

Finance and Performance Scrutiny Sub-Committee

Held at:	Council Chamber - Civic Centre Folkestone
Date	Tuesday, 23 January 2024
Present	Councillors Laura Davison, Alan Martin (In place of David Godfrey) and Connor McConville (Chair).
Apologies for Absence	Councillors James Butcher, David Godfrey and John Wing.
Officers Present:	Jake Hamilton (Committee Services Officer), Lydia Morrison (Interim S151 Officer) and Ola Owolabi (Chief Financial Services Officer).
Others Present:	Councillor Tim Prater.

17. **Declarations of interest**

There were no declarations of interest.

18. **General Fund Revenue Budget Monitoring - 3rd Quarter (Q3) 2023/24**

Ola Owolabi, Chief Financial Services Officer introduced the item.

The report set out the financial monitoring information for the Council as at 1 December 2023, i.e., Q3 of 2023/24. The report provided Members with an overview of budget performance, including an overview of reserves and balances, to enable the Committee to take ownership of the budgets and provide robust challenge and scrutiny to Officers on the performance of those budgets. At the end of Quarter 3, there is a favourable end of the financial year projected position of £458k on the Council's revised net revenue expenditure budget, of £22.2m. This position is based on budget activities as at 1 December 2023, projected trends in income and expenditure and changes to Council funding.

Following the Chief Financial Services Officer presenting the report, members raised several points, including:

- Are we expecting the Q2 variants to reduce further come end of year? – The council should expect an improved position.
- Members asked for a further explanation in relation to the earmarked reserves between Q2 and Q3. – When the budget was set back in February 2023 an amount was set aside to deal with those expenditures over the line. However, between Q2 and Q3 there has been movement in those earmarked reserves i.e. transformation reserves, which was set aside to deal with the council restructure and transformation 2.0 project.
- Have any of the overall underspends as outlined in the report caused particular concern for officers? – Both leadership and the S151 officer are satisfied with the outcome.
- Members requested a further explanation on the key changes/direction of the underspends – It was necessary for the council to reduce the outgoings from the reserves in order to balance the budget.
- At what point does the savings from the Star Chamber process come into effect? – Not until year end.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/78).

19. **General Fund Capital Programme - Quarter Three (Q3) Budget Monitoring 2023/24**

Ola Owolabi, Chief Financial Services Officer introduced the item.

The monitoring report provided an initial projection of the current financial position for the General Fund capital programme profiled for 2023/24, based on expenditure to 1 December 2023, and identifies variances compared to the latest approved budget.

Following the Chief Financial Services Officer presenting the report, Members raised several points, including:

- On reviewing the Q3 variances as set out in the report, members noted that there is a £8,171,000 variance in capital grants and requested an explanation? – Some of the capital grants are ringfenced for particular projects, i.e. LUF of which certain aspects of the project must be completed by 2025.
- Does the council anticipate any changes from now until year end? – Some projects are due to end before March 2024. Also, ongoing discussion with DLUHC regarding LUF.
- Does the council have a sense of the predicted variance come year end? – The council cannot confirm an exact number at this time.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/79).

20. **HRA Budget Monitoring Quarter 3 (Q3)**

Ola Owolabi, Chief Financial Services Officer introduced the item.

The monitoring report provided a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 1 December 2023.

Following the report being presented to members, several points were raised, including:

- Why couldn't the pension costs be accounted for? – The increase in pension interest costs is due to the costs being based on actuals for 2022/23, whereas budget was based on the estimates before the triennial pension revaluation was completed.
- Re-profiling of the £1,747,000 revenue contributions to capital expenditure – The 1,747,000 is a projection come end of year.
- Members asked for clarification on non price per property and the £530,000 Repairs and Maintenance variance – The term non price per property means unexpected/unforeseen costs, outside of the contracts. The increase in repairs and maintenance is largely due to Mears's non price per property being higher than anticipated (2.4 of the report).
- Members asked for an update in relation to the increase in disrepair claims. – This question has been referred to the Chief Officer of Housing.
- Has the increase in heating and services contracts as per 2.5 of the report caused issues? - This question has been referred to the Chief Officer of Housing.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/77).

21. **Draft General Fund Budget 2024/25**

Ola Owolabi, Chief Financial Services Officer introduced the item and outlined the report.

The report set out the Council's Draft General Fund budget for 2024/25 and the updated MTFS.

Following the Chief Financial Services Officers outline, members raised several points, including:

- How will the reduction in staff saving impact services, especially frontline services? – Details will/have been presented to the Personnel Committee. But in general terms the council has protected frontline

services, restructured services, removing vacant post and disbanded the corporate case model, providing more efficient services.

- As per Appendix 1, page 64 of the agenda, under the heading 'Place Summary' EE20 Folkestone Sports Centre shows a reduction variance of £50,000, from £150,000 to £100,000, is this correct? – Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance, confirm this was an error in the report. The Grant finding for Folkestone Sport Centre continues to be £150,000.
- As per the MTFs Gap – Cabinet 13 December 2023 table, at 2.9 of the report, shows an additional growth-waste service of £47,000, however, the budget details show a household waste increase of £281,000 and recycling increase of £200,000? – The £47,000 additional growth to waste services is for the recruitment of an additional post to oversee the management of the waste contract.
- Members noted from the report a reduction of in the members ward grants – This was a reduction discussed in the Star Chamber process, it was proposed that the members ward grant should reduce from £3,000 to £2,500 per councillor. Councillor Tim Prater, Deputy Leader and Cabinet for Finance and Governance, advised members, that both he and the leader will be proposing to Cabinet to cease their SRA's as Deputy Leader and Leader and that monies saved should be reintroduced into the Members Ward Grants.
- Why are the budget lines to Otterpool Park and Westernhanger Castle not recharged to Otterpool Park LLP? – Until they are formally transferred out, Folkestone and Hythe as the proprietor must take ownership. There is guidance on what we can and cannot recharge. However, this is constantly reviewed by the team.
- Members raised concern regarding Connect 38 and the increased pressures.
- Members asked whether there was a more detailed summary of the priority-based budget saving figures? – Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance, gave a brief outline, however, officers confirmed details can be disclosed in future meetings.

Proposed by Councillor Connor McConville,
Seconded by Councillor Laura Davison; and,

Resolved:

- 1. To receive and note report C/23/83; and,**
- 2. To recommend to Cabinet that they approve, any recommendation brought for the relinquishment of both the Leader and Deputy Leaders SRA's in order for the money saved to be reintroduced to the members ward grants.**

22. Draft Housing Revenue Account Revenue and Capital Original Budget 2024/25

Ola Owolabi, Chief Financial Services Officer introduced the item.

The report set out the Housing Revenue Account ('HRA') Revenue and Capital Budget for 2024/25 for approval and proposes an increase in weekly rents and an increase in service charges for 2024/25 both for approval.

Two typo errors were noted on table 1 of 2.1 of the report; 'Original estimate of balance at 31 March 2023' this should in fact state 31 March 2024 and the last row of the table 'Original estimate of balance at the 31 March 2024' this should state 31 March 2025.

Following the Chief Financial Services Officer update, members raised several points, including:

- As at paragraph 2 (3.2 of the report) if the council were to not agree the proposed rent increase of 7.7%, what is the figure per percentage? – The exact figure could not be provided; however, it is estimated at £100,000 per year.
- Can a further explanation be given in relation to the plan for shared ownership rents? – This question has been referred to the Chief Officer of Housing.
- Members asked for a further explanation in relation to 3.5.2 of the report, Heating Charges in Sheltered Housing, paragraph 3, 'sheltered housing schemes should be set at actual cost of 10% increase' – This question has been referred to the Chief Officer of Housing.
- How often will the HRA business plan be reviewed and updated? – This question has been referred to the Chief Officer of Housing.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/85).

23. Update to the General Fund Medium Capital Programme

Ola Owolabi, Chief Financial Services Officer introduced the item.

The report updates the General Fund Medium Term Capital Programme for the five-year period ending 31 March 2029. The General Fund Medium Term Capital Programme is required to be submitted to full Council for consideration and approval as part of the budget process.

Members raised several points, including:

- Large amount of funding earmarked for leisure centre funding – These are provision sums, pending project decision. The project would need to be financially sustainable. Members would be asked to approve funding once business cases are brought forward.

- As per table at 4.5 of the report, internal resources to fund MTCP. How will funding go back into reserves? – DLUHC grant money as and when it becomes available.
- As per appendix 1, the comments in the table show certain projects completing this financial year. If completed would these projects be removed from the MTCP? Those projects have been carried forward to 2024/25 in the event of slippage.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/84).