



Agenda

Meeting: **Finance and Performance Scrutiny Sub-Committee**
Date: **10 October 2023**
Time: **6.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Finance & Performance Scrutiny Sub-Committee.**

The committee will consider the matters, listed below, at the date, time and place shown above. The meeting will be open to the press and public.

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>. Although unlikely, no guarantee can be made that Members of the public in attendance will not appear in the webcast footage. It is therefore recommended that anyone with an objection to being filmed does not enter the council chamber.

Please note there are 37 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

1. **Apologies for absence**
2. **Declarations of interest**

Members of the committee should declare any interests which fall under

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the following categories:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

3. **Treasury Management Annual Report 2022/23**

This report reviews the Council's treasury management activities for 2022/23, including the actual treasury management indicators. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

4. **Q1 Performance Report 2023/24**

This report provides an update on the Council's performance for the first quarter of the year covering 1st April – 30th June 2023. The report enables the Council to assess progress against the approved key performance indicators arising from the Council's new Corporate Action Plan.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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This report will be made public on 02 October 2023

Report Number: **OS/23/03**

To: Finance and Performance Scrutiny Sub-Committee
Date: 10 October 2023
Status: Non-Key Decision
Head of Service: Lydia Morrison – Interim Director of Corporate Services
Cabinet Member: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance.

SUBJECT: **TREASURY MANAGEMENT ANNUAL REPORT 2022/23**

SUMMARY: This report reviews the Council's treasury management activities for 2022/23, including the actual treasury management indicators. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

REASONS FOR RECOMMENDATION:

Cabinet is asked to agree the recommendations set out below because: -

- a) Both CIPFA's Code of Practice on Treasury Management in the Public Services and their Prudential Code for Capital Finance in Local Authorities, together with the Council's Financial Procedure Rules, require that an annual report on treasury management is received by the Council after the close of the financial year.

RECOMMENDATION:

1. To receive and note Report OS/23/03.

1. INTRODUCTION

- 1.1 The annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity for 2022/23 compared to the approved strategy for the year. It also summarises the actual treasury management indicators for 2022/23 compared to those approved for the year.
- 1.2 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.
- 1.3 Cabinet approved the Treasury Management Strategy Statement for 2022/23, including treasury management indicators, on 26 January 2022. Full Council approved the Capital Strategy for 2022/23 covering capital expenditure and financing, treasury management and non-treasury investments on 23 February 2022. The report also updated Cabinet on changes to both CIPFA's Prudential Code and Treasury Management Code along with the Public Works Loan Board (PWLB) lending arrangements.
- 1.4 The Council's formal treasury management reporting arrangements comply with the requirements of the CIPFA's Treasury Management Code and also provide the opportunity for proper scrutiny of its treasury management activities.

2. ECONOMIC COMMENTARY

(Based on commentary supplied by Arlingclose Ltd, the Council's Treasury Advisor)

2.1 Economic Background

- 2.1.1 The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.
- 2.1.2 Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.
- 2.1.3 Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

- 2.1.4 The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%. The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.
- 2.1.5 The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report. The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.

2.2 Financial Markets

- 2.2.1 Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility.
- 2.2.2 Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

2.3 Credit Review

- 2.3.1 Early in the period, Moody's affirmed the long-term rating of Guildford BC but revised the outlook to negative. The agency also downgraded Warrington BC and Transport for London.
- 2.3.2 In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable and in the same month Moody's revised the outlook on Bayerische Landesbank to positive. In September S&P revised the outlook on the Greater London Authority to stable from negative and Fitch revised the outlook on HSBC to stable from negative.

- 2.3.3 During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank (SVB) in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS. Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.
- 2.3.4 On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list. As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remains under constant review.

3. TREASURY POSITION AT 31 MARCH 2023

- 3.1 On 31 March 2023, the Council had net investments of £24.3m arising from its revenue and capital income and expenditure, a decrease on 2021/22 of £6.9m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.22	31.3.23	Movement
	Actual	Actual	
	£m	£m	£m
General Fund CFR	15.6	16.8	1.2
HRA CFR	47.4	47.4	0.0
Investment CFR	70.2	77.2	7.0
Total CFR	133.2	141.4	8.2
Less External Borrowing	(97.7)	(107.1)	(9.4)
Internal Borrowing	35.5	34.3	(1.2)
Less Usable Reserves	(54.0)	(43.3)	10.7
Less Working Capital	(12.7)	(15.3)	(2.6)
Investments (-)/New Borrowing	(31.2)	(24.3)	6.9

- 3.2 The net increase in the Council's CFR of £142.8m was reported to Cabinet on 12 July 2023 in the General Fund Capital Programme Outturn 2022/23 report. Notably, capital expenditure in 2022/23 include the Otterpool Park Garden Town development (£7.9m), funding to support Oportunitas Limited for its property investment programme (£1.5m) and the Princes Parade Leisure and Housing scheme (£1.9m) was met from prudential borrowing. Moving forward, it is expected some of the remaining internal borrowing will be replaced with new external borrowing as the cash reserves and balances are applied towards their intended use.
- 3.3 The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position at 31 March 2023 and the year-on-year change in show in table 2 below.

Table 2: Treasury Management Summary

	31.3.21	2022/23	31.3.23
	Balance	Movement	Balance
	£m	£m	£m
Long-term borrowing	57.2	6.3	63.5
Short-term borrowing	40.5	3.1	43.6
Total borrowing	97.7	9.4	107.1
Long-term investments	(16.0)	2.0	(14.0)
Cash and cash equivalents	(15.1)	4.9	(10.2)
Total investments	(31.1)	6.9	(24.3)
Net borrowing	66.6	16.2	82.8

Note: the figures in the table are from the balance sheet in the authority's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 3.4 The increase in the Council's net borrowing of £16.2m reflects the increase in the CFR by £8.2m, plus the reduction of useable reserves of £10.7m and increase of working capital of £2.6m outlined above in table 1.

4. BORROWING 2022/23

4.1 Borrowing Update

- 4.1.1 The updated CIPFA Prudential Code and PWLB lending arrangements now prohibit local authorities from borrowing to incur capital expenditure on investment assets primarily for yield. These are prospective rather than retrospective requirements.
- 4.1.2 The Council did not purchase any investment assets primarily for yield during 2022/23 or over the period of the approved Medium Term Capital Programme so is unaffected by the changes to the Prudential Code and PWLB lending arrangements for its borrowing activity.

4.1.3 The Prudential Code states that local authorities who already held commercial investment assets primarily for yield prior to the changes made in 2021 are not required to sell these. However, local authorities who have an ongoing borrowing requirement are expected to review these commercial investment assets as part of their annual treasury management of investment strategies to evaluate the financial returns are commensurate with the risks involved. The Council currently holds the Connect 38 office building in Ashford that meets this definition and will now be subject to the annual evaluation process.

4.2 Borrowing Activity 2022/23

4.2.1 At 31 March 2023, the Council held £107.1m of loans, an increase of 9.4m on the previous year, as part of its strategy for funding previous and current years' capital programme. Following the introduction of the Housing Revenue Account (HRA) Self-Financing regime in 2012 the Council operates a two pool debt approach allocating its loans between the General Fund and HRA. The year-end borrowing position and the year-on-year change is shown in table 3 below. A full list of the loans held at 31 March 2023 is shown in appendix 1 to this report.

Table 3: Borrowing Position – Two Pool Debt Approach

	31.3.22 Balance £m	2022/23 Movement £m	31.3.23 Balance £m	Average Rate %
<u>General Fund</u>				
Public Works Loan Board	7.2	9.7	16.8	4.18%
Local Authorities	42.5	(2.7)	39.8	3.58%
Total General Fund borrowing	49.7	7.0	56.6	3.76%
<u>Housing Revenue Account</u>				
Public Works Loan Board	45.0	5.4	50.4	3.73%
Local Authorities	3.0	(3.0)	0	0%
Total HRA borrowing	48.0	2.4	50.4	3.58%
Total borrowing	97.7	9.4	107.1	3.67%

4.2.2 The weighted average maturity of the overall loan's portfolio at 31 March 2023 is 6.3 years.

4.2.3 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the authority's long-term plans change being a secondary objective.

- 4.2.4 With short-term interest rates remaining much lower than long-term rates, it was considered to be more cost effective in the near term to use short-term loans borrowed from other local authorities and also to continue using internal resources to meet the increase in the CFR. The movement in these loans is shown in table 3, above.
- 4.2.5 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing is in place to provide flexibility for future decisions.
- 4.2.6 A new HRA PWLB rate of gilt yield plus 0.4% (0.4% below the currently available certainty rate) was announced on 15th March 2023. This discounted rate is to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing and is expected to be available from June 2023, initially for a period of one year.

5. INVESTMENT ACTIVITY 2022/23

- 5.1 The CIPFA Treasury Management Code defines treasury management investments as those that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of its business.
- 5.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2022/23, the Council's investment balance ranged between £16.9 million and £35.6 million due to timing differences between income and expenditure. The Council had an average investment balance of £28.8m during 2022/23. This is less than originally anticipated and is due to the following three main factors:
- i) Lower than anticipated usable reserves at 31 March 2023
 - ii) Delays to the council's General Fund capital expenditure programme for 2022/23 to be met from prudential borrowing.
 - iii) Short-term cash flow fluctuations due timing of receipt of Council Tax receipts and government grants.
- 5.3 The Council generated a return, net of fees, of 2.97% for the year from its treasury investments. The year-end investment position and the year-on-year change are shown in table 4 below. A list of the individual investments held at 31 March 2023 is shown in appendix 2 to this report.

Table 4: Investment Position

	31.3.22 Balance £m	Net Movement £m	31.3.23 Balance £m	Average Return
Government (inc Local Authorities)	5.0	(5.0)	0.0	5.0
Money Market Funds	10.1	0.1	10.2	10.1
Property Pooled Fund	6.2	(1.0)	5.2	6.2
Multi-Asset Income Funds	9.8	(0.9)	8.9	9.8
Total investments	31.1	(6.8)	24.3	31.1

- 5.4 The weighted average maturity of the investment portfolio at 31 March 2023 was 14 days.
- 5.5 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.6 Bank Rate has increased from 0.75% at the beginning of the year to 4.25% at the end of March 2023. Short-dated cash rates, which had ranged between 0.7% - 1.5% at the beginning of April, rose by around 3.5% for overnight/7-day maturities and 3.3% for 6-12 month maturities.
- 5.7 By end March 2023, the rates on DMADF deposits ranged between 4.05% and 4.15%. The return on the Council's sterling Low Volatility Net Asset Value (LVNAV) Money Market Funds ranged between [0.9% - 1.1% p.a.] in early April and between [3.8% and 3.9%] at the end of March.
- 5.8 The Council met its investment objectives and strategy for 2022/23. As previously outlined in sections 3 and 4 of this report, the Council has been able to use short term liquid cash to meet its underlying borrowing need through internal borrowing, reducing its exposure to credit risk. Secondly, the return from the strategic investments in pooled funds have continued to provide cash returns in excess of average inflation over the year. The performance of these pooled funds is considered in more detail below.
- 5.9 **Externally Managed Pooled Funds** - The Council has £15m invested in externally managed multi-asset and property funds, representing the authority's forecast minimum level of cash reserves and balances over the medium term. These pooled funds aim to provide returns in excess of inflation and, over time, provide the opportunity for some limited capital growth.

5.10 The funds generated a total reduction in capital value of £1.96m or 12.24% compared to their value at 31 March 2022, comprising an income return of £0.68m (4.25%) which is used to support services in year, and £1.96m (12.25%) of unrealised capital reduction (detailed analysis attached as Appendix A). A summary of the pooled funds value and performance for the financial year is shown in table 5 below.

Table 5 – Pooled Funds Summary

Fund	Value at 31/03/22	Value 31/03/23	Capital Return 2022/23	Cash Return 2022/23	Total Return 2022/23
	£m	£m	£m	£m	£m
CCLA Local Authority Property Fund	6.21	5.19	(1.02)	0.26	(0.76)
CCLA Diversified Income Fund	2.04	1.86	(0.18)	0.06	(0.12)
Aegon Diversified Monthly Income Fund	3.51	3.09	(0.42)	0.18	(0.24)
Ninety-One Diversified Income Fund	3.35	3.16	(0.19)	0.13	(0.06)
UBS Multi-Asset Income Fund	0.90	0.75	(0.15)	0.05	(0.10)
Total	16.01	14.05	(1.96)	0.68	(1.28)
Return %			(12.25)%	4.25%	(8.00)%

5.11 The UK and global equities remained volatile against a backdrop of high and sticky inflation, rapid policy rates tightening and an increasing risk of recession. There was a large sell-off in global equities in April, and again in June and September for both UK and global equities. The total return on the FTSE All Share index for the 12 months ending March 2023 was 2.9% and 5.4% for the FTSE 100.

5.12 The negative correlation between bonds and equities, which had featured for some years, turned positive in 2022 as both bonds and equities sold off simultaneously against an outlook of sticky inflation and high interest rates. Simultaneously, tighter financial conditions, higher bond yields and challenges in some segments of commercial real estate (e.g., offices post-COVID, high street shops and shopping centres) saw commercial property values fall during 2022, with a large fall in the final calendar quarter.

5.13 Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns should exceed cash interest rates.

- 5.14 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in table 6 below.

Table 6: Investment Benchmarking – Treasury investments managed in-house only

	Credit Score	Credit Rating	Bail-in Exposure	WAM* (days)	Income Return
<u>FHDC</u>					
31.03.2022	3.99	AA-	68%	7	0.52%
31.03.2023	4.84	A+	100%	1	3.65%
Similar LAs	4.08	AA-	59%	47	2.97%
All LAs	4.13	AA-	60%	14	2.93%

*WAM = weighted average maturity of investments held.

- 5.15 The investment benchmarking, which is a snapshot at the end of each quarter and only covers in-house managed investments, demonstrates the council's risk profile and returns are comparable to both its peer group and the wider local authority population as at 31 March 2023 (measured against other Arlingclose clients only).

6. FINANCIAL SUMMARY

- 6.1 The following table summarises the Council's net interest cost for its treasury management activities in 2022/23 and shows the outturn to the General Fund and the Housing Revenue Account is lower than the approved estimate, subject to audit:

Table 7: Net Interest Cost

	2021/22 Actual	2022/23 Estimate	2022/23 Actual	2022/23 Variance Estimate to Actual
	£'000	£'000	£'000	£'000
Interest Paid	2,058	2,243	2,478	235
Interest Received (net of fees)	(643)	(610)	(895)	(285)
Net Interest	1,415	1,633	1,583	(50)
<u>Net Impact</u>				
General Fund	(291)	58	(472)	(530)
H.R.A	1,513	1,575	1,514	(61)

Capitalised Interest	193	0	540	540
	1,415	1,633	1,583	(50)

6.2 The reduction in the net borrowing cost to the General Fund of £530k is mainly due to; -

- i) higher than anticipated investment income received (£285k) from its strategic pooled fund investments and money market deposits, and
- ii) capitalised interest on borrowing mainly attributable to land acquired for the Otterpool Park Garden Town Development.

6.3 The Council changed its Accounting Policy from 2019/20 to allow it to capitalise interest incurred on qualifying capital projects that are expected to take a number of years to be delivered. This has enabled the capitalisation of interest on borrowing to purchase the property from Cozumel Estates and other property for the Otterpool Park development acquired since 1 April 2019.

7. OTHER NON-TREASURY HOLDINGS AND ACTIVITY

7.1 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which it holds primarily for financial return. This is replicated in the former MHCLG's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return. The assets are summarised in the table below:

Table 8: Non-Treasury Holdings and Returns

Investment Type	Value 31/03/22	Value 31/03/23	Net Income 2022/23	Equated Rate of Return
	£m	£m	£'000	%
Investment Property				
Otterpool Property	8.9	9.6	129	(1.24)
Offices	16.8	17.2	(186)	1.09
Commercial Land	1.7	0.4	-	-
Commercial Units	1.9	2.4	(162)	6.37
Assets Under Construction	0.2	-	-	-
Total Investment Property	29.5	29.6	(219)	0.73
Subsidiary Companies				
Oportunitas loan	4.3	5.8	(208)	4.88
Oportunitas equity	2.3	2.3	14	(0.78)
Oportunitas - Total	6.6	8.1	(194)	3.21
Otterpool Park LLP equity	1.2	1.5	13	(1.00)
Otterpool Park LLP loan	1.3	7.8	(14)	5.10

Otterpool Park LLP - Total	2.5	9.3	(1)	0.09
Total Subsidiaries	9.1	17.4	(195)	2.01
Total	38.6	47.0	(301)	0.30

- 7.2 The net income and rate of return excludes the impact of any unrealised property valuation gains or losses. Ordinarily the rate of return on non-treasury investment assets would be expected to be higher than that earned on treasury investments reflecting the additional risks to the council of holding such investments. This is demonstrated with the return on the commercial units and Oportunitas.

Otterpool land purchases have been recategorised as surplus assets and so has been excluded from table 8.

8. COMPLIANCE WITH INVESTMENT LIMITS AND TREASURY INDICATORS

- 8.1 The Director of Corporate Services reports that the treasury management activities undertaken during 2022/23, with one exception, complied with the CIPFA Code of Practice and the council's approved Treasury Management Strategy. The Council has exceeded the approved upper limits for the future financial impact of a 1% increase in interest rates. This is an advisory indicator designed to reduce the authority's exposure to interest rate changes on variable debt and investments. The original approved limits did not fully reflect the maximum amount of new or replacement borrowing the Council could be liable to take up over the next 12 months. The actual limit reflects the prudential borrowing need for the latest approved capital programme. Although this suggests a potential increased interest charge to revenue for a rise in rates, Members are reminded that the Council capitalises its interest cost directly related to borrowing for qualifying capital schemes and much of the additional charge would be charged to these rather than revenue. Further information regarding this issue and compliance with the specific Investment and Treasury indicators is contained in appendix 3 to this report.

9. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

9.1 Legal Officer's Comments (NM)

There are no significant legal implications as a result of the recommendations in this report which are not covered in the body of the report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities issued under the Local Government Act 2003 provides assurance that the council's investments are, and will continue to be, within its legal powers.

9.2 Finance Officer's Comments (OO)

This report has been prepared by the Finance Specialist Team and relevant financial implications are included within it.

9.3 Diversities and Equalities Implications

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

9.4 Climate Change Implications (AT)

There are no climate change implications arising directly from this report. It updates Cabinet on the treasury management activities undertaken during the 2022-23 financial year and confirms all borrowing and investment decision were made in accordance with the approved strategy for the year.

9.5 Communications Officer's Comments (KA)

There are no communications implications arising directly from this report.

10. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

- Daniella Loxton, Senior Finance Specialist (Capital and Treasury)
Telephone: 01303853583; Email: daniella.loxton@folkestone-hythe.gov.uk
- Ola Owolabi, Chief Financial Services Officer
Telephone: 01303 853728, Email: ola.owolabi@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

Arlingclose Ltd – Model Treasury Management Annual Report Template

Appendices:

Appendix 1 – Borrowing, loans held at 31 March 2023

Appendix 2 – Investments held at 31 March 2023

Appendix 3 – Compliance with specific investment and borrowing limits and Treasury Indicators

Appendix 4 – Arlingclose (Treasury Management Advisor) Pooled Funds Analysis.

APPENDIX 1 – BORROWING, LOANS HELD AT 31 MARCH 2023

Lender	Loan No	Loan Type	Start Date	Maturity Date	Principal Outstanding 31/03/2023	Interest Rate
					£	%
Public Works	430141	Annuity	09/11/1973	01/11/2033	3,485.16	11.38
Public Works	488942	Fixed	12/08/2004	07/08/2034	2,000,000.00	4.80
Public Works	492233	Fixed	28/09/2006	15/03/2054	2,000,000.00	4.05
Public Works	493698	Fixed	10/08/2007	07/08/2055	2,500,000.00	4.55
Public Works	493914	Fixed	10/09/2007	07/02/2053	2,500,000.00	4.55
Public Works	494027	Fixed	31/10/2007	15/03/2044	2,000,000.00	4.65
Public Works	494028	Fixed	31/10/2007	15/03/2045	2,000,000.00	4.65
Public Works	494029	Fixed	31/10/2007	15/03/2046	2,141,190.00	4.65
Public Works	500537	Fixed	28/03/2012	28/03/2031	4,010,000.00	3.26
Public Works	500538	Fixed	28/03/2012	28/03/2028	4,000,000.00	3.08
Public Works	500540	Fixed	28/03/2012	28/03/2025	4,000,000.00	2.82
Public Works	500541	Fixed	28/03/2012	28/03/2029	4,000,000.00	3.15
Public Works	500542	Fixed	28/03/2012	28/03/2030	4,000,000.00	3.21
Public Works	500543	Fixed	28/03/2012	28/03/2027	4,000,000.00	3.01
Public Works	500546	Fixed	28/03/2012	28/03/2024	4,000,000.00	2.70
Public Works	500548	Fixed	28/03/2012	28/03/2026	4,000,000.00	2.92
Public Works	602621	Fixed	28/02/2023	28/02/2024	10,000,000.00	4.54
Public Works	609700	Fixed	27/03/2023	27/03/1935	10,000,000.00	3.93
Total - Public Works Loan Board					67,154,675.16	
Leicester City	3092	Fixed	31/01/2022	31/01/2024	5,000,000.00	0.40
Leicester City	3095	Fixed	22/03/2022	22/03/2024	5,000,000.00	1.25
Cornwall Council	3097	Fixed	14/10/2022	14/10/2025	5,000,000.00	5.00
Leicester City	3098	Fixed	14/10/2022	14/10/2025	5,000,000.00	5.00
West Midlands	3099	Fixed	31/01/2023	30/01/2024	5,000,000.00	4.00
Lichfield District	3101	Fixed	09/03/2023	07/03/2024	2,000,000.00	4.40
East Sussex	3102	Fixed	21/03/2023	19/03/2024	5,000,000.00	4.50
North Hertfordshire	3103	Fixed	28/02/2023	30/11/2023	2,000,000.00	4.40
South Cambridgeshire	3104	Fixed	27/02/2023	14/12/2023	2,000,000.00	4.45
North Somerset	3105	Fixed	09/03/2023	07/03/2024	3,000,000.00	4.70
Folkestone	n/a	Variable - 2 day call notice	Various May 2018	n/a	500,000.00	Variable
Total - Other Loans					39,500,000.00	
Total - Borrowing at 31/03/2023					106,654,675.16	

APPENDIX 2 – INVESTMENTS HELD AT 31 MARCH 2023

Category and Counterparty	Amount or Value £	Terms	Indicative Interest Rate or Yield %
Government & Local Authorities			
UK - Debt Management Office	0		0
Money Market Funds			
Aberdeen Standard MMF	498,000	No notice instant access	4.05
Northern Trust MMF	4,265,000	No notice instant access	4.04
Federated MMF	5,000,000	No notice instant access	4.04
Other Pooled Funds			
Commercial Property Funds			
CCLA Property Fund	5,186,101	No specified maturity date	4.23
Multi-Asset Income Funds			
CCLA Diversified Income Fund	1,855,384	No specified maturity date	2.75
UBS Multi-Asset Income Fund	715,575	No specified maturity date	5.62
Aegon Asset Management Diversified Monthly Income Fund	3,096,216	No specified maturity date	5.03
Ninety-One Diversified Income Fund	3,160,534	No specified maturity date	3.92
Total Investments	24,294,810		4.14

* Net of Fees

APPENDIX 3 – COMPLIANCE WITH SPECIFIC INVESTMENT AND TREASURY INDICATORS

Compliance with specific investment limits is demonstrated in table 1 below.

Table 1: Specific Investment Limits

	Maximum to 31.3.23	31.3.23 Actual	2022/23 Limit	Complied
Any single organisation, except UK Government	nil	nil	£5m each	✓
UK Central Government	nil	nil	Unlimited	✓
Any group of funds under the same management	nil	nil	£5m per group	✓
Negotiable instruments held in a broker's nominee account	nil	nil	£10m per broker	✓
Foreign countries	nil	nil	£5m per country	✓
Registered Providers	nil	nil	£10m in total	✓
Unsecured investments with Building Societies	nil	nil	£6m in total	✓
Loans to unrated corporates	nil	nil	£5m in total	✓
Money Market Funds	£21m	£10.45m	Unlimited	✓
Strategic Pooled Funds	£14.05m	£14.05m	£25m	✓
Any group of pooled funds under the same management	£7.04m	£7.04m	£10m per manager	✓
Real estate investment trusts	nil	nil	£10m in total	✓

Treasury Management Indicators

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

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

	31.3.23 Actual	2021/23 Target	Complied
Portfolio average credit rating	AA-	A	✓

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

	31.3.23 Actual	2022/23 Target	Complied
Total cash available within 3 months	£10.2m	£5m	✓

Interest Rate Exposures: This indicator is set to control the council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed is shown in table 3 below:

Table 3: Interest Rate Exposures

	31.3.23 Actual	2022/23 Limit	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£589,852	£187,000	×
Upper limit on one-year revenue impact of a 1% fall in interest rates	(£647,334)	(£245,000)	×

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. This is an advisory indicator designed to reduce the authority's exposure to interest rate changes on variable debt and investments. The actual upper limit on the one-year revenue impact of a 1% rise and fall in rates exceeds the limits set for the year. The original approved limits did not fully reflect the maximum amount of new or replacement borrowing the Council could be liable to take up over the next 12 months. The actual limit reflects the prudential borrowing need for the latest approved capital programme. Although this suggests a potential increased interest charge to revenue for a rise in rates, Members are reminded that the Council capitalises its interest cost directly related to borrowing for qualifying capital schemes.

Maturity Structure of Borrowing: This indicator is set to control the council's exposure to refinancing risk. Compliance with the upper and lower limits on the maturity structure of fixed rate borrowing is shown in table 4 below:

Table 4: Maturity Structure of Borrowing

	31.3.22 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	11.6%	30%	0%	✓
12 months and within 24 months	3.4%	40%	0%	✓
24 months and within 5 years	4.8%	50%	0%	✓

5 years and within 10 years	10.7%	80%	0%	✓
10 years and above	12.3%	100%	0%	✓

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

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the council's exposure to the risk of incurring losses by seeking early repayment of its investments. Compliance with the limits on the long-term principal sum invested to final maturities beyond the period end is shown in table 5 below:

Table 5: Principal Sums Invested for Periods Longer than 364 days

At 31.3.23	2022/23	2023/24	2024/25
Actual principal invested for longer than 364 days	-	-	-
Limit on principal invested beyond 364 days	£15m	£5m	£5m
Complied	✓	✓	✓

Although the council's investments in the pooled funds of £14.01m are accounted for as non-current (long term) assets, based on the intention to continue to hold them for longer than 12 months, they do not have a fixed maturity date and can be redeemed within a short notice period if required so do not feature in this indicator.

Appendix 4 – Arlingclose (Treasury Management Advisor) Pooled Funds Analysis.

Summary provided by Arlingclose:

'These funds invest globally across a range of asset classes (including equities, bonds and property) so the exact drivers of their individual performance will be wide ranging, however general comments can be made.

In 2020 the onset of the pandemic globally saw financial markets rapidly fall in value, but many asset classes recovered reasonably well. While 2020 perhaps stays in the mind, calendar year 2022 was actually worse in terms of financial market performance. This was largely driven by the rise in inflation followed by the significant increases in interest rates globally (not forgetting events and issues such as the invasion of Ukraine, China's zero-Covid policy's impact on supply chains and the 'mini-budget' turmoil). This was particularly felt by bond markets, because when rates/the yield on a bond rises its price decreases (i.e. capital value falls).

Global bonds experienced prolonged price declines for the first time in 70 years and global equities also lost significant value. Indeed, almost all long-term asset classes experienced negative returns in what was one of the worst market environments

many had experienced for years. There have been some improvements in 2023 but overall values are still recovering from the impacts described above.

These are excerpts from the Local Authorities' Property Fund's March-23 Annual Report which you may find useful:

Sectoral comment – 12 months to March 2023

- *Industrial property values most volatile, slipped -23.4% (hampered by low initial yields); Office capital growth was -16.0%, Retail Warehouses - 11.9%, Shops -12.7%.*
- *Offices:*
- *Investor caution appears centred on offices, net buying still at its lowest since 2020.*
- *Stock specific risk is high. Portfolio voids concentrated in the office sub-sector.*
- *Obsolescence and need for substantial capital investment is a growing threat with the prospect of stranded assets and an unrewarded burden on management time.*
- *LAMIT Portfolio weighted in favour of industrial warehouse property (43%) where occupier market fundamentals are most attractive, and to retail warehouses (14%) which continue to offer good value. Rental growth is still almost entirely driven by industrial property.*
- *Offices (22%) - strategic reallocation away from this sector, exposure reduced and several office sales currently in hand.*
- *'Other' category - hotels, gyms and car showrooms – Allocations increased. Long term income streams and assured growth mechanisms.*
- *Investment voids reduced to 7.6% from 11.3% in 2022, but development voids increased to 4.2% from 0.5%.*
- *Fund inflows/redemptions: Small net inflows over the year. At 31/3/23 fund had 3 outstanding redemption requests totalling £21m, will be met from office sales.*

Outlook:

- *A higher yield environment, uncertainty and other property related challenges have kept a lid on sentiment and investor appetite early 2023. Risks to the downside.*
- *Scale of any further decline in valuations should be modest compared to Q4 2022. Market conditions and liquidity prospects have passed a turning point.*
- *Timing and scale of any recovery may be delayed/subdued, subject to economic prospects and inflation reduction.*
- *Industrial warehouse assets anticipated to again dominate market demand.*
- *Retail warehouse investment will also again offer good value and defensive characteristics.*
- *Office and shops sub-sectors: prospects for rental growth will remain exposed with investors more focused on prime asset quality, enhanced specifications, and location.*

- For the time being income returns will be influential. Capital returns will remain uncertain, material recovery unlikely to commence before H2 2023 or into 2024.

ESG:

- Includes improving existing holdings, investing in new assets with supportive ESG credentials, and disposing of assets that do not meet the standards required and improvement is not viable (mainly offices which are exposed to obsolescence risk).
- Green lease clauses are a feature of the fund’s standard lease and the base for all letting negotiations, providing some control and access to data (energy and water consumption, and waste and recycling regimes)
- Across markets, the integration of ESG factors will weigh on future performance prospects, notably for offices, whilst the viability of future proofing action at current valuations is a concern given the scale and cost of the enhancements.’

Summary provided by CCLA:

‘Local Authorities Property Fund (LAPF) Jun 22 to Jun 23

Performance

It was a difficult and uncomfortable period during the second half of 2022 but this has not been a breakdown in market conditions and confidence that was experienced in 2008/9. This backdrop naturally weighs on sentiment and investment activity.

Capital valuations did experience some decline, offsetting gains achieved following the pandemic. Against this backdrop of decline the occupier market has continued to show demand. During 2023 the capital markets flattened and has begun to show further positive signs.

The Funds remains well positioned. The fund has had no exposure to shopping centres for many years and very little exposure to traditional retail. The fund has returned good performance against a challenging economic backdrop.

Management activity

Successful management actions, adding value from leasing transactions and rental income growth provide some protection against background of capital declines. There has been one sale to the end of June 2023, an office asset in Glasgow. There have also been several management transactions.

Although capital valuations down, occupier markets are demonstrating tenant demand and stability.

New leasing activity has included a number of new leases being put in place:

Location	Activity
<i>Threadneedle St, London</i>	<i>New tenant for previously vacant unit</i>
<i>Kean St, London</i>	<i>New lease arranged with existing tenant</i>
<i>Coney St, York</i>	<i>New tenant for previously vacant unit</i>
<i>Edinburgh Park, Edinburgh</i>	<i>New tenant for previously vacant unit</i>

<i>Centennial Park, Elstree</i>	<i>New tenant for recently refurbished, previously vacant unit</i>
<i>New Castle House, Nottingham</i>	<i>Renewed lease in refurbished unit</i>
<i>Retail Park, Maidenhead</i>	<i>Renewed leases with Hobbycraft and Pets at Home and New lease to Pure Gym</i>

There has been a rent review for a property in Northamptonshire which has continued. A floor within a property in London is recently vacant with dilapidations agreed and a new vacancy in Warwick technology park is being reviewed prior to market.

The temporary extension to redemption period remains in place. Aim to protect unitholders during a volatile environment and less certain outlook. It was not a reaction to any existing redemption concerns.

Income/distributions levels

Against this backdrop of capital valuations, the fund has undertaken management activity which has positively impacted upon income distributions. These have increased during 2022 and into 2023.

Strategy and approach

The strategy remains robust and the allocation to sub sectors is anticipated to continue. Industrial and warehouse sector has provided growth opportunities. The office sector remains a mixed outlook with some offices in good locations, in demand with some offices out of favour. However, there is still demand for some office space that is good quality and in good locations. Other (including car showrooms and hotels) provides good diversification and showing consistent demand. Retail warehouses are providing the fund with new lettings and adding to overall performance. The fund has no exposure to shopping centres and very small exposure to high street retail and this has been the case for a number of years.

The overall strategy is regularly reviewed and challenged. The current view is that overall the fund remains well positioned, a slight strategic shift away from offices may take place over time and we will continue to monitor and manage market trends.

Outlook

Investors should continue to look through the difficult and volatile backdrop from capital markets, focusing on the fundamentals and high-level trends. The rapid correction in property investment valuation means the sector will start to provide opportunity for stabilisation and growth sooner as the financial backdrop settles.

The foundation of a high-level of income yield, some rental value growth, a well placed portfolio structure and pro-active management activity can all combine positively, continuing to support income, enhance asset quality, and add value.

The funds approach and strategy remains guided by its philosophy and long-term investment objectives, providing diversification and a high level of income. ‘

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This Report will be made public on 02 October 2023



Report Number: **C/23/40**

To: Cabinet
Date: 18th October 2023
Status: Non Key Decision
Director: Amandeep Khroud - Assistant Director - Governance, Law & Service Delivery
Cabinet Member: Councillor Tim Prater – Deputy Leader and Cabinet Member for Finance and Governance

SUBJECT: QUARTER 1 PERFORMANCE REPORT 2023-24

SUMMARY: This report provides an update on the Council's performance for the first quarter of the year covering 1st April – 30th June 2023. The report enables the Council to assess progress against the approved key performance indicators arising from the Council's new Corporate Action Plan.

Key performance indicators will be monitored during 2023-24 and reported to Members quarterly.

REASONS FOR RECOMMENDATIONS (*Cabinet only*):

- a) The Council is committed to monitoring performance across all of its corporate service ambitions to ensure progress and improvement is maintained.
- b) The Council needs to ensure that performance is measured, monitored and the results are used to identify where things are working well and where there are failings and appropriate action needs to be taken.

RECOMMENDATIONS:

1. To receive and note report C/23/40.
2. To note the performance information for Quarter 1 2023-24 in Appendix 1.

1. QUARTER 1 PERFORMANCE REPORT 2023-24

- 1.1 The Council's corporate plan 'Creating Tomorrow Together' 2021-30 was adopted by Full Council on 24th February 2021 (Report ref: A/20/10).
- 1.2 The Corporate Plan is built on 4 key service ambitions and 6 guiding principles. Each service ambition has a number of priority areas identified within it, these priorities will be the focus of Council activity over the remaining period to 2024. The service ambitions are set out below:
Service Ambitions
 - Positive Community Leadership
 - A Thriving Environment
 - A Vibrant Economy
 - Quality Homes and Infrastructure
- 1.3 The Plan also adopted 6 Guiding Principles, which will guide the Council in undertaking its duties. These are: Sustainable Recovery; Locally Distinctive; Greener Folkestone & Hythe; Transparent, Stable, Accountable & Accessible; Working Effectively with Partners; and Continuous Improvement.
- 1.4 To support the council in delivering against its priorities documented in the corporate plan, a detailed action plan covering a three-year period to 2024 and supporting KPIs was adopted by Cabinet on 20th October 2021 (Report ref: C/21/40). The KPIs that support the action plan are reviewed on an annual basis and amendments to the suite covering the current financial year were presented to the Finance & Performance Sub Committee and Cabinet in July 2023 (Report ref: C/23/09).
- 1.5 The Quarterly Performance Report (Appendix 1) has been produced to summarise the Council's performance for Quarter 1 (1st April to 30th June 2023).
- 1.6 Quarterly Performance Reports enable Finance & Performance Scrutiny Subcommittee, Cabinet, other Members of the Council and the public to scrutinise the performance of the Council against strategic deliverables and key indicators in accordance with the approved Corporate Action Plan.
- 1.7 Where a performance indicator is not being met, explanations have been given from the relevant Service leads and noted in the report.
- 1.8 The main report in appendix 1 also now includes a performance column that compares current quarter performance data of KPIs to the same quarter period in the last financial year, where available. A key has been included in the main report to signify the changes in performance.
- 1.9 The performance indicators which have fallen below target are monitored by the Council's Performance & Improvement Specialist who will work with the relevant Service Manager to identify appropriate action that can be taken to resolve the situation.

2. PERFORMANCE – EXCEPTION REPORTING

2.1. Service Ambition 1: Positive Community Leadership

2.1.1 The average number of days taken to process new claims for Housing Benefit has shown an improved position in Quarter 1 compared to the same period last year, achieving 12.9 days. This is continuing to help residents on low income understand more quickly what support is available to them for their housing costs.

2.1.2 The district offers a wide range of food business which includes restaurants, pubs, takeaways, the fishing industry, and food manufacturers, with 95% of premises being rated 3 stars or above in the quarter, the equivalent of satisfactory to very good.

2.1.3 A total of 63 households have been supported in the district via the Home Essential Fund during Quarter 1, a limited scheme (funded by UK Shared Prosperity Fund) to support low-income households with energy efficient solutions to help reduce their costs and supply more efficient items to replace broken ones. Support has included: replacement of home white good items, beds, mattresses, boiler replacements and servicing.

2.1.4 A total of 11 community safety events/projects were delivered during the quarter which included:

- **Folkestone Talks Sessions x2 (April 2023)** – The Community Safety and Environmental Enforcement officers attended the Turner Free School, Morehall Primary School and Folkestone Primary School giving talks and handing out leaflets and safety advice.
- **Operation Sceptre** – Community Safety Officers worked with other partner agencies on Operation Sceptre a national knife campaign led by the Kent Police Violence Reduction Unit (VRU) to raise awareness of knife crime and to detect and prevent knife crime in our district. The officers started from Folkestone Town Bus Station and divided into two groups of three, visiting retailers and giving staff posters to display. The outlets included Choice, TK Maxx, Poundland, ASDA, Savers, McDonald's, a charity shop, Taco Bell, Sainsburys and a military supply store. Knife wand sweeps were also conducted in St Eanswythe's churchyard, the Harbour area, and Payers Park.
- **Operation Chinnock (May 2023)** – Community Safety Officers, KCC Community Wardens and Southern Housing Group Police Community Support Officers (PCSOs) held a community engagement event with residents from Moore Close in Brenzett following a 'Community Trigger' raised. A Community Trigger allows residents in a community to ask the CSP (Community Safety Partnership) to review responses to complaints of ASB (anti-social behaviour). Residents and young people came together and planted various plants in wooden containers funded by Southern Housing. Partners conducted door knocking, wellbeing visits including home checks. Early Help conducted youth engagement.
- **Youth Council (June 2023)** – The Community Safety Team, Violence Reduction Unit and others attended the Kent County Council Youth Council to provide 15 young people with the opportunity to ask about the district and safety. We took on board concerns young people faced with new technology, the impact of media and social media, and perception of safety from a young persons perspective. We shared best practice, advice and guidance, signposting to specialist services and projects the Community Safety Partnership is running.

2.2. Service Ambition 2: A Thriving Environment

- 2.2.1 A total of 5 enforcement notices were issued by Environmental Enforcement Officers for offences relating to rubbish accumulations on private land, disposing of trade waste and failure to provide documentation in relation to a fly-tipping investigation.
- 2.2.2 105 fixed penalty notices were issued for low level environmental crime, including littering, fly-posting, failure to display smoke-free signs at premises and on vehicles and smoking within designated smoke-free premises and vehicles.
- 2.2.3 The Local Area Officer Team have supported a total of 12 community volunteer environmental events working with local community groups and schools including Hythe Environmental Group, Hawkinge residents and Litter Picking Watch Romney Marsh. The volunteers attending these events have collected 263 bags of litter to help keep local areas around the district clean and tidy.
- 2.2.4 A total of 1,377 'See it, Own it, Do it' interventions have been actioned by the Local Area Officer Team to help ensure the district remains a welcoming and attractive place to live, work and visit. The team have undertaken a variety of work in the quarter, including graffiti clearance, removal of fly posting and supporting the community on a number of their ongoing projects including: the renovation of the Romney Marsh Community Hub courtyard, helping Folkestone Harbour residents convert a small local area that was attracting anti-social behaviour into a community garden and general tidying up of Foord Road South in Folkestone.
- 2.2.5 98.52% of streets surveyed were clear of litter during the quarter following inspection of various locations across the district undertaken by members of the Waste Services team. A total of 609 inspection surveys of streets were carried out in locations including: Folkestone, Hawkinge, Elham, Lyminge, Densole and Stelling Minnis.
- 2.2.6 A further 178 street lights were converted to LED within the district by the end of the quarter bring the cumulative conversion total to 74% to improve energy efficiency as part of Council's wider ongoing work to increase its resilience against climate change. The remaining 26% of street lighting to be converted has had to be re-programmed due to UK Power Networks connection issues, delay in getting parts or the need to clear vegetation around the assets. The timescale for full completion is therefore expected to be by the end of October 2023.

To monitor:

- 2.2.7 The provisional figure for the percentage of household waste recycled shows improvement compared with the same period last year achieving 49.2%. The final figure for the quarter is subject to verification by DEFRA. Overall waste collected during the quarter has increased by 150 tonnes and the increase is largely in favour of recycling. The increase could be

indirectly attributed to raised awareness through a couple of communication campaigns undertaken that were designed to target the contamination of recycling.

2.3 Service Ambition 3: A Vibrant Economy

- 2.3.1 A total of 18 businesses have been engaged with in the district by the Economic Development team to help support business growth and retention of local jobs. The business engaged with include: NIC Instruments, EDF, Clifton Hotel/ Leaf Hotels, LVB Creative, The Workshop, Profile Architects, Sleeping Giant Media, Motis Estates, Collier Stevens, Beresfords Accountants, Duo Technology, The Looker, Romney Hythe & Dymchurch Railway, Martello Building Consultancy, Screen South, Burlington Hotel, Disruptive Urbanism and Stroud Wealth Management.
- 2.3.2 The number of businesses accessing business support and grants from public sector programmes totaled 3 during the quarter. The following three businesses applied to the Green Business Grant Scheme – The Burlington Hotel, Hythe Bay financial Ltd and Creative Folkestone for part funding towards installation of energy efficient measures including: heat pumps heating/cooling systems for hotel rooms, energy efficient radiators and solar panels.

2.4 Service Ambition 4: Quality Homes and Infrastructure

- 2.4.1 125 private sector homes were improved during the quarter as a result of intervention by the Council helping to continually improve the standards and compliance of properties within the sector.
- 2.4.2 100% of blocks within the council's housing stock had valid fire risk and legionella assessments in place during the quarter.
- 2.4.3 100% of blocks within the council's housing stock had a valid electrical safety certificate in place (EICR) at the end of the quarter.
- 2.4.4 The percentage of properties within the council's housing stock with an Energy Performance Certificate (EPC) grade C rating or above is 55.7% at the end of Quarter 1. Of the 3,000 properties with a known EPC rating, 1,671 are grade C or above.

To monitor

- 2.4.5 The number of homelessness approaches to the Council is lower than Quarter 1 of last year but continues to remain high with 315 approaches recorded in the Quarter. However, it should be noted this figure is recorded up to 15th June 2023 only and not to the end of the month due to a move to a new computer system that records homelessness figures. The general long-term trend shows approaches are currently decreasing, but with the current economic outlook associated with the ongoing cost of living crisis, numbers of approaches will be kept under close review as this year progresses.

- 2.4.6 The average number of people sleeping rough in the district rose from 6 at the beginning of April, to 15 at the end of June (an average of 10 over the whole quarter). The increase in the numbers sleeping rough is also having a direct impact on the number of those housed in bed and breakfast accommodation to help bring the number of rough sleepers down, with an average of 13 recorded across the quarter compared with the same period last year where an average 2 was recorded.
- 2.4.7 91.9% of properties met the decent homes standard at the end of the quarter. At the start of the financial year 184 additional properties became non-decent, (where parts of a building reach the end of their shelf-life and 'expire') bringing the total amount of non-decent homes to 285. In the past quarter, 10 properties were made 'decent' reducing this to 275 by the end of June. Decent Homes improvements form part of the capital programme of works for the year ahead, so performance is expected to improve as the year progresses.
- 2.4.8 The number of long-term empty homes brought back into use in the district was lower than in the same period last year, the ability to bring empty homes back into use is dependent on developer commitments and rising costs. In the current financial climate, the current trend indicates that we are unlikely to achieve our target of 70 for the year. However, the Private Sector Housing Team are continuing to work closely with our partners to maximise the number of completions achieved in 2023/24.

2.5 Transparent, Stable, Accountable & Accessible

- 2.5.1 In Quarter 1, a further 724 new customers registered for the My Account service equating to an additional 1.39% take up when compared to residential properties. Since the launch of the service in August 2020, over 36,618 customers have registered equating to 70.50% take up so far, helping residents to access a range of council information and services online.
- 2.5.2 No Data breaches were submitted to the Information Commissioner's Office (ICO) within a 72-hour period during the quarter. A total 10 breaches were assessed by the Information Governance team firsthand during the quarter, that were as a result of errors in working processes and controls, and none were deemed severe enough to require further escalation to the ICO in line with their guidance. 7 of these were assessed within the statutory 72-hour period, with 3 being assessed after the statutory deadline had already passed. All 3 of these late cases were overdue due to the service area not reporting the breach to the Information Governance Team until after the statutory period had already passed. Individual mitigation measures were swiftly put in place in relation to these incidents in order to address weaknesses.

To monitor

- 2.5.3 The number of Freedom of Information (FOI)/ Environmental Information Requests (EIR) responded to within statutory timeframes has shown improvement compared with the same period last year, but remains under target. A total of 4 of the 20 overdue cases were marked as 'overdue due to service area', meaning that the service area did not get the required information over to the team in time for us to compile and return to the requestor. The Case Management team currently have one full time and one part time case officer for Information Governance, along with one full time specialist. Due to the large number of cases still coming in, training of an additional case office has started from another service area to provide assistance with logging new cases as and when required. This should provide additional resilience to the current team in busier times, as well as times of absence.
- 2.5.4 The number of subject access requests (SARs) responded to was under target during the quarter due to 11 overdue cases, 3 of which are marked as 'overdue due to service area', meaning that the service area did not get the required information over to the team in time for us to compile and return to the requestor. There have also been delays due to a new Case Officer starting at the end of November 2022 who is still currently having SARs checked by either the specialist or the other case officer to ensure that they are correct before being sent to the requestor, which in turn has led to longer processing times. There is confidence that performance will improve to the required standard during the year once these cases are no longer being checked.
- 2.5.5 The percentage of data breaches assessed to decide if they are reportable to the ICO was under target during Quarter 1 as a result of three cases not being assessed in time, which were 'overdue due to service area'. The common theme, upon investigation, appears to be a lack of resource within other teams who have a backlog of emails within their queues/inboxes. Most service areas investigated are working around a month behind. This means that by the time the Information Governance Team receive the breach report, the Council has already missed the 72-hour deadline to assess and act. This has been raised as a resourcing issue with the managers of each service area, and the importance of swiftness reiterated.

3. RISK MANAGEMENT ISSUES

- 3.1 The following perceived risks are set out in the table below:

Perceived risk	Seriousness	Likelihood	Preventative action
The Council's strategic objectives are not met.	High	Medium	Monitor progress against performance indicators and take remedial action for those areas where targets and actions are unlikely to be achieved.

The key performance indicators (KPIs) do not link to the objectives of the Council's Corporate Action Plan.	High	Medium	Monitor progress against key performance indicators and take remedial action for those areas where targets and actions are unlikely to be achieved.
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4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 4.1 **Legal Officer's Comments (NM)** - There are no legal implications or risks arising directly out of this report. The Key Performance Indicators must continue to take account of both existing and new statutory duties and responsibilities that are imposed on the Council by the Government. Failure to do so will put the Council at risk of legal challenge by affected residents and/or businesses. Whilst reporting on performance is not a statutory requirement, it is considered best practice to review the Council's progress against the Corporate Plan and Service Plans on a regular basis.
- 4.2 **Human Resources Comments (RB)** - There are no direct Human Resource implications emanating from this report. The council's People Strategy has been created to support the corporate plan and achievement of associated KPIs.
- 4.3 **Finance Officer's Comments (DL)** - There are no financial implications arising directly from this report.
- 4.4 **Climate Change (AT)** – No direct implications arising from this report. The report provides an update on the Council's performance covering 1st April 2023 – 30th June 2023. The report does not propose new projects, policies or strategies but provides an update on actions that are already in progress. Some of the environmental projects that the council is currently undertaking are summarised in the report in Section 2.2 'A Thriving Environment' and in Appendix 1, Section 02 'A Thriving Environment'.
- 4.5 **Diversities and Equalities Implications (GE)** - Equality Impact Assessments (EIAs) are systematically carried out for any services, projects or other schemes that have the potential to impact on communities and / or staff on the grounds of particular protected characteristics or socio-economic disadvantage. Over the course of the year, performance against some indicators might potentially have equality and social inclusion implications, if performance is not at an acceptable level. These will be highlighted as necessary in the corporate performance reporting, along with details of the steps that will be taken to address these.
- 4.6 **Communications Comments (DK)** - The communications team will use these KPIs as appropriate in their promotion of council services.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting.

Gavin Edwards – Performance and Improvement Specialist

Tel: 01303 85 3436

Email: gavin.edwards@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1: Quarter 1 2023/24 Key Performance Indicators Report

DRAFT

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Folkestone & Hythe District Council

Quarter 1 Performance Report (April-June 2023)



Your Cabinet Members



Cllr Jim Martin
Leader of the Council and Cabinet
Member for Otterpool Park and
Planning Policy



Cllr Tim Prater
Deputy Leader and Cabinet
Member for Finance and
Governance



Cllr Rebecca Shoob
Cabinet Member for Housing and
Homelessness



Cllr Stephen Scoffham
Cabinet Member for Climate,
Environment and Biodiversity



Cllr Jeremy Speakman
Cabinet Member for Assets and
Operations



Cllr Polly Blakemore
Cabinet Member for Transport,
Regulatory Services and
Building Control



Cllr Mike Blakemore
Cabinet Member for Community
and Collaboration



Cllr Rich Holgate
Cabinet Member for Place Plan,
Heritage, Tourism and District
Economy



Cllr Gary Fuller
Cabinet Member for Resident
engagement and accountability

Your District - An Overview

Our district is situated on Kent's south east coast and covers an area of 140 square miles. It is a place of variety and contrast with a landscape characterised by rolling chalk downland, wooded valleys, wild marshes, and a 26-mile coastline. The district has a population of approximately 113,300 of which 57.4% (32,900) of female residents and 59.1% (33,100) of males are of working age.

Our principal town, Folkestone, is home to just under half the district's population. It is also the area's commercial hub, particularly for creative and digital media - one of the UK's fastest-growing sectors. The Creative Quarter in Folkestone's Old Town is home to a thriving collection of artists' studios and creative businesses and offers artists, retailers and business people the chance to become part of this lively and ever-growing community.

As well as its strong creative focus, the district attracts a variety of innovative small and medium size businesses (SMEs) and is home to strong brand names including Saga, Eurotunnel, Holiday Extras, the Aspinall Foundation and Church & Dwight.

The historic town of Hythe is the district's second centre of population and one of two ancient Cinque Ports in the district. Its central feature is the Royal Military Canal, built for defence against invasion in the Napoleonic wars with France. To the west are the wide open spaces of Romney Marsh, home to New Romney, our second Cinque Port; Lydd, a member of the Confederation of Cinque Ports as a 'limb' of New Romney, and a number of smaller coastal communities. Contrasting with the wild expanse of marshes are the North Downs, a ridge of chalk hills that stretch from Dover to Farnham. The Downs are home to pretty villages, including Elham, Lyminge and Postling, hidden valleys and thriving vineyards.

Although the district is rural and coastal in character, it is very well connected. The M20 offers easy access to London and other major motorway networks, London is under an hour away via High Speed 1 (HS1) from Folkestone and we have unrivalled access to mainland Europe via the Channel Tunnel.

We think our district is a great place to live, work and visit. It's where the past has made its mark and where a bright new future is unfolding. As the local authority for the district, we have a key role to play in shaping that future.



The Old High Street, Folkestone



Royal Military Canal, Hythe



Dungeness, Romney Marsh

Introduction

In February 2021, we published our new Corporate Plan ‘**Creating Tomorrow Together**’, a 34-page document setting out our over-arching principles and service ambitions up until 2030 following approval by councillors.

The plan identifies the main priorities and themes of the council, including the key role we will play in leading the district's recovery from the coronavirus pandemic.

The name of our corporate plan was inspired by the excellent relationships and networks which the council already has - and will continue to build on for the benefit of residents. It also alludes to the recovery work already being undertaken.

The plan was subject to public consultation in late 2020 and incorporates the key points raised during the consultation period to ensure it reflects the needs and ambitions of our residents, businesses and key stakeholders across the district.
















The plan is focused on four service ambitions which are priority areas of action that relate to the key services that the council plans, delivers and commissions and six guiding principles that guide everything that we do (**see summary image**).

The adopted service priority actions as part of the plan have been further developed into a corporate action plan, with progress against the plan itself monitored annually, and the plan will be comprehensively reviewed in 2024 to ensure it remains appropriate for the district.

A copy of our new corporate plan can be found here: [Creating Tomorrow Together – Corporate Plan 2021-30](#)




Creating Tomorrow Together: Corporate Plan 2021-30

<p>Service ambition 1: Positive community leadership Priorities in the next three years</p> <ul style="list-style-type: none">  Improve physical and mental health & wellbeing  Safer communities  Supporting & empowering our communities 	<p>Service ambition 2: A thriving environment Priorities in the next three years</p> <ul style="list-style-type: none">  Ensure an excellent environment for everyone  Grow the circular economy & reduce waste  Increase our resilience to climate change 	<p>Service ambition 3: A vibrant economy Priorities in the next three years</p> <ul style="list-style-type: none">  Reinvigorate the high streets  Support a vibrant & diverse business community  Help people access jobs & opportunity  Grow the skills we need for the future 	<p>Service ambition 4: Quality homes and infrastructure Priorities in the next three years</p> <ul style="list-style-type: none">  Improve outcomes & support for homeless people  Deliver sustainable, affordable housing  Deliver a safe, accountable housing service  Digital inclusion & connectivity  Deliver a sustainable new development at Otterpool Park
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In everything we do we will follow these guiding principles:

<p>Sustainable recovery We will do all we can to ensure a strong recovery for the district from the effects of COVID.</p>	<p>Locally distinctive We will protect the special distinctive and diverse nature of our district - working with our key partners to enhance it.</p>	<p>Greener Folkestone & Hythe We will encourage and create a more sustainable district consuming fewer natural resources.</p>	<p>Transparent, stable, accountable and accessible We will be financially sustainable and communicate effectively with our communities in an accessible way.</p>	<p>Working effectively with partners We will engage with partners to understand the vital role they play and work collaboratively with them to ensure the best outcomes for our residents.</p>	<p>Continuous improvement We will embed a culture of continuous improvement, seeking feedback and being innovative and creative to find new ways to deliver services.</p>
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Above: Corporate Plan - Service Ambitions and Guiding Principles

01 Positive Community Leadership

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Number of new priority play areas improved by the Council	3	0				1 site per year	✓	↓
	<p><i>No major improvements to priority play areas has taken place in Quarter 1, however a number of smaller repairs to play equipment have been carried out but no new equipment. The intention is to carry out improvements to Coastal Park Play Area later this year for the accessible play area.</i></p>							
Average number of days to process new claims for Housing Benefit from the date complete evidence is received.	4.5	4.5				7 Days (Monthly)	✓	▬
Average number of days taken to process new claims for Housing Benefit	13.2	12.9				17 Days (Monthly)	✓	↑
Percentage of food premises broadly compliant (equivalent to 3 rating)	97.8%	95%				95% (Quarterly)	✓	↓
	<p><i>The percentage achieved for Quarter 1 is based on a total of 75 premises being inspected in the period.</i></p>							
Number of community safety events held, and projects delivered (Public)	3	11				10 (Annual)	✓	↑
	<p><i>In Quarter 1, a total of 11 community safety events or projects were delivered by the Community Safety Unit that included:</i></p> <ul style="list-style-type: none"> Foord Road South (April 2023) - A Multi-Agency Community Engagement Day (operation Chinook) with Kent Police, FHDC Housing, Private sector housing, Ground Maintenance teams, Area Officers, Environmental Enforcement, Community Liaison, Mosque, and Councillors. A gazebo was setup to meet local with residents to share information about the work taking place and providing advice, support and signposting. 30 local residents engaged with. Folkestone Talks Sessions x2 (April 2023) – The Community Safety and Environmental Enforcement officers attended the Turner Free School, Morehall Primary School and Folkestone Primary School giving talks and handing out leaflets and safety advice. Local engagement meeting (April 2023) - The Community Safety Team and Kent Police held a feedback session at The Marsh Academy in New Romney to engage with the public and community about the work that has been undertaken in the district as well as provide the public with the opportunity to ask questions to Police Inspector about crime trends. Kent Police surgery (May 2023) - The community safety team attended a local police surgery at Folkestone Yacht Club, where 20 local residents attended to raise queries to police officers and council officers. 							
Performance Key	↑ Improved Performance	↓ Worsened Performance	▬ Performance is the same					

01 Positive Community Leadership

Page 42

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)	
	<ul style="list-style-type: none"> • Operation Sceptre (May 2023) – The Community Safety Team worked with other partner agencies on Op Sceptre a national knife campaign led by the Kent Police Violence Reduction Unit (VRU) to raise awareness of knife crime and to detect and prevent knife crime in our district. The officers started from Folkestone Bus Station and divided into two groups of three visiting retailers and giving staff posters to display. The outlets included Choice, TK Maxx, Poundland, ASDA, Savers, McDonald’s, a charity shop, Taco Bell, Sainsburys and a military supply store. Knife wand sweeps were also conducted in St Eanswythe’s churchyard, the Harbour area, and Payers Park. • Try Angle Awards (May 2023) – The awards are to celebrate and provide recognition to young people in our district who have achieved good things, for example have shown progression within themselves or who have helped the community. A member of the Community Safety team handed the award for Positive Intervention to the Youth Hub SpeakOut Group. The group was formed to get young people’s voices and opinions on the Young People’s Partnership Conversation, but it has grown into so much more. • Moore Close (May 2023) – The Community Safety team, Kent County Council Community Wardens, Southern Housing Group and Kent Police Community Support Officers held a community engagement event with residents from Moore Close in Brenzett following a Community Trigger raised. A Community Trigger allows residents in a community to ask the CSP (Community Safety Partnership) to review responses to complaints of ASB (anti-social behaviour). Residents and young people came together and planted various plants in wooden containers funded by Southern Housing. Partners conducted door knocking, wellbeing visits including home checks. Early Help conducted youth engagement. • Community Skills Event (June 2023) – The Community Safety Team attended the Marsh Academy engaging with over 100 11-18 years about the role and work of the team as well as giving safety advice. • Violence Against Women and Girls meeting – An interactive session with community hosted at Folkestone Police station to improve working and obtaining feedback from both partners and members of the public. A total of 10 residents engaged with. • Youth Council (June 2023) – The Community Safety Team, Violence Reduction Unit and others attended the KCC youth Council to provide 15 young people opportunity to ask about the district and the safety. We took on board concerns young people faced with new technology, the impact of media and social media, and perception of safety from a young persons perspective. We shared best practice, advice and guidance, signposting to specialist services and projects the Community Safety Partnership is running. 								
Number of households in the district receiving support through the UKSPF’	-	63				200 (Annual)	✓	New KPI for 23/24 year	
	<p>A total of 63 households have been supported via the Home Essential Fund in Quarter 1 - a limited scheme (funded by UKSPF) to support low-income households with energy efficient solutions to help reduce their costs and supply more efficient items to replace broken ones. Support has included: replacement of home white good items, beds, mattresses, boiler replacements and servicing.</p>								
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same				




01 Positive Community Leadership

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Number of Community Safety projects delivered (Behind the Scenes Work)	-	7				4 (Annual)	✓	New KPI for 23/24 year
	<p><i>In Quarter 1, a total of 7 community safety projects relating to behind the scenes work were delivered by the Community Safety Unit that included:</i></p> <p>Phoenix Court, Folkestone – A number of visits to Phoenix Court, working with Housing and Kent Police with ongoing actions to tackle drug dealing and drug consumption.</p> <p>Foord Road South, Folkestone – Multi-Agency Community Engagement Day (operation Chinook) with Kent Police, FHDC Housing, Private sector housing, Ground Maintenance teams, Area Officers, Environmental Enforcement, Community Liaison, Mosque, and Councillors. A large project to understand a range of community issues, tensions, building safety, ASB and waste concerns, multi-agency action plan developed to work with landlords and residents to design this out. Work is still ongoing</p> <p>Walton Road, Folkestone – Closure Order and support getting vulnerable person away from county lines and domestic violence, supporting Housing, Kent Police, and Rising Sun to get her into supported accommodation out of district.</p> <p>Tall Ships – 30 young people from Folkestone and Hythe took part in an exciting cross border weekend of sporting activities as part of the Tall Ships project. Pupils, aged 13 to 14, were selected by local schools joined 30 young people from twin town Boulogne in France on the adventure. The Tall Ships opportunity of a lifetime uses the physical challenges of sailing and competitive sports as a vehicle to break down language barriers, raise aspirations, improve self-confidence and self-esteem, and develop team spirit.</p> <p>Moore Close, Brenzett – Multi-Agency Community Engagement Day (operation Chinook) with Kent Police, KCC detached Early Help, Southern Housing Group, FHDC Housing, KCC Wardens, Ground Maintenance teams. Door to door community engagement, youth intervention, understanding community tensions and concerns, provided a waste clearance opportunity and information on waste clearance methods for future. Reported property concerns to Housing teams. Community Garden provided and planted with the community.</p> <p>Best Bar None – With Licensing and Kent Police to provide licensed venues best practice model for safety in the Nighttime economy. One venue is currently signed up to the project. We laid the groundwork for up to 20 additional venues to sign up. Passed to Kent Police central licensing team to complete.</p> <p>Dementia Showcase – In May, a member of the Community Safety team attended the dementia showcase at the Detling Showground. there were 50 exhibition stands from support services promoting their products for people with dementia including Age Concern, Alzheimer’s Society and NHS Envigor. there was a virtual bus that enabled you to experience what it is like living with dementia.</p>							




02 A Thriving Environment

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Retain Green Flags for the Coastal Park, Royal Military Canal, Kingsnorth Gardens and Radnor Park sites	-	-	-	-	-	4 (Annual)	-	
	<i>This indicator is collated on an annual basis and not available quarterly. A figure will be available at the end of Quarter 4.</i>							
Number of enforcement notices served (e.g. Abatement Notices, Community Protection Notices)	18	5				*45 (informal) (Annual)	✓	↓
Page 44	<i>A total of 5 enforcement notices were served in Quarter 1 for the following offences: 2 x waste accumulation on private land 2 x failure to have commercial waste arrangements in place for the disposal of waste. 1 x for failure to provide documentation in relation to a fly-tipping information investigation</i>							
Number of Community Protection Warnings (CPWs) issued	15	17				40 (Annual)	✓	↑
Fixed Penalty Notices issued for Low level Enviro-crime (littering, dog control)	33	105				*200(informal) (Annual)	✓	↑
Fixed Penalty Notices issued for High level Enviro-crime (large Fly-tipping)	5	1				*20 (informal) (Annual)	✓	↓
Number of Breaches issued under the Public Space Protection Order	-	0				10 (Annual)	x	New KPI for 23/24 year
	<i>No breaches were issued under the Public Space Protection Order during Quarter 1. The Community Safety Team have instead undertaken educational work, warnings and referrals to other agencies that has resulted in no enforcement action required to be undertaken.</i>							
ASB enforcement action taken (inc CPWs and CPNs)	-	3				*20 (informal) Annual	✓	New KPI for 23/24 year
Performance Key	↑ Improved Performance		↓ Worsened Performance		■ Performance is the same			





02 A Thriving Environment

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
	<p>ASB enforcement was undertaken 3 times during Quarter 1 with 2 Community Protection Warnings and 1 Closure order being issued for the following:</p> <p>1x CPW in relation to a nuisance dog</p> <p>1x CPW in relation to noise, drug use and drug dealing</p> <p>1x Closure Order of a property in Walton Road, Folkestone due to county lines and domestic violence issues</p>							
Percentage of street surveyed clear of litter within the district	98.23%	98.52%				95% (Monthly)	✓	↑
	<p>A total of 609 inspection surveys of streets were carried out by monitoring officers in Quarter 1 in locations including: Folkestone, Hawkinge, Elham, Lyminge, Densole and Stelling Minnis</p>							
Number of community environmental volunteer events supported	17	12				15 (Quarterly)	x	↓
	<p>The number of community volunteer events is down compared with the same period last year as more people are requesting to litter pick in small groups rather than attend scheduled events organized by the Area Officer Team, as they can then choose times convenient to them. The Area Officer team have continued to give out litter picking equipment to individuals and households to support community clean ups. (A total of 5 sets of equipment were handed out in Quarter 1). The team have also not recruited to an existing vacant post and are therefore prioritising existing resource on SOD It actions across the district.</p>							
Number of recorded See it, Own it, Do it (SOD It) interventions completed	1,278	1,377				1200 (Quarterly)	✓	↑
Average time for anti-social or offensive graffiti to be removed from the time of being reported	48 hours	48 hours				48 Hrs (Quarterly)	✓	▬
Percentage of street lighting within the district converted to LED	27.9% (cumulative)	74% (cumulative)				100% completion by Autumn 2023	✓	↑
	<p>Phase 1 of converting lighting units has now been completed. 74% of the overall conversion of assets has taken place, however 26% of phase 2 works have now had to be re-programmed due to UK Power Networks connection issues, delay in getting parts or the need to clear vegetation around the assets. The timescale for completion of this project is therefore expected by end of October 2023.</p>							
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			




02 A Thriving Environment

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Number of missed bin collections per 100,000	40.77	43.1				50 (Monthly)	✓	↓
Percentage of household waste recycled	47.7%	49.2%*				50% (Monthly)	x	↑
	*The final recycling figure is subject to final verification by DEFRA. Overall waste collected in the quarter has increased by 150 tonnes and the increase is largely in favour of recycling. The increase could be indirectly attributed to raised awareness through a couple of communication campaigns undertaken that were designed to target the contamination of recycling.							
Number of days to remove fly tipped waste on public land once reported	1	1				3 Days (Monthly)	✓	▬
	A total of 324 incidents of fly-tipped waste were dealt with on public land within the district during Quarter 1. The breakdown is as follows: <ul style="list-style-type: none"> • April – 110 • May – 108 • June - 106 							
Percentage of compliant air quality monitoring sites	100%	100%				100% (Quarterly)	✓	▬
Enforcement - Percentage of successful prosecutions (Incl Fly tipping and Littering)	100%	100%				100% (Quarterly)	✓	▬
	A total of two successful prosecutions were secured during Quarter 1 for the following: <ol style="list-style-type: none"> 1) Fly-tipping and failing to produce waste transfer notes (commercial duty of care) 2) Breach of CPN (waste on private land). 							
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			




03 A Vibrant Economy

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Number of engagements undertaken by the Folkestone & Hythe Place Panel on projects of scale or strategic significance.	4	4					✓	
Total funding allocated from the Romney Marsh Business Hub grant support scheme	7.14% (allocated since fund inception) £9,981 allocated in Q1	27% (allocated since fund inception) £0 allocated in Q1					✓	↑
Page 47	<p><i>No approvals for the Romney Marsh Business Grant Support Scheme were approved in Quarter 1 as no applications were brought forward to the panel. A total of 2 new applications has since been received for evaluation during Quarter 2. Though only 27% of the maximum £140K is allocated to date, there is no requirement that the full allocation needs to be spent on this grant scheme. Any funds left will be utilised for other Romney Marsh area projects.</i></p>							
Number of Folkestone & Hythe businesses accessing business support and grants from public sector programmes	19	3					✓	↓
	<p><i>A total 3 Green Business Grant scheme applications were approved in Quarter 1 – Burlington Hotel were awarded £12,258, representing 40% towards a project to install energy efficient heat pump based heating/cooling systems into 16 guest rooms. Hythe Bay Financial Ltd were awarded £919.60, representing 40% towards installation of energy efficient radiators and double glazed door and window to the main office. Creative Folkestone were awarded £17,052.80, 40% of the project total towards installation of a solar panel system to provide electricity for the multi-use Quarterhouse venue.</i></p>							
Number of businesses or potential entrepreneurs/ new start-ups signposted to support programmes and events to facilitate growth	65	832					✓	↑
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			




03 A Vibrant Economy

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
	<p><i>The figure for Q1 2023 is much higher than 2022 because all businesses on our database were signposted to relevant opportunities detailed on Folkestone Works and other opportunities by emails. This included such topics as Green business grant scheme, ExperienceFH app for local businesses, the Sustainable futures forum. Ad hoc support was also provided in response to enquiries, which included enquiries from businesses looking for local premises, & various grant scheme enquiries including about the green business grant scheme. These enquiries were generally potential applicants asking if they would be eligible to apply and to run through the process.</i></p>							
Number of businesses engaged with in the district to support growth and retention of local people	17	18				12 (Annual)	✓	↑
Page 48	<p><i>During Quarter 1, 18 businesses were directly engaged with to support growth and the retention of local people. These include: NIC Instruments, EDF, Clifton Hotel/ Leaf Hotels, LVB Creative, The Workshop, Profile Architects, Sleeping Giant Media, Motis Estates, Collier Stevens, Beresfords Accountants, Duo Technology, The Looker, Romney Hythe & Dymchurch Railway, Martello Building Consultancy, Screen South, Burlington Hotel, Disruptive Urbanism and Stroud Wealth Management</i></p>							
Performance Key	 Improved Performance	 Worsened Performance	 Performance is the same					

04 Quality Homes and Infrastructure

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Numbers of new homes built within the district	-	-				622 homes (Annual)	✓	-
	<i>This indicator is collated on an annual basis and is not available quarterly. A figure will be available at the end of Quarter 4.</i>							
Number of homelessness approaches (includes Triage, Prevention, Relief & Decision cases)	408	315*				No Target	-	↑
	Aim to minimise (data only – no target). Due to a move to a new computer system mid-June, only partial data available for that month. Count taken as of 15 June 2023.							
Percentage of homelessness approaches closed as 'homelessness prevented'	9.76%	7.62%				4%	✓	↓
	Aim to maximise (on target). In the quarter leading up to 15 June 2023 targets for homelessness prevention had been met, with 24 cases (7.6% of all approaches, and 47% of those requiring a prevent duty,) securing long-term accommodation.							
Average number of rough sleepers in the period	11	10				<6	x	↓
	Aim to minimise (off target). A count is taken every week, and an average was calculated over the quarter to 30 th June 2023. The number of people sleeping rough in the district rose from 6 at the beginning of April, to 15 at the end of June (an average of 10 over the whole quarter) missing target.							
Average number of households in Bed and Breakfast Accommodation	2	13				0	x	↓
	Aim to minimise (off target). As the trend in rough sleeping increases, the number of people housed in Bed & Breakfast accommodation rises to help bring the number of rough sleepers down. The actual number in B&B was 14 at the end of June (average of 13 across the whole quarter)							
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			






04 Quality Homes and Infrastructure

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Average number of households in Temporary Accommodation	27	26				<35	✓	↑
	<p>Aim to minimise (on target). A count is taken weekly, and an average calculated across the quarter. At the beginning of April, the count was 26; at the end of June it was 29. The highest weekly count was 30, w/e 19th May.</p>							
Long-term Empty Homes brought back into use	9	1				70 (Annual)	x	↓
	<p>Aim to maximise (off target). Slow progress on this indicator, however this work is largely outside of the Council's control as it is dependent on developer commitments and rising costs. In the current financial climate, it is unlikely that we will achieve our target of 70 for the year. However, the Private Sector Housing Team are working closely with our partners to maximise the completions achieved in 2023/24.</p>							
Affordable homes delivered by the Council and its partners	33	3				80 (Annual)	x	↓
	<p>Aim to maximise (off target). Given the number of affordable homes currently on site and due to complete during 2023/24, we are confident this target will be met.</p>							
Affordable homes for low-cost home ownership delivered by the Council and its partners	17	1				32 (Annual)	x	↓
	<p>Aim to maximise (off target). Of the total of 3 affordable homes delivered, 1 is specifically designated for low-cost homeownership. Given the number of affordable homes currently on site and due to complete during 2023/24, we are confident that this will at least get close to achieving this target. We are reliant on development remaining on track across the district.</p>							
Private sector homes improved as a result of intervention by the Council	77	125				200 (Annual)	✓	↑
	<p>Aim to maximise (on target). Although not yet achieving year-end target of 200, performance is above profile for the first quarter.</p>							
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			




04 Quality Homes and Infrastructure

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Council home new builds and acquisitions started on site	0	2				20 (Annual)	X	↑
	Aim to maximise (off target). The Council will be purchasing at least 15 additional homes for rent during 2023/24 as part of the Local Authority Housing Fund initiative.							
Percentage of properties that meet the decent homes standard	96.51%	91.9%				99% (Monthly)	X	↓
Page 51	Aim to maximise (off target). At the start of the financial year 184 additional properties became non-decent, (where parts of a building reach the end of their shelf-life and 'expire') bringing the total amount of non-decent homes to 285. In the past quarter, 10 properties were made 'decent' reducing this to 275 by the end of June. Decent Homes improvements form part of the capital programme of works for the year ahead, so performance is expected to improve as the year progresses.							
Percentage of properties with a known EPC rating of grade C or above.	-	55.7%				No target		New KPI for 23/24 year
	New KPI. Aim to maximise (no target). Of 3,000 properties with a known EPC rating, 1,671 (55.7%) are grade C or above.							
Properties with a valid LGSR	99.93%	100%				100% (Monthly)	✓	↑
	Aim to maximise (on target). Landlord Gas Safety Record (LGSR). Undertaking annual gas safety checks by their anniversary date is a mandatory requirement.							
Blocks with a valid Fire Risk Assessment	100%	100%				100% (Monthly)	✓	—
	Aim to maximise (on target). Ensuring all applicable communal housing blocks have a valid Fire Risk Assessment (FRA) in place is a mandatory requirement. Of 181 identified blocks, 159 have Moderate risks, 19 Trivial risks, 1 Tolerable risk, and 1 Substantial risk, (with 1 risk under review). At 30 June 2023 there were a total of 203 outstanding actions resulting from completed FRAs.							




04 Quality Homes and Infrastructure

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Blocks with a valid Legionella Risk Assessment	100%	100%				100% (Monthly)	✓	
<i>Aim to maximise (on target). Ensuring all applicable communal housing blocks have a valid Legionella (Water Safety) Risk Assessment in place is a mandatory requirement.</i>								
Blocks with valid (in date) Electrical Certificate (EICR)	95.17%	100%				100% (Monthly)	✓	↑
<i>Aim to maximise (on target). Electrical Installation Condition Report (EICR). Ensuring all applicable communal housing blocks have a valid, in date, EICR is a mandatory requirement.</i>								
Domestic properties with a valid (in date) EICR	92.14%	96.94%				100% (Monthly)	X	↑
<i>Aim to maximise (within 5% of target). Electrical Installation Condition Report (EICR). It is a mandatory requirement that social housing landlords complete a new EICR on all applicable domestic (i.e. tenanted) properties at least every 5 years.</i>								
Properties Asbestos compliant (Communal)	100%	100%				100% (Monthly)	✓	
<i>Aim to maximise (on target). Ensuring all applicable communal housing blocks have a valid Asbestos Assessment in place is a mandatory requirement.</i>								
Insurance visits completed on communal lifts (LOLER)	100%	71.43%				100% (Monthly)	X	↓
<i>Aim to maximise (off target). Lifting Operations and Lifting Equipment Regulations (LOLER). Ensuring all communal lifts in our blocks have had an inspection and are certified safe, is a mandatory requirement. 4 of 14 lifts were without valid certification at the end of the quarter. Performance had returned to 100% at the time of writing.</i>								
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			




04 Quality Homes and Infrastructure

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)	
% of major planning applications to be determined within statutory period (including any agreed extension of time)	83.33%	100%				60% (Quarterly)	✓	↑	
Page 53	<p><i>Major' Applications in Q1: Total Decisions: 4 Determined in agreed time: 4</i></p> <p><i>The percentage figures (Major, Minor, Other) represent all decisions which have been made either within the original target time period specified by statute or an extended time period agreed/requested by an applicant.</i></p> <p><i>In some cases an extension to the agreed time period is requested for a number of reasons such as:</i></p> <ul style="list-style-type: none"> <i>to manage workloads caused by a need to seek further information</i> <i>delays caused by awaiting consultee responses</i> <i>Seeking amendments to improve the scheme to make it acceptable and/or raise the quality of the built environment In some instances, applicants ask for an extension of time to allow them an opportunity to amend a proposal to overcome officer and consultee concerns</i> 								
	% of minor applications to be determined within the statutory period (including any agreed extension of time)	84%	86%				70% (Quarterly)	✓	↑
	<p><i>Please see comment above '</i></p> <p><i>Minor' Applications in Q1: Total Decisions: 35; Determined in agreed time: 24</i></p>								
% of other planning applications to be determined within statutory period (including any agreed extension of time)	88.45%	95%				85% (Quarterly)	✓	↑	
	<p><i>Please see comment above</i></p> <p><i>'Other' Applications in Q1: Total Decisions: 133 ; Determined in agreed time: 41</i></p>								
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same				

Transparent, Stable, Accountable and Accessible

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
Council tax collection	28.39% (Cumulative)	28.83% (Cumulative)				97.3% (Annual)	✓	↑
Business Rates collection rate	36.65% (Cumulative)	35.81% (Cumulative)				97.5% (Annual)	✓	↓
Increased take up of My Account and online transactions	6.69%	1.39%				8% (Annual)	✓	↓
	<p><i>In Quarter 1 a total of 724 customers have registered for My Account an increase of 1.39%. Since the launch of the service in August 2020, a total of 36,618 customers have registered for the service equating to 70.50% take up so far.</i></p>							
Page 51 Helpline - Number of calls answered within 60 seconds	98.4%	98.3%				97.5% (Monthly)	✓	↓
Lifeline - Number of calls answered within 180 seconds	99.8%	99.8%				99% (Monthly)	✓	▬
All Freedom of Information / Environmental information Requests to be responded to within the statutory period of (20 working days or lawful extension).	85.54%	87.65%				90% (Monthly)	x	↑
	<p><i>There has been an improvement in the percentage of FOI/EIRs going out on time in Quarter 1 compared with the same period last year. A total of 4 of the 20 overdue cases are marked as 'overdue due to service area', meaning that the service area did not get the required information over to the team in time for us to compile and return to the requestor. The Case Management team currently have one full time and one part time case officer for Information Governance, along with one full time specialist. Due to the large number of cases still coming in, training of an additional case officer has started from another service area to provide assistance with logging new cases as and when required. This should provide additional resilience to the current team in busier times, as well as times of absence.</i></p>							
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			

Transparent, Stable, Accountable and Accessible

Description	Q1 2022-23 Comparison	Q1 Actual 2023-24	Q2 Actual 2023-24	Q3 Actual 2023-24	Q4 Actual 2023-24	Target	On Target	Performance (Compared with same quarter last year)
All Subject Access Request responses to be provided within the statutory period (1 calendar month or lawful extension).	70.59%	47.62%				90% (Monthly)	X	↓
	<p><i>The number of SARs was under target during the quarter due to 11 overdue cases, 3 of which are marked as 'overdue due to service area', meaning that the service area did not get the required information over to the team in time for us to compile and return to the requestor. There have also been delays due to a new Case Officer starting at the end of November 2022 who is still currently having SARs checked by either the specialist or the other case officer to ensure that they are correct before being sent to the requestor, which in turn has led to longer processing times. There is confidence that performance will improve to the required standard during the year once these cases are no longer being checked.</i></p>							
Percentage of data breaches assessed within 72 hours to decide if it is reportable to the ICO.	88.89%	70%				100% (Monthly)	X	↓
	<p><i>A total of three cases were not assessed in time were 'overdue due to service area'. The common theme, upon investigation, appears to be a lack of resource within other teams who have a backlog of emails within their queues/inboxes. Most service areas investigated are working around a month behind. This means that by the time the InfGov Team receive the breach report, the Council has already missed the 72-hour deadline to assess and act. This has been raised as a resourcing issue with the managers of each service area, and the importance of swiftness reiterated.</i></p>							
Percentage of reportable data breaches that were submitted to the ICO within 72 hours.	-	-				100% (Monthly)	-	█
	<p><i>There were no data breaches that met the threshold for reporting to the ICO, during Q1 of 2022/23 or 2023/24.</i></p>							
Performance Key	 Improved Performance		 Worsened Performance		 Performance is the same			

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