



Agenda

Meeting: **Overview and Scrutiny Committee**
Date: **31 October 2023**
Time: **6.00 pm**
Place: **Council Chamber - Civic Centre, Folkestone**

To: **All members of the Overview and Scrutiny 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 Chair 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 (Pages 3 - 4)**

Members of the committee should declare any interests which fall under the following categories:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);

Queries about the agenda? Need a different format?

Contact Jake Hamilton – Tel:
Email: committee@folkestone-hythe.gov.uk or download from our
website
www.folkestone-hythe.gov.uk

c) voluntary announcements of other interests.

3. **Budget Update 2024/25 (Pages 5 - 20)**

The 2024/25 budget update presentation covers the following areas:

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

Members are asked to note –

- The general principles underpinning the Council's financial strategy to maintain a sustainable balanced budget position.
- Updates on actions taken so far in closing the projected Council's Medium Term Financial Strategy (MTFS) deficits.
- To consider and make recommendations to the Cabinet regarding other potential savings (**slide 13**) discussed at the Star Chamber.

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.

This page is intentionally left blank

Overview and Scrutiny Committee

Budget Update Session
31st 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
- Forward look (draft timetable)

Overview of Financial Strategy

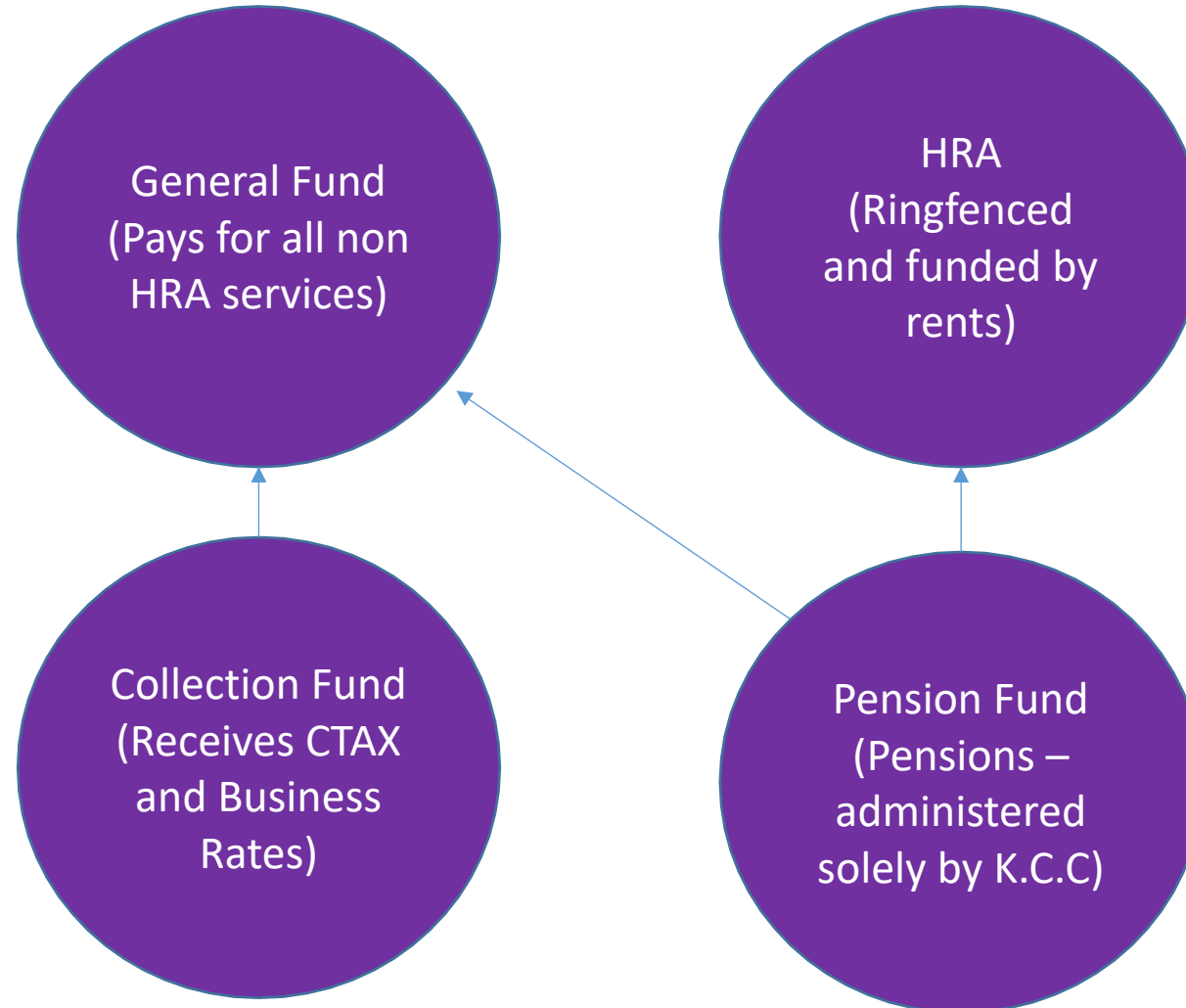
The general principles underpinning the Council's financial strategy are:

- 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%)

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

Folkestone
& Hythe



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

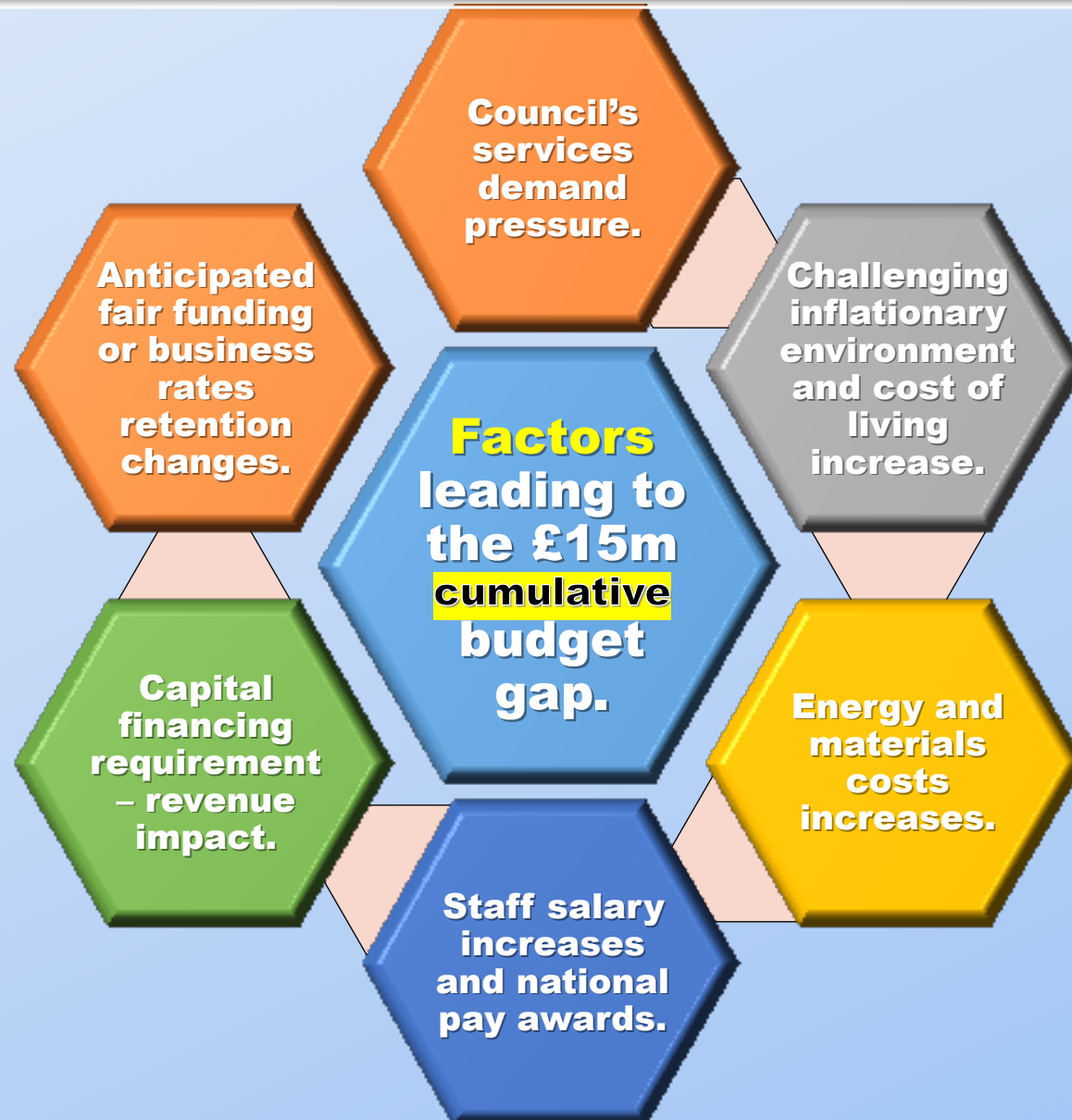
Medium Term Financial Forecast (excludes growth & savings)

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	4,501	4,961	4,751
Cumulative Deficit	4,286	8,787	13,478	18,499

Page 11

	£'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
Forecast MTFS Budget Deficit Before Growth and Savings Proposals	4,286

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 3rd and 4th 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
Total	25,334,766	(3,040,172)	(2,094,930)	8.27%	678,560

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)
Total	25,334,766	(2,094,930)	678,560	(1,561,216)	(2,977,586)

Potential savings raised at the Star Chamber for members' consideration

<u>Waste Contract</u>	£
Lower Zone Z Standard To 2A	(200,000)
Reduce Litter Bins	(30,000)
Increase Bulky Waste Collection Fee	(5,000)
Above Inflationary Increase in GW Charge	(30,000)
Re-introduce the policy to charge for replacement residual waste bins	(40,000)
<u>Operations</u>	
Close/not provide toilet cleaning service - exploring transition to TC & Parishes in <u>2024/25</u>	(157,000)
Verge cutting - not a statutory service	(98,612)
On-Street Car Parking – (additional income range of £200k - £300k)	(200,000)
Other – Civic Ceremonials – vehicle maintenance, etc.	(10,080)

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?

This page is intentionally left blank