

Minutes

Finance and Performance Scrutiny Sub-Committee

Held at: Council Chamber - Civic Centre Folkestone

Date: Tuesday, 5 December 2023

Present: Councillors James Butcher, Laura Davison,
David Godfrey, Connor McConville (Chair) and
John Wing.

Apologies for Absence: None.

Officers Present: Andy Blaszkowicz (Director of Housing and Operations),
Gavin Edwards (Performance and Improvement
Specialist), Ewan Green (Director of Strategy and
Resources), Jake Hamilton (Committee Services Officer),
Lydia Morrison (Interim S151 Officer) and Ola Owolabi
(Chief Financial Services Officer).

Others Present: Councillors, Tim Prater and Elaine Martin.

10. **Declarations of interest**

Councillors James Butcher and John Wing both declared an interest as Directors of Oportunitas.

11. **Q2 Performance Report 2023/24**

Gavin Edwards, Performance & Improvement Specialist introduced the report which provided an update on the Council's performance for the second quarter of the year covering 1st July - 30th September 2023. The report enables the Council to assess progress against the approved key performance indicators arising from the Council's Corporate Action Plan.

Members raised several points, including:

- The great results on street cleanliness and graffiti as detailed in the presentation. Members were curious as to whether these results are publicised. And how the fly tipping KPI's are measured? The Performance & Improvement Specialist responded to comments,

advising that he would check with officers on the fly tipping measures. But confirmed the KPI's are published in this report online. Conversations could be had with the council's communication team on further publication of the KPI's.

- Members also raised concern regarding KPI's surrounding homelessness, rough sleepers, and temporary accommodation. And asked what more the council could do to improve those figures. The Performance & Improvement Specialist made members aware that a discussion had already taken place with officers. The number of rough sleepers remains high; however, the council is working with outside organisations, but there are still rough sleepers that are not engaging with services.
- Members commented on the significant increase in long-term empty properties and ask that more information be provided. The Performance & Improvement Specialist advised members that a written response would be provided to the committee in due course.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/60).

12. **Medium Term Financial Strategy 2024/25 to 2027/28**

Ola Owolabi, Chief Financial Services Officer introduced the item and provided the committee with a presentation.

The Medium Term Financial Strategy ('MTFS') is the Council's key financial planning document. It puts the financial perspective on the Council's Corporate Plan priorities, expressing the aims and objectives of the various plans and strategies in financial terms over the four year period ending 31st March 2028. It covers both revenue and revenue implications for capital spend for the General Fund. Also included are the Council's reserves policies. The MTFS is a key element of sound corporate governance and financial management.

After the presentation members raised several points, including:

- Since the original report was published has the MTFS inflation assumption shifted? The Chief Financial Services Officer confirmed that the inflation percentage had decreased from 7.9% to 5.5% (as seen on slide 10 of the attached presentation).
- Is the current MTFS model based on the best- or worst-case scenario. The Chief Financial Services Officers advised the committee the current model is based on the best-case scenario.
- The other non-service related grants cover several different grants including the s31 grant. Could the committee be provided with a sense of how that figure (£284,000) could fluctuate. The Chief Financial Services Officer responded advising the council benefits from various grants

throughout the year, some of which fluctuate considerably. Until the council receives further information from central government, the council must be prudent in its projections and set aside reserves to deal with such scenarios.

- Members expressed concerns with the difficulty to consider savings when the council is still waiting on information from central government.
- In respect of Table 2 (Reserves available at Q2 – 2023/24 as at October 2023 – Page 59 of the agenda) the earmarked reserves look set to reduce by approximately 20% over the next 2 years. Is this to be expected. And do members get further updates on how these reserves are progressing. Lydia Morrison, Interim Director of Corporate Services (s151) responded advising a report was presented to Cabinet, requesting a new transformation reserve be created. Most of the movement out of the reserves next year is to support this new fund and to continue to fund a number of key front line posts. Future reports will be going to Cabinet which will detail movements.
- How is the capital programme funded and what proportion is sensible to fund by borrowing. The Chief Financial Services Officer explained that within the council treasury management, there is an operational limit. However, it is important that borrowing for capital programmes is the last resort.
- What Information will be released during the consultation to help members of the public understand. The Chief Financial Services Officer responded stating the consultation is not yet agreed, however, ideas are welcome.
- In relation to the MTFS assumption (appendix 5), how does the CT base increase percentage relate to the final tax base figure. The Chief Financial Services Officer advised the committee that CT base percentage is currently being reviewed by the Revenues & Benefits team. However, the figure presented in the report is a 1% increase based on last year.
- Can a further explanation be given to appendix 2, in relation to the (surplus)/deficit to General Reserves and the carry forward reserves.
- Will the council be reviewing the STAR Chamber process to see if any assumptions have changed. The Interim Director of Corporate Services (s151) responded stating there will not be a further review. The expectation is that the STAR Chamber process has set the budget for those services next year.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/64).

13. **Budget Strategy 2024/25**

Ola Owolabi, Chief Financial Services Officer introduced the item and provided the committee with a presentation.

The Budget Strategy sets out the guidelines for preparing the 2024/25 Budget. It supports the Corporate Plan and aligns with the direction and objectives of the Medium Term Financial Strategy (MTFS).

In terms of financial planning, the Budget Strategy takes account of current and future financial and economic conditions and the Government's Autumn Statement delivered on for 22 November 2023.

The Budget Strategy also sets out the underlying assumptions and initial budget-setting proposals and provides a timetable for delivering a balanced budget for approval and final Council Tax setting by Full Council on 28 February 2024.

After the presentation members raised several points, including:

- Members were happy to see that the consultation would run until 02 February 2024. But asked that the consultation be assessable in the context of the information being easy to understand.
- Are there any items within the general fund revenue growth and income realignment proposal that the committee might want to have a view upon. The Interim Director of Corporate Services (s151) advised that this year the council looked at the trend on income. And has been pragmatic in its approach and proposals.
- Is there an underlining reason for the reduction in income from the Lifeline service? The Director of Housing & Operations confirmed the Lifeline service will undergo a fundamental review, with the aim to understand the income trends and consider what actions should be taken.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/64).

14. **Options Report on whether to continue to maintain Kent County Council (KCC) owned grass in the District, which is subsidised by Folkestone & Hythe District Council (FHDC)**

Andy Blaszkowicz, Director of Housing & Operations introduced the item.

The report outlined the current arrangement with Kent County Council (KCC) to maintain rural and urban verges and the financial implications of this for Folkestone & Hythe District Council (FHDC). Various options were outlined in the report for consideration to reduce budgets in line with the Star Chamber exercise.

Member raised several points, including:

- Members sought clarification of option 5 as detailed in the report. The Director of Housing & Operations confirmed that option 5 is asking

Cabinet to make decision on 13 December 2023 to hand the service back to KCC in 12 months. Allowing the council time to work with KCC on a smooth transition.

- Members were concerned whether some of the options would result in more complaints from members of the public, especially on verges that effect highway vision.
- Members also raised concern as to whether handing the service back would have a negative impact on procuring local businesses. The Director of Housing & Operations explained that most of the service currently is fulfilled in-house, with the exception of the rural work. This is undertaken by a local contractor who would be keen to carry on working for KCC should the service transfer back to them.
- Members asked what the difference was with handing the service back as per option 3 and option 5. The Director of Housing & Operations advised the difference being, with option 5, the council will still hand the service back but there will be a 12-month hand-over period, allowing both authorities to work together for a clean transition of services.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/61).

15. **Waste & Street Cleansing Saving Proposals**

Ewan Green, Director of Strategy & Resources introduced the item and provided members with a presentation outlining proposed savings to the waste and street cleansing contract.

After the presentation members raised points, including:

- Why is the council charging more for the direct debit garden waste scheme opposed to the annual charge as detailed in appendix 2 of report C/23/71 (Cabinet agenda 13 December 2023). The Director of Strategy & Resources advised the committee he would come back to members in relation to this matter.
- Members were concerned that reducing litter bins would result in increased fly tipping.
- What is the rationale behind the proposed reduction of litter bins to a figure of 775? The Director of Strategy & Resources advised as part of the STAR Chamber process, services were asked to reduce costs by 12.5% as a minimum. The proposed figure equates to that circa that percentage but is also in line with officers view of the overall number of litter bins that is affordable within the contract.
- Has the council considered sponsorship in relation to litter bins. The Director of Strategy & Resources responded by advising that officers have considered options for this but that a key consideration was the quality of the litter bin. He would be happy to revisit this and feedback to members.

- Several members agreed with the sponsorship idea and proposed engagement with parish/town councils could be beneficial.
- Members were concerned that the increase in the bulky waste charge could result in the service being difficult to access for low-income families and asked whether anything could be done to mitigate this.
- Members asked whether the fees and charges would be part of the consultation process. Officers confirmed that it would.
- Members asked for clarification in relation to the addendum and the £200,000 contract savings. The Director of Strategy & Resources confirmed that the saving will be met through negotiation with Veolia and as an example this may be achieved through not filling vacant posts in relation to the street cleansing service
- Members advised they would prefer to see a fundamental review of the litter bins rather than just a figure of reduction.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report OS/23/06).

16. **Overview of Community Grants**

Ewan Green, Director of Strategy & Resources introduced the item.

The report presented an overview of grants made by the Council to external community based organisations.

Members raised several points, including:

- Members observed that ward grants are proposed to be reduced more than the community grants. The Director of Strategy & Resources confirmed that during the STAR Chamber process it was discussed that a 15% reduction was reasonable.
- Does the council analyse themes of community grants (i.e. sports, arts, etc) and how they align with the council's corporate plan. Also, has any geographical work been conducted in relation to community grant spend. The Director of Strategy & Resources advised the committee that a number of grants are distributed through service level agreements and others by the work officers do on the ground.
- Some members considered whether geographical work could be conducted to make sure that the community grants are being distributed across the district fairly. Other members advised that the work would not be accurate as some projects/organisations have an outreach across the district. The Director of Strategy & Resources advised that Member ward grants are agreed on a geographic basis and that there are several other grant programmes that operate district wide.
- Members commented on some of the proposed significant reductions in community grants for certain projects/organisations (i.e. Academy FM) and asked for the rationale behind this. The Director of Strategy & Resources advised that the proposed reductions had come from the

budget development process and discussion in the Star Chambers with Portfolio Holders.

- Members advised that ward grants are invaluable and essential to the community.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report OS/23/05).

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2024/25 Budget Strategy & MTFS

Page 9

Finance and Performance Scrutiny Sub-Committee

Ola Owolabi, Chief Financial Services Officer

28th November 2023



Minute Item 13

Key themes for the presentation

- Overview of the budget
- Update on national and local funding position for Government
- Budget Strategy
- Outline process for Budget setting – GF Revenue
- Latest Medium Term Financial Strategy ('MTFS')
- Budget timetable for 2024/25
- Budget consultation for 2024/25
- Q&A – discussion

General Fund Revenue Budget requirement

There are 4 key funding streams for this fund:

- Council Tax – decided by Council but limited by central government
 - Referendum limit was : 2.99% or £5 (whichever greater)
- Business Rates (after Government and County share)
- Government Grant (e.g. S31 Grant but no Revenue Support Grant and no New Homes Bonus likely from 2024/25 onwards)
- Other income (e.g. fees and charges, investment income)

Local Government picture – 2023 Autumn Statement

- On 22 November 2023, the Chancellor presented his 2023 Autumn Statement to the House of Commons, alongside the publication of the Office for Budget Responsibility's new set of Economic and Fiscal Outlook forecasts.
- The Autumn Statement responds to the Office for Budget Responsibility (OBR) forecasts and sets out the medium term path for public finances.
- The measures announced go some way to addressing challenges on housing and improving the planning process.
- However, the announcements made did not specifically address financial sustainability for the sector
- The Government also stated a clear intention to increase productivity in public sector activities by 0.5% each year to bring it in line with the private sector.
- The Autumn Statement may leave some in the sector with the same concerns of how to balance budgets without impacting service delivery.

Local Government picture – 2023 Autumn Statement

The measures announced in the Autumn Statement that will impact local government include:

- Changes to speed up major planning applications allowing local authorities to recover the cost for administering them if timescales are met.
- £32m to bust planning backlog announced.
- £450m allocated to local authority housing fund to deliver 2,400 new homes.
- Increasing the Local Housing Allowance rate to the 30th percentile of local market rents. This is expected to give 1.6 million households an average of £800 of support next year.
- Business rates frozen for small business for a year as well as 75% discount for retail, hospitality, and leisure companies.
- The Chancellor to freeze small businesses multiplier for next year.
- 55 local projects awarded a share of nearly £1 billion from Round 3 of the Levelling Up Fund
- Pledges to help with cost-of-living crisis by increasing universal credit by 6.7%, matching September's inflation figure and an average of £470 a year for 5.5m households.

Budget Strategy

- Aligned to direction & objectives of MTFS
- Outlines path to balanced budget for coming financial year
 - Budget Growth
 - Savings & Efficiencies
 - Emerging Issues e.g. legislation
- Provides a revised deficit position following officer work
- Annual Fees and Charges Review
- Will be considered on 13 December by the Cabinet

Medium Term Financial Strategy (“MTFS”)

- The key 4 year financial planning document for the Council
- Includes Corporate Plan priorities, key aims & service objectives
- Projects cumulative funding position on a rolling year basis
- Forecasts external economic and funding factors
- Modelled and stress tested – worst, median and best-case scenarios
- Key part of the budget process and Council Tax setting
- Identifies risks and plans to address the gaps in funding
- The MTFS is refreshed and agreed by Council every November

MTFS - Items Not Included

- Additional Star Chamber savings - Members to decide.
- Planning & Building Control changes.
- Local plan changes (will there be new burden funding?).
- Parking enforcement contract –
 - outsourcing to continue or being brought in house?
- Additional grounds maintenance costs following LUF (Bouverie Square).
- Fees and charges additional income.

PBB, growth and savings and staff structure changes are included already.

Medium Term Financial Forecast

Financial Forecast	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Net Revenue Expenditure Forecast	18,462	19,330	19,970	20,928
Deficit / (Surplus)	638	634	1,120	2,217
Cumulative Deficit	-	1,271	2,392	4,609

MTFS Assumptions / indices used

MTFS Assumptions used	BASE £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
General inflation – prices*		5.5%	3.5%	4.0%	4.0%
Pay bill growth (excl. on costs)	13,555	3.0%	3.0%	3.0%	3.0%
CPI (where applicable)		5.5%	3.0%	2.0%	2.0%
Interest rate used - medium term investments		5.0%	4.9%	3.8%	3.8%
Interest rate used for borrowing assumptions		6.0%	5.5%	5%	5%
Increase in Council Tax		1.99% on Band D	1.99% on Band D	1.99% on Band D	1.99% on Band D
Business Rate					
Band D equivalent Council Tax (incl. special expense)	287.37	295.96	304.81	313.93	323.31

*N.B.

- Major contracts have been inflated based on embedded contractual terms and
- Following the Autumn Statement OBR CPI/RPI projection, the general inflation rate is being reviewed.

Non-service specific - Corporate budget

Cost Pressures:

	<u>£000</u>
Inflationary pressures, i.e., waste, pay award, etc.	1,586
Internal drainage board levies	44
New Homes Bonus grant (removal)	366
Removal of funding from Collection Fund Reserve	59
Minimum revenue provision adjust.	700

Corporate Budget Movements:

Interest payable and similar charges	(121)
Interest and investment income	(522)
Other non-service related grants (i.e. s31 grant)	(284)
Revenue Contribution to Capital Outlay	(1,432)
Net business rates income	(121)
Council Tax Requirement	<u>(461)</u>

Total	(186)
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Page 61



MTFS - 23/24 to 24/25 Base Movement

Service Changes – Unavoidable cost pressures and realignment of income

£000

Finance, Strategy & Corporate Services

199

Human Resources

99

Place

116

Operations

188

Waste Contract/income

76

Total

679

MTFS - 23/24 to 24/25 Base Movement

Service Changes - Priority Based Budgeting Savings	<u>£000</u>
Leadership Support	(2)
Governance and Law	(81)
Human Resources	(33)
Finance, strategy and Corporate Services	(418)
Economic Development	(101)
Planning	(36)
Operations	(563)
Housing	(58)
Place	(195)
Waste Contract/income	(136)
Transformation prog. Savings	<u>(2,032)</u>
Total	(3,656)

2024-25 Forecast MTFS Budget Deficit

MEDIUM TERM FINANCIAL STRATEGY - 2024/25 TO 2027/28

Appendix 2

	Base 23/24	Most Likely Forecast 2024/25	Most Likely Forecast 2025/26	Most Likely Forecast 2026/27	Most Likely Forecast 2027/28
Heads of Service					
Leadership Support	740,960	739,010	739,010	739,010	739,010
Governance and Law	2,976,100	2,991,780	3,041,583	3,072,958	3,245,275
Human Resources	683,190	748,890	748,890	748,890	748,890
Finance, strategy and Corporate Services	8,445,560	8,226,684	8,226,684	8,226,684	8,226,684
Strategic Development	0	0	0	0	0
Economic Development	413,180	361,770	461,770	311,770	311,770
Planning	165,400	129,350	129,350	129,350	129,350
Operations	2,483,630	2,269,070	2,229,070	2,229,070	2,229,070
Housing	3,048,610	2,990,340	2,990,340	2,990,340	2,990,340
Place	6,712,940	7,017,116	7,198,775	7,323,515	7,450,750
Total Directorate costs					
Changes not attributed to services		50,064	51,566	52,597	53,649
Recharges to non GF accounts	-5,919,556	-5,919,556	-5,919,556	-5,919,556	-5,919,556
Unallocated net employee costs	33,040	-1,142,616	-567,565	64,941	722,748
Total for Service	19,783,054	18,461,902	19,329,917	19,969,570	20,927,979
Internal drainage board levies	541,430	585,611	609,035	633,397	658,732
Interest payable and similar charges	2,502,000	2,381,000	3,281,000	4,181,000	5,243,000
Interest and investment income	-2,521,000	-3,043,000	-3,734,000	-4,784,000	-5,864,000
New Homes Bonus grant	-365,568	0	0	0	0
Other non-service related grants	-4,616,551	-4,900,456	-4,877,863	-4,825,948	-4,784,036
Town and Parish Council Precepts	2,801,300	2,801,300	2,801,300	2,801,300	2,801,300
Minimum revenue provision adjust.	1,625,000	2,325,000	2,594,000	3,016,000	3,639,000
Financing of fixed assets	2,487,000	1,055,000	205,000	205,000	205,000
Net Revenue Expenditure Before Use Of Reserves	22,236,665	19,666,357	20,208,389	21,196,319	22,826,976
Net transfers to/from reserves	-2,180,000	-166,000	-166,000	-166,000	-166,000
Total To Be Met From Taxpayers & Formula Grant	20,056,665	19,500,357	20,042,389	21,030,319	22,660,976
Transfer to/(from) Collection Fund	-59,451	0	0	0	0
Net business rates income	-3,921,454	-4,112,153	-4,114,612	-4,114,612	-4,126,956
Council Tax Requirement	-14,289,513	-14,750,515	-15,293,983	-15,795,311	-16,316,765
(Surplus)/deficit to General Reserve	1,786,247	637,688	633,795	1,120,396	2,217,255
			1,271,483	2,391,879	4,609,135

2024/25 Savings and Budget Gap Summary

Description	£
MTFS Budget Gap -	4,501
Non-service specific (General/Corporate budget)	(186)
Unavoidable cost pressures and realignment of income	679
Priority Based Budgeting & Transformation Savings	(3,656)
Post 2023/24 Budget - net adjustments	(700)
Current 2024/25 Budget Gap =	638

Potential savings raised at the Star Chamber for members' consideration

<u>Waste Contract</u>	£
Lower Zone Z Standard To 2A – Street Cleansing	(200,000)
Reduce Litter Bins	(30,000)
Increase Bulky Waste Collection Fee	(5,000)
Above Inflationary Increase in Garden Waste Charge	(30,000)
<u>Operations</u>	
Explore the transition of public toilets to Town Council & Parishes in 2024/25	(157,000)
Verge cutting – consider transfer service to KCC	(98,612)
Other – Civic Ceremonials – vehicle maintenance, etc.	(10,080)

Key Challenges - MTFS

- Political and economic uncertainty
 - Inflation
 - Pay awards
 - Interest rate
 - Fiscal policies – further reductions in funding
 - Financial Settlement – timing and amounts
 - Cost of Living – Increasing Demands
- Additional PBB Saving and Efficiencies

2024/25 - 2028/29 Capital Programme

Service Area	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Future Commit.
Expenditure	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operations	8,018	808	109	109	89	0	-
Governance, Law and Service Delivery	27	0	0	0	0	0	-
Otterpool Park Garden Town	10,287	7,500	13,000	13,000	13,000	9,750	
Place	2,875	17,498	8,668	5,500	500	12,500	12,500
Housing	1,630	1,400	1,400	1,400	1,400	0	-
Corporate Services	1,449	365	365	115	115	55	-
Total Capital Programme	24,286	27,571	23,542	20,124	15,104	22,305	12,500
Capital Funding							
Government Grant	(5,946)	(18,195)	(3,256)	(1,519)	(1,519)	(1,000)	-
Other External Contributions	(406)	(297)	-	-	-	-	-
Capital Receipts	(2,823)	(1,129)	(1,231)	(400)	(400)	-	-
Revenue Contributions	(2,223)	(205)	(1,055)	(205)	(185)	(55)	-
Borrowing	(12,888)	(7,745)	(18,000)	(18,000)	(13,000)	(21,250)	(12,500)
Total Funding	(24,286)	(27,571)	(23,542)	(20,124)	(15,104)	(22,305)	(12,500)

2024/25 - Capital Programme Growth Bids

Service Area and Scheme	2024/25	2025/26	2026/27	2027/28	2028/29	Future Commit.
	£'000	£'000	£'000	£'000	£'000	£'000
Operations						
Handheld computers for civil enforcement	18		-	-	-	-
3 Ride on Mowers	90	-	-	-	-	-
Trimax Pegasus	26	-	-	-	-	-
Stump Grinder	30	-	-	-	-	-
Tractor mounted Hedge Flail	40	-	-	-	-	-
Excavator	40	-	-	-	-	-
Place						
FOLCA 2 *	-	5,000	5,000	-	-	-
Leisure centre development *	-	-	500	500	12,500	12,500
Corporate Services						
Financial Management System	250	250	-	-	-	-
PC Replacement Programme	55	55	55	55	55	-
Total 2024/25 Growth Bids	549	5,305	5,555	555	12,555	12,500

***FOLCA 2** = growth bid 24/25 funded by borrowing - potential £4.5m capital receipt from disposal of civic centre*

***Leisure centre** = development growth bid 24/25 funded by borrowing and £2m grant - potential £8m capital receipt from disposal of land.*

Future strategies to reduce budget gap

- **Re-focusing of Priorities and Budgets**
 - The Council needs to prioritise and rephrase the work (and Budget) it is undertaking to recognise the financial challenges it faces.
 - A holistic review of services will be performed to identify opportunities to improve the efficiency and effectiveness of service delivery and improve ways of working.
 - A Star Chamber Budget review process to challenge and reset budgets where possible
- **Strategic Investments:**
 - The Council is looking to take advantage of its position with a number of developments to produce financial returns whilst at the same time supporting the delivery of housing and regenerating parts of the district.
- **Reserves:**
 - Using reserves in a sustainable and prudent manner to support the Council's strategies and priorities. These are informed by the reserves strategies approved annually by the Council.
- **Maximise Opportunities:**
 - Using opportunities as they arise including government initiatives or incentives. In particular, the Council will seek to participate in the Business Rates Pooling scheme to maximise the financial benefit from this area.

General Fund reserves update - Reserves available at Q2 – 2023/24

Reserves	Balance at	2022/23	Balance at	2023/24 Movements		Projected	
	01-Apr-22	Changes	31-Mar-23	In	Out	Balance at	
	£000s	£000s	£000s	£000s	£000s	£000s	
Earmarked Reserves							
Business Rates	(2,662)	1,005	(1,657)	-	-	(1,657)	To support the Business Rate Reduction scheme
Leisure Reserve	(447)	(50)	(497)	(50)	-	(547)	£250k ringfenced – Sharncliffe Pavilion maintenance
Carry Forwards	(1,356)	(942)	(2,298)	-	-	(2,298)	Used to carry uncompleted expenditure in the current financial year forward to support expenditure in the forthcoming financial year.
Vehicles, Equipment and Technology	(287)	10	(277)	(147)	95	(329)	Vehicle, equipment & technology replacement
Maintenance of Graves	(12)	-	(12)	-	-	(12)	
New Homes Bonus	(1,997)	1,588	(409)	-	-	(409)	Residual amount of remaining NHB
Corporate Initiatives	(960)	273	(687)	-	88	(599)	
IFRS Reserve	(5)	-	(5)	-	-	(5)	
Economic Development	(1,985)	62	(1,923)	-	536	(1,387)	Regeneration of District - £534k ringfenced Match-funding
Community Led Housing	(310)	57	(253)	-	55	(198)	Community Housing and affordable – ringfenced
Lydd Airport	(9)	-	(9)	-	-	(9)	
Homelessness Prevention	(958)	33	(925)	-	-	(925)	Ringfenced - homelessness - funding stops 2023/24
High Street Regeneration	(1,575)	42	(1,233)	-	-	(1,233)	Regeneration in High Street areas
Climate Change	(4,887)	214	(4,656)	-	701	(3,955)	Achieve Carbon net zero by 2030
Transformation Fund		-	-	-1500	-	(1,500)	set aside to enable investment in initiatives that will deliver future savings
COVID	(3,526)	3,496	(30)	-	-	(30)	To fund the collection fund deficit
Total Earmarked Reserves	(20,969)	6,098	(14,871)	(1,697)	2,075	(14,493)	
Total General Fund Res.	(6,008)	(1,030)	(7,038)	-	-	(7,038)	Reserve set aside to allow the Council to deal with unexpected events or costs at short notice

What is the “right” level of reserves?

- No statutory minimum, Council sets own policy. Currently:
 - General Fund £1.5m
 - HRA £2.0m
- Important for future pressures or unexpected events
- Use of reserves is a one-off funding opportunity – not multi-year
- Maintains working capital requirements
- Long term planning and sustainability, earmarked reserves used for plans

Summary of implications / Cabinet considerations

- How to fund multi-year MTFS Deficit?
- Find further savings?
- Council Tax / Business Rates / Grants income unlikely.
- Growth / Savings / Income – what is affordable?
- Introduce transformation programme to reduce costs?
- Assets / Capital Receipts maximisation?

CLT's current plan to address the gap:

1. In year savings / Carry Forwards
2. Stop, pause, contract to core services (with associated transformation programme)
3. Continue with Otterpool Park Investment in financially efficient manner
4. Asset disposal – surplus to operational requirements

Budget timetable

- 2022/23 Final Outturn result and reserves update – to Cabinet 12 July
- Deep dive analysis and review of variances/budget detail – July/Aug
- Preparation of Star Chamber challenge packs – Aug
- Re-pricing of new MTFS – September – for Cabinet Council November
- Star Chamber meetings and budget policy setting – Oct
- Budget savings/ growth / fees and charges - Cabinet Nov/Dec
- Consolidation of GF/HRA/Capital Budgets – December
- Provisional Local Government settlement – December
- Final Local Government settlement – Jan/Feb 2024
- Final GF/HRA/ Capital Budgets to Cabinet/Council Feb 2024

**Folkestone
& Hythe**



District Council

Setting the detailed Budget - January

- Detailed GF Revenue & HRA Budget considered by Scrutiny Committees in January
 - (Chief Officers to attend meeting for deeper dive scrutiny)
- Local Government Finance Settlement
 - Provisional Local Government settlement December 2023
 - Final Local Government settlement due in February 2024
 - Referendum limits, grant funding, reliefs for NNDR will not be known until the draft settlement is received.

Council Tax setting - February

- Local Government Finance Act 1992
 - Requirement for Council Tax
 - Council Tax base (taxable capacity of the district)
 - Final resolutions agreed
- Legal duty to set balanced budget
- LG Act 2003 (Section 25)S151 Officer must advise the council about the robustness of budget estimates & adequacy of reserves
- Council tax billing March/April 2024

Consultation

- Questionnaire online for public contributions, promoted on social media channels
- Business Advisory Group
- Joint Parish Council Committee
- Responses
 - 19/20 Budget - no feedback
 - 20/21 Budget – 3 individual pieces of feedback
 - 21/22 Budget – 4 individual pieces of feedback plus one from business community
- Ideas?

Questions?

