or how the new fee scales will be applied to DDC. At present the 2008/09 budget assumes an increase of £25k above inflation. The Council has responded to the consultation expressing concern at the increase. Officers will work with the AC to minimize fees wherever possible, and will also work with finance officers from other Kent authorities to continue to press the case for lower increases.

### Contingency Provision

99. Contingency provision of £100,000 has been included to meet any unexpected expenditure commitments, if they cannot be contained within other budgets.

### Vacancy Allowance

100. The vacancy allowance (savings from staff turnover) was £300k in 2007/08. However, by the end of December over £413k had been recorded. It has therefore been considered prudent to increase the vacancy allowance to £400k for 2008/09.

### Future Pressures

101. The MTFP is renewed annually and has a 3 year time horizon. However there are future events that may have a potential impact. These are summarized later in this report.

### Service Factors / Pressures

102. Annexes 2 - 8 provide details, for each Head of Service, of the services provided, the allocation of resources across cost centres, the main variations between 2007/08 and 2008/09 and the future budget pressures. For each Head of Service these are provided in annexes A to D.

### "Carry Forward" of Unspent Budgets

103. A key element of financial management is the treatment of unspent budgets. The Council has sought to promote a culture where budget managers have the flexibility to manage their budgets responsibly.
104. If budget managers were unable to carry forward balances they would be placed in a position of "use it or loose it", and this could lead to unnecessary expenditure at the year end.

105. To avoid this managers have been given the opportunity to carry forward unused elements of their budget. This has been applied using the broad guidelines that :-
- The Head of Service should have an overall underspend on their General Fund revenue budgets. They cannot carry forward an underspend in one area, while having an overspend in another; and
  - The carry forward should be for a planned purpose.
  - The Head of Finance and ICT will monitor year end expenditure and challenge any unusual or unanticipated patterns.
106. 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 Head of Finance and ICT be given delegated authority to approve the carry forward, and that the carry forwards will be reported in the outturn report and budget monitoring reports.

#### Risk and Uncertainty

107. A degree of uncertainty and risk is inherent within any budgeting process, and it is necessary to make a number of assumptions in order to deal with this. The key assumptions have been set out in Annex 14A and the major budget risks are reported in a separate section of the MTFP.

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

108. It is recommended that Council :-
- Approve the General Fund Revenue Budget for 2008/09.
  - Delegate to the Head of Finance and ICT authority to apply the Concessionary Fares reserve to meet any increase in Concessionary Fares above that provided in the 2008/09 budget.
  - Delegate to the Head of Finance and ICT the authority to approve revenue budget carry forwards within the guidelines set out.

## **COUNCIL TAX AND NATIONAL NON-DOMESTIC RATES FOR 2008/09**

109. On the basis of the General Fund revenue budget the demand on the collection fund in 2008/09, for District Council purposes only, is proposed to be as follows:

	£000
District Council net expenditure	16,093
Less contribution from balances	(49)
<b>Less</b> Revenue support grant and NDR distribution	(10,113)
Collection fund surplus	<u>(50)</u>
DDC demand on the collection fund	<u>5,881</u>

110. An analysis of the Parish, District, County, Police and Fire and Rescue precepts, an analysis of the Council Tax for the various tax bands, and the Non Domestic Rates multipliers are provided at Annex 9C.
111. The Council resolution, incorporating the precepts to set the Council Tax levy for 2008/09 is at Annex 9D.

### **Recommendations from this Section**

It is recommended that Council:-

- Approve the resolution to set the Council Tax levy, as set out in Annex 9D.



## **GENERAL FUND RESERVES**

112. The projected general fund reserves and their planned applications are set out in Annex 9A. They are “cash backed” reserves and are therefore available for use. The projection does not include capital receipts which can only be used for capital purposes, nor does it include technical “reserves” (such as the Capital Financing Account) which are not available for use.
113. The main points to note are :-
- General Reserves may be applied to meet one-off requirements. The 2007/08 MTFP established the policy that a minimum level of 10% of net revenue requirement (see Financial Objectives above) is maintained as the base level for General Reserves, but with a higher target level of £2M if that can be achieved.
  - The Special Projects reserve has been deployed to meet the costs of revenue projects, some capital projects and some backlog repairs and maintenance work. The reserve will be depleted over the planning period.
  - Planning Delivery Grant (PDG) is being replaced by Housing Planning Delivery Grant (HPDG). The PDG reserve will probably be depleted by the end of 2008/09, and the level, if any, of awards of HPDG to DDC are uncertain. However DDC has reasonable grounds to believe it will receive some HPDG grant and a separate report on HPDG was presented to Cabinet on 4 February 2009.
  - For planning purposes a prudent assumption that the Council will receive £50k of HPDG has been made.
114. The projected outturn for 2007/08, the proposed budget for 2008/09 and the projections for 2008/09 and 2009/10 indicate that the revenue balances will be maintained above, the £2M level. This is set out in more detail in Annexes 1A, 1B and 9A.
115. It is the view of the Head of Finance and ICT that these estimated balances are adequate for the Council’s current spending plans.
116. The levels will be monitored during the 2008/09 year to assess the ongoing adequacy of the Council’s balances.

### **RECOMMENDATIONS FROM THIS SECTION**

117. It is recommended that Council :-
- Approve the policies and protocols regarding the General Fund balances and earmarked reserves, and transfers between reserves as set out in Annex 9A.

## HOUSING REVENUE ACCOUNT

### OVERVIEW

118. The Local Government and Housing Act 1989 (s74) requires that every local housing authority maintains a Housing Revenue Account (HRA). This account contains the revenue expenditure and income from provision of council dwellings and associated services and this is effectively "ring fenced" from the rest of the authority's expenditure and income. The balance on the HRA is not, therefore, available to finance other services.
119. The HRA's financial position, detailed at Annex 10A, can be summarised as follows :-
- HRA balance at 31/3/07 £5.7M
  - Forecast balance at 31/3/08 £6.6M
  - Forecast income (before investments) in 2008/09 £17.3M
  - Forecast operating expenditure in 2008/09 £17.1M
  - Forecast year end balance at 31/3/09 £6.8M
120. At the time of writing, the HRA has 4,647 dwellings, made up of 2,867 houses and 1,780 flats.

### FINANCIAL OBJECTIVES

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

### NATIONAL BACKGROUND

#### Rent Restructuring

122. Council house rents are set using a complex model based on a formula provided by the Department of Communities and Local Government. This model takes into account factors such as:-
- relative property values
  - local earning levels; and
  - the number of bedrooms.
123. 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.

124. 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.
125. The target year for rent convergence was originally set by the Government to be 2011/12. Each year when local authorities set their rents individual property increases were limited to "RPI + 0.5% + or - £2". Following a review by the Government the 'compulsory' application of the lower limit was removed. The review also imposed a new overall "all stock" increase of 5%.
126. It has recently been announced by DCLG that the target year for convergence will be moved back to 2016/17. The effect of this change would be to slow down the rate of any increase or reduction in rents by prolonging the convergence process. In addition the 5% overall increase limit was removed.
127. This 'one year' proposal may or may not be a permanent change and the application of the revised convergence date is not compulsory.

#### Housing Subsidy

128. Housing subsidy is calculated through the construction of a notional Housing Revenue Account taking in items of management and maintenance, charges for capital and other reckonable expenditure and income items. The notional amounts are calculated in accordance with determinations issued annually by the Secretary of State.
129. Dover's HRA is in a position of 'negative subsidy'. Following the removal of rent rebates from the HRA in 2004/05, the subsidy calculation indicates that Dover's notional HRA makes a surplus (forecast, by the DCLG, to be some £5.2M in 2008/09). This "negative subsidy" has to be paid to DCLG in ten monthly instalments, and is identified as a separate item in the HRA budget at Annex 10A.

### **LOCAL BACKGROUND**

#### Stock Options

130. In 2005 the Council undertook a stock option appraisal and resolved to retain Council housing stock. An updated Housing Business Plan for the next 20 years is currently being reworked and will be reported in April 2008. This will enable the Council to review its decision to retain housing stock.
131. Sales of Council houses (generally "Right to Buy" sales) are a source of capital finance for both the HRA and the General Fund. However, the Council only retains 25% of the original receipt, and the receipt itself is usually on a discounted value of the property, so in practice the amount to be retained by the HRA is small compared to the property's market value.
132. A general decline in Right-to-Buy sales in recent years does mean that the HRA can maintain rent income, at the expense of a small capital receipt.

#### Service Charges

133. 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

134. As noted above, rent levels are calculated on an individual property basis using rent formulas prescribed by the DCLG, but the target date for rent convergence has been put back to 2016/17. This allows local authorities to take longer achieving convergence, but it is not compulsory to take this extra time so long as the increases remain within the "RPI +0.5% + or - £2" rule.
135. Since it is not clear that the move to a 2016/17 convergence date is a permanent change, and in order to maintain the rental income stream of the HRA, it is proposed to maintain the 2011/12 date for the Council's rent convergence and set rent levels accordingly.
136. It should also be noted that although DCLG have removed the compulsory minimum limit rent increase, Councils are able to maintain this limit if they wish. This also maintains the rent income stream and so it is proposed to continue to apply this limit.
137. Due to the (temporary) removal of the overall 5% limit there is scope to increase overall average rents to the limit rent used for housing benefit purposes. Individual rents will still remain within the "RPI +0.5% + or - £2" rule. It is estimated that this will increase the rental stream by approximately £150k in 2008/09<sup>5</sup> and this has been included within the HRA budget.
138. As noted above, 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 2007/08 average weekly rent across all properties is £64.52.
  - the 2008/09 average weekly rent is forecast to be £68.10.
  - the increase in the average weekly rent is £3.58 or 5.55%
  - three bedroom houses have rents ranging from £62 per week to £100 per week with the majority in the £70-£80 range.
139. Determination of rent levels is an executive function that has been delegated to the Head of Housing and Community, who has set rent levels for 2008/09 on the basis of the model described above.

### **2008/09 DRAFT BUDGET**

140. Members will note that the HRA is forecast to show a surplus of £193k for 2008/09. Annex 10A provides a draft HRA budget summary. Annex 10B provides an explanation of the main variations.
141. If it can be maintained, this level of annual surplus suggests that the HRA is viable, and the accumulated surplus of £6.8m looks healthy. However, a revised HRA business plan is due for completion in early 2008/09. This will take account of forecast revenue and capital expenditure and income over the coming years and will provide a more complete picture of the long-term position.

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<sup>5</sup> The net effect on rents income in future years will depend on future subsidy determinations by DCLG, but best estimates have been incorporated into the HRA Business Plan.

142. The development of 3 year budgets for the HRA (as currently produced for the General Fund) has also been given consideration. At present the Housing Subsidy determination is announced by DCLG on an annual basis, and so does not support 3 yearly budgeting. If DCLG do decide to introduce 3 yearly subsidy settlements to complement the 3 year RSG/NNDR settlements for the General Fund, then this can be reviewed.

#### **RECOMMENDATIONS FROM THIS SECTION**

143. It is recommended that Council:
- Approve the 2007/08 HRA budget at Annex 10.

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

144. It is important that the MTFP is consistent with the Asset Management Plan (AMP).
145. The AMP is used as a management tool to assist in ensuring that the Council's property assets meet the objectives set out in the Council's Corporate Property Strategy. The AMP seeks to identify and prioritise the management of the Council's property and associated assets and includes an action plan setting out a range of activities which seek to develop ongoing improvements in property management arrangements. It links to a programme of revenue (generally repairs and maintenance) expenditure and also capital works required to maintain the integrity of the Council's property portfolio. It is also important in determining which major properties are effective in supporting the Council's objectives, which properties need enhancement or modification to support better the Council's objectives, and which properties may be surplus to requirements and should be considered for disposal.
146. 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. There are sufficient resources to keep properties generally wind and water tight.
147. However the AMP also considers the level of maintenance work required to maintain properties at the standard to which the Council aspires. The Corporate Property Strategy and Asset Management Plan have recently been revised and were submitted to Cabinet on 3rd March 2008. This report indicated that there is a backlog in revenue funded maintenance for the period to 2011. Changing assumptions for inflation and the standard of maintenance required will affect the actual value of the backlog. Nonetheless it indicates that the aspirational standards of maintenance are likely to be above the levels the Council can currently finance, and proposes the steps required to address the backlog.
148. The AMP also forms a direct link with the capital programme since it :-
- Considers how properties are contributing to the Council's objectives;
  - Identifies properties which merit additional expenditure to make a greater contribution;
  - Identifies properties which do not contribute adequately to the Council's objectives and may be surplus to requirements; and
  - Provides the basis for any disposals, and capital receipts.
149. Where the AMP identifies any capital works, these feed into the Capital Programme below. The Head of Property and Procurement will also be agreeing, early in the coming financial year, a challenging but achievable target for capital receipts from asset disposals. These will contribute to the financing of the capital programme.

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

### Background

#### Definition of Capital

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

#### Prudential Code

152. The introduction of a new system of capital control introduced on the 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

153. 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% in certain circumstances). The remaining 75% is paid to the government pool.
154. Falling HRA sales have reduced receipts, although they have helped to maintain the HRA rental income stream. However it is anticipated that this income will be required to make up the shortfall in capital receipts to finance HRA capital expenditure required to meet the Decent Homes programme (see the section on the HRA above).
155. The Council generally retains 100% of non-HRA capital receipts.

## Local Context

### Purpose of the Capital Programme

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

### Content of the Capital Programme

157. Members are referred to the draft Capital Programme at Annex 11A. This is a dynamic programme. A formal bidding process is operated in June / July every year to identify and plan future projects.
158. 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)
  - the latest version of the programme will be displayed on the intranet and internet
  - whenever changes are required which exceed the overall spend of the programme, Member approval will be required – in effect, approval will be required if officers cannot find savings within existing resources to accommodate changes, or cannot finance them from external sources;
  - any changes which are expected to have significant policy implications will be discussed with the Leader and relevant portfolio holder and will be reported to Members.
159. The proposals above relate to the overall capital programme. Individual projects will continue to require reports for approval at evaluation, design (where appropriate) and tender stages in accordance with the Constitution.
160. The structure of the programme is reflected in the format of Annex 11A and is explained below :-



- **Work in Progress**  
The bulk of these projects have been appraised and approved to proceed. For many of these projects, work has started. The “Approved Budget” columns show the level of project approvals to date. Members are requested to approve the “Proposed Budgets” which show the expected final costs of the projects, and note the variations between the Approved Budget and the Proposed Budgets.
- **Projects Approved Subject to Capital Appraisal**  
Members have approved these projects in principle, but capital appraisals are required before project expenditure can proceed.
- **HRA Projects to be Approved**  
Approval for these projects is sought as part of the approval of the MTFP.
- **New Bids for Approval to Carry Out Appraisal**  
This is the opportunity to seek approval for these projects to be included in the capital programme. Any proposed budgets are indicative at this stage, and will be firmed up as part of the capital appraisals.
- **Capital Grants**  
No provision has been made in the capital programme for new capital grants. Annex 11C provides a list of the outstanding grants previously approved, and those which are likely to slip into 2008/09. This is purely slippage and does not constitute additional resources.
- **Bids for Consideration Subject to Funding Being Available**  
These are projects for which there is insufficient funding at the time of preparation of the MTFP. The projects are identified so that project appraisals can be undertaken early in the new financial year, the projects can then be prioritized and are in a position to proceed if new funding becomes available.
- **“Financed by”**  
This table provides a summary of the financing of the proposed capital programme. Members will note that there are sufficient resources to finance the projects included in the table. However, Members should also note that:-
  - If Members wish to include additional projects in the programme, these can only be resourced by removal of the equivalent value in new bids.
  - Removal of projects financed by specific grants, or within the HRA, will not generate additional resources for other projects in the General Fund programme.
  - No provision has been included for a capital grants budget, except to honour grants already awarded.

161. Members will note that the budget for major regeneration projects has significantly increased. In order to ensure that the capital programme remains affordable other projects have been re-phased (see “Bids for Consideration” above). The changes to the programme are summarized in the MTCP Variation Statement at Annex 11F.

### Content of the Special Projects Programme

162. The Special Projects Programme (see Annex 11E) comprises significant projects which are not, in the main, capital, and which are “one off” in nature and are therefore to be funded from reserves (see section on General Fund Reserves above). Because they are financed from revenue reserves cancellation of any of these projects would free up resources which could be used to finance capital projects, revenue projects, or used for other purposes.

### Financing of the Capital and Special Revenue Projects Programmes

163. In order to maximise the capital resources available to the Council, it is proposed that the detailed decision to apply capital receipts, revenue resources, grants, s106 monies etc to finance the approved Capital and Special Revenue Projects programmes be delegated to the Head of Finance and ICT and that capital receipts from particular sources will not be hypothecated to specific projects. Instead they will be treated as one overall stream to finance capital and revenue projects within both the General Fund and HRA according to the priority of the projects and the availability of financing.
164. 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.
165. 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. It is proposed that any new borrowing will be repaid by making revenue provisions based, inter alia, on the life of the asset as set out in Annex 11G.

### Summary

The key points for Members to note are:-

- There are sufficient resources to maintain properties in a sound state of repair.
- There are insufficient resources to maintain properties at the standard to which the Council aspires.
- The Head of Property and Procurement will be proposing, early in the coming financial year, a challenging but achievable target for capital receipts from asset disposals. These will contribute to the financing of the capital programme.
- The draft Capital Programme is fully financed, subject to planned capital receipts being achieved. Any additional projects will require removal of projects to an equal value. Any such changes should be considered by Members against the objectives and priorities of the Corporate plan.
- The Capital Programme is partly financed from HRA Right-to-Buy sales. The level of such sales has fallen in the last year. 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.
- The detailed financing of the capital and special projects programmes be delegated to the Head of Finance and ICT.
- In order to maintain flexibility, capital receipts will generally be pooled and will not be hypothecated from specific sources for specific uses.
- There is no provision for making capital grants to other organisations, other than those grants already approved.
- The lack of headroom in the capital programme for additional projects is a significant constraint. However, it is still considered imprudent to change the “no

borrowing” policy adopted in 2004/05. This may be reviewed when there is certainty over the size and timing of capital receipts from the Aylesham project.

#### **RECOMMENDATIONS FROM THIS SECTION**

166. It is recommended that Council :-

- Approve the basis upon which the capital and special projects programmes have been compiled; and
- Delegate the decisions to apply capital receipts, revenue funds and other capital resources to finance the capital and special projects programmes to the Head of Finance and ICT.
- Agree the recommendations for the treatment of the “Minimum Revenue Provision” as set out in Annex 11G.

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

167. 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.
168. 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 over time, and
  - (c) That performance measurement is implemented in managing and controlling the impact of capital investment decisions
169. Annex 12A to this report sets out estimates for each of the relevant Prudential Indicators in each of the financial years 2008/09 to 2010/11, and includes the latest estimates for 2007/08 aligned with the revised forecast budget. Approval is sought for the indicators shown in bold type (Proposed Indicators 2008/09 – 2010/11). The indicators have been grouped into the five categories defined within CIPFA's Prudential Code.
170. In setting these indicators, it is important to note that the Council has undertaken no new borrowing in 2007/08 and there are currently no plans for new borrowing to support the Capital Programme in each of the financial years to 2010/11. While the Council has incorporated scope for Government-supported borrowing within its budgets, this is currently regarded as internal borrowing. The capital programme has been financed within existing resources, which include capital receipts, specific capital grants, the Major Repairs Allowance (MRA), and useable reserves.
171. As explained in the section dealing with the asset management plan and in the paragraph above, no new borrowing is anticipated. Any proposed change in this policy will be reported to Members.
172. In order to assist with their interpretation, Annex12B contains notes and explanations to accompany each of the indicators set out in Annex 12A.

### **TREASURY MANAGEMENT**

173. 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.
174. Approval of the strategy is a Council decision. The 2008/09 strategy is attached at Annex 13A.

### **RECOMMENDATIONS FROM THIS SECTION**

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

## CONSULTATION ARRANGEMENTS

### BUDGET CONSULTATION

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

#### External Consultation

177. The Council uses a SIMALTO “forced choice” consultation exercise every 2 - 3 years. This was last undertaken in 2007 and broadly validated the current allocation of resources between services.
178. In light of this relatively recent validation of resource allocation, and the uncertainty in overall resource levels at the time the MTFP was being prepared (particularly due to CSR07, and the RSG and Concessionary Fares settlements) it was not proposed to undertake a further major consultation exercise.
179. However, a user friendly summary of the MTFP, the MTFP report presented to Cabinet on 7<sup>th</sup> January 2008, and the draft Corporate Plan have been placed on the Council’s website, inviting the public to give their views.
180. A consultation has also been undertaken with representatives of National Non-Domestic Rate (NNDR) payers by contacting the larger NNDR payers, Chambers of Commerce, Institutes of Small Business and the Town and Parish Councils.
181. Finally, the budget, MTFP and draft Corporate Plan have also been consulted on with the Council’s Citizens Panel, all Town and Parish councils, minority groups, community groups and the District Youth Forum.

#### Internal Consultation

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

## **KEY ASSUMPTIONS, UNKNOWNNS AND VARIABLES**

185. 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.
186. It should also be recognised that there are a number of areas of uncertainty. Again, these have been addressed on the basis of the most realistic information available. Nonetheless, the uncertainties remain, and it is important that these are brought to Members' attention.
187. Annex 14A sets out the main "Assumptions, Unknownns and Variables".

## SIGNIFICANT BUDGET RISKS

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

Risk	Description	Impact	Likelihood	Mitigation	Residual Impact	Residual Likelihood
1	Reduced level of commitment by partners in regeneration projects leading to reduced resources available to complete the projects.	H	M	The Chief Executive and the Head of Regeneration are in frequent contact with our major partners. Our partners have also started to invest their own resources in the regeneration projects and have become identified with the projects' success.	H	L
2	Unanticipated Project Overspends leading to reduced resources available to complete the projects.	H	M	Major projects inevitably carry a high potential overspend risk. This is mitigated by project appraisal reports, budget monitoring and close liaison between the project officers and the capital accountants.	H	L
3	Reduced capital receipts from Council House sales and Gateway Flats leading to reduced resources available to complete the 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 of interest rate movements.</p> <p>The other mitigation is by working with partners (see section 1 above) to leverage more grant funding for the</p>	H	M
					H	L

Risk	Description	Impact	Likelihood	Mitigation	Residual Impact	Residual Likelihood
				regeneration projects which reduces reliance on council house sales and may bring forward capital receipts from Aylesham, DTIZ etc.		
4	Waste and Recycling costs increase significantly placing pressure on the revenue budget.	H	M	Some provision has been made in the budget for additional costs, but the main mitigation is to generate savings through joint procurement with Shepway DC. It is too soon to comment on progress with Shepway and so a residual likelihood has not been given at this stage.	H	
5	HRA Business Plan Review	H	M	<p>The HRA is a significant part of the Councils services. A review is underway to ensure that the HRA is viable in the medium / long term. This review is scheduled to report in early 2008/09 and so it is premature to comment on the residual likelihood.</p> <p>The HRA absorbs a significant level of overhead costs and so any major change to the HRA could impact on the overhead charges it bears, and hence upon the costs to the General Fund.</p>	H	
6	Comprehensive Spending Review 2007 – Some commentators are suggesting that the Government will follow up the Comprehensive Review 2007 with a further review before the end of the 3 year	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.	H	M



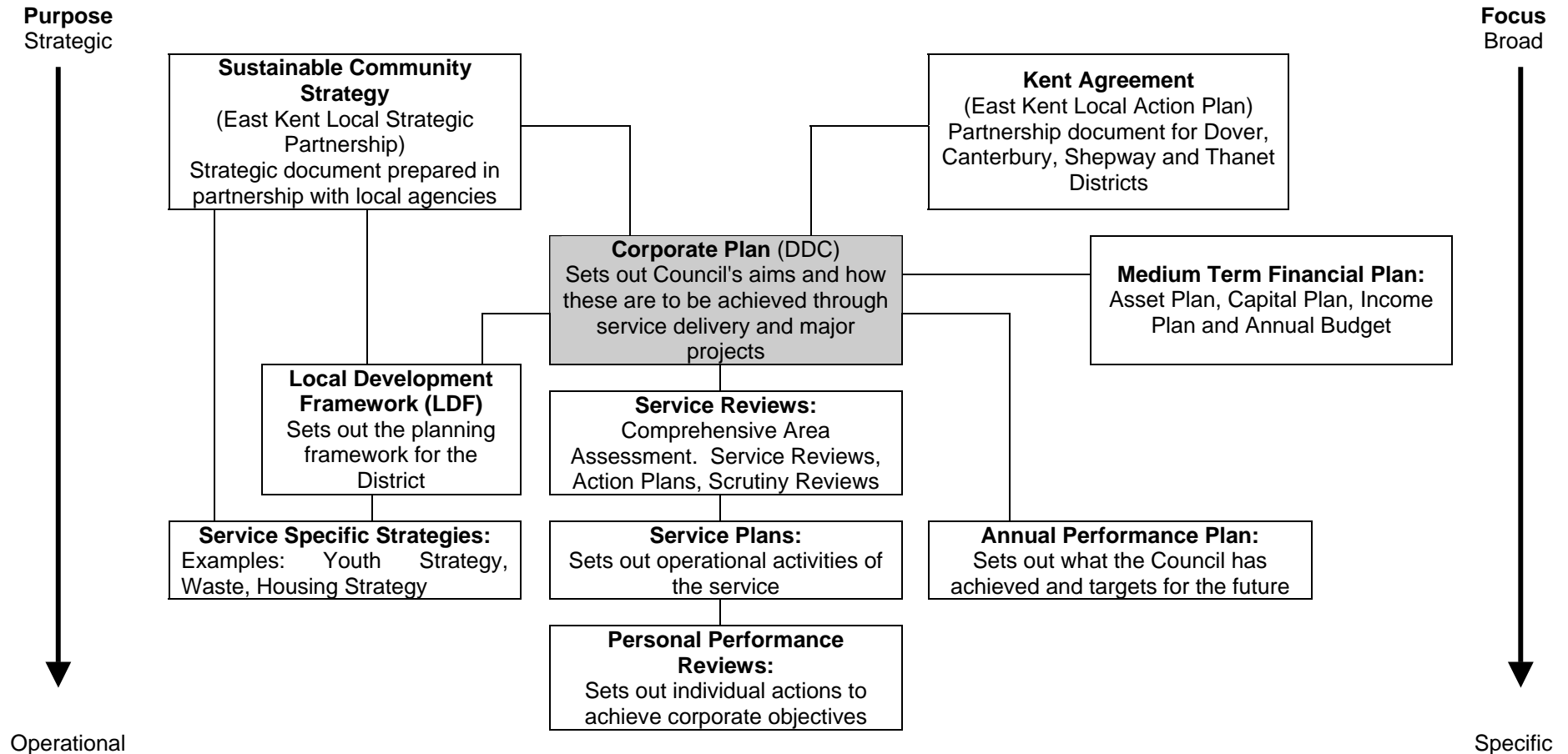
Risk	Description	Impact	Likelihood	Mitigation	Residual Impact	Residual Likelihood
	settlement and that we may therefore only have a 2 year settlement. This reduces the level of certainty for financial planning and may only happen if the government wishes to further tighten the settlements.					
7	<p>Concessionary Fares – the costs of the scheme to DDC may increase due to :-</p> <ul style="list-style-type: none"> <li>• Successful operator appeals on the level of generated travel</li> <li>• Increased levels of usage by DDC pass holders</li> <li>• The sampling of travel may skew the results.</li> <li>• Loss of additional settlement when it is incorporated into the RSG</li> </ul>	<p>H</p> <p>H</p> <p>H</p> <p>H</p>	<p>M</p> <p>L</p> <p>?</p> <p>H</p>	<p>Latest advice from MCL suggests the level of generated travel assumed in the Kent scheme is defensible.</p> <p>The Kent scheme consultants MCL believe their sampling methodology is robust and provides a reasonable indicator of future use. The potential surplus on Concessionary Fares funding has been held in a reserve to deal with unanticipated costs</p> <p>DDC is “on the floor” in terms of grant settlements. This may mean that, in three years, when the additional Concessionary Fares Grant (£333k for DDC) is incorporated into RSG, we will lose the benefit. In order to minimise the impact on DDC, and to avoid the budget being dependant on this grant, the “surplus” grant of around £250k is being posted into a Concessionary Fares reserve.</p>	<p>H</p> <p>H</p> <p>H</p> <p>L</p>	<p>L</p> <p>L</p> <p>L</p> <p>H</p>

Risk	Description	Impact	Likelihood	Mitigation	Residual Impact	Residual Likelihood
8	Central Support Charges – the system of attributing central support costs has been updated, but now requires a “challenge” process to ensure that the balance between the HRA and General Fund is reasonable. Significant shifts could have an impact on either fund.	H	L	It is believed that the attribution of central support has been done on a reasonable basis, and that staff were given clear guidelines. However this cannot be determined for certain until the challenge process is complete.	H	L
9	Fees and Charges – some sources of income may be affected by a reduction in overall economic activity. The most significant areas for this include :-  - planning fees  - income from investments  - car parking income	M	M	The cap on planning fees for major applications has been removed. This should offset the impact of any reduction in activity.	L	M
		M	M	The signal on this are mixed. Although US interest rates appear to be falling, UK inflation is showing upward pressure which may bolster interest rates. Where possible and consistent with the Treasury Management Strategy DDC has locked into fixed interest rates at the current levels.	M	L
		M	M	Car park income has been modelled as accurately as possible in order to	M	L

Risk	Description	Impact	Likelihood	Mitigation	Residual Impact	Residual Likelihood
				set fees that are considered sustainable.		

## RELATED STRATEGIES AND PLANS

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



Notes:-

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

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

## JOINT PLANS WITH PARTNERS

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

<b>Partner / Project</b>	<b>Commentary</b>
DTIZ	We are working towards a joint venture agreement with SEEDA, EP, DHB and KCC to progress the DTIZ project.  Funding agreements are already in place with SEEDA and EP.
Aylesham Regeneration	Agreements in place with the developer Hillreed Ward for the development of Aylesham.
Waste and Recycling	Working with neighbouring authorities and KCC to investigate the benefits of joint working on the collection of waste and recyclates.
Housing Management	Working with Kent (stock retaining) districts on the potential for shared working in housing management.
Choice Based Lettings	Developing choice based lettings with Kent districts.
Housing PFI	"Back to Back" agreement with KCC who are running the PFI in partnership with all Kent districts.
Audit Partnership	Partnership in place, and expanding to include Canterbury.
East Kent Spatial Development Company	Supporting infrastructure at the White Cliffs Business Park and other Dover District Developments.
Connaught Barracks	Working with EP on eco Housing Developments.

## FUTURE EVENTS AND PRESSURES

190. The MTFP focuses on the three years from 2008/09 to 2010/11. However there are a number of future events and pressures which fall outside of this planning period, but which must be taken into account. The major items are set out in the table below.

<b><u>Future Events and Pressures</u></b>	
Open Golf Championship	These currently occur in the district once per decade, however if the Cinque Ports golf course is added to the rota, this may increase to twice. The cost of a championship is estimated at £100k, so £200k is required over the decade. An annual contribution of £20k is being made to a Major Events reserve.
Bleriot Centenary	The Major Events reserve already contains £200k some of which may be required for the centenary events to celebrate the 100th anniversary of Louis Bleriot's cross channel flight.
Elections	Budget provision has been made to start contributions to an Elections reserve which will smooth out this periodic cost.
Cluster Preparation	A reserve has been established in anticipation of additional costs of two tier working within the East Kent Cluster.
Pension Fund Triennial Valuation	Potential upward pressure in current service and backfunding contributions may arise.
Housing Needs and Stock Condition Survey.	Next expected 2011/12. An earmarked reserve has been created.

**BUDGET SUMMARY**

Notes	<b>2006/07 Actual</b>		<b>2007/08 Original Budget</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Proposed Budget</b>
	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
		<b>Head of Service</b>			
1	1,241	Chief Executive	1,333	1,210	1,417
2	1,063	Head of Governance	1,433	1,359	1,310
3	1,921	Head of Housing and Community	2,235	2,397	2,277
4	2,542	Head of Finance & ICT	1,968	2,030	807
5	1,797	Head of Development & Public Protection	2,519	2,597	2,703
6	5,170	Head of Property and Procurement	5,082	5,388	5,455
7	2,574	Head of Revenues and Benefits	3,284	2,333	2,136
8	0	Special Revenue Projects	0	1,122	73
9	0	Salary Vacancy Provision	-300	0	-400
10	-89	Council Tax Second Homes	-84	-84	-84
11	0	Contingency	100	55	100
12	0	Undistributed Corporate Costs	310	0	0
13	0	Exceptional Item (BCCI Monies)	0	-22	0
	<b>16,219</b>	<b>Net Service Expenditure</b>	<b>17,880</b>	<b>18,386</b>	<b>15,794</b>
14	-1,383	Depreciation	-1,217	-1,056	-1,041
15	683	Pension Adjustments	1,113	1,113	1,473
		<b>Contribution to/(from) Reserves</b>			
16	56	- Local Development Framework Reserve	-148	-125	-44
17	-1,403	- Special Projects Reserve	-439	-1,080	-73
18	-51	- Planning Delivery Grant	-217	-245	-148
19	0	- Training Reserve	0	-27	0
20	0	- Terms & Conditions	-310	-109	0
21	0	- Major Events	0	0	20
22	0	- Benefits Overpayment Recovery	0	170	240
23	0	- Concessionary Fares Reserve	0	0	250
24	0	- Elections Reserve	0	0	48
25	0	- Private Sector Housing Surveys	0	0	25
26	0		0	0	
	<b>14,120</b>	<b>Net Service Expenditure</b>	<b>16,663</b>	<b>17,027</b>	<b>16,544</b>
		<b>Financing Adjustments</b>			
27	-736	Interest Receivable	-814	-814	-665
28	405	Interest Payable	405	405	405
29	-301	Deferred Charges	-720	-1,076	-445
30	345	Grant Applied	0	298	254
	<b>13,833</b>	<b>Total Budget Requirement</b>	<b>15,534</b>	<b>15,840</b>	<b>16,093</b>
		<b>Financed by:</b>			
31	1,581	Revenue Support Grant	1,431	1,431	1,236
32	8,189	NNDR	8,526	8,526	8,877
33	119	Collection Fund Surplus	46	46	50
34	5,237	Council Tax	5,559	5,559	5,881
	<b>15,126</b>	<b>Total Financing</b>	<b>15,562</b>	<b>15,562</b>	<b>16,044</b>
	<b>-1,293</b>	<b>General Fund (Surplus)/Deficit for the Year</b>	<b>-28</b>	<b>278</b>	<b>49</b>
	<b>-2,594</b>	<b>General Fund Balance at Start of Year</b>	<b>-2,024</b>	<b>-2,546</b>	<b>-2,268</b>
	<b>1,342</b>	<b>Transfer to Earmarked General Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>-2,546</b>	<b>Leaving Year End Balances of</b>	<b>-2,053</b>	<b>-2,268</b>	<b>-2,219</b>



**BUDGET SUMMARY**

Notes 1 - 7	The resources available to each head of service are summarised here and shown in more detail in Annexes 2 - 9.
8 & 18	This shows the expenditure on Special Revenue Projects and the application of reserves to finance it. Normally these are equal and balance each other, and this is the case for 2008/09. In the 2007/08 projected outturn there was a carry forward of £42k from 2006/07 which was added to the Special Project Reserve. In the 2007/08 original budget the expenditure was included within Heads of Service lines.
9	The salary vacancy provision has been increased by £100k. This provision reflects the savings from natural staff turnover. It does not represent a reduction in staff posts.
10	KCC have not indicated how they plan to redistribute additional income from second homes, so the same budget has been used.
11	Contingency has been maintained at the same level.
12	For the 2007/08 original budget the expenditure arose from the budgeted redundancy of the Deputy Chief Executive and the continuation of the PMI health scheme. The projected outturn reflects the earlier redundancy of the DCE which was a cost in 2006/07, and the PMI health care scheme which is included in the individual service lines. The cost is offset from the Terms and Conditions Reserve (see line 21).
13	There is a possibility of additional monies from the BCCI administrators, but this is subject to confirmation.
14	The depreciation adjustment reverses the cost of depreciation shown in the services above. Depreciation does not constitute a charge to the tax payer.
15	This represents the additional costs of pension backfunding.
16	The following notes refer to transfers to, and from, revenue reserves.
17	The LDF reserve was established to provide funds to meet the costs of the LDF process.
18	The Special Projects Reserve is mainly used to meet the costs of one-off revenue projects, and is also used for some capital financing. The figure shown is for revenue projects only - see Note 8 above.
19	Planning Delivery Grant was created to provide additional resources for the planning system. It has been awarded to local authorities who meet the requirements of the grant. These are determined after the year to which the grant related. The PDG scheme is now closed, but is to be replaced by Housing PDG. It is not clear what criteria will be set for the award of HPDG. At present PDG is financing some elements of base cost.
20 & 21	These reserves are not being used in 2008/09.
22	The contribution to the major events reserve is required to build up resources to finance major events such as the Open Golf Championship.
23	Recovery of benefits overpayments is difficult to forecast. It is proposed to build up a "Benefits Overpayments" reserve by contributions in 2007/08 and 2008/09. This can be used to smooth out future fluctuations in performance.
24	The future costs of Concessionary Fares are at present unknown and so an allowance from the grant received has been set aside to provide for any adverse changes of costs in the future.
25	To smooth the budgetary impact of four yearly elections a reserve has been set up which will receive a contribution of £48k per annum and be available to cover the expenditure when it occurs.
26	The Housing Needs Assessment and the Private Sector Stock Condition Survey take place every five years. To smooth the budgetary impact a reserve has been set up to cover the expenditure when it occurs.

**BUDGET SUMMARY**

- 27 & 28 Interest received from our investments and interest paid on borrowings. The borrowings are a "Lender Option Borrower Option" or LOBO and borrowing from the Public Works Loan Board (PWLB). Although these could be paid off from investments and leave the Council without debt this is not considered economic. The LOBO is at favourable rates and so we are better retaining our investments. The PWLB debt could only be repaid with significant premiums, and so, at the moment it is better to keep it. This situation may change if interest rates increase, since the PWLB premium may reduce, and the LOBO lender may decide to cancel it.
- 29 Deferred charges represent expenditure that is capitalised under statutory provisions, but does not represent tangible fixed assets on our balance sheet (for instance, mandatory disabled facilities grants and other grants and contributions to third parties, including renovation grants). Accounting rules require that such expenditure is written off as expenditure to the relevant service revenue expenditure account in the year. The deferred charge financing adjustment reverses the cost so that the charge does not impact on the tax payer
- 30 This financing adjustment reverses the release of grants received and is included under net service expenditure within the Heads of Service. They match off against capital charges for funded capital projects.
- 31 & 32 These are central government funding and are, effectively, one grant.
- 33 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts. The surplus is not planned, but arises where overall collection rates, collection of arrears, and growth in the tax base exceed estimates.
- 34 Council Tax is assumed to increase by 4.95% plus 0.5% increase in the Council Tax base.

**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

Notes	<u>Assuming 0% RSG Increases</u>			
	2007/08 Draft Budget	2008/09 Forecast	2009/10 Forecast	2010/11 Forecast
	£000	£000	£000	£000
1	<b>15,534 Net Budget Requirement</b>	<b>16,093</b>	<b>16,093</b>	<b>16,093</b>
	<b>Corporate Pressures</b>			
2	- Increased salary costs	-	366	745
3	- Pension Backfunding	-	79	163
4	- Contracts	-	134	264
5	- General Expenditure Inflation	-	134	264
6	- Net Central Support adjustments	-	-119	-234
7	- General Income Inflation	-	-225	-443
8	- Benefits Overpayments Reserve	-	-240	-240
9	- Invest to Save	-	0	0
10	<b>Returns from Heads of Service</b>		<b>599</b>	<b>591</b>
11	<b>Proposed Efficiency Savings</b>		<b>-450</b>	<b>-450</b>
	<b>15,534 Total</b>	<b>16,093</b>	<b>16,371</b>	<b>16,753</b>
	<b>Financed By :-</b>			
12	9,957 Revenue Support Grant ( 1%, 0.5%, 0.5%)	10,113	10,164	10,215
	- NNDR (merged with RSG)	-	-	-
	- DEFRA Recycling grant (merged with RSG £46k 08/09)	0	0	0
13	46 Collection Fund Surplus (to be recalculated)	50	53	56
	Council Tax with Band D equivalent at 39030.59			
	Council Tax base increase of 453.22 with Band D equivalent at 39483.81			
	Increase of 1.160%			
	Increase of 4.95%			
	5,559 Total			
		1.160%		
		4.950%		
		4.950%		
14	Tax increase of 4.95%			
	Base increase of 0.5%			
	Total	5.450%	5,881	6,201
	<b>15,562 Total Financing</b>	<b>16,044</b>	<b>16,418</b>	<b>16,810</b>
15	<b>-28 NET (SURPLUS) / DEFICIT</b>	<b>49</b>	<b>-47</b>	<b>-57</b>
	<b>Impact on Reserves :-</b>			
	<b>Projected General Fund Reserves</b>			
	Opening balance (projected outturn Dec 07)	-2,268	-2,219	-2,266
	Transfer to Earmarked General Reserves			
16	<b>Closing Balance (Accumulated Surplus)</b>	<b>-2,219</b>	<b>-2,266</b>	<b>-2,323</b>

**THREE YEAR REVENUE BUDGET FINANCIAL  
PROJECTION**

**Notes**

- 1 The net budget is taken from the 2008/09 budget at Annex 1.
- 2 Increased salary costs reflect assumed inflation at 2% pay settlement and 1% increment drift.
- 3 Pension backfunding reflects the increases in backfunding required by the fund actuaries.
- 4 Inflation on major contracts has been assumed at 3%.
- 5 Inflation on all other expenditure.
- 6 As the costs of central support services increase, some of this will be clawed back by recharges outside the General Fund.
- 7 Increases in income at inflation.
- 8 Recovery of benefits overpayments is difficult to forecast. It is proposed to build up a "Benefits Overpayments" reserve by contributions in 2007/08 and 2008/09. This can be used to smooth out future fluctuations in performance. It is not proposed to make additional contributions in 2009/10 hence the "saving" shown.
- 9 Proposed transfer to the "Invest to Save" reserve. This can only happen if the target savings are achieved.
- 10 See Annexes 3D to 9D for the additional budget pressures from Heads of Service.
- 11 Savings required to balance the MTFP over the 3 year planning period.
- 12 The settlement as indicated by DCLG.
- 13 The collection fund surplus is distributed to the precepting authorities pro rata to their share of the precepts. The surplus is not planned, but arises where overall collection rates, collection of arrears, and growth in the tax base exceed estimates.
- 14 Council Tax income is forecast to increase by 4.95% due to increases in Council Tax and 0.5% due to increases in the tax base.
- 15 Over the planning periods the budgets are forecast to be in balance.
- 16 The General Fund balance is forecast to stay reasonably above the recommended £2m over the planning period.

**BUDGET PRESSURES 2009/10 - 2010/11**

	2009/10 £000's	2010/11 £000's
<b>One-off and On-going Service Savings and Pressures to Maintain Current Services</b>		
N Aziz	11	11
D Randall	169	126
C Waterman	196	196
M Davis	-55	-25
M Dawson	90	106
R Walton	60	39
D Willis	19	29
	489	481

**Changes in Service Provision**

<b>One-off and On-going Service Savings and Pressures to Deliver New Priorities</b>		
N Aziz	0	0
D Randall	0	0
C Waterman	0	0
M Davis	0	0
M Dawson	60	60
R Walton	50	50
D Willis	0	0
	110	110
<b>Total</b>	<b>599</b>	<b>591</b>

More detail on each of the lines above is provided in Annex D for each Head of Service.

## INCOME AND EXPENDITURE ACCOUNT

This Account includes both General Fund and Housing Revenue Account activities and summarises the resources that are generated and consumed in providing services and managing the Council during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year. The format of the account is prescribed by the Local Government Statement of Recommended Practice. It has been included here to provide a comparator for the final accounts.

2006/07 Net Expenditure	2007/08 Projected Outturn		2008/09 Gross Expenditure	2008/09 Gross Income	2008/09 Net Expenditure
£	£		£	£	£
661	1,555	<b>On its services the Council spent:-</b>	1,895	(781)	1,114
9,121	10,538	Central Services	13,110	(2,673)	10,437
521	680	Cultural, Environmental and Planning Services	2,883	(2,811)	72
2,486	1,973	Highways, Roads and Transport Services	56,107	(54,403)	1,704
663	(79)	Housing Services	40	(84)	(44)
2,032	1,987	Other services	2,299	(58)	2,241
1,142	1,694	Corporate and Democratic Core	301	0	301
<b>16,625</b>	<b>18,348</b>	Non-distributed Costs	<b>76,635</b>	<b>(60,810)</b>	<b>15,825</b>
0	0	<b>NET COST OF SERVICES</b>			
1,357	1,486	Gain or (loss) on disposal of fixed assets			
47	49	Amounts due to Precepting Authorities			1,676
0	6	- Town and Parish Councils			51
405	405	- River Stour Drainage Board			(4)
1,558	1,560	Total net (surplus) or deficit on Trading Undertakings			405
(1,424)	(1,712)	Interest payable and similar charges			1,470
1,390	1,799	Amounts payable to Housing Capital receipts pool			(1,453)
0	(22)	Interest and investment income			1,370
<b>19,958</b>	<b>21,919</b>	Pensions interest cost & expected return on assets			0
(6,594)	(7,045)	Exceptional item			<b>19,340</b>
(119)	(46)	<b>NET OPERATING EXPENDITURE</b>			
(8,189)	(1,431)	Income from Collection Fund			(7,557)
(1,581)	(8,526)	- Council Tax Income			(50)
<b>3,475</b>	<b>4,871</b>	- Collection Fund Surplus			(1,236)
		Government grants (not attributable to specific services)			(8,877)
		Distribution from non-domestic rate pool			<b>1,620</b>
		<b>TOTAL: (SURPLUS) / DEFICIT FOR THE YEAR</b>			

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

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

Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.

Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

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

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

2006/07 Actual £	2007/08 Projected £		2008/09 £000
3,475	4,869	<b>(Surplus) or deficit for year in the Income &amp; Expenditure Account</b>	1,620
(3,426)	(4,591)	<b>Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year</b>	(1,571)
<b>48</b>	<b>278</b>	<b>Increase in General Fund Balance for the Year</b>	<b>49</b>
(2,594)	(2,546)	General Fund Balance brought forward	(2,268)
<b>(2,546)</b>	<b>(2,268)</b>	<b>General Fund Balance carried forward</b>	<b>(2,219)</b>

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

2006/07 Actual £	2007/08 Projected £		2008/09 £	£
3,475	4,871	<b>(Surplus) or deficit for year in the Income &amp; Expenditure Account</b>		1,620
		<b>Amounts included in the Income &amp; Expenditure Account required by statute to be excluded in determining the Movement on the General Fund Balance for the year</b>		
(1)	(4)	Amortisation of intangible fixed assets	(12)	
(2,062)	(1,052)	Depreciation and impairment of fixed assets	(1,029)	
(225)	(216)	Excess depreciation charged to the HRA over Major Repairs Allowance	(216)	
346	298	Capital Contributions Deferred	254	
(301)	(1,076)	Deferred Charges	(445)	
0	0	Net (gain) or loss on sale of fixed assets	0	
(3,850)	(3,818)	Pension cost adjustment	(3,430)	
		<b>Additional items required by statute in determining the movement on the General Fund Balance</b>		
0	0	Statutory provision for repayment of debt	0	
917	47	Capital expenditure charged to the General Fund Balance	455	
(1,558)	(1,560)	Transfer from Usable Capital Receipts equal to the amount payable into the Housing Capital Receipts Pool	(1,470)	
3,180	3,293	Employers contributions payable to the pension fund	3,830	
		<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		
185	883	Statutory transfer of HRA balance	193	
0	0	Voluntary provision for repayment of debt	0	
0	0	Transfers to/(from) earmarked reserves	0	
56	(125)	- Transfer to/(from) Local Development Framework Reserve	(44)	
(1,403)	(1,052)	- Transfer to/(from) Special Projects Reserve	(92)	
(52)	(245)	- Transfer to/(from) Planning Delivery Grant	(148)	
1,342	34	- Other Transfers to Earmarked Reserves	583	
<b>(3,426)</b>	<b>(4,593)</b>			<b>(1,571)</b>
<b>48</b>	<b>278</b>	<b>(Increase) / Reduction in the General Fund Balance for the Year</b>		<b>49</b>
(2,594)	(2,546)	General Fund Balance brought forward		(2,268)
<b>(2,546)</b>	<b>(2,268)</b>	<b>General Fund Balance carried forward</b>		<b>(2,219)</b>

## **OFFICE OF THE CHIEF EXECUTIVE**

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

### **Regeneration**

The Council's regeneration agenda is predicated upon the delivery of a number of strategic (major) projects including the Dover Town Investment Zone, Aylesham, White Cliffs Business Park (phase 2) etc. This team co-ordinates and leads on the delivery of these key initiatives and is also actively involved in securing other major opportunities & initiatives.

### **Transportation**

This team provides support to the Major Projects Team and the Council on transportation issues such as parking, public transport and events. Resolving both local and strategic transportation issues remains a key priority in supporting the regeneration agenda.

### **Policy and Leadership Support**

This team is mainly concerned with the formulation of policy and strategy, supporting the Corporate Management Team and the Executive.

### **Significant Service and Budget Changes**

1. The 2007/08 original budget was £1.33m. The 2007/08 Projected Outturn as at 31 December 2007 is £1.21m, a reduction of £0.12m.

There are no significant service changes, however there are the following variations in spend:

- Vacancy savings due to earlier leaving date for Deputy Chief Executive and Marketing & Communication post not filled.
- Equality and diversity MORI survey.

2. The 2007/08 Projected Outturn was £1.21m. The 2008/09 proposed budget is £1.42m, an increase of £0.21m.

The main service changes are:

- On-going contribution to Dover Pride
- Contribution to East Kent Strategic Partnership
- Contribution to Quality Bus Partnership
- Increased Audit Commission charges
- Part year Deputy Chief Executive costs will not be incurred in future years
- Additional Economic Development officer for Regeneration team



**Service Summary****Chief Executive**

<b>2006/07 Actual</b>	<b>By Service</b>	<b>2007/08 Original Budget</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Budget</b>
£		£	£	£
202,203	Corporate Planning	175,730	193,730	212,300
128,141	Corporate Press & Publicity	156,790	164,010	175,200
377,654	Chief Exec (Non-Service Specific)	403,000	0	0
146,521	CMT (Non-Service Specific)	130,610	0	0
29,400	Non-Service Specific Work	33,190	418,870	579,250
0	Chief Exec Admin Trading Account	0	-4,120	0
0	Deputy Chief Executive	0	-550	0
0	Design Studio	0	-160	0
0	Policy & Leadership Support	0	-7,770	0
0	Projects & Transportation Unit	0	8,770	-43,040
-4,819	Section 38	0	0	0
306,983	Transportation Services	423,970	316,080	341,200
52,059	Public Transport Initiatives	5,000	720	2,830
0	Dover Pride	0	27,300	50,000
2,940	Other Regeneration Projects	4,630	76,270	99,720
0	Centurion House	0	5,870	0
0	Dolphin House	0	11,440	0
<b>1,241,083</b>	<b>Total</b>	<b>1,332,920</b>	<b>1,210,460</b>	<b>1,417,460</b>

<b>2006/07 Actual</b>	<b>By Spend</b>	<b>2007/08 Original Budget</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Budget</b>
£		£	£	£
860,530	Employees	915,790	1,046,370	1,134,360
53,295	Premises Expenses	112,000	110,150	56,500
9,261	Transport	6,630	6,450	7,780
196,175	Supplies & Services	148,380	237,690	313,870
0	Payments to 3rd Parties	0	0	0
1,128,213	Support Services Costs	1,244,570	821,250	973,530
27,237	Capital	27,140	18,700	18,700
-8,521	Income	-101,600	-94,270	-20,820
-1,025,107	Recharge Income	-1,019,990	-935,880	-1,066,460
<b>1,241,083</b>	<b>Total</b>	<b>1,332,920</b>	<b>1,210,460</b>	<b>1,417,460</b>

## Chief Executive

**VARIATION SUMMARY 2007/08 BUDGET**  
**ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN @ 31/12/07**

	£
<b>Original Budget 2007/08</b>	1,332,920.00
<b>Projected Outturn as at 31/12/07</b>	1,210,460.00
<b>Variance</b>	<u><b>(122,460.00)</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(168,930.00)
2 Capital charges	(8,440.00)
3 FRS17 - Pension Adjustments	0.00
<b>Indirect variance total</b>	<u><b>(177,370.00)</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy Provision - items relating to 07/08 only	(6,160.00)
5 Vacancy Provision & other on-going salary changes	(39,400.00)
6 Approved carry forward items	780.00
7 Equality & Diversity Policy MORI survey	6,830.00
8 Revised Allocation of Audit Commission fees from other sections	78,810.00
9 Revised private medical budgets offset by corporate review reserve	5,450.00
10 Deputy Chief Exec costs approved from Corporate Review Reserve	4,320.00
11 Reduction in Footway Lighting electricity budget	(3,350.00)
12 Direct allocation of ICT costs (offset in Head of Finance & ICT)	6,250.00
Miscellaneous Variances	1,380.00
<b>Direct variance total</b>	<u><b>54,910.00</b></u>
<b>Total Variances</b>	<u><b>(122,460.00)</b></u>

## Chief Executive

**VARIATION SUMMARY 2008/09 BUDGET**  
**PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09**

	£
<b>Projected Outturn as at 31/12/07</b>	1,210,460.00
<b>Original Budget 2008/09</b>	1,417,460.00
<b>Variance</b>	<u><b>207,000.00</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances (including FRS17)	98,720.00
2 Capital charges	0.00
3 FRS17 - Pension Adjustments	<u>32,770.00</u>
<b>Indirect variance total</b>	<u><b>131,490.00</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy provision not included in 08/09 budget	6,160.00
5 Equality and Diversity Policy MORI Survey costs in 07/08 only	(6,830.00)
6 Part year Deputy Chief Executive costs will not be incurred in 08/09	(26,990.00)
7 Economic Development Officer post	38,000.00
8 Senior Projects Support officer for Regeneration Team - now to be backfilled internally	0.00
9 LLPG support post (remainder of 1 year short-term post)	11,000.00
10 Income anticipated from regeneration properties to offset internal charges	(20,820.00)
11 Contribution to Dover Pride	50,000.00
12 Contribution to East Kent Strategic Partnership	25,000.00
13 Contribution to Quality Bus Partnership	25,000.00
14 Increased Audit Commission charges	25,000.00
15 Footway Lighting increased cost to be incurred 07/08 only	(51,650.00)
Miscellaneous Variances	1,640.00
<b>Direct variance total</b>	<u><b>75,510.00</b></u>
<b>Total Variances</b>	<u><b>207,000.00</b></u>

## Chief Executive

BUDGET PRESSURES 2009/10 - 2010/11Changes in Budget to Maintain Current Service

Service		2009/10 £000's	2010/11 £000's
	<b>One-off savings against 2008/09 base (one-off means a saving for one or two years only)</b>		
		0.0	0.0
	<b>One-off pressures against 2008/09 base (one-off means a pressure for one or two years only)</b>		
	LLPG Part-Time Post required for 1 year starting mid-07/08. Total required £20k, £10k from contingency 07/08. (CMT 21/08/07). No requirement in future years so £10k saving.	-10.0	-10.0
		-10.0	-10.0
	<b>On-going savings against 2008/09 base (on-going means that the saving will continue across the years)</b>		
		0.0	0.0
	<b>On-going pressures against 2008/09 base (on-going means that the pressure will continue across the years)</b>		
Properties	Estimated income from Centurion House used to offset costs 08/09 only	8.0	8.0
Properties	Estimated Income from Dolphin House used to offset costs 08/09 only	13.0	13.0
		21.0	21.0
	Sub total	11.0	11.0

Changes in Service Provision

	<b>Costs and savings against 2008/09 base to deliver the Corporate plan.</b>		
		0.0	0.0

Agreed by :-

(Head of Service)

## **HEAD OF GOVERNANCE**

The Head of Governance is responsible for a number of service areas. The most significant in terms of income and expenditure are summarised below:

### **Members**

Provides funding for Councillor's remuneration and allowances, training and development, catering for meetings and supporting stationery, printing, reference materials and equipment to enable the Councillors' to carry out their democratic role as elected representatives of the community.

### **Elections**

The Elections Service is responsible for the organisation and conduct within the area of the authority of European Parliamentary, Parliamentary, County Council, District Council and Parish Council elections, as well as parish polls and referenda.

### **Electoral Registration**

The Section is responsible for the compilation and maintenance of the Register of Electors including overseas and European 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. The Section is also responsible for all aspects required for the running of Parliamentary and Local Government elections together with the maintenance of absent voting lists. Boundary Reviews and the implementation of those changes are also carried out within the team.

### **Local Land Charges**

The Section is responsible for local land charges. Duties include: the maintenance of the Local Land Charges Register; liaison with other Departments regarding the correct registration and removal of Charges; acceptance, compilation and return of local land charges searches within the PPI timescale, and liaison with Departments for replies associated with personal searches. In an effort to retain our market share the Section is also to receive and return searches as traditional paper-based or electronic transaction together with offering a variety of payment methods. The Land Charges Team maintains comprehensive background records of charges recorded within the Land Charges Register.

### **Local Licensing and Registration**

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

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

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

The budgets for the services managed by the Head of Governance are provided in more detail on the following pages.

## **Significant Service and Budget Changes**

1. The 2007/08 original budget was £1.43m. The 2007/08 Projected Outturn as at 31 December 2007 is £1.36m, a reduction of £0.07m.

The main service changes are:

- Savings on the audit trading account, due to improved efficiency and economies of scale, offset by:
- A reduction in projected Gambling Act income, due to transitional licence protection for certain establishments; and
- Job evaluation consultancy fees

2. The 2007/08 Projected Outturn was £1.36m. The 2008/09 proposed budget is £1.31m, a reduction of £0.05m.

The main service changes are:

- The provision of an annual budget for elections to smooth the fluctuating effect of budget pressures in election year, which is below the 07/08 budget, offset by:
- Members' basic and responsibility allowance increased by inflation
- Job evaluation, additional staffing cover for maternity absence
- Full budget provision for a trainee solicitor

**Service Summary****Head of Governance**

<b>2006/07 Actual</b>	<b>By Service</b>	<b>2007/08 Original Budget</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Budget</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
45,069	Modernising Local Government	54,050	12,600	12,100
143,798	Best Value & CPA	142,390	183,530	196,610
106,110	Comprehensive Performance Assessments	117,790	0	0
80,516	Scrutiny	100,510	66,490	74,740
46,535	Chairmans Account	48,920	55,940	69,400
431,746	Members Account	514,150	560,300	581,460
36,111	Outside Bodies	37,080	60,740	65,330
48,409	Emergency Planning	59,110	56,680	55,460
-36,323	Parliamentary Elections	0	2,900	0
0	KCC Elections	0	4,190	0
0	European Elections	0	0	0
8,589	District Elections	118,470	162,090	0
4,081	District By-Elections	0	4,930	0
-1,705	Parish By-Elections	0	4,150	0
41,010	Elections - Admin	63,030	12,800	28,310
107,087	Electoral Registration	121,910	90,070	123,580
-102,592	Local Land Charges	-172,410	-160,420	-116,530
0	Personnel Trading Account	0	9,080	0
0	Corporate Health & Safety	0	0	0
0	Democratic Services	0	1,070	0
0	Head of Governance	0	0	0
0	Performance & Risk Team	0	0	0
0	Audit Trading Account	0	-100	0
0	Legal Trading Account	0	-2,750	0
0	Licensing Admin Trading Account	0	-4,430	0
0	Training Holding Account	100,000	114,280	94,000
0	Audit Partnership	0	-4,370	0
83,244	Local Licensing & Registration	-14,550	55,630	74,920
20,138	Gambling Act 2005	290	47,530	38,360
995	Hackney Carriages & Private Hire	142,090	26,550	12,290
<b>1,062,818</b>	<b>Total</b>	<b>1,432,830</b>	<b>1,359,480</b>	<b>1,310,030</b>

<b>2006/07 Actual</b>	<b>By Spend</b>	<b>2007/08 Original Budget</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Budget</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
1,558,538	Employees	1,937,830	2,341,920	2,670,160
820	Premises Expenses	1,450	1,440	950
25,421	Transport	36,950	37,930	38,320
942,107	Supplies & Services	1,041,870	1,266,240	922,410
1,556,822	Support Services Costs	1,629,340	1,022,820	1,061,080
20,661	Capital	18,860	6,830	6,830
-898,890	Income	-844,600	-1,007,250	-834,600
-2,142,661	Recharge Income	-2,388,870	-2,310,450	-2,555,120
<b>1,062,818</b>	<b>Total</b>	<b>1,432,830</b>	<b>1,359,480</b>	<b>1,310,030</b>

## Head of Governance

VARIATION SUMMARY 2007/08 BUDGET  
ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN @ 31/12/07

	£
<b>Original Budget 2007/08</b>	1,432,830.00
<b>Projected Outturn as at 31/12/07</b>	1,359,480.00
<b>Variance</b>	<u><b>(73,350.00)</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(87,910.00)
2 Capital charges	(12,030.00)
3 FRS17 - Pension Adjustments	0.00
<b>Indirect variance total</b>	<u><b>(99,940.00)</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy Provision - items relating to 07/08 only	(14,180.00)
5 Vacancy Provision & other on-going salary changes	(7,530.00)
6 Job Evaluation consultants fees	28,000.00
7 Approved carry forward items	10,000.00
8 Reduction in Gambling Act income	25,000.00
9 Coaching training costs funded from corporate review reserve	26,500.00
10 Savings on audit trading and partnership accounts	(51,830.00)
11 Revised private medical budgets offset by corporate review reserve	12,610.00
Miscellaneous Variances	(1,980.00)
<b>Direct variance total</b>	<u><b>26,590.00</b></u>
<b>Total Variances</b>	<u><b>(73,350.00)</b></u>



## Head of Governance

### VARIATION SUMMARY 2008/09 BUDGET PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09

	£
<b>Projected Outturn as at 31/12/07</b>	1,359,480.00
<b>Original Budget 2008/09</b>	1,310,030.00
<b>Variance</b>	<u><b>(49,450.00)</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(148,360.00)
2 Capital charges	0.00
3 FRS17 - Pension Adjustments	77,670.00
<b>Indirect variance total</b>	<u><b>(70,690.00)</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy provision not included in 08/09 budget	14,180.00
5 Additional cost of new Civic Car	8,500.00
6 Reduced cost of Audit Partnership	(8,910.00)
7 Legal to upgrade to IKEN case management system	8,500.00
8 Electoral Registration software upgrade	10,000.00
9 Eye Tests - biennial cost	5,000.00
10 District Elections costs incurred in 07/08, for 08/09 and future years an annual budget of £48,000 has been included to smooth the impact of elections	(70,470.00)
11 Temporary cover in Human Resources to cover maternity leave and support Job Evaluation process	10,000.00
12 Professional Standards Investigations transferred from Chief Executive	15,870.00
13 Members Basic & Special Responsibility Allowances increased by inflation	9,000.00
14 Trainee Solicitor Post full budget included	15,590.00
Miscellaneous Variances	3,980.00
<b>Direct variance total</b>	<u><b>21,240.00</b></u>
<b>Total Variances</b>	<u><u><b>(49,450.00)</b></u></u>

**GOVERNANCE DIVISION BUDGET PRESSURES 2008/09 - 2010/11****Changes in Budget to Maintain Current Service**

Service		2009/10 £000's	2010/11 £000's
	<b>One-off savings against 2007/08 base (one-off means a saving for one or two years only)</b>		
		0.0	0.0
	<b>One-off pressures against 2007/08 base (one-off means a pressure for one or two years only)</b>		
Legal	Provision of hardware for remote access users - 08/09 one-off cost so saving future years	-1.0	-1.0
Electoral Registration	Upgrade of software system - 08/09 one-off cost so saving future years	-10.0	-10.0
		-11.0	-11.0
	<b>On-going savings against 2007/08 base (on-going means that the saving will continue across the years)</b>		
		0.0	0.0
	<b>On-going pressures against 2006/07 base (on-going means that the pressure will continue across the years)</b>		
Corporate	A new job evaluation scheme is required as the old scheme is now outdated, doesn't fully reflect our core values and doesn't meet equality pay requirements. The new scheme will help ensure DDC is an Employer of Choice. This will take 18 months to implement. The budget in 2008/9 reflects Consultant £25k, HR support £10k & 1 month salary impact £20k, and in 2009/10 and 2010/11 it estimates the likely impact on the salary budget.	195.0	145.0
HR	Bi-annual eye tests (occur 08/09 & 10/11, in 08/09 base so saving in 09/10)	-5.0	0.0
Legal	Additional resource - convert half trainee solicitor post to full post, 2 year contract so saving in 2010/11	0.0	-13.0
Legal	Requirement to upgrade Legal Case management system - £10k in 08/09, no cost in 09/10, £15k in 10/11	-10.0	5.0
		180.0	137.0
	Sub Total	169.0	126.0

## **HEAD OF HOUSING AND COMMUNITY**

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

1. Housing
2. Community Safety
3. Community Development and Youth
4. Museums and Tourism

### **HOUSING**

#### **Council Housing**

Dover District Council is the major social landlord in the district managing 4704 dwellings (2886 houses and 1818 flats) including 15 sheltered housing schemes. There are currently c.3000 people on the Council's Housing Waiting List. It also operates the White Cliffs Careline. Every local housing authority maintains a Housing Revenue Account (HRA) funded mainly by rent income. This is a ring-fenced account, which may not be used to fund other Council services. Rent levels are calculated on an individual property basis using rent formulas set by the Government.

#### **Strategic Housing**

The key role of the Council's strategic Housing services is to use all available powers and influence to bring about a balance in the local housing market. This is often referred to as the Place shaping role.

The function includes housing strategy, affordable house and homelessness and the private sector housing functions (see below) as well as functions carried out by the Council's Planning service and its Property Services section.

#### **Housing Strategy and Homelessness**

By law the Council must have an effective and forward-looking Housing Strategy.

The Dover District Housing Strategy 2005/09 has been approved by the Government Office of the South East (GOSE) as 'fit for purpose'.

The Council's Homelessness Strategy is currently under review in partnership with Canterbury City Council and Thanet District Council. In 2005/06 the number of households accepted as homeless fell by 45% following the introduction of a new 'Housing Options' scheme.

#### **Private Sector Housing**

The main function of this section is to ensure all 42,000 private sector homes in the district are safe healthy to live in and that vulnerable people can live in a Decent Home. Dover has some of the oldest housing stock and has the highest percentage of unfit properties in the Southeast.

There are two main ways this is achieved. The first is through using a range of complex enforcement powers, mainly using the Housing Act 2004 and includes the licensing of House

in Multiple Occupation. This action is mainly used in respect of private landlords in the private rented sector. We can also advise on tenancy issues and problems with repairs.

The second main way this is achieved is through financial assistance. We have a large grants and loans programme mainly targeted at vulnerable families in poor quality accommodation in the Dover urban wards. This has been financed in 2006/07 (£1.8m) and 2007/08 (£1.6m) by the Government's Regional Housing Pot. The section also has a remit to bring back into use the number of empty unused properties in the district. In 2006/07 over 30 such properties were returned to use using all the above tools including compulsory purchase of properties.

The section also works with a number of external bodies on partnership programmes and monitors and funds the Homes Improvement Agency.

## **COMMUNITY SAFETY**

Dover district experiences low levels of crime, and is consistently in the bottom quarter of reported crime levels in Kent. The Council manages the Dover district Community Safety Partnership (CSP), a group of agencies including Kent Police, Kent County Council, the Kent Fire and Rescue Service, Kent Probation, the East Kent Young Offenders Service, the Kent Drug and Alcohol Action Team and the East Kent Coastal 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 also in the process of embedding crime reduction activities in all its services (The 'Section 17' project).

### **Anti Social Behaviour**

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

Currently customer satisfaction levels for the Unit are running at 97% and over 96% of cases are resolved within 35 days. The Unit normally responds to enquiries within one working day.

## **COMMUNITY DEVELOPMENT**

The Community Development Section has three main areas of focus, leading on the community role for the Council's major projects such as at Aylesham, North Deal and Buckland Mill and, in managing community related funding streams such as the Coalfield Regeneration Trust Programme, it also leads on the Council's Youth Policy and works in partnership with key agencies and voluntary groups to deliver the Dover District Youth Strategy. This division also supports many community and multi-agency partnerships such as Buckland Together, which address community issues with residents.

In 2007 it helped provided over 230 community events and activities through the DELTA programme, delivered £90,000 worth of small project funding for the CRT programme.

## **MUSEUMS AND TOURISM**

### **Museum Service**

Dover Museum is one of the oldest museums in the UK, founded in 1836. Its three floors of exhibitions on the history of Dover and its award winning Bronze Age Boat Gallery attract over 35,000 visitors a year. It operates a successful schools programme attracting some 14,000 schoolchildren annually and has just completed a £400,000 lottery funded oral history and walking trail project on the history of the Kent Coalfield. In 2008 it will be working with young people, traditionally a hard to reach group for museums, to identify how to make the museum more relevant to them, and seeking re-registration under a national museums accreditation scheme.

### **Tourism**

The Council's role in tourism is as a co-ordinator for the district's tourism industry and the White Cliffs Country Marketing brand. It produces a successful annual tourism guide and website and associated marketing campaign, in partnership with the White Cliffs Country Tourism Association. (WCCTA)

The section also operates one of the busiest VICs in the UK, the Dover Visitor Information Centre, and grant aids and advises VICs in Deal and Sandwich.

In 2007 the Section is introduced a new online visitor accommodation booking system with WCCTA to improve access to booking accommodation in the district.

### **Significant Service and Budget Changes**

1. The 2007/08 original budget was £2.23m. The 2007/08 Projected Outturn as at 31 December 2007 is £2.40m, an increase of £0.17m.

The main service changes are:

- Inclusion of a permanent Youth Officer post
- Cost of the Archery World Cup
- Removal of the Anti-Social Behaviour Community Engagement post
- Increased impact of central support recharges not chargeable to the White Cliffs Countryside Project

2. The 2007/08 Projected Outturn was £2.40m. The 2008/09 proposed budget is £2.22m, a reduction of £0.18m.

The main service changes are:

- Project Delta grant replaced by contribution to Handyman Scheme
- Additional Private Sector Housing post
- Forecast reduction in museum income
- New Strategic Housing Officer post

Service Summary

## Head of Housing and Community

2006/07 Actual	By Service	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
£		£	£	£
0	Housing Admin Trading Account	0	-4,130	0
0	Snr Community Developmt Officer	0	0	0
0	Head Of Housing & Community	0	0	0
0	Careline Trading Account	0	300	0
15,232	Health Promotion	34,470	13,560	0
8,393	Crime And Disorder	6,330	-19,370	7,130
418,790	Dover Museum	397,610	407,160	432,290
21,319	Museums-Bronze Age Boat-Exhibit	20,040	24,700	19,480
-245	Dover Museum Schools	-1,320	-1,320	-1,150
18,043	Sandwich Research Project	0	0	0
26,730	Discovery Centre Grant	26,800	25,000	25,000
6,639	Grand Shaft-Western Heights	7,380	7,890	7,250
79,533	A/C Body Rchg-S/Start,WCCP, etc	65,670	104,720	77,000
15,750	T&M Central Support	12,600	0	0
67,563	Tourism Development	70,020	64,270	65,330
20,330	Tourism - Special Events	16,710	29,240	2,240
2,512	Tourism Promotions	2,560	1,250	1,250
39,024	Vic Grants & Historic Panels	45,150	42,740	42,870
1,210	SRB 6 Bid	1,260	0	0
84,087	Dover Tourist Informn Centre	74,960	77,400	86,170
237,472	Homelessness	279,160	245,570	243,800
336,363	Private Sector Housing	367,030	494,960	502,150
251,439	Renovation Grants	400,880	358,150	345,210
79,558	Housing Strategy	223,680	246,930	129,320
0	Community Development	720	20,320	22,860
0	Regen Officer Small Projects	5,130	23,950	17,150
0	Aylesham Commnty Devlpmnt Off	0	7,800	5,030
741	White Cliffs Careline	-46,730	-51,930	-32,610
3,498	Youth Strategy	26,350	84,240	77,970
187,509	Anti-Social Behaviour	198,750	193,230	200,960
<b>1,921,490</b>	<b>Total</b>	<b>2,235,210</b>	<b>2,396,630</b>	<b>2,276,700</b>

2006/07 Actual	By Spend	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
1,424,202	Employees	1,300,230	1,565,510	1,700,030
167,785	Premises Expenses	98,910	99,240	92,200
24,473	Transport	21,380	21,630	25,330
1,580,739	Supplies & Services	1,579,490	2,479,300	1,581,380
30,704	Payments To 3rd Parties	26,030	26,030	25,500
839,300	Support Services Costs	941,300	848,480	832,970
79,487	Capital	83,280	87,650	77,650
-1,360,494	Income	-1,058,340	-1,882,430	-1,190,940
-864,706	Recharge Income	-757,070	-848,780	-867,420
<b>1,921,490</b>	<b>Total</b>	<b>2,235,210</b>	<b>2,396,630</b>	<b>2,276,700</b>

## Head of Housing and Community

### VARIATION SUMMARY 2007/08 BUDGET ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN @ 31/12/07

	£
<b>Original Budget 2007/08</b>	2,235,210.00
<b>Projected Outturn as at 31/12/07</b>	2,396,630.00
<b>Variance</b>	<u><u>161,420.00</u></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	5,890.00
2 Capital charges	4,370.00
3 FRS17 - pension adjustments	0.00
<b>Indirect variance total</b>	<u><u>10,260.00</u></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy Provision - items relating to 07/08 only	(30,470.00)
5 Vacancy Provision & other on-going salary changes	(690.00)
6 Youth Strategy officer approved from Contingency	15,760.00
7 Revised private medical budgets offset by corporate review reserve	11,860.00
8 Housing equipment maintenance costs part offset by charge to HRA	17,290.00
9 Approved carry forward items	52,360.00
10 Deferred charges included in revenue budget (offset below the line)	62,420.00
11 Archery World Cup costs approved from contingency	7,690.00
12 Increased impact of central support recharges not chargeable to the White Cliffs Countryside Project	10,480.00
Miscellaneous Variances	4,460.00
<b>Direct variance total</b>	<u><u>151,160.00</u></u>
<b>Total Variances</b>	<u><u>161,420.00</u></u>

## Head of Housing and Community

### VARIATION SUMMARY 2008/09 BUDGET PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09

	£
<b>Projected Outturn as at 31/12/07</b>	2,396,630.00
<b>Original Budget 2008/09</b>	2,276,700.00
<b>Variance</b>	<b><u>(119,930.00)</u></b>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances (including FRS17)	(34,170.00)
2 Capital charges	0.00
3 FRS17 - pension adjustments	51,870.00
<b>Indirect variance total</b>	<b><u>17,700.00</u></b>
<b>Direct expenditure variances:</b>	£
4 Vacancy provision not included in 08/09 budget	30,470.00
5 Housing Needs Assessment and the Private Sector Stock Condition Survey costs incurred in 07/08 - for 08/09 and future years an annual budget of £25,000 has been included to smooth the impact of future surveys	(108,000.00)
6 No grant to Project Delta in 08/09	(13,650.00)
7 Contribution to Handyman Scheme	15,500.00
8 Additional Private Sector Housing post	44,380.00
9 Housing Improvement Manager contract ends March 08	(60,110.00)
10 Youth Strategy second homes income not expected in 2008/09	9,250.00
11 Deferred charges included in revenue budget (offset below the line)	(152,420.00)
12 CDRP grant not anticipated for 2008/09	25,000.00
13 Forecast reduction in museum income	9,080.00
14 Strategic Housing officer	56,130.00
Miscellaneous Variances	6,740.00
<b>Direct variance total</b>	<b><u>(137,630.00)</u></b>
<b>Total Variances</b>	<b><u>(119,930.00)</u></b>



**HOUSING AND COMMUNITY BUDGET PRESSURES 2008/09 - 2010/11****Changes in Budget to Maintain Current Service**

Service		2009/10 £000's	2010/11 £000's
	<b>One-off savings against 2007/08 base (one-off means a saving for one or two years only)</b>	0.0	0.0
	<b>One-off pressures against 2007/08 base (one-off means a pressure for one or two years only)</b>	0.0	0.0
	<b>On-going savings against 2007/08 base (on-going means that the saving will continue across the years)</b>	0.0	0.0
	<b>On-going pressures against 2007/08 base (on-going means that the pressure will continue across the years)</b>		
Careline	Careline-reduced sales income.	50.0	50.0
Careline	Potential adjustment of Careline recharges	120.0	120.0
Careline	Estimated Out of Hours service costs	46.0	46.0
Careline	Savings in overtime, standby, equip, etc.	-20.0	-20.0
		196.0	196.0
	<b>Sub Total</b>	196.0	196.0

Agreed by :-  
(Head of Service)

## HEAD OF FINANCE AND ICT

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

### Accountancy

The accountancy team operates in two units; one is responsible for the General Fund revenue accounts and the other for the capital budget, the Housing Revenue Account and technical matters such as Treasury Management.

Although the teams are 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), supporting the CPA process and supporting 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.

### Income

The income team are responsible for the reconciliation of income receipts, updating the daily cash records and reconciling all entries to the bank statements. The team produce 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” process and process the monthly staff mileage claims.

### Payroll

The payroll team provides a full payroll service that includes payment of staff and statutory and other deductions; production of interfaces to the general ledger, the production of statutory returns and liaison with those bodies. System security is managed within the team for all users.

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

### ICT

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

The team also provides a help desk service, assess new opportunities and new technologies and maintains the security of the Councils software and data through the use of comprehensive security systems.

## Significant Service and Budget Changes

1. The 2007/08 original budget was £1.97m. The 2007/08 Projected Outturn as at 31 December 2007 is £2.03m, an increase of £0.06m.

There are no significant service changes, however there are the following variations in spend:

- Additional resource to back-fill during the production of the HRA business plan.
- Savings due to treasury management service coming back in-house
- Increase in cost of River Stour drainage levy
- Purchase of additional office equipment

2. The 2007/08 Projected Outturn was £2.03m. The 2008/09 proposed budget is £0.79m, a reduction of £1.24m.

A number of "Corporate" budget headings are included within "Finance and ICT", and movements in these budgets can lead to an apparent significant variation in the budget.

The main changes in the Corporate budgets are:

- £806k reduction in pension charges. This is a change in accounting practice and involves the reallocation of pension back-funding charges across the authority.
- £139k increased income from support charges. This is part of the central support recharge allocation review.
- £478k reduction in capital grants. This is offset by deferred charges in financing adjustments.

After allowing for the adjustments above, the underlying variation in the Finance and ICT budget is an increase of £183k. The main items are analysed below.

- Upgrade of the payroll system, required in order to ensure that we are operating a version that is still supported by the suppliers.
- Upgrade to the central accounting system. Again, this is required in order to ensure that we are operating a version that is still supported by the suppliers.
- Additional staff costs due to increments, additional pension costs, cost of living increase and regradings.
- Increased ICT and telephone costs, incurred on behalf of all users and recharged to other services.

Service Summary

## Head of Finance and ICT

2006/07 Actual	By Service	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
£		£	£	£
799,430	Special Fees And Payments	125,250	53,180	91,020
41,388	Treasury Management	56,170	52,710	45,370
184,510	Council, Cabinet & Committees	165,530	217,650	229,520
31,890	Corporate Policy Making	15,630	0	0
837,378	Superannuation Backfunding	858,950	857,640	0
9,082	Unapportionable Overheads	0	55,630	81,610
295,445	Gains/Losses On Curtailments	0	0	0
217,509	Grants To Voluntary Orgs	527,630	771,130	333,580
1,650	Grants To Charities	1,720	0	0
0	Computer Services Trading Acct	0	710	0
0	Print Unit Trading Account	43,660	0	0
0	Head Of Finance & ICT	0	0	0
0	Accountancy Trading Account	0	1,620	15,610
0	Office Telephones Hldg Account	-70	0	0
123,351	Environmental Improvements	173,140	19,960	10,500
<b>2,541,635</b>	<b>Total</b>	<b>1,967,610</b>	<b>2,030,230</b>	<b>807,210</b>

2006/07 Actual	By Spend	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
3,063,469	Employees	2,088,700	2,186,990	1,486,360
47,070	Premises Expenses	43,560	48,730	51,160
6,186	Transport	5,740	5,460	5,490
866,018	Supplies & Services	1,309,880	1,429,500	1,043,430
996,698	Support Services Costs	687,180	482,920	498,480
266,229	Capital	211,240	22,770	13,310
-157,287	Income	-11,000	-314,590	-282,130
-2,546,749	Recharge Income	-2,367,690	-1,831,550	-2,008,890
<b>2,541,635</b>	<b>Total</b>	<b>1,967,610</b>	<b>2,030,230</b>	<b>807,210</b>

## Head of Finance &amp; ICT

VARIATION SUMMARY 2007/08 BUDGET  
ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN @ 31/12/07

	£
<b>Original Budget 2007/08</b>	1,967,610.00
<b>Projected Outturn as at 31/12/07</b>	2,030,230.00
<b>Variance</b>	<u><u>62,620.00</u></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	98,550.00
2 Capital charges	(188,470.00)
3 FRS17 - pension adjustments	0.00
<b>Indirect variance total</b>	<u><u>(89,920.00)</u></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy Provision - items relating to 07/08 only	12,280.00
5 Vacancy Provision & other on-going salary changes	(9,970.00)
6 Savings in Treasury Management services	(14,500.00)
7 ICT trading account savings	(5,940.00)
8 Revised allocation of Audit Commission charges	(32,600.00)
9 Revised private medical budgets offset by corporate review reserve	8,020.00
10 Items of approved carry forward	6,670.00
11 Additional River Stour precept charge	5,170.00
12 Unallocated print unit costs (offset by support charges)	59,150.00
13 Office phones equipment requirement	10,590.00
14 Revised capital grants - offset by deferred charges	293,180.00
15 Direct allocation of ICT costs transferred to other services	(180,660.00)
Miscellaneous Variances	1,150.00
<b>Direct variance total</b>	<u><u>152,540.00</u></u>
<b>Total Variances</b>	<u><u>62,620.00</u></u>

# Denotes Corporate budgets.

## Head of Finance &amp; ICT

VARIATION SUMMARY 2008/09 BUDGET  
 PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09

	£
<b>Projected Outturn as at 31/12/07</b>	2,030,230.00
<b>Original Budget 2008/09</b>	807,210.00
<b>Variance</b>	<b><u>(1,223,020.00)</u></b>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(139,220.00)
2 Capital charges	(9,460.00)
3 FRS17 - Pension Adjustments #	(806,390.00)
<b>Indirect variance total</b>	<b><u>(955,070.00)</u></b>
<b>Direct expenditure variances:</b>	£
4 Vacancy provision not included in 08/09 budget	(12,280.00)
5 Reduced treasury management services costs due to bring portfolio back in-house	(9,000.00)
6 Revised Capital Grants contribution (offset by deferred charges) #	(478,180.00)
7 Purchase of Chris payroll upgrade (or possible replacement system)	30,000.00
8 Increased ICT related costs (equipment purchase, system upgrades, etc) #	20,240.00
9 Reduced internal telephone recharge income due to redistribution of costs against services #	24,640.00
10 Cost of Neighbourhood Forum contribution incorporated from other budgets #	29,750.00
11 E-financial system upgrade	20,410.00
12 Accountancy & ICT salary costs increased due to inflation, increment drift & revised pension rate	80,080.00
13 Principal Accountant increase to full time hours	15,610.00
Miscellaneous Variances	10,780.00
<b>Direct variance total</b>	<b><u>(267,950.00)</u></b>
<b>Total Variances</b>	<b><u>(1,223,020.00)</u></b>

# Denotes Corporate budgets.

**BUDGET PRESSURES 2008/09 - 2010/11****Changes in Budget to Maintain Current Service**

Service		2009/10 £000's	2010/11 £000's
	<b>One-off savings against 2007/08 base (one-off means a saving for one or two years only)</b>	0.0	0.0
	<b>One-off pressures against 2007/08 base (one-off means a pressure for one or two years only)</b>		
Payroll	Upgrade payroll system from Chris 5 to Chris 21. The new pension regs from April 08 will not be supported on Chris 5 and will require manual work. Allows for system upgrade, consultants, possible hardware, etc. One off cost in 08/09 so saving future years.	-30.0	-30.0
		-30.0	-30.0
	<b>On-going savings against 2007/08 base (on-going means that the saving will continue across the years)</b>	0.0	0.0
	<b>On-going pressures against 2007/08 base (on-going means that the pressure will continue across the years)</b>		
Accountancy	Efinancial Upgrades / Server replacement; 08/09 £25k upgrade plus replacement of data server, 09/10 no spend, 10/11 £30k upgrade plus replacement of application server	-25.0	5.0
		-25.0	5.0
	sub total	-55.0	-25.0

Agreed by :-

 (Head of Service)

## HEAD OF DEVELOPMENT AND PUBLIC PROTECTION

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

### **Building Control**

The Building Control Service presently consists of two functional areas.

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

The second area is paid for from the central budget. This includes certain Building Regulations work, for which no fees can be charged, for example building work to adapt a house for someone with a disability. In addition, the Section undertakes additional functions such as dealing with dangerous structures.

Whilst the Section is becoming a repository for information regarding self-certification of certain Building Regulations, relating to replacement windows and electricity, Central Government does not allow local authorities to charge for this function. Capacity continues to be created through continuous reviews of procedures and practices in order to increase efficiency and effectiveness. High levels of building work are being maintained in the District although the current economic climate is beginning to slow the market.

### **Conservation and Design**

The Section is responsible for the protection and improvement of the built and natural environment throughout the District. This includes administering and processing all listed building applications, applications for works to protected trees and the placing of new Tree Preservation Orders. Additionally, it advises the Development Control Section and members of the public on urban design issues; planning applications within Conservation areas; applications that affect the setting of listed buildings and applications with potential landscape, wildlife and tree implications. A grant scheme to promote the repair of commercial properties in selected Conservation Areas is also administered by the Section.

The Section plays an active role in the promotion of 'good design' throughout the District, with the production of design guides. Recently there has been significant input of urban design advice and ecological expertise on major planning applications.

Under Part 8 of the Anti-Social Behaviour Act, the Section has taken on the added responsibility of advising on high hedges and processing formal complaints.

Support is also provided to the Forward Planning Section on policy issues relating to the historic environment, bio diversity and the landscape.



## **Development Control**

The Section's principal functions are:

- Contributing to the realisation of major projects and other significant schemes.
- The processing of planning and other formal applications submitted under the Town and Country Planning Acts, including negotiations to secure better quality developments, and taking account of national performance targets.
- Responding to appeals against the refusal of applications, the imposition of conditions or the failure to determine applications, including the preparation and giving of evidence at informal hearings and public inquiries.
- Responding to informal letters, e-mails or telephone enquiries about a wide range of matters including the prospects of obtaining planning permission and the need for planning permission, and undertaking pre-application negotiations.
- The investigation of breaches of planning control and monitoring of development, including responding to concerns raised by interested parties, and the taking of formal enforcement action in appropriate cases.

The section must meet Government performance standards (BVPIs) relating to decision times on planning applications to win Planning Delivery Grant and this is likely to continue to be important for the successor - the Housing and Planning Delivery Grant. Currently there is a very heavy workload relating to major corporate projects and staffing shortages continue to be addressed.

## **Environmental Health**

This department 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, in accordance with risk assessments, undertakes visits and inspections of food establishments on a priority-programmed basis to ensure that proper standards of food hygiene are being maintained. 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 and dangerous occurrences in premises such as offices, shops, warehouses and clubs, and for inspecting such places in accordance with a risk assessed priority programme to ensure compliance with relevant Acts and Regulations.

**Port Health:** The Port Health function includes the maintenance of food hygiene and safety on the cross channel ferries and the examination of imported food from third world countries. Additionally cruise and cargo ships are inspected as necessary regarding hygiene and freedom from rodent infestations. The rising trade in organic foodstuffs has increased the income generated by the team.

## **Environmental Protection**

The principal functions for this team include:

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

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

**Pest Control:** the team manages the pest control service, which is currently contracted out to a company called Emprise. The service is primarily for the domestic sector with only a few 'commercial' treatments undertaken for Kent County Council. The Council currently provides treatment for the destruction of rats free of charge. There is however a charge for the treatment of other pests of public health significance such as mice, fleas and wasps.

**Dog Control Measures:** The Environmental Health Section manages the dog warden service, which is currently contracted out to a company called Animal Wardens. The key purpose of the wardens is to target and patrol the District with a view to reducing the number of stray dogs and the levels of dog fouling using a combination of enforcement and educative methods.

## **Development Plan**

The Section's main task is to produce the statutorily required Local Development Framework. The LDF establishes the Council's objectives and policies for the future pace, scale, location and quality of development over the next 20 years and is closely allied to the Corporate Plan and Community Strategy. The production of the LDF requires much information gathering, monitoring and research and the publication of an annual monitoring report. It involves extensive consultation and a process of Public Examination. The Section promotes the Council's interests through involvement on other plans and strategies such as the Structure Plan and the South East Plan. It is also heavily involved in supporting the Council's major regeneration projects and related research and strategies carried out by other Sections.

## **Significant Service and Budget Changes**

1. The 2007/08 original budget was £2.52m. The 2007/08 Projected Outturn as at 31 December 2007 is £2.60m, an increase of £0.08m.

The main service changes are:

- The implementation of smoke free legislation, using government funding
- Funding of a number of major studies related to the LDF, including a transportation study with multiple funding partners
- Increased activity in the port regarding organic foods, leading to a self funding post

- Support to a number of areas including Contaminated Land through Planning Delivery Grant
2. The 2007/08 Projected Outturn was £2.60m. The 2008/09 proposed budget is £2.65m, an increase of £0.05m.

The main service changes are:

- Increased expenditure in Development Control arising from major projects work, an internal review and diminution of Planning Delivery Grant but offset by a projected increase in Planning fees
- Expenditure will fall on the LDF during the consultation phase and is now managed through an LDF Reserve
- Costs under pressure in Environmental Health as a result of the ending of Planning Delivery Grant funding and a review of Health and Safety activities

Service Summary

## Head of Development and Public Protection

2006/07 Actual	By Service	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
£		£	£	£
0	Planning Support	10,700	0	0
0	Forward Planning - Admin	28,860	-9,040	0
0	Head Of Development & Public Protection	0	0	0
0	Conservation/Preservation Admi	3,730	0	0
0	Environmental Health	0	43,410	0
51,448	Planning Delivery Grant	21,590	27,200	6,800
155,396	Food Safety And Hygiene	190,370	139,370	156,140
73,976	Health And Safety At Work	93,280	73,240	129,560
59,452	Pest Control	67,270	98,890	106,830
164,831	Pollution Control	194,800	142,080	152,500
157,100	Environmental Enforcement	180,880	204,540	228,630
0	Smoke-Free Enforcement	0	26,930	19,050
38,953	Port Health	55,310	109,690	133,390
68,560	Dog Control Measures	72,910	95,940	84,940
166,850	Building Control	194,070	189,430	210,990
140,660	Conservation & Preservation	134,450	106,360	125,530
8,805	High Hedges	8,010	0	0
456,138	Development Control	741,250	781,770	914,270
140,909	Dover District Development Plan	378,410	448,680	320,360
25,013	Planning Policy & Research	24,740	0	0
89,100	Economic Development	118,520	118,470	113,870
<b>1,797,191</b>	<b>Total</b>	<b>2,519,150</b>	<b>2,596,960</b>	<b>2,702,860</b>

2006/07 Actual	By Spend	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
£		£	£	£
1,977,529	Employees	2,176,590	2,931,150	3,429,020
1,475	Premises Expenses	2,040	2,190	2,050
49,638	Transport	57,740	58,050	60,330
567,392	Supplies & Services	478,570	627,110	363,750
85,495	Payments To 3rd Parties	87,820	87,820	91,400
1,809,519	Support Services Costs	1,928,350	1,058,850	1,158,180
63,106	Capital	67,300	7,170	7,270
-1,370,508	Income	-821,460	-906,840	-993,570
-1,386,453	Recharge Income	-1,457,800	-1,268,540	-1,415,570
<b>1,797,191</b>	<b>Total</b>	<b>2,519,150</b>	<b>2,596,960</b>	<b>2,702,860</b>

## Head of Development & Public Protection

### VARIATION SUMMARY 2007/08 BUDGET ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN @ 31/12/07

	£
<b>Original Budget 2007/08</b>	2,519,150.00
<b>Projected Outturn as at 31/12/07</b>	2,596,960.00
<b>Variance</b>	<u>77,810.00</u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	178,290.00
2 Capital charges	(60,130.00)
3 FRS17 - pension adjustments	0.00
<b>Indirect variance total</b>	<u>118,160.00</u>
<b>Direct expenditure variances:</b>	£
4 Vacancy Provision - items relating to 07/08 only	(119,960.00)
5 Vacancy Provision & other on-going salary changes	(12,900.00)
6 Contaminated Land Officer offset by PDG reserve	27,610.00
7 Revised private medical budgets offset by corporate review reserve	14,550.00
8 Items of approved carry forward	34,800.00
9 Contribution to transportation study offset by LDF reserve	25,000.00
10 Income from mice treatment	(3,100.00)
11 Dog control increased kennel fees approved from contingency	15,000.00
12 Increased Port Health income for organic certificates	(8,000.00)
13 Savings in pollution control consultants fees	(5,000.00)
Miscellaneous Variances	(8,350.00)
<b>Direct variance total</b>	<u>(40,350.00)</u>
<b>Total Variances</b>	<u>77,810.00</u>

## Head of Development & Public Protection

### VARIATION SUMMARY 2008/09 BUDGET PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09

	£
<b>Projected Outturn as at 31/12/07</b>	2,596,960.00
<b>Original Budget 2008/09</b>	2,702,860.00
<b>Variance</b>	<u><b>105,900.00</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	86,590.00
2 Capital charges	100.00
3 FRS17 - pension adjustments	89,820.00
<b>Indirect variance total</b>	<u><b>176,510.00</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy provision not included in 08/09 budget	119,960.00
5 Development control fees estimated increase in income for 08/09	(130,000.00)
6 Projected increase in Building Control Fees	(25,000.00)
7 Reduction in Consultants Fees in Pollution Control	(6,500.00)
8 Increase in endorsements of organic certificates	(7,000.00)
9 Increase in Pest Control fees as now charging for mice treatment	(1,500.00)
10 Kennel fee charges approved from contingency in 07/08 only	(14,500.00)
11 Contributions to outside bodies reduced as reduced fee to Dover Town Council	(7,000.00)
12 Reduced direct costs budgeted for Local Development Framework, LDF costs are met from reserves and will be reviewed subject to separate reports	(132,640.00)
13 Development control senior technical clerk and senior planner posts added as a result of Trevor Roberts report	53,410.00
14 Contaminated Land Officer no longer funded from PDG	30,930.00
15 Health & Safety officer from Audit report	48,630.00
Miscellaneous Variances	600.00
<b>Direct variance total</b>	<u><b>(70,610.00)</b></u>
<b>Total Variances</b>	<u><b>105,900.00</b></u>

**BUDGET PRESSURES 2009/10 - 2010/11****Changes in Budget to Maintain Current Service**

Service		2009/10 £000's	2010/11 £000's
	<b>One-off savings against 2008/09 base (one-off means a saving for one or two years only)</b>	0.0	0.0
	<b>One-off pressures against 2008/09 base (one-off means a pressure for one or two years only)</b>		
Env Svcs	Bathing Water Directives - information dissemination - statutory - one-off cost 08/09 so saving future years	-3.5	-3.5
		-3.5	-3.5
	<b>On-going savings against 2008/09 base (on-going means that the saving will continue across the years)</b>	0.0	0.0
	<b>On-going pressures against 2008/09 base (on-going means that the pressure will continue across the years)</b>		
Env Svcs	Student Environmental Health Officer - 08/09 & 09/10 minimum cost during training, 10/11 will become salaried post		11.0
Development Control	Uncertainty over future of Housing PDG scheme means posts & market supplements currently funded from PDG reserve will become a GF pressure	143.0	148.0
Development Control	Assume approx £50k will be available from HPDG to fund market supplements	-50.0	-50.0
		93.0	109.0
	Sub total	89.5	105.5

**Changes in Service Provision**

Taking 2008/09 as the base, please indicate below the additional one-off and on-going costs and savings that are likely to be incurred to implement service changes as agreed in the Corporate plan.

	<b>Costs and savings against 2008/09 base to deliver the Corporate plan.</b>		
	Findings of Trevor Roberts Associates review of Development Control intended to be implemented through increased Planning Fees (reflected in 08/09 base budget).	60.0	60.0
		60.0	60.0

Agreed by :-

## HEAD OF PROPERTY AND PROCUREMENT

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

### **WASTE SERVICES:**

#### **Cesspool Emptying**

The Council continues to provide a cesspool emptying service throughout the District. There remain a significant number of properties within the District that are not connected to the mains sewage system and therefore use a cesspool to contain the sewage.

The service is administered by the Council's Waste Services Section and contracted to SITA (UK) Limited until September 2008. A charge is made to residents using the service based on the volume of material collected per emptying.

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

The Section manages the provision of a refuse and recycling collection service throughout the District. The main service provision is the weekly collection of residual waste from householders. Unlike most other authorities in Kent, Dover does not provide residents with a container and therefore the majority of waste is collected within black bags.

Supporting this weekly service is the bulky waste collection service. This is where residents can arrange for larger items of waste to be collected for a small fee from their homes. Both services are contracted to SITA (UK) Limited until September 2008.

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

The second method is the collection at the kerbside of recyclable material and this forms part of the range of services contracted to SITA (UK) Limited until September 2008. The materials collected through the 'black box' scheme include paper, cans and glass which are collected fortnightly from all properties across the District. Garden waste is also collected fortnightly through the green waste collection service, which covers about half the District. Paper from the recycling schemes is recycled into newsprint, cans into new metal items and glass is crushed and used as roadside aggregates. The green waste is composted on a local farm and ploughed back in a soil improver.

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

#### **Street Cleansing**

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



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

The service is administered by the Waste Services Section and contracted to SITA (UK) Limited until September 2008.

## **Oil Pollution**

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

## **LEISURE SERVICES:**

### **Halls – Town Hall, Dover**

The main facilities at Dover Town Hall are the Stone Hall, Connaught Hall and the Council Chamber. There are also other smaller areas available for hire. The facilities are used for a variety of functions including wedding receptions, dinners, parties, dances, concerts, theatre, exhibitions, seminars, elections etc. In April 2004, Thanet Leisure Force (TLF), an external company that also operates the Winter Gardens at Margate, was awarded a five-year lease for the Town Hall. 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. Work is due to commence during 2008 on the replacement of the café and sun lounge. The deck surface will also be renewed and new lighting installed together with other minor improvements.

### **Parks and Open Spaces**

The Council has a substantial stock of parks, open spaces and sports grounds throughout the District including, for example, Kearsney Abbey and Connaught Park in Dover and Victoria Park in Deal. The areas provide for both active and passive leisure and include facilities such as skateboard parks, multi-use games areas, play areas, sports pitches, bowling greens and tennis courts in addition to areas for walking and quiet reflection.

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

### **Playscheme/Timeout**

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

## **Leisure Centres**

The Council's leisure centres; Dover Leisure Centre, Tides and the Deal Indoor Tennis Centre provide a wide range of facilities. Dover has a traditional 25 metre swimming pool designed for lane and competitive swimming together with a learner pool, eight court sports hall, fitness and health suite, aerobics studio, squash courts, bar, cafeteria and other minor facilities. Tides consists of a beach effect leisure pool with waterslides, ancillary pools and other features, a four-court sports hall, fitness and health suite and cafeteria. The Deal Tennis Centre was the first indoor tennis centre to be provided by a local authority in Kent. The centre was destroyed during severe storms in early 2007 and the Council is developing plans to replace it with an improved structure in 2008 subject to planning considerations and receipt of grant aid from external funding organisations. The leisure centres have been leased to and managed by Vista Leisure since April 2001.

## **PROPERTY SERVICES:**

### **Coast Protection**

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

### **Markets**

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

### **Public Conveniences**

The Council currently maintains and operates 29 facilities within the towns and villages across the District.

### **Depots**

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

The depots and some garages and stores are leased to SITA (GB) Limited as part of the Council's Waste Management Contract and includes the responsibility for their repair and maintenance. Other premises are leased to the Landscape Group as part of the contract for landscape maintenance.

### **Cemeteries**

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

## **Closed Churchyards**

The Council has a legal obligation for the upkeep of closed churchyards, which are no longer maintained by the church or Parish Councils.

There are currently 21 closed churchyards maintained, covering 5.01 hectares.

## **Public Clocks and Memorials**

The Council is responsible for the upkeep of various public clocks throughout the District. These include St George's Church Clock in Deal, Walmer Lifeboat Clock and St Peter's Church Clock, Sandwich. The Council also maintains Chillenden Windmill.

## **Beaches and Foreshores**

The District's coastline expands between Dover and Sandwich. This budget maintains the beaches and foreshores in this area.

The facilities available are shown below:

- Children's paddling pool in Walmer
- Beach huts in St Margaret's Bay
- Beach hut plots in Kingsdown
- Commercial boat plots in Deal and Walmer
- Private boat plots in Deal, Walmer, Kingsdown and St Margaret's

## **PARKING AND CCTV:**

### **CCTV**

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

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

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

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

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

### **Parking Services**

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

## Summary

The budgets for these services managed by the Head of Property and Procurement are provided in more detail on the following pages.

### Significant Service and Budget Changes

1. The 2007/08 original budget was £5.08m. The 2007/08 Projected Outturn as at 31 December 2007 is £5.39m, an increase of £0.31m.

*The main service changes affecting the budget outturn are:*

- *Additional financial support provided to Vista Leisure*
- *Costs incurred in preparation for implementation of Traffic Management Act 2004 provisions*
- *Car parking revenue falling below forecast.*

2. The 2007/08 Projected Outturn was £5.39m. The 2008/09 proposed budget is £5.41m, an increase of £0.02m.

The main service changes for 2008/09 affecting the proposed budget are:

- Increased investment in waste services
- Increased grant level to Vista Leisure maintained
- Public Convenience provision being reviewed
- Improved efficiencies in procurement and purchasing

## Annex 7 B

Service Summary

## Head of Property and Procurement

2006/07 Actual	By Service	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
£		£	£	£
0	Procurement & Creditors	0	1,560	0
0	Parking Service Administration	0	0	0
0	Parking Operations & Enforcment	0	-9,080	0
0	Head Of Property & Procurement	0	0	0
0	Waste Services Trading Account	0	0	0
0	Property Services	0	-18,860	45,630
0	Leisure Services Trading Acct	0	4,340	0
0	Maison Dieu Premises	0	0	0
0	Deal Area Office Trading Acct	0	0	0
0	Dover Area Office (Castle St)	0	340	0
0	Sandwich Area Office Trad Acct	0	0	0
0	Aylesham Area Office Trad Acct	0	30	0
0	Corporate Maintenance	422,000	149,650	425,000
0	Office Accomodation-Whitfield	0	2,680	0
289,794	CCTV	311,620	324,010	359,730
-15,450	Cesspool Emptying	2,690	1,090	25,160
281,685	Public Conveniences	282,830	303,110	270,310
1,207,955	Refuse Collection	1,217,070	1,249,830	1,338,360
396,853	Recycling	503,500	550,110	624,110
1,105,235	Street Cleansing	1,164,200	1,186,590	1,280,810
32,230	Depots	-9,100	-56,950	-23,370
160,232	Cemeteries	146,280	133,780	143,460
47,941	Closed Churchyards	45,710	62,780	55,400
1,258	Oil Pollution	3,430	0	0
93,635	Coast Protection	153,330	74,340	83,110
4,058	Countryside And Waterways	6,010	8,970	1,800
17,220	Bus Shelters	10,050	14,360	9,770
34,575	Precincts-Deal And Dover	41,950	35,050	34,440
28,274	Car Parks-Surface Free	32,630	39,170	42,420
-872,532	Car Parks-Surface Paying	-1,000,740	-844,890	-1,149,700
27,666	Car Parks-Multi Storey	26,410	26,230	26,540
-57,314	Car Parks - On Street	-63,740	-91,500	-113,940
152	Industrial Estates	0	0	0
9,175	Asset Mgt Plan-Special Projec	0	0	0
303,195	Misc Properties-General	15,650	38,960	32,740
3,570	Relocation Of Travellers	4,170	3,220	6,500
7,956	Halls-Town Hall Deal	11,220	11,880	11,510
215,388	Halls-Town Hall Dover	209,140	212,320	216,130
4,301	Timeball Tower, Deal	2,820	2,910	830
4,160	Public Clocks And Memorials	2,580	3,710	3,100
41,672	Beaches And Foreshores	21,070	64,430	35,030
141,340	Deal Pier	131,800	97,430	128,590
-8,778	Sandwich Quay	-7,590	-6,940	-7,320
845,989	Parks And Open Spaces	886,480	845,330	774,110
22,130	Playscheme	22,570	19,670	19,950
473,752	Dover Leisure Centre	283,500	613,140	451,490
194,296	Deal Leisure Pool-Tides	139,820	218,310	222,320
92,220	Deal Tennis Centre	13,520	46,960	15,270
42,962	Sports Strtgy, Implmtn & Grnts	54,130	73,120	69,400
-6,311	Property Services Events	-4,800	-3,510	-3,970
<b>5,170,483</b>	<b>Total</b>	<b>5,082,210</b>	<b>5,387,680</b>	<b>5,454,720</b>

2006/07 Actual	By Spend	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Budget
£		£	£	£
2,371,159	Employees	2,625,020	3,242,510	3,701,100
1,654,908	Premises Expenses	1,830,910	1,322,960	1,373,860
76,192	Transport	86,610	123,200	86,950
862,935	Supplies & Services	769,120	1,206,040	918,860
3,987,777	Payments To 3rd Parties	4,099,380	4,210,660	4,350,980
2,447,039	Support Services Costs	2,739,530	1,615,750	1,749,470
884,100	Capital	716,470	619,710	651,260
-3,304,221	Income	-3,422,990	-3,452,150	-3,601,620
-3,809,404	Recharge Income	-4,361,840	-3,501,000	-3,776,140
<b>5,170,483</b>	<b>Total</b>	<b>5,082,210</b>	<b>5,387,680</b>	<b>5,454,720</b>

## Head of Property & Procurement

### VARIATION SUMMARY 2007/08 BUDGET ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN @ 31/12/07

	£
<b>Original Budget 2007/08</b>	5,082,210.00
<b>Projected Outturn as at 31/12/07</b>	5,387,680.00
<b>Variance</b>	<u><b>305,470.00</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	470,620.00
2 Capital charges	(96,760.00)
3 FRS17 - pension adjustments	0.00
<b>Indirect variance total</b>	<u><b>373,860.00</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy Provision - items relating to 07/08 only	(61,890.00)
5 Vacancy Provision & other on-going salary changes	(30,300.00)
6 Revised private medical budgets offset by corporate review reserve	20,250.00
7 Items of approved carry forward	83,500.00
8 Approved grants to Vista Leisure	290,000.00
9 NNDR savings on various properties relating to previous years	(15,800.00)
10 Traffic Management Act	20,000.00
11 Insurance savings re Deal Pier & Deal Tennis Centre	(39,680.00)
12 Leisure centre equipment lease savings	(7,470.00)
13 Depot Income received re 06/07	(33,120.00)
14 Special Revenue Budgets shown separately on summary	(424,740.00)
15 Additional costs and reduced income forecast for car parking & CCTV	121,740.00
Miscellaneous Variances	9,120.00
<b>Direct variance total</b>	<u><b>(68,390.00)</b></u>
<b>Total Variances</b>	<u><b>305,470.00</b></u>

## Head of Property & Procurement

### VARIATION SUMMARY 2008/09 BUDGET PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09

	£
<b>Projected Outturn as at 31/12/07</b>	5,387,680.00
<b>Original Budget 2008/09</b>	5,454,720.00
<b>Variance</b>	<u><b>67,040.00</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(16,810.00)
2 Capital charges	31,550.00
3 FRS17 - pension variances	109,110.00
<b>Indirect variance total</b>	<u><b>123,850.00</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy provision not included in 08/09 budget	61,890.00
5 Town Hall Dover Management Fees reduction	(5,900.00)
6 Town Hall feasibility study costs in 07/08 only	(10,000.00)
7 Deal Pier Café Income	(7,150.00)
8 Reduced utility & equipment costs re Whitfield offices	(18,160.00)
9 Increased car parking income	(301,700.00)
10 Savings on public conveniences	(13,000.00)
11 Increased cost of recycling due to extended roll-out	53,350.00
12 CCTV grant no longer received	10,000.00
13 Cessation of cesspool service mid-year 08/09	12,500.00
14 Increased costs of refuse collection	68,830.00
15 Increased cost of street cleansing contract	72,150.00
16 Depot income in 07/08 includes prior year adjustment	33,120.00
17 Reduced Property Services agency budget	(13,680.00)
18 Deal Tennis Centre Consultants Fees required 07/08 only	(41,350.00)
19 Climate Change Officer	45,630.00
Miscellaneous Variances	(3,340.00)
<b>Direct variance total</b>	<u><b>(56,810.00)</b></u>
<b>Total Variances</b>	<u><b>67,040.00</b></u>

**BUDGET PRESSURES 2008/09 - 2010/11****Changes in Budget to Maintain Current Service**

Service		2009/10 £000's	2010/11 £000's
	<b>One-off savings against 2007/08 base (one-off means a saving for one or two years only)</b>		
Town Hall	Deficit Guarantee	6.0	6.0
		<u>6.0</u>	<u>6.0</u>
	<b>One-off pressures against 2007/08 base (one-off means a pressure for one or two years only)</b>		
Leisure	Gym Equipment revised lease costs - Dover	4.8	12.2
Leisure	Gym Equipment revised lease costs - Tides	7.3	9.4
Leisure	Regional Sports board committed to 08/09, budget was to be allocated as part of Neighbourhood Forum but cannot be released til 09/10	-3.0	-3.0
Parking	Loss of parking income from Russell Street, Dover (Construction)	70.0	0.0
Parking	Budget deleted once St James development commences	-33.0	-33.0
Parking	Loss of parking income from Russell St, Dover (Refund of Ticket Income by Asda, however assumes increase in usage overall)	0.0	40.0
		<u>46.1</u>	<u>25.6</u>
	<b>On-going savings against 2007/08 base (on-going means that the saving will continue across the years)</b>		
		<u>0.0</u>	<u>0.0</u>
	<b>On-going pressures against 2007/08 base (on-going means that the pressure will continue across the years)</b>		
Waste	Cessation of cesspool emptying service from Sept 08 - 08/09 budget assumes £7.5k income p.a. (excluding recharges)	7.5	7.5
		<u>7.5</u>	<u>7.5</u>
	sub total	59.6	39.1

**Changes in Service Provision**

	<b>Costs and savings against 2007/08 base to deliver the Corporate plan.</b>		
Waste	Recycling Services - additional £50k is net effect of increased contract costs and PR for potential changes in service delivery partially offset by increased income.	50.0	50.0
		<u>50.0</u>	<u>50.0</u>

Agreed by :-

Roger Walton

(Head of Service)



## HEAD OF REVENUES, BENEFITS AND CUSTOMER SERVICES

The Division includes the following Service Areas: Corporate Income Collection, Counter-Fraud Activity, Welfare Benefits and Dover District Council @ your service.

Service budgets have been set to deliver the following:

### **Corporate Income Collection**

Council Tax has to be calculated, billed and collected for over 48,000 dwellings within the District. Council Tax includes monies billed and collected for Dover District Council, Kent County Council, Kent Police Authority, Kent and Medway Fire and Rescue and the District's parish councils. The service target is to collect 98.3% of Council Tax in the year.

Business rates also have to be calculated, billed and collected for around 3,400 business properties in the District. The service will deliver around £100,000 charity relief. The service target is to increase collection year on year, although the possibility of an economic downturn may impact adversely in 2008/9. This money is passed to central government where it is re-distributed within Revenue Support Grant based on a national formula.

The Division has also targeted increasing collection levels for sundry income and improving council rent age-debt.

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

### **Welfare Benefits**

The service anticipates that it will pay out benefits to over 3,100 council tenants, nearly 4,000 private tenants and more than 9,100 Council Tax payers.

The service will also have to implement a new benefit scheme, Local Housing Allowance, for April 2008. This will have a major impact on recipients of housing benefit in the private sector.

Other major initiatives for 2008/9 are electronic claiming and the new national bus pass scheme. We will continue to work with social housing organisations to speed-up benefit claims and will increase the amount of central government grant paid.

The service will also review its policies on welfare promotion.

### **Counter Fraud**

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

## **Dover District Council @ your service**

Customer services will continue to make significant improvements to service delivery for all customers. The plan for 2008/09 will include service delivery in Aylesham, Deal & Sandwich and will involve developing partnership arrangements.

In addition, we will continue to develop our website and introduce Citizens Accounts to enable increased self-service and reduced paper transactions.

## **Electronic Service Provision**

The division will also continue to deliver its innovation around electronic service provision for the Council as a whole, seeking to drive through the Council efficiency and service transformation agenda.

## **Corporate Activity**

In addition to the Council's transformation agenda, the Division will also have corporate responsibility for equalities, consultation and communication

## **Significant Service and Budget Changes**

1. The 2007/08 original budget was £3.28m. The 2007/08 Projected Outturn as at 31 December 2007 is £2.33m, a reduction of £0.95m.

The main service changes are:

- Corporate Income business improvements
- Housing Benefit subsidy income increases
- National Leaflet project management
- Dover District Council @ your service growth and performance improvements

2. The 2007/08 Projected Outturn was £2.33m. The 2008/09 proposed budget is £2.16m, a reduction of £0.17m.

The main service changes are:

- Further Housing Benefit grant income projections through improved performance
- Corporate Income improved collection performance
- Reduction in management by 25%
- Dover District Council @ your service area office improvements
- Cash transfer to Post Offices
- Establishment capped

**Service Summary****Head of Revenues and Benefits**

<b>2006/07 Actual</b>	<b>By Service</b>	<b>2007/08 Original Budget</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Budget</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
101,348	NNDR Discretionary Relief	117,640	110,410	111,510
372,858	Council Tax-Cost Of Collection	583,660	628,080	705,890
0	NNDR - Cost Of Collection	0	-21,880	-16,020
1,208,191	Benefits & Subsidies	1,570,010	584,600	581,820
4,606	Electronic Services Provision	2,780	0	0
0	National Leaflet Project	0	860	0
0	Mail Room Trading Account	0	0	0
0	Corporate Efficiency Projects	0	0	0
0	Customer Care Trading Account	0	0	0
0	DDC @ Your Service	0	1,970	0
0	Corporate Income Collection	0	-6,160	-22,480
0	Income Trading Account	0	0	0
0	Head Of Revenues & Benefits	0	0	0
0	Revenues & Benefits Admin	0	1,850	0
0	Benefits Fraud	0	0	0
0	Housing Benefit/Council Tax Benefit	0	0	0
0	Mail Room Postage Account	0	0	0
886,589	Concessionary Fares	1,010,370	1,033,340	775,250
<b>2,573,592</b>	<b>Total</b>	<b>3,284,460</b>	<b>2,333,070</b>	<b>2,135,970</b>

<b>2006/07 Actual</b>	<b>By Spend</b>	<b>2007/08 Original Budget</b>	<b>2007/08 Projected Outturn</b>	<b>2008/09 Budget</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
2,617,558	Employees	2,666,790	3,158,220	3,651,990
7	Premises Expenses	630	880	1,110
32,337	Transport	39,690	36,250	33,610
1,669,080	Supplies & Services	1,612,580	2,188,200	1,907,470
0	Payments To 3rd Parties	0	0	0
31,881,584	Transfer Payments	34,663,210	32,654,260	34,578,500
3,975,427	Support Services Costs	4,291,900	2,380,960	2,569,960
100,166	Capital	92,910	5,410	11,680
-33,838,794	Income	-36,057,160	-34,855,130	-37,039,640
-3,863,773	Recharge Income	-4,026,090	-3,235,980	-3,578,710
<b>2,573,592</b>	<b>Total</b>	<b>3,284,460</b>	<b>2,333,070</b>	<b>2,135,970</b>

## Head of Revenues, Benefits & Customer Services

### VARIATION SUMMARY 2007/08 BUDGET ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN @ 31/12/07

	£
<b>Original Budget 2007/08</b>	3,284,460.00
<b>Projected Outturn as at 31/12/07</b>	2,333,070.00
<b>Variance</b>	<b><u>(951,390.00)</u></b>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(707,780.00)
2 Capital charges	(87,500.00)
3 FRS17 - pension adjustments	0.00
<b>Indirect variance total</b>	<b><u>(795,280.00)</u></b>
<b>Direct expenditure variances:</b>	£
4 Vacancy Provision - items relating to 07/08 only	(81,010.00)
5 Vacancy Provision & other on-going salary changes	14,250.00
6 Revised private medical budgets offset by corporate review reserve	32,170.00
7 Items of approved carry forward	11,000.00
8 Additional NNDR "Cost of Collection" allowance	(13,200.00)
9 Savings in Concessionary Fares sundry budgets	(11,480.00)
10 Benefits overpayment recovery and associated savings	(216,200.00)
11 Direct allocation of ICT costs (transferred from Head of Finance & ICT)	68,190.00
12 Customer services additional pressures	18,110.00
13 Forecast increase in Concessionary Fares costs	21,000.00
Miscellaneous Variances	1,060.00
<b>Direct variance total</b>	<b><u>(156,110.00)</u></b>
<b>Total Variances</b>	<b><u>(951,390.00)</u></b>

## Head of Revenues, Benefits & Customer Services

### VARIATION SUMMARY 2008/09 BUDGET PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09

	£
<b>Projected Outturn as at 31/12/07</b>	2,333,070.00
<b>Original Budget 2008/09</b>	2,135,970.00
<b>Variance</b>	<u><b>(197,100.00)</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(63,560.00)
2 Capital charges	6,270.00
3 FRS17 - Pension Adjustments	<u>85,610.00</u>
<b>Indirect variance total</b>	<u><b>28,320.00</b></u>
<b>Direct expenditure variances:</b>	£
4 Vacancy provision not included in 08/09 budget	81,010.00
5 Electronic Services Provision now a General Fund cost as no longer funded from Special Projects Reserve	52,920.00
6 Reduction in movement on bad debt provision against HB overpayments after increased provision in 07/08 due to bad debt review	(161,420.00)
7 HB Subsidy - 07/08 provision for deduction for prior year cancelled cheques, not required in 08/09.	(14,500.00)
8 Benefits computer software maintenance - increased licence costs, enhancements and chargeable work anticipated	5,860.00
9 Reduction in Benefits postage costs due to "signmeup" and "ESP"	(5,000.00)
10 Saving in publicity advert costs due to delivery of some publicity via National Leaflet Campaign (covered by grant and other income)	(6,880.00)
11 Additional staffing costs including pay increase, increment drift and increased pension rate	75,000.00
12 Increased Concessionary Fares grant received, partially offset by increase in costs. Balance of grant is to be held in Concessionary Fraes reserve.	(260,000.00)
Miscellaneous Variances	7,590.00
<b>Direct variance total</b>	<u><b>(225,420.00)</b></u>
<b>Total Variances</b>	<u><b>(197,100.00)</b></u>

**BUDGET PRESSURES 2008/09 - 2010/11****Changes in Budget to Maintain Current Service**

Service		2009/10 £000's	2010/11 £000's
	<b>One-off savings against 2007/08 base (one-off means a saving for one or two years only)</b>		
Fraud	Maternity cover not used agency staff temporary member rate used - one-off saving 08/09 so additional pressure in future years	8.0	8.0
Fraud	Printing and stationery no intervention paper work, less visits made - one-off saving 08/09 so additional pressure in future years	0.5	0.5
		8.5	8.5
	<b>One-off pressures against 2007/08 base (one-off means a pressure for one or two years only)</b>		
		0.0	0.0
	<b>On-going savings against 2007/08 base (on-going means that the saving will continue across the years)</b>		
Benefits	Introduction of BACS for all claimants	-12.0	-24.0
Benefits	Introduction of electronic forms - reduction in printing costs	-2.0	-4.0
		-14.0	-28.0
	<b>On-going pressures against 2007/08 base (on-going means that the pressure will continue across the years)</b>		
Benefits	Admin Grant reduction. Government has indicated a cut each year of 3% from admin grant over the next three years. This reflects the indicative new levels of cashable Gershon savings to be applied. However, the assumption by Government is that we should reduce our costs to accommodate the reductions.	24.0	48.0
		24.0	48.0
Sub Total		18.5	28.5

Agreed by :-

(Head of Service)

**Projections of General Fund Reserves**

	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance	Contrib- ution	Application	Balance
	2006/07 £000	2007/08	2007/08 £000	2007/08 £000	2008/09	2008/09 £000	2008/09 £000	2009/10	2009/10 £000	2009/10 £000	2010/11 £000	2010/11 £000	2010/11 £000
General Fund Revenue Balance	2,545		-278	2,267		-49	2,218	47		2,266	57		2,323
<b>Earmarked General Reserves</b>													
Major Events	200			200	20		220	20		240	20		260
Training Front Loading	40		-40	0			0			0			0
Cluster Preparation	100			100			100			100			100
Corporate Review Reserve	150		-150	0			0			0			0
Invest to Save	400			400			400	0		400	0		400
Historic Buildings	66			66			66			66			66
Special Projects	2,691	142	-1,395	1,438		-807	631		-320	311	-311		0
Leisure Centres Equipment	4			4		-4	0			0			0
Investment Income Equalisation	100			100			100			100			100
Benefits Overpayments	0	170		170	240		410			410			410
Concessionary Fares	0			0	250		250	250		500	250		750
Elections Reserve	0			0	48		48	48		96	48		144
Private Sector Housing Reserve	0			0	25		25	25		50	25		75
	<b>6,296</b>	312	-1,863	<b>4,745</b>	510	-860	<b>4,395</b>	317	-320	<b>4,393</b>	16	0	<b>4,409</b>
<b>Local Development Framework</b>													
Currently budgeted application	447	150	-173		0	-40		0	-221		0	-145	
Additional planned application			-60										
Total LDF	<b>447</b>	150	-233	<b>364</b>	0	-40	<b>324</b>	0	-221	<b>103</b>	0	-145	<b>-42</b>
<b>PDG</b>													
Currently budgeted application	450	256	-217			-148			-5				
Additional planned application			-289			-47							
Total PDG	<b>450</b>	256	-506	<b>200</b>	0	-195	<b>5</b>	0	-5	<b>0</b>	0	0	<b>0</b>
Total including General Fund Revenue Reserves	<b>7,193</b>	718	-2,602	<b>5,309</b>	510	-1,095	<b>4,724</b>	317	-546	<b>4,496</b>	16	-145	<b>4,367</b>

**NOTES****Reserve**

## Year

General Reserves	2007/08	The opening balance reflects the 2006/07 final accounts. The application reflects the forecast deficit for 2007/08 of £179k, which includes £240k carried forward from 2006/07 and £290k of approved additional payments to Vista Leisure. Also included is £50k for the last of the three transfers to LDF, £20k transfer to the Major Events Reserve (eg Golf and Bleriot) and £170k to the Benefits Overpayment Reserve to protect future budgets against any reduction in Benefits Overpayment collection.
	2008/09	The contribution reflects the forecast surplus in 2008/09, including contributions to Major Events (£20k) and Benefits Overpayments (£170k).
	2009/10	The application reflects the forecast deficit in 2009/10, after the contribution to Major Events (£20k).
	2010/11	The application reflects the forecast deficit in 2010/11, after the contribution to Major Events (£20k).

Major Events	2006/07 2007/08 2008/09 - 2010/11	The Open Golf Championship costs DDC around £100k when held in the district. This reserve provides for the costs of the next championship and other Major Events such as the Bleriot celebrations. It should be noted that there may be an increase to 2 Open Golf championships per decade if the Cinque Ports course is included in the Contribution of £200k from General Reserves. Contribution of £200k from General Reserves. Contribution of £20k per annum from General Reserves.
Training Front Loading Reserve	2007/08	The District is undertaking a major investment in staff training in 2007/08. This temporary reserve was established in order to supplement the existing General Fund central training budget. If not required in 2007/08 (for reasons other than slippage) it is proposed that any remaining balance will be written back to General Reserves.
Cluster Preparation Reserve	2007/08	The increasing pace of the work on better two tier working and the development of the East Kent Cluster indicates that resources are likely to be required in the short to medium term to support this process. This reserve has been set up to provide initial resources, to be applied in response to bids from service managers. Generally match funding will be sought from other partners and KIEP / South East Centre of Excellence.
Corporate Review Reserve	2006/07 2007/08	This reserve was set up to make provision for the possible termination of the BUPA health care benefit to staff. It is possible that savings of £150k may be generated by a change of health care provider. This requires a consultation and notice period, the costs of which are included in the reserve. Application to meet the costs of BUPA consultation and notice period. If not required in 2007/08 it is proposed that any remaining balance will be written back to General
Invest to Save Reserve	2006/07  2007/08 & 2008/09 2009/10 & 2010/11	This opportunity has been taken to re-establish the Invest to Save reserve. It is proposed that a very clear protocol be applied that this reserve will only be applied for projects where there are cashable savings which will be drawn from the relevant budget to replenish the reserve. Proposals to use the reserve will generally require a project appraisal and as a rule of thumb a 5 year pay back is expected. A contribution of £400k from General Reserves was made in 2006/07 to establish the reserve.  No current planned use Contribution to support the on-going sustainability of invest to save projects
Historic Buildings		This reserve is expected to be used as a contribution towards the cost of the refurbishment of Dover Town Hall.
Special Projects	2007/08 2007/08 - 2009/10	The Special Projects Reserve has been established to finance the costs of special and one-off projects. As a Revenue Reserve (ie not generated from capital receipts) it can be used for both capital and revenue projects. The opening balance reflects the 2006/07 final accounts. The contribution in 07/08 represents £42k of revenue carry forward and £100k of Section 106 contribution. The application reflects the use of this reserve to finance revenue projects, see separate Annex for a list of the projects. This reserve is consistent with the budget summary but both the summary and this reserve will be updated when this report and the special projects are approved. The effect on the bottom line is neutral.
Leisure Centre Equipment	2007/08 2008/09	The opening balance reflects the 2006/07 final accounts. The reserve is planned to be fully utilised in 2008/09.
Investment Income Equalisation	2007/08	This reserve was established to smooth out variations in income from investments. The opening balance reflects the 2006/07 final accounts
Benefits Overpayments	2007/08 & 2008/09	Recovery of benefits overpayments is difficult to forecast. It is proposed to build up a "Benefits Overpayments" reserve by contributions in 2007/08 and 2008/09. This can be used to smooth out future fluctuations in performance.



Concessionary Fares	2008/09	The future costs of Concessionary Fares are at present unknown and so an allowance from the grant received has been set aside to provide for any adverse changes of costs in the future.
Elections Reserve	2008/09	To smooth the budgetary impact of four yearly elections a reserve has been set up which will receive a contribution of £48k per annum and be available to cover the expenditure when it occurs.
Private Sector Housing Surveys	2008/09	The Housing Needs Assessment and the Private Sector Stock Condition Survey take place every five years. To smooth the budgetary impact a reserve has been set up to cover the expenditure when it occurs.
Local Development Framework	2007/08	The schedule above reflects the planned use of LDF (and PDG). However, not all of the planned applications have been included within the General Fund Budget. As a contribution is the last of the three transfers from General Reserves and £100k from PDG. The application is for preparatory work, including the costs of transportation studies.
	2008/09 - 2010/11	No further contributions are shown. The application is based on the current LDF program (subject to separate reports) and without further contributions from PDG or the General Fund the reserve will be exhausted in 2010/11.
Planning Development Grant		<p>Planning and Development Grant is received from Government on the basis of Planning performance, judged against performance indicators. Predicting the award which Dover may receive in future years is difficult because the basis of assessment is not announced in advance, the award is made from a fixed overall fund and the awards are therefore based on comparative rather than absolute performance.</p> <p>PDG is currently used to fund some items of core expenditure. These include Planners' market supplements of some £171k, consultancy and one-off projects and contributions to the LDF.</p>
	2007/08	Grant awarded for 2007/08 has been advised as £218k plus £35k received. The total application is as per the current PDG schedule and includes a transfer of £100k to the Local Development Framework.
	2008/09	The application is towards the additional costs of Market Supplements for Development Control and other items as per the current PDG schedule.
	2009/10-2010/11	The PDG scheme is changing to "Housing PDG" the details of which are as yet unknown. The General Fund projection includes an assumption that £50k will be available from HPDG to fund on-going salary pressures, as this is a nil effect on the reserve has not been incorporated at this time.

**PARISH AND TOWN COUNCILS****2008/09**

Item No	Town and Parish Councils	Precept £	Tax Base	Council Tax £
1	Alkham	8,000	313.92	25.48
2	Ash	58,800	1,213.26	48.46
3	Aylesham	33,385	1,091.41	30.59
4	Capel-le-Ferne	13,000	685.26	18.97
5	Deal	269,320	7,221.95	37.29
6	Denton-with-Wootton	8,250	172.84	47.73
7	Dover	625,650	9,444.01	66.25
8	Eastry	43,581	880.11	49.52
9	Eythorne	41,000	881.79	46.50
10	Goodnestone	4,120	169.14	24.36
11	Great Mongeham	6,600	285.98	23.08
12	Guston	13,836	424.28	32.61
13	Hougham-without	6,500	186.55	34.84
14	Langdon	11,500	244.73	46.99
15	Lydden	8,000	252.87	31.64
16	Nonington	7,000	308.37	22.70
17	Northbourne	9,697	297.24	32.62
18	Preston	8,000	283.64	28.20
19	Ringwould-with-Kingsdown	22,000	1,041.31	21.13
20	Ripple	3,500	161.30	21.70
21	River	59,740	1,524.30	39.19
22	St Margarets-at-Cliffe	55,895	1,287.58	43.41
23	Sandwich	90,000	2,062.50	43.64
24	Shepherdswell-with-Coldred	18,621	765.96	24.31
25	Sholden	11,750	438.56	26.79
26	Staple	6,000	234.04	25.64
27	Stourmouth	2,550	116.54	21.88
28	Sutton-by-Dover	7,270	320.32	22.70
29	Temple Ewell	20,520	648.91	31.62
30	Tilmanstone	6,000	159.68	37.58
31	Walmer	80,000	3,376.02	23.70
32	Whitfield	63,450	1,714.34	37.01
33	Wingham	29,280	696.59	42.03
34	Woodnesborough	10,000	427.93	23.37
35	Worth	13,381	462.43	28.94
		1,676,196	39,795.66	

**Precepts and the NNDR Multiplier**

The Council Tax base (in terms of the number of "Band D equivalent" ) has been resolved for the coming year at :- 39,795.66

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

The District Council's precept upon the Collection Fund in 2008/09 for it's own purposes will be :- £5,880,604.68

The Band D Council Tax for the District Council's own purposes with therefore be :- £147.77

The Band D Council Tax for the District Council's own purposes last year was :- £140.80

The increase in Council Tax for the District Council's own purposes is therefore :- 4.95%

This is an annual increase of :- £6.97

Or a weekly increase of :- £0.13

**Parish Council Precepts**

The Parish Councils will, in total, precept :- £1,676,196.00

Last year Parish Councils precepted :- £1,485,996.00

This is an increase of :- 12.80%

The total precept, on the Collection Fund by the District Council, on behalf of itself and the Parish Councils will therefore be :- £7,556,800.68

**Kent County Council Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2008/09 will be :- £39,866,894.00

Last years precept was :- £38,069,105.00

The Band D Council Tax will therefore be :- £1,001.79

Last years Band D Council Tax was : £964.17

The Band D Council Tax increase as a result of this precept is therefore :- 3.90%

**Precepts and the NNDR Multiplier****Kent Police Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2008/09 will be :-	£5,103,820.00
Last years precept was :-	£4,824,132.00
The Band D Council Tax will therefore be :-	£128.25
Last years Band D Council Tax was :	£122.18
The Band D Council Tax increase as a result of this precept is therefore :-	4.97%

**Kent and Medway Towns Fire Authority Precept**

Excluding the Collection Fund Surplus, the precept upon the collection fund in 2008/09 will be :-	£2,539,361.00
Last years precept was :-	£2,434,177.00
The Band D Council Tax will therefore be :-	£63.81
Last years Band D Council Tax was :	£61.65
The Band D Council Tax increase as a result of this precept is therefore :-	3.50%

**National Non-Domestic Rates**

National 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 rates in 2008/09 for qualifying properties of less than £15,000 are :-	£0.458
And for these properties the 2007/08 rate is :-	£0.441
For all other properties the 2008/09 rate is :-	£0.462
And for these properties the 2007/08 rate is :-	£0.444

**Resolution to set the Council Tax Levy**

COUNCIL 5 MARCH 2008

The following determinations relating to the Council Tax levy in  
2008/09  
are consequent upon the adoption of the budget recommended by Cabinet for that financial year.

- (a) The Council calculated the following amounts for the above financial year in accordance with regulations made under Section 33(5) of the Local Government Act 1992:
- (i) 39,795.66 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year.
- (ii) The following amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax Base for dwellings in various parts of the District:

<b>Part of the Council's Area</b>	<b>Tax Base</b>
Alkham	313.92
Ash	1,213.26
Aylesham	1,091.41
Capel-le-Ferne	685.26
Deal	7,221.95
Denton-with-Wootton	172.84
Dover	9,444.01
Eastry	880.11
Eythorne	881.79
Goodnestone	169.14
Great Mongeham	285.98
Guston	424.28
Hougham-without	186.55
Langdon	244.73
Lydden	252.87
Nonington	308.37
Northbourne	297.24
Preston	283.64
Ringwould-with-Kingsdown	1,041.31
Ripple	161.30
River	1,524.30
St Margarets-at-Cliffe	1,287.58
Sandwich	2,062.50
Shepherdswell-with-Coldred	765.96
Sholden	438.56
Staple	234.04
Stourmouth	116.54
Sutton-by-Dover	320.32
Temple Ewell	648.91
Tilmanstone	159.68
Walmer	3,376.02
Whitfield	1,714.34
Wingham	696.59
Woodnesborough	427.93
Worth	462.43
	39,795.66

- (b) That the following amounts be now calculated by the Council for the year  
2008/09  
in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
- (i) £79,432,407 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act.
- (ii) £61,712,161 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act.

- (iii) £17,720,246 being the amount by which the aggregate at (b) (i) above exceeds the aggregate at (b) (ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- (iv) £10,163,445 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant or additional grant, increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988, and having regard to the amount representing the Council's contribution to Council Tax benefit in accordance with the Collection Fund (General) (England) Directions 1999, the Collection Fund (Council Tax Benefit) (England) Directions 1999 and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 1999.
- (v) £189.89 being the amount at (b)(iii) above less the amount at (b)(iv) above, all divided by the amount at (a)(i) above, calculated by the Council, in accordance with section 33 (1) of the Act, as the basic amount of its Council Tax for the year.
- (vi) £1,676,196 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

<b>Town and Parish Councils</b>	<b>£</b>
Alkham	173.25
Ash	196.23
Aylesham	178.36
Capel-le-Ferne	166.74
Deal	185.06
Denton-with-Wootton	195.50
Dover	214.02
Eastry	197.29
Eythorne	194.27
Goodnestone	172.13
Great Mongeham	170.85
Guston	180.38
Hougham-without	182.61
Langdon	194.76
Lydden	179.41
Nonington	170.47
Northbourne	180.39
Preston	175.97
Ringwould-with-Kingsdown	168.90
Ripple	169.47
River	186.96
St Margarets-at-Cliffe	191.18
Sandwich	191.41
Shepherdswell-with-Coldred	172.08
Sholden	174.56
Staple	173.41
Stourmouth	169.65
Sutton-by-Dover	170.47
Temple Ewell	179.39
Tilmanstone	185.35
Walmer	171.47
Whitfield	184.78
Wingham	189.80
Woodnesborough	171.14
Worth	176.71

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

£ 147.77

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

(viii)

	<b>Valuation Bands</b>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	115.50	134.75	154.00	173.25	211.75	250.25	288.75	346.50
Ash	130.82	152.62	174.43	196.23	239.84	283.45	327.05	392.46
Aylesham	118.90	138.72	158.54	178.36	218.00	257.64	297.26	356.72
Capel-le-Ferne	111.16	129.68	148.21	166.74	203.80	240.85	277.90	333.48
Deal	123.37	143.93	164.50	185.06	226.19	267.31	308.43	370.12
Denton-with-Wootton	130.33	152.05	173.78	195.50	238.95	282.39	325.83	391.00
Dover	142.68	166.46	190.24	214.02	261.58	309.14	356.70	428.04
Eastry	131.52	153.45	175.37	197.29	241.13	284.98	328.81	394.58
Eythorne	129.51	151.10	172.68	194.27	237.44	280.62	323.78	388.54
Goodnestone	114.75	133.88	153.00	172.13	210.38	248.64	286.88	344.26
Great Mongeham	113.90	132.88	151.87	170.85	208.82	246.79	284.75	341.70
Guston	120.25	140.29	160.34	180.38	220.47	260.55	300.63	360.76
Hougham-without	121.74	142.03	162.32	182.61	223.19	263.77	304.35	365.22
Langdon	129.84	151.48	173.12	194.76	238.04	281.32	324.60	389.52
Lydden	119.60	139.54	159.47	179.41	219.28	259.15	299.01	358.82
Nonington	113.64	132.59	151.53	170.47	208.35	246.24	284.11	340.94
Northbourne	120.26	140.30	160.35	180.39	220.48	260.57	300.65	360.78
Preston	117.31	136.86	156.42	175.97	215.08	254.18	293.28	351.94
Ringwould-with-Kingsdown	112.60	131.36	150.13	168.90	206.44	243.97	281.50	337.80
Ripple	112.98	131.81	150.64	169.47	207.13	244.79	282.45	338.94
River	124.64	145.41	166.19	186.96	228.51	270.06	311.60	373.92
St Margarets-at-Cliffe	127.45	148.69	169.94	191.18	233.67	276.15	318.63	382.36
Sandwich	127.60	148.87	170.14	191.41	233.95	276.49	319.01	382.82
Shepherdswell-with-Coldred	114.72	133.84	152.96	172.08	210.32	248.56	286.80	344.16
Sholden	116.37	135.77	155.16	174.56	213.35	252.15	290.93	349.12
Staple	115.60	134.87	154.14	173.41	211.95	250.49	289.01	346.82
Stourmouth	113.10	131.95	150.80	169.65	207.35	245.05	282.75	339.30
Sutton-by-Dover	113.64	132.59	151.53	170.47	208.35	246.24	284.11	340.94
Temple Ewell	119.59	139.52	159.46	179.39	219.26	259.12	298.98	358.78
Tilmanstone	123.56	144.16	164.75	185.35	226.54	267.73	308.91	370.70
Walmer	114.31	133.36	152.42	171.47	209.58	247.68	285.78	342.94
Whitfield	123.18	143.72	164.25	184.78	225.84	266.91	307.96	369.56
Wingham	126.53	147.62	168.71	189.80	231.98	274.16	316.33	379.60
Woodnesborough	114.09	133.11	152.12	171.14	209.17	247.21	285.23	342.28
Worth	117.80	137.44	157.07	176.71	215.98	255.25	294.51	353.42

being the amounts applicable to dwellings listed in a particular valuation band as defined in Section 5(1) of the Act, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of Categories of dwellings listed in different valuations bands.

- (c) That it be noted for the year  
2008/09

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

<b>Valuation Bands</b>							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
667.86	779.17	890.48	1,001.79	1,224.41	1,447.03	1,669.65	2,003.58

- (d) That it be noted for the year  
2008/09

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

<b>Valuation Bands</b>							
A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
85.50	99.75	114.00	128.25	156.75	185.25	213.75	256.50

- (e) That it be noted for the year  
2008/09

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

<b>Valuation Bands</b>								
A	B	C	D	E	F	G	H	
£	£	£	£	£	£	£	£	£
42.54	49.63	56.72	63.81	77.99	92.17	106.35	127.62	

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

2008/09  
for each of the categories of dwellings shown below:-

	<b>Valuation Bands</b>							
	A	B	C	D	E	F	G	H
<b>Town and Parish Councils</b>	£	£	£	£	£	£	£	£
Alkham	911.40	1,063.30	1,215.20	1,367.10	1,670.90	1,974.70	2,278.50	2,734.20
Ash	926.72	1,081.17	1,235.63	1,390.08	1,698.99	2,007.90	2,316.80	2,780.16
Aylesham	914.80	1,067.27	1,219.74	1,372.21	1,677.15	1,982.09	2,287.01	2,744.42
Capel-le-Ferne	907.06	1,058.23	1,209.41	1,360.59	1,662.95	1,965.30	2,267.65	2,721.18
Deal	919.27	1,072.48	1,225.70	1,378.91	1,685.34	1,991.76	2,298.18	2,757.82
Denton-with-Wootton	926.23	1,080.60	1,234.98	1,389.35	1,698.10	2,006.84	2,315.58	2,778.70
Dover	938.58	1,095.01	1,251.44	1,407.87	1,720.73	2,033.59	2,346.45	2,815.74
Eastry	927.42	1,082.00	1,236.57	1,391.14	1,700.28	2,009.43	2,318.56	2,782.28
Eythorne	925.41	1,079.65	1,233.88	1,388.12	1,696.59	2,005.07	2,313.53	2,776.24
Goodnestone	910.65	1,062.43	1,214.20	1,365.98	1,669.53	1,973.09	2,276.63	2,731.96
Great Mongeham	909.80	1,061.43	1,213.07	1,364.70	1,667.97	1,971.24	2,274.50	2,729.40
Guston	916.15	1,068.84	1,221.54	1,374.23	1,679.62	1,985.00	2,290.38	2,748.46
Hougham-without	917.64	1,070.58	1,223.52	1,376.46	1,682.34	1,988.22	2,294.10	2,752.92
Langdon	925.74	1,080.03	1,234.32	1,388.61	1,697.19	2,005.77	2,314.35	2,777.22
Lydden	915.50	1,068.09	1,220.67	1,373.26	1,678.43	1,983.60	2,288.76	2,746.52
Nonington	909.54	1,061.14	1,212.73	1,364.32	1,667.50	1,970.69	2,273.86	2,728.64
Northbourne	916.16	1,068.85	1,221.55	1,374.24	1,679.63	1,985.02	2,290.40	2,748.48
Preston	913.21	1,065.41	1,217.62	1,369.82	1,674.23	1,978.63	2,283.03	2,739.64
Ringwoud-with-Kingsdown	908.50	1,059.91	1,211.33	1,362.75	1,665.59	1,968.42	2,271.25	2,725.50
Ripple	908.88	1,060.36	1,211.84	1,363.32	1,666.28	1,969.24	2,272.20	2,726.64
River	920.54	1,073.96	1,227.39	1,380.81	1,687.66	1,994.51	2,301.35	2,761.62
St Margarets-at-Cliffe	923.35	1,077.24	1,231.14	1,385.03	1,692.82	2,000.60	2,308.38	2,770.06
Sandwich	923.50	1,077.42	1,231.34	1,385.26	1,693.10	2,000.94	2,308.76	2,770.52
Shepherdswell-with-Coldred	910.62	1,062.39	1,214.16	1,365.93	1,669.47	1,973.01	2,276.55	2,731.86
Sholden	912.27	1,064.32	1,216.36	1,368.41	1,672.50	1,976.60	2,280.68	2,736.82
Staple	911.50	1,063.42	1,215.34	1,367.26	1,671.10	1,974.94	2,278.76	2,734.52
Stourmouth	909.00	1,060.50	1,212.00	1,363.50	1,666.50	1,969.50	2,272.50	2,727.00
Sutton-by-Dover	909.54	1,061.14	1,212.73	1,364.32	1,667.50	1,970.69	2,273.86	2,728.64
Temple Ewell	915.49	1,068.07	1,220.66	1,373.24	1,678.41	1,983.57	2,288.73	2,746.48
Tilmanstone	919.46	1,072.71	1,225.95	1,379.20	1,685.69	1,992.18	2,298.66	2,758.40
Walmer	910.21	1,061.91	1,213.62	1,365.32	1,668.73	1,972.13	2,275.53	2,730.64
Whitfield	919.08	1,072.27	1,225.45	1,378.63	1,684.99	1,991.36	2,297.71	2,757.26
Wingham	922.43	1,076.17	1,229.91	1,383.65	1,691.13	1,998.61	2,306.08	2,767.30
Woodnesborough	909.99	1,061.66	1,213.32	1,364.99	1,668.32	1,971.66	2,274.98	2,729.98
Worth	913.70	1,065.99	1,218.27	1,370.56	1,675.13	1,979.70	2,284.26	2,741.12

Mike Davis

Head of Finance and ICT



## Housing Revenue Account - 2008/09 Estimates

	Original Budget £000's	Projected Outturn £000's	Variance to Original Budget 2007/08 £000's	Projected Outturn 2008/09 £000's	Variance to 2007/08 Projected £000's
<b>INCOME</b>					
Dwelling Rents	(15,493)	(15,643)	(150)	(16,022)	(380)
Non-dwelling Rents	(326)	(339)	(13)	(352)	(13)
Charges for Services and Facilities	(577)	(593)	(16)	(604)	(12)
Conts. towards Expend. - Supporting People	(189)	(189)	0	(189)	0
Conts. towards Expend. - Leaseholders	(226)	(287)	(61)	(168)	119
<b>TOTAL INCOME</b>	<b>(16,810)</b>	<b>(17,050)</b>	<b>(240)</b>	<b>(17,336)</b>	<b>(285)</b>
<b>EXPENDITURE</b>					
Repairs and Maintenance	4,413	4,723	310	4,614	(109)
Supervision and Management	4,012	3,836	(176)	3,721	(114)
Rents, Rates, Taxes and Other Charges	44	79	34	84	5
Negative Subsidy Entitlement (Incl MRA)	4,720	4,720	0	5,205	484
Depreciation and Impairment of Fixed Assets	3,234	3,385	151	3,360	(25)
Bad Debt Provision	87	87	0	87	0
<b>TOTAL EXPENDITURE</b>	<b>16,510</b>	<b>16,829</b>	<b>319</b>	<b>17,070</b>	<b>242</b>
<b>NET COST OF HRA SERVICES PER AUTHORITY INCOME AND EXPENDITURE ACCOUNT</b>	<b>(300)</b>	<b>(222)</b>	<b>79</b>	<b>(265)</b>	<b>(43)</b>
HRA Share of Corporate and Democratic Core	49	101	52	116	15
<b>NET COST OF HRA SERVICES</b>	<b>(251)</b>	<b>(120)</b>	<b>131</b>	<b>(149)</b>	<b>29</b>
(Gain)/Loss on Sales of HRA Fixed Assets					
Interest Payable and Similar Charges					
Amortisation of Premiums & Discounts	(3)	(3)	0	(3)	0
Interest and Investment Income	(510)	(706)	(196)	(577)	129
Pension Int Costs and expected return on pensions assets	35	35	0	235	200
<b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>	<b>(729)</b>	<b>(794)</b>	<b>(65)</b>	<b>(494)</b>	<b>300</b>
Amount required by statute to be credited to the HRA Balance for the year (as per the Note to the Statement of Movement below **)	1,496	(89)	(1,585)	301	390
<b>(Increase)/Decrease - Housing Revenue Account Balance</b>	<b>766</b>	<b>(883)</b>	<b>(1,649)</b>	<b>(193)</b>	<b>690</b>
<b>Impact of Deficit / (surplus) on balances</b>					
Housing Revenue Account surplus brought forward	(5,735)	(5,735)	0	(6,618)	(883)
<b>Housing Revenue Account surplus carried forward</b>	<b>(4,969)</b>	<b>(6,618)</b>	<b>(1,649)</b>	<b>(6,811)</b>	<b>(193)</b>
<b>** Note to the Statement of Movement on the HRA Account</b>					
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>					
Net Charges made for retirement benefits in accordance with FRS 17	127	127	0	62	(65)
	127	127	0	62	(65)
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>					
Transfer to/(from) the Major Repairs Reserve	(65)	(216)	(151)	(216)	0
Transfers to/(from) Housing Repairs Account			0		0
Capital expenditure funded by the HRA	1,434	0	(1,434)	455	455
	1,369	(216)	(1,585)	239	455
Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	1,496	(89)	(1,585)	301	390

## Head of Housing and Community

### HOUSING REVENUE ACCOUNT

#### VARIATION SUMMARY 2007/08 BUDGET ORIGINAL BUDGET 2007/08 v PROJECTED OUTTURN 2007/08 @ 31/12/07

	£
<b>Original Budget 2007/08</b>	766,260.00
<b>Projected Outturn as at 31/10/07</b>	(883,170.00)
<b>Variance</b>	<u><b>(1,649,430.00)</b></u>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	159,870.00
2 Capital charges	
3 FRS17 - pension adjustments	
<b>Indirect variance total</b>	<u><b>159,870.00</b></u>
<b>Direct expenditure variances:</b>	£
4 <b>HRA Share of Corporate and Democratic Core</b> - This has been reworked in line with recommended practice (SORP) and mainly comprises recharges that were previously charged to Supervision and Management. These variations are included under indirect expenditure.	38,780.00
5 <b>Repairs and Maintenance</b> - Reduced Right to Buy sales resulted in an increased property base plus an increased void standard has caused additional forecast expenditure in this area.	201,000.00
6 <b>Supervision &amp; Management</b> - £125k saving on the decanting of William Muge which is not due to happen in 2007/08, a £36k saving on gas and electricity charges which have not increased as expected, and a saving on Audit Commission fees due to a revised allocation of charges.	(210,570.00)
7 <b>Rents, Rates, Taxes and Other Charges</b> - The Council Tax burden on voids in Sheltered housing has increased.	31,300.00
8 <b>Interest &amp; Investment Income</b> - Estimated income has increased due to higher balances than originally estimated and also as a result of better returns on investment	(195,940.00)
9 <b>Capital Expenditure Funded by the HRA</b> - The expenditure on the Capital Programme has been reduced pending the review of the HRA Business plan	(1,434,000.00)
10 <b>Dwelling rents</b> - Rent income has increased due to less Right to Buys being sold than originally estimated	(150,050.00)
11 <b>Charges for Services and Facilities</b> - This income has increased due to 2006/07 service charge bills being finalised	(15,700.00)
12 <b>Non-dwelling rents</b> - Actual rents to date were higher than predicted	(12,780.00)
13 <b>Contribution for Leaseholder Charges</b> - This income has increased due to 2006/07 service charge bills being finalised for leaseholder charges	(61,340.00)
<b>Direct variance total</b>	<u><b>(1,809,300.00)</b></u>
<b>Total Variances</b>	<u><b>(1,649,430.00)</b></u>

## Head of Housing and Community

### HOUSING REVENUE ACCOUNT

#### VARIATION SUMMARY 2008/09 BUDGET PROJECTED OUTTURN 2007/08 @ 31/12/07 v ORIGINAL BUDGET 2008/09

	£
<b>Projected Outturn as at 30/11/07</b>	(883,170.00)
<b>Original Budget 2008/09</b>	(192,600.00)
<b>Variance</b>	<b><u>690,570.00</u></b>
Made up of:	
<b>Indirect expenditure variances:</b>	£
1 Support charge variances	(43,900.00)
2 Capital charges - negates out in the HRA & so not identified separately	0.00
3 FRS17 - Pension Adjustments	135,530.00
<b>Indirect variance total</b>	<b><u>91,630.00</u></b>
<b>Direct expenditure variances:</b>	£
4 <b>Dwelling rents</b> - There has been an approximate overall increase of 5.5% in average weekly rent which has been offset by the 53 week rent year in 2007/08 compared with a 52 week rent year in 2008/09	(379,790.00)
5 <b>Non-dwelling rents</b> - Inflationary increases	(10,800.00)
6 <b>Charges for services and facilities</b> - Inflationary Increase	(13,500.00)
7 <b>Contributions toward expenditure (leaseholders)</b> - This is a reflection of the level of expenditure on blocks occupied by leaseholders	118,870.00
8 <b>Repairs and maintenance</b> - Expenditure decreased to reflect the revised external repairs and redecorations schedule. Other variations relate to support charges and these are included under indirect expenditure (point 1)	(88,000.00)
9 <b>Supervision and management</b> - Consultants fees reduced as a Stock Condition Survey, Choiced Based Lettings and Housing Support are not required/will be reduced in 2008/09 (saving £139k). Numerous other variations, including inflationary increases and cost	(76,800.00)
10 <b>Rents, Rates, Taxes and Other Charges</b> - Council Tax burden from voids on Sheltered housing expected to increase	5,130.00
11 <b>Negative Subsidy Entitlement (Incl MRA)</b> - Based on Housing Subsidy Determination the amount to be paid to Central Government will increase by £484k	484,070.00
12 <b>Depreciation and Impairment of Fixed Assets</b> - The variance reflects the increased Major Repairs Allowance (based on the draft Housing Subsidy Determination) to be transferred to the Major Repairs Reserve to finance capital projects	(30,550.00)
13 <b>HRA Share of Corporate and Democratic Core</b> - This has been reworked in line with recommended practice (SORP) and mainly comprises recharges that were previously charged to Supervision and Management. These variations are included under indirect expenditure	670.00
14 <b>Interest and Investment Income</b> - Lower interest rate expected in 2008/09 when compared against the projected outturn for 2007/08	134,640.00
15 <b>Capital expenditure funded by the HRA</b> - Has been reduced to zero in 2007/08 pending the outcome of the review of the HRA Business Plan. 08/09 to be revised on completion of HRA review project	455,000.00
<b>Direct variance total</b>	<b><u>598,940.00</u></b>
<b>Total Variances</b>	<b><u>690,570.00</u></b>

## PROPOSED MEDIUM TERM CAPITAL PROGRAMME - end January 2008

Projects included in the programme	APPROVED BUDGET						PROPOSED BUDGET					
	Previous years	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total	Previous years	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total
	£	£	£	£	£	£	£	£	£	£	£	£
<b>Work in Progress</b>												
<b>Regeneration projects</b>												
Aylesham Regeneration Project	680,085	153,000	215,828	0	0	1,048,913	680,085	184,698	226,130	120,000	100,000	1,310,913
Dover Pride - Dover Town Investment Zone	584,087	220,000	105,837	0	0	909,924	584,087	241,923	253,990	250,000	150,000	1,480,000
DTIZ - SEEDA funded projects	4,699,989	2,619,781	0	0	0	7,319,770	4,699,989	1,520,171	1,140,000	0	0	7,360,160
DTIZ - SEEDA funding of Dover Sea Sports Centre (see grants appx)	0	80,000	20,000	0	0	100,000	0	50,000	50,000	0	0	100,000
DTIZ - English Partnership funded projects	148	2,371,962	0	0	0	2,372,110	148	1,863,724	600,000	0	0	2,463,872
DTIZ - English Partnership funding Dover Sea Sp Cre (see grants appx)	0	160,000	40,000	0	0	200,000	0	100,000	100,000	0	0	200,000
Dover Pride - Dover Priory Ph 1 & 2 (see grants & contributions appx)	42,455	52,545	25,000	0	0	120,000	42,455	0	77,545	0	0	120,000
Dover Pride - Dover Sea Sport Centre (see grants & contributions appx)	0	200,000	50,000	0	0	250,000	0	125,000	125,000	0	0	250,000
Aylesham Leisure Project (ASWS) (see grants & contributions appx)	0	48,000	0	0	0	48,000	0	48,000	0	0	0	48,000
Capital contributions - North Deal tf to special revenue project	0	0	0	0	0	0	0	0	0	0	0	0
Deal Pier	2,305,481	990,274	412,000	0	0	3,707,755	2,305,481	152,274	1,250,000	0	0	3,707,755
<b>Other projects</b>												
Capital grants and contributions - voluntary organisations (see appx)	66,530	32,717	0	0	0	99,247	66,530	22,717	10,000	0	0	99,247
North Deal Pre-school Building	33,041	11,020	0	0	0	44,061	33,041	11,020	0	0	0	44,061
Kingsdown Beach Nourishment Coast Protection Scheme	1,445,026	196,983	0	0	0	1,642,009	1,445,026	196,983	0	0	0	1,642,009
Major redevelopment of skate parks - Victoria Park	0	100,000	148,000	0	0	248,000	0	0	248,000	0	0	248,000
Pencester Gardens Play Area	0	50,000	110,556	0	0	160,556	0	16,000	144,556	0	0	160,556
Markewood Play Area	0	12,000	45,702	0	0	57,702	0	2,000	55,702	0	0	57,702
Housing Revenue Account Property Projects	n/a	3,503,000	0	0	0	3,503,000	n/a	3,374,500	0	0	0	3,374,500
Mandatory Disabled Facilities Grants	n/a	500,000	600,000	680,000	0	1,780,000	n/a	500,000	652,000	680,000	700,000	2,532,000
Renovation Grants	n/a	110,420	100,000	100,000	0	310,420	n/a	110,420	70,000	80,000	90,000	350,420
Dover Urban Scheme - private sector renewals - loans paid	100,018	279,902	0	0	0	379,920	100,018	279,902	0	0	0	379,920
Private Sector housing schemes - loans	0	1,042,000	915,000	0	0	1,957,000	0	1,042,000	915,000	0	0	1,957,000
Private Sector housing schemes	304,021	878,000	268,979	0	0	1,451,000	304,021	878,000	268,979	0	0	1,451,000
Air quality assessments	11,484	13,186	0	0	0	24,670	11,484	13,186	0	0	0	24,670
CRM project costs	66,230	161,503	0	0	0	227,733	66,230	161,503	0	0	0	227,733
Dover Area Office, Conversion of Castle Street Premises	211,172	5,828	0	0	0	217,000	211,172	5,828	0	0	0	217,000
Waste Management Confirm Computer System	0	40,000	0	0	0	40,000	0	40,000	0	0	0	40,000
St Margarets car park	22,495	102,005	0	0	0	124,500	22,495	102,005	0	0	0	124,500
Local Land and Property Gazetteer software purchase	17,003	4,190	0	0	0	21,193	17,003	4,190	0	0	0	21,193
Business continuity - generator at Whitfield offices	0	67,000	0	0	0	67,000	0	17,000	50,000	0	0	67,000
Deal seafront - environmental enhancements	99,476	55,024	0	0	0	154,500	99,476	55,024	0	0	0	154,500
Expansion of CCTV	0	1,000	89,000	0	0	90,000	0	1,000	89,000	0	0	90,000
Wind Turbine at Whitfield	0	87,000	0	0	0	87,000	0	87,000	0	0	0	87,000
<b>Sub total</b>	<b>10,688,741</b>	<b>14,148,340</b>	<b>3,145,902</b>	<b>780,000</b>	<b>0</b>	<b>28,762,983</b>	<b>10,688,741</b>	<b>11,206,068</b>	<b>6,325,902</b>	<b>1,130,000</b>	<b>1,040,000</b>	<b>30,390,711</b>
<b>Projects approved subject to capital appraisal</b>												
Leisure Centres equipment (financed by specific reserve)	0	0	4,036	0	0	4,036	0	0	4,036	0	0	4,036
Leisure Centres - fitness equipment (part financed by specific reserve)	0	0	8,436	0	0	8,436	0	0	8,436	0	0	8,436
Dover Town Hall - new booking system	0	0	10,000	0	0	10,000	0	0	10,000	0	0	10,000
Replace cash receipting and income system	0	50,000	0	0	0	50,000	0	50,000	0	0	0	50,000
Provision for additional costs on major projects	0	0	0	9,924	40,076	50,000	0	0	9,924	25,000	50,000	84,924
Provision for possible DITZ CPO (Cabinet 7 January 2008 refers)	0	0	0	25,000	0	25,000	0	0	25,000	0	0	25,000
Kingsdown Beach Nourishment Coast Protection Scheme (100% grant)	0	0	121,000	0	121,000	242,000	0	0	121,000	0	121,000	242,000
MoD Rifle Range - Managed Realignment Feasibility (100% grant)	0	0	100,000	0	0	100,000	0	0	100,000	0	0	100,000
MoD Rifle Range - Managed Realignment (100% grant)	0	0	0	0	4,779,000	4,779,000	0	0	0	0	4,779,000	4,779,000
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
<b>Sub total</b>	<b>10,688,741</b>	<b>14,198,340</b>	<b>3,389,374</b>	<b>814,924</b>	<b>4,940,076</b>	<b>34,031,455</b>	<b>10,688,741</b>	<b>11,256,068</b>	<b>6,604,298</b>	<b>1,155,000</b>	<b>5,990,000</b>	<b>35,694,107</b>

**PROPOSED MEDIUM TERM CAPITAL PROGRAMME - end January 2008**

Projects included in the programme	APPROVED BUDGET						PROPOSED BUDGET						
	Previous years	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total	Previous years	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Total	
	£	£	£	£	£	£	£	£	£	£	£	£	
<b>HRA projects to be approved as part of budget setting process</b>													
HRA Projects financed by Major Repairs Reserve	n/a	0	3,193,000	3,332,000	PER BUS PLAN	6,525,000	n/a	0	3,278,000	3,332,000	PER BUS PLAN	6,610,000	
HRA Property Projects financed by capital receipts	n/a	0	148,000	153,000	0	301,000	n/a	0	136,000	123,000	130,000	389,000	
HRA Property Projects financed by the HRA	n/a	0	443,000	380,000	PER BUS PLAN	823,000	n/a	0	455,000	380,000	PER BUS PLAN	835,000	
HRA Property Projects financed by Supported Borrowing	n/a	0	196,000	201,000	PER BUS PLAN	397,000	n/a	0	196,000	201,000	PER BUS PLAN	397,000	
<b>Sub total of projects approved</b>	<b>10,688,741</b>	<b>14,198,340</b>	<b>7,369,374</b>	<b>4,880,924</b>	<b>4,940,076</b>	<b>42,077,455</b>	<b>10,688,741</b>	<b>11,256,068</b>	<b>10,669,298</b>	<b>5,191,000</b>	<b>6,120,000</b>	<b>43,925,107</b>	
<b>New bids for approval to carry out appraisal</b>													
Deal Tennis Centre - DDC contribution	0	0	0	0	0	0	0	0	40,000	0	0	40,000	
<b>Bids for consideration subject to funding be available - at earliest possible time - not in priority order</b>													
See revised table below for "Other Bids for Consideration"													
Aylesham leisure projects	0	see grants	300,000	52,000	0	352,000							
Unallocated Compulsory purchase orders	0	0	58,820	0	0	58,820							
Dover Museum improved displays	0	0	100,000	0	0	100,000							
Integrated visiting efficiency project - gross of £40k grant	0	110,000	0	0	0	110,000							
<b>Total</b>	<b>10,688,741</b>	<b>14,308,340</b>	<b>7,828,194</b>	<b>4,932,924</b>	<b>4,940,076</b>	<b>42,698,275</b>	<b>10,688,741</b>	<b>11,256,068</b>	<b>10,709,298</b>	<b>5,191,000</b>	<b>6,120,000</b>	<b>43,965,107</b>	
<b>Financed by:</b>													
Capital projects financed in previous financial years	10,688,741	0	0	0	0	10,688,741	10,688,741	0	0	0	0	10,688,741	
Capital receipts	n/a	2,583,973	1,465,296	611,924	40,076	4,701,269	n/a	1,728,640	2,078,809	720,000	559,000	5,086,449	
Major Repairs Allowance	n/a	3,084,000	3,193,000	3,332,000	n/a	9,609,000	n/a	2,955,500	3,278,000	3,332,000	n/a	9,565,500	
Direct Revenue Financing - HRA	n/a	0	443,000	380,000	n/a	823,000	n/a	0	455,000	380,000	n/a	835,000	
Direct Revenue Financing - General Fund	n/a	37,000	0	0	n/a	37,000	n/a	37,000	0	0	n/a	37,000	
Grants													
- SEEDA for DTIZ	n/a	2,699,781	20,000	0	0	2,719,781	n/a	1,570,171	1,190,000	0	0	2,760,171	
- English Partnerships for DTIZ/mid-town centre	n/a	2,532,110	40,000	0	0	2,572,110	n/a	1,963,872	700,000	0	0	2,663,872	
- KCC for skate parks	n/a	100,000	58,545	0	0	158,545	n/a	0	158,545	0	0	158,545	
- Air quality assessments	n/a	12,000	0	0	0	12,000	n/a	12,000	0	0	0	12,000	
- Mandatory Disabled Facilities Grants	n/a	300,000	360,000	408,000	0	1,068,000	n/a	300,000	360,000	408,000	420,000	1,488,000	
- Coast Protection grants	n/a	196,983	221,000	0	4,900,000	5,317,983	n/a	196,983	221,000	0	4,900,000	5,317,983	
- Private Sector Renewals Grant	n/a	1,920,000	1,183,979	0	0	3,103,979	n/a	1,920,000	1,183,979	0	0	3,103,979	
- Pension Agency Partnership Delivery grant (Integrated Visiting)	n/a	40,000	0	0	0	40,000	n/a	0	0	0	0	0	
- SEEDA ( Wind turbine)	n/a	27,000	0	0	0	27,000	n/a	27,000	0	0	0	27,000	
- EDF Green Fund (Wind turbine)	n/a	30,000	0	0	0	30,000	n/a	30,000	0	0	0	30,000	
- Low Carbon Building Programme (Wind turbine)	n/a	30,000	0	0	0	30,000	n/a	30,000	0	0	0	30,000	
- Big Lottery Grant (Play areas/skate park)	n/a	62,000	195,702	0	0	257,702	n/a	18,000	239,702	0	0	257,702	
Supported borrowing - HRA	n/a	187,000	196,000	201,000	0	584,000	n/a	187,000	196,000	201,000	0	584,000	
Supported borrowing - General Fund	n/a	279,902	0	0	0	279,902	n/a	279,902	0	0	0	279,902	
Unsupported borrowing	n/a	0	0	0	0	0	n/a	0	0	0	0	0	
Other reserves													
- Special projects reserve	n/a	186,591	447,636	0	0	634,227	n/a	0	644,227	150,000	241,000	1,035,227	
- Historic buildings reserve (£66k available)	n/a	0	0	0	0	0	n/a	0	0	0	0	0	
- Leisure centres equipment reserve	n/a	0	4,036	0	0	4,036	n/a	0	4,036	0	0	4,036	
<b>Total</b>	<b>10,688,741</b>	<b>14,308,340</b>	<b>7,828,194</b>	<b>4,932,924</b>	<b>4,940,076</b>	<b>42,698,275</b>	<b>10,688,741</b>	<b>11,256,068</b>	<b>10,709,298</b>	<b>5,191,000</b>	<b>6,120,000</b>	<b>43,965,107</b>	

Other bids for consideration - subject to funding availability	£
Deal seafront - environmental enhancements	150,000
Aylesham leisure projects (previously requested £352k)	200,000
Unallocated Compulsory Purchase Orders	58,820
Integrated visiting efficiency project (previously DDC contribution of £70k - project will not now proceed)	0
	<u>408,820</u>

Summary of capital receipts - Mid- January 2008 update

	Estimate 2007/08 £000	Estimate 2008/09 £000	Estimate 2009/10 £000	Estimate 2010/11 £000	
Usable capital receipts at 1 April	3,132	2,199	882	913	
Capital receipts allocated to the finance the capital programme	(1,729)	(2,079)	(720)	(559)	
Anticipated retained capital receipts from HRA right to buy sales	545	490	512	535	Note 1
Other anticipated sales	250	272	240	270	Note 2
Other asset sales to be determined through the Corporate Property Strategy	0	TBI	TBI	TBI	Note 3
<b>Estimated usable capital receipts to be carried forward at 31 March</b>	<b>2,199</b>	<b>882</b>	<b>913</b>	<b>1,159</b>	Note 4

Note 1

It is estimated that there will be 20 sales per annum. Figures for 2008/09 and future years may be revised following completion of the HRA Business Plan project.

Note 2

The current year estimate relates to the sale of the PCT (£250k). In future years it is assumed that there will be one Gateway flat sale, where rules allow us to keep 100% of the receipt if the property is not bought for primary residence and other corporate asset sales that need to be identified.

Note 3

In addition, to identifying asset sales of circa £60k at note other asset sales are "To Be Identified" through implementation of the Corporate Property Strategy as reported to Cabinet 3/3/08.

Note 4

Over the planning period the level of capital receipts unapplied dips below the normal £1m buffer. This means that there is less margin for error in terms of project overruns and under achievement of capital receipts

**MEMORANDUM SCHEDULE OF CAPITAL GRANTS AND CONTRIBUTIONS**

	Total Approved Budget	PRIOR YEARS	Revised 2007/08 Budget	Revised 2008/09 Budget	Total Revised Budget
	£	£	£	£	£
Dover Pride - Dover Priory Station	95,000	42,455	0	77,545	120,000
Dover Pride - Dover Sea Sports Centre	250,000	0	125,000	125,000	250,000
Dover Pride - Dover Sea Sports Centre (SEEDA funded element)	0	0	50,000	50,000	100,000
Dover Pride - Dover Sea Sports Centre (EP funded element)	0	0	100,000	100,000	200,000
Aylesham Leisure Provision - ASWS	48,000	0	48,000	0	48,000
North Deal regeneration project (see note)	0	0	0	0	0
Deal Wanderers Rugby Sports & Social Club - clubhouse	20,000	14,522	5,478	0	20,000
Sandwich Sports and Leisure Centre	45,000	40,000	5,000	0	45,000
Betteshanger Social Club - community centre	5,000	607	4,393	0	5,000
Sandwich Bowling and Social Club	2,000	1,535	465	0	2,000
River Methodist Church	750	0	750	0	750
Lifeskills Kent Trust	0	0	0	0	0
Sandwich Town Cricket Club	5,000	3,845	1,155	0	5,000
Dover Gymnastics Club	10,000	0	0	10,000	10,000
Eastry Village Hall	2,497	1,827	670	0	2,497
Worth Parish Council	1,000	639	361	0	1,000
Sandwich Youth and Recreation Club building	8,000	3,555	4,445	0	8,000
<b>TOTAL CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>492,247</b>	<b>108,985</b>	<b>345,717</b>	<b>362,545</b>	<b>817,247</b>

*Note - North Deal regeneration project now included in the special revenue projects programme - January 2008.*

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

<b>REVENUE WORKS PROGRAMME</b>	APPROVED BUDGET 2007/08	REVISED BUDGET 2007/08	PROPOSED BUDGET 2008/09
	£000	£000	£000
1. Term Maintenance	1,400	1,410	1,470
2. Heating Service	650	650	681
3. Lift Servicing	15	22	15
4. Voids Maintenance	820	850	860
5. Void Properties Security	0	0	0
6. Service Contracts - Disabled Hoists & Lifts	50	50	50
7. Service Contracts - Fire Alarms	60	60	62
8. Service Contracts - Door Entry	45	20	25
9. Service Contracts - Sunny Corner	0	0	0
10. Vandalism Repairs	30	30	30
11. Insurance Excess	10	10	10
12. Electrical Safety Inspections	30	0	30
13. Legionella	15	10	25
14. External Repairs and Redecorations	760	800	550
15. Redecorations for Elderly Persons	10	10	10
16. Communal TV Aerials Installation	45	45	45
17. Estates Paths, Pavings, Floor Resurfacing	50	15	30
<b>TOTAL REVENUE WORKS PROGRAMME</b>	<b>3,990</b>	<b>3,982</b>	<b>3,893</b>

<b>CAPITAL WORKS PROGRAMME</b>	APPROVED BUDGET 2007/08	REVISED BUDGET 2007/08	PROPOSED BUDGET 2008/09
	£000	£000	£000
<b>HOUSING REVENUE ACCOUNT SCHEMES</b>			
<b>IMPROVEMENTS</b>			
18. Reroofing	180	180	300
19. Replacement Doors and Windows	80	80	153
20. Renewal Heating/Heating Programme	800	800	945
21. Thermal insulation	10	10	10
22. Environmental Improvements (Tenants Compact)			
Dover	60	15	20
Deal	33	3	11
Sandwich	35	1	12
Rural	22	3	7
23. Fire Precautions	0		
24. Asbestos Programme	30	23	50
25. Structural Repairs	110	110	220
26. Kitchen Programme	993	1,035	1,050
27. Rewiring	500	500	627
<b>OTHER SCHEMES</b>			
28. Adaptations for Disabled Persons	550	550	500
29. Sheltered Reurbishments	100	65	160
<b>TOTAL CAPITAL WORKS PROGRAMME</b>	<b>3,503</b>	<b>3,375</b>	<b>4,065</b>
<b>Financed By:</b>			
Capital Receipts	232	232	136
Major Repairs Allowance	3084	2956	3278
Direct Revenue Financing (HRA)	0	0	455
Supported Borrowing	187	187	196
<b>TOTAL CAPITAL WORKS PROGRAMME</b>	<b>3503</b>	<b>3375</b>	<b>4065</b>

<b>FULL PROGRAMME TOTAL</b>	<b>7,493</b>	<b>7,357</b>	<b>7,958</b>
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## PROPOSED SPECIAL PROJECTS - MTFP END JANUARY 2008

<u>PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE</u>	<u>Capital / Revenue</u>	<u>Total</u>	<u>Prior</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Total</u>
		<u>Approved</u>	<u>Years</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Proposed</u>	<u>Revised</u>
		<u>Budget</u>	<u>Exp</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>Budget</u>
		£	£	£	£	£	£	£
<b>Projects in progress</b>								
Asset Management Planning and Asbestos Surveys	R	44,200	28,061	6,139	10,000	0	0	44,200
Channel Tunnel Rail Link - Domestic Services to East Kent	R	10,000	6,204	0	0	0	0	6,204
Corporate Property Maintenance	R	457,500	393,932	33,568	30,000	30,000	30,000	517,500
Play Areas - enhancements to strategic sites	R	189,444	0	27,000	162,444	0	0	189,444
Play Areas - Clarendon, Dover provision of new site (only to go ahead if S106 funding available)	R	100,000	0	0	0	100,000	0	100,000
A2 Lydden to Dover Improvement Study	R	10,000	0	0	10,000	0	0	10,000
CAB refurbishment at Maison Dieu	R	165,000	157,693	7,307	0	0	0	165,000
Control of Asbestos Regulations Works - Corporate Buildings	R	50,000	10,776	5,000	34,224	0	0	50,000
Disability Discrimination Act Works - Corporate Buildings	R	109,000	22,878	27,500	58,622	0	0	109,000
Kick start bus initiative and study	R	37,500	3,500	0	34,000	0	0	37,500
Whitfield offices - reception area	R	268,500	12,293	256,207	0	0	0	268,500
Parking Strategy	R	90,000	48,389	41,611	0	0	0	90,000
Whitfield office moves	R	273,000	122,030	120,970	30,000	0	0	273,000
Operations centre	R	55,000	0	35,000	10,000	0	0	45,000
Replacement of wetside cubicles - Dover Leisure Centre	R	3,628	3,628	0	0	0	0	3,628
Replacement of wetside lockers - Dover Leisure Centre	R	25,400	25,400	0	0	0	0	25,400
Energy saving investment at leisure centres	R	12,000	0	0	0	0	0	0
Replacement of defective plant and equipment at leisure centres	R	8,972	2,700	6,272	0	0	0	8,972
Environmental Health database - training and equipment	R	9,000	0	9,000	0	0	0	9,000
Whitfield Offices: - ESP evaluation	R	50,000	0	50,000	0	0	0	50,000
Consultants fees - National Lottery bid - sports facilities - Aylesham	R	4,538	0	4,538	0	0	0	4,538
CRM project - costs	R	141,500	54,523	66,977	20,000	0	0	141,500
DTIZ - consultants and marketing costs (allocation to capital reduced)	R	25,000	0	26,000	14,000	0	0	40,000
Interreg III programme - graphic panels	R	6,000	0	6,000	0	0	0	6,000
Transportation study contribution	R	25,000	0	25,000	0	0	0	25,000
Private Sector Housing Survey	R	15,000	0	15,000	0	0	0	15,000
North Deal regeneration project	R	41,740	0	11,740	30,000	0	0	41,740
Aylesham - land management	R	0	0	0	3,300	0	0	3,300
<b>Capital projects in capital programme financed from reserve:</b>								
Provision allocated to capital programme to finance capital projects	C	921,629	277,402	0	644,227	0	0	921,629
		<b>3,148,551</b>	<b>1,169,409</b>	<b>780,829</b>	<b>1,090,817</b>	<b>130,000</b>	<b>30,000</b>	<b>3,201,055</b>
<b>Projects approved subject to capital appraisal</b>								
Enhancements to Leisure Centres - previously included in the capital programme	C/R	0	0	25,000	0	0	0	25,000
Whitfield Offices: - ESP (Corporate DIP and workflow)	C/R	0	0	0	0	0	0	0
Provision - possible abortive costs on unsuccessful Aylesham welfare scheme grant application (Cabinet 17 October 2005)	R	8,430	0	8,430	0	0	0	8,430
Feasibility of provision of area offices at Aylesham and Sandwich	R	0	0	0	0	0	0	0
Feasibility of provision of area offices at Deal (Quarterdeck and South Street sites)	R	0	0	0	0	0	0	0

<u>PROJECTS FINANCED FROM THE SPECIAL PROJECTS RESERVE</u>	<u>Capital / Revenue</u>	<u>Total Approved Budget</u>	<u>Prior Years Exp</u>	<u>Proposed 2007/08</u>	<u>Proposed 2008/09</u>	<u>Proposed 2009/10</u>	<u>Proposed 2010/11</u>	<u>Total Revised Budget</u>
ICT replacement air conditioning unit	C/R	0	0	0	32,000	0	0	32,000
North Deal - Community based regeneration - Golf Rd/Cannon Str. Deal	R	0	0	0	62,920	0	0	62,920
Tourism - signage (previously included in Interreg bid in capital prog)	R	0	0	0	0	0	0	0
<b><u>New bids for approval to carry out appraisal</u></b>								
Pavillions - boiler & hot water replacements	R	0	0	0	40,000	0	0	40,000
Major projects	R	0	0	0	36,700	40,000	40,000	116,700
Dover Museum lighting	R	0	0	0	40,000	0	0	40,000
Contingency	R	0	0	0	100,000	0	0	100,000
<b>Proposed balance to transfer to capital projects</b>	<b>C</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>241,000</b>	<b>391,000</b>
<b>Bids for consideration subject to funding be available See below</b>								
<b><u>TOTAL PROJECTS FINANCED FROM SPECIAL PROJECTS RESERVE</u></b>		<b>3,156,981</b>	<b>1,169,409</b>	<b>814,259</b>	<b>1,402,437</b>	<b>320,000</b>	<b>311,000</b>	<b>4,017,105</b>
<b>Less amount financed in previous years</b>								<b>(1,169,409)</b>
<b><u>BALANCE TO BE FINANCED</u></b>								<b>2,847,696</b>

<u>Remaining balance in Special Projects reserve</u>	£000
Balance at 1 April 2007	2,691
Allocated to approved schemes	-2,032
Add back Clarendon play area financed by S106	100
Provision for abortive Aylesham welfare costs	-8
Balance currently available for new projects	751
New bids received	-808
Balance - before contributions to reserve	-57
SEEDA and EP contributions towards DTIZ revenue costs	15
Contribution to reserves	42
Balance	0

<u>Other bids for consideration - subject to funding availability</u>	
	£000
Tourism signage	30
Public conveniences	150
Kearsney Abbey walls	100
	<u>280</u>

	Approved Budget £000	Proposed Budget £000	Addition / (Saving) £000	Notes
<b>ANNEX 11F</b>				
<b>Capital Regeneration Projects :-</b>				
Aylesham Regeneration Project	1,049	1,311	262	Increase is mainly due to additional in-house staff time charged to the project and consultants fees.
DTIZ	910	1,480	570	Increased staff time, legal fees and consultants fees.
DTIZ - SEEDA funding	7,319	7,360	41	Mainly arising from interest due from November to January (per January Budget Monitoring report).
DTIZ - EP funding	2,372	2,463	91	Mainly arising from interest due from November to January (per January Budget Monitoring report).
Major Projects Contingency Provision	50	85	35	A provision has been made to reflect the general uncertainty of the final costs of regeneration projects. It was previously reported in the draft plan that the budget should be increased to £150k. Internal recharges for major projects were £40k higher than provisionally reported before Christmas and £25k has been earmarked for a possible DTIZ CPO (Cabinet 7 Jan 08) resulting in a reduction of provision.
<b>Other Capital projects :-</b>				
Housing Revenue Account - 2007/08	3,503	3,375	-128	Tenant's have spent less on initiatives than originally budgeted in 2007/08. The budget may be ring-fenced and rolled forward for allocation in future financial years.
Housing Revenue Account - 2008/09	3,193	3,278	85	The Council received a credit for £85k several years ago for energy efficiency initiatives. It is intended to release this sum for heating projects during 2008/09 (January 2008 budget monitoring refers).
Mandatory Disabled Facilities Grant	1,780	2,532	752	This increase has been included to address increasing demand and the backlog of requests (£700k). As per December 2007 budget monitoring the Government has made an additional grant of £52k available.
Renovation Grants	310	350	40	These supplement the main Private Sector Housing Renewal programmes.

	Approved Budget £000	Proposed Budget £000	Addition / (Saving) £000	Notes
<b>Capital Projects / Bids Cancelled or Re-phased</b>	Requested Budget £000	Proposed Budget £000	Addition / (Saving) £000	
Deal seafront (2nd phase)	150	0	-150	This is a new bid and is now on hold until additional resources become available.
Aylesham Leisure	200	0	-200	An Urgency Decision was taken in September releasing £48k, mainly for consultants and professional fees as the initial stages of the project. This left an Aylesham Leisure provision budget of £352k. Since then the outstanding requirement from DDC has been reduced to an estimated balance of £200k. This is now on hold and additional capital resources will be required before this can proceed. The updated programme reflects this change. Members should also note that funding is still not confirmed from the Coalfields Regeneration Trust and so the project is still in some doubt. If the project is to proceed it is likely that the balance of DDC funding will be required as £30k in 2008/09 and £170k in 2009/10, or it will have to be delayed with the risk that other partners may withdraw, or other sources of funding will be required.
Compulsory Purchase Orders (CPO) Unallocated	59	0	-59	This small CPO budget has been removed. However the general policy for housing CPOs has been that when a CPO'd property is sold, the funds are recycled for the next CPO. This will be applied to the funds released when an existing CPO property is sold.
Dover Museum Displays	100	0	-100	The project to improve the displays had been intended in order to maintain modern standards of display, and to match the quality of potential displays from the Bleriot project.
Integrated Visiting Efficiency Project (net of grant)	70	0	-70	The cancellation of these two projects (see DIP and Workflow below as well), which were subject to project appraisal, have necessitated a re-evaluation of our service transformation agenda. It will not prevent innovation and transformation being taken forward, in fact it will increase creativity through necessity, but it will leave us without the capacity for procuring new ICT solutions to provide swifter resolution to identified needs. Areas that will require new thought are Local Land and Property Gazetteer integration work; HRA Document Image Processing; Corporate electronic document distribution ;CAB kiosks for Deal and Sandwich; Self-service customer access; Smart-form development and VoIP telephony access.

	Approved Budget £000	Proposed Budget £000	Addition / (Saving) £000	Notes
<b>Major Revenue Projects</b>				
<b>Adjustments to approved projects :-</b>	<b>Approved Budget £000</b>	<b>Proposed Budget £000</b>	<b>Addition / (Saving) £000</b>	
Corporate Property Maintenance	458	518	60	This has been increased by £60k but this is more than offset by a reduction of £225k in Leisure Centre Enhancements. It is not realistic to proceed with major leisure centre enhancements without a more strategic view of future leisure centre provision.
Energy savings	12	0	-12	The project was focused on the leisure centres and will not therefore proceed at the present time.
<b>Bids and Proposals not yet approved and now Cancelled</b>	<b>Requested Budget £000</b>	<b>Proposed Budget £000</b>	<b>Addition / (Saving) £000</b>	
Whitfield ESP (Corporate DIP and Workflow)	150	0	-150	See note on Integrated Visiting Efficiency Project above.
Area Office Feasibility Study	60	0	-60	The initial project requirement was saved by carrying out our own feasibility and consultation process. It had been intended to deploy the savings to support transformation of service provision in Sandwich and Aylesham. Changes to service locations will create savings if followed through, of £25,000 for 1 FTE at Sandwich alone. This is inextricably linked to a forthcoming decision over improvements to cash payments. Access to funds for changes to Sandwich will have to be made available to realise savings potential.
Tourism signage	30	0	-30	

	Approved Budget	Proposed Budget	Addition / (Saving)	Notes
	£000	£000	£000	
<b><u>Bids and Proposals Recommended for Capital Appraisal</u></b>	<b>Approved Budget</b>	<b>Proposed Budget</b>	<b>Addition / (Saving)</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Pavilions - boilers and hot water	50	40	-10	Replacement boilers at Danes and Elms Vale to meet Health and Safety standards (£50k)
Major Projects Contingency	150	120	-30	Provision of £150k for major projects revenue costs contingency, reflecting the uncertainty of these project costs. (£3.3k has now been allocated to the Aylesham revenue project - see December budget monitoring report).
General Contingency	100	100	0	Contingency budget of £100k for projects we do not directly control eg Snowdown, WCBP etc.
Transfer to capital projects	n/a	391	391	An additional transfer of £381k to assist in financing the capital programme
Dover Museum Lighting	40	40	0	The lighting is in poor condition and obsolescence of the units make this increasingly difficult to maintain and failure is believed to be imminent. If this happened the museum would have to be closed for Health and Safety reasons.
<b><u>Bids and Proposals which will proceed if capital funding becomes available</u></b>				
Public Conveniences	0	150	150	Upgrade / modernisation of the facilities
Kearsney Abbey Walls	0	100	100	Maintenance / upgrade to the walls.
Note - since the previous report was produced in early December 2008 a number of changes have been approved either via Cabinet or through the budget monitoring process in accordance with delegated powers outlined in the Constitution.				

## Minimum Revenue Provision Statement for 2007 to 2009

### Purpose of the Report

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

### Introduction

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

Under these regulations it is possible that some assets (plant, machinery, IT systems) acquired by borrowing may have reached the end of their useful life a long time before the MRP ceases to be a cost to the taxpayer, and that other assets such as land, would continue to provide benefits long after the annual 4% MRP has accumulated sufficient funds to repay the debt, and so the period of paying MRP for the debt does not match the period over which the Council benefits from the assets purchased. With this in mind, the Government has issued draft Guidance on proposed changes to the MRP that will be effective from 2007/08. This Statement has been produced on the assumption that the Guidance is approved in March 2008.

In the Guidance, the Secretary of State recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full Council. The MRP Statement for 2008/09 has therefore been submitted to full Council on 5 March 2008.

### Current position

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

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

financial years and the Council takes supported borrowing in its General Fund it will have to start paying MRP at some future point.

### The Annual MRP Statement

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

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

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

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

### Recommended options for 2008/09:

Existing debt and new capital expenditure financed by supported borrowing



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

New capital expenditure financed from unsupported borrowing

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

The following will also apply:

- Land will have a maximum life of 50 years.
- “MRP holidays” will be considered for borrowing during the construction period for assets. Where applied, “MRP holidays” will be subject to annual review to ensure that charging commences when the asset becomes operational. (In the case of investment properties this will be when they begin to generate revenue). The Council will take a decision as to whether or not it is prudent to apply a “MRP holiday”.
- In any one year an additional voluntary contribution of MRP may be made. This may be appropriate where there are changes in circumstances in respect of an asset. (For example, the life is less than estimated in the case of the Asset Life Method. The asset life has to be fixed at the start and so there will be an under-recovery of MRP unless an additional contribution is made).

Louise Birch  
21 January 2008

## PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2007/08	2008/09	2009/10	2010/11
<b>(1). EXTRACT FROM BUDGET AND RENT SETTING REPORT</b>				
	<b>Projected Outturn £'000</b>	<b>Estimate £'000</b>	<b>Estimate £'000</b>	<b>Estimate £'000</b>
<b>1. Capital Expenditure</b>				
Non - HRA	7,881	6,634	1,155	5,990
HRA	3,375	4,035	4,036	4,200 <sup>1</sup>
<b>TOTAL</b>	<b>11,256</b>	<b>10,669</b>	<b>5,191</b>	<b>10,190</b>
<b>2. Ratio of financing costs to net revenue stream</b>				
Non - HRA	-2.33%	-1.47%	-1.45%	-1.45%
HRA	-4.06%	-3.38%	-3.93%	-3.46%
<b>3. Net Borrowing and Capital Financing Requirement</b>				
Non - HRA	£5.456m	£5.466m	£5.467m	£5.468m
HRA	Debt free	Debt free	Debt free	Debt free
<b>TOTAL</b>	<b>£5.456m</b>	<b>£5.466m</b>	<b>£5.467m</b>	<b>£5.468m</b>
<b>4. Capital Financing Requirement as at 31 March</b>				
Non - HRA	£12.461m	£12.470m	£12.470m	£12.470m
HRA	£5.603m	£5.461m	£5.215m	£5.009m
<b>TOTAL</b>	<b>£6.858m</b>	<b>£7.009m</b>	<b>£7.255m</b>	<b>£7.461m</b>
<b>Incremental impact of capital investment decisions</b>	£ p	£ p	£ p	£ p
5. Increase in Council Tax (band D) per annum *	£2.51	£0.96	£0.46	£0.41
6. Increase in average housing rent per week	£0.34	£2.23	£1.98	£3.35

\* or increase in precept for police, fire and other authorities

PRUDENTIAL INDICATOR	2007/08	2008/09	2009/10	2010/11
<b>(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>7. Authorised Limit for external debt -</b>				
Borrowing	12,000	12,000	12,000	12,000
Other long term liabilities	0	0	0	0
<b>TOTAL</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>8. Operational Boundary for external debt -</b>				
Borrowing	7,500	7,500	7,500	7,500
Other long term liabilities	0	0	0	0
<b>TOTAL</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>
<b>9. Upper limit for fixed interest rate exposure</b>				
Net interest re fixed rate borrowing / investments	90%	90%	90%	90%
<b>10. Upper limit for variable rate exposure</b>				
Net interest re variable rate borrowing / investments	30%	30%	30%	30%
<b>11. Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>

12. Maturity structure of new fixed rate borrowing during 2008/09	Upper limit
under 12 months	50%
12 months and within 24 months	50%
24 months and within 5 years	50%
5 years and within 10 years	100%
10 years and above	100%

## Notes

<sup>1</sup> The HRA Capital Expenditure for 2010/11 is based on the current HRA Business Plan and does not currently appear in the MTCF

**Notes to Prudential Indicators Set In conjunction with 2008/09 Budget**

<b>Indicator</b>		<b>Notes</b>
1.	Estimate of Total Capital Expenditure	Based on the current Medium Term Capital Programme.
2.	Estimates of the Ratio of Financing Costs to Net Revenue Stream	This indicator shows net interest as a percentage of the overall budget and is designed to indicate if borrowing costs are an unduly large proportion of the revenue budget. Because we receive more interest from investments than we pay for borrowing the ratio is negative and does not signify any concerns.
3.	Capital Financing Requirement	In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total capital financing requirement.
4.	Net Borrowing and Capital Financing Requirement (CFR)	This shows the underlying requirement to borrow to finance capital expenditure. Dover's overall requirement is £7m and is reflected in the £4m PWLB and £3m LOBO borrowing. Increases in the requirement in 2009/10 and 2010/11 reflect government grant supported borrowing, and are therefore affordable.
5.	Estimates of the Incremental Impact of Capital Investment Decisions on the Council Tax	This is the impact on Band D Council Tax payers of the General Fund capital programme. The impact is due to the loss of interest on General Fund resources used to finance the capital programme. The capital projects themselves are not expected to have significant revenue impact when they go live.
6.	Estimates of the Incremental Impact of Capital Investment Decisions on the HRA Weekly Rent	This reflects the affect on average rents of the loss of interest and direct revenue financing to fund the HRA capital programme.
<b>Treasury Management</b>		
7.	Authorised Limit for External Debt	This indicator has been calculated so that there is scope for existing borrowing, for potential (although minimal) new borrowing and for temporary cashflow borrowing/bank overdraft. This particular indicator cannot be exceeded.
8.	Operational Boundary for External Debt	This depicts the envisaged level of external debt based upon treasury management and cashflow forecasts.
9.	Upper Limit on Fixed Interest rate Exposures	Calculations shown in Annex 12A show the

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

## **TREASURY MANAGEMENT STRATEGY STATEMENT 2008/09**

### Introduction

1. The Council considers its annual Treasury Strategy Statement in line with the requirement of the CIPFA Code of Practice on Treasury Management, which was adopted by the Council on 2 September 2002.
2. The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
3. The Act therefore requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment Guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
4. The suggested strategy for 2008/09 in respect of the following aspects of the treasury management function takes account of forecast interest rates and investment advice provided by the Council's treasury advisor, Sector and investment managers, Investec. The strategy covers:
  - Treasury limits in force that will limit the treasury risk and activities of the Council
  - Prudential Indicators
  - The current treasury position
  - Prospects for interest rates
  - The borrowing strategy
  - The investment strategy
5. It is a statutory requirement under Section 33 of the Local Government Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in charges to revenue from:-
  1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
  2. any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

### Treasury Limits for 2008/09 to 2010/11

6. It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".
7. The Council must have regard to the Prudential Code when setting its Authorised Limit, which essentially requires it to ensure that total capital investment remains

within sustainable limits and, in particular, that the impact upon its future council tax and rent levels is 'acceptable'.

8. Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The authorised limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

Prudential Indicators for 2008/09-2010/11

9. The following prudential indicators (see below) are relevant for the purposes of setting an integrated treasury management strategy.

<b>PRUDENTIAL INDICATOR</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
<b>EXTRACT FROM BUDGET AND RENT SETTING REPORT</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Probable outturn</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Affordable Borrowing Limit :</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Increase in council tax (band D, per annum)	2.51	0.96	0.46	0.41
Increase in housing rent per week	0.34	2.23	1.93	3.35
<b>Capital Financing Requirement (as at 31 March)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Non – HRA	12,461	12,470	12,470	12,470
HRA	(5,603)	(5,416)	(5,215)	(5,009)
<b>TOTAL</b>	<b>6,858</b>	<b>7,054</b>	<b>7,255</b>	<b>7,461</b>
<u>Authorised limit for external debt -</u>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	12,000	12,000	12,000	12,000
Other long term liabilities	0	0	0	0
<b>TOTAL</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<u>Operational boundary -</u>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	7,500	7,500	7,500	7,500
Other long term liabilities	0	0	0	0
<b>TOTAL</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>
<u>Upper limit for fixed interest rate exposure</u>				
Net interest re fixed rate borrowing / investments <sup>6</sup>	90%	90%	90%	90%
<u>Upper limit for variable rate exposure</u>				
Net interest re variable rate borrowing / investments	30%	30%	30%	30%
<b>Upper limit for total principal sums invested for over 364 days</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>	<b>£21m</b>

<sup>6</sup> The Council is currently close to the upper fixed limit because of falling interest rates we have locked into high interest rates.

<u>Maturity structure of fixed rate borrowing during 2008/09</u>	<b>Upper limit £</b>
Under 12 months	50%
12 months and within 24 months	50%
24 months and within 5 years	50%
5 years and within 10 years	100%
10 years and above	100%

### Current Portfolio Position

10. The Council's treasury portfolio position at 31/01/08 comprised:

		<b>Principal</b>	<b>Ave. rate</b>
		£'000	%
<b><u>DEBT</u></b>			
Fixed rate funding	PWLB <sup>7</sup>	4004	6.56
	Market	0	0
Variable Rate funding	PWLB	0	0
	Market	3,000	4.75
Other long term liabilities		0	0
<b><u>TOTAL DEBT</u></b>		<b>7,004</b>	<b>5.79</b>
<b><u>INVESTMENTS</u></b>			
	In-house working cashflow	7,776	5.81
	DDC Portfolio	6,411	6.25 <sup>8</sup>
	External (Investec) 31/12/07	18,751	5.93
	SEEDA (DTIZ)	1,285	5.59
	English Partnerships (DTIZ)	717	5.59
<b><u>TOTAL INVESTMENTS</u></b>		<b>34,940</b>	

### Prospects for Interest Rates

11. The Council retains Sector Treasury Services as its treasury adviser to the Council to formulate a view on interest rates. The following table gives the Sector current central view.

<sup>7</sup> 1m due 2026, 3m due 2057. Currently high premiums on redemption.

<sup>8</sup> This rate was achieved due to the money being back in-house only for a short while, mainly over a high interest rate period.

## Sector interest rate forecast – 31<sup>st</sup> January 2008

	2008				2009	
	March	June	September	December	March	June
Base rate	5.25%	5.00%	4.75%	4.75%	4.75%	4.75%
5 yr PWLB	4.55%	4.55%	4.50%	4.50%	4.55%	4.65%
10 yr PWLB	4.60%	4.55%	4.50%	4.50%	4.55%	4.55%
25 yr PWLB	4.55%	4.50%	4.50%	4.50%	4.50%	4.55%
50 yr PWLB	4.50%	4.45%	4.45%	4.45%	4.45%	4.50%

Sector's current interest rate view is that Bank rate;-

- Started on a downward trend from 5.75% to 5.50% in December 2007
- To be followed by further cuts in Qtr1 2008 to 5.25%, to 5.00% in Qtr2 2008 and to 4.75% in Qtr3 2008
- Rates may fall further if inflation concerns subside and so open the way for the MPC (Monetary Policy Committee) to be able to make further cuts in Bank Rate, there is also a possibility rates will go up in the medium to long term if inflationary pressures do not subside.

### Economic Background (based on advice from Sector)

12. GDP (Gross Domestic Product): Growth has been strong during 2007 and hit 3.3% year on year in Qtr3. Growth is expected to reduce from 3.0% in 2007 as a whole to 2.0% in 2008.
13. House prices started on the downswing in Qtr3 2007 and this is expected to continue into 2008.
14. The earlier increases in Bank Rate and hence mortgage rates, food prices rising at their fastest rate since 1993 and increases in petrol prices, have all put consumer spending power under major pressure.
15. Banks have also tightened their lending criteria since the sub prime crisis started and that will also dampen consumer expenditure via credit cards and on buying houses through obtaining mortgages.
16. Government expenditure is expected to be held under a tight reign for the next few years.
17. The MPC (Monetary Policy Committee) is very concerned at the build up of inflationary pressures especially the rise in the oil price to \$90 – 100 per barrel (was \$30 in 2003) and the consequent likely knock on effects on general prices. The prices of UK manufactured goods have risen at the fastest rate in 16 years in November 2007 – 4.5%. Food prices have also risen at their fastest rate for fourteen years (6.6% annual increase) driven by strong demand from China and India. Consequently, the MPC is going to be much more cautious about cutting rates compared to the US Authorities in the face of these very visible inflationary pressures. In addition, UK growth was still exceptionally strong in Qtr3, as has also been the growth in the money supply. The downward trend in Bank Rate is now expected to be faster than at first thought after the initial cut in December 2007 to 5.50% in view of the MPC minutes which showed a unanimous MPC vote for a cut and the consideration given to a half percent cut. This demonstrated how concerned the MPC is at the potential impact of the credit crunch on the economies of the western world. However, the MPC's room for cutting rates is currently limited by concerns over inflationary pressures.



### Borrowing Strategy

18. Currently, the Council is not planning to undertake any new long term borrowing during 2008/09 to finance its capital spending plans. However, it is anticipated that the option to undertake prudential borrowing will be monitored throughout the year, taking into account the interest rate market.
19. It is possible the Council may need to borrow in the short term to cover any deficit in its cash flow. In such an event, monies would be borrowed from the money market through the Council's broker.
20. In the event that debt re-structuring arises the Council will give consideration to the cash savings and to enhance the balance of the portfolio (amend the maturity profile).
21. All rescheduling will be reported to the Council at the meeting following the action.

### Annual Investment Strategy

#### Investment Policy

22. The Council will have regard to the ODPM's Guidance on Local Government Investments ("The Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") when setting its investment policy.
23. The Council's investment priorities are:
  - The security of capital
  - The liquidity of its investments
24. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
25. All investments will be made in Sterling.
26. The borrowing of monies purely to invest or lend-on and make a return is unlawful and this Council will not engage in this activity.
27. This Annual Investment Strategy states the categories of investments the Council may use for the prudent management of its treasury balances during the financial year under the headings of Specified Investments and Non-Specified Investments; explanations of which are given below:

#### (a) Specified Investments

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

determine their own definition of 'high' credit rating and therefore their definition of a specified investment.

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

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

The specified investment instruments identified for potential use in 2008/09 are listed below:

	<b>Minimum 'High' Credit Criteria</b>	<b>Use</b>
Term deposits – UK government	--	In-house
Term deposits – other LAs	--	In-house
Term deposits – banks and building societies	Short-term F1/P1, Long-term AA-, Support 3 or above	In-house and Fund managers
Certificates of deposits issued by and building societies	Short-term F1/P1, Long-term AA-, Support 3 or above	Fund managers
Money Market Funds	AAA	In-house and Fund Managers
UK Government Gilts	AAA	Fund Managers
Gilt Funds and Bond Funds	Short term F1 / P1, Long term -AA	Fund Managers
Treasury Bills	Short term F1 / P1, Long term -AA	Fund Managers

(b) Non-specified Investments

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

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Total investments</b>	<b>Max. maturity period</b>
Term deposits – UK government (with maturities in excess of 1 year)	Short-term F1/P1, Long-term -AA, Support 3 or above	In-house	£21m	5 years
Term deposits – other Local Authorities (with maturities in excess of 1 year)	Short-term F1/P1, Long-term -AA, Support 3 or above	In-house	£21m	5 years
Term deposits – banks and building societies (with maturities in	Minimum AA- long term rating with support rating of 1,2 or 3	In-house	£21m	5 years

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

Monitoring of credit ratings:

28. Credit ratings will be monitored by the Council each time a new investment is placed with a financial institution in-house through its money market brokers. Monthly listings of institutions' credit ratings are issued by Sector and these will be used to determine the suitability of a potential 'deposit taker'. The Council is alerted to any changes in counterparties' credit ratings through regular updates from Sector.
29. If a counterparty's or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately. The Council will also immediately inform its external fund manager, Investec Asset Management, of the withdrawal of the same.

Investment Strategy

In-House

30. Since reductions in base rate are likely during the forthcoming year, the Council's in-house strategy will be to lock into longer period investments when rates are advantageous, cash flow permitting. The maximum duration of any investment will be 5 years.
31. The Council will also seek to use liquidity accounts which pay a rate equivalent to base rates as a minimum for short-term cash or when rates are higher than fixed rates.

### External Investment Fund

32. £18.8m of the Council's funds are externally managed on a discretionary basis by Investec Asset Management. The Authority brought part of the funds back in-house during 2007/08 (£6.5m), following a series of disappointing returns during 2006/07 and at the start of 2007/08. Returns are currently around the expected target, however the Council will continue to monitor Investec's performance throughout 2008/09 and if returns are not satisfactory further funds may be brought back in-house. Any decision will take account of the future cash flow requirements, the interest rate environment and the need for certainty of return.

### End of year Investment Report

33. Following the end of the financial year, the Council receives a report on its investment activity as part of its Annual Treasury Report. This complies with the requirements of the CIPFA Code of Practice on Treasury Management.

## **UNKNOWNNS, ASSUMPTIONS AND VARIABLES**

The budget is subject to a range of variables that are uncertain and / or subject to change. These notes are a working document but reflect the general position at the time of writing.

**However, it should be noted that if, in total, the outcomes for these areas are all adverse, and therefore worse than assumed, they will have a significant impact on the budget.**

### **Central Government Grant**

The Government has announced a three year settlement for the period 2008/09 - 2010/11. This should remove the main funding uncertainty from the current MTFP.

### **Vacancy Allowance**

Achievement of the vacancy allowance is always subject to the level of staff turnover and the speed of recruitment and these factors are partially outside of the Councils control. However the savings in 2007/08 were £385k as at the end of November 2007. This indicates that the £400k provision in the 2008/09 budget is realistic.

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

This is now completed and has resulted in an increase of 3.5% in DDC's pension fund contribution rate. A fixed annual contribution to the fund in respect of the pension backfunding is proposed and this will reduce uncertainty. However, the actuaries have indicated potential increases again in the next triennial valuation and this could impact upon the budget for 2011/12.

### **Council Tax**

Assumed Council Tax will be increased by 4.95%. No formal guidance on capping levels has been released.

The Waste Performance Efficiency Grant (£90k) has been consolidated into the RSG. It has been reduced to £48k for 2008/09.

### **Interest Rates and Cashflow**

Last year our Treasury advisers, Sector, were forecasting interest rates at around 4.5%. We are now seeing interest rates on our investments above this level. At the same time, we are experiencing an adverse level of cashflow. Overall, the income from investments has been assumed to achieve a higher interest rate, but future prospects for interest rates are uncertain.

Cashflow has been assumed to broadly follow the current patterns.

### **Second Homes Monies**

We do not yet know what level of second homes monies will be received from KCC, but are assuming a level comparable with that for 2007/08.

### **PDG**

The PDG scheme is to be replaced by Housing PDG. The basis for future awards has not been announced and therefore the potential for DDC to win HPDG is uncertain. PDG currently provides an element of Development Control's base budget.

### **Planning**

There is potential for additional income from planning applications, we do not yet have the details of the scheme and have assumed increased income of £130k and a further £25k in increased building control fees.

### **Land Charges**

The future of the income stream from Land Charges is uncertain and is impacted by the level of house sales and competition from the private sector. The current estimates assume that the current level of income will be broadly maintained.

### **Major Contract Renewals @ 3%**

The three main contracts are Refuse Collection, Street Cleansing and Recycling. These have been assumed to increase by 3% per annum, however the refuse collection contract is due to be renewed, and increases in the level of recycling may lead to increased costs.

## UNKNOWNNS, ASSUMPTIONS AND VARIABLES

### **Major Projects**

The major projects continue to generate significant burdens on staff time and resources. The key aspects are detailed below:

Sheltered Housing PFI - the Sheltered Housing PFI has consumed massive amounts of officer time. A new round of PFIs is starting, but given other competing priorities, it would be unrealistic to anticipate DDC participation unless resources are available to service the PFI or to backfill the seconded staff.

Aylesham - Work is now required on proposals for management of the public realm, and as the contract proceeds there will be an element of client side work to monitor progress, ensure compliance and check on the basis of any capital receipts as they arise.

DTIZ - bringing the scheme to the market is likely to require significant time and specialist advice, and the development of a special purpose vehicle. This will have to be funded by 3rd parties.

### **Job Evaluation and Regradings**

The impact of JE is difficult to assess. We also experience continual requests for regradings. It is possible that the regrading requests will stop when JE is implemented and bedded in.

### **Private Health Care**

Savings of approx £110k in the General Fund have been assumed.

### **Pay Settlement**

Salaries have been increased by 3.0%, based on 1% increment drift and 2.0% pay award.

### **"Growth Point"**

Dover likely to become a "growth point" / "hub" for regeneration and transport. The effects are not yet known, but this may leverage investment such as A2 dualling, and may also enable us to leverage revenue funding to maintain the growth agenda.

### **Collection Fund Surplus**

We don't budget for a collection fund surplus, but sometimes the rate of collection of arrears from prior years, if more successful than can be prudently forecast, can impact on the level of surplus.

### **Dolphin and Centurion House**

Acquired for DTIZ. Assumed that there will be no retainable income from these properties and no net revenue costs.

### **Recharges**

Central support recharges have been re-cast. The new attributions are not expected to lead to major changes in attribution, but the detail is being reviewed as part of the Housing Business Plan review.

### **Capital Receipts**

Capital receipts can arise from sale of assets from housing and from other services. Receipts from the sale of council houses are pooled. This means that, generally, 75% has to be returned to the government and the council only retains 25%. The council is then free to apply those receipts for any capital purpose, whether housing related or not. Fifty per cent of receipts from the sale of HRA assets are poolable unless applied for regeneration or affordable housing purposes. This council has made a policy decision to apply such receipts for the Aylesham and DTIZ. General Fund receipts are wholly retained by the council and can be used for any capital purpose.

With the progress of DTIZ and Aylesham, together with a number of other regeneration projects, the re-working of the Housing business plan and the decline in receipts from "Right to Buy" Council housing sales, it is important to ensure that the Council has an appropriate level of flexibility in the application of capital receipts as a source of capital finance. Council have therefore been asked to affirm the policy that capital receipts from particular sources will not be hypothecated, as a matter of policy, for particular purposes. Rather, the overall stream of receipts will be treated as a single stream of financing, to be applied to meet the approved capital programmes of both the HRA and the General Fund.

The timing and value of the receipts from Aylesham and DTIZ / Dover Pride are uncertain, but these are important for the future financing of re-phased projects.