

## Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre, Folkestone
Date	Tuesday, 31 October 2023
Present	Councillors James Butcher, Bridget Chapman (Minute 20), Laura Davison (Chair), Anita Jones, Alan Martin, Elaine Martin, Connor McConville and John Wing (Vice-Chair)
Apologies for Absence	Councillor David Godfrey
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Ewan Green (Director of Strategy and Resources), Jake Hamilton (Committee Services Officer), Sue Lewis (Committee Services Officer), Fred Miller (Transportation Lead Specialist), Lydia Morrison (Interim S151 Officer), Ola Owolabi (Chief Financial Services Officer), Susan Priest (Chief Executive), Andrew Rush (Chief Officer Place & Regulatory Services) and Jonathan Smith (Chief Accountant)
Others Present:	Councillors Jim Martin, Tim Prater, Gary Fuller, Mike Blakemore, Rebecca Shoob, Stephen Scoffham, Polly Blakemore, Rich Holgate and Jeremy Speakman.

### 19. **Declarations of Interest**

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

### 20. **Budget Update 2024/25**

Lydia Morrison, Interim Director of Corporate Services (S151), introduced the item, followed by Ola Owolabi, Chief Financial Services Officer.

The committee received a presentation which covered the following areas:

- The budget setting process overview for 2024/25

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- Medium Term Financial Strategy ('MTFS') and Projected Gap
- General Fund Revenue Budget Gap Solutions and Strategic Approach:
  - Priority Based Budgeting (PBB)
  - Cashable Savings – 12%
- The Star Chamber discussion re the 2024/25 Budget
- Other critical/potential savings for consideration
- Forward look (draft timetable)

After the presentation Members raised several points, including the following:

- How was the 12% saving target calculated?
- Will the Council be reviewing individual department budgets that failed to reach the 12% savings target?
- The current projected 24/25 budget gap of £1,523,414 – is this based on the council achieving the priority-based saving, growth and vacancies requests as set out in the presentation?
- If the Council achieves the goals set out in the presentation, will the accumulative savings put the council on track for future years?
- Does the presentation detail a full list of savings? Can Officers provide the Committee with more details?
- The Committee may find it difficult to weigh up potential savings, such as the On-Street Car Parking, if members do not have the full picture, or proposed alternatives.
- The data detailed in the presentation is hard to follow. Could the figures be presented in a clearer narrative going forward?
- What is the process for the savings and current reserves? The presentation details several reserves already ear-marked for certain services.
- When considering saving, the Committee may find difficult when they do not understand the impact.

The Interim Director of Corporate Services and the Chief Financial Services Officer responded to comments raised by members:

- The Council developed a financial model to determine what savings would be required to realign and balance the budget.
- Although the Council set a saving target of 12%, some departments were unable to achieve this for various reasons, however as seen on page 13 of the presentation, other departments exceeded the expected target.
- Yes if the Council can balance the budget as detailed in the presentation, then the accumulative saving year on year will put the Council on a better footing.
- A more detailed report will be coming to this Committee or Finance and Performance Scrutiny Sub-Committee in due course.

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- Fred Miller, Transportation Lead Specialist confirmed that a report regarding the On-Street Parking Charges will be coming to Overview and Scrutiny on 14 November 2023.
- The current process for the Council is to realign the base line budget and address the MTFs projected deficit.

Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance proposed that a further explanation be circulated to members with a clearer narrative to the figure's set out in the presentation.

Several Committee members thanked Cabinet members and officers for the information provided.

Members resolved to receive and note the presentation.

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# Overview and Scrutiny Committee

*Budget Update Session*  
*31<sup>st</sup> October 2023*

*Ola Owolabi, Chief Financial Services Officer*

# Key themes for the presentation

- Overview of the budget – a reminder of the basics
- Medium Term Financial Strategy ('MTFS') and Projected Gap
- GF Revenue Budget Gap Solution – Strategic Approach:
  - Priority Based Budgeting (PBB)
  - Cashable Savings – 12%
- The Star Chamber discussion re the 2024/25 Budget
- Other critical/potential savings for consideration
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# Overview of Financial Strategy

The general principles underpinning the Council's financial strategy are:

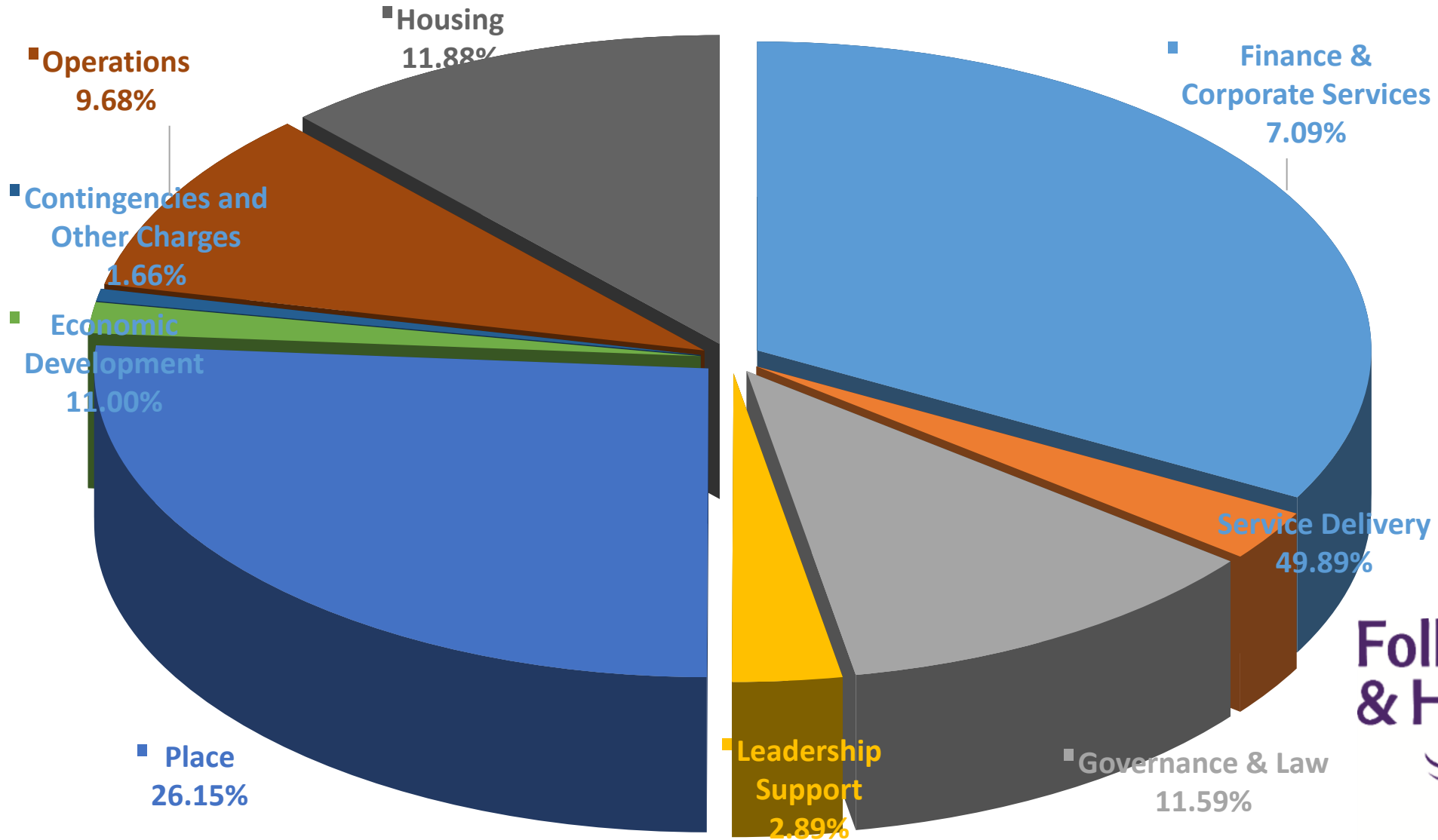
- To maintain a **balanced budget position**, which is robust, affordable and sustainable without the ongoing use of reserves;
- To **ensure Spending Plans are aligned with the Council's aims** and objectives as defined by its Corporate Plan;
- Continual **monitoring and review of Revenue and Capital budgets** followed by timely and corrective modification where necessary to ensure that resources are used effectively and targeted to achieve key objectives and offer value for money.

# District budget context (2023/24 Base)

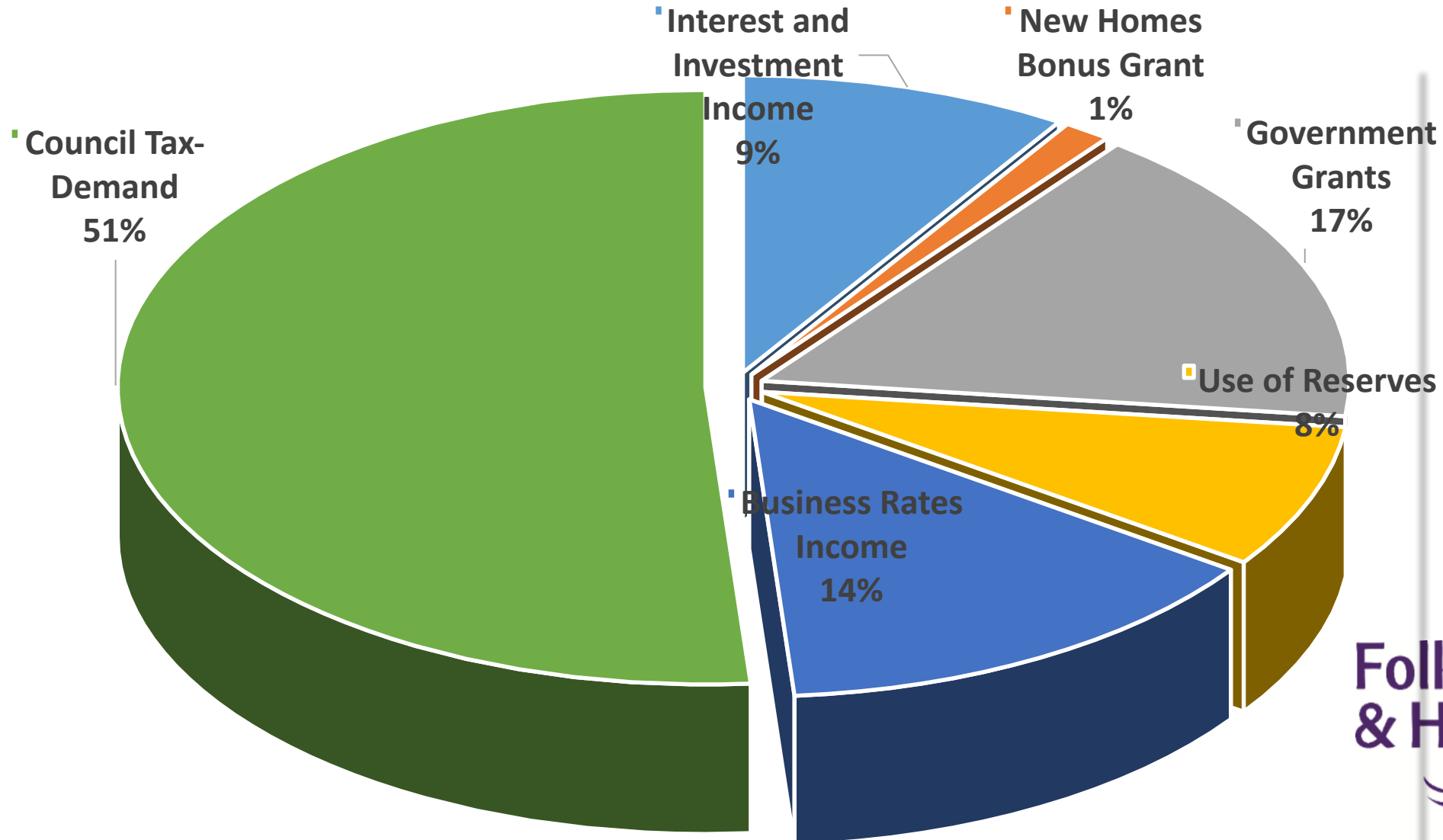
- Gross Annual Revenue Spend £106.1 million - (both GF & HRA)
- Gross Annual Income £91.8 million - (both GF & HRA)
- Net Council tax requirement was – £14.3m
- Band D Council Tax was - £287.37 (excluding Parish precepts)
- Council Tax increase was 2.97%
- Number of Council Tax Bills sent out – 53,893 (97%)
- Number Business Rates Bills sent out – 3,982 (98%)



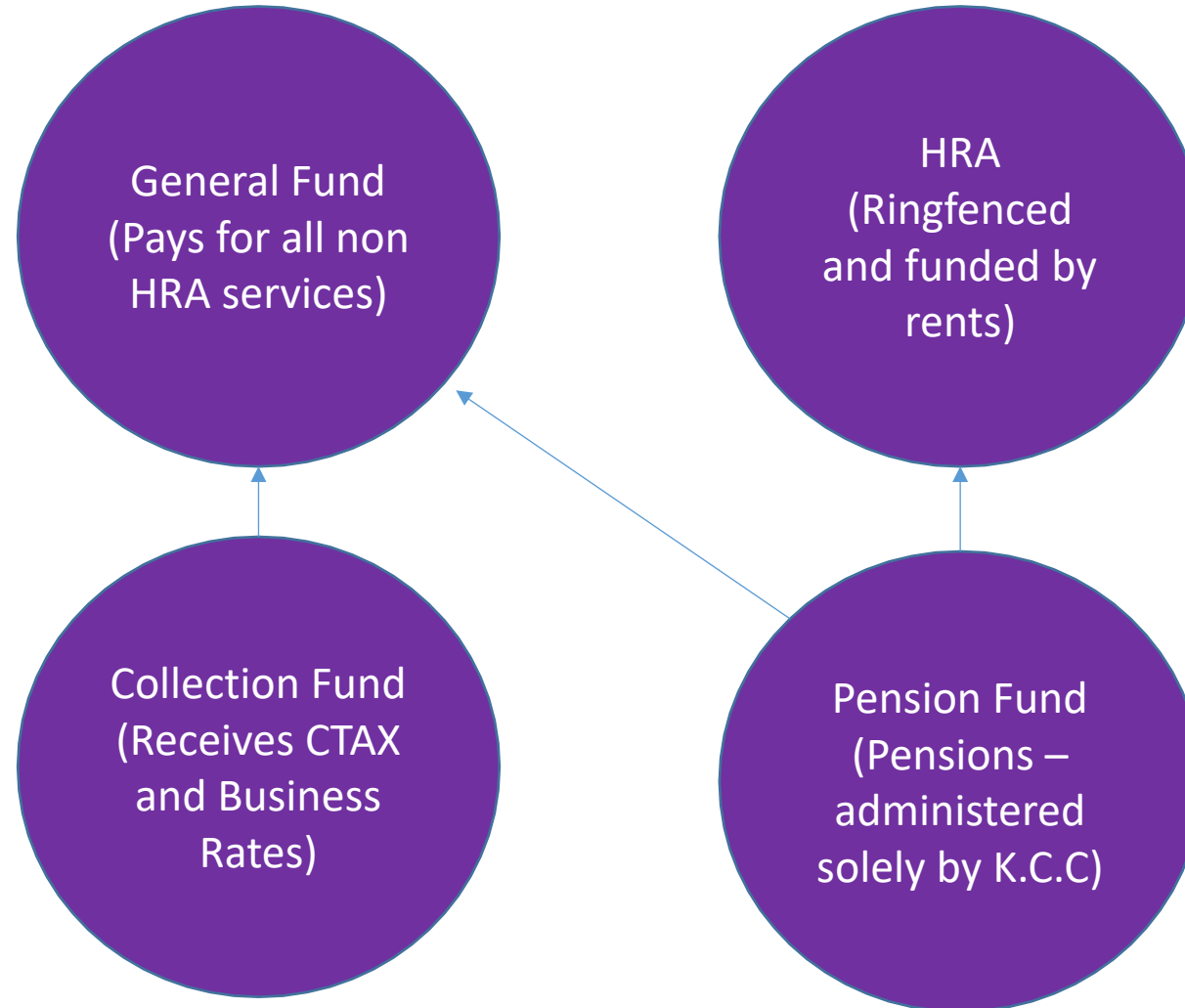
# Where the money goes (2023/24)



# Where the money comes from (2023/24)



# Council Budgets are fund based (4 funds)



# Medium Term Financial Strategy (“MTFS”)

- The key 4-year financial plan 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
- The MTFS is refreshed and agreed by the Council every November

# Key MTFS headlines (Based on current MTFS approved November 2022)

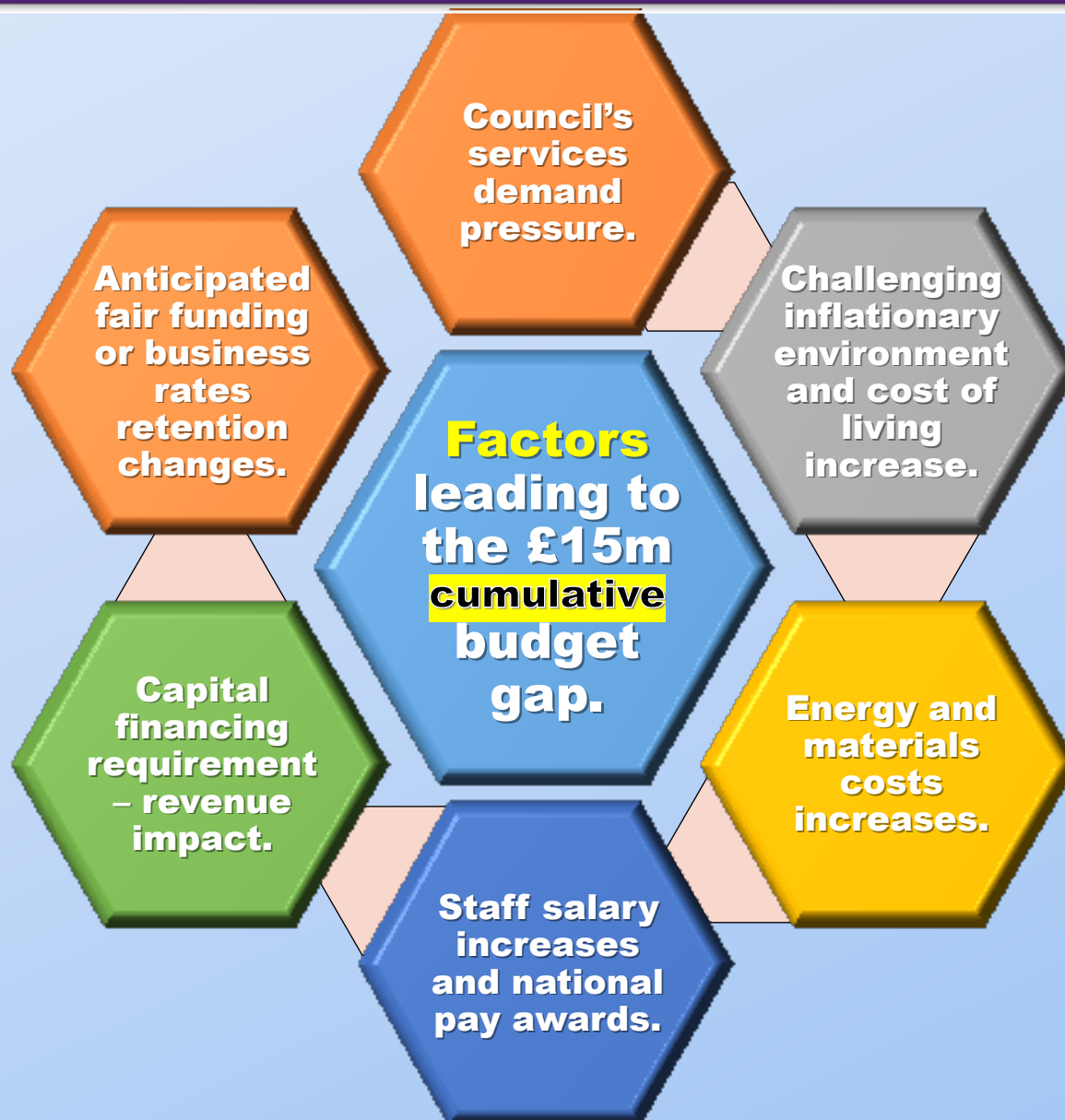
Medium Term Financial Forecast (excludes growth & savings)

Financial Forecast	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Net Revenue Expenditure Forecast	22,656	23,435	23,307	23,595
Deficit / (Surplus)	4,286	<b>4,501</b>	<b>4,961</b>	<b>4,751</b>
Cumulative Deficit	4,286	8,787	13,478	18,499

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	£'000
Inflationary pressures	1,601
Net interest payable	386
Collection fund adjustments	(1,599)
Energy cost increases	211
Revenue contribution to capital	(1,622)
Other service / technical changes	384
Net Movement in Reserves (removal from 22/23 base budget)	4,924
<b>Forecast MTFS Budget Deficit Before Growth and Savings Proposals</b>	<b>4,286</b>

# Projected MTFP/Budget Gap ?



# PBB: Priority-based budgeting

Seeks to ensure that budgets are set to ensure that a service area is resourced to deliver its priority areas, with any budget savings being made in areas that are considered lower priority. The core concepts are to -

- Prioritise services
- Eliminate unnecessary spending
- Question and challenge ongoing expenditures
- Budget within the Council means
- Understand the Council's commitments/expenditures
- Be transparent about community priorities
- Be accountable
- **Is it Discretionary or Statutory service?**

# The Star Chamber – Budget Meetings

- Star Chamber is an informal Cabinet member meeting supported by senior officers - met on the 3<sup>rd</sup> and 4<sup>th</sup> of October 2023.
- Its purpose is to challenge existing service provisions, budgets and spending plans with the aim of achieving better value for money and diverting resources into council priorities and away from non-priority areas.
- It also provides the framework and focus for achieving the financial savings targets included in the Medium-Term Financial Strategy.
- The October meeting considered financial, physical assets and human resource implications.



# PBB Savings & Growth Request

Department	Latest Approved controllable budget	Savings			Growth and income realignment requests
		12% Savings target	Saving achieved	Saving achieved %	
Finance, Strategy & Corporate Services	8,748,299	(1,049,796)	(638,314)	7.30%	199,450
Human Resources	640,239	(76,829)	(57,530)	8.99%	99,000
Governance & Law	3,200,390	(384,047)	(80,595)	2.52%	-
Leadership Support	743,720	(89,246)	(1,950)	0.26%	-
Place	3,341,039	(400,925)	(290,071)	8.68%	116,020
Economic Development	449,060	(53,887)	(101,410)	22.58%	-
Planning	165,317	(19,838)	(36,050)	21.81%	-
Operations	1,089,052	(130,686)	(654,510)	60.10%	188,240
Housing	2,974,300	(356,916)	(98,500)	3.31%	-
Waste Contract/income*	3,983,350	(478,002)	(136,000)	3.41%	75,850
<b>Total</b>	<b>25,334,766</b>	<b>(3,040,172)</b>	<b>(2,094,930)</b>	<b>8.27%</b>	<b>678,560</b>

# PBB Savings & Growth & Vacancies

Department	Latest Approved controllable budget	Saving achieved	Growth and income realignment	Vacancies adjustments	Revised Saving achieved
	£	£	£	£	£
Finance, Strategy & Corporate Ser.	8,748,299	(638,314)	199,450	219,988	(218,876)
Human Resources	640,239	(57,530)	99,000	24,230	65,700
Governance & Law	3,200,390	(80,595)	-	-	(80,595)
Leadership Support	743,720	(1,950)	-	-	(1,950)
Place	3,341,039	(290,071)	116,020	95,030	(79,021)
Economic Development	449,060	(101,410)	-	-	(101,410)
Planning	165,317	(36,050)	-	-	(36,050)
Operations	1,089,052	(654,510)	188,240	91,710	(374,560)
Housing	2,974,300	(98,500)	-	40,230	(58,270)
Waste Contract/income	3,983,350	(136,000)	75,850	-	(60,150)
Projected Vacancies Review savings				(2,032,404)	(2,032,404)
<b>Total</b>	<b>25,334,766</b>	<b>(2,094,930)</b>	<b>678,560</b>	<b>(1,561,216)</b>	<b>(2,977,586)</b>

# 2024/25 Savings and Budget Gap Summary

Description	<u>£</u>	<u>£</u>
<b>MTFS Budget Gap -</b>		<b>4,501,000</b>
Star Chamber/Officers achieved savings	(945,182)	
Transformation prog. savings	(2,032,404)	
Total Saving achieved		(2,977,586)
<b>Current 2024/25 Budget Gap =</b>		<b>1,523,414</b>

# Potential savings raised at the Star Chamber for members' consideration

<b><u>Waste Contract</u></b>	<b><u>£</u></b>
Lower Zone Z Standard To 2A – Street Cleansing	<b>(200,000)</b>
Reduce Litter Bins	<b>(30,000)</b>
Increase Bulky Waste Collection Fee	<b>(5,000)</b>
Above Inflationary Increase in Garden Waste Charge	<b>(30,000)</b>
Re-introduce the policy to charge for replacement residual waste bins	<b>(40,000)</b>
<b><u>Operations</u></b>	
Explore the transition of public toilets to Town Council & Parishes in 2024/25	<b>(157,000)</b>
Verge cutting – consider transfer service to KCC	<b>(98,612)</b>
On-Street Car Parking – (additional income range of £200k - £300k)	<b>(200,000)</b>
<b>Other – Civic Ceremonials – vehicle maintenance, etc.</b>	<b>(10,080)</b>

# Forward Look (draft timetable)

- Star Chamber meetings and budget policy setting – October 2023
- Re-pricing of new MTFS – October – for Cabinet/Council November
- Autumn Statement 2023 - 22 November 2023
- Budget Strategy and Fees and Charges - December 2023
- Consolidation of GF/HRA/Capital Budgets – December 2023
- Provisional Local Government settlement – December 2023
- CLT Review of budget, etc. - December 2023
- Council tax ( LCTS) and Business Rate baseline – Jan 2024
- Final Local Government settlement – Jan/Feb 2024
- Final GF/HRA/ Capital Budgets to Cabinet/Council Feb 2024

# Questions?

