



Agenda

Meeting: **Cabinet**
Date: **12 February 2025**
Time: **5.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Cabinet**

All Councillors for information

The cabinet will consider the matters listed below on the date and at the time and place shown above.

This meeting will be webcast live to the council's website at
<https://folkestone-hythe.public-i.tv/core/portal/home>.

Please note there will be 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 5 - 6)

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

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

3. Minutes (Pages 7 - 12)

To consider and approve, as a correct record, the minutes of the meeting

Queries about the agenda? Need a different format?

Contact Jemma West – Tel: 01303 853369
Email: committee@folkestone-hythe.gov.uk or download from our website
www.folkestone-hythe.gov.uk

held on 22 January 2025.

4. Housing Domestic Abuse Policy (Pages 13 - 38)

As part of the council's work to achieve Domestic Abuse Housing Alliance (DAHA) accreditation, one of the requirements is for a standalone Housing Domestic Abuse Policy. DAHA is a benchmark in the UK for detailing how housing providers should respond to domestic abuse, and therefore reassures survivors of domestic abuse in the district that they can approach the council's Housing teams, as we will adopt a survivor-led approach and provide appropriate support depending on the circumstances of the individual and their needs.

5. Draft Local Plan Timetable (Pages 39 - 62)

The Deputy Prime Minister has asked all local planning authorities to produce an updated Local Development Scheme (LDS) within 12 weeks of the publication of the new National Planning Policy Framework (NPPF) on the 12 December 2024. Local authorities therefore need to submit a new LDS no later than 6 March 2025. This requirement is set out in a letter from the Deputy Prime Minister and a guidance note to Chief Planning Officers, although how the request fits with the new local plan system is unclear. This report provides Cabinet with the proposed revised Local Plan Timetable which, if agreed, will be published on the council's website and sent to government by the deadline.

6. Otterpool Park: Solar Park and Smart Grid Business Case update (Pages 63 - 112)

This report presents the work undertaken following approval of the recommendations in cabinet report C/23/66 in December 2023 and brings members up to date with the business case for the solar park and connected smart grid at Otterpool Park. The report examines the requirements to develop the electricity infrastructure to supply residents and businesses located in Otterpool Park recognising the environmental and economic context. The success criteria of the business case includes; creating a credible pathway to a net-zero exemplar development, optimising the Council's / Otterpool Park LLP's income, minimising any governance risk and having no capital investment requirement for the Council.

The preferred solar park developer SNRG Ltd working with Otterpool LLP and the Council have identified that the combination of the smart grid and solar park (phase 1) meet the success criteria listed above for the Council.

7. HRA Budget Monitoring Quarter 3 (Pages 113 - 122)

This monitoring report provides the Finance and Performance Scrutiny Sub-committee ('F&PSC') with a draft of the Cabinet report for the

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 31 December 2024.

8. Draft General Fund Revenue Budget Monitoring - 3rd quarter (Q3) 2024/25 (Pages 123 - 136)

This report sets out the financial monitoring information for the Council as at the end of the 3rd Quarter (Q3) in 2024/25. The report provides Members with an overview of budget performance, including an overview of reserves and balances, to enable the Cabinet take ownership of the budgets and provide robust challenge and scrutiny to the officers on the performance of those budgets. At the end of Quarter 3, there is an end of the financial year projected position of £10k overspend on the Council's revenue budget of £19.5m before the use of earmarked reserves, this is an improved position from the £94k overspend on the report presented to Finance & Performance Sub – Committee on the 4th of February 4, 2025. The change is as result of confirmation of reduction in pension strain. This position is based on activity at the end of December 2024, projected trends in income and expenditure and changes to Council funding.

9. Draft General Fund Capital Programme Budget Monitoring 2024/25 - 3rd quarter (Q3) (Pages 137 - 144)

This monitoring report provides an initial projection of the current financial position for the General Fund capital programme for 2024/25, based on expenditure to 31 December 2024, and identifies variances compared to the latest approved budget.

10. Draft General Fund Budget and Council Tax Resolution 2025/26 (Pages 145 - 302)

This report sets out the Council's Draft General Fund budget for 2025/26 and the updated MTFS.

11. Draft Housing Revenue Account Revenue and Capital Original Budget 2025/26 and Housing Rent Setting Budget report 2025/26 (Pages 303 - 320)

This report sets out the Housing Revenue Account ('HRA') Revenue and Capital Budget for 2025/26, Housing Revenue Account ('HRA') Rent Setting for 2025/26 and proposes an increase in weekly rents and an increase in service charges for 2025/26, both for approval by both Cabinet and Council for recommendation to Council.

12. Draft Capital Strategy 2025/26 and Minimum Revenue Provision Statement 2025/26 (Pages 321 - 334)

This report sets out the Council's proposed strategy in relation to capital expenditure, financing, and treasury management in 2025/26 to be

approved by full Council. The report also sets out the Prudential Indicators for capital expenditure and the Minimum Revenue Provision Statement for 2025/26 to be approved by full Council.

13. Draft Treasury Management Strategy statement 2025/26 (Pages 335 - 360)

This Treasury Management Strategy Statement sets out the Council's proposed strategy for its treasury management activities for 2025/26, including Treasury Management Prudential Indicators

14. Draft Investment Strategy 2025/26 (Pages 361 - 376)

This report sets out the Council's proposed strategy for its service and commercial investments in 2025/26 to be approved by full Council.

15. Update to the General Fund Medium Term Capital Programme 2025/26 (MTCP) (Pages 377 - 398)

This 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.

Agenda Item 2

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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Minutes

Cabinet

Held at:	Council Chamber - Civic Centre Folkestone
Date	Wednesday, 22 January 2025
Present	Councillors Mike Blakemore, Polly Blakemore, Gary Fuller, Rich Holgate, Jim Martin (Chairman), Tim Prater (Vice-Chair), Stephen Scoffham, Rebecca Shoob and Jeremy Speakman
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Piran Cooper (Strategy & Planning Policy Officer), Ewan Green (Director of Strategy and Resources), Kerry Petts (Private Sector Housing Team Leader), Susan Priest (Chief Executive), Adrian Tofts (Strategy and Policy Manager), Jemma West (Democratic Services Team Leader), David Whittington (Strategy & Planning Policy Team Leader) and James Wilderspin (Climate Change Specialist)

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is 31 January 2025 at 5pm. Decisions not called in may be implemented on Monday 3 February 2025.

58. **Declarations of Interest**

There were no declarations of interest at the meeting.

59. **Minutes**

The minutes of the meeting held on 11 December 2024, were submitted, approved, and signed by the Leader.

60. **Private Sector Housing Assistance Policy Review**

The report highlighted the changes to the Housing Assistance Policy which have been in response to budget changes, changes to the policy framework for the Better Care Fund and the need to review eligibility criteria for types of assistance offered. This will offer clarity, fairness and ensure best use of the

funds available to achieve the requirements set out in government guidance and policy frameworks. The policy is submitted with the report.

Proposed by Councillor Shoob,
Seconded by Councillor J Martin; and

RESOLVED:

1. **That report C/24/63 be received and noted.**
2. **That the reviewed Private Sector Housing Assistance Policy be agreed.**
3. **That the Director of Housing and Operations be given delegated authority for the approval of any changes to the policy after the public consultation period (of a minor nature).**

(Voting figures: 9 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

The recommendations were supported because:

- 1) The policy supports the continued investment in improvement of the housing stock of the district. It continues to enable more vulnerable and sick people who are on low incomes to remain in their homes for longer, thus preventing them from being admitted to hospitals and care systems for as long as possible. It also enables timely discharge from hospital where housing conditions are preventing discharge.
- 2) The changes in the level of funding for Disabled Adaptations, means that our policy needs to be updated to take these changes into account and continue to allow the council to use the funding in innovative ways. The complexity of residents' needs has increased alongside building costs. The reviewed policy allows the council to adapt to these changes and to allow for discretion in allocating funding as fairly as possible.
- 3) The review has also provided further clarity around service provision and eligibility criteria for residents.
- 4) New schemes have been introduced since the last policy review to allow for helping more residents (e.g. Hoarding disorder support and assistance for those living with Parkinson's, Alzheimer's and Dementia).

61. KCC grass cutting

The report followed up on recommendations agreed as part of a previous report (Hand Back the Kent County Council (KCC) Highway Grass Cutting Service)

presented to Cabinet in December 2023 (C/23/61). The following recommendations were agreed:

- Reduce the rural swathe cut to the required KCC frequency of 1 rather than the 2 cuts that Folkestone & Hythe District Council (FHDC) currently provides for the 24/25 financial year.
- Deferment of a decision and hand back the KCC contract in 12 months for the 25/26 financial year, to ensure a smooth transfer.
- To explore retaining some high-profile areas to enhance the appearance of the district and report back to Cabinet with proposals.

The report updated Members as follows:

- Update on the transfer of the service to KCC for April 1st 2025.
- Potential high-profile areas to be retained under FHDC control.
- Loss of seasonal flower beds within the KCC highway land handed back.
- Financial Overview.

Proposed by Councillor Speakman,
Seconded by Councillor Prater; and

RESOLVED:

1. **That report C/24/64 be received and noted.**
2. **To hand back all the verges including the proposed high profile areas,**
3. **To note the loss of the highway verge seasonal flower beds.**
4. **To note the projected savings for the 25/26 budget and beyond.**

(Voting figures: 9 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

To reduce the grounds maintenance budget, to help the council meet its overall financial deficit as per the star chamber exercise in 2023.

62. Folkestone & Hythe District Heritage Strategy

The Folkestone & Hythe District Heritage Strategy has been reviewed and updated. It is intended that the heritage of the district should play a clear and positive role in its future. While the primary purpose of the Heritage Strategy is to address local planning needs, it is designed to address much more than that. It has been written to explain the substantial benefits and real value that conservation of the historic environment and heritage assets, their recognition and use can bring to the district.

Proposed by Councillor Holgate,
Seconded by Councillor J Martin; and

RESOLVED:

- 1) That report C/24/65 be received and noted.

- 2) That the updated Folkestone & Hythe District Heritage Strategy set out in Appendix 1 be noted.
- 3) That the updated strategy be approved for a further focused public consultation; and
- 4) That delegated powers be given to the Director of Strategy and Resources to make any minor amendments following the consultation, prior to finalising the Heritage Strategy as an evidence document to inform the new local plan.

(Voting figures: 9 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

Although the strategy has been subject to past public consultations and scrutiny at two local plan examinations in public, it has now been reviewed and updated. A final focused formal public consultation would help ensure that this revised draft carries greater weight.

63. Folkestone & Hythe District Green Grant Programme

The report proposed a new Green Grant Programme aimed at fostering community engagement, climate resilience, and enabling sustainable practices throughout the district. The new green grants programme will invite local groups, businesses, and organisations such as schools, town and parish councils, to take the lead in carbon reduction efforts by providing financial support for a variety of environmentally focused projects. With a total budget of £250,000 allocated from 2025 to 2027, and with up to 80% of the project costs covered by the grants. The programme will build upon the successes of the previous 'green business grant scheme' and expand eligibility to a broader range of stakeholders and a wider range of grant categories.

During the debate, an additional recommendation was suggested, and was accepted by the proposer and seconder.

Proposed by Councillor Scoffham,
Seconded by Councillor J Martin; and

RESOLVED:

1. **That the establishment of the Folkestone & Hythe Green Grant Programme and the proposed process and criteria for providing grants to local community groups and businesses be approved as set out below.**
2. **That the proposed utilisation of £250,000 to operate the Folkestone & Hythe Green Grant Programme be approved.**
3. **That the proposed establishment of a decision panel to make decisions on grant applications as set out in paragraph 3.6 be approved.**

4. **On an exceptional basis, with the support of the decision panel, microgrants to have the flexibility to accept proposals requiring up to 100% funding.**

(Voting figures: 9 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

To help fulfil the commitment of the 2019 climate change declaration, for the council to play a leadership role in promoting community, public and business partnerships for the Carbon Neutral 2030 Commitment throughout the District. This scheme will support the priorities and objectives of the council's draft District-wide Carbon Plan.

64. Ship Street Development - Update

The report provided Cabinet with an update on progress at the Ship Street development including the revised planning strategy for the site and the financial and programme implications of this. Additionally, the report sought approval from Cabinet to dispose of the site to enable a housing led development to be brought forward.

Proposed by Councillor J Martin,
Seconded by Councillor Speakman; and

RESOLVED:

1. **That report C/24/67 be received and noted.**
2. **That the works carried out to date be noted.**
3. **That the complex issues around the site viability be noted.**
4. **That the updated planning strategy which includes the submission of an outline planning application be approved.**
5. **To note the additional funding requirement of £125k to support the new planning strategy and site marketing and disposal exercise and recommend to Full Council that this is approved.**
6. **That officers instruct agents to market the site to find a suitable development partner.**
7. **That delegated authority be provided to the Director of Housing and Operations to agree the commercial terms of any disposal, seeking best value for the council.**
8. **That delegated authority be provided to the Director of Housing and Operations to undertake any further tasks associated with obtaining outline planning permission and disposing of the site.**
9. **That the project timeline and next steps be noted.**

(Voting figures: 9 for, 0 against, 0 abstentions).

REASONS FOR DECISION:

This report sought approval for additional budget arising from the extra fees to fund the design and planning work required to implement the updated planning strategy which will be the submission of an outline planning consent as well as the cost of the marketing and agency activities to facilitate the disposal of the site. This approach is required to optimise the attractiveness of the site across the market, in terms of the ability for developers to bring forward their own schemes within the parameters of an outline consent. The approval of the site disposal is required to enable the market to bring forward this vital regeneration scheme.

This Report will be made public on 4 February 2025

Report Number

C/24/79

To: Cabinet
Date: 12 February 2025
Status: Non-Key Decision
Responsible Officer: Gill Butler, Chief Officer – Housing
Cabinet Member: Councillor Rebecca Shoob, Cabinet Member for Housing & Homelessness

SUBJECT: **HOUSING DOMESTIC ABUSE POLICY**

SUMMARY:

As part of the council's work to achieve Domestic Abuse Housing Alliance (DAHA) accreditation, one of the requirements is for a standalone Housing Domestic Abuse Policy. DAHA is a benchmark in the UK for detailing how housing providers should respond to domestic abuse, and therefore reassures survivors of domestic abuse in the district that they can approach the council's Housing teams, as we will adopt a survivor-led approach and provide appropriate support depending on the circumstances of the individual and their needs.

REASONS FOR RECOMMENDATIONS:

Adopting a Housing Domestic Abuse Policy is a key requirement for the council to achieve Domestic Abuse Housing Alliance accreditation. The policy is essential in providing our tenants and housing clients who experience or perpetrate domestic abuse with clear and succinct information about what they can expect from the housing service's domestic abuse response.

RECOMMENDATIONS:

1. **To receive and note report C/24/79.**
2. **To approve the Housing Domestic Abuse Policy as set out in Appendix 1.**

1. BACKGROUND

- 1.1 The council has signed a Service Level Agreement (SLA) with Kent County Council (KCC) for the Domestic Abuse Housing Alliance (DAHA) membership and accreditation process. KCC has paid our fee via grant funding they have received from central government.
- 1.2 One of the key requirements in order for us to achieve DAHA accreditation is that we must have a Housing Domestic Abuse Policy in place. Using best practice examples from other housing providers, officers have developed a Housing Domestic Abuse Policy for the council, as set out in Appendix 1.
- 1.3 Separate domestic abuse procedures have also been created for the Housing Landlord service and for the Housing Options service. These are internal documents for officers to refer to for detailed guidance to ensure they comply with the policy when dealing with cases of domestic abuse (DA).
- 1.4 The council is also required to have a Staff Domestic Abuse Policy in order to achieve DAHA accreditation. This policy does not require councillor approval as it does not affect staff's terms and conditions of employment, therefore the Staff Domestic Abuse Policy will be presented to Corporate Leadership Team in February 2025 ahead of it being formally adopted in March 2025.

2. HOUSING DOMESTIC ABUSE POLICY

- 2.1 The overarching objectives of the policy are to:
 - Set out how the council will recognise and respond to incidents of domestic abuse (DA)
 - Detail how the council will work with other agencies to facilitate support for survivors of DA and their children
 - Support and safeguard survivors of DA (including children) wherever possible
 - Ensure that staff are clear and confident about the council's approach to DA and are confident in providing a consistent, sensitive and confidential service
 - Hold perpetrators of DA to account for their actions
 - Ensure that cases of DA are robustly monitored to identify and explore opportunities for improvement
- 2.2 Officers from the Housing team have worked closely with the Organisational Development team to ensure that all staff are provided with training (which is also a requirement to achieve DAHA accreditation). This will help to ensure that staff are confident in how to manage DA cases and provide a survivor-led and supportive environment to offer the most appropriate assistance to the person based on their circumstances.

2.3 Wherever possible, the policy will be introduced in our existing workflows to avoid any confusion amongst staff and to ensure that anyone experiencing DA within the district can be offered the appropriate help and support depending on their situation, and ultimately ensure residents' safety and wellbeing, as well as ensuring the wellbeing of council staff managing these cases.

3. CONSULTATION

- 3.1 Internal consultation has taken place with managers across the housing teams and with the council's Safeguarding Officer, who have fed back on some changes which have been included in the policy. Corporate Leadership Team have also had sight of, and are happy with, the policy.
- 3.2 Our DAHA Regional Lead has been consulted on and provided input into the policy.

4. OPTIONS

4.1 To approve the Housing Domestic Abuse Policy as set out in Appendix 1 – recommended option

This is the recommended option because the council is required to have a Housing Domestic Abuse Policy in place in order to achieve DAHA accreditation. The policy has been developed based on best practice from other providers, and our DAHA Regional Lead has confirmed they are happy with the content.

4.2 To make changes to the Housing Domestic Abuse Policy

This option is not recommended because the policy has been developed based on best practice and according to DAHA's requirements.

4.3 Not to approve the Housing Domestic Abuse Policy

This option is not recommended because the council is required to have a Housing Domestic Abuse Policy in place in order to achieve DAHA accreditation. Not approving the policy would delay the accreditation process, as it would require officers to develop a different version of the policy, whereas the current version has been developed based on best practice and according to DAHA's requirements.

5. RISK MANAGEMENT ISSUES

- 5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Non-compliance with the policy leads to clients who are experiencing	High	Low	Domestic abuse awareness and skills training has already been booked in for all housing staff and will

domestic abuse not receiving support			be completed by the end of March 2025. Domestic abuse cases will be monitored via regular staff supervision. We have also established a network of Domestic Abuse Champions who will provide advice and support to officers dealing with domestic abuse cases.
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6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (NM)

We have signed a Service Level Agreement (SLA) with Kent County Council (KCC) which requires us to achieve DAHA accreditation. The SLA states that where no work is completed to achieve DAHA accreditation, KCC reserves the right to terminate the SLA and request full cost recovery from FHDC. However, work is underway so this is not expected to be an issue. There may potentially be some involvement from the council's Legal team if any decisions made by the Housing Options team related to DA were to go to judicial review, although again this is deemed unlikely.

6.2 Finance Officer's Comments (JS)

KCC grant funding has already funded the assessment and accreditation fees up to and including 2024/25; however, if no further funding is available, the accreditation fee for 2025/26 will need to be funded from the council's existing budgets, therefore provision will be made for this in case it is required. The training already arranged for staff has been funded from within existing budgets. There may be further training costs in future years if the council seeks reaccreditation, as this requires training to be repeated every three years; this will be factored into the budget setting process.

6.3 Diversities and Equalities Implications (MB / KB)

An Equalities Impact Assessment initial screening has been carried out in accordance with procedure, as set out in Appendix 2. No adverse impacts have been identified and therefore a full Stage 2 Equalities Impact Assessment is not required. Domestic abuse can affect people of all protected characteristics. Achieving DAHA accreditation will seek to improve our response to instances of domestic abuse for all survivors, regardless of their protected characteristics.

6.4 Climate Change Implications (MB / KB)

There are no climate change implications arising directly from this report.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Mike Bailey, Tenant Engagement & Wellbeing Manager
Telephone: 01303 853270
Email: michael.bailey@folkestone-hythe.gov.uk

Kathy Butler, Senior Homelessness Reviews & Service Improvement Officer
Telephone: 01303 853430
Email: kathy.butler@folkestone-hythe.gov.uk

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

None.

Appendices:

Appendix 1: Housing Domestic Abuse Policy
Appendix 2: Equalities Impact Assessment Initial Screening

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DOMESTIC ABUSE POLICY

HOUSING

Date of policy	February 2025
Date for review	February 2028
Policy authors	Mike Bailey, Tenant Engagement & Wellbeing Manager Kathy Butler, Senior Homelessness Reviews & Service Improvement Officer
Policy owners	Mike Bailey, Tenant Engagement & Wellbeing Manager Kathy Butler, Senior Homelessness Reviews & Service Improvement Officer
Approved by	Cabinet
Associated documents	Tenancy Strategy Housing Management Policy Housing Allocations Policy Housing Anti-Social Behaviour Policy Housing Enforcement Policy Children, Young People & Vulnerable Adults Safeguarding Policy Equality & Diversity Policy

Revision history			
Version	Date	Revision description	Policy author
1	November 2024	New policy	Mike Bailey &

			Kathy Butler
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NEW POLICY / POLICY REVIEW

New policy	Yes
Early review – change in legislation	
Early review – significant changes in practice	
Review due – significant changes	
Review due – cosmetic changes or unchanged	
Other reason	

Reason for new policy / summary of changes

As part of the council's work to achieve the Domestic Abuse Housing Alliance (DAHA) accreditation, one of the requirements is for a standalone Housing Domestic Abuse Policy. This is essential in providing our tenants and housing clients who experience or perpetrate domestic abuse with clear and succinct information about what they can expect from the housing service's domestic abuse response.

CONSULTATION

List of people/roles who have been consulted	Date
Chief Officer, Housing	November 2024
Neighbourhood Services Manager	November 2024
Housing Strategy & Homelessness Manager	November 2024
Housing Advice & Preventions Team Leader	November 2024
Senior Housing Accommodation Officer	November 2024
Senior Housing Strategy & Initiatives Officer	November 2024
Private Sector Housing Manager	November 2024
Housing Assets Lead Manager	November 2024
Community Partnerships Manager	November 2024
Safeguarding Officer	November 2024
Domestic Abuse Champions	November 2024

EQUALITY IMPACT ASSESSMENT

Completed	Date
Yes	January 2025

DISSEMINATION

Role	Awareness	Essential
All Housing Operations staff		Yes
All Housing Strategy & Homelessness staff		Yes
All Housing Assets staff	Yes	

All Housing Customer Support staff	Yes	
All Housing Income staff	Yes	

TRAINING		
Role	Trainer	Date completed
All Housing Operations staff	Women's Aid	January to March 2025
All Housing Strategy & Homelessness staff	Women's Aid	January to March 2025
All Housing Assets staff	Women's Aid	January to March 2025
All Housing Customer Support staff	Women's Aid	January to March 2025
All Housing Income staff	Women's Aid	January to March 2025

MONITORING AND COMPLIANCE		
Method	Responsibility	Frequency
Case reviews and audits	Housing Managers	Monthly
Internal audit	East Kent Audit Partnership	As required

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1. Introduction

- 1.1 Domestic abuse does not discriminate. It can have a prolonged impact on the health and wellbeing of those affected. Folkestone & Hythe District Council (F&HDC)'s Housing Service has an important role in recognising domestic abuse and supporting survivors to access appropriate advice and support, as well as access to safe accommodation away from the perpetrator.
- 1.2 The safety of our residents and communities is of paramount importance to us. We believe that all forms of domestic abuse are unacceptable, and this policy sets out not only our responsibilities under the Domestic Abuse Act 2021, but also what actions we will take to support domestic abuse survivors (including children) in partnership with other agencies.
- 1.3 The council is committed to ensuring the health, wellbeing and safety of all tenants and staff. We have a zero tolerance approach to domestic abuse. Anyone who is experiencing, or has experienced, domestic abuse should be able to raise this with the council, without fear of stigmatisation, whilst being provided with sufficient and appropriate support.
- 1.4 We recognise that domestic abuse can be experienced by anyone regardless of gender, sexuality or any other protected characteristic, though it does disproportionately affect women. Additionally, people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse. Our response to any individual disclosing domestic abuse will be non-judgmental and survivor-focused.

2. Purpose of the policy

- 2.1 This policy, together with the council's internal Housing Domestic Abuse Procedures, sets out how the council's Housing Service will recognise and respond to incidents of domestic abuse (DA), and work with other agencies to facilitate support for survivors of DA and their children.
- 2.2 The policy demonstrates how the council will meet its legal obligations and inform survivors what they can expect from us regarding their safety, including how we work in collaboration with external agencies to alleviate and prevent domestic abuse.
- 2.3 The policy extends to residents as defined in section 11 of this document (including people in temporary accommodation) and homelessness assistance applicants or homeless applicants.
- 2.4 For council staff who may be experiencing DA, please refer to the council's Staff Domestic Abuse Policy.

3. Definition of domestic abuse

3.1 The council uses the definition of domestic abuse as set out in the Domestic Abuse Act 2021, which defines domestic abuse as:

“The behaviour of one person towards another who are each aged 16 or over and are personally connected to each other, and the behaviour is abusive”.

3.2 Personally connected refers to those who are intimate partners, ex-partners, family members or individuals who share parental responsibility for a child. There is no requirement for the survivor and perpetrator to live in the same household.

3.3 The 2021 Act (which can be viewed in full here <https://www.legislation.gov.uk/ukpga/2021/17/contents>) defines behaviour as abusive if it consists of any of the following:

- a) Physical or sexual abuse
- b) Violent or threatening behaviour
- c) Controlling or coercive behaviour
- d) Economic abuse
- e) Psychological, emotional or other abuse

It does not matter whether the behaviour consists of a single incident or a course of conduct. Stalking, female genital mutilation (FGM) and forced marriage are all offences in their own right but may also be demonstrative of domestic abuse.

4. Policy objectives and scope

4.1 The aim of this policy is to support and safeguard survivors of domestic abuse, including their children, wherever possible.

4.2 The specific objectives of this policy are that:

- a) Residents experiencing domestic abuse are aware of the support which the council's Housing Service can provide them, and that this service is accessible, supportive, effective and survivor-focused
- b) The council works collaboratively with knowledgeable and specialist partner agencies towards the prevention of domestic abuse within our housing stock and those who are made homeless as a result of domestic abuse
- c) Staff are clear and confident about the council's approach to domestic abuse and receive necessary training and support to deliver a consistent,

sensitive and confidential service. This will involve raising awareness of domestic abuse and its indicators amongst relevant staff

- d) We provide housing support and solutions that are appropriate to the needs of the survivor/s and hold perpetrators to account for their actions, whilst maintaining the primary focus upon the safety of the survivor/s and their children
- e) The council's service for survivors of domestic abuse, including their children, is robustly monitored to identify and explore opportunities for improvement

4.3 We will also aim to intervene early to address domestic abuse and prevent further abuse.

4.4 We will hold perpetrators to account for their actions with a focus on rehabilitation and maintaining the safety of the survivor.

4.5 We will fulfil and deliver the aims of the Domestic Abuse Housing Alliance (DAHA) framework.

4.6 We will adopt a trauma-informed approach and will protect and provide sufficient support for survivors of domestic abuse, including signposting and referrals to appropriate agencies.

4.7 Understanding the experiences of survivors of domestic abuse is integral to the Council ensuring that any changes to the way that we work can be informed by the lived realities of those who have experienced it. This will allow our services to improve responses so everyone gets the support and protection they need.

There is no “one voice” to represent survivors given that everyone’s experiences are different, but those with lived experience who are willing to contribute to service development are free to share as much or as little as they choose, and should be able to do so without having to repeat their story and experiences.

5. Legal / regulatory framework

5.1 The council's Housing Service has a legal duty and obligation to support survivors of domestic abuse under the following legislation:

- [Domestic Abuse Act 2021](#)
- [Children Act 1989](#)
- [Crime & Disorder Act 1998](#)
- [Care Act 2014](#)
- [Social Housing \(Regulation\) Act 2023](#)
- [Data Protection Act 2018](#)
- [Equality & Diversity Act 2010](#)
- [Homelessness Reduction Act 2017](#)

- [Housing Act 1996](#)
- [Human Rights Act 1998](#)
- [Anti-Social Behaviour, Crime & Policing Act 2014](#)

6. Responsibility

6.1 All F&HDC staff are responsible for complying with domestic abuse legislation, this policy, the council's [Children, Young People & Vulnerable Adults Safeguarding Policy, Equality & Diversity Policy](#) and associated processes and procedures when identifying, recording and providing support to survivors. Staff are also responsible for attending training when required as appropriate to their role, and to have an awareness of safeguarding, report and refer any concerns to their line manager and a Designated Safeguarding Officer (DSO).

6.2 All line managers and supervisors are responsible for complying with domestic abuse legislation, this Policy, the Children, Young People & Vulnerable Adults Safeguarding Policy and the Equality & Diversity Policy and associated processes. This means that any staff working within their service areas have read and understood this Policy and associated policies and procedures, can easily access them, comply with them, undertake and complete training when required, such as e-learning provided by the council, or prescribed training provided externally.

6.3 DSOs are district leads on the respective children and adult Safeguarding Boards and give advice on requirements for vetting and training requirements and coordinate serious safeguarding cases and reviews.

7. The policy

7.1 Domestic abuse may come to the attention of staff through direct disclosures and by way of potential indicators such as a higher-than-average number of repairs, presenting as homeless or at risk of homelessness due to domestic abuse, abandoned properties, anti-social behaviour complaints and noise nuisance.

7.2 Housing staff are well placed to recognise domestic abuse as abuse often takes place in the home environment. It should be noted that indirect disclosures may also take place, and staff are aware and trained on how to respond to these disclosures too. Housing staff should therefore be able to recognise the signs and respond appropriately and signpost to if someone experiencing abuse is identified as requiring advice and support.

7.3 The Housing department will raise awareness amongst staff and improve our ability to identify cases of abuse by:

- a) Attending training and briefings for all staff on domestic abuse. This includes the mandatory domestic abuse training for all F&HDC staff
- b) Ensuring all housing staff are aware of local referral pathways for specialist support and what to do in an emergency
- c) Ensuring all housing staff are aware of the Housing Domestic Abuse Procedure, including how to refer an incident of domestic abuse to internal teams to manage the household
- d) Ensuring all housing staff are familiar with the correct process for responding to survivors who are at high risk of harm, including making a referral
- e) Ensuring all housing staff are familiar with the correct process for making safeguarding referrals for children and adults at risk where appropriate
- f) Creating opportunities for residents to disclose abuse during home visits or assessments by the Housing team. Prompting disclosure will only take place where it is safe to do so (e.g., where the suspected survivor is alone)
- g) Using the knowledge and expertise of our Staff Domestic Abuse Champions to raise awareness in the Housing Service of potential indicators of abuse and increase understanding of how to safely enable the potential survivor to disclose abuse
- h) Making enquiries – through interviewing and asking questions - areas of concern and potential indicators of abuse within cases of people presenting either as homeless or at risk of being homeless (as a result of self-referral or otherwise), to the Housing Options Team.

7.4 There are multiple and complex barriers that may prevent someone from disclosing their abuse. We will believe all survivors who make a disclosure and therefore will not ask for proof to evidence domestic abuse. However, we will ask questions to support our understanding of the situation, help us determine the most appropriate action to ensure that we provide the right help and support. F&HDC will take a survivor-focussed approach and will provide support in a confidential and non-judgemental manner. We will work sensitively with those experiencing abuse to promote their safety and wellbeing under the guidance of specialist domestic abuse agencies.

7.5 There are often complex barriers that prevent someone from leaving an abuser. We recognise that people are more often at risk when leaving an abusive person and in the period of time following a separation. Our support offer will not be dependent on survivors leaving their home because where appropriate we can support them to remain in their home.

7.6 We recognise that survivors of domestic abuse who have a lifetime social tenancy may be reluctant to leave an abusive relationship if it means losing their

security of tenure. In line with the Domestic Abuse Act 2021, we will ensure that lifetime tenants who suffer domestic abuse will retain lifetime security if they are granted a new tenancy for reasons connected to domestic abuse.

7.7 In accordance with the VAWG Strategy, we will support the community response priority by delivering and supporting communications campaigns in the district. This will support tenants to understand how to identify domestic abuse and how access help and support.

8. Equality and diversity

8.1 The Council is committed to promoting equality and opportunity and to eliminating unlawful discrimination on the grounds of race, age, disability, gender, sexual orientation, religion, belief, financial status, and any other difference that can lead to discrimination or unfair treatment considering the principles of the Equality Act 2010.

8.2 An Equality Impact Assessment (EIA) was conducted for this policy in accordance with our Public Sector Equality Duty (PSED) when carrying out our duties (s149 of Equality Act 2010). The EIA has identified no negative impacts as a result of the Policy's implementation, and therefore there is no requirement at this time for mitigative actions to be put in place.

8.3 We are committed to fostering an open and inclusive culture in which employees feel safe to speak out and access support, and colleagues who have a concern for another know how they can signpost to support or raise issues.

8.4 There are 9 characteristics protected under the Equality Act 2010; people can have multiple protected characteristics and it should be recognised that DA affects everyone differently. Depending on the circumstances, appropriate referrals and signposting will be made, and services available to support individuals based on their specific needs will be made available on our website.

9. Data protection

9.1 The council regards respect for the privacy of individuals and the lawful and careful treatment of personal information as very important to its successful operations and to maintaining confidence between the Council and those with whom it carries out business.

9.2 The council will ensure that it treats personal information lawfully and proportionately as set out in the General Data Protection Regulation (GDPR) and Data Protection Act (2018). The Council's aim is to ensure that all personal data

processing carried out by the Council, or on its behalf, complies with the seven data protection principles and other key legislative requirements.

- 9.3 Full details of how we store and use personal information can be found on our website and in our corporate and housing privacy notices at <https://www.folkestone-hythe.gov.uk/us/privacy-policy>. This will also contain contact information if you have any questions or require assistance from the data protection / information governance team.
- 9.4 For further information on our data protection compliance, please view our Data Protection Policy at <https://www.folkestone-hythe.gov.uk/legal/data-protection>.

10. Monitoring and review

- 10.1 This policy will be reviewed every three years, unless legislation, business, sector developments, or wider council strategies and policies require an earlier review. This is to ensure that the policy continues to meet its objectives and takes account of good practice development.

11. References and resources

[Domestic Abuse Statutory Guidance \(publishing.service.gov.uk\)](#)

[Delivery of support to victims of domestic abuse in domestic abuse safe accommodation services - GOV.UK \(www.gov.uk\)](#)

[Tackling Domestic Abuse Plan - GOV.UK \(www.gov.uk\)](#)

[Housing Act 1996](#)

[Domestic Abuse Act 2021](#)

[Anti-Social Behaviour, Crime & Policing Act 2014](#)

[Homelessness Reduction Act 2017](#)

[Equality & Diversity Act 2010](#)

[Human Rights Act 1998](#)

[Data Protection Act 2018](#)

[Violence Against Women & Girls Strategy 2021 – 2027](#)

12. Definitions

For the purposes of this policy:

- 'The council', 'we', 'ours' and 'us' refers to Folkestone & Hythe District Council
- 'Staff' refers to members of staff who provide housing related services on behalf of the Council, including housing management, housing options, strategic housing and property services
- 'Contractors' refers to third party organisations who provide housing-related services on our behalf
- 'Resident' refers to existing council tenants (general needs and temporary accommodation), prospective tenants and homeless applicants including their children
- 'Survivor' refers to an individual or individuals who are survivors of domestic abuse
- 'Perpetrator' refers to an individual or individuals who commit abusive behaviour towards another person or persons that constitutes domestic abuse
- 'Tier 1 authority' refers to Kent County Council (KCC) who are responsible for assessing the need for accommodation-based support for survivors of domestic abuse in their area and are required to effectively commission services based on a local strategy informed by a robust needs assessment, and report back annually to government. KCC must meet the support needs of all survivors residing in relevant accommodation including those who originally present from outside of the locality
- 'Tier 2 authority' refers to Folkestone & Hythe District Council who are responsible for working together with KCC to establish what support is needed at safe accommodation in the local authority area. They must also cooperate with KCC to effectively commission services
- 'Safe accommodation' refers to part 4 of the Domestic Abuse Act 2021 to provide safe accommodation. This duty requires that tier 1 authorities assess the need for accommodation-based support for survivors of domestic abuse in their area and use the funding provided through Part 4 of the 2021 Act to supply this. 'Suitable accommodation' refers to accommodation provided as part of our statutory duties under Part 7 of the Housing Act 1996. Survivors who are homeless as a result of domestic abuse have a priority need for accommodation. This means local housing authorities have a duty to secure accommodation for survivors of domestic abuse if they are homeless through no fault of their own and are eligible for assistance
- 'The Policy' refers to this Domestic Abuse policy

13. Abbreviations

DA Domestic Abuse

DAHA Domestic Abuse Housing Alliance

DSO	Designated Safeguarding Officer
EIA	Equality Impact Assessment
EDI	Equality, Diversity & Inclusion
F&HDC	Folkestone & Hythe District Council
GDPR	General Data Protection Regulations
PSED	Public Sector Equality Duty

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Stage 1 Equality Impact Assessment

Directorate: Housing & Operations Service: Housing
Accountable Officer: Gill Butler Telephone & e-mail: 01303 853300
gill.butler@folkestone-hythe.gov.uk

Date of assessment: 8 January 2025

Names & job titles of people carrying out the assessment:

Mike Bailey, Tenant Engagement & Wellbeing Manager
Kathy Butler, Senior Homelessness Reviews & Service Improvement Officer

Name of service/function/policy etc: Housing Domestic Abuse Policy

Is this new or existing? New

Stage 1: Screening Stage

1. Briefly describe its aims & objectives

The Housing Domestic Abuse Policy provides an overview on how the council's Housing teams will provide tenants and housing customers who experience or perpetrate domestic abuse with clear information about what they can expect from the council's Housing service in response to domestic abuse.

The policy is required as part of the Domestic Abuse Housing Alliance (DAHA) accreditation process which the council is seeking. DAHA is a benchmark in the UK for detailing how housing providers should respond to domestic abuse and therefore reassures survivors of domestic abuse in the district that they can approach the Council as we will adopt a survivor-led approach and provide appropriate support depending on the circumstances of the individual and their needs.

2. Are there external considerations? (legislation/government directive etc.)

- Domestic Abuse Act 2021
- Children Act 1989
- Crime & Disorder Act 1998
- Care Act 2014
- Social Housing (Regulation) Act 2023
- Data Protection Act 2018
- Equality & Diversity Act 2010
- Homelessness Reduction Act 2017
- Housing Act 1996
- Human Rights Act 1998
- Anti-Social Behaviour, Crime & Policing Act 2014

3. Who are the stakeholders and what are their interests?

F&HDC tenants, housing applicants, and people who are homeless (or threatened with homelessness) who are experiencing or perpetrating domestic abuse.

4. What outcomes do we want to achieve and for whom?

- To provide tenants and housing customers who experience, or perpetrate, domestic abuse with clear information about what they can expect from the Council's housing service in response to domestic abuse (DA)
- To support and safeguard survivors of DA (including children) wherever possible
- To ensure that staff are clear and confident about the Council's approach to DA and are confident in providing a consistent, sensitive and confidential service
- To hold perpetrators of DA to account for their actions
- To ensure that cases of DA are robustly monitored to identify and explore opportunities for improvement.

5. Has any consultation/research been carried out or relied upon?

Yes. The following have been consulted:

- Housing Managers
- Staff Domestic Abuse Champions
- Domestic Abuse Housing Alliance Regional Lead
- Corporate Leadership Team.

6. Are there any concerns at this stage which indicate the possibility of inequalities/negative impacts? (Consider and identify any evidence you have - equality data relating to usage and satisfaction levels, complaints, comments, research, outcomes of review, feedback and issues raised at previous consultations, known inequalities) If so, please provide details.

We do not believe there are any inequalities/negative impacts. The policy is being introduced in order to support and safeguard survivors of domestic abuse, including their children, wherever possible.

We believe that by having a robust policy in place that clearly sets out our service commitments, we will be better able to protect survivors of domestic abuse. We will ensure that equality implications are considered at all points when the policy is reviewed, and when implementing the associated procedures.

7. Could a particular protected characteristic be affected differently in either a negative or positive way? (Positive – it could benefit, Negative – it could disadvantage, Neutral – neither positive nor negative impact or Not sure?)

	Type of impact, reason & any evidence
Disability	Neutral - No perceived negative impacts. There is no wording in policies that would disenfranchise members of the local community

	in terms of any disabilities. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.
Race (including Gypsy & Traveller)	Neutral - No perceived negative impacts. There is no wording in policies that would disenfranchise members of the local community in terms of race. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.
Age	Neutral - No perceived negative impacts. There is no wording in policies that would disenfranchise members of the local community in terms of age. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.
Gender	Neutral - No perceived negative impacts. There is no wording in policies which would disenfranchise members of the local community in terms of their gender. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic but recognises that it disproportionately affects women. The policy also recognises that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.
Transgender	Neutral - No perceived negative impacts. There is no wording in policies which would disenfranchise members of the local community in terms of transgender. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.
Sexual Orientation	Neutral - No perceived negative impacts. No perceived negative or positive impacts. There is no wording in policies which would disenfranchise members of the local community in terms of sexual orientation. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.
Religion/Belief	Neutral - No perceived negative impacts. There is no wording in policies that would disenfranchise members of the local community in terms of any religion or belief. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.
Pregnancy & Maternity	Neutral - No perceived negative impacts. There is no wording in policies that would disenfranchise members of the local community in terms of pregnancy or maternity. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.

	survivor of domestic abuse.
Marriage/ Civil Partnership Status	Neutral - No perceived negative impacts. There is no wording in policies that would disenfranchise members of the local community in terms of marital or civil partnership status. The policy recognises that domestic abuse can be experienced by anyone regardless of any protected characteristic, and that people with some protected characteristics face additional barriers to disclosing that they are a survivor of domestic abuse.

8. Could other socio-economic groups be affected e.g. carers, ex-offenders, low incomes?

We do not consider that the policy would have negative impacts of any other groups. The policy makes specific reference to the fact that domestic abuse affects everyone differently and that depending on the circumstances, appropriate referrals and signposting will be made, and services available to support individuals based on their specific needs will be made available on our website.

9. Are there any human rights implications?

Yes. Under the Human Rights Act 1998, all public bodies have an obligation to protect the human rights of individuals and to ensure that their human rights are not being violated, which includes domestic abuse.

10. Is there an opportunity to promote equality and/or good community relations?

Yes. The introduction of a Housing Domestic Abuse Policy will promote good relations as all parties will be aware of the council's position and the support available.

One of the main aims of the policy is to ensure residents experiencing domestic abuse are aware of the support which the council's housing service can provide to them. As such, the policy will be communicated to residents through a variety of channels, including publication on the council's website, articles in our tenant newsletters and on the council's social media channels, and through contact with housing staff.

11. If you have indicated a negative impact for any group is that impact legal? (not discriminatory under anti-discrimination legislation)

No negative impacts have been identified.

12. Is any part of this policy/service to be carried out wholly or partly by contractors?

No.

Please note that normally you should proceed to a Stage 2: Full Equality Impact Assessment Report if you have identified actual, or the potential to cause, adverse impact or discrimination against different groups in the community.

13. Is a Stage 2: Full Equality Impact Assessment Report required?

No. The Equality Impact Assessment has not identified any actual or the potential to cause, adverse impact or discrimination against different groups in the community. However, it is recommended that equality implications be considered throughout the review and development of any associated procedures.

14. Date by which Stage 2 is to be completed and actions

Not applicable.

Please complete

We are satisfied that an initial screening has been carried out and a full impact assessment **is not required**.

Completed by: Mike Bailey Date: 8 January 2025
Kathy Butler

Role: Tenant Engagement & Wellbeing Manager
Senior Homelessness Reviews & Service Improvement Officer

Countersigned by Director/Chief Officer:  Date: 09/01/2025
Gill Butler Chief Officer, Housing

Please keep the signed hard copy with your team for auditing purposes and forward an electronic copy to policy@folkestone-hythe.gov.uk so that it can be published.

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Agenda Item 5



This Report will be made public on 4 February 2025

Report Number

C/24/80

To: Cabinet
Date: 12th February 2025
Status: Key Decision
Responsible Officer: Adrian Tofts, Strategy & Policy Manager
Cabinet Member: Councillor Jim Martin, Leader of the Council and Cabinet Member for Otterpool Park and Planning Policy

SUBJECT: Draft Local Plan Timetable

SUMMARY:

The Deputy Prime Minister has asked all local planning authorities to produce an updated Local Development Scheme (LDS) within 12 weeks of the publication of the new National Planning Policy Framework (NPPF) on the 12 December 2024. Local authorities therefore need to submit a new LDS no later than 6 March 2025. This requirement is set out in a letter from the Deputy Prime Minister and a guidance note to Chief Planning Officers, although how the request fits with the new local plan system is unclear. This report provides Cabinet with the proposed revised Local Plan Timetable which, if agreed, will be published on the council's website and sent to government by the deadline.

REASONS FOR RECOMMENDATIONS:

To ensure that the district council submits a Local Plan Timetable by 6 March 2025, as requested by the Deputy Prime Minister.

RECOMMENDATIONS:

1. To receive and note report C/24/80.
2. To agree the submission of the Local Plan Timetable (Appendix 2) to government.
3. To delegate authority to the Director of Strategy & Resources in consultation with the Leader to make any minor amendments to the timetable:
 - i. That may be recommended by Cabinet or
 - ii. That may be necessary given Government announcements regarding local government reorganisation or devolution over the coming months.

1. BACKGROUND

- 1.1 Local planning authorities were first required to prepare and maintain a Local Development Scheme (LDS) in the early 2000s, under the 2004 Planning and Compulsory Purchase Act (PCPA), when the then government proposed a suite of different documents, known as Development Plan Documents (DPDs). The DPDs included the core strategy, local plan, as well as supplementary planning documents, the Community Infrastructure Levy and Statement of Community Involvement.
- 1.2 Legislation was then updated and the scope of DPDs was reduced to the district local plan (Core Strategy Review and the Places and Policies Local Plan), neighbourhood plans, the county council's Minerals and Waste Local Plan and the Policies Map.
- 1.3 The purpose of the LDS is to set out the key DPDs the council will produce over the next three years. The LDS should set out the key milestones and arrangements to produce DPDs, the evidence that will support them, and an evaluation of the associated risks.
- 1.4 In 2012, the Government revoked the LDS section in the Town & Country Planning Regulations (Local Development) (England) Regulations 2012. Therefore, section 15 of the 2004 PCPA (as amended) is the only relevant legislation governing LDSs.
- 1.5 The Levelling-up and Regeneration Act (LURA) 2023 introduced changes to the planning system, which will include replacing the LDS with a new document called a Local Plan Timetable. There is still no secondary legislation (the Regulations) to provide local authorities with guidance on how they should prepare new local plans or Local Plan Timetables.
- 1.6 On the 12 December 2024, the government published a new NPPF. The Deputy Prime Minister wrote to all local authorities asking them to produce an updated LDS within 12 weeks of the publication of the NPPF (see **Appendix 1**). Separate instruction was issued in a guidance note to [Chief Planning Officers](#). This means that local authorities need to submit their documents no later than the 6 March 2025. The updated LDS should include clear, realistic, and specific dates for consultation and submission of the local plan.

The council's position

- 1.7 The council has an up-to-date local plan, with the 2022 Core Strategy Review ('up-to-date' is defined by the government as a plan adopted within the last five years). The government states that only a third of local authorities have an up-to-date local plan in place.
- 1.8 Officers have started the process of reviewing the local plan and producing the evidence to support the next local plan. The government has introduced deadlines for local authorities producing local plans under the existing Act, the 2004 PCPA – these authorities will be required to submit their plans for examination by December 2026 at the latest. This makes it extremely unlikely that the council could get through the necessary stages to submit

the plan by the deadline. This, and the need to address the new planning requirements being brought in by the government, mean that the council would be better placed to produce its new local plan under the new Act, the 2023 LURA.

- 1.9 Although the Deputy Prime Minister's letter refers to local plan "timetables", the guidance note to Chief Planning Officers and the submission form on the Ministry of Housing, Communities & Local Government's (MHCLG's) website only refer to Local Development Schemes and the stages of preparation required by the 2004 PCPA; there is no acknowledgement that many authorities will be intending to take forward local plans under the 2023 LURA. Officers questioned MHCLG officials about this and were told that the government wants to understand how all local authorities intend to progress with local plan production, and that the council should publish a provisional timetable for producing the new local plan under the 2023 LURA, despite the detail being unknown at this stage.
- 1.10 The draft Local Plan Timetable is set out in **Appendix 2**. Given the above, it follows that the draft timetable is speculative and will be subject to change when further detail is published. MHCLG officials state that the new plan-making system will be brought into effect in "summer/autumn 2025".
- 1.11 It is clear, however, that the government sets a high priority on getting local plans in place to reflect new development targets. Alongside the publication of the new NPPF in December 2024, the government also updated guidance on when the Secretary of State can intervene in the local plan process. Criteria were set out in the 2017 Housing White Paper; these have now been replaced by a more general statement which says that decisions will be taken having regard to: *"plan progress and local development needs. The Secretary of State may also consider other matters that they deem relevant to the case, including sub regional or regional or national development needs."*
- 1.12 The Minister told Parliament on 12 December 2024 that he will use the full range of intervention powers at his disposal if plan-making does not accelerate: *"including taking over an authority's plan making directly. The revised local plan intervention criteria ... will boost our ability to act quickly where plan-making stalls."*
- 1.13 While the government has announced its intention to bring in a new system of strategic planning, with the creation of Spatial Development Strategies (SDS) by groupings of upper-tier authorities and unitary councils, the [English Devolution White Paper](#) (MHCLG, December 2024) states that:

"... Local Planning Authorities should not delay development of Local Plans while they await the adoption of SDS. Relevant Local Plans should continue to be updated or developed alongside the SDS process."

Folkestone & Hythe Local Plan Timetable

- 1.14 The policy team had already begun to draft a new timetable for preparing the next local plan before the Deputy Prime Minister's request was issued. The draft timetable has been informed by the previous government's consultation

‘Levelling-up and Regeneration Bill: consultation on implementation of plan-making reforms’ (published July 2023).

1.15 The 2023 LURA states that local plan timetables must specify:

- the matters which the authority’s local plan for their area is to deal with;
- the geographical area to which the authority’s local plan is to relate;
- any supplementary plans which the authority are to prepare;
- the subject matter and geographical area, site or sites to which each of those supplementary plans is to relate;
- how the authority propose to comply with the requirement in section 15F(1) (requirement in relation to design codes);
- whether the authority’s local plan for their area is to be a joint local plan and, if so, each other local planning authority for whose area the joint local plan is to be their local plan;
- whether the authority are to prepare a joint supplementary plan and, if so, each other local planning authority who are to prepare that joint supplementary plan with them;
- any matter or area in respect of which the authority have agreed (or propose to agree) to the constitution of a joint committee under section 15J; and
- a timetable for the preparation of the authority’s local plan for their area, and any supplementary plans the authority are to make, which is consistent with this Part and any regulations made under it.

1.16 It should be noted that ‘supplementary plans’ are different to the former ‘supplementary planning documents’ (SPD). The new plans seek to address site-specific needs or opportunities which require a new planning framework to be prepared quickly (for example town centre regeneration) or act as a vehicle for setting out authority-wide or other design codes. They will be subject to examination and carry greater weight. SPDs only provided further policy guidance, such as affordable home calculations or specific design guidance (such as the Sandgate Village Design Statement) and are not subject to examination.

1.17 The draft Local Plan Timetable set out in **Appendix 2** aims to meet the requirements of the 2023 LURA, so far as they are known. It sets out the key dates in the production of:

- The new Folkestone & Hythe District Local Plan;
- Policies Map (reflecting the dates of the Local Plan);
- Neighbourhood Plans; and
- District design codes.

1.18 As noted, with no information yet published about the plan-making system under the 2023 LURA, the timetable is based on a number of assumptions:

- It is assumed that the new plan-making system will be brought into effect in June/July 2025.

- Thereafter, it is assumed that the process will follow the timetable proposed by the previous government, with an early scoping stage of four months, followed by a plan-making process of 30-months, leading to submission of the plan for examination in April 2027.
- It is assumed that the previous government's proposal that local plan examinations should last no longer than six-months will be brought into force, leading to the process concluding in October 2027.
- It is assumed that the preparation of a district-wide design code will continue alongside the local plan, allowing for the design code to be examined alongside the local plan, should this be a requirement of the new system.

1.19 In relation to design codes, in responding to comments on the draft National Planning Policy Framework in December 2024, the government stated:

"We will keep under review the provisions contained in the Levelling Up and Regeneration Act 2023 on authority wide design codes and national policy and guidance on design in relation to how the use of localised design codes and other design tools, including masterplans and design guides, can be embedded as part of the plan-making process. We will use the feedback from this consultation to inform future decisions."

1.20 Regarding Neighbourhood Plans, Cabinet should note that:

- Lyminge Parish Council had a neighbourhood area designated in September 2022 and the parish council is currently working on a plan.
- Folkestone Town Council is interested in undertaking a neighbourhood plan and has just submitted a neighbourhood area for designation.

1.21 If approved by Cabinet, the Local Plan Timetable set out in **Appendix 2** will replace the council's Local Development Scheme, which was adopted in 2020; the timetable will then be sent to MHCLG by the deadline of 6 March 2025. The council's Design Officer is working on a professionally designed version of the timetable, ready for submission.

2. CONCLUSIONS

2.1 The draft Local Plan Timetable provided in **Appendix 2** is speculative, given the lack of information about the new system but the government has nevertheless requested this information.

2.2 Officers are currently working on a 'call for sites' for the new local plan. If the council cannot find sufficient suitable sites to meet the government's increased housing targets, then it will need to present a case to the planning Inspectors examining the local plan that the district is so constrained that a lower development target would be appropriate. The Minister for Housing has said that local plans proposing lower targets will be subject to special scrutiny, so the council's evidence will need to be thorough and robust to withstand challenge at examination.

2.3 Plan-making is a complex and high-risk activity for local authorities. Within just the last few months:

- Oxford City Council's local plan was rejected by the Inspectors for failing to meet development needs.
- The examination of Horsham District Council's local plan was suspended in December 2024, with the Inspector identifying "*significant concerns about the soundness and legal compliance of the Plan in respect of a number of areas.*"
- Also in December, the Inspectors examining Shropshire's local plan stated that they found the plan unsound with many serious shortcomings. Given the Minister for Housing's instruction to Inspectors to avoid lengthy local plan examinations, the Inspectors recommended that the council withdraws the plan unless it can rectify the deficiencies within six months.
- The examination of Ashfield District Council's local plan was suspended by Inspectors in January this year, due to the inability of the council to identify sufficient land for housing. The Inspectors also quoted the Minister for Housing's instructions, stating that they are not minded to grant an extension of more than six months. The council must now consider whether it can successfully complete a further 'call for sites' to find additional land within that period.
- Within the last few weeks, significant concerns have been raised at the examination of the London Borough of Enfield's local plan, after the council stated that a lapsed planning permission meant that the council could not meet the plan's housing targets. In response, the Inspector stated at the hearing that "*the plan isn't sound because it's not actually deliverable.*" The Inspector's formal response is awaited.

3. CONSULTATION

3.1 The Local Plan Timetable sets out the documents that will be coming forward together with the key milestones in producing the documents. This is to ensure that the local community understand when they can become involved in the shaping of the plan through informal or formal periods of public consultation. However, as noted, the timetable is speculative, given the lack of information about the new local plan system and uncertainty over local government reorganisation and devolution, and it is likely to need revision within the next few months.

4. OPTIONS

4.1 Government has requested that all district councils submit a Local Development Scheme before 6 March 2025. If the council does not submit a timetable by this deadline, as the Deputy Prime Minister's letter (Appendix 1, third page) states: "*We are prepared to use our intervention powers if necessary to ensure updated timetables are prepared, suitably ambitious plans are progressed and sound plans are adopted.*"

- 4.2 There are, therefore, only two options, to submit a timetable or not to submit. If we do not submit, the government may impose a timetable on the district council.
- 4.3 It is recommended that the council submits a timetable before the prescribed date. The district council will be able to update the Local Plan Timetable once further detail is provided, when the secondary legislation is in place.
- 4.4 As noted in paragraph 6.2, discussions are taking place regarding costs associated with the local plan through the Medium-Term Financial Strategy. Likely 2025/26 costs have been included within current budget proposals.

5. RISK MANAGEMENT ISSUES

- 5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Not submitting LDS/Local Plan Timetable on time.	Medium	Low	A draft Local Plan Timetable has been prepared.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (NM)

Local Development Schemes (LDS) are governed largely by Section 15 of the Planning and Compulsory Purchase Act 2004 (PCPA) (as amended). Section 15(1) of the PCPA 2004 requires local planning authorities to prepare and maintain their LDS. Section 15(7) PCPA 2004 requires local authorities to update their LDS in response to changing circumstances and revise them accordingly. Section 15(8) PCPA 2004 requires local authorities to make their LDS available to the public, with amendments made clear. Section 19(1) PCPA 2004 requires Development Plan Documents to be prepared in accordance with the LDS. The Levelling Up and Regeneration Act 2023 paves the way for reforms to the plan-making process. It is currently the Government's intention to implement the new plan-making system as set out in the Levelling Up and Regeneration Act from summer or autumn 2025.

6.2 Finance Officer's Comments (SO)

Discussions are taking place regarding costs associated with the local plan through the Medium-Term Financial Strategy.

6.3 Diversities and Equalities Implications (AT)

No direct equalities impacts. The local plan will be subject to an Equalities Impact Assessment (EqIA) as it is drafted and consulted on.

6.4 Climate Change Implications (AT)

No direct climate change impacts. The local plan will contain policies dealing with energy efficiency, habitat protection and enhancement, sustainable travel and other issues which have implications for climate change. The local

plan will be subject to Sustainability Appraisal and Habitats Regulations Assessment, or replacement processes than may be introduced by government, at all stages in its preparation.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Adrian Tofts, Strategy & Policy Manager
Telephone: 01303 853438
Email: adrian.tofts@folkestone-hythe.gov.uk

David Whittington
Strategy & Planning Policy Team Leader
Telephone: 01303 853375
Email: david.whittington@folkestone-hythe.gov.uk

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

Appendices:

Appendix 1: Letter from the Rt Hon Angela Raynor MP, Deputy Prime Minister, 12 December 2024

Appendix 2: Draft Folkestone & Hythe Local Plan Timetable



Ministry of Housing, Communities & Local Government

Rt Hon Angela Rayner MP
Deputy Prime Minister

Ministry of Housing, Communities & Local Government
4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

www.gov.uk/mhclg

To: all local authority Leaders and Metro Mayors in England

12 December 2024

Cc: all local authority Chief Executives and combined authority Chief Executives in England

Building the homes we need

We inherited an acute and entrenched housing crisis. The average new home is out of reach for the average worker, housing costs consume a third of private renters' income, and the number of children in temporary accommodation now stands at a historic high of nearly 160,000. Yet just 220,000 new homes were built last year and the number of homes granted planning permission has fallen to its lowest in a decade.

The Government has responded with the urgency this demands. We published a [consultation](#) on a revised [National Planning Policy Framework](#) within a month of gaining office, proposing measures to reverse anti-supply changes introduced in December 2023 and in their place setting out pro-growth reforms. These included ambitious new housebuilding targets and a modernised Green Belt policy, alongside a wider set of changes designed to boost the supply of land and better meet community needs.

Today we publish a revised, pro-growth [National Planning Policy Framework](#). This marks the next step in delivering on our promise to radically reform the planning system. The measures set out below build on more than 10,000 consultation responses and extensive engagement with business, local government and wider housing and development stakeholders. Taken together, they reflect our commitment not to duck the hard choices that must be confronted in order to tackle the housing crisis – because the alternative is a future in which a decent, safe, secure and affordable home is a privilege enjoyed only by some rather than being the right of all working people.

I therefore wanted to take this opportunity to set out the principal changes. In recognition of the extra pressures many of the reforms announced today will put on Councils, we are also bringing forward changes to planning fees, funding on green belt and we have listened on transitional arrangements. The Government also remains committed to enhancing the capacity and capability of local planning authorities with increased funding.

It is only by working together with local and regional leaders, will we be able to tackle our national housing emergency and generate the sustained sustainable economic growth needed to improve the prosperity of our country and the living standards of working people. Therefore, in the spirit of collaboration and to achieve this shared endeavour, I have set out below the principal elements of our plan.

A new standard method for assessing housing needs

The plan-led approach is, and must remain, the cornerstone of our planning system. It is through local plans that communities shape decisions about how to deliver the housing and wider development their area needs. But we are clear that these decisions must be about how to meet those needs, not whether to do so at all.

As we set out in July, a mandatory method is insufficient if the method itself is not adequate to meet housing need. We consulted on an ambitious revision of the existing standard method, increasing the total annual national target from 300,000 to 370,000, ending the reliance on decade-old population projections, and removing the arbitrary ‘urban uplift’ that resulted in a skewed national distribution, disproportionately focusing on London and undershooting ambition across much of the country. Instead, the new method relies on a baseline set at a percentage of existing housing stock levels, to better reflect housing pressures right across the country, and uses a stronger affordability multiplier to focus additional growth on those places facing the biggest affordability pressures.

We heard through consultation that our method could go even further in targeting growth at those places where house prices are most removed from local incomes, and so we have made an adjustment to the method to make it more responsive to demand pressures. This will have the effect of altering the distribution, increasing numbers in those places facing the most acute affordability pressures while maintaining ambitious targets across the whole of the country – while maintaining the national total of 370,000 homes per year.

Grey belt, Green Belt, and Golden Rules

Meeting ambitious new targets relies on allocating sufficient land to do so. We have been clear that developers should first look to brownfield land, and have made changes to promote this ahead of further reforms on the back of our brownfield passport working paper.

But we are clear that brownfield land alone will not be sufficient to meet our needs. And that is why we have grasped the nettle and proposed a modernised Green Belt policy, fit for the 21st century. In the first instance, it requires local authorities to use the local plan process to adopt a ‘sequential approach’, considering brownfield, then grey belt, and only then higher performing land. Where local planning authorities fail to plan for and meet their development needs, developers may bring forward proposals on low-performing grey belt land, but with higher performing land protected from this form of release.

Through our consultation we found broad support for this strategic approach to Green Belt release but, in response to feedback on the proposed definition of grey belt, we have set out a clearer description of how to assess whether land meets the definition, and we will be providing further guidance in the new year.

At the centre of our reformed Green Belt policy lie our golden rules, which mean that housing can only be built on Green Belt land if developers deliver high levels of affordable housing, appropriate local infrastructure, and accessible public green space. We received significant feedback from a wide range of stakeholders who welcomed the ambition of these rules and the commitment to

maximising affordable housing delivery, but who shared strong evidence that fixing the affordable housing requirement at 50 percent nationally would not reflect regional variations in viability and would hinder delivery. This risked leaving authorities with a choice: allow flexibility and turn the amount of affordable housing into a negotiation; or hold firm and make sites unviable, delivering no homes, affordable or otherwise. Responding to this, our final policy introduces a 15 percentage point premium on top of existing affordable housing requirements, up to a maximum of 50 percent, and rules out any negotiation until we have strengthened national planning practice guidance on viability – in which we will consider the case for permitting viability negotiations on previously developed land and larger strategic sites, likely to carry greater infrastructure costs.

Universal coverage of local plans

The plan-led approach is, and must remain, the cornerstone of the planning system. We understand the need to balance keeping plans progressing with making sure they plan for sufficient housing. We are proposing a transitional approach that will allow those local plans that have reached examination to continue, along with those who have made it to the final stage of the plan-making process (Regulation 19), so long as they provide for at least 80% of the new housing need figure.

In response to feedback, we will also be extending the period from which the revised NPPF takes effect for plan-making to three months after its publication, rather than one month as was consulted upon. In addition, and to close the gap between existing plan allocations and new targets, we will introduce a new requirement that authorities with plans adopted under the old standard method must provide an extra year's worth of homes in their 5-year housing pipeline from July 2026.

In light of the new clear pathway provided by the revised NPPF and the above transitional arrangements, we now ask that Councils review and update their timetables for getting an up-to-date plan in place within the next 12 weeks. We are prepared to use our intervention powers if necessary to ensure updated timetables are prepared, suitably ambitious plans are progressed and sound plans are adopted.

Securing high quality development and more affordable housing

Rapidly driving up planning consents in the context of a system with woefully inadequate local plan coverage will increase the number of permissions secured outside of local plan allocations in the short-term. This is necessary if we are to see the scale of delivery we need to meet our commitment to 1.5 million homes. Therefore, where it applies, the presumption in favour of sustainable development must have real teeth. The changes we make today ensure that the presumption carries real weight, acting as a significant adjustment to the decision-making balance in favour of approving development. We are however absolutely clear that this is not a green light for low-quality development. That is why we have amended the presumption to call out the existing safeguards that exist in national policy around the provision of affordable housing, design quality, and sustainability of location, in line with the proposals we consulted on. We simply do not accept there is an inherent trade-off between supply and quality.

We have taken wider steps to drive the reformed housebuilding industry we are committed to delivering – one that is more responsive to consumer needs, which places affordability at the

heart of what it does, and which builds out faster. We are therefore making changes to set an expectation of mixed-tenure by default on large sites, support more small sites to come forward to support SME delivery, and lend additional weight in the planning balance to majority Social Rent schemes. Reflecting the absolute priority we attach to delivering Social Rent homes, we are amending the definition of Affordable Housing to carve it out as a separate category, distinct from the broader category of affordable housing for rent.

As new land enters the system, we expect to see new permissions rapidly translated into build out. In order that we have transparency and accountability I will introduce secondary legislation next year to implement powers brought forward under the Levelling Up and Regeneration Act 2023 to require developers to commit to a build out trajectory upfront and report on delivery against it. Where that does not happen, authorities will be empowered to hold them to account – including through refusing applications from developers with a poor record of delivery. We will publish technical consultations to guide delivery of the necessary regulations in the new year.

As part of the Government's plans to deliver much needed affordable homes, Homes England is today also launching a new clearing service to help unblock the delivery of section 106 affordable housing. This follows reports in recent months of developers experiencing greater difficulty in selling section 106 affordable homes for which they have planning permission. This new service will help improve the functioning of the market for affordable housing, by supporting buyers and sellers to find each other more effectively.

Delivering community needs

We have been clear that changes need to be made to support the needs of communities beyond the provision of homes and jobs alone. Meeting community needs goes beyond providing homes and jobs – we need the range of services and infrastructure to support communities. The NPPF has therefore been amended to further support the provision of public infrastructure, like health, blue light, library, adult education and university facilities, to help create sustainable, healthy communities.

Building infrastructure to grow the economy

We will confirm the changes as trailed in the consultation and make it easier to build laboratories, gigafactories, data centres and digital infrastructure, and the facilities needed to support the wider supply chain. We will also specifically recognise the need to support proposals for new or upgraded facilities and infrastructure, setting the expectation that suitable sites for these types of modern economy uses are identified in local plans. We will follow through with prescribing data centres, gigafactories and laboratories as types of business or commercial development capable of being directed into the Nationally Significant Infrastructure Projects consenting regime.

Green energy, flood risk, and the natural environment

We have made immediate changes to the NPPF to support climate change mitigation and adaptation, through increased deployment of renewables and changes to wording to emphasise the importance of climate change considerations in both decision-making and plan-making. As proposed in the summer, we will bring onshore wind back into the Nationally Significant Infrastructure Projects consenting regime, and raise the threshold of projects for both onshore

wind and solar to 100MW. We have made changes to flood risk planning policy to support the delivery of Sustainable Drainage Systems and to improve the operation of the flood risk sequential test in cases where no development on site would be at risk from flooding. We have also signalled support for priority and threatened wildlife such as bats, hedgehogs and swifts.

Planning capacity and capability

We acknowledge that many of the reforms announced today represent significant changes in the planning process and may also provide extra pressure on planning authorities, and indeed planners themselves. Therefore, I wanted to make it clear that the Government remains committed to enhancing the capacity and capability of local planning authorities. This is why we have set aside over £14m to provide grant funding support which will enable local authorities to implement our policy changes. This funding will be provided to local authorities that are at an advanced stage of the local plan making process (Regulation 19 stage), and that will need to revise their draft plans to accommodate the increase in their local housing need figures as a result of our changes. The funding will also provide additional support to local authorities that will need to undertake a Green Belt review. Local planning authorities will be invited to request a share of these funds via an expression of interest, details of which will be provided to local planning authorities early next week. This comes on top of the additional £50 million announced at Budget to boost capacity in the planning system.

This should be seen alongside the wider initiatives that are already having an impact in the sector, including the ongoing Pathways in to Planning programme run by the LGA, which continues to see new graduates placed into local planning authorities, as well as the funding provided to grow the work of Public Practice in placing senior built environment professionals in to the public sector.

Planning fee increases

The scale of our ambition means we will be asking much more of the planning system. We have therefore announced an increase in householder and other minor planning fees to provide an immediate boost to LPA resourcing. We will also take forward measures to enable LPAs to vary or set fees to cost recovery level as appropriate for their area, and to enable host local authorities to recover costs of the services they provide in relation to applications under the Nationally Significant Infrastructure Projects consenting regime. This will be critical to supporting their role in ensuring local issues are considered in major infrastructure proposals. We expect this shift towards cost recovery to generate over £50m in additional revenue for local planning authorities.

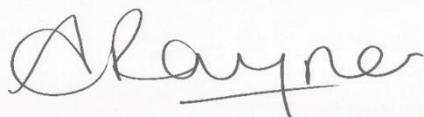
Modernising planning committees

Finally, I also want to highlight that the Government published on Monday a working paper on modernising planning committees in England to inform the Planning and Infrastructure Bill which will be introduced next year. This paper forms part of a series of working papers we will be publishing on different aspects of planning reform, designed to inform further policy development in collaboration with the wider sector. It proposes options to modernise planning committees that would support the plan-led system, including the introduction of a national scheme of delegation, a new system of targeted committees for strategic development, and mandatory training for committee members.

Only by delivering these reforms will we unlock investment and delivery. It is also vital that, alongside the appropriate infrastructure, these reforms also deliver substantial affordable housing. It is vital that local communities can see the benefits of development in terms of enhancements to public services and more affordable housing for local people. We recognise that to deliver on these reforms we will need to work in partnership with local leaders, housebuilders and infrastructure developers to deliver investment into these sectors, and we are grateful for the support for these proposals from across the sector.

I would like to thank you for your continued engagement with Government as we deliver our hugely ambitious goal of delivering 1.5 million new homes this Parliament, and the infrastructure needed to grow our economy and support public services. You play a key role in delivering our Plan for Change and I look forward to continuing to work together to deliver for our country.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Angela Rayner".

Rt Hon Angela Rayner MP
Deputy Prime Minister

Folkestone & Hythe District Council

Local Plan Timetable (January 2025 draft)

Introduction

The Local Plan Timetable sets out the key dates in the production of the next Folkestone & Hythe District Local Plan, district wide design codes and any supplementary plans the local authority may produce. The Local Plan Timetable replaces the district council's Local Development Scheme, which was adopted by the council in 2020.

The Levelling-up and Regeneration Act 2023 has introduced changes to the planning system. This Local Plan Timetable has been produced following the introduction of the Act but in the absence of any new government regulations that would provide further detail and direction. It has therefore been informed by the previous government's consultation 'Levelling-up and Regeneration Bill: consultation on implementation of plan-making reforms' (published July 2023).

The Local Plan Timetable will, therefore, need to be reviewed once the new regulations have been published.

The Local Plan Timetable will first consider the legislative requirements, give a brief overview of the current plans that form the Development Plan and then an overview of the new plan-making process. This will be followed by the profiles of the forthcoming Local Plan and any other documents.

Legislative Requirement

The requirement for a Local Plan Timetable is set out in the Planning & Compulsory Purchase Act 2004, as amended by the Levelling-up and Regeneration Act 2023 Section (Part 2 Section 15B).

This states that local plan timetables must specify:

- a) the matters which the authority's local plan for their area is to deal with,
- b) the geographical area to which the authority's local plan is to relate,
- c) any supplementary plans which the authority are to prepare,
- d) the subject matter and geographical area, site or sites to which each of those supplementary plans is to relate,
- e) how the authority propose to comply with the requirement in section 15F(1) (requirement in relation to design code),
- f) whether the authority's local plan for their area is to be a joint local plan and, if so, each other local planning authority for whose area the joint local plan is to be their local plan,
- g) whether the authority are to prepare a joint supplementary plan and, if so, each other local planning authority who are to prepare that joint supplementary plan with them,
- h) any matter or area in respect of which the authority have agreed (or propose to agree) to the constitution of a joint committee under section 15J, and
- i) a timetable for the preparation of the authority's local plan for their area, and any supplementary plans the authority are to make, which is consistent with this Part and any regulations made under it.

A new requirement introduced in the 2023 Levelling-up and Regeneration Act is that if a local authority has not prepared a local plan timetable, the Secretary of State may prepare one for the local authority and direct the authority to bring that into effect.

Development Plan

The Development Plan comprises a series of policy documents (local and neighbourhood plans) which set out the long-term strategic plans for the district, as well as other non-strategic planning policies to manage development within its boundaries.

The Development Plan is used by planning officers and the planning committee when considering planning applications. Planning law requires that applications for planning permission “be determined in accordance with the development plan and any national development management policies, taken together, unless material considerations strongly indicate otherwise”¹. (It should be noted that, at the time of writing this local plan timetable, the Government had not published the national development management policies.)

The adopted development plan documents for the district currently consist of:

- **The Core Strategy Review (2022)**
A local plan which sets out the district-wide spatial vision, objectives, development strategy and a series of overarching strategic policies that will guide the scale, location and type of development in the district until 2037.
- **Places and Policies Local Plan (2020)**
The Places and Policies Local Plan identifies small- and medium-sized sites for development across the district to meet the targets in the Core Strategy Review; as well as setting out detailed development management policies to assess planning applications.
- **St. Mary in the Marsh Neighbourhood Plan (2019)**
This was produced by St. Mary in the Marsh Parish Council and was brought into force by the district council in 2019. The plan sets out local policies for the whole area covered by the parish.
- **Kent Minerals and Waste Local Plan (2016) as amended 2020**
The Kent Waste and Minerals Local Plan (2016) sets out the vision and strategy for waste management and mineral provision up until the year 2030 in the county. An early partial review of the Kent Minerals and Waste Local Plan was adopted in September 2020.

The Plan-making Process

The government proposes to publish requirements in the regulations for authorities to prepare plans based on the following key stages and activities:

A scoping and early participation stage –

- The first stage would include notifying the public and stakeholders (including statutory bodies) and “invite” participation;
- The local authority would then prepare, or update, the local plan timetable;

¹ Section 38 of PCPA 2004 (development plan) as amended by the Levelling-up and Regeneration Act 2023

- A minimum of four months' notice before a local authority intends to formally commence the 30-month plan preparation timeframe (starting with the first gateway assessment);
- Participation and evidence gathering required to inform the Strategic Environmental Assessment (and its eventual replacement Environmental Outcomes Reports) also begins in this stage.

Plan visioning and strategy development –

- including a requirement to undertake visioning about the future of the area;
- and the first formal public consultation on the plan.

Evidence gathering and drafting the plan –

- including a requirement to undertake the second gateway assessment.

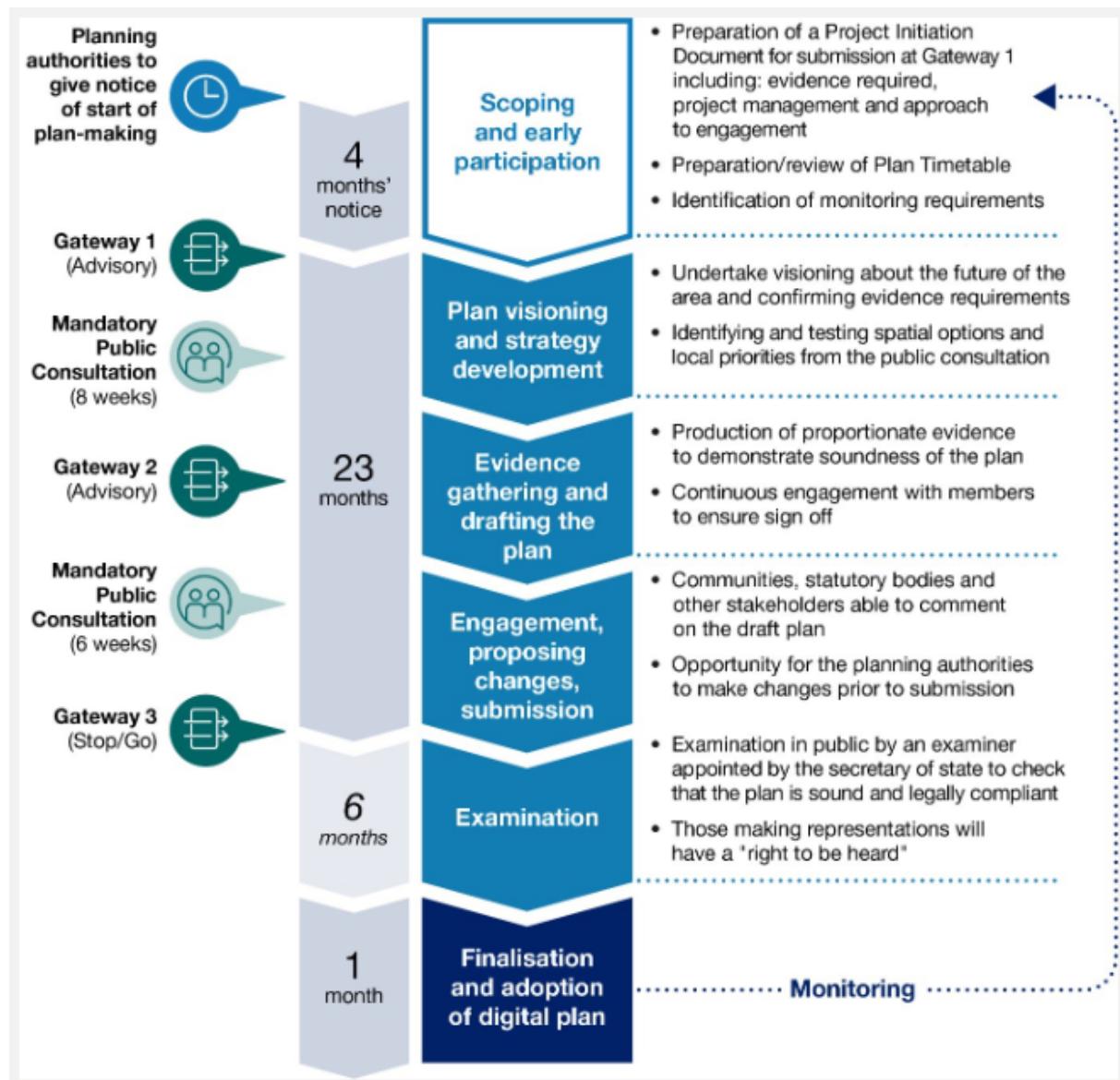
Engagement, proposing changes and submission of the plan –

- a requirement for the second public consultation on the plan; and
- undertaking the third gateway assessment.

The Gateway Assessment

The Levelling-up and Regeneration Act requires authorities to seek observations and advice from the Planning Inspectorate on behalf of the Secretary of State at prescribed times. These are known as 'gateway assessments' ('gateways') and they are intended to ensure a more supportive approach to plan-making and provide greater visibility to key stakeholders and the wider community about how the local plan is progressing.

The figure below outlines the new plan making process and the timelines to do this.



Profiles of Forthcoming Plans and Documents

This section of the timetable sets out the proposed plans and documents the council intends to produce over the next five years. The Local Plan Timetable will be reviewed when regulations are published and at the start of the plan-making process.

Folkestone & Hythe District Local Plan

The new Folkestone & Hythe District Local Plan will replace both the Core Strategy Review and the Places and Policies Local Plan.

The matters in the local plan will cover the whole of the district. It will set out the spatial vision, objectives, development strategy and the over-arching strategic policies that will guide the scale, location and type of development in the district until 2045. It will also include small and medium allocations as well as any development management policies considered necessary for specific local issues (this will be subject to the introduction of National Development Plan policies by government, expected in spring 2025).

Based on the current available information, and assuming the regulations to the 2023 Levelling-up and Regeneration Act are published in June/July 2025, the timetable for the next local plan would be:

Scoping & Early Participation	4 months	July - October 2025
Gateway 1 - at start of formal process	---	November 2025
Plan Visioning and strategy development (Public consultation 8 weeks)	5 months	November 2025 – March 2026 (January & February 2026)
Evidence Gathering and drafting the Plan	10 months	April 2026 – January 2027
Gateway 2 - mid-way through evidence-gathering and plan drafting	---	August 2026
Engagement, proposing changes & submission (Public consultation 6 weeks)	8 months	February 2027 – September 2027 (March – April 2027)
Gateway 3 – ‘stop/go’ decision before progressing to local plan examination	---	April 2027
Examination	6 months	April 2027 – September 2027
Finalisation and adoption of digital plan	1 month	October 2027
Total duration from Gateway 1 to adoption	30 months	

Policies Map

Local authorities must ensure that a policies map is prepared. Policies maps illustrate the geographical application of policies (such as residential allocations or the extent of landscape policies) in the development plan for the authority's area. These must be kept up to date. The update of the policies map will feature throughout the plan-making process and will be adopted alongside the new local plan.

Neighbourhood Plans

Neighbourhood plans are produced by local communities through their parish or town councils (or neighbourhood forum if there are no parishes). They put in place planning policy for a designated area (called the neighbourhood area) to guide future development and form part of the overall Development Plan.

The district council has a duty to assist local communities and to formerly undertake the latter stages of the plan-making process, such as the formal consultation, the examination and referendum. If the referendum is successful, then the neighbourhood plan must be brought into force by the district council.

At the time of writing this Local Plan Timetable, Lyminge Parish Council is at the early stages of producing a Neighbourhood Plan for the parish area. No formal timetable has been published.

Supplementary Plans

Supplementary Plans are being introduced by the government to enable planning authorities to react and respond quickly and positively to unanticipated changes in their area without the need to revise or update the whole local plan. They will be subject to consultation and independent examination to enable them to carry the same weight as a local plan.

Supplementary Plans may only be used only on a site-specific basis (e.g. to support a new development opportunity) or to build on existing policies in the development plan (e.g. to set out a masterplan or design code for a site allocated in a local plan). District-wide policies should be contained in the Local Plan, the exception to this being district-wide design codes.

Following the introduction of Supplementary Plan, the legal powers behind Supplementary Planning Documents (SPDs) have now been removed. SPDs are non-statutory documents that can form part of the Local Development Framework and can cover a wide range of issues giving detailed guidance on how policies or proposals in the local plan will be implemented. [Current SPDs](#) will only remain in force until the new local plan is adopted.

The council is not currently planning to prepare any Supplementary Plans for the district or any joint plans with neighbouring authorities. This Local Plan Timetable will be kept under review, however, and may be updated if proposals for Supplementary Plans are introduced.

District-wide Design Codes

A design code is a set of simple, concise, illustrated design requirements that are visual and numerical, wherever possible, to provide specific, detailed rules for the development of a site or area.

The National Planning Policy Framework (NPPF) makes clear that all local planning authorities should prepare design guides or codes consistent with the principles set out in the National Design Guide and National Model Design Code, and which reflect local character and design preferences. Design codes and guides should provide a framework for creating high-quality places.

Folkestone & Hythe District Council, together with the local authorities of Ashford, Canterbury, Dover and Thanet, successfully bid for funding through the Planning Skills Delivery Fund to undertake design codes for each local area.

This work is programmed to start in January 2025 following procurement of consultants.

Code Process

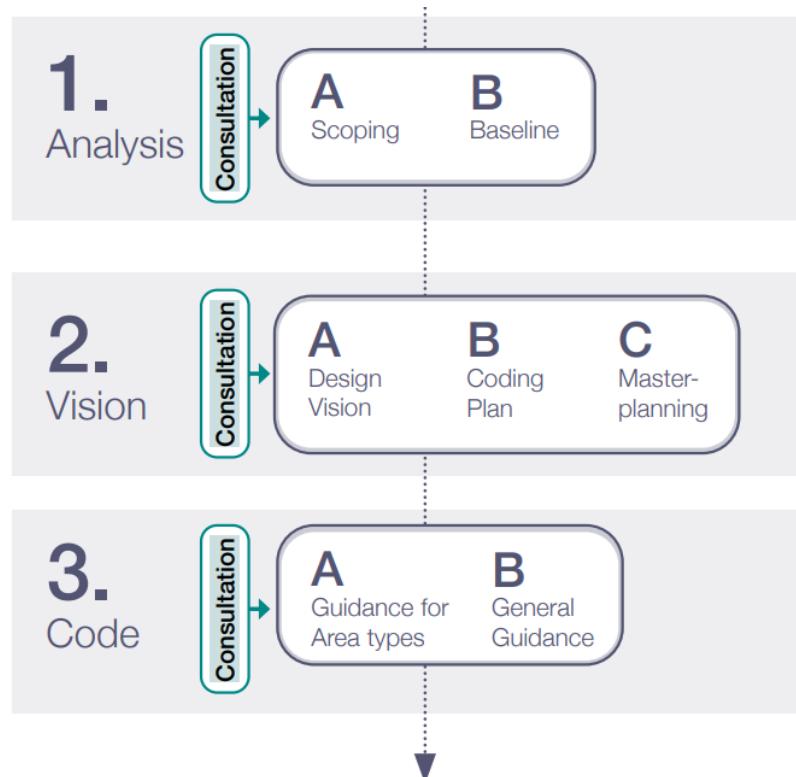
The process for creating design codes is set out in the National Model Design Code. There are three steps to this process.

- Step 1 is Analysis: This includes 'Scoping' (agreeing on the geographical area and what policy areas that will be addressed) and 'Baseline' (bringing together the analysis).
- Step 2 is Vision: This includes 'Design Vision' (identifying 'area types'), 'Coding Plan' (preparing a plan that maps out each area type and large developments) and 'Masterplanning' (on larger sites, working with developers to identify key parameters and area types).
- Step 3 is the Code: developing guidance for area types and the code-wide guidance.

Each step would include public consultation.

The funding would enable each authority to complete the first two steps. There may be opportunity for the local authorities to bid for further funding so that step three could be completed with the assistance of consultants.

The National Model Design Code has produced the diagram below of the process:



Design Code - Provisional Timetable

The provisional timetable for carrying out this work is set out below.

At the time of preparing this timetable, it is not known how the requirement for authority-wide design codes set out in the 2023 Levelling-up and Regeneration Act may be taken forward by the government. In response to comments on consultation on the new National Planning Policy Framework, published in December 2024, the government stated:

“We will keep under review the provisions contained in the Levelling Up and Regeneration Act 2023 on authority wide design codes and national policy and guidance on design in relation to how the use of localised design codes and other design tools, including masterplans and design guides, can be embedded as part of the plan-making process. We will use the feedback from this consultation to inform future decisions.”

For the purposes of the timetable below, it is assumed that the authority-wide design code will be developed alongside the local plan and that the Inspectors examining the local plan will also examine the design code.

DESIGN CODE – STEPS 1 AND 2

Step 1: Analysis, Step 2a: Design Vision and Step 2b: Coding Plan

Process	Design Code Process: Key Outputs and Actions	Estimated dates
Consultation Strategy	Consultation Strategy - creation of specialist Community Panel and Stakeholder Engagement techniques for each of the key steps / stages set out in National Model Design Code	February 2025 – October/November 2025
Design Code Production	Step 1.A Scoping Including consultation	February 2025 – May 2025
PARTS 1 & 2 (including consultation)	Step 1.B Baseline Including consultation Step 2.A. Design Vision Including consultation Step 2.B. Coding Plan Including consultation	March 2025 – June 2025 May 2025 – August 2025 July 2025 – October 2025
	Finalise Area Wide Design Code Documents – including consultation	September 2025 – November 2025
Local Area Design Code Toolkit	Produce the Stakeholder Guide to provide advice on process and methods for future production of Local Area Design Codes by local planning authority officers or community.	November 2025 – October 2025
Design Code Amendments	Final Amendments to documents and sign off/approval by each local planning authority.	December 2025

DESIGN CODE – STEP 3

Step 3a: Guidance for Area Types, and Step 3b: General Guidance

Step 3a	Guidance for Area Types	January 2026 – March 2027 (dependent on outcome of Steps 1 and 2)
Step 3b	General Guidance	April 2027 – September 2027
	Examination of Design Codes (alongside Local	

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Agenda Item 6



This Report will be made public on 31 January 2025

Report Number

C/24/68

To: Cabinet
Date: 10th February 2025
Status: Key Decision
Responsible Officers: Andy Blaszkowicz - Director of Housing and Operations
Martin Kerslake – Low Carbon Advisor
Cabinet Member: Councillor Martin, Leader of the Council and Cabinet Member for Otterpool Park and Planning Policy
Councillor Scoffham, Cabinet Member for Climate, Environment and Biodiversity
Councillor Speakman, Cabinet Member for Assets and Operations
SUBJECT: OTTERPOOL PARK: SOLAR PARK AND SMART GRID BUSINESS CASE UPDATE

SUMMARY:

This report presents the work undertaken following approval of the recommendations in cabinet report C/23/66 in December 2023 and brings members up to date with the business case for the solar park and connected smart grid at Otterpool Park. The report examines the requirements to develop the electricity infrastructure to supply residents and businesses located in Otterpool Park recognising the environmental and economic context. The success criteria of the business case includes; creating a credible pathway to a net-zero exemplar development, optimising the Council's / Otterpool Park LLP's income, minimising any governance risk and having no capital investment requirement for the Council.

The preferred solar park developer SNRG Ltd working with Otterpool LLP and the Council have identified that the combination of the smart grid and solar park (phase 1) meet the success criteria listed above for the Council.

REASONS FOR RECOMMENDATIONS:

In response to the approved recommendations 2a, 2b and 3 of the Cabinet Report C/23/66 ([Cabinet report DRAFT Otterpool Solar Farm AB Final Version 1.pdf](#)) this report presents the review of the business models for the provision of the solar park (phase 1) and the associated independently owned, smart grid electricity infrastructure that recognises the Council's role as the key landowner working in

partnership with the preferred solar park provider and the existing electricity grid developer.

The recommended approach has been independently reviewed to ensure the proposal is compliant with industry Regulatory Codes, adopts scalable technologies and governance models that combine to mitigate the financing and operational risks of providing the Otterpool Park electricity infrastructure.

The recommended model provides a sustainable annual income and a pathway to net zero in operation, where the external investors, Council / Otterpool LLP and future Otterpool Park residents share the benefits of the combined solar park and smart grid infrastructure over the lifetime of Otterpool Park.

RECOMMENDATIONS:

- 1. To receive and note this report C/24/68.**
- 2. To approve the recommended business model as set out in section 2 of this report.**
- 3. To note that a full and thorough legal review of the Options Agreement and Heads of Terms will be undertaken.**
- 4. To provide delegated authority to the Director of Housing and Operations and the Council's S151 Officer following the legal review to sign the Options Agreement and Heads of Terms with the preferred solar park provider, SNRG Ltd, to enable them to apply for planning consent.**
- 5. To provide delegated authority to the Director of Housing and Operations to enter into a lease on council-owned land shown edged in red in appendix 1 for Phase 1 of the Solar Park, following the award of planning consent.**

1. BACKGROUND

- 1.1. Otterpool Park, a new garden town, will be central to shaping a sustainable future for the District. It is recognised as a priority within the Council's Corporate Plan 2021-30 'Creating Tomorrow Together' and will make a significant contribution to achieving positive outcomes for:

Service Ambition 1: Positive community leadership
Service Ambition 2: A thriving environment
Service Ambition 3: A vibrant economy
Service Ambition 4: Quality homes and infrastructure.

- 1.2. The Council's long-term commitment to developing a new and sustainable community is supported by the proposal to deliver sustainably generated electricity to residents and businesses from a privately-owned smart grid comprising on-roof solar PV panels and local battery storage augmented by a direct connection to a solar park on Council-owned land to the south west of and outside of the Otterpool Park land allocation that will also connect to the national grid operated by UKPN.
- 1.3. Cabinet report C/23/66 noted the results of the soft market test conducted by Stantec on 25th May 2023 and approved the appointment of SNRG as the preferred investor, developer and operator of the solar park (phase 1).

- 1.4. Cabinet report (C/23/66) noted the value of SNRG's smart grid proposal and the need to continue negotiations to refine the model to maximise the benefits of the smart grid and solar park combination and reach the point where Otterpool LLP are ready to appoint SNRG Ltd as the preferred 'smart grid' developer.
- 1.5. The options for this business case have been structured with consideration of the following success criteria:
 - Early Net-Zero pathway
 - Mitigated risk to the Council to be very low
 - No detriment to land value
 - No Council capital investment
 - On-going revenue receipts to Council as landowner
 - Secure a long-term tariff reduction compared to market rates for residents
 - Future-proof, resilient and compliant structure with robust business model
 - Phased investment profile aligned with the Otterpool Park housing build-out
 - Investment servicing and operational accountability with SNRG
 - Expandable model to exploit future renewable opportunities
 - Any transfer of asset ownership is contractual, and supplies remain uninterrupted, and residents are protected by the OFGEM Regulatory Code
 - Model has a community focus and offers opportunity for community ownership
- 1.6. This report seeks approval for the strategic direction of the business model in readiness for the final independent legal review of the Options Agreement, Heads of Terms for the solar park (phase 1) and the appointment of SNRG as the preferred developer of both the solar park (phase 1) and smart grid infrastructure.
- 1.7. Cabinet report (C/23/66) outlined the proposal to deliver sustainable electricity infrastructure comprising of a solar park on land adjacent to Otterpool Park with a direct link to a new smart grid and independently owned electricity distribution network with battery storage throughout the Otterpool Park Phase 1 development.
- 1.8. The report recognised that phase 1 of the solar park would provide up to 50% of the annual average energy demand from the homes, shopping centre and local business areas developed as phase one of the Otterpool Park development. The balance of net zero electricity will be procured by SNRG contracting with national renewable power suppliers using industry Power Purchase Agreements at wholesale prices and importing into the Otterpool SmartGrid. Otterpool Park aspires to be 100% net zero (in operation) and with a model that allows the flexibility to consider future opportunities to invest in additional onsite or near-site generation.
- 1.9. Since approval of Cabinet Report (C/23/66) in December 2023 officers have been working closely with the preferred bidder to develop the model further to establish a true pathway to net-zero (in operation) for the whole development. The original projected residential annual electricity demand per home has been revised to align with the Future Homes Standard which recognises the improved energy efficiency standards and the impact of home EV charging.

1.10. In order to achieve this, the solar park with the addition of roof top solar and local battery storage, all connected to the smart grid, will put the development firmly on the path to net-zero (in operation) but onsite generation will not be enough to achieve net-zero (in operation) across the whole development in the years to come. To achieve net zero (in operation) SNRG SmartGrid Company will contract to import the balance of renewable electricity requirements into the SmartGrid under industry Power Purchase Agreements (PPA's). This model will create a fully sustainable development and has the flexibility to invest further in on-site generation as opportunities arise.

1.11. The table below shows projections of demand and the sources of supply throughout the development period. This does not include the potential development of phase 2 of the solar park at this stage.

Years	Connected homes	TOTAL DEMAND	SUPPLIED FROM	
			SmartGrid and solar park (p1) (MWh)	Green Energy Contracts (PPA, MWh)
Start date = 2027	cumulative build out	Ave Annual demand MWh		
2	199	1,692	796	896
5	1090	9,265	4,360	4,905
10	2546	21,641	10,184	11,457
15	3965	33,703	15,860	17,843
30	8500	72,250	34,000	38,250

Note: assumptions:

- 100% of homes opt in to be connected to the smart grid and have electric heating with home EV charging, giving an assumed total average demand of 8.5MWh per home per year (Future Homes Standard for 3-bed semi-detached with heat pumps and EV charging).
- Average of 4kWp per home generation is connected either as solar PV on residential roof tops, or for those without rooftop solar the 4kWp is supplied from the solar park.
- Balance from PPAs contracted by SNRG with 100% green national energy suppliers at wholesale prices and imported into the smart grid.
- The model supports future opportunities to invest in additional onsite generation as it becomes available that will displace imported green power on a kWh by kWh basis.

2. RECOMMENDED BUSINESS MODEL

- 2.1. The contract for the installation of the private, main Otterpool Park grid (including the UKPN grid connection) has already been awarded by Otterpool LLP to Networx Utilities Limited (NUL) following a competitive tender process.
- 2.2. Under the terms of the existing contract NUL will appoint Utility Assets Limited (UAL) to adopt the entire grid for all connections and operations. UAL is the Independent Distribution Network Operator (IDNO) for Otterpool Park.
- 2.3. SNRG will create, adopt and operate the smart grids embedded within the private network. UAL will adopt and operate the non-smart grid portion, which includes the connection with the national grid and the interconnections between the smart grids.
- 2.4. SNRG will fully fund and construct the smart grid (infrastructure to supply homes and businesses), the solar park and all roof top solar working closely with the incoming developers.
- 2.5. SNRG will create and fully fund an industry-compliant, privately-owned smart grid governance structure. The Council or Otterpool LLP will not provide any capital investment.
- 2.6. SNRG will fund, own and operate the solar park and connection to the smart grid serving Otterpool Park, and remain fully accountable for servicing the investment, delivery, performance, compliance, customer satisfaction and all financial transactions. The Council will have no ongoing financial liability. SNRG will also be responsible for all land management and maintenance requirements associated with the land ownership of the solar park which will be detailed in the lease agreement.
- 2.7. SNRG will apply for the relevant consents for the solar park (phase 1) and connect directly to the Otterpool Park SmartGrid and onwards through the existing IDNO connection to UKPN's national grid. There is minimal planning risk to the Council associated from submitting the planning application as this lies with SNRG, however the Council as Local Planning Authority (LPA) needs to be mindful of the risk (and cost) of any potential judicial review (JR).
- 2.8. SNRG will be expected to enter into a Planning Performance Agreement with the council as LPA. Discussions have taken place with the LPA around the potential risk of JR. The LPA will commission independent planning legal expertise to oversee the application process to minimise this risk. SNRG have confirmed that they will cover the cost of this commission. See further detail in section 5.3, Options Agreement.
- 2.9. The existing contract with NUL is set up to pay a grid connection fee of £1,793 per property to the Otterpool LLP. The connection fee is paid by the incoming developers upon the connection of each home. The contract will be amended by Otterpool LLP to include SNRG as one of the parties that can adopt the network (i.e. the SmartGrid) from NUL and receive the connection fee from the developer.

2.10 Under this recommended contractual arrangement SNRG will pay directly to the Otterpool LLP a reduced grid connection fee of £1,176 per property connected to the smart grid. The balance of the grid connection fee (£617) will remain within SNRG's SmartGrid Company to fund cashflow and reserves. In return the Otterpool LLP will receive an additional annual, index-linked royalty payment of £57 per connected home until 2058 (Otterpool scheme completion) which then reduces to £12 per annum at current value which, with the indexing assumptions, equates to an estimated £25 per property per annum from 2058 which continues to be index-linked and paid in perpetuity.

2.11 For any homes not connected to the smart grid Otterpool LLP will receive the one-off connection fee of £1,793 from NUL, but no annual royalty. This underpins the Otterpool LLP income in the event that developers opt out of connecting to the smart grid.

2.12 The shared benefits of the recommended model are designed to encourage developers to connect to the smart grid from the outset and for householders to remain with the smart grid over time.

2.13 The recommended combination of connection fee and annual royalty payment will generate £21m over the 30 year build out period until 2058 for the Otterpool LLP.

2.14 The alternative and existing option of retaining the full connection fee would generate £15m to 2058 and nothing thereafter. See income table 6.2 below.

2.15 The annual rent paid by SNRG for the solar park land (phase 1) is £120k from the point that planning permission is granted, and the lease is entered into.

2.16 The Council will forego the current agricultural land rent of £ 9,370 per annum in favour of the rent of £120,000 per annum for the solar park (phase 1) with 5 yearly upwards rent reviews.

2.17 Further consideration needs to be given to whether the solar park land and associated income transfers over to the Otterpool LLP or appropriate body at a future point in time as the development progresses to safeguard the income for development purposes.

2.18 The financial summary of the recommended model is shown in the table below and assumes that 8,500 homes are connected to the smart grid. The solar park rent excludes the impact of any upwards rent review whilst the royalty payments are index-linked:

Income projections from the recommended model

Source	Payable	Rate	30-year value (after build-out and 8,500 homes connected to smart grid)
Rent for solar park (phase 1)	Annual rent	£120,000	£ 3.6m

One-off royalty for smart grid connection	On connection per home	£ 1,176	£ 10.0m
Ongoing royalty per home connected to the smart grid	Annual per connected home	£ 57	£ 11.2m
Total			£ 24.8m

2.19 Otterpool Park residents will receive a tariff reduction of a minimum of 15% against an agreed published benchmark which is fully costed within the model.

2.20 Otterpool Park residents can also opt out of the smart grid connection at any time should they wish to find an alternative supplier and forego the discounted SNRG SmartGrid tariffs. At a later date the householder can then elect to return to the SNRG SmartGrid Company should they wish.

2.21 Otterpool Park housebuilders will receive approximately a £4,000 per house cost reduction (at current rates) as SNRG will fund the on-roof solar PV. This will help the developers to achieve the required carbon emission standards under current and future building regulations. Developers can opt out of the on-roof solar PV installation and connection to the smart grid (and forego the cost savings) and instead connect to the traditional grid managed by the IDNO should they so wish.

2.22 Net zero (in operation) is achieved by the model by:

- Combining on-site electricity generation via roof-top solar with battery storage and solar park (phase 1) that will generate approximately 50% of the average annual demand of the 8,500 homes,
- Balancing loads using the SNRG SmartGrid Company to contract with national suppliers and import renewable energy through the national grid connection with UKPN and into the SNRG SmartGrid using industry Power Purchase Arrangements (PPAs). All costs and associated risks and liabilities are with SNRG.
- Exploring future opportunities to invest in additional on-site renewable energy generation, potentially extending the solar park (phase 2), identifying additional locations for on-site generation, adopting new technologies that have a higher efficiency and greater output than the current solar PV panels that will displace the imports under the PPAs.

2.23 Biodiversity net gain is embedded in the design of the solar park as detailed in C/23/66 including providing space that will: accommodate sheep grazing under the solar panels; expand footpaths; create hedgerows for wildlife; and plant community orchards.

2.24 The model is both future proofed and fully compliant and with the flexibility to adapt and embrace new technologies and future opportunities such as public electric vehicle charging and the extension of Otterpool Park.

3 RECOMMENDED MODEL – ‘FOR AND AGAINST’ SUMMARY

- 3.1 The risk profile and mitigation for the recommended model is low compared to the rejected options that are considered in section 6 of this report that are classed as medium and high risk: The project risk profile and mitigations are considered in section 7 of this report.
- 3.2 The recommended model provides a long-term revenue stream by exchanging a marginal reduction in the smart grid connection fee rate for an on-going index-linked annual royalty payment for every home that remains connected to the SNRG SmartGrid. The impact of the annual index-linked royalties is to deliver a significant increase in overall contracted revenues to the Otterpool LLP over the lifetime of the Otterpool Park smart grid.
- 3.3 The recommended model when implemented will generate 50% of the annual average demand for the 8,500 homes onsite and meet the outstanding electricity demand from imports of renewable electricity. The model has the flexibility to invest in future opportunities and displace imports from the national grid and increase the on-site renewable energy. For example, this might include development of an additional connected solar park (phase 2), expansion of on-site generation or new technologies.
- 3.4 A key risk for the recommended model is that developers or householders elect to connect to the IDNO grid rather than the SNRG SmartGrid. The recommended model mitigates the impact on long-term revenues as summarised in the table below and detailed in section 7.

Recommended Model	First 10 years build out		First 30 years build out		Years 31-80 royalty
Impact of annual royalties Connections scenarios	Homes	Total value (£m)	Homes	Total value (£m)	Annual indexed value P.A (£k)
Scenario 1 – Affordable Housing connected to SNRG SmartGrid 22% connect to SNRG SmartGrid	2600	£ 6.34m	8500	£20.15m	£ 44k
Scenario 2 – Most homes connected to SNRG SmartGrid 80% connect to SNRG SmartGrid	2600	£ 5.87m	8500	£ 23.7m	£ 158k
Scenario 3 – All homes connected to SNRG SmartGrid, 100% connect to SNRG SmartGrid	2600	£ 5.70m	8500	£ 24.8m	£ 197k

- 3.5 The review of the recommended model highlights the following strengths and weaknesses:

FOR	AGAINST
No investment required from the Council / OP LLP	Limited number of experienced smart grid participants in residential markets (currently)
All OP LLP / Council income is contracted as rents or royalties	Early OP LLP / Council income marginally reduced and exchanged for a much larger longer-term revenue stream.
Council / OP LLP income optimised whilst risks are minimised	
Residents receive a minimum of 15% discount against other local tariffs.	
Residents can choose to opt out	
Developers save c£4,000 per plot (cost of PV) and on-roof solar PV is a key contributor to achieve their mandatory carbon emissions reductions	
Developers can opt out and fully fund their mandatory carbon emissions targets and OP LLP will receive payments from the existing IDNO connections	
Pathway to net zero in operation: - SNRG SmartGrid with renewable imports delivers 100% net zero - Solar park (phase 2) option generates a further 25-35% of demand onsite and displaces an equivalent amount of grid import	

4 RECOMMENDED MODEL - TIMELINE – KEY CHECKPOINTS

Date	Activity
February 2025	Appointment of SNRG as preferred smart grid provider
	SNRG commence pre-planning process for solar park (phase 1)
March 2025	Contract amended with existing Independent Distribution Network Operator to align with recommended model
	Approval of Heads of Terms and Options Agreement for solar park (phase 1)
March / April 2025	SNRG commence planning application
January 2028	First smart grid connection of c150-250 homes energised
	First panels of solar park for the first smart grid are energised (subject to consents)

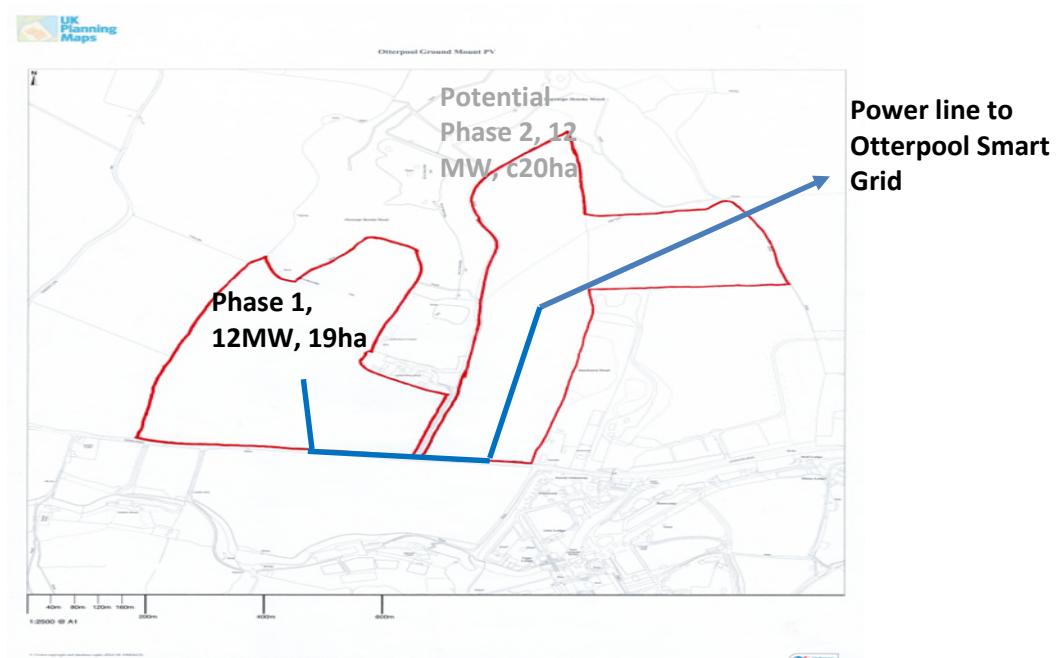
5 OPTIONS AGREEMENT / HEADS OF TERMS / FINANCIAL & LEGAL REVIEW

- 5.1 The Options agreement for the solar park land and the Heads of Terms are in an advanced position that reflects the business case set out as the agreed option in this report. The report seeks delegated authority to the Director of Housing and Operations to enter into the agreements following full and thorough financial and legal reviews and approval of the Council's S151 Officer. Officers will be supported by external expert consultants including Stantec and specialised lawyers.
- 5.2 The budget to undertake the legal review was approved as part of the previous cabinet report (C/23/66).

5.3 Options Agreement (Solar Park land) – Headline terms

5.3.1 The following headline terms have been received from SNRG for the solar park options agreement which will undergo a thorough legal review.

- Optioned land for the solar park is the proposed area edged in red entitled 'Phase1 12MW 19ha' and the wayleave for the connection to the SNRG SmartGrid. This excludes the 'Potential Phase 2 area 12MW, 20ha' at this point in time.
- The wayleave below is indicative and will be confirmed within the planning application. If the cable route runs through the highway to the south a section 278 agreement will be entered into with the highway authority. SNRG will be responsible for agreeing the route and entering into the agreements with the relevant landowners.



- The purpose of the Options Agreement is to obtain the necessary planning consents for the solar park (phase 1) and generation of 12MWp of solar power with associated connections and wayleaves over adjacent land.
- SNRG are responsible for all the costs of the planning application, the pre-planning, the consultations, the design work and must evidence the net biodiversity gain.
- All costs, losses, damages, compensation and fees for the access of land are for SNRG alone, including compensation for unharvested crops. The council is indemnified in full.
- The option period is 4 years from signing, however, where planning approval is pending it can be extended by a further 2 years. Note that the planning application is to be submitted within 12 months, unless otherwise agreed.
- SNRG will pay the Council up to £50k towards the costs of negotiating the solar farm options agreement and lease.
- SNRG will pay the Council up to a further £50k towards the cost of conducting a legal assessment of the solar farm planning process.
- FHDC will have freedom to allocate those sums between either activity. For example, if the lease and option agreement costs £30k, the remaining £20k can be allocated towards the costs of the legal assessment of the solar farm planning process to bring the total available to £70k.
- SNRG is also willing to cover any additional legal expenses associated with the above and any subsequent legal expenses incurred in relation to a judicial review of the planning application, subject to agreeing a reduction in the amount of asset value paid by the SNRG group to adopt the Otterpool Park electrical network. The mechanism for this will be detailed in the Options Agreement.

5.4 Heads of Terms – Key Points:

The following outline Heads of Terms have been received from SNRG which will undergo a thorough legal review.

5.4.1 Solar park (phase 1)

- 12MWp Solar Farm with designated undisturbed spaces co-designed with the community to create multiple wildlife habitats and the potential for sheep grazing with community orchards and footpaths.
- Plans subject to the approval of the Local Planning Authority.

- Lease for an initial 35-year term together with a mutual option for renewal at 5 year intervals subject to a longstop of 99 years.
- Base rent at £2,500 per acre, including the wildlife habitat, equates to £120,000 per annum, payable in advance on commencement of the lease and thereafter quarterly in areas with 5-year rent reviews (upwards only) and in line with changes in the Consumer Price Index (CPI) until the end of the decommissioning period and reinstatement as agricultural land.
- SNRG will pay all rates and be accountable for insuring and securing the site and are responsible for the build and all on-going maintenance and repair costs.
- SNRG will provide a decommissioning and reinstatement bond to be held in ESCROW, with 5-yearly independent assessment of costs and the bond value adjusted accordingly.
- SNRG have the right to assign the lease and all covenants to a third party subject to council consent.

5.4.2 SmartGrid

- Each SmartGrid of c150-250 homes includes a connection and Connection Agreement to the IDNO and a connection directly to the solar park.
- Networx Utilities Ltd (NUL) are already appointed by Otterpool LLP to build the physical grid and to appoint the grid operator Utility Assets Limited (UAL) to adopt the full operational grid.
- SNRG will create a new ESCO distribution company in readiness to adopt and operate the SNRG SmartGrid infrastructure. UAL will adopt the non-smart grid portion.

5.5 Legal Review

5.5.1 The Council's legal services team will appoint a suitable legal specialist to undertake a full review of the Options Agreement and Heads of Terms for the solar park (phase 1) prior to any agreement being entered into and any grant to SNRG to proceed to pre-planning, consultation and planning application.

5.5.2 Legal specialists commissioned by the Otterpool LLP will negotiate the amendment of the existing contractual agreement with Networx Utilities Ltd (NUL) to include SNRG as one of the parties that can adopt the network (i.e. the SmartGrid) from NUL and receive the connection fee from the developer.

5.6 Financial Review

5.6.1 The Council's financial services team will conduct a full financial review of the proposed contractual arrangement which will be signed off by the Council's S151 Officer. This will be supported by Stantec who carried out the original soft market testing exercise and an independent review of the recommended business model.

5.6.2 Once entered into, the proposed contractual arrangement with the solar park and smart grid supplier will be managed by the Corporate Estates Team within the Housing and Operations Directorate and overseen by the Director of Housing and Operations.

6 OTHER OPTIONS CONSIDERED AND NOT RECOMMENDED

Option 1

6.1 SNRG fully fund and develop the solar park (phase 1) and connect to the independently owned wires of the already contracted Otterpool Park Independent Distribution Network Operator (IDNO) and through Otterpool Park to the connection to the national grid (UKPN). This option does not include the smart grid, roof-top solar or local battery storage.

6.2 The council does not directly invest in the project and will receive an annual rent for the solar park and a connection fee per home from the IDNO. This is shown in the table below:

Income (modelled)	Payable	Rate	30-year value (after build-out and 8,500 homes connected to IDNO traditional grid)
Rent for solar park (phase 1)	Annual rent	£ 120,000	£ 3.6m
Grid connection contractual payment	On connection of the home	£ 1,793	£ 15.3m
Total			£ 18.9m

6.3 The option was rejected on the following grounds:

- Net zero in operation aspirations of Otterpool Park are not achieved as every resident will need to contract with an existing national electricity supplier and may not elect to use 'green tariffs'.
- Sub-optimal revenue stream to the OP LLP / Council.
- Resident tariffs will be those offered by national suppliers - so there are no direct cost savings available to the residents of Otterpool Park.

- Solar park (phase 1) maximum annual output will meet 100% of the annual average electricity demand of 1,400 homes (Future Homes Standard) but must be exported under a wholesale contract to the UKPN national grid.
- Requirement to construct a direct connection to the UKPN national grid to export and sell the renewable power at wholesale rates.
- Onsite solar PV is only installed at the discretion of the individual developers, noting that the 22% social homes will have solar PV installed.
- Smart grid benefits not realised.

Option 2

6.4 The OP LLP / Council participates in the SNRG SmartGrid Joint Venture Company as a minority shareholder (20% of equity) and receives shareholder dividends as well as the land rental for the solar park (phase 1).

6.5 The investment assumptions and modelling suggest a commercial IRR of around [REDACTED] and projected dividend income stream over the 30 years of the build out period of [REDACTED]. However, the dividend stream is dependent on both internal and external drivers and is not guaranteed.

6.6 To pay for the equity stake the Council will forego the asset value associated with the connection fee of £1,793 per home from the existing Independent Distribution Network Operator. The connection fee will be paid to SNRG as homes are connected over the build out period. This will be a cost of £15.3m for 8,500 homes which will form the OP LLP's / Council's equity stake in the JV Company.

Income (modelled)	Payable	Rate	30-year value (after build-out and 8,500 homes connected to SNRG SmartGrid)
Rent for solar park (phase 1)	Annual rent	£ 120,000	£ 3.6m
Ongoing dividend modelled	Annual by shareholding	£ variable	[REDACTED]
Cost	Payable	Rate	30-year cost
Foregone smart grid connection fee per home	Existing royalty from IDNO diverted to SNRG	£1,793 contracted	£ 15.3m
Total / net position			[REDACTED]

6.7 As an equity partner in the JV Company there will be inherent risks and liabilities shared with other equity shareholders and not limited to shared accountability as follows:

- Financial performance of the JV
- Operational performance of the JV
- Customer engagement, invoicing and bad debt
- Maintaining regulatory compliance
- Approving energy procurement strategy, contracts with financial charges

6.8 This option, as modelled, offers a marginal financial benefit over the recommended option but includes:

- Unacceptable risks to the OP LLP / Council
- Uncertainty in the dividend stream and value
- Investment requirement of £15.3m from the asset value paid over the build-out period
- Managing the complexity of governance and compliance

7 RISK ANALYSIS OF OPTIONS AND MITIGATION

7.1 The following table considers the risks and mitigation of the recommended option against the other options detailed in this report against the project success criteria as set out in paragraph 1.5.

7.2 Risk and Mitigations

Issue / Risk	Mitigation Recommended Model	Mitigation Rejected Option 1	Mitigated Rejected Option 2
	Solar Park and SNRG SmartGrid	Solar Park and existing distribution grid	Solar Park and SNRG SmartGrid with FHDC as a minority shareholder
Land value adversely impacted	Developer costs reduced by c£4,000 per plot	No structural mechanism to embed on-site generation as renewables at the discretion of the developer.	Developer costs reduced by c£4,000 per plot
Council investment required	No requirement for FHDC investment nor operational involvement. Annual rents and royalties are contracted with legal remedies and escalation in place.	No requirement for FHDC investment nor operational involvement. Annual rents and royalties are contracted with legal remedies and escalation in place.	FHDC / OP LLP invest £15m from the asset value to purchase a minority (20%) equity stake in the Smart Grid Energy Supply Company in return for uncertain shareholder dividends.
Fails to deliver early net-zero-in-operation	Pathway to 100% net zero in operation. Smartgrid generates 50% of average annual demand, a further 25%	Individual decision by private residents to purchase power from existing national suppliers – the output from the solar	Pathway to 100% net zero in operation. On-roof solar generates 50% of average annual demand, additional 25%

	from solar park(p1) and the balance from grid or solar park (p2). Lowest cost on-site energy generation.	park (phase1) will only meet average demand for the equivalent of c2,100 homes and exported to the UKPN grid to the national buyers	from solar park(p1) and balance from grid or solar park (p2). Lowest cost on-site energy generation.
No discounted energy tariffs	Model incentivises SNRG to retain customers by pass-through benefits from lowest cost on-site renewable generation and reduced distribution costs	Tariffs will be those offered by suppliers to the individual resident, no reduction for being in Otterpool and reduced distribution charges not available.	Model incentivises SNRG to retain customers by providing discounts and pass-through benefits from lowest cost on-site energy generation
Not resilient, non-compliant	Smart grid, storage & IDNO connection to the UKPN grid governed by OFGEM Codes . Structure allows for technology change	IDNO connection to the UKPN grid and to the homes governed by OFGEM regulations	Smart grid, storage & IDNO connection to the UKPN grid governed by OFGEM Codes . Structure allows for technology change
Investment not linked to the build-out	Avoids grid strengthening, with up to 50% of Otterpool demand generated on-site. Investment aligned with build out	Solar park requires a bigger grid connection to the national grid and may require grid strengthening	Avoids grid strengthening, with 50% of Otterpool demand generated on-site. Investment aligned with build out
Investment servicing and operational management not in place with SNRG	Financing from future revenues, SNRG JV operates under OFGEM Codes, SNRG has the expertise. Cashflow includes debt servicing	Traditional financing from future revenues, IDNO and JV operates under OFGEM Codes and contract.	Financing from future revenues, SNRG JV operates under OFGEM Codes, SNRG has the expertise. Cashflow includes debt servicing. Council acquires expertise over time.
Expandable model to exploit future renewable opportunities	Built in structural incentive to support other renewable generation and use Otterpool generation as a local company and potential for partial community ownership.	No structural incentive to support other renewable generation or use Otterpool generation other than through the current supplier and distribution company structure	Built in structural incentive to support other renewable generation and use Otterpool generation as a local company and potential for partial community ownership.
Community focus	Community focus – success for all parties is aligned with the success of the local infrastructure and acceptance by the community	No community focus – electricity suppliers are national companies	Community focus – success for all parties is aligned with the success of the local infrastructure and acceptance by the community.
Transfer of ownership (insolvency or asset sale)	Governed by legal agreement, with counterparty rights. Residents, output & income protected by power purchase agreement and OFGEM regulations and Code	Governed by legal agreement, with counterparty rights. Residents, output & income protected by power purchase agreement and OFGEM regulations and Code	Governed by legal agreement, with counterparty rights. Residents, output & income protected by power purchase agreement and OFGEM regulations and Code

Delays in planning and consents	SNRG contributes social value to residents through the solar park, smart grid and local environment	SNRG can only contribute social value to residents through the solar park activities. Solar Park requires a new/upgraded grid connection into the UKPN grid.	SNRG contributes social value to residents through the solar far, smart grid and local involvement
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7.3 In the event that only a proportion of the homes elect to connect to the smart grid there is a fall-back revenue position, rather than a zero income to the OP LLP / Council. The key risk to the Council of non-connection is to not achieve net-zero-in-operation.

7.4 The recommended model has a reduced SNRG SmartGrid connection fee offset by an annual royalty in perpetuity compared to the IDNO model's one-off connection fee, the net impact of which is to marginally reduce the value received over 10 years and significantly increase the 30-year value which is demonstrated in the tables below:

7.5 **EXAMPLE 1. Only the affordable homes connect to the SmartGrid. The rest of the site elects to connect to the IDNO network.**

- Annual index-linked royalty fee drops to £12/connection per annum (at current value): with the index linking, the modelled value in 2058 is approximately £25 per home connected.
- For year 31 the annual income from the index linked royalty fee is modelled at £44k per annum and is paid in perpetuity (assuming 22% homes remain connected).

Recommended Model			First 10 years build out		First 30 years build out	
Connections	Rate per home / park (£)	Payment frequency	Number of homes	Total value modelled (2,600 homes)	Number of homes	Total value modelled (8,500 homes)
IDNO connection	1,793	Once	2,028	£ 3.64m	6,630	£11.89m
Smart Grid connection	1,176	Once	572	£ 0.67m	1,870	£ 2.20m
Smart Grid royalty	57	Annual	572	£ 0.17m	1,870	£ 2.46m
Total Smart Grid value				£ 4.48m		£16.55m
Solar Park rent (P1)	120,000	Annual (uninflated)	1	£ 1.20m	1	£ 3.60m
Total value received				£ 5.68m		£ 20.15m

7.6 EXAMPLE 2. 80% of the houses are connected to the SmartGrid with the remaining 20% connected to the IDNO network.

- Annual index-linked royalty fee drops to £12/connection per annum (at current value): with the index linking the modelled value in 2058 is approximately £25 per home connected
- For year 31 the annual income from the index linked royalty fee is modelled at £158k and is paid in perpetuity (assuming 80% homes remain connected).

Recommended Model			First 10 years build out		First 30 years build out	
Connections	Rate per home/park (£)	Payment frequency	Number of homes	Total value modelled (2,600 homes)	Number of homes	Total value modelled (8,500 homes)
IDNO connection	1,793	Once	520	£ 0.93m	1,700	£ 3.05m
Smart Grid connection	1,176	Once	2,080	£ 2.45m	6,800	£ 8.00m
Smart Grid royalty	57	Annual	2,080	£ 0.062m	6,800	£ 8.96m
Total Smart Grid value				£ 4.00m		£20.01m
Solar Park rent (P1)	120,000	Annual	1	£ 1.20m	1	£ 3.60m
Total value received				£ 5.20m		£ 23.61m

7.7 EXAMPLE 3. 100% of the houses are connected to the SmartGrid.

- Annual index-linked royalty fee drops to £12/connection per annum (at current value): with the index linking the modelled value in 2058 is approximately £25 per home connected.
- For year 31 the annual income from the index linked royalty fee is modelled at £197k and is paid in perpetuity (assuming 100% homes remain connected).

Recommended Model			First 10 years build out		First 30 years build out	
Connections	Rate per home/park (£)	Payment frequency	Number of homes	Total value modelled (2,600 homes)	Number of homes	Total value modelled (8,500 homes)
IDNO connection	1,793	Once	0	£ 0.00m	0	£ 0.00m
Smart Grid connection	1,176	Once	2,600	£ 3.06m	8,500	£ 10.00m

Smart Grid royalty	57	Annual	2,600	£ 0.80m	8,500	£11.2m
Total Smart Grid value				£ 3.86m		£21.20m
Solar Park rent (P1)	120,000	Annual	1	£ 1.20m	1	£ 3.60m
Total value received				£ 5.06m		£ 24.8m

8. COMMUNICATIONS STRATEGY

8.1 Should Cabinet be minded to approve the recommendations as set out in this report an extensive communications strategy will be developed to commence prior to the planning application.

9. INDEPENDENT REVIEW OF RECOMMENDED MODEL

9.1 Stantec have supported the Council and the Otterpool LLP throughout this process. They carried out the original soft market testing and recommended SNRG as the preferred supplier.

9.2 Stantec have carried out an independent review of the recommended model which is attached as Appendix 2.

9.3 The conclusion of their review is included below at paragraph 9.4.

9.4 ***'The prospect of local power generation on land already owned by the Council, and distribution within Otterpool Park are aligned with the Council's own policy and are financially attractive. This reinforces the pathway towards achieving Net Zero.***

The opportunity remains subject to a successful planning application and decision, and will need to assess compliance with policy and environmental impacts, such as landscape and visual impact, ecology, loss of agricultural land and access.

This cabinet paper recommends completion of an options agreement with SNRG which will allow the design to be progressed and an independent planning application to be submitted to the Council for consideration.

Based upon the information contained within this cabinet report and our own technical experience of work on the Otterpool Park project over the past 3 years, we support the recommendations. We believe (subject to planning) that this opportunity presents a leading example of what can be achieved as renewable energy options are increasingly prioritised and reduce carbon emissions locally.'

10. CONCLUSION

- 10.1 The recommended model is clearly aligned with the Council's strategy and vision for Otterpool Park and creates the clearly defined pathway to energy net zero in operation using a combination of on-site generation assets, solar park (phase 1) and purchases of renewable power from national suppliers through the grid.
- 10.2 The homeowners that connect to the SNRG SmartGrid will benefit from a minimum of a 15% discount on their energy tariffs and retain the ability to connect to alternative energy suppliers.
- 10.3 No investment is required from the Council.
- 10.4 The Council / OP LLP receives a contracted revenue stream over the lifetime of the project comprising: annual rent for the solar park (phase 1, with a 5-yearly rent review); one-off smart grid connection fees; and annual index-linked royalty payments in perpetuity.
- 10.5 The sum received over the 30-years with the recommended option is only marginally less than the shareholder option which includes significant investor and operator risks and liabilities for the council / OP LLP as a shareholder.
- 10.6 The model is commercially robust and scalable within Otterpool Park to facilitate other opportunities that may arise in the future, including public EV charging, additional onsite solar generation and any extension of Otterpool Park.
- 10.7 The model is deliverable and provides resilience and protection from failure of electricity supplies to the residents and is fully compliant in both technical build and operational activity with the OFGEM Regulatory Code.
- 10.8 The council demonstrates net-zero carbon leadership and improves the outcomes for both residents and the environment.

11. LEGAL/FINANCE AND OTHER CONTROLS/POLICY MATTERS

11.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report. The legal work will need to be outsourced due to its specialist nature and our in-house legal team can assist with this instruction.

11.2 Finance Officer's Comments (LM)

There are no direct capital financing implications to the council for the delivery of the Otterpool Solar Park and Smart Grid as this will be fully funded by SNRG, they will be responsible for the design, build, ongoing maintenance and operation of the Solar Park throughout the lifetime of the

facility. The land will be fully remediated to its current site condition and returned back to the Council at the end of the agreed lease.

Revenue funding will be required to appoint legal and specialist consultants to support the Council in the negotiation and finalisation of the Options Agreement, Land Lease and planning. SNRG have agreed to underwrite the Council's costs up to a cap of £100k which is currently estimated to be sufficient to complete these agreements therefore there is no requirement for the Council to provide additional revenue funding to support the negotiation or delivery of the Solar Park.

The current rent received for the land will not be lost to the Council as this will continue to be received until such time as SNRG take ownership.

SNRG are also underwriting cost that the Council would be liable to fund should a Judicial Review of the Planning Application arise. This will be capped and recoverable from future income from the network asset values (to be agreed and detailed within the Options Agreement).

The recommended option provides the Council with significant income streams over the lifetime of the Solar Park and Smart Grid and represents a low risk option when compared directly with the other options which have been considered and not recommended.

11.3 Diversities and Equalities Implications (GE)

There are no equality and diversity implications directly arising from this report. The proposed model provides a clear pathway to net zero in operation that will be of benefit to future residents and business owners in providing cleaner energy at Otterpool Park. The reduction in the residential tariff will support the drive to alleviate fuel poverty.

11.4 Climate Change Implications (AT)

The recommended model aligns with Folkestone and Hythe District Council's carbon reduction plans and commitment to net zero. By utilising a solar park during construction, the building process can significantly reduce its emissions while addressing the Council's goal of reducing emissions from new developments. Once occupied, the homes connected to the solar park and smart grid will greatly decrease their carbon impact, supporting the council's aim to lower residential energy consumption and emissions. The recommended model ensures house building targets, embeds Biodiversity Net Gain, incorporates renewable energy adoption, and overall carbon reduction for the district.

12. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Martin Kerslake, Low Carbon Specialist
Email: Martinkerslake@folkestone-hythe.gov.uk

Andy Blaszkowicz, Director of Housing and Operations
Email: Andy.Blaszkowicz@folkestone-hythe.gov.uk

13. APPENDICES

Appendix 1: Site Plan

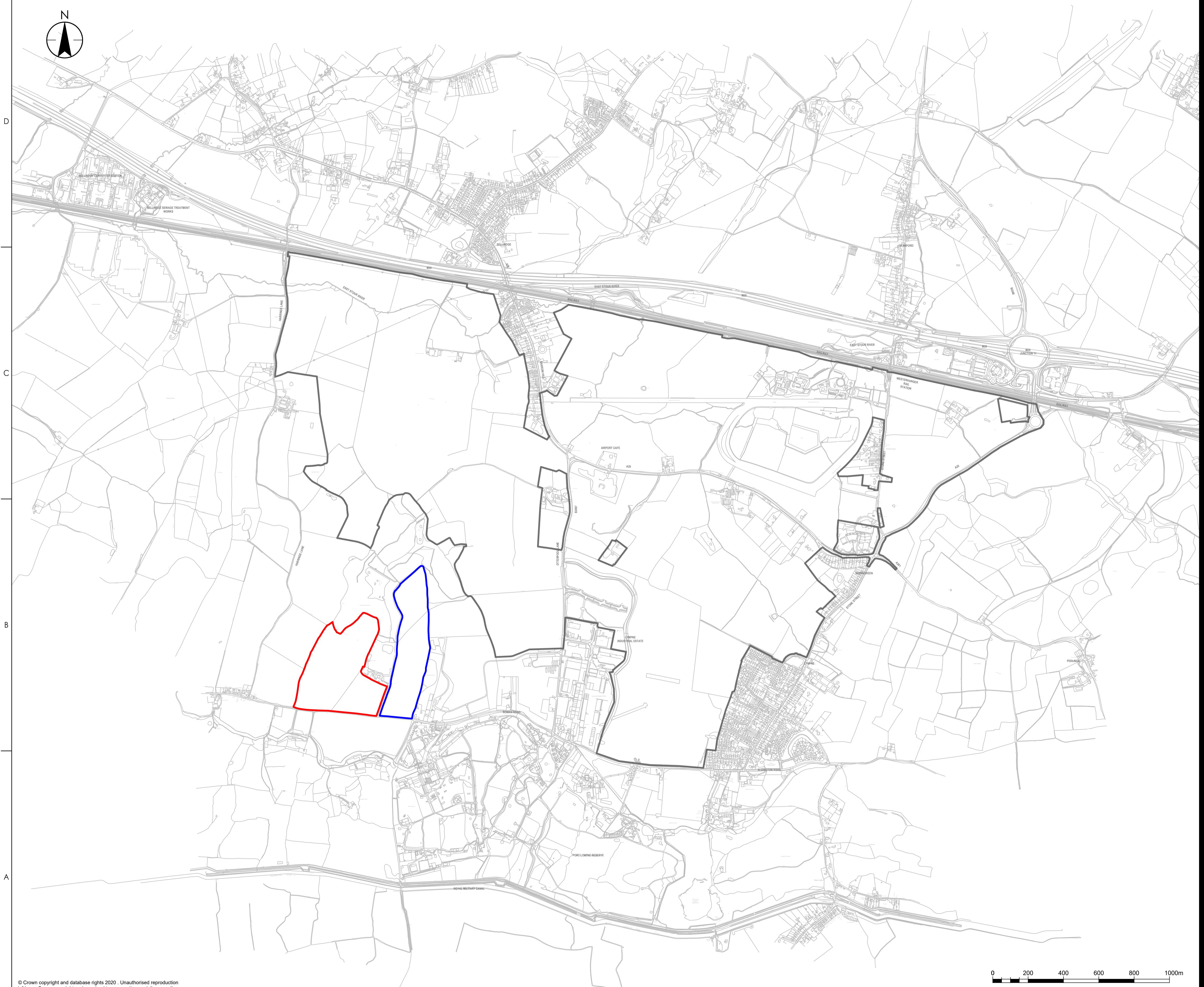
Appendix 2: Stantec review of Recommended Model / Cabinet Report

Notes

UTILITIES NOTE: The position of any existing public or private sewers, utility services, plant or apparatus shown on this drawing is believed to be correct, but no warranty to this is expressed or implied. Other such plant or apparatus may also be present but not shown. The Contractor is therefore advised to undertake their own investigation where the presence of any existing sewers, services, plant or apparatus may affect their operations.

LEGEND:

- PROPOSED SOLAR FARM BOUNDARY
- OTTERPOOL PARK SITE BOUNDARY
- ADDITIONAL COUNCIL OWNED LAND FOR POTENTIAL SOLAR EXTENSION



002 UPDATED WITH COUNCIL OWNED LAND FOR POTENTIAL SOLAR EXTENSION TJ 2023.07.20
001 SM NA 2023.05.15
Issued/Revision By Appd YYYY.MM.DD
SM - NA 2023.05.15
Dwn. Dsgn. Chkd. YYYY.MM.DD

Issue Status

S0 - WORK IN PROGRESS

This document is suitable only for the purpose noted above.
Use of this document for any other purpose is not permitted.

Client/Project Logo



Client/Project
OTTERPOOL PARK LLP

Title
PROPOSED SOLAR FARM BOUNDARY

Project No. 332410700 Scale 1:10,000
Revision 002 Drawing No. OPP02-STN-ZZ-00-DR-CE-WP000-0170
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Solar Park Opportunity

Lympne, Kent – Review of Cabinet Recommendation



The opportunity to deliver a solar park on Folkestone and Hythe District Council (FHDC) land on the boundary of Otterpool Park continues to present an effective solution to lower electrical demand and demonstrate an exemplary approach to community power generation and use. A soft market test was completed in 2023 to assess offers for the supply and operation of a new power generation facility. Subsequently a preferred supplier was selected and cabinet decision C/23/66¹ led to the formation of the informal business model set out in this cabinet paper.

The opportunity has expanded beyond simply generating power and connecting this to the existing local electricity distribution network. **The soft market test clearly identified a broader benefit to prioritise the power generated for Otterpool Park**, which is now the focus of the preferred approach set out in this cabinet paper. This integrated solution that combines the solar park with on-site networks (including on-roof solar) is referred to in this paper as a Smart Grid. This approach is consistent with other development opportunities and reflects a world where the economics have changed, and renewable options are increasingly the cost-effective choice².

The energy strategy³ for Otterpool Park consistently supported the use of solar technology and suggested that a review of suitable technologies and energy storage options was undertaken at subsequent planning stages, taking account of evolving technologies, viability, and policy.⁴ Located outside the planning boundary for Otterpool Park, the solar park **will require a separate planning application including an assessment of environmental impacts**.

Within the Carbon Action Plan dated February 2021⁵, the Council have set out their commitment to take opportunities to be an influencer of change and support measures to reduce carbon emissions within the district. Showcasing better practice demonstrates sustainable leadership at a local and national level and accelerates the transition towards cleaner, more secure and affordable supplies of home-grown

¹ See <https://folkestone-hythe.moderngov.co.uk/documents/s45878/Cabinet%20report%20DRAFT%20Otterpool%20Solar%20Farm%20AB%20Final%20Version%201.pdf>

² Ofgem discussion paper, Net Zero Britain: developing an energy system fit for the future, July 2022

³ Otterpool Park LLP, March 2022 (<https://www.folkestone-hythe.gov.uk/downloads/file/2947/appendix-4-9-energy-strategy>)

⁴ Paragraph 1.1.10 bullet 5 and 12.3.7 bullet 5 of the Energy Strategy for Otterpool Park (referenced above)

⁵ Folkestone & Hythe District Council, 2021, Carbon Action Plan, ([F&HDC Carbon Action Plan \(folkestone-hythe.gov.uk\)](https://www.folkestone-hythe.gov.uk)) (February 2021)

Solar Park Opportunity

Lympne, Kent – Review of Cabinet Reccommendation



energy. This opportunity will inspire local authorities to deploy similar solutions on strategic land projects across the UK where they share the responsibility to encourage the increase of green energy supplies locally.

Summary of the Informal Business Model

The informal business case set out in this cabinet report updates the Council on the further work undertaken with SNRG to agree the heads of terms for the land options agreement. Whilst this modelling is based on several assumptions and benchmarks including potential power generation and Smart Grid uptake, this is not a surprise given the design and coordination needed with Otterpool Park. However, the recommended framework and foundational elements, especially annual rent and design, build and operational risk, remain robust.

A summary of outputs is as follows:

1. SNRG will design, build, fund and operate the solar farm over the lifetime of the facility. **There is no planning, build or operational cost or risk to FHDC.**
2. The annual **land rent would increase from £9,370 (agricultural use) to £120,000.**⁶ This return is achieved regardless of the uptake to Smart Grid connections and paid from the point planning permission is granted.
3. A **£50,000 payment will be paid to FHDC by SNRG upon entering an options agreement.** This will fund FHDC's legal costs with developing the Options Agreement and Lease Agreement. A further £50,000 is to be made available to support FHDC's legal costs in supporting the planning application.
4. A broader opportunity is recommended including both the solar farm and wider Smart Grid, making a significant contribution towards meeting the power demand for Otterpool Park.
5. SNRG will contract with the on-site independent distribution network operator (Networx Utilities Limited) to collect a financial royalty and pay this to Otterpool Park LLP for each property connected to the Smart Grid.
6. Importantly, homeowners will continue to have choice and could chose not to connect to the Smart Grid. Where this happens, Otterpool Park LLP will receive a one-off payment from the independent distribution network operator (Networx Utilities Limited), which is a common industry approach (commonly referred to as

⁶ Paragraph 2.16 of this Cabinet Report

Solar Park Opportunity

Lympne, Kent – Review of Cabinet Recommendation



asset values).

7. Homeowners will benefit from a 15% discount on their energy tariff to encourage use of the Smart Grid network.
8. Based on a significant uptake in connections to the Smart Grid, a return of £24.8m over 30 years is achieved.
9. Other options were considered including removal of the Smart Grid (i.e. solar park only) and a joint venture with SNRG. The loss of broader sustainability benefits and unacceptable risks to the Council mean these options were discounted.
10. Alternative options are considered for the take-up of power from the Smart Grid. In all cases, there is a substantial return to Otterpool Park LLP over the long term.

Stantec Conclusion

The prospect of **local power generation on land already owned by the Council, and distribution within Otterpool Park are aligned with the Council's own policy and are financially attractive**. This reinforces the pathway towards achieving Net Zero.

The **opportunity remains subject to a successful planning application and decision, and will need to assess compliance with policy and environmental impacts**, such as landscape and visual impact, ecology, loss of agricultural land and access.

This cabinet paper recommends completion of an options agreement with SNRG which will allow the design to be progressed and an independent planning application to be submitted to the Council for consideration.

Based upon the information contained within this cabinet report and our own technical experience of work on the Otterpool Park project over the past 3 years, **we support the recommendations. We believe (subject to planning) that this opportunity presents a leading example of what can be achieved as renewable energy options are increasingly prioritised** and reduce carbon emissions locally.

Prepared in January 2025

Solar Park Opportunity

Lympne, Kent – Review of Cabinet Reccommendation

By Tom Hydes (BSc, MSc, CEng, MICE), Stantec.



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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This Report will be made public on 4 February 2025

Report Number

C/24/69

To: Cabinet
Date: 12 February 2025
Status: Non-Key Decision
Head of Service: Lydia Morrison, Interim Director - Finance and Governance
Cabinet Members: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance
Councillor Rebecca Shoob, Cabinet Member for Housing and Homelessness

SUBJECT: HRA Budget Monitoring Quarter 3

SUMMARY: This monitoring report provides Cabinet with the 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 31 December 2024.

REASONS FOR RECOMMENDATION:

Cabinet needs to be kept informed of the Housing Revenue Account position and take appropriate action to deal with any variance from the approved budget.

RECOMMENDATION:

1. To receive and note Report C/24/69.

1. INTRODUCTION

- 1.1 This report informs Cabinet of the likely projected outturn on HRA revenue and capital expenditure for 2024/25.
- 1.2 The projections are based on actual expenditure and income to 31 December 2024.

2. HOUSING REVENUE ACCOUNT REVENUE 2024/25 (see Appendix 1)

- 2.1 The table below provides a summary of the projected outturn compared to the latest budget for 2024/25.

	Latest Budget £'000	Projection £'000	Variance £'000
Income	(20,375)	(20,469)	(94)
Expenditure	15,858	16,477	619
HRA Share of Corporate Costs	175	175	0
Net Cost of HRA Services	(4,342)	(3,817)	525
Interest Payable/Receivable, etc	1,484	1,763	279
HRA (Surplus)/Deficit	(2,858)	(2,054)	804
Revenue Contribution to Capital	3,623	2,599	(1,024)
HRA Share of pension reserve movement	200	200	0
Decrease/(Increase) to HRA Reserve	965	745	(220)

- 2.2 The table shows that overall at quarter 3 there is a projected decrease in net expenditure of £220k to the HRA compared to budget.

The main reasons for this are as follows:-

	£'000
Revenue contribution to capital expenditure (see 2.3 below)	(1,024)
Increase in rental income (see 2.4 below)	(94)
Increase in interest and investment income (see 2.5 below)	(50)
Increase in repairs and maintenance (see 2.6 below)	564
Increase in interest payable (see 2.7 below)	329
Increase in supervision and management (see 2.8 below)	55
Total net projected Housing Revenue Account increase	(220)

- 2.3 Revenue contribution to capital expenditure has decreased due to the approved budget of capital financing (borrowing) of £3m not being utilised in 2023/24; the previously unused capital financing will now be utilised in 24/25 in place of revenue funding. Utilising reserves first reduces the overall financing costs of any borrowing required by the HRA e.g. to fund the capital programme; a direct consequence of not utilising the borrowing

previously is a saving in interest costs (impact to revenue expenditure) which are only borne once the borrowing has been taken out. As a result of lower borrowing in 2023/24 (and therefore lower financing costs), additional borrowing will now take place in 2024/25 in lieu.

- 2.4 The net increase in rental income of £93k is due to combination of i) an increase in dwelling rents income of £21k due to lower RTB sales than anticipated ii) an increase in non-dwelling rental income of £34k due to lower level of voids and iii) a net increase in charges for services and facilities of £39k.
- 2.5 The net increase in interest and investment income is due to additional income from treasury management activities.
- 2.6 The net increase in repairs and maintenance is mainly due to an 8% contract inflation on the repairs and maintenance contract £556k, the size of which was not known or could be reasonably forecast at budget setting, and an increase in disrepair claims of £70k currently with 30 open claims. There are underspends on treatment works of (£32k) due to no major works being required and an increase in recovering insurance claims of (£20k).
- 2.7 The increase in interest payable is due to the additional borrowing requirements not utilised in 2023/24 (see paragraph 2.3 above).
- 2.8 The increase in supervision and management is largely due to an increase in utility costs and an increase in the new building cleaning contract.
- 2.9 Overall, the HRA reserve at 31 March 2025 is expected to be £2.67m compared with £2.45m in the latest budget.

3. HOUSING REVENUE ACCOUNT CAPITAL 2024/25 (see Appendix 2)

- 3.1 The latest budget for the HRA capital programme in 2024/25 is £16.47m and the projected outturn for the year is £17.0m, an overspend of £531k.
- 3.2 The increase in expenditure (overspend) relates predominantly to the grant funded expenditure on Social Housing Decarbonisation Fund works ("SHDF") of £1.555m; a compensating £1.555m grant fully covers the £1.555m 'overspend' and is shown in the funding section of Appendix 2. There is therefore no net impact on the budget / reserves of this overspend. There is also carried forward revenue funding of £554k which is no longer required (underspend). Notwithstanding these two items, a true overspend of £100k relates to void capital works resulting from an 8% increase on the repairs and maintenance contract, the size of which was not known or could be reasonably forecast at the time when the budget was set.

Summarising the above with regards to the capital programme budget:

	£'000
SHDF Wave 2 'overspend'	1,500
SHDF Wave 2 grant	(1,500)
Unutilised carry forward	(554)
Contract inflation (voids)	100
Net overspend / (underspend)	(454)

3.3 The following table compares the resources required to finance the projected outturn for the HRA capital programme in 2024/25. The total variation shown below corresponds to the figure in section 3.1 above.

2024/25 HRA	1-4-1 Capital Receipts	Revenue Contribution to Capital	HRA Other Capital Receipts	Grant Funding	Capital Financing	Major Repairs Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Projected Outturn	600	2,599	1,054	1,555	8,000	3,198	17,006
Approved	600	3,623	1,054	0	8,000	3,198	16,475
Variation	0	(1,024)	0	1,555	0	0	531

4. CONCLUSION

4.1 The HRA revenue outturn projection for 2024/25 forecasts £220k lower than the latest approved budget for the reasons set out at section 2.2 of this report.

4.2 The HRA capital outturn projection for 2024/25 forecasts £531k higher than the latest approved budget for the reasons set out at section 3.2 of this report, however note the additional commentary around the grant funding offsetting this overspend.

4.3 The projected outturn for both the HRA revenue expenditure and capital programme for 2024/25 reflects the position based on actual expenditure and forecasts as at 31 December 2024.

5. RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
The latest projection of the outturn could be	Medium	Medium	Areas at greater risk of variances are being closely monitored and an

materially different to the actual year end position.			update will be made to Cabinet if appropriate when this report is considered to allow action to taken.
Capital receipts (including right to buy sales) not materialising	Medium	Low	The capital programme uses realised capital receipts only.
Insufficient capacity to manage delayed expenditure along with new year programme	Medium	Medium	The 2024/25 to 2025/26 capital programme will need to continue to be reviewed to take account of the capacity to manage the programme. 2024/25 planned expenditure will need to be reviewed to determine whether any expenditure will fall into 2025/26 and beyond.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Specialist's Comments (NM)

There are no legal implications arising from this report.

6.2 Finance Specialist's Comments (JS)

This report has been prepared by Financial Services. There are therefore no further comments to add.

6.3 Diversities and Equalities Implications (GE)

The report does not cover a new service/policy or a revision of an existing service or policy therefore does not require an EIA.

6.4 Climate Change Implications (JW)

There are no climate change implications arising from this report.

Consideration should be given to ensure that houses are built, repaired and upgraded using materials and techniques that are suitable to our changing climate.

6.5 Communications and Engagement Implications (JS)

There are no communication implications arising from this report.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Jonathan Smith, Head of Financial Reporting
Tel: 01303 853780 Email: jonathan.smith@folkestone-hythe.gov.uk

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

Budget projection working papers

Appendices:

[Appendix 1](#) Housing Revenue Account revenue budget monitoring report at 31 December 2024

[Appendix 2](#) Housing Revenue Account capital budget monitoring report at 31 December 2024

HOUSING PORTFOLIO	LATEST APPROVED BUDGET £000	PROJECTED OUTTURN £000	VARIANCE £000	REASON
INCOME				
Dwelling rents	18,819	18,840	-21	
Non-dwelling rents	362	396	-34	Increase in income of garage rents due to lower level of voids
Charges for services and facilities	1,142	1,181	-39	Net increase in income due to -(£55k) Lifeline Charges, -(£29k) Supporting People Charges, under achieved income of £23k Service Charges Heating and other minor variances of £22k.
Contributions from general fund	52	52	0	
Total Income	20,375	20,469	-94	
Repairs and maintenance	5,241	5,805	564	Increase due to 8% contract inflation not known at budget setting £556k, increase in disrepair claims £70k there is currently 30 open claims, income from Insurance claims - (£20k), reduction in Treatment Works -(£32k) and other minor variances -(£10k).
Supervision and management	7,129	7,184	55	Increase largely due to utility costs increasing and new building cleaning contract
Rents, rates and taxes	22	22	0	
Depreciation charges of fixed assets	3,198	3,198	0	
Debt management expenses	0	0	0	
Bad debts provision	268	268	0	
Total Expenditure	15,858	16,477	619	
Net	-4,517	-3,992	525	
HRA Share of Corporate and Democratic Costs	175	175	0	
Net Cost of HRA Services	-4,342	-3,817	525	
Interest payable	1,761	2,090	329	Additional borrowing requirements not utilised in 2023/24
Interest and investment income	-277	-327	-50	Additional investment income
Pension Interest Cost	684	684	0	
Premiums and discounts	0	0	0	
(SURPLUS)/DEFICIT	-2,174	-1,370	804	
MOVEMENTS IN HRA BALANCE FOR 2024/25				
Repayment of debt	0	0	0	
Revenue contribution to capital	3,623	2,599	-1,024	
HRA share of pension reserve movement	-484	-484	0	
Surplus/deficit for the year	-2,174	-1,370	804	
Increase/Decrease in Net Movement in HRA Balance	965	745	-220	
HRA Reserve balance brought forward	-3,417	-3,417	0	
HRA Reserve balance carried forward	-2,452	-2,672	-220	

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PORTFOLIO AND SCHEMES	LATEST APPROVED BUDGET	PROJECTED OUTTURN	VARIANCE	COMMENTS
HOUSING PORTFOLIO	£'000	£'000	£'000	
1. Planned Improvements				
Windows & Doors	730	730	0	
Re-roofing	823	823	0	
Dom Gas Heating Improvements	250	250	0	
Kitchen Replacements	500	500	0	
Bathroom Improvements	350	350	0	
Voids Capital Works	300	400	100	8% contract inflation unknown at budget setting
Disabled Adaptations	450	450	0	
Sheltered Scheme upgrades	60	60	0	
EICR Remedials/Electrical Heating	225	225	0	
Passenger Lift Improvements	45	45	0	
Carbon Improvement Works	809	226	-583	Carry forward no longer required £404k, underspend of £179k due to works being postponed until 2025/26
Fire Protection Works	500	450	-50	
Smoke/CO/ Smoke Detectors	90	90	0	
Door Block Entry	106	106	0	
Communal Areas	66	66	0	
Ross House	37	37	0	
SHDF Wave 2 - A & A costs	210	420	210	Projection includes 50% grant funded expenditure
SHDF Wave 2 - Capital works	2,226	3,570	1,345	Projection includes 50% grant funded expenditure. See report paragraph 3.2.
Telecare - Digital upgrade	1,038	858	-180	Contract was lower than anticipated
Remodelling IL Schemes	400	400	0	
Mobility Lift Improvements	15	15	0	
Win Pine House Project	990	990	0	
	10,220	11,061	841	
2. Major Schemes				
External Enveloping *	400	400	0	
Garages Improvements	30	30	0	
Treatment Works	300	20	-280	Carry forward no longer required £150k, underspend of £130k due to no major works identified
Broadmead Road	0	0	0	
	730	450	-280	
3. Environmental Improvements				
Environmental Works	0	0	0	
New Paths	60	60	0	
Play Areas	0	0	0	
	60	60	0	
4. Other Schemes				
New Builds/Acquisitions	5,410	5,410	0	
NEC System	56	26	-30	Carry forward no longer required £28k
Cash Incentive Scheme	0	0	0	
	5,466	5,436	-30	
TOTAL	16,475	17,006	531	
FUNDING				
Major Repairs Reserve	3,198	3,198	0	
Revenue Contribution	3,623	2,599	-1,024	
Decarbonisation Grant Funding	-	1,555	1,555	
1-4-1 Capital Receipts	600	600	0	
HRA Other Capital Receipts	1,054	1,054	0	
Capital Financing	8,000	8,000	0	
TOTAL FUNDING	16,475	17,006	531	

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This Report will be made public on 04th February 2025

Report Number **C/24/73**

To: Cabinet
Date: 12 February 2025
Status: Non-Key Decision
Head of Service: Lydia Morrison – Interim Director Governance and Finance Services
Cabinet Member: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance

SUBJECT: DRAFT GENERAL FUND REVENUE BUDGET MONITORING – 3RD QUARTER (Q3) 2024/25

SUMMARY: This report sets out the financial monitoring information for the Council as at the end of the 3rd Quarter (Q3) in 2024/25. The report provides Members with an overview of budget performance, including an overview of reserves and balances, to enable the Cabinet take ownership of the budgets and provide robust challenge and scrutiny to the officers on the performance of those budgets. At the end of Quarter 3, there is an end of the financial year projected position of £10k overspend on the Council's revenue budget of £19.5m before the use of earmarked reserves, this is an improved position from the £94k overspend on the report presented to Finance & Performance Sub – Committee on the 4th of February 4, 2025. The change is as result of confirmation of reduction in pension strain. This position is based on activity at the end of December 2024, projected trends in income and expenditure and changes to Council funding.

REASONS FOR RECOMMENDATIONS:

The Cabinet is asked to note the recommendation set out below as it needs to be informed of the Council's General Fund revenue budget position, note the forecast outturn overspend projection, and consider any action required as appropriate. Regular monitoring and reporting of the revenue budgets and savings achievements enable decisions to be taken in a timely manner, which may produce revenue benefits and will improve the financial control of the Council.

RECOMMENDATIONS:

1. **To receive and note Report C/24/73**
2. **Note the forecast level of reserves and balances at Quarter 3.**

1. INTRODUCTION

- 1.1 This report updates the Cabinet on the projected outturn for the General Fund Revenue budget for 2024/25. At the meeting on 28 February 2024, the Council agreed a net revenue expenditure for 2024/25 of £19.4m to be met by government grants, council tax, and business rates. This report sets out the updated revenue financial position at Quarter 3 and provides the latest set of data covering nine months of the financial year.
- 1.2 Regular monitoring and reporting of the revenue budgets enables decisions to be taken in a timely manner, which may produce revenue benefits and will improve financial control within the Council. The projections are made against the latest approved budget and based on data received from Budget Managers.

Economic Context

- 1.3 The overall economic environment, whilst forecast to be more stable than recent years, there remains a great deal of uncertainty and challenge which will need to be monitored carefully as the year progresses.
- 1.4 The headline Consumer Price Index (CPI) rose by 2.5% in the year to December 2024, while core inflation declined. The Bank of England decided to hold interest rate at 4.75% in December 2024 after policymakers said the UK economy had performed worse than expected with no growth at all between October and December.
- 1.5 In this context, the Council must remain agile and ready to respond to emerging trends and unforeseen events. Regular reassessment of economic indicators and global developments will be key to navigating this calmer but still challenging economic landscape.
- 1.6 In December 2024, the Ministry of Housing, Communities and Local Government ('MHCLG') issued 2 key documents i) the white paper on Devolution and Local Government Reform and ii) the Provisional Local Government Settlement. These documents have significantly altered the overall economic context for the Council. The Provisional Local Government Settlement contained no increases in grant funding overall and amount to a real-terms cut in funding, once e.g. contract inflation is accounted for. This is in stark contrast to the previous years where the Council received real terms cash increases of at least £750k each year since 2021/22. Additionally, there have been alterations (increases) in National Insurance contributions which are unlikely to be fully funded based on current estimations from officers (estimated £250k pressure for 2025/26). With this context, any underspends in year (2024/25) will be required to support the budget in 2025/26 to help mitigate the impact of the 'flat cash' settlement.

2. GENERAL FUND REVENUE 2024/25 - FORECAST END OF YEAR OUTTURN

2.1 The Q3 results are summarised in Table 1 below. The table presents the forecast outturn as a net position at the end of the financial year, i.e. expenditure minus income. Favourable variances (underspends) are shown as negative values and adverse variances (overspends) are shown as positive value.

2.2 The Service budget covers all the funding required to deliver service such as costs for employees, transport, supplies and services, contracts, benefits, homelessness, and income from grants, fees, and charge.

2.3 There are also non service specific items funding spend such as capital financing costs, investment income, Minimum Revenue Provision (MRP), use of reserves, collection fund, levies, precepts, and any other technical budget adjustments. These budgets/costs are kept separate for accounting and service reasons under the CIPFA Service Reporting Code of Practice (SERCOP).

2.4 In summary, at the end of Quarter 3, there is an overall projected revenue overspend position of £10k before the use of earmarked reserves (£1,446k underspend after the use of reserves) against the Council's revised net revenue budget of £19.5m.

Table 1 – Q3 2024/25 Budget Monitoring Statement

General Fund Net Cost of Services	Q3 Latest Approved Budget at	Q3 Projected Outturn	Q3 Variance	Q2 Variance
<u>Governance & Finance</u>	£000	£000	£000	£000
Governance & Finance	6,986	6,911	(75)	499
<u>Strategy & Resources</u>				
Governance, Law & Democracy	2,445	2,457	12	(191)
People & Customer Services	2,284	2,367	83	52
Planning and Building Control	638	872	233	143
Leadership Support	451	616	165	165
<u>Housing & Operations</u>				
Reg & Community Services	5,376	4,735	(641)	(228)
Housing	3,188	3,148	(40)	(72)
Place and Growth	2,979	3,003	24	(57)
Corporate Estates & Development	1,609	1,858	249	164
Sub-Total - Heads of Service	25,956	25,966	10	474
Unallocated Net Employee Costs	(197)	-	197	197
Recharges to Non-General Fund Accounts	(6,611)	(6,611)	-	-
Total for Service	19,148	19,355	207	671
Internal Drainage Board Levies	586	586	-	-
Interest Payable and Similar Charges	2,381	2,366	(15)	(15)
Interest and Investment Income	(3,043)	(3,124)	(81)	(192)
New Homes Bonus Grant	(136)	(136)	-	-

Other Non-Service-Related Government Grants	(5,759)	(5,759)	-	-
Town and Parish Councils Precepts	2,994	2,994	-	-
Minimum Revenue Provision	2,325	2,256	(69)	(23)
Capital Expenditure Financed from Revenue	1,055	880	(175)	257
NET REVENUE EXPENDITURE BEFORE USE OF RESERVES	19,551	19,418	(133)	699
Net Transfer to/from(-) Earmarked Reserves	(558)	(1,871)	(1,313)	(638)
TOTAL TO BE MET FROM TAXPAYERS & FORMULA GRANT	18,993	17,547	(1,446)	61
Business Rates Income	(4,023)	(4,023)	-	-
Demand on the Collection Fund	(14,970)	(14,970)	-	-
SURPLUS(-)/DEFICIT FOR THE YEAR	(0)	(1,446)	(1,446)	61
Contribution (from)/to the General Reserve	0	1,446	1,446	(61)
Balance at the End of the Year	-	-	-	-

3. Significant aspects of the General Fund Revenue variances by directorate are as explained below:

3.1 Finance and Governance

Finance & Governance are forecasting a (£75k) underspend, the table below shows variations against the latest budgets with detailed descriptions.

Department/Description	£000
Pension Back Funding - Projection based on previous year £80k per month.	(410)
Early Retirement Contribution - Actual greater than Budget and projection as year-end adjustment is processed for IAS19. VR related pension cost to be funded from Transformation Fund.	105
Housing Benefits – Increase in Rent Allowance payments £1,924k, Increase in Rent Allowance subsidy (£1,699k), increase in 23/24 budgeted HB Audit fees £24k, increase in 21/22 HB Audit fees £7.5k and reduction in Admin Subsidy £17k .	273
Rent Rebates - Increase in Rent Rebate costs £1,279k partly due to an increased use of temporary accommodation, and increase in Rent Rebate subsidy (£1,217k)	62
Council Tax Reduction Scheme – Change to Grant funding sources and additional £490k grant received in respect of spend in previous year	(227)
Finance – Projected overspend is the net impact of unbudgeted settlement costs, unbudgeted interim positions and yet to be filled vacant positions in the area. Unbudgeted Interim Accountant position is to be funded through Transformation Reserves.	121
Revenues & Benefits – variance due to unbudgeted DWP grant funding, lower projected insurance costs and various smaller variances.	(26)
Corporate Debt – The net impact of additional staff being funded by New Burdens grants, part year vacancies & secondments/maternity leave and unbudgeted legal expenses.	19
Procurement - Vacant Contract Compliance Officer post and Officer seconded to Elections	(48)
Digital Services & IT - Digital & ICT Trainee costs and other staffing costs to be funded from Transformation reserve.	51

The remaining under/overspend are due to other minor variations.

Total - Governance & Finance

5

(75)

3.2 Governance, Law & Democracy

Governance, Law & Democracy are forecasting an overspend of £12k, and the table below shows main variations against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Planning Policy - Reduction in expenditure to allow for £40k to be carried forward to 25/26 to fund expected in year cost pressure.	(40)
Asst Director Gov Law and Democracy - Unbudgeted exit cost to be funded from Earmarked Reserves.	130
Governance Performance & Risk – Unbudgeted employees costs including settlement cost funded from Reserves.	30
Electoral Services – Variance driven by 3x Election secondments (unbudgeted staff costs)	32
Conducting Elections – resources set aside to fund potential district by-elections not expected to be required in 24/25.	(140)
Total - Governance, Law & Democracy	12

3.3 People & Customer Services

People & Customer Services are forecasting an overspend of £83k, and the table below shows variance against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Cemeteries – variance due to increase in Funerals.	(28)
Customer Support - Overspend driven by unbudgeted staff costs. £14k Redundancy cost will be netted off provision within reserves.	59
Local Land Charges - overspent due to reduction in the Official Land Searches, as more people are opting for the Personal Land Searches. Partly to be netted off (LCC Transition Payment) 23/24 carry forward.	33

Taking Stock - Expenses incurred as part of One day return to work policy which will be funded from Reserves.	22
Other minor variations.	(3)
Total - People & Customer Services	83

3.4 Planning & Building Control

Planning & Building Control is forecasting an overspend of £233k, and the table below shows the movement against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Development Management - Net impact of vacant positions and advertising/Subscription costs.	(7)
Building Control - Reduced Building Regulation fees based on previous years & current year-to-date income levels.	133
Development Control - Reduced PPA relating to Otterpool £140k, reduced Planning Application fees £110k, net of professional fees & recharged income (£13k) and increase to PPA & Pre-App fees (£20k).	217
Otterpool (Local Planning Authority) - Projection to offset Otterpool PPA Income Reduction.	(100)
Building Control – Net effect of vacant post & temporary cover.	(10)
Total - Planning & Building Control	233

3.5 Reg & Community Services

Reg & Community Services is forecasting an underspend of (£641k), and the table below shows variances against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Recycling and Waste - Additional income received.	(128)
Hythe Swimming Pool – variance driven by various vacancies.	(31)
On-Street Parking Enforcement - surplus income due to various parking charges and Grant received from Connected Kerb.	(322)

Lifeline Facilities - Overspend due to new posts and reduction in lifeline income.	95
Cleansing - mainly due to £100k from Community Infrastructure Levy for rationalisation and capital replacement of litter bin stock expected to be carried forward.	(101)
Environmental Protection - Underspend due to staff vacancies this year.	(15)
Licensing - Licensing Officer vacancy.	(26)
Waste Contract Management – variance due to delayed decision on additional resource.	(51)
Off-Street Parking – Various additional income.	(50)
Other minor variances	(12)
Total - Reg & Community Services	(641)

3.6 Leadership

Leadership is forecasting an overspend of £165k, and the table below shows the variation against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Interim Director Finance & Governance (will be funded from using both the Council's and Otterpool's resources).	142
Other minor variations	23
Total - Leadership	165

3.7 Housing

Housing Services is forecasting an underspend of (40k), and the table below shows major variation against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Homelessness (Grant Funded Exp) – Part year vacancies including Housing Prev Officer vacancy. Homelessness Prevention Grant & top up received which will be used to fund overspent across Homelessness budget GH58/HH21/HH22.	(106)

Homelessness - Spend higher than 23/24 (increased placements), to be offset by increased income.	37
Repairs - 2 x Repairs Surveyor posts filled at a lower grade than budgeted.	(26)
Assets & Major Works – Works Surveyor recruited at higher grade than budgeted.	18
Neighbourhood Management - 1 vacant post to be backfilled.	(33)
Housing Options - Variance driven by various staffing costs and legal costs.	89
Other minor variations	19
Total - Housing	(40)

3.8 Place and Growth

Place and Growth services are forecasting an overspend of £24k, and the table below shows variation against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Rural Regeneration Initiatives - Extended agreement received from New Romney Marsh Partnership and vacant funded post.	(64)
Regeneration & Economic Development - Higher expenditure than budgeted.	51
RM Business Hub Grant Scheme - Unbudgeted Magnox funding.	(22)
Regeneration & Economic Development (Admin) - Unbudgeted staff expenses partly funded by grants.	62
Charity Areas - Vacancy currently covered by temp staff and summer seasonal staff still in post over the winter months due to pressures on team. Some costs will be offset by other budgets.	20
Other Minor Variations	(23)
Total - Place and Growth	24

3.9 Corporate Estates & Development

Corporate Estates & Development is forecasting an overspend of £249k, and the table below shows movements against the latest budget with detailed descriptions as follows:

Department/ Description	£000
Mountfield Industrial Estate - Units 1 & 2 Mountfield will remain vacant until refurbishment takes place, likely not until 25/26, resulting in a decrease in Rental Income.	35
Otterpool Developer - Unbudgeted professional fees relating to FHDC Governance Review.	45
Civic Centre - Unbudgeted Professional fees £40k to be funded through reserves, additional cleaning £6k, lower than budgeted Business Rates (£14k) and lower than budgeted Gas Bill (£20K)	12
Misc Otterpool Property - Unbudgeted utility costs.	67
Connect 38 - Business Rates due to vacant spaces & building repairs/maintenance.	133
Misc Vacant Land & Buildings - Unbudgeted rental Income	(53)
Net impact of Other Variations	10
Total - Corporate Estates & Development	249

3.10 Other Non – Service Related

Descriptions	£000
Interest Payable and Similar Charges - Grant income and capital receipts resulting into lower requirements to refinance maturing loans hence a slight reduction in interest payable.	(15)
Interest and Investment Income - improved dividends received for LT investments.	(81)
Minimum Revenue Provision - Revised based on projects expected to be completed in 24/25.	(69)

Capital Expenditure Financed from Revenue – Projection reduced to reflect budgets no longer required in 24/25 due to Slippages and project completion.	(175)
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4. Reserves Position and Forecast

4.1 Reserves are an essential element of the Council's finances, and a sufficient level of balances should be held, to mitigate risks within the budget and operations of the Council. The Council holds a range of Reserves for a variety of reasons.

4.2 The actual number and value fluctuate over the year as monies are spent on projects, new money is received from funders (most often from Government but not exclusively) and new reserves are created to respond to changing financial pressures and priorities. The Reserves are held as funding for specific projects, against known or potential expenditure or to meet future costs or allow for service developments and to allow value for money improvements.

Movement in Reserves

4.3 The level of reserves projected for discretionary/committed use by the Council at 31 March 2025 is as shown in the table below.

Overall Reserves Projection - Analysis	
	2024/25 £000s
Uncommitted GF Balances	4,545*
Discretionary and Uncommitted earmarked reserves	5,822
Earmarked for Capital Financing	2,426

**Committed and/or Ringfenced reserves	3,822
Total estimated balance as at 31 March	16,615

**Uncommitted General Fund Reserve Balance – The balance of £4,545 is reflective of a drawdown of £1,330m made from the general fund reserve balance to address 23/24 Audit finding of S31 overpayment. This ensures the council remains in compliance with S31 payment requirements while maintaining a prudent level of reserves.*

***The committed/ringfenced reserves include specific grants that are ring-fenced to pay/fund particular services or initiatives that are a national priority, e.g. Homelessness. The terms and conditions of each grant are set out separately in the grant offer letters. Local authorities would normally only spend this allocated grant money on the specified purposes.*

5. OTTERPOOL PARK LLP

5.1 Current Financial Position are as follows:

- The total project spend is £77.3m to 31/12/24
- 64 Current PO's Open with committed spend at £9M for the full 18 months and budget at £9.95M
- There are 3 months left in this transition budget to report on.

5.2 The following summarises the current financial status and forecast in line with commitments made in the agreed Transition Plan:

➤ Otterpool Transition Budget Summary as at December 2024

DESCRIPTIONS	CURRENT TRANSITION BUDGET	CURRENT COMMITMENT	ESTIMATED FUTURE COST	TOTAL ANTICIPATED COST	VARIANCE
	£	£	£	£	£
Planning	1,282,281	1,096,901	185,380	1,282,281	0
Phase 1a	75,615	75,615	0	75,615	0
Other Planning and placemaking	27,955	27,525	430	27,955	0
Railway station upgrade	974,802	974,802	0	974,802	0
FHDC Site responsibilities	586,540	539,761	46,779	586,540	0
Negotiations	1,617,000	1,413,568	203,432	1,617,000	0
Infrastructure Design	1,781,109	1,542,725	238,384	1,781,109	0
Utility design - Networx	1,009,417	1,009,417	0	1,009,417	0

Salaries, governance, and overheads	2,225,760	2,163,277	62,483	2,225,760	0
Misc Including Contingency	366,748	366,748	0	366,748	0
TOTALS	9,947,227	9,210,339	736,888	9,947,227	0

6. RISK MANAGEMENT ISSUES

6.1 The Council's ability to maintain a balanced budget for 2024/25 is dependent on a stable financial position. That said, the delivery of the budget is subject to ongoing variables, both positive and adverse which imply a level of challenge in achieving this outcome.

6.2 Budget holders actively manage their budgets and the many financial risks and challenges that council services face, examples include the risk of dependency on income from a wide range of activities, the risk of interest rate movements, further inflationary pressures, the risk of changes in legislative or accounting requirements impacting on budgets, etc. The Council has comprehensive risk management arrangements in place, which are reviewed and updated by the Corporate Leadership Team and Corporate Governance Board.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 **Legal Officer's Comments (NM)**
There are no legal implications arising directly out of this report.

7.2 **Finance Officer's Comments (MO)**
This is the Quarter 3 budget monitoring report that provides information on the forecast outturn for the Council for 2024/25. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Finance and Performance Committee, the financial position is routinely reported at Corporate Leadership Team (CLT) meetings. In the event of any early warning highlighting the pressures and potential overspends, the CLT will take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

7.3 **Diversities and Equalities Implications (GE)**
The report does not cover a new service/policy or a revision of an existing service/policy and therefore does not require an Equity Impact Assessment.

7.4 **Communication Officer's Comments (JW)**
There are no significant communications implications arising directly out of this report.

7.5 **Climate Change Implications (JW)**
There are no climate change implications arising directly from this report. It updates Cabinet on this position following decisions taken at Cabinet and Full Council. Climate change implications of the various projects referenced

in the report will be assessed as part of the development and implementation phases of those projects through the appropriate decision-making process.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Monisola Omoni
Principal Accountant (Financial Planning)
Office: 01303 853728,
Email: monisola.omoni@folkestone-hythe.gov.uk

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

Budget monitoring reports and projection working papers.
Otterpool Finance Data

This Report will be made public on 4 February 2025.

Report Number

C/24/72

To:	Cabinet
Date:	12 February 2025
Status:	Non-Key Decision
Head of Service:	Lydia Morrison – Interim Director Finance and Governance
Cabinet Member:	Councillor Tim Prater, Deputy Leader, and Cabinet Member for Finance and Governance
SUBJECT:	GENERAL FUND CAPITAL PROGRAMME BUDGET MONITORING 2024/25 – 3RD QUARTER (Q3) 2024/25

SUMMARY: This monitoring report provides an initial projection of the current financial position for the General Fund capital programme for 2024/25, based on expenditure to 31 December 2024, and identifies variances compared to the latest approved budget.

REASONS FOR RECOMMENDATIONS:

Local authorities are required to estimate the total capital expenditure that they plan to incur during the financial year when they set the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent, and sustainable. Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects. In order to manage the risks associated with capital programming, the annual capital programme is updated to reflect any cost variations, slippage, or acceleration of projects.

RECOMMENDATIONS:

1. **To receive and note report C/24/72.**

1. INTRODUCTION AND BACKGROUND

1.1 As part of the council's normal budget monitoring process this report provides an update to Cabinet on the current position of the General Fund capital programme profiled for 2024/25, based on expenditure to 31 December 2024, compared to the latest approved budget. Specifically, this report; -

- i) identifies variances on planned capital expenditure for 2024/25 and provides explanations for these differences, and
- ii) considers the impact any changes to the overall capital programme will have on the financing resources required to fund it.

1.2 The Cabinet is reminded that the Full Council approves a rolling five-year General Fund Medium Term Capital Programme (MTCP) annually as part of the overall budget process. This monitoring report considers the latest projected expenditure for 2024/25 against the profiled budget for the year.

1.3 Full Council approved the current General Fund Medium Term Capital Programme (MTCP) for the rolling five-year period to 31 March 2029 on 28 February 2024.

1.4 The projections shown in the report are made 9 months into the financial year and will be subject to further change which will be reported to Cabinet as part of the ongoing budget monitoring and outturn processes.

2. CAPITAL PROGRAMME 2024/25 – PROJECTED OUTTURN

2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2024/25 is £17.0m, a decrease of £7.8m compared to the latest approved budget of £24.8m. The following table summarises the position across the service areas and outlines the impact on the capital resources required to fund the programme (details found in appendix 1):

General Fund Capital Programme Q3 2024/25	Latest Budget 2024/25	Latest Projection 2024/25	Actuals to date 2024/25	Variance Projection to Latest Budget
	£'000	£'000	£'000	£'000
Service Area				
Finance & IT	476	326	121	(150)
Governance, Law & Democracy	9	0	0	(9)
Reg & Community Services	430	390	65	(40)
Housing	1,494	1,864	1,129	370
Place and Growth	9,651	5,425	1,269	(4,226)
Corporate Estates & Development	12,736	9,045	6,344	(3,691)
Total Capital Expenditure	24,796	17,050	8,928	(7,747)
Capital Funding				
Capital Grants	(10,138)	(6,690)	(2,222)	3,448
External Contributions	(717)	(392)	0	325
Capital Receipts	(1,880)	(1,215)	(546)	665
Revenue	(1,312)	(880)	(504)	432
Borrowing	(10,750)	(7,873)	(5,656)	2,877
Total Funding	(24,796)	(17,050)	(8,928)	7,747

2.2 The following table summarises the main reasons for the decrease in the projected outturn compared to the latest budget:

Significant Variances	Projected to Latest Approved Budget £'000
Folkestone Brighter Place LUF	
Professional Fees	(4,257)
Otterpool Further Investment	(2,276)
Coast Drive Seafront Development	(1,000)
Disabled Facilities Grants	370
Biggins Wood Site Land Remediation	
Works	(361)
Financial System	(150)
The Stade Rental Huts	(100)
Beach Management 2020-2021	100
Replacement Asset Management	
System	(60)
EV Chargepoints	(40)
Coastal Park Play Area Ref (FPPG)	(40)
Coastal Park Play Equipment	40
Princes Parade Leisure Centre	(30)
Land at Otterpool Lane	29
Website CMS Replacement	(26)
Upgrade eFin to Cloud	26
Minor variances	29
Total	<u>(7,747)</u>

2.3 As the variance analysis in the table above shows, there is a significant decrease in the projected expenditure for 2024/25.

2.4 The remaining budgets for the Folkestone Brighter Place project (£4.3m), Otterpool further investment, Coast Drive Seafront Development (£1m), Financial system (£150k), Replacement Asset Management System (£60k), Princes Parade (£30k) and the Stade Rental Huts (£100k) have been carried forward to 25/26; the main works for Folkestone Brighter Place and Coast Drive are expected to start by the spring and the other projects are expected to progress further during 25/26.

2.5 The budget for Disabled Facilities Grants has been increased by £370k to cover expected higher expenditure due to several complex cases being received, this is funded from the Better Care grant that is received from Kent

County Council. £100k has been moved back from 25/26 into 24/25 for Beach Management to cover costs incurred over winter.

- 2.6 The budget for the Coastal Park Play Area has been vired to the project for the replacement of equipment and the remaining balance from the Website CMS replacement project has been vired to the eFinancials (finance system) upgrade project.
- 2.7 The £40k budget for EV charging points is no longer required as purchase of charging points will be funded from revenue instead.
- 2.8 The sale of the Biggins Wood site completed in December 2024; this means that the remaining £361k budget for remediation works is no longer required and can be released back into the economic development reserve.
- 2.9 Typically, property-related capital schemes are more difficult to project accurately in terms of the timing of expenditure due to external factors such as planning, legal and procurement. However, it is important to remember that the council controls its capital expenditure against the sums approved over the term of the MTCP rather than the profiled amounts for each financial year.

3. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

- 3.1 One of the key principles underlying the council's Medium Term Financial Strategy is the capital programme is funded from available or realised capital resources and that new borrowing should only be used where it is prudent and affordable. The only exception to this is where a scheme is subject to grant funding or external contributions in which case no commitment is made against these until the funding is confirmed. The 2024/25 projected outturn for the General Fund capital programme conforms to this key principle.

4. CONCLUSIONS

- 4.1 The projected outturn shown for the General Fund capital programme for 2024/25 reflects the position based on actual expenditure and forecasts on 31 December 2024. The projected outturn will continue to be reviewed, updated, and reported to Cabinet as part of the budget monitoring process for 2024/25.

5 RISK MANAGEMENT ISSUES

- 5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Capital resources not available to meet the cost of the new projects.	High	Low	Capital receipts required have already been realised for most of the programme.

Perceived risk	Seriousness	Likelihood	Preventative action
			Schemes subject to future capital resources will only commence once these are realised. Schemes supported by grant funding will only commence once fully approved and committed by the relevant body. Prudential borrowing is only used for capital schemes expected to generate a net revenue benefit and/or future capital receipts
Cost of new projects may exceed the estimate.	High	Medium	Capital monitoring procedures in place allowing prompt early action to be taken to manage the risk effectively. Cost inflation risk has been identified in the report and the position is being closely monitored as part of the council's budget process.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report.

6.2 Finance Officer's Comments (DL)

This report has been prepared by Financial Services. There are no further comments to add.

6.3 Diversities and Equalities Implications (GE)

There are no equality and diversity implications directly arising from this report.

6.5 **Climate Change Implications (AT)**

There are no climate change implications arising directly from this report. The report is a monitoring report that provides an initial position against the latest approved budget. It updates the Cabinet on this position following decisions taken by the Cabinet and Full Council. Climate change implications of the various projects referenced in the report will be assessed as part of the development and implementation phases of those projects through the appropriate decision-making process.

7. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Daniella Loxton, Principal Accountant (Capital and Treasury)
Telephone: 01303 853583; Email: daniella.loxton@folkestone-hythe.gov.uk

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

None

Appendix 1 - Q3 24_25 Capital Monitoring Report

GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME

Item	Scheme	Cost Centre	Original Budget	Latest Approved Budget		Actuals	Latest Projection	Variance	Comments
						£000	£000	£000	
	Governance & Finance <u>Lydia Morrison - Governance & Finance</u>								
1	PC Replacement Programme	NF17	55	55		47	55	0	
2	Server Replacement Programme	NF18	60	60		6	60	0	
4	FHDC Transformation	NG10	0	15		0	15	0	
6	Website CMS Replacement	NG47	0	26		0	0	(26)	
7	Upgrade eFin to Cloud	NG52	0	70		40	96	26	Vired to Efin upgrade project.
8	Financial System	NG54	250	250		28	100	(150)	Residue budget from website design project vired to efin upgrade to cover additional costs.
	Total - Governance & Finance		365	476		121	326	(150)	Spend in 23/24 to cover consultants fees, main project to start in 25/26.
	Strategy & Resources <u>Amandeep Khroud - Governance, Law & Democracy</u>								
9	Electoral Management System	NG44	0	9		0	0	(9)	
	Iken To Cloud Hosted Service	NG49	0	0		0	0	0	Budget no longer required, project complete.
	Total - Governance, Law & Democracy		0	9		0	0	(9)	
	Housing & Operations <u>Andrew Rush - Reg & Community Services</u>								
10	Lifeline Capitalisation	NF53	70	70		50	70	0	
11	EV Chargepoints	NG25	0	40		0	0	(40)	
12	Veolia Waste Contract	NG27	245	260		0	260	0	
13	District Street Lights	NG37	0	60		15	60	0	
	Total - Reg & Community Services		315	430		65	390	(40)	Budget no longer required, charging points will be purchased using revenue funds.
	Gill Butler - Housing								
15	Temporary Accommodation	NG04	0	94		0	94	0	
16	Disabled Facilities Grants	NN10	1,000	1,000		939	1,370	370	
17	Home Safe Loans	NN19	100	100		51	100	0	
18	Empty Home Initiatives	NN40	300	300		139	300	0	
	Total - Housing		1,400	1,494		1,129	1,864	370	
	Rod Lean - Place and Growth								
19	Mountfield Road Employment Land	NG26	0	0		(126)	0	0	23/24 year end accrual awaiting final invoices.
20	Toilet Cleaner's Van	NG42	0	13		20	20	7	Complete - £7k overspend funded from revenue
21	Folkestone & Hythe Green Business Grant	NG46	0	180		59	180	0	
22	Folkestone Brighter Place LUF Professional Fees	NG48	16,475	8,257		930	4,000	(4,257)	Contract in process of being awarded with work due to start by the spring.
23	Rural England Prosperity Fund Cap	NG50	428	571		136	571	0	
24	Uk Shared Prosperity Fund Cap	NG51	350	376		0	376	0	
28	Transit Van	NJ35	0	28		0	28	0	
29	Ride on Mowers	NJ36	90	90		104	104	14	£14k overspend to be covered from corporate priorities reserve.
30	Trimax Pegasus	NJ37	26	26		39	39	13	Complete - £13k overspend funded by £11k underspend on other equipment and balance £2k from revenue.
31	Stump Grinder	NJ38	30	30		38	38	8	Complete - £8k overspend funded by revenue.
32	Tractor Mounted Hedge Flail	NJ39	40	40		35	35	(5)	Complete - £5k underspend used to fund overspend above.
33	Excavator	NJ40	40	40		34	34	(6)	Complete - £6k underspend used to fund overspend above.
	Total - Place and Growth		17,479	9,651		1,269	5,425	(4,226)	
	Samuel Aligbe - Corporate Estates & Development								
34	Land at Otterpool Lane	NC00	0	0		29	29	29	Additional works required to Otterpool rental properties.
35	Royal Military Canal Enhancements	NF73	20	20		10	20	0	
36	Biggins Wood Commercial Development	NF81	0	0		26	0	0	
37	Biggins Wood Site Land Remediation Works	NF82	0	686		288	325	(361)	Land now sold final awaiting invoices. £361k remaining budget no longer required.
38	Ship Street Site Folkestone	NG02	0	26		6	26	0	
39	Otterpool Park GardenTown Del Veh	NG07	0	0		0	0	0	
40	Area Officer Vans	NG13	0	20		0	20	0	
41	Otterpool Further Investment	NG15	7,500	9,276		5,540	7,000	(2,276)	Forecast 24/25 spend £7m balance reprofiled to future years.
42	Princes Parade Leisure Centre	NG19	0	360		72	330	(30)	£30k moved to 25/26.
43	Coast Drive Seafront Development	NG28	700	1,460		15	460	(1,000)	£1m moved into 25/26 work expected to start in the spring.
44	Coastal Park Play Equipment	NG30	0	19		4	59	40	£40k vired from Coastal park play area (FPPG).
45	Coastal Park Toilets & Con	NG31	0	0		4	4	4	Complete release retention £4k funded by revenue.
47	Hawkinge Depot Upgrade	NG33	0	0		(22)	0	0	23/24 year end accrual awaiting final invoices.
48	Units1-5 Learoyd Rd New Romney	NG34	0	144		0	144	0	
49	Otterpool Park Masterplanning Costs	NG35	0	0		0	0	0	
50	Connect 38 CAT A Works	NG36	0	33		5	33	0	
51	Park Keeper's Van	NG38	0	0		0	0	0	
52	Replacement Asset Management System	NG39	0	60		0	0	(60)	Moved to 25/26.
53	Radnor Park Footpath Resurfacing (FPPG Charity)	NG40	0	13		0	13	0	
54	The Stade Rental Huts	NG41	0	100		0	0	(100)	Moved to 25/26.
55	Coast Protection, Coronation Parade Folkestone	NJ11	0	0		0	0	0	
56	Coastal Protection, Greatstone dune management & study	NJ13	15	15		0	15	0	
57	Beach Management 2020-2021	NJ18	455	250		337	350	100	Additional works carried out over the winter.
58	Coronation Parade Annual Monitoring	NJ23	4	4		0	4	0	
59	Public Toilet Enhancement	NJ25	0	113		10	113	0	
60	Public Toilets (Changing Places)	NJ26	0	4		6	6	2	Complete £2k overspend funded by revenue.
61	Coastal Park Play Area Ref (FPPG)	NJ27	0	40		0	0	(40)	£40k vired to Coastal park play equipment.
62	Hi-Ab Crane	NJ28	0	75		0	75	0	
63	Welfare Facilities New Romney	NJ29	0	5		0	5	0	
64	LCH Car Park - CCTV	NJ30	0	13		14	14	1	Compete - £1k overspend funded by revenue.
	Total - Corporate Estates & Development		8,694	12,736		6,344	9,045	(3,691)	
	TOTAL GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME		28,253	24,796		8,928	17,050	(7,747)	
	Funding Summary:								
	Capital Receipts	9940		(1,880)		(546)	(1,215)	665	
	Government Grant	9941		(10,138)		(2,222)	(6,690)	3,448	
	External Contributions	9942		(717)		0	(392)	325	
	Revenue Reserves	9943		0		0	0	0	
	Direct Revenue	9944		(1,312)		(504)	(880)	432	
	Borrowing	9945		(10,750)		(5,656)	(7,873)	2,877	
	Leasing	9946		0		0	0	0	
	TOTAL FUNDING			(24,796)		(8,928)	(17,050)	7,747	

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This Report will be made public on 4 February 2025

Report Number

C/24/74

To: Cabinet
Date: 12 February 2025
Status: Key Decision
Head of Service: Lydia Morrison – Interim Director Finance and Governance
Cabinet Member: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance

**SUBJECT: DRAFT GENERAL FUND BUDGET AND COUNCIL TAX
RESOLUTION 2025/26**

SUMMARY: This report sets out the Council's Draft General Fund budget for 2025/26 and the updated MTFS.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because they form part of the budget-setting process which will culminate in Full Council approving the budget and council tax for 2025/26 on 26 February 2025, in accordance with the Local Government Finance Act 1992:

RECOMMENDATIONS:

1. To receive and note Report C/ 24/74.
2. To note the budget estimates, as detailed in the report, as the basis for preparing the final 2025/26 budget and Council Tax recommendations for approval by Full Council in February 2025.
3. Approves the Council Tax Resolution at Appendix 1.
4. To note and approve proposed new 2025/26 Fees & Charges in Building Control (see paragraph 9.1).
5. To note the revised MTFS (appendix 9, 10, 11).

1. BACKGROUND

- 1.1 It is a legal requirement for the Council to set a “Balanced Budget” each year in accordance with the Local Government Finance Act 1988. Every year the Council faces changes to its funding, increases in service demands and this year in particular pressures arising from an all time high rate of inflation, all of which have placed significant pressures on the Council’s budget in the past few years.
- 1.2 Following a thorough and robust process of challenge on growth proposals put forward by Budget Managers, the Council is presented with the following proposals for its revenue budget and Council Tax resolution.
 - Supporting reports which form part of the budgeting process and framework have been presented and approved by Cabinet as detailed below:
 - C/24/54 Budget Strategy 2025/26
This 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)
 - C/24/55 Fees & Charges 2025/26
Proposed fees and charges for 2025/26 which will contribute towards meeting the council’s 2025/26 budget objectives and Medium-Term Financial Strategy.
- 1.4 Cabinet’s proposals for the Revenue Budget 2025/26 and the Council Tax resolution will be presented for approval at Council on the 26th February 2025. The Council Tax resolution is required to set the level of Council Tax charge for the new financial year and incorporates precepts from the following organisations:
 - Precepts from Kent County Council, Kent Police & Crime Commissioner and Kent Fire & Rescue Service
 - The special expenses in respect of the Folkestone Parks and Pleasure Grounds Charity
 - Individual town and parish council precepts.
- 1.5 The budget proposals are subject to public consultation and review by the Finance & Performance Sub-Committee.

National Developments and Economic Environment

- 1.6 As well as facing the pressures of reduction in direct funding and cost pressures the Council there are a number of wider economic pressures that impact on the Council’s budget, even if not directly.
- 1.7 The ongoing war in Ukraine, conflict in the Middle East have had many impacts including the available funding the Treasury has to support Local Government, high levels of inflation, labour shortages and rising interest

rates present the Council with a volatile and uncertain economic environment. The ongoing cost-of-living crisis will impact the residents of Folkestone & Hythe and the Council is committed to doing what it can to support those in greatest need. Service demand continues to rise due to demographic changes which affect all age groups and inflationary pressures are causing providers to raise their prices, which impacts the Council as a whole.

- 1.8 The Budget context and Financial Climate has previously been set out in the Budget Strategy report. There remain considerable uncertainties in the economy. High inflation and interest rates continue to place significant pressures on Council finances and restrict the ability to forecast and plan, with confidence for the future. Furthermore, since the white paper was released in December 2024 on Devolution and Local Government Reform ('LGR'), additional uncertainty has been added into the medium term. On the horizon for 2026/27 is the business rates reset which Government are committing to 2026/27, despite this being a topic of discussion for many years. This could have significant implications for our authority but the details will not be known until later this year.
- 1.9 The Bank of England (BoE) held Bank Rate at 4.75% in December 2024. The latest update from the Office for National Statistics (ONS) puts the Consumer Prices Index (CPI) measure of inflation at 2.5% in the year to December 2024, down from 2.6% in the 12 months to November 2024. This marked the first fall in the inflation rate for 3 months

2. COUNCIL TAX 2025/26

- 2.1 The Council Tax resolution is required to set the level of Council Tax change for the new financial year. The budget has been prepared on the basis that the District Council's element of council tax (including the special expenses for Folkestone Parks and Pleasure Grounds) is increased by 2.99%. This is the increase that is monitored by the Government when determining whether any increase in council tax is excessive and would require a referendum. The maximum increase permitted for the financial year 2025/26 without referendum is 2.99%, therefore the proposed increase is within this threshold.

The following is extracted from the Council Tax Resolution (Appendix 1) to highlight the key decisions for the Council to approve.

That it be noted that the Chief Finance Officer has calculated the Council Tax Base 2025/26 for the whole of the Council area as 41,413.64.

To approve that the following amounts be now calculated by the Council for the year 2025/26 in accordance with sections 31 to 36 of the Local Government Finance Act 1992 (the Act):

- a) £102,469,529 – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act (as in Appendix 2).

- b) £86,684,830 – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act (as in Appendix 2).
- c) £15,784,698.57 – being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (as in Appendix 2).
- d) £381.15 – being the amount at (c) above divided by the tax base of 41,413.64 calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year.
- e) £3,838,934 – being the aggregate of all special items (including parish precepts) referred to in Section 34(1) of the Act.
- f) £288.45 - being the amount at (d) above less the result given by dividing the amount at (e) above by the tax base of 41,413.64 calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates, i.e. Old Romney and Snargate.

2.2 Further detail can be found at Appendix 2.

3. THE FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2025/26

- 3.1 The provisional local government 2025/26 settlement was announced on 18 December 2024, with the final settlement being announced on 3 February 2025. Details of key items within the settlement are detailed below:
- 3.2 **Funding Floor:** In the previous years, the government applied a 3% Funding Guarantee in 2023/24 uplifted to 4% in 2024/25 to protect against the year-on-year reduction in Local Authorities core spending power. The 4% Funding Guarantee received by the Council in 2024/25 is £1,341,559.92.

This has now been removed and replaced with a substantially lower funding floor grant of £43,978.23 in the 2025/26 Final Local Government Finance Settlement announced on 3 February 2025, which equates to 3% of the previous year's funding, and an effective £1.3m reduction in funding support to the Council.

- 3.3 **Employer National Insurance Contributions Grant:** The Chancellor of the Exchequer, the Right Honourable Rachel Reeves MP, delivered the 2024 Autumn Budget Statement on 30 October 2024. This included a significant shift in employer National Insurance ('NI') contributions, with the Class 1 rate increasing by 1.2 percentage points to 15%, and a lowered earnings taxable threshold now starting at £5,000 (decreased from £9,100). Whilst the Government set expectations that all direct costs related to the national insurance policy change will be cost neutral for councils, the final Local

Government Settlement calculations are based on a metric (net service expenditure) which does not fully cover the costs for authorities.

The Employer National Insurance Contributions Grant expected to be received by the Council for 2025/26 is £216,433.54. It is estimated that this funding from the Government covers around 50% of the true cost of the Employers NI policy change to the Council.

Local Government Funding Reforms for the future

3.5 The Local Government Funding reform consultation published in December 2024 has announced the Government's intention to 'reset' the Business Rates Retention ('BRR') system. Currently, any growth in the authority's locally raised business rates income can be retained above its Baseline Funding Level. The Baseline Funding Level is the level of business rates to meet an authority's need as determined by the Local Government Finance Settlement.

If the Government proceeds to 'hard reset' business rates for FHDC and remove all growth above the baseline level, there is a potential income loss of up to £2.5m. At present, the Government has not announced any clear basis or transitional mechanism to roll out the Business Rates Retention system reset despite the significant financial impact on local authorities.

Folkestone & Hythe – key settlement information

3.6 Core Spending Power is a headline figure used by Government to represent the key revenue resources available to local authorities; it includes an estimate of actual and potential council tax.

	2024/25 £'000	2025/26 £'000
Core Spending Power	18,456	18,816
Comprising:		
Settlement Funding Assessment	4,023	4,063
Assumed Council Tax	11,902	12,441
Other Grants	2,531	2,312
Change in Core Spending Power		
Annual Change		1.95%

Folkestone & Hythe Retained Business Rates – settlement information.

3.7 The Baseline Funding Level is the share of the Settlement Funding Assessment that Government intends to be funded via locally retained business rates. It is Government's projection of the authority's share of business rates assuming there has been no change in the tax base since the start of the scheme. It increases each year in line with the small business rates multiplier for which the council receives compensation at CPI levels.

	2024/25	2025/26
	£'000	£'000
a. Baseline Funding Level	4,023	4,063
b. Baseline Business Baseline	11,041	11,150
c. Tariff/Top Up	(7,018)	(7,087)
 Levy Rate (pence in the pound)	 £0.50	 £0.50

- a. The Baseline Funding Level is the share of the Council's Settlement Funding Assessment that DLUHC intends to be funded via locally retained business rates or s31 grants which replace business rates foregone.
- b. Business Rates Baseline is DLUHC's assumed projection of the Council's business rates share, assuming no change in tax base since the start of the scheme. This figure is inferred, based on BFL and Tariff / Top Up.
- c. Tariff / Top Up is calculated such that, if the Council's actual business rates were equal to its Baseline Business Rates, then its final revenue would equal its Baseline Funding level.

Business Rates multiplier under indexation compensation

3.8 It was announced, as part of the 2024 Autumn Statement , that the small business rates multiplier for 2025/26 will remain frozen at 49.9p. Councils will be compensated for loss of income by way of an under indexation adjustment at CPI inflation levels. This adjustment has been received within the final settlement and the amount received is outlined in paragraph 3.7 above.

Kent Business Rates Pool

3.9 The settlement confirmed the continuation of the Kent and Medway business rates pool for 2025/26 which will operate under the existing retention scheme.

Folkestone & Hythe New Homes Bonus (NHB)

3.10 The final settlement included a one-year payment for New Homes Bonus. The 2025/26 allocation follows the 2024/25 approach and is an 'in year' only payment and will not have future years' legacy payments.

Council Tax

In 2024/25 District and Shire Councils were able to apply an increase of less than 2.99% or up to £5 whichever was the greater, these remain the same for the 2025/26 financial year.

4. REVENUE BUDGET 2025/26

- 4.1 **Balancing the Budget** - The Council is legally required to set a balanced budget for the following financial year. The Draft Budget for 2025/26 is presented in detail at Appendix 6 compared to the Original Budget for 2024/25.
- 4.2 The Budget Estimates are presented on a 'controllable' basis only; all internal service area recharges, capital charges and certain other technical accounting adjustments are excluded. The focus can therefore be on real changes in expenditure and income within service area
- 4.3 Following the Final Settlement, Table 1 below sets out a summary of the Budget:

Table 1: Indicative General Fund Summary – with all the updated Budget Pages following

GENERAL FUND SUMMARY			
2023/24		2024/25	2025/26
Actual		Original Budget	Original Budget
£		£	£
SUMMARY OF NET EXPENDITURE			
Service Heads			
5,345,578	Governance & Finance	5,371,250	7,428,300
2,194,910	Governance, Law & Democracy	2,244,050	-
803,112	Leadership Support	549,040	1,745,940
4,579,211	People & Customer Services	4,229,810	3,064,860
162,834	Planning and Building Control	312,560	1,789,520
3,936,041	Reg & Community Services	5,199,840	4,854,930
2,313,419	Housing	3,085,090	3,704,200
2,576,609	Place and Growth	2,706,160	2,919,920
2,770,186	Corporate Estates & Development	1,647,790	1,586,755
-	Recharges	(6,479,240)	(7,040,636)
-	Vacancy Target & Savings Target not included in service	116,000	(474,000)
24,681,900	TOTAL HEAD OF SERVICE NET EXPENDITURE	18,982,350	19,579,789
541,437	Internal Drainage Board Levies	585,610	609,035
631,812	Interest Payable and Similar Charges	2,381,000	3,093,000
(254,627)	Interest and Investment Income	(3,043,000)	(3,056,000)
-	Council Tax Freeze Grant	-	-
(365,568)	New Homes Bonus Grant	(135,700)	(431,590)
(6,731,512)	Other non-service related Government Grants	(5,758,680)	(4,168,170)
2,801,380	Town and Parish Council Precepts	2,993,850	3,161,440
21,304,821	TOTAL GENERAL FUND OPERATING NET EXP	16,005,430	18,787,504
(2,800,189)	Net Transfers to/(from) Earmarked RESERVES	(392,090)	(2,406,296)
1,964,249	Minimum Revenue Provision	2,325,000	2,525,000
1,408,534	Capital Expenditure funded from Revenue	1,055,000	1,205,000
21,877,416	TOTAL TO BE MET FROM LOCAL TAXPAYERS	18,993,340	20,111,208
4,026	Transfer to/(from) the Collection Fund	-	-
(2,097,319)	Business Rates Income	(4,023,170)	(4,063,130)
(212,326)	Revenue Support Grant	-	(263,380)
TOTAL TO BE MET FROM DEMAND ON THE COLLECTION FUND & GENERAL RESERVE			
19,571,797		14,970,170	15,784,698
(14,233,437)	Council Tax-Demand on Collection Fund	(14,970,170)	(15,784,698)
5,338,360	(SURPLUS)/DEFICIT FOR YEAR	-	-
GENERAL RESERVE			
5,338,360	Balance at Beginning of Year	-	-
5,338,360	(Surplus)/Deficit for Year	-	-
5,338,360	BALANCE AT END OF YEAR	-	-

Budget Movements In Service Areas

4.4 The table below details the movement within 2024/25 Original Budget and 2025/26 Original Budget.

Description	£
Contract Inflation	352,000
Net Impact of Growth and Savings Agreed	210,000
Pay Award (Provision at 4% plus increment, subject to approval)	1,000,000
Employers NI 2% Increase and Tax Free Threshold Reduction (from £9.1k to £5k)	425,000
NI Rebate from MHCLG	(216,000)
Extended Producers Income	(362,445)
Business Rates Reserves (Utilised to smooth effects of NDR movements)	(195,000)
Reduced Pay Award (Savings if at 4%, subject to approval)	(250,000)
Recalculation of Otterpool Interest	(150,000)
Pension Backfunding Adjustment	(410,000)
Final Settlement Funding	(120,265)
Miscellaneous Service Area Budget Movements	(299,290)

5. FOLKESTONE & HYTHE BAND D EQUIVALENT COUNCIL TAX 2025/26

5.1 The Local Government Finance Act 1992 (as amended) requires the Council to determine its council tax requirement for 2025/26.

5.2 The legal determinations in respect of the budget and council tax setting are set out in the General Fund Budget and Council Tax 2025/26 Report that is being considered at the 26th February 2025 meeting of Full Council, following this Cabinet meeting.

5.3 The amount to be raised by this authority from council tax payers comprises the council tax - demand on collection fund of £15,784,698.57.

5.4 This is divided by the tax base (41,413.64 Band D equivalent properties) to calculate the average district council tax, including town and parish precepts. The calculated tax base is recommended to Full Council as part of the General Fund Budget and Council Tax 2025/26 Report that is being considered on 26th February 2025, following this Cabinet meeting.

5.5 **£ 15,784,698.57 ÷ 41,413.64 = £381.15**
The average District council tax for Band D properties, including an amount for town and parish councils, will be £381.15. This is an increase of £11.20 (3.03%) over 2024/25. This sum will vary by parish and only represents an average, there is no referendum limit placed on town or parish councils by central government.

5.6 The impact of town and parish precepts is excluded when comparing the increase against what the Government regards as an excessive increase.

Band D Tax Rates			
	2025/26	2024/25	Increase/ Decrease
	£	£	%
Average Council Tax (including Town and Parish Precepts)	381.15	369.94	3.03
Less: Equivalent of Town and Parish Precepts	-73.98	-70.07	-5.58%
Average Council Tax (excluding Town and Parish Precepts)	304.81	295.96	2.99

The average council tax to finance Folkestone & Hythe's net spending plans in 2025/26, including special expenses, is proposed to be increased by £8.85 (2.99%) to £304.81. The Council need to ensure that it remains within this limit, including any Special Expenses. The Council is therefore not at risk of having to hold a referendum because the increase falls below the Government threshold.

Excluding the special expenses, Folkestone & Hythe's council tax rate is £288.45; an increase of £8.37 (2.99%) from the 2024/25 rate.

The Council Tax resolution can be found at Appendix 1 and full detail of the Calculation of Basic Amounts of Council Tax are attached at Appendix 3

6. SPECIAL EXPENSES – FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY

- 6.1 The average 2025/26 council tax for Folkestone & Hythe District Council of £304.81 includes an amount that the Council has identified is in respect of special expenses i.e. the Folkestone Parks and Pleasure Grounds Charity.
- 6.2 When council tax bills are issued, the council tax (and % change in tax) for special expenses is disclosed separately from the council tax (and % change in tax) for Folkestone & Hythe District Council excluding special expenses.
- 6.3 Subject to Full Council's consideration and final approval of the budget and council tax, the following amounts will be disclosed separately on the council tax bill for a Band D property:

Based on a Band D average	Council Tax 2025/26 (Band D) £	Increase (Band D) £	Increase + /(Decrease)	Council Tax payers that receive this information
Folkestone & Hythe District Council element of Council Tax - excluding Special Expenses	288.45	8.85	+2.99%	All Folkestone & Hythe District council tax payers
Special Expenses - Folkestone Parks and Pleasure Ground Charity	38.46	0.92	+2.44%	Folkestone and Sandgate council tax payers only

7. MAJOR PRECEPTS

7.1 Local taxpayers will also receive information in their council tax bill regarding the amount payable in respect of:

- their town or parish council
- Kent County Council
- Kent Police & Crime Commissioner, and
- Kent Fire and Rescue Service.

7.2 The Adult Social Care precept levied by Kent County Council is no longer required to be itemised separately on council tax bills, and as such is included within the total precept for Kent County Council.

7.3 Precept details are set out in the General Fund Budget and Council Tax 2025/26 report to Full Council on 26th February 2025.

8. GENERAL FUND RESERVES

8.1 The Council holds a number of financial reserves, both revenue and capital. Some of these are earmarked reserves whilst others have conditions attached for their use. There is also a general fund balance which is not earmarked and is where any general underspend would be transferred to or any general overspend would be funded from.

Whilst reserves should not be seen as a 'safety net' they are an integral part of the Council's financial planning.

The forecast reserves position for 2024/25 and 2025/26 is shown below:

Earmarked Reserves	Balance at 01/04/2024 £000s	2024/25 Projection	Estimated Balance at 31/03/2025 £000s	2025/26 Projection	Estimated Balance at 31/03/2026 £000s	Purpose
Business Rates	(338)	75	(263)	263	-	To Support requirements of Rates Retention Scheme
Leisure	(497)	-	(497)	25	(472)	To meet future Leisure improvements.
Carry Forward	(2,316)	271	(2,045)	947	(1,098)	For items of Expenditure not incurred or ringfenced grant or income not applied in the previous financial year
Vehicles, Equip and Technology Reserve	(146)	115	(31)	-	(31)	To meet, vehicle, equipment and technology replacement needs or improvements.
Maintenance of Graves	(12)	-	(12)	12	-	Amounts in held in perpetuity to meet the cost of maintaining certain graves.
New Homes Bonus (NHB)	(409)	-	(409)	409	-	To fund the anticipated additional cost of services.
Corporate Initiatives	(151)	14	(137)	-	(137)	To support Corporate Plan and goals.
IFRS Reserve	(5)	-	(5)	5	-	The impact of International Financial Reporting Standards
Economic Development	(1,235)	325	(910)	834	(76)	Towards the regeneration of the district and to support the generation of new income.
Community Led Housing	(193)	60	(133)	67	(66)	To support Community Led Housing Developments and to deliver more affordable housing units of mixed tenure.
Lydd Airport	(9)	-	(9)	9	-	To fund anticipated ongoing costs of monitoring the conditions at Lydd Airport.
Homelessness Prevention	(824)	132	(692)	580	(112)	To flexibly fund ways to reduce the Homelessness expenditure by taking preventative action.
High Street Regeneration	(1,196)	-	(1,196)	914	(282)	To support the delivery of regeneration projects within the district's high street areas.
Climate Change	(3,574)	381	(3,193)	2083	(1,110)	To fund initiatives to help the council achieve net-zero carbon emissions by 2030.
Transformation Fund	(1,165)	790	(375)	155	(220)	Set aside to enable investment initiatives that will deliver Future Savings
Fin Stability Reserves (FSR)	-	-	-	(3,986)	(3,986)	To provide required stability and resilience for one off projects
Total Earmarked Reserves	(12,070)	2163	(9,907)	2,317	(7,590)	
General Fund Reserve	(4,545)	-	(4,545)	90	(4,455)	

8.2 The General Reserve is forecast to be £4.455m by 31 March 2026. Total General Fund Reserves (General Reserve plus Earmarked Reserves) are forecast to be £12.045m at 31 March 2026. The net forecast use of earmarked reserves in 2025/26 is £2.317k.

8.3 Current forecast usage of the reserves for 2025/26 can be seen in the table above, with the majority of utilisation being from the Climate Change Reserve (relating to net-zero carbon emissions by 2030 objectives); Carry Forward Reserve (relating to approved underspent budgets and grants from prior years being utilised); and High Street Regeneration Reserve (relating to various regeneration schemes in the district).

8.3 These forecasts are based on the current projected position for 2024/25 and on the assumption that in-year budget variances are contained within the overall approved 2024/25 budget. Any emerging issues in 2024/25 which have a revenue impact will affect the forecast position of the General Reserves and variances will be reported to Cabinet as part of the quarterly budget monitoring process for capital and revenue.

9 BUILDING CONTROL PROPOSED 2025/26 FEES & CHARGES

9.1 Building control are proposing to add the following new Fees & Charges as part of their Discretionary Charges.

- Charge for Unauthorised work - Fees to be based on full application fees. The service area is unable to put a figure to this as there are no historic data at present.
- Copy of Completion Certificate or Notice of Decision and a Copy of Notice of Decision and Certificate at £75.00 each. This is estimated to generate an income of £6.1k
- Site Inspection for completion certificate (over 12months) at £120.00
- Reopening applications that have not had a visit for more than 2 years at £150.00.
- Administration charges for dangerous building, demolitions, historic buildings if the owner does not carry out the work. This is to be charged as £72.00 per hour. Estimated income to be generated is £1.8k.
- Additional inspections requested by the contractor is being proposed at £75/visit.
- Requirement of additional inspections to be carried out over and above what is reasonable at £75/visit.
- Carry out structural design checking for other Councils through LABC at £72 per hour. Whilst the authority currently holds no record of this, it is estimated to generate £6.3k

10. BUDGET CONSULTATION

10.1 The objectives for consultation on the 2025/26 budget proposals will be to:

- (i) Engage with key stakeholder groups and local residents;
- (ii) Seek feedback on specific budget proposals for 2025/26; and
- (iii) Seek feedback on general spending and income generation priorities.

10.2 The target audience and communication channels will include:

Group	Channel
Residents	Council Website and Social Media
	Dedicated e-mail address Option to submit information by post

10.3 **Budget Consultation Responses:** Consultation feedback responses will be summarised and reported to the Council on 26th February 2025.

11. BUDGET SCRUTINY

11.1 The 2025/26 budget reports that have been approved by Cabinet have been subject to review by the Overview & Scrutiny or Finance & Performance Sub-Committee at the following meetings:

- 26 November 2024 – Budget Strategy 2025/26

Minutes of these discussions have been made available to Cabinet when considering the reports.

12. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

12.1 The Council's Chief Finance Officer (s151 of the Local Government Act 1972) to formally give an opinion on the robustness of the budget and adequacy of reserves. This is a statutory duty under section 25 of the 2003 Local Government Act.

12.2 This report has to be considered and approved by Council as part of the budget approval and Council Tax Process.

12.3 In relation to the 2025/26 budget, I have examined the budget proposals and I believe that, whilst the economic conditions are challenging and ongoing, the budget presented is more than achievable. It has been constructed in a collaborative and consultative manner. I am also satisfied that there remain sufficient management processes within the Council to deliver this budget and deal with any issues that may arise unexpectedly during the forthcoming financial year.

12.4 In relation to the adequacy of reserves, the overall position for the authority remains healthy.

12.5 As Section 151 and Chief Finance Officer I am content that the budget being presented is adequate, and the level of reserves held throughout the MTFS period are adequate to meet the Council's financial obligations having due regard to foreseeable risk.

12.6 Further detail can be found within Appendix 4.

13. CONCLUSION

13.1 The proposed 2025/26 budget has been drawn up in consideration to all statutory and constitutional requirements.

The 2025/26 budget is the culmination of many months work between the Council's Corporate Leadership Team, officers, and elected members. The revenue budget has been balanced and included some new elements of

investment and growth, whilst protecting the Council's front line services and financial sustainability.

Cabinet is asked to recommend to Full Council the approval of the final Revenue Fund budget for 2025/26 and to determine the District Council's council tax requirement as £15,784,698.57.

14. RISK MANAGEMENT ISSUES

14.1 The risks in respect of the General Fund Budget 2025/26 have already been set out in detail in Report to Cabinet on 26 January 2022 but are repeated below (and updated where applicable).

Perceived risk	Seriousness	Likelihood	Preventative action
Deteriorating economic climate including ongoing impact of global uncertainty	Medium	Low-medium	Setting of a prudential budget and continuing strong financial control in the Council's decision making and appropriate allowance made for known inflationary factors.
MTFS becomes out of date.	High	Low	The MTFS is fully reviewed annually through the budget process. Key movements will continue to be captured in year to inform future versions of the MTFS and reported through monitoring papers where relevant.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly, and financial developments nationally are tracked. Assumptions are regularly reviewed. Detailed budget has been fully reviewed ahead of proposals made.

15. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

15.1 Legal Officer's Comments (NM)

The Council must consistently comply with the Local Government Finance Act 1992 (as amended) and associated legislation. All the legal issues have been covered in the body of this report.

Members have a fiduciary duty to weigh the needs of the service users against the interest of local taxpayers. In planning the budget Members are under the fiduciary duty to act prudently, responsibly, in a business like manner and in their view of what constitutes the best interests of the general body of local tax payers.

In deciding upon expenditure, the council must fairly hold a balance between recipients of the benefits of services provided by the council and local tax players.

The Council has a duty under the Local Government Act 1992 to set a balanced budget. Failure to set a lawful Council Tax could have serious financial results for the council and make the council vulnerable to an Order from the Courts requiring to make a council tax resolution. Information must be published and included in the council tax demand notice. The Secretary of State has made regulations, which require charging authorities to issue demand notices in the form and with contents described by these regulations,

Under Section 114 (2) and 114 (3) of the Local Government Finance Act 1988, the Chief Finance Officer is required to make a report, if it appears to him/her that a decision or course of action the council or an officer has agreed or is about to make is unlawful, or that expenditure is likely to exceed resources available.

Section 25 of the Local Government Act 2003 imposes a specific duty on the S151 Officer to formally report to the council at the time of the budget is considered and the council tax is set on the robustness of the budget estimates and the adequacy of reserves. This statement by the S151 Officer is included alongside the budget and council tax setting report to both Cabinet and Full Council in February.

15.2 Finance Officer's Comments (LM)

The Financial implications are detailed in the report.

S151 Comments

Members should be reminded of the financial challenges facing all local authorities across the country. The Council finds itself in a fortunate position that is in a position to approve a balance budget with minimal use of specific reserves unlike many other authorities and continues to have a reasonable level of reserves.

However, the Council does have some ongoing pressures and future challenges to manage.

Members should ensure themselves they are comfortable that the proposed budget meets the statutory legal requirements whilst delivering value for money for the residents of the District.

15.3 Diversities and Equalities Implications (GE)

The Equality Impact Assessment will be presented in the 26th February 2025 Budget and Council Tax 2025/26 report to Council.

15.4 Climate Change implications (JW)

There are no climate change implications arising directly out of this report.

16. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Monisola Omoni, Principal Accountant (Financial Planning)
Telephone: 01303853678
Email: monisola.omoni@folkestone-hythe.gov.uk

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

- Budget working papers
- 4 February 2025 - Report to Cabinet and Council - Medium Term Financial Strategy for the period 2025/26 to 2028/29
- 11 December 2024 - Reports to Cabinet - Budget Strategy 2025/26 and Fees & Charges 2025/26

17. APPENDICES

- Appendix 1 – 2025/26 Council Tax Resolution
- Appendix 2 - Calculation of District Council's Council Tax Requirement in accordance with Section 31A of the Local Government Finance Act 1992.
- Appendix 3 - Calculation of Basic Amounts of Council Tax in accordance with Sections 31B and 34 of the Local Government Finance Act 1992.
- Appendix 4 – Robustness of the Estimates and Adequacy of Reserves
- Appendix 5 – 2025/26 Budget Consultation Responses
- Appendix 6 - General Fund Budget Estimates (detailed)
- Appendix 7 – Budget Setting Advice Note
- Appendix 8 – Building Control proposed 2025/26 Fees & Charges

APPENDIX 1
COUNCIL TAX RESOLUTION 2025/26

Following consideration of its budget, the Council is required under Statute to make a formal resolution in respect of the amount of Council Tax to be levied in Folkestone and Hythe District Council for the financial year commencing 1 April 2025.

The figures below have been calculated in accordance with regulations made under Sections 31B (3) and 34 (4) of the Local Government Finance Act 1992 (as amended) ("the Act").

1. To note that the Chief Finance Officer calculated the Council Tax Base 2025/26 for the Council as 41,413.64 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
2. That the following amounts now be calculated for the year 2025/26 in accordance with Sections 31 to 36 of the Act:
 - a. [REDACTED] – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act (as in Appendix 2).
 - b. [REDACTED] – being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act (as in Appendix 2).
 - c. £15,784,698.57 – being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (as in Appendix 2).
 - d. £ 381.15 – being the amount at 2(c) above divided by the tax base of 41,413.64 calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year.
 - e. £3,161,440 – being the aggregate of all special items (including parish precepts) referred to in Section 34(1) of the Act.
 - f. £288.45 - being the amount at 2(d) above less the result given by dividing the amount at 2(e) above by the tax base of 41,413.64 calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates, i.e. Old Romney and Snargate.

2025/26	A £	B £	C £	D £	E £	F £	G £	H £
Parish								
Folkestone	265.33	309.56	353.78	398.00	486.44	574.89	663.33	796.00
Sandgate	251.67	293.62	335.56	377.51	461.40	545.29	629.18	755.02
Hythe	235.27	274.49	313.70	352.91	431.33	509.76	588.18	705.82
Lydd	245.05	285.90	326.74	367.58	449.26	530.95	612.63	735.16
New Romney	285.37	332.93	380.49	428.05	523.17	618.29	713.42	856.10
Acrise	193.81	226.12	258.42	290.72	355.32	419.93	484.53	581.44
Elham	273.63	319.24	364.84	410.45	501.66	592.87	684.08	820.90
Elmsted	199.77	233.07	266.36	299.66	366.25	432.84	499.43	599.32
Hawkinge	262.15	305.84	349.53	393.22	480.60	567.98	655.37	786.44
Lyminge	281.77	328.74	375.70	422.66	516.58	610.51	704.43	845.32
Lympne	229.36	267.59	305.81	344.04	420.49	496.95	573.40	688.08
Monks Horton	213.05	248.55	284.06	319.57	390.59	461.60	532.62	639.14
Newington	233.93	272.91	311.90	350.89	428.87	506.84	584.82	701.78
Paddlesworth	199.16	232.35	265.55	298.74	365.13	431.51	497.90	597.48
Postling	220.71	257.50	294.28	331.07	404.64	478.21	551.78	662.14
Saltwood	215.27	251.15	287.03	322.91	394.67	466.43	538.18	645.82
Sellindge	247.16	288.35	329.55	370.74	453.13	535.51	617.90	741.48
Stanford	227.31	265.19	303.08	340.96	416.73	492.50	568.27	681.92
Stelling Minnis	212.01	247.35	282.68	318.02	388.69	459.36	530.03	636.04
Stowting	214.63	250.40	286.17	321.94	393.48	465.02	536.57	643.88
Swingfield	235.06	274.24	313.41	352.59	430.94	509.30	587.65	705.18
Brenzett	227.25	265.12	303.00	340.87	416.62	492.37	568.12	681.74
Brookland	240.08	280.09	320.11	360.12	440.15	520.17	600.20	720.24
Burmarsh	230.49	268.90	307.32	345.73	422.56	499.39	576.22	691.46
Dymchurch	234.66	273.77	312.88	351.99	430.21	508.43	586.65	703.98
Ivychurch	231.14	269.66	308.19	346.71	423.76	500.80	577.85	693.42
Newchurch	228.43	266.50	304.57	342.64	418.78	494.92	571.07	685.28
Old Romney	192.30	224.35	256.40	288.45	352.55	416.65	480.75	576.90
St Mary in the Marsh	216.95	253.10	289.26	325.42	397.74	470.05	542.37	650.84
Snargate	192.30	224.35	256.40	288.45	352.55	416.65	480.75	576.90

Being the amounts given by multiplying the amounts at 2(e) and 2(f) above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- To note that for the year 2025/26 Kent County Council, Kent Police and Crime Commissioner and the Kent Fire & Rescue Service have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Major Preceptors	A £	B £	C £	D £	E £	F £	G £	H £
Kent County Council	1,127.46	1,315.37	1,503.28	1,691.19	2,067.01	2,442.83	2,818.65	3,382.38
Kent Police Crime Commissioner	180.10	210.12	240.13	270.15	330.18	390.22	450.25	540.30
Kent Fire and Rescue								
TOTAL								

4. That, having calculated the aggregate in each case of the amounts at 2(g) and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2025/26 for each of the categories of dwelling shown below:

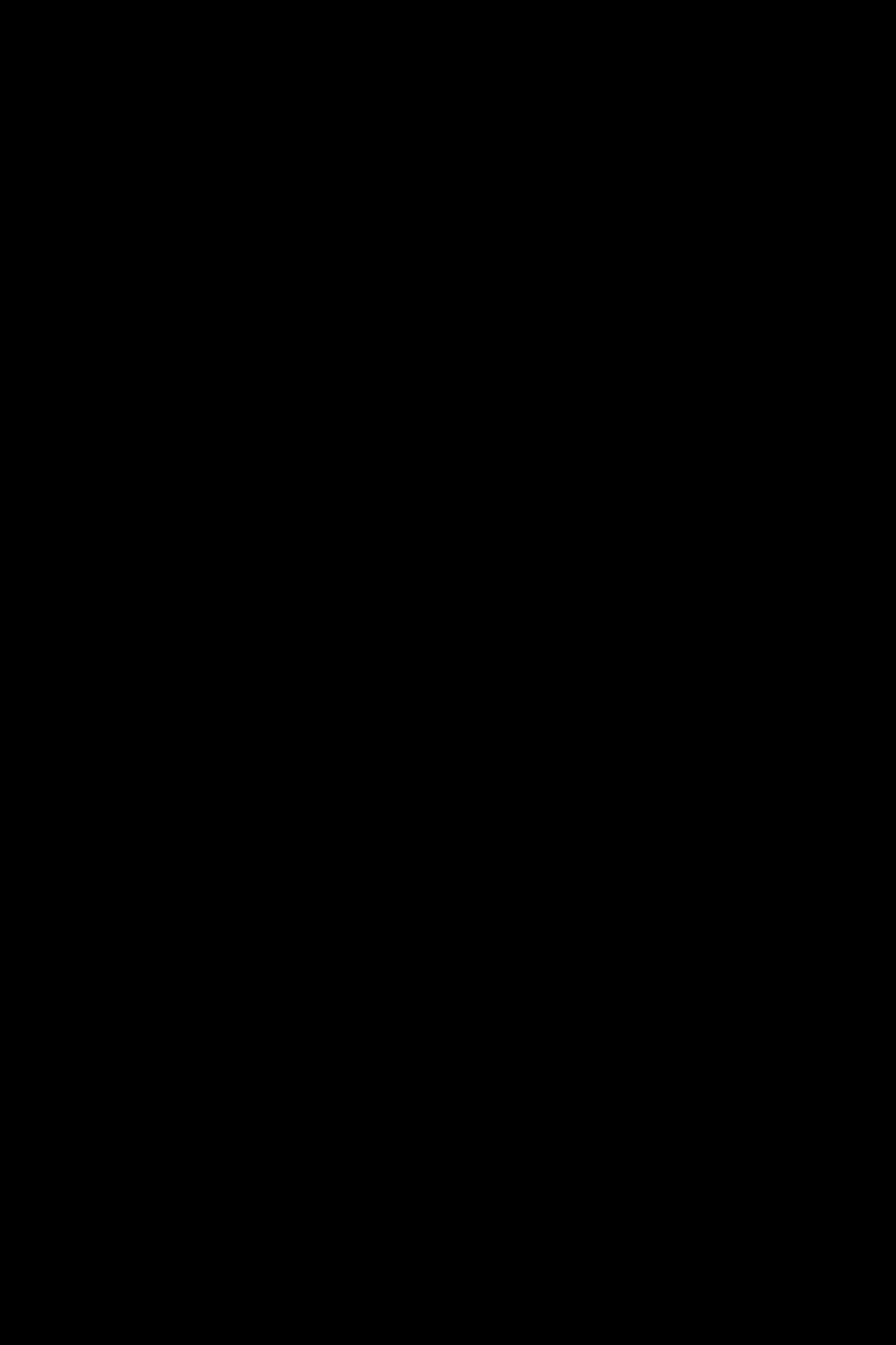
5. To determine that the District Council's basic amount of council tax for 2025/26 is not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.
6. As the billing authority, the Council has not been notified by a major precepting authority that their relevant basic amount of council tax for 2025/26 is excessive and therefore the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Act.
7. The average total council tax at Band D is summarised in the table below, with an overall increase of £110.52 (4.75%) compared to 2024/25.

AUTHORITY	2025/26	2024/25	Increase	Increase
	£	£	£	%
Folkestone & Hythe DC (including Special Expenses)	304.81	295.96	8.85	2.99%
Town and Parish Councils	76.34	73.98	2.35	3.18%
District Total (Including Town and Parish Precepts)	381.15	369.94	11.20	3.03%
Kent County Council	1,691.19	1,610.82	80.37	4.99%
Kent Police Commissioner	270.15	256.15	14.00	5.47%
Kent Fire and Rescue Service				
Overall Total				

8. The relative elements of the average council tax charge for 2024/25 are as follows:

AUTHORITY	2025/26	Total Bill
	£	%
Folkestone & Hythe DC (including Special Expenses)	304.81	
Town and Parish Councils	76.34	
District Total (Including Town and Parish Precepts)	381.15	
Kent County Council	1,691.19	
Kent Police Commissioner	270.15	
Overall Total		

COUNCIL TAX CALCULATIONS AT BAND D FOR EACH AREA IN THE DISTRICT



APPENDIX 2

CALCULATION OF DISTRICT COUNCIL'S COUNCIL TAX REQUIREMENT IN ACCORDANCE WITH SECTION 31A OF THE LOCAL GOVERNMENT FINANCE ACT 1992

EXPENDITURE (including additions to Reserves and Contingencies)	£	£
1. Gross Revenue Expenditure (excl. Special Items)		
2. Special Items		
a) Special Expenses	677,494	
b) Parish Precepts	3,161,440	
3. Addition to Reserves	1,530,104	
 TOTAL EXPENDITURE Recommendation 3(a)		
 INCOME (including use of Reserves)		
1. Gross Revenue Income		
2. Use of Reserves	(3,936,400)	
 TOTAL INCOME Recommendation 3(b)		
 COUNCIL TAX REQUIREMENT Recommendation 3 (c)		<u>15,784,699</u>

APPENDIX 3

CALCULATION OF BASIC AMOUNTS OF COUNCIL TAX IN ACCORDANCE WITH SECTIONS 31B AND 34 OF THE LOCAL GOVERNMENT FINANCE ACT 1992

1.	BASIC AMOUNT OF TAX	
a)	Council Tax Requirement Recommendation 3(c)	£15,784,698.57
b)	Divided by Tax Base	41,413.64
c)	Basic amount of Tax Recommendation 3(d)	£381.15
2.	BASIC AMOUNT OF TAX FOR THOSE PARTS OF AREA TO WHICH NO SPECIAL ITEMS RELATE	
a)	Basic amount of tax Recommendation 3(d)	£381.15
b)	Special Expenses	£677,494
c)	Parish Precepts	£3,161,440
d)	Special Items Recommendation 3(e)	£3,838,934
e)	Divided by Tax Base	41,413.64 (£92.70)
f)	Basic Amount of Tax for Areas with no Special Items Recommendation 3(f) See Appendix 4 for individual parishes	£288.45
3.	BASIC AMOUNT OF TAX FOR THOSE PARTS OF AREA TO WHICH SPECIAL ITEMS RELATE	
a)	Basic Amount of Tax for Areas with no Special Items Recommendation 3(f)	£288.45
b)	Special Items for each individual area of the District	£X
c)	Divided by Tax Base for each individual area of the District	Y = £Z
d)	Basic Amount of Tax for Areas with Special Items Recommendation 3(g)	£280.08 + £Z

ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES

Introduction

The council has a legal duty to produce a balanced budget and must take all reasonable factors into account when doing so. Under the Local Government Act 2003 section 25(1) (b), the Chief Finance Officer (CFO) must advise the council about the **robustness of the budget and the adequacy of the council's reserves** when it considers its budget and council tax. The Act requires Members to have regard to this report in making their decisions.

As the council's CFO, I confirm that in my opinion the draft budget is robust, and the proposed level of reserves is adequate in respect of the proposed budget for 2025/26. The reasons for this opinion are set out below.

In presenting this report the Chief Finance Officer is mindful of other associated statutory safeguards designed to support the Council:

- Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the Chief Financial Officer has personal responsibility for such administration.
- Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget.
- The Prudential Code introduced as part of the Local Government Act 2003 sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates.
- The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency, and effectiveness ('value for money').

To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to all the authority's councillors, in consultation with the Monitoring Officer, if there is or is likely to be unlawful expenditure or an unbalanced budget.

Members should note that if they wish to depart from or amend the draft Budget, the comments within this Appendix may require revision.

Background

The financial pressures faced by Local Authorities are widely known and the sector has undergone significant funding changes in recent years with a shift away from central government grant funding.

Local Government is continuing to deliver services to its residents and businesses during a period of prolonged financial uncertainty and significant change. This uncertainty relates to both the overall UK economy as well as the impact of national policy changes to the way in which local government is funded in the medium / long-term. Demand pressures, high inflation, and

interest rates on top of 10+ years of cuts to local government funding have put significant pressure on the budgets of local authorities.

It is important that we continue to manage our resources in a prudent and sustainable way, ensuring that we understand and can plan and manage our risks effectively over the medium term which is why a strong link between our service outcomes and financial measures is imperative.

Local Government continue to face an exceptionally uncertain financial period with the impact of the cost of living and its significant effects on leisure, arts and culture, retail, fees and charges and more commercial activities undertaken by authorities. It was felt that some stability returned, albeit that the lack of clarity in terms of long-term funding streams for Councils remained.

The Council's past strong financial performance and robust position means it has reserves to rely upon, but they are a finite resource and cannot be the basis of a long term plan to balance future budget. The Council will need to take further decisions over the next financial year to ensure a sustainable financial position is achievable over the medium term.

The Council must remain prudent in its financial approach in particular until there is certainty about the long term funding of the sector and the Medium Term Financial Strategy gap is addressed.

Robustness of the Estimates

In assessing the robustness of the estimates this statement looks at the key factors and risk areas associated with the proposed 2025/26 budget and how they have been and can be managed.

The MTFS

In considering the budget calculations for 2025/26, regard should be had to the medium term financial position of the council and the future of local government funding. This financial planning facilitates strategic choices around service delivery, efficiency, and service reductions. The MTFS informs the annual budget process, and the Council has a legal requirement to set a balanced budget each year.

The last Government Spending Review 2021 (SR21) was announced on 27 October 2021 alongside and set out the Government's spending priorities, resource and capital budgets and devolved administrations' block grants for the three years from 2022/23 to 2024/25. Key measures announced in the Spending Review for local government included:

- Local government in England will receive an additional £4.8bn increase in grant funding over the next 3 years (£1.6bn in each year).
- There were also smaller allocations within the core funding announcement, including £200m for the "cross-government Supporting Families programme", £37.8m for cyber security, and £34.5m to "strengthen local delivery and transparency".

Since the SR21, the Local Government Settlement policy statement for 2023/24 made a change to the referendum limits for Council tax. Council tax thresholds for “core” Council tax increased to 2.99% (and the adult social care precept by a further 2%) for the years 2023/24 and 2024/25 at least. These limits have been further carried into 2025/26.

A second phase of the Spending Review was launched by the Chancellor on 12 December 2024. Government departments will be expected to find savings and efficiencies in their budgets, in a push to drive out waste in the public sector and ensure all funding is focused on the government’s priorities.

Every single pound the government spends will be subjected to a line-by-line review to make sure it’s being spent to deliver the Plan for Change and that it is value for money. It will be the first time in over a decade and a half that government departments have been asked to take such an approach, with what’s called a “zero-based review” last undertaken 17 years ago.

Furthermore, talks are underway to determine how the government can reform the business rates system to ensure it is fairer and better protects retailers. During the Autumn Budget 2024, the government announced plans to introduce permanently lower business rates for retail, hospitality and leisure properties from 2026-27, “to level the playing field for the high-street”.

Latest updates suggest that the Fair Funding Review is being modelled with a view to implementation in 2026/27. Therefore, the longer-term funding picture continues to remain unknown and uncertain, which makes financial planning in the long term significantly more challenging.

Key business rates headlines include:

- Revaluation 2026 – the Valuation Office Agency are preparing a new rating list to apply from 1 April 2026, this will update valuations and change bills.
- New business rates multipliers - the government announced at Budget 2024 proposals to introduce more multipliers: (reduced) small and standard multipliers for Retail, Hospitality & Leisure, and a higher multiplier to fund this. It has also announced an intention that this is revenue neutral for local government.
- Business Rates Reset – it was always intended that business rates retention system would be ‘reset’. Each local authority has a ‘target’ level of funding (Baseline Funding Level – ‘BFL’) and a ‘target’ business rates collection (Business Rates Baseline - ‘BRB’). These are set and then inflated each year with the multiplier. Any changes in taxbase or reliefs result in growth or decline. A reset would affect both the BFL and BRB, redistributing growth from where it has arisen to where the Government want to allocate it.

If the Government chose to ‘hard reset’ business rates for FHDC and remove all growth above the baseline level, this could mean a loss of up to £2.5m income. At present, it is unclear how the reset will affect FHDC, likely only made clearer in late 2025.

In summary, the MTFS is a critical document in setting out the Council’s approach to establishing a strong financial base to enable the Council’s policies and priorities to be delivered whilst ensuring the Council’s finances are

sustainable and in-line with latest policy from Central Government; however, there is also significant uncertainty towards the later years of the MTFS. Within the document are some key issues which will need to be tackled due to the financial pressures outlined in the introductory sections of this strategy report.

The council has various strategies in place to address the medium term funding gap. The multi-pronged approach to achieving a balanced position is set out in the MTFS and Budget Strategy. Specific initiatives include:

- In-year savings from 2024/25
- Re-focusing of Priorities
- Strategic Investments
- Review of Reserves & prudent deployment
- Maximising Opportunities
- Reviewing the level of council tax
- An annual review of fees and charges
- Pursuing alternative income streams
- Continuing the use of digital technologies to transform services
- Exploring appropriate commercial opportunities
- Growing the local economy
- Reviewing all services to generate efficiencies
- Containing new budget pressures within allocated resources.

Furthermore, in respect of addressing the budget gap in the coming financial year the following areas form the focus of work for management.

- **Review of Corporate Action Plan**
- **Review of Earmarked Reserves**
- **Re-evaluation future service demands**
- **Identification of alternative opportunities**

See appendices 9, 10 and 11 for the MTFS working papers.

Development of Budgets

For the 2025/26 budget, the Council utilised a budgeting approach known as Priority Based Budgeting (PBB). Having carried out a self-assessment of the Council current budget setting processes, the Council identified a new approach to budget setting that would ensure that the Council have a Priority Based Budgeting (PBB) approach, which allocates scarce budget resources to the areas of service that are of highest priorities and delivers the outcomes the Council want to achieve for local people under the new administration.

The model seeks to ensure that budgets are set and that service areas are resourced to deliver on their priority areas, with any budget savings being made in areas that are considered lower priority. The PBB approach allows the Budget Manager, Chief Officers, Directors, and Elected Members through various budget meetings including the Star Chamber to have the opportunity to provide an input and be involved in setting the priorities, strategy, and direction at the outset of the budget setting process.

The draft budget package prepared by officers considered savings from both corporate reviews as well as departmental proposals, but all should reflect the agreed priorities and focus on the use of resources. This also ensure that members have an opportunity to review the draft budget package and make changes before it is formally submitted to Council. Members would still make the final decisions on budgets as is the case now but with a focus on delivery of priorities and outcomes rather than the detail of every individual proposal.

Following consideration, the 2025/26 Budget Strategy together with the proposed Fees and Charges 2025/26 were approved by Cabinet in December 2024.

This statement accompanies the General Fund Budget and council tax requirement to be considered for approval by Full Council following a final update report to Cabinet.

This report is the culmination of the budget process; detailed work has taken place behind the scenes with finance officers, budget holders, Chief Officers, and CLT to ensure the budget estimates are robust. In addition to this there have been updates to Informal Cabinet and relevant Portfolio Holders.

The budget-setting process commenced with detailed budget guidelines covering the General Fund, HRA and Capital Programme that were issued in August. This aided a consistent approach to preparing the budget estimates.

Estimates have also taken account of the financial implications of the council's Capital Programme and the level of financing required to meet the expenditure demanded. The capital programme is fully funded as presented to Members. This is based on the use of reserves and the investment of future income streams.

The Budget includes an assumption of Council Tax increases (including the special expense) of 2.99%. This is within the referendum limit and is an important element in determining a balanced budget both for the coming financial year but also one sustainable for the future. The Government base Council funding on the assumption that Council Tax has been set at the referendum limits and therefore there is a long-term implication to the available resources of an authority not to do so.

The Council also draws income from the Business Rates scheme. Business rates funding is dependent on the council's ability to retain and grow its business rates base. As a result, estimates have had to be made for the level of income taking into account various assumptions about the number of businesses, appeals against rateable values and levels of collection. Business Rates remains a particularly challenging to estimate during this uncertain economic period, however, I am satisfied with the estimates made and feel they reflect a fair and balanced approach based on the information available at this time.

Mitigating Risks

To assist with mitigating the risks associated with budget preparation there is a CLT contingency within the budget to allow for unforeseen events and to assist with ensuring corporate priorities are delivered. In addition, an earmarked reserves for the delivery of Corporate Priorities and Transformation remains available for use at the direction of the Chief Executive and Leader.

Stringent budget monitoring will continue to be undertaken, with particular emphasis being placed on monitoring income targets, salary costs, high-risk expenditure items and volatile funding sources. Prompt responses to in-year projected variances will be demanded by Cabinet Members and Senior Officers. The financial monitoring system covers both revenue and capital expenditure, and work is being undertaken to bring forward and continually improve the budget preparation process.

The Council has a depth of experienced budget managers across its service areas and a strong finance team. We will continue to provide updates to budget managers and will support finance staff with relevant training and professional development to maintain this position.

Additionally, to strengthen the council's overall approach to risk management there is an established a Corporate Governance Board, which all Chief Officers & Assistant Directors attend. This group of officers have also received further training in this area.

Furthermore, Contract Management/Standing Order training will be delivered from February 2025 to all budget managers in light of the new Procurement Act, which will reform the existing rules governing public procurement.

In conclusion I am satisfied that officers have undertaken a robust and thorough approach to the setting of the budget for 2025/26. I am satisfied with the estimates in place that determine the setting of the budget and council tax for the coming financial year. The council will continue to assess the position in year, ensure it remains within the budget set and react promptly to address any changes identified. In addition, we will continue to give consideration to closing future budget gaps, acting proactively during the year, and assessing funding updates when they become available.

Adequacy of Reserves

The requirement for financial reserves is acknowledged in statute (Local Government Finance Act 1992). The level of working balances and reserves held by a council is not prescribed. The minimum prudent level of reserves that the council should maintain is a matter of judgment.

The current approach of the council reflects the guidance issued within LAAP Bulletin 99. This sets out that reserves should be held for three main purposes:

- a **working balance** to help cushion the impact of uneven cash flows and avoid the need for temporary borrowing;
- a **contingency** to cushion the impact of unexpected events or emergencies;
- **earmarked reserves** to meet known or predicted requirements.

The Council held £12.070m in Earmarked Reserves and £4,545m in the General Reserve on 1 April 2024, and through this budget setting process anticipates holding £9,907m in Earmarked Reserves and £4,545m in the General Reserve by 31 March 2025. Whilst there are movements anticipated both contributing to and withdrawing from, the council is managing its reserves position prudently, and will need to continue to do so over the coming year. Caution does need to be noted however,

reserves can only be applied once and whilst the Council has a prudent record of building reserves over a number of financial years, it has drawn on them in the last three years.

The Council must address over the coming years its longer term funding issues to remain in a robust position. The Council also has ambitious plans to deliver upon, so must take steps to ensure it remains in a strong financial position, and able to deliver on its ambitious agenda.

The establishment, monitoring, and review of the levels of reserves and balances are an important element of the council's financial management systems and financial standing.

The Chief Finance Officer (S151 Officer) is required by law to formally report to the Council his/her opinion on the adequacy of the council's reserves. Irrespective of this, a well-managed authority is clear about the reserves it needs now and, in the future, to support its service aspirations, whilst at the same time delivering value for money within a climate of significant resource pressure and economic/social risk.

This policy does not cover non-distributable reserves required to support financial accounting transactions e.g., the Revaluation Reserve, Capital Adjustment Account and Pension Reserve. (Non-distributable reserves are those that cannot be used for revenue or capital purposes.)

Reserves can be held for four reasons:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted liabilities.
- A means of setting aside sums for future identified uses and / or investments.

Such reserves are generally referred to as earmarked reserves.

WHAT ARE RESERVES?

There is no clear definition of reserves even though reference is made to reserves in legislation. The Chartered Institute of Public Finance and Accountancy (CIPFA) states "amounts set aside for purposes falling outside the definition of provisions should be considered as reserves." Provisions are required for any liabilities of uncertain timing or amount that have been incurred.

Generally, there are two types of reserves, those that are available to meet revenue or in some cases capital expenditure (Usable) and those that are not available to finance revenue or capital expenditure (Unusable). Useable reserves result from events that have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. They can be spent or earmarked at the discretion of the council.

The council must manage its reserves in accordance with its strategic longer term planning process.

LEVEL OF RESERVES

As mentioned above the council's reserves can be regarded as general and earmarked reserves. In addition, the council maintains a Usable Capital Receipt reserve.

As part of its MTFS, the council also adopts some fundamental principles as to how reserves are used:

- The reserves must primarily be used to fund one off expenditure.
- Any recurring item may only be funded from reserves if plans are in place to replenish the reserve within a defined period.
- Any unplanned revenue income receipt should be put in reserves pending any future decisions as to its use.
- Reserves should be maintained at a sustainable level to ensure an adequate working balance is maintained.
- Reserves may be used as part of a planned process to balance the budget in order to avoid short term responses which may not be in the best interests of the council.

The council has prudently built up its reserves in recent years to be able to provide for its priorities when required. The level of reserves has, in recent years, reduced in line with planned activities such as investments in Oportunitas and Otterpool and their use for other investment or in lieu of borrowing. This strategy means that reserves are currently at an adequate rather than excessive level however it is recognised this use is of a one off nature to secure future income streams for the council.

The use of reserves is a critical part of the council's budget strategy, and the level of reserves is kept under ongoing review. Any future calls on the reserves are considered by looking at the whole position and ensuring minimum reserve levels are adhered to. It is vital that the future needs of the authority such as through the VET reserve are continually refreshed and updated and that earmarked reserves are applied appropriately.

ASSESSING THE ADEQUACY OF RESERVES

The Chartered Institute of Public Finance and Accountancy (CIPFA) state that the Institute 'does not accept a case for introducing a statutory minimum level of reserves, even in exceptional circumstances.' It does however confirm that authorities should make their own judgment on such matters, taking into account all relevant local circumstances on the advice of their Chief Finance Officer / S151.

The Local Government Act 2003 requires the Chief Finance Officer to formally report on the adequacy of the proposed financial reserves.

To arrive at assessing the adequacy of reserves a number of issues need to be addressed:

- What are the strategic, operational, and financial risks facing the authority?
- Does the authority comply with the requirements to ensure that there is an adequate system of internal control?
- Are the key financial assumptions in formulating the council's budget robust and reasonable?
- Does the council have adequate financial management and cash flow arrangements?

In addition, there are a number of questions an authority can ask to demonstrate that it is managing its affairs satisfactorily, such as:

- What is the track record of the council in its budgetary and financial management?
- What is the council's record regarding Council Tax collection?
- What is the council's capacity to manage in-year budgetary pressures?
- What is the strength of the council's financial reporting?
- What are the procedures to deal with under and overspends during and at the year end?
- In the case of earmarked reserves, will there be expected calls on the reserves that prompted the setting up of the reserves in the first place?

Finally, there is a need to look at the assumptions made in setting the budget, not just for the coming year but also under the MTFS.

The budgetary assumptions cover:

- Inflation and interest rate projections.
- Estimate and timings of capital receipts.
- Treatment of planned efficiency savings.
- Financial risks involved in major funding arrangements.

The assessment of the adequacy of the reserves and the robustness of the estimates are contained within the Chief Finance Officers report to council as part of the budget setting process based upon Section 25 of the Local Government Act of 2003.

Allocation of Reserves

There are to be no withdrawals from reserves, unless of a one-off nature, or if they are part of a planned usage which will lead to the elimination of any deficit and the setting of a balanced budget. It is not normal practice to withdraw from the General Fund Reserve to balance the annual budget, unless the circumstances are exceptional, and plans are in place to provide for an ongoing balanced budget.

Statements of the Section 151 Officer

Section 151 Officer - Statement on the Robustness of the Budget.

"The District Council is recommended to note that, in my opinion, the estimates used in the production of the budget proposal for 2025-26 are adequately robust".

Section 151 Officer - Statement on the Adequacy of Reserves

"Based on the assessment of the reserves and contingencies, the key financial risks identified, and the thorough process used for developing the Medium-Term Financial Plan, I have determined that the level of reserves and balances for 2025-26 is adequate."

Lydia Morrison,
Interim Director Governance and Finance Services (S151 Officer)
26 February 2025.

Appendix 5

2025/26 Budget Consultation Responses

1. The Council Constitution sets out a requirement for the Council to undertake sufficient internal and external consultation on the annual budget and medium-term financial plan proposals. The external consultation has included a very broad public consultation on the overall budget strategy.
2. The objectives for consultation on the 2025/26 budget proposals were to:
 - (i) Engage with key stakeholder groups and local residents.
 - (ii) Seek feedback on specific budget proposals for 2025/26.
 - (iii) Seek feedback on general spending and income generation priorities.
3. The Council ran a public budget consultation from mid-December 2024 to the 31 January 2025. As a result, seven online responses were received, and although this is marginally higher than four responses received last budget setting, we will continue to explore more options to obtain a more representative sample of residents' views in future years.
4. There was no consensus among the feedback received, and some of the comments were as follows;
 - *General - I believe that spending should be focused on improving several aspects of our community and the spaces they live in. Add pop up shops to empty commercial properties in High Streets - offer CICs and charities these spaces to raise funds and to raise awareness of the partnership and support the council offers.*
 - *General - It would be prudent to consult with the public what, if any, front line services should be scaled back, as it is inevitable they will be affected.*
 - *Street Cleaning - I wish the street cleaning would be better and weed clearing. It's in a bad state after bin collections.*
 - *Public Conveniences - Public amenities on the marsh are becoming less and less, and public toilets closing early or not open at all in the "off season" is very restrictive... As someone who uses the facilities numerous times a day, as well as having a severely disabled adult child.*
5. **Summarised feedback in response to some comments on the proposed fees and charges were as follows;**

- *All discretionary costs should be balanced against the household income. The less well off should pay a lower amount and the better off the full discretionary amount.*
- *Again too much and not fair.*

6. Summarised feedback in response to the proposed 2.99% District Council tax increase proposed within this budget were as follows;

- *Tax increases are difficult but are inevitable, sadly.*
- *It is feasible and possible for the Council to reduce the CT by £50 or a proportional amount according to the proportion of Council Tax paid. This could be financed by releasing approx £2m from the Council's reserves. It would be a one-off gesture at present many would welcome this.*
- *In a cost of living crisis, it's unjustifiable and really puts pressure on low income households.*
- *No it's high enough. Make cuts.*

7. Summarised feedback in response to other suggestions on how the Council could save money, raise extra income, or provide better value for money?

- *Less managers, more people at the coal face.*
- *Undertake a full review of Council assets to see if any might be surplus to requirements. This way any additional resources which might become available would enable efficiencies and improve services that really matter to local people.*
- *Let de haan build on the shorefront. That will raise a lot of money. Top of town needs to be acted on fast. Empty building don't generate money. Try pushing landlord to Folkestone & Hythe District Council lower rents.*

Lydia Morrison
Governance & Finance Summary

2023/24	Actual	£	<u>Service</u>		Original to Original Variance
			2024/25 Original Budget	2025/26 Original Budget	
-13,696	DA12	Street Naming & Numbering	-25,000	-25,000	0
180,131	FD15	Corporate Management-Misc Expenditure	458,270	476,160	17,890
53,884	FD19	Covid-19	0	0	0
-109,896	FD22	Homes for Ukraine	0	0	0
113,600	FD23	Energy Rebate	0	0	0
-60,467	FD70	Corporate Management-Recharges	-50,000	-50,000	0
789,900	FF15	Pensions Back Funding	1,200,000	964,710	-235,290
-547,989	FF16	Early Retirement Contributions	119,340	119,340	0
-166,867	FL05	Business Rates Collection	-172,030	-172,030	0
-325,036	FL20	Council Tax Collection	-412,680	-412,680	0
456,283	FL21	Council Tax Benefits	-15,000	-15,000	0
-360,928	FL22	Council Tax Reduction Scheme	-597,700	-597,700	0
482,082	FN01	Housing Benefits	-214,250	-174,250	40,000
110,917	FN02	Rent Rebates	287,100	287,100	0
601,918		Service Total	578,050	400,650	-177,400

Administration

2023/24	Actual	£	<u>Administration</u>		Original to Original Variance
			2024/25 Original Budget	2025/26 Original Budget	
561,985	GA04	Finance	914,280	922,380	8,100
605	GA05	Corporate Debt	0	714,400	714,400
711,840	GA07	ICT Admin	642,480	0	-642,480
75,704	GA08	Treasury Management	70,150	70,110	-40
124,659	GA10	Procurement	167,340	219,940	52,600
54	GA11	Centralised Equipment	0	0	0
888,825	GA20	Revenues & Benefits	660,610	1,610,930	950,320
481,685	GA22	Digital Services & IT	495,430	1,359,160	863,730
4,206	GA24	Corporate Consumables - Floors 1 & 2	2,500	2,500	0
49,327	GA54	Printing Services	54,630	201,520	146,890
1,648,244	GM19	ICT Operations	1,609,800	1,741,830	132,030
141,179	GP00	Internal Audit	118,700	126,200	7,500
4,688,315		Administration Total	4,735,920	6,968,970	2,233,050

Holding

2023/24	Actual	£	<u>Holding</u>		Original to Original Variance
			2024/25 Original Budget	2020/21 Original Budget	
55,345	GX02	Civic Centre - Cleaning Contract	57,280	58,680	1,400
0	GX19	ICT - Multi Year Contracts	0	0	0
55,345		Holding Total	57,280	58,680	1,400

Lydia Morrison
Governance & Finance Detail

2023/24	Actual	£	<u>Service</u>		Variances
			2024/25 Original Budget	2025/26 Original Budget	
	DA12	Street Naming & Numbering			
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
0		Gross Expenditure	0	0	0
-13,696		Other Income	-25,000	-25,000	0

-13,696	Net Expenditure	-25,000	-25,000	0
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Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original		2025/26 Original Budget £	Variances £
		Budget £	Budget £		
	FD15 Corporate Management				
650	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
179,127	1 Supplies & Services	430,800	448,690	17,890	
15,031	Third Party Payments	27,500	27,500	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
194,808	Gross Expenditure	458,300	476,190	17,890	
-14,676	Other Income	-30	-30	0	0
180,131	Net Expenditure	458,270	476,160	17,890	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	23,860
1 Adjustment to Centrally Determined Costs	-6,000

2023/24 Actual £		2024/25 Original		2025/26 Original Budget £	Variances £
		Budget £	Budget £		
	FD19 Covid-19				
53,884	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
53,884	Gross Expenditure	0	0	0	0
0	Other Income	0	0	0	0
53,884	Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original		2025/26 Original Budget £	Variances £
		Budget £	Budget £		
	FD23 Energy Rebate				
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
113,600	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
113,600	Gross Expenditure	0	0	0	0
0	Other Income	0	0	0	0
113,600	Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original		2025/26 Original Budget £	Variances £
		Budget £	Budget £		
	FD22 Homes for Ukraine				
48,461	1 Employees	0	56,690	56,690	56,690
0	Premises-Related Expenditure	0	0	0	0
367	Transport-Related Expenditure	0	0	0	0
5,291	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
54,119	Gross Expenditure	0	56,690	56,690	56,690
-164,015	Other Income	0	-56,690	-56,690	-56,690
-109,896	Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original 2025/26 Original			Variances £
		Budget £	Budget £		
	FD70 Corporate Management–Recharges				
0	Employees	0	0		0
0	Premises-Related Expenditure	0	0		0
0	Transport-Related Expenditure	0	0		0
0	Supplies & Services	0	0		0
0	Third Party Payments	0	0		0
0	Transfer Payments	0	0		0
0	Contributions to Provisions	0	0		0
0	Gross Expenditure	0	0		0
-60,467	Other Income	-50,000	-50,000		0
-60,467	Net Expenditure	-50,000	-50,000		0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original 2025/26 Original			Variances £
		Budget £	Budget £		
	FF15 Pensions Back Funding				
789,900	1 Employees	1,200,000	964,710		-235,290
0	Premises-Related Expenditure	0	0		0
0	Transport-Related Expenditure	0	0		0
0	Supplies & Services	0	0		0
0	Third Party Payments	0	0		0
0	Transfer Payments	0	0		0
0	Contributions to Provisions	0	0		0
789,900	Gross Expenditure	1,200,000	964,710		-235,290
0	Other Income	0	0		0
789,900	Net Expenditure	1,200,000	964,710		-235,290

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Agreed annual General Fund pension backfunding for 2025/26 until next triennial valuation in March 2026. -410,000

2023/24 Actual £		2024/25 Original 2025/26 Original			Variances £
		Budget £	Budget £		
	FF16 Early Retirement Contributions				
-547,989	Employees	119,340	119,340		0
0	Premises-Related Expenditure	0	0		0
0	Transport-Related Expenditure	0	0		0
0	Supplies & Services	0	0		0
0	Third Party Payments	0	0		0
0	Transfer Payments	0	0		0
0	Contributions to Provisions	0	0		0
-547,989	Gross Expenditure	119,340	119,340		0
0	Other Income	0	0		0
-547,989	Net Expenditure	119,340	119,340		0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original 2025/26 Original			Variances £
		Budget £	Budget £		
	FL05 Business Rates Collection				
0	Employees	0	0		0
0	Premises-Related Expenditure	0	0		0
0	Transport-Related Expenditure	0	0		0
0	Supplies & Services	2,900	2,900		0
0	Third Party Payments	0	0		0
0	Transfer Payments	0	0		0
0	Contributions to Provisions	0	0		0
0	Gross Expenditure	2,900	2,900		0
-166,867	Other Income	-174,930	-174,930		0
-166,867	Net Expenditure	-172,030	-172,030		0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original 2025/26 Original			Variances £
		Budget £	Budget £		

FL20	Council Tax Collection			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	2,320	2,320	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
0	Gross Expenditure	2,320	2,320	0
-325,036	Other Income	-415,000	-415,000	0
-325,036	Net Expenditure	-412,680	-412,680	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	2024/25 Original		Variances
		Budget	Budget	
	£	£	£	£
FL21	Council Tax Benefits			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
-50	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
456,333	Transfer Payments	-15,000	-15,000	0
0	Contributions to Provisions	0	0	0
456,283	Gross Expenditure	-15,000	-15,000	0
0	Other Income	0	0	0
456,283	Net Expenditure	-15,000	-15,000	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	2024/25 Original		Variances
		Budget	Budget	
	£	£	£	£
FL22	Council Tax Reduction Scheme			
0	Employees	100	100	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
491,305	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
45,843	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
537,148	Gross Expenditure	100	100	0
-898,076	Other Income	-597,800	-597,800	0
-360,928	Net Expenditure	-597,700	-597,700	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	2024/25 Original		Variances
		Budget	Budget	
	£	£	£	£
FN01	Housing Benefits			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
109	Transport-Related Expenditure	0	0	0
44,400	1 Supplies & Services	11,000	51,000	40,000
0	Third Party Payments	0	0	0
17,100,460	Transfer Payments	14,793,690	14,793,690	0
0	Contributions to Provisions	0	0	0
17,144,970	Gross Expenditure	14,804,690	14,844,690	40,000
-16,662,888	Other Income	-15,018,940	-15,018,940	0
482,082	Net Expenditure	-214,250	-174,250	40,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	40,000
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2023/24	Actual	2024/25 Original		Variances
		Budget	Budget	
	£	£	£	£
FN02	Rent Rebates			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0

0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
7,760,568	Transfer Payments	6,901,220	6,901,220	0
0	Contributions to Provisions	0	0	0
7,760,568	Gross Expenditure	6,901,220	6,901,220	0
-7,649,651	Other Income	-6,614,120	-6,614,120	0
110,917	Net Expenditure	287,100	287,100	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

Administration

2023/24	Actual	2024/25 Original		Variances
		Budget	Budget	
GA04 Finance				
936,641	1 Employees	972,210	995,830	23,620
0	Premises-Related Expenditure	0	0	0
363	Transport-Related Expenditure	1,750	1,750	0
111,171	2 Supplies & Services	39,920	118,500	78,580
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
1,048,175	Gross Expenditure	1,013,880	1,116,080	102,200
-486,190	3 Other Income	-99,600	-193,700	-94,100
561,985	Net Expenditure	914,280	922,380	8,100

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GA05)	-180,670
1 Restructure of Establishment incl. Transformation (GA09)	121,300
1 Employee Costs including Increments and Pension	82,990
2 Adjustment to Centrally Determined Costs	4,440
2 Approved Budget Strategy Growth	9,790
3 Restructure of Establishment incl. Transformation - increase in rechargeable work	-19,825

2023/24	Actual	2024/25 Original		Variances
		Budget	Budget	
GA05 Corporate Debt				
0	1 Employees	0	672,130	672,130
0	Premises-Related Expenditure	0	0	0
0	2 Transport-Related Expenditure	0	1,500	1,500
605	3 Supplies & Services	0	40,770	40,770
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
605	Gross Expenditure	0	714,400	714,400
0	Other Income	0	0	0
605	Net Expenditure	0	714,400	714,400

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GA04)	180,670
1 Restructure of Establishment incl. Transformation (GA09)	426,760
1 Approved Budget Strategy Growth	18,468
1 Employee Costs including Increments and Pension	46,232
2 Adjustment to Centrally Determined Costs	1,500
3 Adjustment to Centrally Determined Costs	12,770
3 Approved Budget Strategy Growth	15,000
3 Required budget for KIN referral fees	13,000

2023/24	Actual	2024/25 Original		Variances
		Budget	Budget	
GA07 ICT Admin				
703,844	1 Employees	634,380	0	-634,380
0	Premises-Related Expenditure	0	0	0
20	Transport-Related Expenditure	1,000	0	-1,000
7,976	2 Supplies & Services	7,100	0	-7,100
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0

711,840	Gross Expenditure	642,480	0	-642,480
0	Other Income	0	0	0
711,840	Net Expenditure	642,480	0	-642,480

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GA22)	-634,380
2 Restructure of Establishment incl. Transformation (GA22)	-7,100

2023/24 Actual £		2024/25 Original	2025/26 Original	Variances £
		Budget £	Budget £	
	GA08 Treasury Management			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
75,704	Supplies & Services	70,150	70,110	-40
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
75,704	Gross Expenditure	70,150	70,110	-40
0	Other Income	0	0	0
75,704	Net Expenditure	70,150	70,110	-40

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original	2025/26 Original	Variances £
		Budget £	Budget £	
	GA09 Case Management (Corporate Services)			
1,666,856	1 Employees	1,524,850	0	-1,524,850
0	Premises-Related Expenditure	0	0	0
2,952	3 Transport-Related Expenditure	4,100	100	-4,000
27,471	2 Supplies & Services	24,960	-100	-25,060
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
1,697,279	Gross Expenditure	1,553,910	0	-1,553,910
0	Other Income	-3,500	0	3,500
1,697,279	Net Expenditure	1,550,410	0	-1,550,410

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GA05)	-426,760
1 Restructure of Establishment incl. Transformation (GA20)	-649,690
1 Restructure of Establishment incl. Transformation (GA10)	-34,450
1 Restructure of Establishment incl. Transformation (to GL51)	-53,670
1 Restructure of Establishment incl. Transformation (to GM20)	-67,750
1 Restructure of Establishment incl. Transformation (from GA04)	-121,300
1 Restructure of Establishment incl. Transformation (from GA22)	-73,160
1 Restructure of Establishment incl. Transformation (from GA23)	-32,420
1 Restructure of Establishment incl. Transformation (from GL45)	-38,970
1 Restructure of Establishment incl. Transformation (from AX03)	-19,190
2 Restructure of Establishment incl. Transformation (from GA04)	-2,360
2 Restructure of Establishment incl. Transformation (GA05)	-7,555
2 Restructure of Establishment incl. Transformation (GA20)	-8,970
2 Restructure of Establishment incl. Transformation (from GA22)	-945
2 Restructure of Establishment incl. Transformation (from GL45)	-945
2 Restructure of Establishment incl. Transformation (to GL51)	-945
3 Restructure of Establishment incl. Transformation (GA20)	-1,330
3 Restructure of Establishment incl. Transformation (GA05)	-2,670

2023/24 Actual £		2024/25 Original	2025/26 Original	Variances £
		Budget £	Budget £	
	GA10 Procurement			
121,249	1 Employees	166,070	217,710	51,640
0	Premises-Related Expenditure	0	0	0
182	Transport-Related Expenditure	100	100	0
4,178	Supplies & Services	3,470	4,430	960
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
125,609	Gross Expenditure	169,640	222,240	52,600
-950	Other Income	-2,300	-2,300	0

124,659	Net Expenditure	167,340	219,940	52,600
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Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	17,190
1 Restructure of Establishment incl. Transformation (GA09)	34,450

2023/24 Actual £		2024/25 Original	2025/26 Original	Variances £
		Budget £	Budget £	
	GA11 Centralised Equipment			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
54	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
54	Gross Expenditure	0	0	0
0	Other Income	0	0	0
54	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original	2025/26 Original	Variances £
		Budget £	Budget £	
	GA20 Revenues & Benefits			
728,221	1 Employees	555,980	1,519,380	963,400
0	Premises-Related Expenditure	0	0	0
2,439	Transport-Related Expenditure	3,800	3,300	-500
169,436	2 Supplies & Services	101,390	88,810	-12,580
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
900,096	Gross Expenditure	661,170	1,611,490	950,320
-11,271	Other Income	-560	-560	0
888,825	Net Expenditure	660,610	1,610,930	950,320

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GA09)	649,690
1 Restructure of Establishment incl. Transformation (GA62)	197,880
1 Employee Costs including Increments and Pension	115,830
2 Adjustment to Centrally Determined Costs	11,480
2 Approved Budget Strategy Growth	1,340
2 Restructure of Establishment incl. Transformation (GA09)	10,300
2 Adj to postage recharge	-36,280

2023/24 Actual £		2024/25 Original	2025/26 Original	Variances £
		Budget £	Budget £	
	GA22 Digital Services & IT			
454,053	1 Employees	459,030	1,306,840	847,810
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	200	200	0
27,633	2 Supplies & Services	36,200	52,120	15,920
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
481,685	Gross Expenditure	495,430	1,359,160	863,730
0	Other Income	0	0	0
481,685	Net Expenditure	495,430	1,359,160	863,730

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GA09)	73,160
1 Restructure of Establishment incl. Transformation (GA07)	634,380
1 Employee Costs including Increments and Pension	140,270
2 Adjustment to Centrally Determined Costs	12,795
2 Approved Budget Strategy Growth	3,680

2023/24 Actual	2024/25 Original	2025/26 Original	Variances
	Budget	Budget	

£		£	£	£
	GA24 Corporate Consumables - Floors 1 & 2			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
4,206	Supplies & Services	2,500	2,500	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
4,206	Gross Expenditure	2,500	2,500	0
0	Other Income	0	0	0
4,206	Net Expenditure	2,500	2,500	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original		Variances £
		Budget £	Budget £	
	GA54 Printing Services			
-197	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
49,525	1 Supplies & Services	54,630	201,520	146,890
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
49,327	Gross Expenditure	54,630	201,520	146,890
0	Other Income	0	0	0
49,327	Net Expenditure	54,630	201,520	146,890

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adj to postage recharge	149,060
1 Adjustment to Centrally Determined Costs	-2,800

2023/24 Actual £		2024/25 Original		Variances £
		Budget £	Budget £	
	GM19 ICT Operations			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
1,658,338	Supplies & Services	1,609,800	1,741,830	132,030
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
1,658,338	Gross Expenditure	1,609,800	1,741,830	132,030
-10,094	Other Income	0	0	0
1,648,244	Net Expenditure	1,609,800	1,741,830	132,030

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	135,030
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2023/24 Actual £		2024/25 Original		Variances £
		Budget £	Budget £	
	GP00 Internal Audit			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	0	0	0
141,179	Third Party Payments	118,700	126,200	7,500
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
141,179	Gross Expenditure	118,700	126,200	7,500
0	Other Income	0	0	0
141,179	Net Expenditure	118,700	126,200	7,500

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	7,500
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ICT Multi Year Contracts

2023/24 Actual £		2024/25 Original		2025/26 Original Budget £	Variances £
		Budget £	Budget £		
	GX02 Civic Centre - Cleaning Contract				
0	Employees	0	0	0	0
46,976	Premises-Related Expenditure	49,880	51,280	1,400	
0	Transport-Related Expenditure	0	0	0	0
8,369	Supplies & Services	7,400	7,400	0	
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	
<u>55,345</u>	Gross Expenditure	<u>57,280</u>	<u>58,680</u>	<u>1,400</u>	
0	Other Income	0	0	0	
<u>55,345</u>	Net Expenditure	<u>57,280</u>	<u>58,680</u>	<u>1,400</u>	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Contract Inflation	1,400
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2023/24 Actual £		2024/25 Original		2025/26 Original Budget £	Variances £
		Budget £	Budget £		
	GX19 ICT - Multi Year Contracts				
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
<u>0</u>	Gross Expenditure	<u>0</u>	<u>0</u>	<u>0</u>	
0	Other Income	0	0	0	
<u>0</u>	Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

Amandeep Khroud
Governance, Law & Democracy Summary*

* Governance, Law & Democracy now deleted following restructure in December 2024. Appendix included for reference only.

2023/24 Actual	Service	2024/25	2025/26	Original to
		Original	Original	Original
		Budget	Budget	Variance
£	£	£	£	£
8,935	EC12 Planning Policy	99,200	124,200	0 25,000
0	EC13 Community Infrastructure Levy	0	0	0
147,991	EC15 Climate Change Fees	145,310	151,900	6,590
366,746	FE05 Members Allowances & Expenses	351,920	301,260	-50,660
29,252	FE06 Committee Governance	0	0	0
15,312	FE20 Civic Ceremonials	5,290	7,270	1,980
0	FE61 Democratic Representation - Support Services	0	0	0
-94,798	FE70 Democratic Representation - Recharges	-120,000	-120,000	0
70,829	FH03 Registration of Electors	70,030	93,610	23,580
191,782	FH04 Conducting Elections	180,000	40,000	-140,000
0	FH05 Individual Electoral Registration (IER)	0	0	0
736,048	Service Total	731,750	598,240	-114,440

2023/24 Actual	Administration	2024/25	2025/26	Original to
		Original	Original	Original
		Budget	Budget	Variance
£	£	£	£	£
318,209	GL00 Legal Services	322,490	536,050	213,560
139,513	GL41 Asst Director Gov Law and Democracy	145,980	1,600	-144,380
371,607	GL51 Democratic Services and Elections	351,210	478,810	127,600
0	GL53 FOI & Info Governance Team	0	0	0
0	GL54 Governance Performance & Risk	0	371,830	371,830
629,533	GM12 Strategy and Policy	692,620	491,980	-200,640
1,458,862	Administration Total	1,512,300	1,880,270	367,970

2023/24 Actual	Holding	2024/25	2025/26	Original to
		Original	Original	Original
		Budget	Budget	Variance
£	£	£	£	£
0	FX04 Parliamentary Elections	0	0	0
0	Holding Total	0	0	0

Amandeep Khroud
Governance, Law & Democracy Detail

2023/24 Actual	Service	2024/25	2025/26	Variances
		Original	Original	
		Budget	Budget	
EC12	Planning Policy			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0

0	Transport-Related Expenditure	0	0	0
21,435	1 Supplies & Services	99,200	124,200	25,000
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
21,435	Gross Expenditure	99,200	124,200	25,000
-12,500	Other Income	0	0	0
8,935	Net Expenditure	99,200	124,200	25,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	25,000
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2023/24 Actual £	EC15	Climate Change Fees	2024/25 Original Budget	2025/26 Original Budget	Original to Original Variance
			£	£	£
92,196	1 Employees	74,700	80,970	6,270	
0	Premises-Related Expenditure	0	0	0	
0	Transport-Related Expenditure	0	0	0	
67,015	2 Supplies & Services	70,610	70,930	320	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
159,211	Gross Expenditure	145,310	151,900	6,590	
-11,220	Other Income	0	0	0	
147,991	Net Expenditure	145,310	151,900	6,590	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	6,270
2 Adjustment to Centrally Determined Costs	100
2 Approved budget strategy growth	220

2023/24 Actual £	FE05	Members Allowances & Expenses	2024/25 Original Budget	2025/26 Original Budget	Original to Original Variance
			£	£	£
12,974	Employees	5,000	5,000	0	
0	Premises-Related Expenditure	0	0	0	
3,873	Transport-Related Expenditure	4,500	4,500	0	
349,899	1 Supplies & Services	342,420	291,760	-50,660	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
366,746	Gross Expenditure	351,920	301,260	-50,660	
0	Other Income	0	0	0	
366,746	Net Expenditure	351,920	301,260	-50,660	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to centrally determined costs	-890
1 Approved budget strategy growth	9,230
1 Approved budget strategy savings (non staffing)	-59,000

2023/24 Actual £	FE20	Civic Ceremonials	2024/25	2025/26	Original to Original Variance £
			Original Budget £	Original Budget £	
6,017		Employees	1,000	1,000	0
0		Premises-Related Expenditure	0	0	0
4,581		Transport-Related Expenditure	50	1,810	1,760
5,979		Supplies & Services	4,240	4,460	220
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
16,577		Gross Expenditure	5,290	7,270	1,980
-1,265		Other Income	0	0	0
15,312		Net Expenditure	5,290	7,270	1,980

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1

2023/24 Actual £	FE70	Democratic Representation - Recharges	2024/25	2025/26	Original to Original Variance £
			Original Budget £	Original Budget £	
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
0		Gross Expenditure	0	0	0
-94,798		Other Income	-120,000	-120,000	0
-94,798		Net Expenditure	-120,000	-120,000	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1

2023/24 Actual £	FH03	Registration of Electors	2024/25	2025/26	Original to Original Variance £
			Original Budget £	Original Budget £	
41,819		1 Employees	44,000	49,000	5,000
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
30,824		2 Supplies & Services	27,530	46,110	18,580
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
72,643		Gross Expenditure	71,530	95,110	23,580
-1,814		Other Income	-1,500	-1,500	0
70,829		Net Expenditure	70,030	93,610	23,580

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth

5,000

2023/24			2024/25	2025/26	Original to Original Variance
Actual			Original Budget	Original Budget	
£			£	£	£
	FH04	Conducting Elections			
2,661		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
222,890		1 Supplies & Services	180,000	40,000	-140,000
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
225,551		Gross Expenditure	180,000	40,000	-140,000
-33,769		Other Income	0	0	0
191,782		Net Expenditure	180,000	40,000	-140,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Savings (non staffing) -140,000

2023/24			<u>Administration</u>		
Actual			2024/25	2025/26	Variances
£			Original Budget	Original Budget	£
	GL00	Legal Services			
325,744		1 Employees	337,250	454,730	117,480
0		Premises-Related Expenditure	0	0	0
452		Transport-Related Expenditure	550	550	0
73,900		2 Supplies & Services	64,490	192,550	128,060
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
400,096		Gross Expenditure	402,290	647,830	245,540
-81,886		3 Other Income	-79,800	-111,780	-31,980
318,209		Net Expenditure	322,490	536,050	213,560

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension 105,130
 2 Adjustment to centrally determined costs 14,350
 2 Approved budget strategy growth 151,060
 2 Realignment of budget -25,000
 3 Approved budget strategy savings (non staffing) -31,980

2023/24			2024/25	2025/26	Variances
Actual			Original Budget	Original Budget	
£			£	£	£
	GL41	Asst Director Gov Law and Democracy			
137,750		Employees	144,400	450	-143,950
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
1,763		Supplies & Services	1,580	1,150	-430
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0

0	Contributions to Provisions	0	0	0
139,513	Gross Expenditure	145,980	1,600	-144,380
0	Other Income	0	0	0
139,513	Net Expenditure	145,980	1,600	-144,380

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension -144,380

2023/24 Actual £	GL51	Democratic Services and Elections	2024/25	2025/26	Variances £
			Original Budget £	Original Budget £	
364,251	1 Employees	345,610	465,480	119,870	
0	Premises-Related Expenditure	0	0	0	
602	Transport-Related Expenditure	400	400	0	
6,754	2 Supplies & Services	5,200	12,930	7,730	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
371,607	Gross Expenditure	351,210	478,810	127,600	
0	Other Income	0	0	0	
371,607	Net Expenditure	351,210	478,810	127,600	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (to GL54) -102,840
 1 Restructure of Establishment incl. Transformation (from GM38) 122,620
 1 Restructure of Establishment incl. Transformation (from GA09) 53,670.00
 1 Employee Costs including Increments and Pension 45,550
 1 Adjustment to centrally determined costs 870
 2 Adjustment to centrally determined costs 3,580
 2 Adjustment to Recharges 800
 2 Approved budget strategy growth 800
 2 Permanent Virement (from GM38) 2,500

2023/24 Actual £	GL54	Governance Performance & Risk	2024/25	2025/26	Variances £
			Original Budget £	Original Budget £	
0	1 Employees	0	359,880	359,880	
0	Premises-Related Expenditure	0	0	0	
0	Transport-Related Expenditure	0	0	0	
0	2 Supplies & Services	0	11,950	11,950	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
0	Gross Expenditure	0	371,830	371,830	
0	Other Income	0	0	0	
0	Net Expenditure	0	371,830	371,830	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (from GL51) 102,840
 1 Restructure of Establishment incl. Transformation (from GA23) 46,900
 1 Restructure of Establishment incl. Transformation (from GM12) 114,430
 1 Restructure of Establishment incl. Transformation (from GM31) 62,420
 1 Employee Costs including Increments and Pension 33,040
 1 Adjustment to Centrally Determined Costs -690
 2 Approved Budget Strategy Growth 7,000
 2 Adjustment to Centrally Determined Costs 4,950

2023/24 Actual £	GM12	Strategy and Policy	2024/25 Original Budget £	2025/26 Original Budget £	Variances £
			£	£	
625,427	1 Employees	688,550	488,610	-199,940	
0	Premises-Related Expenditure	0	0	0	
465	Transport-Related Expenditure	720	570	-150	
8,741	2 Supplies & Services	8,350	7,800	-550	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
634,633	Gross Expenditure	697,620	496,980	-200,640	
-5,100	Other Income	-5,000	-5,000	0	
629,533	Net Expenditure	692,620	491,980	-200,640	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	45,570
1 Restructure of Establishment incl. Transformation (to GL54)	- 114,430
1 Restructure of Establishment incl. Transformation (to GA03)	- 130,360
1 Restructure of Establishment incl. Transformation (to EC15)	- 770
2 Adjustment to Centrally Determined Costs	- 2,690
2 Approved Budget Strategy Growth	2,140

Leadership Support Summary

2023/24 Actual	£	Service	2024/25	2025/26	Original to Original Variance
			Original Budget	Original Budget	
			£	£	
366,746	FE05	Members Allowances & Expenses*	351,920	301,260	-50,660
29,252	FE06	Committee Governance*	0	0	0
21,966	FE15	Democratic Representation-Misc Expenditure	23,710	23,710	0
15,312	FE20	Civic Ceremonials*	5,290	7,270	1,980
0	FE61	Democratic Representation-Support Services*	0	0	0
-94,798	FE70	Democratic Representation-Recharges*	-120,000	-120,000	0
338,478		Service Total	260,920	212,240	-48,680

Administration

2023/24 Actual	£	Service	2024/25	2025/26	Original to Original Variance
			Original Budget	Original Budget	
			£	£	
185,024.95	GA06	Director of Corporate Services	-	66,010.00	160,660.00
318,209.27	GL00	Legal Services*	322,490.00	536,050.00	213,560.00
-	GL54	Governance Performance & Risk*	-	371,830.00	371,830.00
188,598.71	GM01	Chief Executive	182,420.00	207,010.00	24,590.00
138,873.27	GM05	Director of Strategy & Resources	133,980.00	153,780.00	19,800.00
119,505.34	GM38	Leadership and PA Support	123,830.00	-	- 123,830.00
149,143.77	GM39	Director of Housing & Operations	151,110.00	170,380.00	19,270.00
1,099,355.31		Administration Total	847,820.00	1,533,700.00	685,880.00

*Redistributed Service from Governance, Law & Democracy directorate restructure

Leadership Support Detail

2023/24 Actual	£	Service	2024/25	2025/26	Variances
			Original Budget	Original Budget	
			£	£	
12,974	FE05	Members Allowances & Expenses			
0		Employees	5,000	5,000	0
3,873		Premises-Related Expenditure	0	0	0
349,899		Transport-Related Expenditure	4,500	4,500	0
0	1	Supplies & Services	342,420	291,760	-50,660
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
366,746		Gross Expenditure	351,920	301,260	-50,660
0		Other Income	0	0	0
366,746		Net Expenditure	351,920	301,260	-50,660

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to centrally determined costs	-890
1 Approved budget strategy growth	9,230
1 Approved budget strategy savings (non staffing)	-59,000

2023/24 Actual	£	Service	2024/25	2025/26	Variances
			Original Budget	Original Budget	
			£	£	
6,017	FE20	Civic Ceremonials			
0		Employees	1,000	1,000	0
4,581		Premises-Related Expenditure	0	0	0
5,979		Transport-Related Expenditure	50	1,810	1,760
0		Supplies & Services	4,240	4,460	220
0		Third Party Payments	0	0	0

0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
16,577	Gross Expenditure	5,290	7,270	1,980
-1,265	Other Income	0	0	0
15,312	Net Expenditure	5,290	7,270	1,980

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	FE15	Democratic Representation-Misc Expenditure	2024/25		2025/26	Variances £
			Original Budget	Original Budget		
0	Employees	0	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0	0
21,966	Supplies & Services	23,710	23,710	23,710	0	0
0	Third Party Payments	0	0	0	0	0
0	Transfer Payments	0	0	0	0	0
0	Contributions to Provisions	0	0	0	0	0
21,966	Gross Expenditure	23,710	23,710	23,710	0	0
0	Other Income	0	0	0	0	0
21,966	Net Expenditure	23,710	23,710	23,710	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	FE20	Civic Ceremonials	2024/25		2025/26	Variances £
			Original Budget	Original Budget		
0	Employees	0	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0	0
0	Supplies & Services	0	0	0	0	0
0	Third Party Payments	0	0	0	0	0
0	Transfer Payments	0	0	0	0	0
0	Contributions to Provisions	0	0	0	0	0
0	Gross Expenditure	0	0	0	0	0
-94,798	Other Income	-120,000	-120,000	-120,000	0	0
-94,798	Net Expenditure	-120,000	-120,000	-120,000	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GA06	Director of Corporate Services	2024/25		2025/26	Variances £
			Original Budget	Original Budget		
212,723	Employees	470	161,370	161,370	160,900	160,900
0	Premises-Related Expenditure	0	0	0	0	0
0	Transport-Related Expenditure	200	200	200	0	0
2,082	Supplies & Services	1,420	1,180	1,180	-240	-240
0	Third Party Payments	0	0	0	0	0
0	Transfer Payments	0	0	0	0	0
0	Contributions to Provisions	0	0	0	0	0
214,805	Gross Expenditure	2,090	162,750	162,750	160,660	160,660
-29,780	Other Income	-68,100	-68,100	-68,100	0	0
185,025	Net Expenditure	-66,010	94,650	94,650	160,660	160,660

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension 160,660

2023/24 Actual £	GL00	Legal Services	2024/25		2025/26	Variances £
			Original Budget	Original Budget		
0			0	0	0	0

325,744	1 Employees	337,250	454,730	117,480
0	Premises-Related Expenditure	0	0	0
452	Transport-Related Expenditure	550	550	0
73,900	2 Supplies & Services	64,490	192,550	128,060
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
400,096	Gross Expenditure	402,290	647,830	245,540
-81,886	3 Other Income	-79,800	-111,780	-31,980
318,209	Net Expenditure	322,490	536,050	213,560

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension	105,130
2 Adjustment to centrally determined costs	14,350
2 Approved budget strategy growth	151,060
2 Realignment of budget	-25,000
3 Approved budget strategy savings (non staffing)	-31,980

2023/24 Actual £	GL54	Governance Performance & Risk	2024/25	2025/26	Variances £
			Original Budget £	Original Budget £	
0	1 Employees	0	359,880	359,880	359,880
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	2 Supplies & Services	0	11,950	11,950	11,950
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
0	Gross Expenditure	0	371,830	371,830	371,830
0	Other Income	0	0	0	0
0	Net Expenditure	0	371,830	371,830	371,830

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (from GL51)	102,840
1 Restructure of Establishment incl. Transformation (from GA23)	46,900
1 Restructure of Establishment incl. Transformation (from GM12)	114,430
1 Restructure of Establishment incl. Transformation (from GM31)	62,420
1 Employee Costs including Increments and Pension	33,040
1 Adjustment to Centrally Determined Costs	-690
2 Approved Budget Strategy Growth	7,000
2 Adjustment to Centrally Determined Costs	4,950

GM01	Chief Executive	2024/25	2025/26	Variances £
		Original Budget £	Original Budget £	
196,074	1 Employees	198,760	224,260	25,500
0	Premises-Related Expenditure	0	0	0
612	Transport-Related Expenditure	100	100	0
5,813	Supplies & Services	3,060	2,150	-910
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
202,499	Gross Expenditure	201,920	226,510	24,590
-13,900	Other Income	-19,500	-19,500	0
188,599	Net Expenditure	182,420	207,010	24,590

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension	25,500
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GM05	Director of Strategy & Resources	2024/25	2025/26	Variances £
		Original Budget £	Original Budget £	
152,362	1 Employees	154,420	174,200	19,780

0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
1,941	2 Supplies & Services	1,160	1,180	20
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
154,303	Gross Expenditure	155,580	175,380	19,800
-15,430	Other Income	-21,600	-21,600	0
138,873	Net Expenditure	133,980	153,780	19,800

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension 19,780

			2024/25	2025/26	Variances
			Original Budget	Original Budget	
			£	£	£
GM38	Leadership and PA Support				
114,368	1 Employees		119,980	0	-119,980
0	Premises-Related Expenditure		0	0	0
0	Transport-Related Expenditure		0	0	0
5,138	2 Supplies & Services		3,850	0	-3,850
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
119,505	Gross Expenditure		123,830	0	-123,830
0	Other Income		0	0	0
119,505	Net Expenditure		123,830	0	-123,830

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GL51) -119,980

			2024/25	2025/26	Variances
			Original Budget	Original Budget	
			£	£	£
GM39	Director of Housing & Operations				
152,362	1 Employees		154,420	174,200	19,780
0	Premises-Related Expenditure		0	0	0
0	Transport-Related Expenditure		0	0	0
1,882	2 Supplies & Services		1,690	1,180	-510
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
154,244	Gross Expenditure		156,110	175,380	19,270
-5,100	Other Income		-5,000	-5,000	0
149,144	Net Expenditure		151,110	170,380	19,270

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension 19,780

2023/24	Actual	£	2024/25	2025/26	Original to Original Variance
			Original Budget	Original Budget	
-193,251	CE20	Cemeteries	-166,800	-166,690	110
0	CE21	Closed Churchyards	0	0	0
-4,819	CE25	Burials	2,000	2,000	0
11,627	FD16	Corporate Training	12,800	12,800	0
70,829	FH03	Registration of Electors*	70,030	93,610	23,580
191,782	FH04	Conducting Elections*	180,000	40,000	-140,000
0	FH05	Individual Electoral Registration (IER)*	0	0	0
-138,294	FH57	Local Land Charges	-128,340	-125,800	2,540
-62,127		Service Total	-30,310	-144,080	-113,770

2023/24	Actual	£	2024/25	2025/26	Original to Original Variance
			Original Budget	Original Budget	
1,697,279	GA09	Case Management (Corporate Services)	1,550,410	0	-1,550,410
1,344,441	GA23	Customer Support	1,286,630	1,639,380	352,750
14	GA56	3/5 Shorncliffe Road	0	0	0
65,218	GA60	Civic Wardens	67,000	105,670	38,670
829,734	GA62	Customer Services	595,420	0	-595,420
553,122	GL45	Organisational Development / HR	576,800	512,440	-64,360
371,607	GL51	Democratic Services and Elections*	351,210	478,810	127,600
57,066	GM07	Payroll	56,140	56,140	0
-46,071	GM08	Human Resources (Corporate Training)	23,150	25,500	2,350
120,430	GM09	Human Resources (Central Costs)	62,870	59,870	-3,000
3,096	GM10	Central Training Budget	1,500	1,500	0
279,621	GM37	Communications & Engagement	290,230	329,630	39,400
5,275,555		Administration Total	4,861,360	3,208,940	-1,652,420

*Redistributed Service from Governance, Law & Democracy directorate restructure

2023/24	Actual	£	2024/25	2025/26	Variances
			Original Budget	Original Budget	
0	CE20	Cemeteries			
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
268		Supplies & Services	400	510	110
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0

0	Contributions to Provisions	0	0	0
268	Gross Expenditure	400	510	110
-193,519	Other Income	-167,200	-167,200	0
-193,251	Net Expenditure	-166,800	-166,690	110

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1

			2024/25	2025/26	Variances
			Original	Original	
			Budget	Budget	£
CE21	Closed Churchyards				
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
0	Gross Expenditure	0	0	0	0
0	Other Income	0	0	0	0
0	Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1

			2024/25	2025/26	Variances
			Original	Original	
			Budget	Budget	£
CE25	Burials				
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
11,061	Supplies & Services	3,000	3,000	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
11,061	Gross Expenditure	3,000	3,000	0	0
-15,880	Other Income	-1,000	-1,000	0	0
-4,819	Net Expenditure	2,000	2,000	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1

			2024/25	2025/26	Variances
			Original	Original	
			Budget	Budget	£
FD16	Corporate Training				
11,447	Employees	12,800	12,800	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
180	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
11,627	Gross Expenditure	12,800	12,800	0	0
0	Other Income	0	0	0	0

11,627	Net Expenditure	12,800	12,800	0
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Key Variances from Original Budget 2024/25 to Original Budget 2025/26

			2024/25	2025/26	Variances
			Original Budget	Original Budget	
			£	£	£
FH03	Registration of Electors				
41,819	1 Employees		44,000	49,000	5,000
0	Premises-Related Expenditure		0	0	0
0	Transport-Related Expenditure		0	0	0
30,824	2 Supplies & Services		27,530	46,110	18,580
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
72,643	Gross Expenditure		71,530	95,110	23,580
-1,814	Other Income		-1,500	-1,500	0
70,829	Net Expenditure		70,030	93,610	23,580

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	5,000
2 Adjustment to Postage Recharge	18,580

			2024/25	2025/26	Variances
			Original Budget	Original Budget	
			£	£	£
FH04	Conducting Elections				
2,661	Employees		0	0	0
0	Premises-Related Expenditure		0	0	0
0	Transport-Related Expenditure		0	0	0
222,890	1 Supplies & Services		180,000	40,000	-140,000
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
225,551	Gross Expenditure		180,000	40,000	-140,000
-33,769	Other Income		0	0	0
191,782	Net Expenditure		180,000	40,000	-140,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Savings (non staffing)	-140,000
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			2024/25	2025/26	Variances
			Original Budget	Original Budget	
			£	£	£
FH57	Local Land Charges				
0	Employees		0	0	0
0	Premises-Related Expenditure		0	0	0
0	Transport-Related Expenditure		0	0	0
23,205	Supplies & Services		38,260	40,800	2,540
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
23,205	Gross Expenditure		38,260	40,800	2,540
-161,500	Other Income		-166,600	-166,600	0
-138,294	Net Expenditure		-128,340	-125,800	2,540

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2024/25 Actual £	GA09	Case Management (Corporate Services)	2024/25	2025/26	Variances £
			Original Budget £	Original Budget £	
1,666,856	1 Employees	1,524,850	0	0	-1,524,850
0	Premises-Related Expenditure	0	0	0	0
2,952	3 Transport-Related Expenditure	4,100	100	-4,000	
27,471	2 Supplies & Services	24,960	-100	-25,060	
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
1,697,279	Gross Expenditure	1,553,910	0	0	-1,553,910
0	Other Income	-3,500	0	0	3,500
1,697,279	Net Expenditure	1,550,410	0	0	-1,550,410

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GA05)	-426,760
1 Restructure of Establishment incl. Transformation (GA20)	-649,690
1 Restructure of Establishment incl. Transformation (GA10)	-34,450
1 Restructure of Establishment incl. Transformation (to GL51)	-53,670
1 Restructure of Establishment incl. Transformation (to GM20)	-67,750
1 Restructure of Establishment incl. Transformation (from GA04)	-121,300
1 Restructure of Establishment incl. Transformation (from GA22)	-73,160
1 Restructure of Establishment incl. Transformation (from GA23)	-32,420
1 Restructure of Establishment incl. Transformation (from GL45)	-38,970
1 Restructure of Establishment incl. Transformation (from AX03)	-19,190
2 Restructure of Establishment incl. Transformation (from GA04)	-2,360
2 Restructure of Establishment incl. Transformation (GA05)	-7,555
2 Restructure of Establishment incl. Transformation (GA20)	-8,970
2 Restructure of Establishment incl. Transformation (from GA22)	-945
2 Restructure of Establishment incl. Transformation (from GL45)	-945
2 Restructure of Establishment incl. Transformation (to GL51)	-945
3 Restructure of Establishment incl. Transformation (GA20)	-1,330
3 Restructure of Establishment incl. Transformation (GA05)	-2,670

GA23	Case Management (Place)	2024/25	2025/26	Variances £
		Original Budget £	Original Budget £	
1,325,484	1 Employees	1,267,600	1,580,520	312,920
0	Premises-Related Expenditure	0	0	0
180	Transport-Related Expenditure	500	500	0

18,777	2 Supplies & Services	18,530	58,360	39,830
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
1,344,441	Gross Expenditure	1,286,630	1,639,380	352,750
0	Other Income	0	0	0
1,344,441	Net Expenditure	1,286,630	1,639,380	352,750

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment (GA62)	391,200
1 Restructure of Establishment (GM20)	-211,350
1 Restructure of Establishment (GL54)	-46,900
1 New staff	87,260
1 New pay award 25-26	92,710
2 Adjustment to centrally determined costs	11,225
2 Approved budget strategy growth	7,230
2 Adjustment to postage recharge	14,900

	GA56 3/5 Shorncliffe Road	2024/25	2025/26	Variances
		Original Budget	Original Budget	
		£	£	£
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
14	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
14	Gross Expenditure	0	0	0
0	Other Income	0	0	0
14	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

	GA60 Civic Wardens	2024/25	2025/26	Variances
		Original Budget	Original Budget	
		£	£	£
61,418	Employees	64,350	101,350	37,000
0	Premises-Related Expenditure	0	0	0
44	Transport-Related Expenditure	50	50	0
3,799	Supplies & Services	4,100	5,770	1,670
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
65,261	Gross Expenditure	68,500	107,170	38,670
-43	Other Income	-1,500	-1,500	0
65,218	Net Expenditure	67,000	105,670	38,670

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and	37,230
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		2024/25	2025/26	Variances
		Original Budget	Original Budget	
		£	£	£

GA62	Customer Services	£	£	£
812,082	1 Employees	579,500	0	-579,500
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
17,651	2 Supplies & Services	15,920	0	-15,920
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
829,734	Gross Expenditure	595,420	0	-595,420
0	Other Income	0	0	0
829,734	Net Expenditure	595,420	0	-595,420

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl.			
Transformation (GA20)			-197,880
1 Restructure of Establishment incl.			
Transformation (GA23)			-391,200
2 Adjustment to centrally determined costs			-8,040

GL45	Organisational Development / HR	2024/25	2025/26	Variances
		Original Budget	Original Budget	
		£	£	£
484,824	Employees	510,360	442,810	-67,550
0	Premises-Related Expenditure	0	0	0
247	Transport-Related Expenditure	350	350	0
68,050	Supplies & Services	66,090	69,280	3,190
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
553,122	Gross Expenditure	576,800	512,440	-64,360
0	Other Income	0	0	0
553,122	Net Expenditure	576,800	512,440	-64,360

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension			
			-63,010

GL51	Democratic Services and Elections	2024/25	2025/26	Variances
		Original Budget	Original Budget	
		£	£	£
364,251	1 Employees	345,610	465,480	119,870
0	Premises-Related Expenditure	0	0	0
602	Transport-Related Expenditure	400	400	0
6,754	2 Supplies & Services	5,200	12,930	7,730
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
371,607	Gross Expenditure	351,210	478,810	127,600
0	Other Income	0	0	0
371,607	Net Expenditure	351,210	478,810	127,600

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl.			
			-102,840

1 Restructure of Establishment incl. Transformation (from GM38)	122,620
1 Restructure of Establishment incl. Transformation (from GA09)	53,670
1 Employee Costs including Increments and	45,550
1 Adjustment to centrally determined costs	870
2 Adjustment to centrally determined costs	3,580
2 Adjustment to Recharges	800
2 Approved budget strategy growth	800
2 Permanent Virement (from GM38)	2,500

			2024/25	2025/26	Variances
			Original Budget	Original Budget	
	GM07	Payroll	£	£	£
0		Employees	0	0	0
57,066		Premises-Related Expenditure	56,140	56,140	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
<hr/> 57,066	<hr/>	Gross Expenditure	<hr/> 56,140	<hr/> 56,140	<hr/> 0
0		Other Income	0	0	0
<hr/> 57,066	<hr/>	Net Expenditure	<hr/> 56,140	<hr/> 56,140	<hr/> 0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

			2024/25	2025/26	Variances
			Original Budget	Original Budget	
	GM08	Human Resources (Corporate Training)	£	£	£
40,108		1 Employees	35,150	25,500	-9,650
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
292		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
<hr/> 40,399	<hr/>	Gross Expenditure	<hr/> 35,150	<hr/> 25,500	<hr/> -9,650
-86,471		2 Other Income	-12,000	0	12,000
<hr/> -46,071	<hr/>	Net Expenditure	<hr/> 23,150	<hr/> 25,500	<hr/> 2,350

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to centrally determined costs	-9,650
2 Approved budget strategy growth	12,000

			2024/25	2025/26	Variances
			Original Budget	Original Budget	
	GM09	Human Resources (Central Costs)	£	£	£
143,783		Employees	51,970	48,970	-3,000
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0

26,616	Supplies & Services	10,900	10,900	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
170,399	Gross Expenditure	62,870	59,870	-3,000
-49,969	Other Income	0	0	0
120,430	Net Expenditure	62,870	59,870	-3,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

			2024/25	2025/26	Variances
			Original	Original	
			Budget	Budget	£
GM10	Central Training Budget				
3,096	Employees	1,500	1,500	0	
0	Premises-Related Expenditure	0	0	0	
0	Transport-Related Expenditure	0	0	0	
0	Supplies & Services	0	0	0	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
3,096	Gross Expenditure	1,500	1,500	0	
0	Other Income	0	0	0	
3,096	Net Expenditure	1,500	1,500	0	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

			2024/25	2025/26	Variances
			Original	Original	
			Budget	Budget	£
GM37	Communications & Engagement				
270,938	1 Employees	304,360	341,670	37,310	
0	Premises-Related Expenditure	0	0	0	
89	Transport-Related Expenditure	200	200	0	
14,342	2 Supplies & Services	9,670	11,760	2,090	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
285,369	Gross Expenditure	314,230	353,630	39,400	
-5,748	Other Income	-24,000	-24,000	0	
279,621	Net Expenditure	290,230	329,630	39,400	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	37,260
2 Adjustment to Centrally Determined Costs	1,280
2 Approved Budget Strategy Growth	810

Llywelyn Lloyd
Planning & Building Control Summary

2023/24	Actual		Service		Original to Original Variance
			2024/25	2025/26	
			Original	Original	
			Budget	Budget	
			£	£	£
8,935	EC12	Planning Policy*	99,200	124,200	25,000
147,991	EC15	Climate Change Fees*	145,310	151,900	6,590
52,331	EC14	Otterpool (Local Planning Authority)	100,180	100,000	-180
-162,698	DA10	Building Control	-292,760	-292,760	0
-956,971	DA11	Development Control	-985,890	-860,890	125,000
-910,412		Service Total	-933,960	-777,550	156,410
1,230,172		Administration Total	2,183,650	2,567,070	383,420

*Redistributed Service from Governance, Law & Democracy directorate restructure

Llywelyn Lloyd
Planning & Building Control Detail
Service

2023/24	Actual		2024/25		Original to Original Variance
			Original	Original	
			Budget	Budget	
			£	£	£
	EC12	Planning Policy			
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
21,435	1	Supplies & Services	99,200	124,200	25,000
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
21,435		Gross Expenditure	99,200	124,200	25,000
-12,500		Other Income	0	0	0
8,935		Net Expenditure	99,200	124,200	25,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth

25000

2023/24	Actual		2024/25		Original to Original Variance
			Original	Original	
			Budget	Budget	
			£	£	£

EC15	Climate Change Fees				
92,196	Employees	74,700	80,970		6,270
0	1 Premises-Related Expenditure	0	0		0
0	Transport-Related Expenditure	0	0		0
67,015	2 Supplies & Services	70,610	70,930		320
0	Third Party Payments	0	0		0
0	Transfer Payments	0	0		0
0	Contributions to Provisions	0	0		0
159,211	Gross Expenditure	145,310	151,900		6,590
-11,220	Other Income	0	0		0
147,991	Net Expenditure	145,310	151,900		6,590

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	6,270
2 Adjustment to Centrally Determined Costs	100
2 Approved budget strategy growth	220

2023/24 Actual £	EC14	Otterpool (Local Planning Authority)	2024/25	2025/26	Original to Original Variance £
			Original Budget £	Original Budget £	
52,331	Employees	100,000	100,000		0
0	Premises-Related Expenditure	0	0		0
0	Transport-Related Expenditure	0	0		0
0	Supplies & Services	180	0		-180
0	Third Party Payments	0	0		0
0	Transfer Payments	0	0		0
0	Contributions to Provisions	0	0		0
52,331	Gross Expenditure	100,180	100,000		-180
0	Other Income	0	0		0
52,331	Net Expenditure	100,180	100,000		-180

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	DA10	Building Control	2024/25	2025/26	Original to Original Variance £
			Original Budget £	Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
138	Supplies & Services	580	580		0
0	Third Party Payments	0	0		0
0	Transfer Payments	0	0		0
0	Contributions to Provisions	0	0		0
138	Gross Expenditure	580	580		0
-162,836	Other Income	-293,340	-293,340		0
-162,698	Net Expenditure	-292,760	-292,760		0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £		2024/25 Original Budget £	2025/26 Original Budget £	Original to Original Variance £
	DA11 Development Control			
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
308,466	Supplies & Services	109,210	109,210	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
308,466	Gross Expenditure	109,210	109,210	0
-1,265,437	1 Other Income	-1,095,100	-970,100	125,000
-956,971	Net Expenditure	-985,890	-860,890	125,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	125,000
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Administration

2023/24 Actual £		2024/25 Original Budget £	2025/26 Original Budget £	Original to Original Variance £
	GM12 Strategy and Policy			
625,427	1 Employees	688,550	488,610	-199,940
0	Premises-Related Expenditure	0	0	0
465	Transport-Related Expenditure	720	570	-150
8,741	2 Supplies & Services	8,350	7,800	-550
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
354,560	Contributions to Provisions	0	0	0
989,193	Gross Expenditure	697,620	496,980	-200,640
-5,100	Other Income	-5,000	-5,000	0
984,093	Net Expenditure	692,620	491,980	-200,640

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	45,570
1 Restructure of Establishment incl. Transformation (to GL54)	-114,430
1 Restructure of Establishment incl. Transformation (to GA03)	-130,360
1 Restructure of Establishment incl. Transformation (to EC15)	-770
2 Adjustment to Centrally Determined Costs	-2,690
2 Approved Budget Strategy Growth	2,140

2023/24 Actual £		2024/25 Original Budget £	2025/26 Original Budget £	Variances £
	GM20 Development Management			
987,681	1 Employees	1,177,510	1,737,410	559,900
0	Premises-Related Expenditure	0	0	0

3,279	Transport-Related Expenditure	5,920	5,920	0
86,388	2 Supplies & Services	29,530	42,790	13,260
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
1,077,347	Gross Expenditure	1,212,960	1,786,120	573,160
-126,807	Other Income	-7,540	-7,540	0
950,540	Net Expenditure	1,205,420	1,778,580	573,160

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment (GA23)	211,350
1 Restructure of Establishment (GA09)	67,750
1 Employee Costs including Increments and Pension	280,800
2 Adjustment to Centrally Determined Costs	7,460
2 Approved Budget Strategy Growth	2,810
2 Adj to postage recharge	2,010

2023/24 Actual £	GM21	Building Control	2024/25 Original Budget £	2025/26 Original Budget £	Original to Original Variance £
184,769	1 Employees		269,720	281,310	11,590
0	Premises-Related Expenditure		0	0	0
547	Transport-Related Expenditure		6,400	4,100	-2,300
94,665	Supplies & Services		10,490	12,100	1,610
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
279,982	Gross Expenditure		286,610	297,510	10,900
-350	Other Income		-1,000	-1,000	0
279,632	Net Expenditure		285,610	296,510	10,900

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	11,590
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Gill Butler
Housing Summary

2023/24 Actual £		<u>Service</u>	2024/25		Original to Original Variance £
			Original Budget	2025/26 Original Budget	
			£	£	
-21,117	HE10	Housing Standards	-7,660	-7,660	0
4,000	HH11	Housing Strategy	3,500	3,500	0
74,320	HH21	Homelessness	-25,310	-25,310	0
-309,140	HH22	Homelessness (Grant Funded Exp)	10,330	46,420	36,090
-77,483	HH25	FHDC Temporary Accommodation	-79,650	-77,620	2,030
0	HH31	Registered Social Landlords	0	0	0
-302,226	HH40	Renovation Grants	0	0	0
44,550	HH42	Care and Repair Scheme	44,550	44,550	0
-12,388	HH48	Other Housing Improvement Services	100,000	100,000	0
0	HX02	Rent Deposits	0	0	0
-599,484		Service Total	45,760	83,880	38,120

Administration

2023/24 Actual £		<u>Administration</u>	2024/25		Original to Original Variance £
			Original Budget	2025/26 Original Budget	
			£	£	
76,666	GH01	Assets and Development	90,320	101,360	11,040
1,912	GH02	HRA Regeneration & Development	1,170	1,020	-150
211,436	GH03	Compliance	243,740	265,220	21,480
360,997	GH04	Repairs	384,830	399,860	15,030
219,263	GH05	Assets & Major Works	283,470	398,690	115,220
62,440	GH06	Housing Operations	71,000	128,040	57,040
593,976	GH07	Neighbourhood Management	634,900	673,980	39,080
62,452	GH08	Leasehold Management	64,960	70,630	5,670
327,650	GH09	Supported Housing	349,350	390,490	41,140
270	GH10	Regulations Specialists	0	0	0
0	GH11	Retrofit Decarbonisation	0	185,390	185,390
439,708	GH58	Housing Options	311,470	354,350	42,880
48,301	GH61	Social Lettings Agency	52,840	54,740	1,900
149,012	GH62	Housing Strategy & Support	152,510	160,450	7,940
125,321	GM03	Chief Officer - Housing	137,990	147,080	9,090
233,498	GM29	Private Sector Housing	260,780	289,020	28,240
2,912,903		Administration Total	3,039,330	3,620,320	580,990

Gill Butler
Housing Detail

2023/24 Actual £	HE10	<u>Service</u>	2024/25		Variances £
			Original Budget	2025/26 Original Budget	
			£	£	
		Housing Standards			
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
490		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0

0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
490	Gross Expenditure	0	0	0
-21,607	Other Income	-7,660	-7,660	0
-21,117	Net Expenditure	-7,660	-7,660	0

Key Variances from Original Budget 2020/21 to Original Budget 2023/24

2023/24 Actual £	HH11	Housing Strategy	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
1,500	Premises-Related Expenditure	1,000	1,000	1,000	0
0	Transport-Related Expenditure	0	0	0	0
2,500	Supplies & Services	2,500	2,500	2,500	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
4,000	Gross Expenditure	3,500	3,500	3,500	0
0	Other Income	0	0	0	0
4,000	Net Expenditure	3,500	3,500	3,500	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	HH21	Homelessness	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
479,590	Supplies & Services	307,290	607,290	607,290	300,000
0	Third Party Payments	7,400	7,400	7,400	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
479,590	Gross Expenditure	314,690	614,690	614,690	300,000
-405,269	Other Income	-340,000	-640,000	-640,000	-300,000
74,320	Net Expenditure	-25,310	-25,310	-25,310	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	HH22	Homelessness (Grant Funded Exp)	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
239,664	1 Employees	304,110	336,160	336,160	32,050
0	Premises-Related Expenditure	0	0	0	0
1,327	Transport-Related Expenditure	2,000	2,000	2,000	0
239,757	2 Supplies & Services	218,220	222,260	222,260	4,040
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
480,748	Gross Expenditure	524,330	560,420	560,420	36,090
-789,888	Other Income	-514,000	-514,000	-514,000	0
-309,140	Net Expenditure	10,330	46,420	46,420	36,090

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension 32,050.00
2 Approved Budget Strategy Growth 610.00

2 Adjustment to Centrally Determined Costs

3,430.00

2023/24	Actual	£	HH25	2024/25			Variances
				Original	2025/26	Original	
				Budget	Budget	£	£
			FHDC Temporary Accommodation				
0			Employees	0	0		0
54,716			Premises-Related Expenditure	15,750	15,750		0
0			Transport-Related Expenditure	0	0		0
57,885			1 Supplies & Services	4,600	6,630		2,030
0			Third Party Payments	0	0		0
0			Transfer Payments	0	0		0
0			Contributions to Provisions	0	0		0
112,601			Gross Expenditure	20,350	22,380		2,030
-190,084			Other Income	-100,000	-100,000		0
-77,483			Net Expenditure	-79,650	-77,620		2,030

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	340
1 Adjustment to Centrally Determined Costs	1,690

2023/24	Actual	£	HH40	2024/25			Variances
				Original	2025/26	Original	
				Budget	Budget	£	£
			Renovation Grants				
0			Employees	0	0		0
0			Premises-Related Expenditure	0	0		0
0			Transport-Related Expenditure	0	0		0
1,216,265			Supplies & Services	1,000,000	1,000,000		0
0			Third Party Payments	0	0		0
0			Transfer Payments	0	0		0
0			Contributions to Provisions	0	0		0
1,216,265			Gross Expenditure	1,000,000	1,000,000		0
-1,518,491			Other Income	-1,000,000	-1,000,000		0
-302,226			Net Expenditure	0	0		0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	HH42	2024/25			Variances
				Original	2025/26	Original	
				Budget	Budget	£	£
			Care and Repair Scheme				
0			Employees	0	0		0
0			Premises-Related Expenditure	0	0		0
0			Transport-Related Expenditure	0	0		0
44,550			Supplies & Services	44,550	44,550		0
0			Third Party Payments	0	0		0
0			Transfer Payments	0	0		0
0			Contributions to Provisions	0	0		0
44,550			Gross Expenditure	44,550	44,550		0
0			Other Income	0	0		0
44,550			Net Expenditure	44,550	44,550		0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	HH48	2024/25			Variances
				Original	2025/26	Original	
				Budget	Budget	£	£
			Other Housing Improvement Services				

0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
15,912	Supplies & Services	100,000	100,000	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
15,912	Gross Expenditure	100,000	100,000	0
-28,300	Other Income	0	0	0
-12,388	Net Expenditure	100,000	100,000	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	Administration		Variances
			2024/25	2025/26 Original	
			Original	Budget	£
			£	£	
	GH01	Assets and Development			
75,542	1	Employees	89,310	100,370	11,060
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
1,124		Supplies & Services	1,010	990	-20
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
76,666		Gross Expenditure	90,320	101,360	11,040
0		Other Income	0	0	0
76,666		Net Expenditure	90,320	101,360	11,040

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	11,060
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2023/24	Actual	£	2024/25		Variances
			Original	2025/26 Original	
			Budget	Budget	£
			£	£	
	GH02	HRA Regeneration & Development			
0		Employees	1,020	1,020	0
0		Premises-Related Expenditure	0	0	0
15		Transport-Related Expenditure	150	0	-150
1,898		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
1,912		Gross Expenditure	1,170	1,020	-150
0		Other Income	0	0	0
1,912		Net Expenditure	1,170	1,020	-150

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25		Variances
			Original	2025/26 Original	
			Budget	Budget	£
			£	£	
	GH03	Compliance			
206,935	1	Employees	239,370	259,930	20,560
0		Premises-Related Expenditure	0	0	0
597		Transport-Related Expenditure	500	500	0
3,905		Supplies & Services	3,870	4,790	920
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0

0	Contributions to Provisions	0	0	0
211,436	Gross Expenditure	243,740	265,220	21,480
0	Other Income	0	0	0
211,436	Net Expenditure	243,740	265,220	21,480

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	20,560
2 Adjustment to Centrally Determined Costs	190
2 Approved Budget Strategy Growth	730

2023/24

Actual
£

GH04 Repairs

2023/24	Actual £	GH04 Repairs	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
349,548	1 Employees	375,660	387,610	11,950	
0	Premises-Related Expenditure	0	0	0	
4,252	2 Transport-Related Expenditure	4,000	5,390	1,390	
7,197	3 Supplies & Services	5,170	6,860	1,690	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
360,997	Gross Expenditure	384,830	399,860	15,030	
0	Other Income	0	0	0	
360,997	Net Expenditure	384,830	399,860	15,030	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	11,950
2 Adjustment to Centrally Determined Costs	1,390
3 Adjustment to Centrally Determined Costs	730
3 Approved Budget Strategy Growth	960

2023/24

Actual
£

GH05 Assets & Major Works

2023/24	Actual £	GH05 Assets & Major Works	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
211,212	1 Employees	274,880	388,050	113,170	
0	Premises-Related Expenditure	0	0	0	
1,936	Transport-Related Expenditure	4,000	3,820	-180	
6,114	Supplies & Services	4,590	6,820	2,230	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
219,263	Gross Expenditure	283,470	398,690	115,220	
0	Other Income	0	0	0	
219,263	Net Expenditure	283,470	398,690	115,220	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	55,220
2 HRA Growth bid for new surveyor	60,000

2023/24

Actual
£

GH06 Housing Operations

2023/24	Actual £	GH06 Housing Operations	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
61,361	Employees	70,100	126,380	56,280	
0	Premises-Related Expenditure	0	0	0	
21	Transport-Related Expenditure	0	0	0	
1,058	Supplies & Services	900	1,660	760	
0	Third Party Payments	0	0	0	

0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
62,440	Gross Expenditure	71,000	128,040	57,040
0	Other Income	0	0	0
62,440	Net Expenditure	71,000	128,040	57,040

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension 56,280

2023/24 Actual £	GH07	Neighbourhood Management	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
563,140		Employees	599,890	633,120	33,230
0		Premises-Related Expenditure	0	0	0
13,155		Transport-Related Expenditure	17,250	16,500	-750
34,282		Supplies & Services	17,760	24,360	6,600
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
610,577		Gross Expenditure	634,900	673,980	39,080
-16,601		Other Income	0	0	0
593,976		Net Expenditure	634,900	673,980	39,080

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension 33,230

2023/24 Actual £	GH08	Leasehold Management	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
61,109		Employees	63,920	69,430	5,510
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
1,343		Supplies & Services	1,040	1,200	160
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
62,452		Gross Expenditure	64,960	70,630	5,670
0		Other Income	0	0	0
62,452		Net Expenditure	64,960	70,630	5,670

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension 5,510

2023/24 Actual £	GH09	Supported Housing	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
314,814		Employees	336,610	374,210	37,600
0		Premises-Related Expenditure	0	0	0
4,119		Transport-Related Expenditure	6,000	5,000	-1,000
8,718		Supplies & Services	6,740	11,280	4,540
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
327,650		Gross Expenditure	349,350	390,490	41,140
0		Other Income	0	0	0
327,650		Net Expenditure	349,350	390,490	41,140

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	37,600
2 Adjustment to Centrally Determined Costs	-1,000
3 Adjustment to Centrally Determined Costs	4,540

2023/24 Actual £	GH11	Retrofit Decarbonisation	2024/25	2025/26	Variances £
			Original Budget £	Original Budget £	
0		Employees	0	184,990	184,990
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	400	400
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
0		Gross Expenditure	0	185,390	185,390
0		Other Income	0	0	0
0		Net Expenditure	0	185,390	185,390

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 HRA Growth bid for new Retrofit Decarb Team	185,390
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2023/24 Actual £	GH58	Housing Options	2024/25	2025/26	Variances £
			Original Budget £	Original Budget £	
440,888		1 Employees	306,830	347,770	40,940
6,358		Premises-Related Expenditure	0	0	0
3,271		2 Transport-Related Expenditure	5,020	4,020	-1,000
45,978		3 Supplies & Services	4,790	7,730	2,940
0		Third Party Payments	35,000	35,000	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
496,495		Gross Expenditure	351,640	394,520	42,880
-56,787		Other Income	-40,170	-40,170	0
439,708		Net Expenditure	311,470	354,350	42,880

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	36,940
1 Adjustment to Centrally Determined Costs	4,000
2 Adjustment to Centrally Determined Costs	-1,000
3 Approved Budget Strategy Growth	1,360
3 Adjustment to Centrally Determined Costs	1,580

2023/24 Actual £	GH61	Social Lettings Agency	2024/25	2025/26	Variances £
			Original Budget £	Original Budget £	
47,217		Employees	51,300	53,290	1,990
0		Premises-Related Expenditure	0	0	0
507		Transport-Related Expenditure	1,100	600	-500
578		Supplies & Services	440	850	410
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
48,301		Gross Expenditure	52,840	54,740	1,900
0		Other Income	0	0	0
48,301		Net Expenditure	52,840	54,740	1,900

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GH62	Housing Strategy & Support	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
139,054		Employees	144,440	156,850	12,410
0		Premises-Related Expenditure	0	0	0
557		Transport-Related Expenditure	1,180	930	-250
9,401		Supplies & Services	6,890	2,670	-4,220
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
149,012		Gross Expenditure	152,510	160,450	7,940
0		Other Income	0	0	0
<u>149,012</u>		Net Expenditure	<u>152,510</u>	<u>160,450</u>	<u>7,940</u>

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GM03	Chief Officer - Housing	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
123,510		Employees	136,160	145,680	9,520
0		Premises-Related Expenditure	0	0	0
48		Transport-Related Expenditure	250	250	0
1,763		Supplies & Services	1,580	1,150	-430
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
125,321		Gross Expenditure	137,990	147,080	9,090
0		Other Income	0	0	0
<u>125,321</u>		Net Expenditure	<u>137,990</u>	<u>147,080</u>	<u>9,090</u>

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

- 1 Employee Costs including Increments and Pension

2023/24 Actual £	GM29	Private Sector Housing	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
248,419		1 Employees	254,530	281,640	27,110
0		Premises-Related Expenditure	0	0	0
1,565		2 Transport-Related Expenditure	2,600	2,100	-500
14,970		3 Supplies & Services	3,650	5,280	1,630
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
264,954		Gross Expenditure	260,780	289,020	28,240
-31,456		Other Income	0	0	0
<u>233,498</u>		Net Expenditure	<u>260,780</u>	<u>289,020</u>	<u>28,240</u>

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

- 1 Employee Costs including Increments and Pension
- 2 Adjustment to Centrally Determined Costs
- 3 Adjustment to Centrally Determined Costs
- 3 Approved Budget Strategy Growth

Andrew Rush
Reg & Community Services Summary

2023/24 Actual £	Service	2024/25		Original to Original Variance £
		Original Budget £	2025/26 Original Budget £	
-158,409 BE57	Licensing	-138,500	-128,500	10,000
-2,015 BE58	Caravan Sites	-1,960	-1,960	0
18,318 BF53	Crime and Disorder	22,640	22,640	0
196,151 BG50	Food Safety ,Health and Safety etc	205,020	320,180	115,160
26,673 BG51	Pollution Reduction	57,920	57,420	-500
4,550 BG52	Pest Control	5,000	5,000	0
0 BG53	Unauthorised Encampments	0	0	0
0 CE01	Highways Non-Partnership	0	0	0
1,283 CE02	Street Furniture	8,000	8,000	0
5,668 CE03	Passenger Shelters	7,090	-51,880	-58,970
160,085 CE04	Street Lighting	91,500	91,500	0
1,515,142 CE10	Household Waste Collection	1,603,780	1,691,680	87,900
654,808 CE11	Recycling and Waste	800,520	842,230	41,710
-56,828 CE31	Hythe Swimming Pool	45,520	94,650	49,130
-1,508,494 CE40	Off-Street Parking	-1,389,050	-1,553,230	-164,180
-628,278 CE45	On-Street Parking Enforcement	-438,950	-640,690	-201,740
9,943 CE51	Dog Control	6,480	6,480	0
-1,113 CE54	Litter & Fouling Enforcement	3,500	2,530	-970
-8,351 CE55	Communities - Events	-8,400	-8,400	0
-139,456 CE58	Hackney Carriage Licensing	-120,770	-120,770	0
1,583,089 CE60	Cleansing	1,714,310	1,825,250	110,940
46,734 CE99	Other Environmental Services	34,100	34,100	0
910,785 EA01	Leas Cliff Hall	1,008,510	1,043,810	35,300
87,777 ED40	Members Ward Allowance	90,000	90,000	0
39,424 ED41	Community Grants	45,460	45,460	0
19,850 EE20	Sports Development Initiatives	19,850	19,850	0
150,000 EE25	Folkestone Sports Centre	150,000	150,000	0
5,770 ER02	Tall Ships Project	0	0	0
-259,000 FH18	General Grants	78,880	-860,000	-938,880
15,738 FH25	Emergency Planning	16,500	16,500	0
51,490 HH51	Lifeline Facilities	24,600	187,640	163,040
2,741,335	Service Total	3,941,550	3,189,490	-752,060

2023/24 Actual £	Administration	2024/25		Original to Original Variance £
		Original Budget £	2025/26 Original Budget £	
97,988 GA03	Reg & Community Services	105,650	267,000	161,350
1,402 GL21	Community Safety	1,450	1,420	-30
0 GM14	Waste Contract	0	0	0
0 GM15	Contract Parking Enforcement	0	0	0
127,519 GM23	Parking Services	133,860	147,160	13,300
228,573 GM34	Waste Contract Management	281,670	305,830	24,160
535,754 GM36	Environmental Protection	524,140	660,690	136,550
203,471 GM44	Licensing	211,520	283,340	71,820
1,194,706	Administration Total	1,258,290	1,665,440	407,150

Andrew Rush
Reg & Community Services Detail

2023/24 Actual £	BE57	Service	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Licensing	Employees	0	0	0
1,672		Premises-Related Expenditure	6,800	6,800	0
205		Transport-Related Expenditure	0	0	0
5,082		Supplies & Services	6,600	6,600	0
2,333		Third Party Payments	2,000	2,000	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
9,291	Gross Expenditure		15,400	15,400	0
-167,701	1 Other Income		-153,900	-143,900	10,000
-158,409	Net Expenditure		-138,500	-128,500	10,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Realignment of Budgets	10,000
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2023/24 Actual £	BE58	2024/25	Variances £
		Original Budget £	
0	Caravan Sites	0	0
0	Employees	0	0
0	Premises-Related Expenditure	0	0
0	Transport-Related Expenditure	0	0
0	Supplies & Services	0	0
0	Third Party Payments	0	0
0	Transfer Payments	0	0
0	Contributions to Provisions	0	0
0	Gross Expenditure	0	0
-2,015	Other Income	-1,960	-1,960
-2,015	Net Expenditure	-1,960	-1,960

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	BF53	2024/25	Variances £
		Original Budget £	
0	Crime and Disorder	0	0
0	Employees	0	0
0	Premises-Related Expenditure	0	0
0	Transport-Related Expenditure	1,600	1,600
195,109	Supplies & Services	52,930	52,930
0	Third Party Payments	0	0
0	Transfer Payments	0	0
0	Contributions to Provisions	0	0
195,109	Gross Expenditure	54,530	54,530
-176,792	Other Income	-31,890	-31,890
18,318	Net Expenditure	22,640	22,640

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	BG50	Food Safety ,Health and Safety etc	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
193,928	1	Employees	202,050	315,480	113,430
0		Premises-Related Expenditure	0	0	0
1,638		Transport-Related Expenditure	2,800	2,800	0
3,122		Supplies & Services	2,670	4,400	1,730
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
198,688	Gross Expenditure		207,520	322,680	115,160
-2,537	Other Income		-2,500	-2,500	0
196,151	Net Expenditure		205,020	320,180	115,160

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension	110,980
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2023/24 Actual £	BG51	Pollution Reduction	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
6,000	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
56,967	Supplies & Services	79,940	79,440	-500	-500
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
62,967	Gross Expenditure	79,940	79,440	-500	-500
-36,294	Other Income	-22,020	-22,020	0	0
26,673	Net Expenditure	57,920	57,420	-500	-500

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	BG52	Pest Control	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
4,550	Premises-Related Expenditure	5,000	5,000	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
4,550	Gross Expenditure	5,000	5,000	0	0
0	Other Income	0	0	0	0
4,550	Net Expenditure	5,000	5,000	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	BG53	Unauthorised Encampments	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	

0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
0	Gross Expenditure	0	0	0
0	Other Income	0	0	0
0	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE01	Highways Non-Partnership	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
0	Gross Expenditure	0	0	0	0
0	Other Income	0	0	0	0
0	Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE02	Street Furniture	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
1,283	Supplies & Services	8,000	8,000	8,000	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
1,283	Gross Expenditure	8,000	8,000	8,000	0
0	Other Income	0	0	0	0
1,283	Net Expenditure	8,000	8,000	8,000	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE03	Passenger Shelters	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0	Employees	0	0	0	0
5,668	Premises-Related Expenditure	7,090	7,120	30	30
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0

0	Contributions to Provisions	0	0	0
5,668	Gross Expenditure	7,090	7,120	30
0	1 Other Income	0	-59,000	-59,000
5,668	Net Expenditure	7,090	-51,880	-58,970

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Estimated temporary income stream from digital advertising at bus shelters. -59,000

2023/24 Actual £	CE04	Street Lighting	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
73,684	Premises-Related Expenditure	61,500	61,500	61,500	0
0	Transport-Related Expenditure	0	0	0	0
86,401	Supplies & Services	30,000	30,000	30,000	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
160,085	Gross Expenditure	91,500	91,500	91,500	0
0	Other Income	0	0	0	0
160,085	Net Expenditure	91,500	91,500	91,500	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE10	Household Waste Collection	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
133,439	Supplies & Services	131,760	132,060	132,060	300
1,635,510	Third Party Payments	1,750,600	1,838,200	1,838,200	87,600
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
1,768,949	Gross Expenditure	1,882,360	1,970,260	1,970,260	87,900
-253,807	Other Income	-278,580	-278,580	-278,580	0
1,515,142	Net Expenditure	1,603,780	1,691,680	1,691,680	87,900

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Contract Inflation 87,600

2023/24 Actual £	CE11	Recycling and Waste	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
23,834	1 Supplies & Services	21,240	22,450	22,450	1,210
2,063,318	2 Third Party Payments	2,208,390	2,318,890	2,318,890	110,500
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
2,087,151	Gross Expenditure	2,229,630	2,341,340	2,341,340	111,710
-1,432,343	3 Other Income	-1,429,110	-1,499,110	-1,499,110	-70,000
654,808	Net Expenditure	800,520	842,230	842,230	41,710

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Recharges	1,210
2 Contract Inflation	110,500
3 Approved Budget Strategy Savings (non staffing)	-70,000

2023/24 Actual £	CE31	Hythe Swimming Pool	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
218,595	1 Employees	288,950	322,110	33,160	
0	Premises-Related Expenditure	0	0	0	
0	Transport-Related Expenditure	0	0	0	
31,006	2 Supplies & Services	32,570	48,540	15,970	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
-42,000	Contributions to Provisions	0	0	0	
207,601	Gross Expenditure	321,520	370,650	49,130	
-264,429	Other Income	-276,000	-276,000	0	
-56,828	Net Expenditure	45,520	94,650	49,130	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	34,410
2 Adjustment to centrally determined costs	-1,260
2 Approved budget strategy growth	17,200
2 Approved budget strategy savins (non staffing)	-1,000

2023/24 Actual £	CE40	Off-Street Parking	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
-7,790	Premises-Related Expenditure	15,070	15,070	0	
0	Transport-Related Expenditure	0	0	0	
92,083	1 Supplies & Services	92,880	99,740	6,860	
122,605	2 Third Party Payments	130,060	134,370	4,310	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
206,899	Gross Expenditure	238,010	249,180	11,170	
-1,715,393	3 Other Income	-1,627,060	-1,802,410	-175,350	
-1,508,494	Net Expenditure	-1,389,050	-1,553,230	-164,180	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to centrally determined costs	6,360
1 Contract Inflation	600
2 Change in outsourced contract recharges	4,310
3 Approved budget strategy savings (non staff)	-175,348

2023/24 Actual £	CE45	On-Street Parking Enforcement	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
25,640	Premises-Related Expenditure	25,000	25,000	0	
0	Transport-Related Expenditure	0	0	0	
354,956	Supplies & Services	128,730	133,400	4,670	
377,382	1 Third Party Payments	399,120	410,320	11,200	

0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
757,978	Gross Expenditure	552,850	568,720	15,870
-1,386,257		-991,800	-1,209,410	-217,610
-628,278	Net Expenditure	-438,950	-640,690	-201,740

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Change In outsourced contract recharges	11,200
2 Approved budget strategy savings (non staffing)	-217,610

2023/24

Actual
£

CE51

Dog Control

		2024/25		Variances
		Original	2025/26 Original	
		Budget	Budget	
£	£	£	£	£
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
4,011	Transport-Related Expenditure	1,820	1,820	0
8,982	Supplies & Services	9,560	9,560	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
12,992	Gross Expenditure	11,380	11,380	0
-3,049	Other Income	-4,900	-4,900	0
9,943	Net Expenditure	6,480	6,480	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24

Actual
£

CE54

Litter & Fouling Enforcement

		2024/25		Variances
		Original	2025/26 Original	
		Budget	Budget	
£	£	£	£	£
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
2,877	Supplies & Services	6,000	5,030	-970
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
2,877	Gross Expenditure	6,000	5,030	-970
-3,990	Other Income	-2,500	-2,500	0
-1,113	Net Expenditure	3,500	2,530	-970

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24

Actual
£

CE55

Communities - Events

		2024/25		Variances
		Original	2025/26 Original	
		Budget	Budget	
£	£	£	£	£
0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
0	Gross Expenditure	0	0	0

-8,351	Other Income	-8,400	-8,400	0
-8,351	Net Expenditure	-8,400	-8,400	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE58	2024/25			Variances £
		Original Budget £	2025/26 Original Budget £	Original Budget £	
0	Hackney Carriage Licensing				0
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
29,844	Supplies & Services	23,100	23,100	23,100	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
29,844	Gross Expenditure	23,100	23,100	23,100	0
-169,300	Other Income	-143,870	-143,870	-143,870	0
-139,456	Net Expenditure	-120,770	-120,770	-120,770	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE60	2024/25			Variances £
		Original Budget £	2025/26 Original Budget £	Original Budget £	
0	Cleansing				0
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
15,929	1 Supplies & Services	17,000	43,000	43,000	26,000
1,585,720	2 Third Party Payments	1,697,310	1,782,250	1,782,250	84,940
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
1,601,649	Gross Expenditure	1,714,310	1,825,250	1,825,250	110,940
-18,560	Other Income	0	0	0	0
1,583,089	Net Expenditure	1,714,310	1,825,250	1,825,250	110,940

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	26,000
2 Change in outsourced contract recharges	84,940

2023/24 Actual £	CE99	2024/25			Variances £
		Original Budget £	2025/26 Original Budget £	Original Budget £	
0	Other Environmental Services				0
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
-27	Transport-Related Expenditure	100	100	100	0
46,761	Supplies & Services	34,000	34,000	34,000	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
46,734	Gross Expenditure	34,100	34,100	34,100	0
0	Other Income	0	0	0	0
46,734	Net Expenditure	34,100	34,100	34,100	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	EA01	Leas Cliff Hall	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
910,785	1	Third Party Payments	1,008,510	1,043,810	35,300
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
910,785		Gross Expenditure	1,008,510	1,043,810	35,300
0		Other Income	0	0	0
910,785		Net Expenditure	1,008,510	1,043,810	35,300

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Contract Inflation	35,300
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2023/24 Actual £	ED40	Members Ward Allowance	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
87,777		Supplies & Services	90,000	90,000	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
87,777		Gross Expenditure	90,000	90,000	0
0		Other Income	0	0	0
87,777		Net Expenditure	90,000	90,000	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2024/25

2023/24 Actual £	ED41	Community Grants	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
39,424		Supplies & Services	45,460	45,460	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
39,424		Gross Expenditure	45,460	45,460	0
0		Other Income	0	0	0
39,424		Net Expenditure	45,460	45,460	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	EE20	Sports Development Initiatives	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	

0	Employees	0	0	0
0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
19,850	Supplies & Services	19,850	19,850	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
19,850	Gross Expenditure	19,850	19,850	0
0	Other Income	0	0	0
19,850	Net Expenditure	19,850	19,850	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	EE25	Folkestone Sports Centre	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
150,000	Supplies & Services	150,000	150,000	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
150,000	Gross Expenditure	150,000	150,000	0	0
0	Other Income	0	0	0	0
150,000	Net Expenditure	150,000	150,000	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	ER02	Tall Ships Project	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
5,770	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
5,770	Gross Expenditure	0	0	0	0
0	Other Income	0	0	0	0
5,770	Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	FH18	General Grants	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
82,000	Supplies & Services	78,880	82,000	3,120	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0

0	Contributions to Provisions	0	0	0
82,000	Gross Expenditure	78,880	82,000	3,120
-341,000	Other Income	0	-942,000	-942,000
-259,000	Net Expenditure	78,880	-860,000	-938,880

Key Variances from Original Budget 2024/25 to Original Budget 2025/26
1 Grant increase to original amount column 39

2023/24 Actual £	FH25	Emergency Planning	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
15,738	Supplies & Services	16,500	16,500	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
15,738	Gross Expenditure	16,500	16,500	0	0
0	Other Income	0	0	0	0
15,738	Net Expenditure	16,500	16,500	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	HH51	Lifeline Facilities	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
656,668	1 Employees	659,520	798,100	138,580	138,580
0	Premises-Related Expenditure	0	0	0	0
11,189	Transport-Related Expenditure	12,130	11,020	-1,110	-1,110
89,264	2 Supplies & Services	93,150	87,720	-5,430	-5,430
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
757,121	Gross Expenditure	764,800	896,840	132,040	132,040
-705,631	3 Other Income	-740,200	-709,200	31,000	31,000
51,490	Net Expenditure	24,600	187,640	163,040	163,040

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension	138,580
2 Adjustment to centrally determined costs	8,660
2 Approved budget strategy growth	2,800
2 Approved budget strategy savings (non staffing)	-15,000
3 Approved budget strategy savings (non staffing)	-10,000
3 Approved budget strategy growth	41,000

Administration

2023/24 Actual £	GA03	Reg & Community Services	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
96,897	1 Employees	104,660	264,460	159,800	159,800

0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	150	150
1,091	Supplies & Services	990	2,390	1,400
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
97,988	Gross Expenditure	105,650	267,000	161,350
0	Other Income	0	0	0
97,988	Net Expenditure	105,650	267,000	161,350

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (from GM12)	130,360
1 Employee Costs including Increments and Pension	28,640
1 Adjustment to Centrally Determined Costs	1,000

2023/24 Actual £	GL21	Community Safety	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
-224	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
867	Transport-Related Expenditure	770	1,230	460	
759	Supplies & Services	680	190	-490	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
1,402	Gross Expenditure	1,450	1,420	-30	
0	Other Income	0	0	0	
1,402	Net Expenditure	1,450	1,420	-30	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1			2024/25		
2023/24 Actual £	GM14	Waste Contract	Original Budget £	2025/26 Original Budget £	Variances £
0	1 Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
0	Gross Expenditure	0	0	0	0
0	Other Income	0	0	0	0
0	Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GM15	Contract Parking Enforcement	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	0	0	0	0

0	1 Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
0	Gross Expenditure	0	0	0
0	Other Income	0	0	0
0	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GM23	Parking Services	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
118,370		Employees	126,630	138,660	12,030
0		Premises-Related Expenditure	0	0	0
405		Transport-Related Expenditure	650	650	0
8,745		Supplies & Services	6,580	7,850	1,270
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
127,519		Gross Expenditure	133,860	147,160	13,300
0		Other Income	0	0	0
127,519		Net Expenditure	133,860	147,160	13,300

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension	11,030
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2023/24 Actual £	GM34	Waste Contract Management	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
176,561		1 Employees	223,550	247,770	24,220
0		Premises-Related Expenditure	0	0	0
961		Transport-Related Expenditure	2,600	1,700	-900
4,596		Supplies & Services	5,520	6,360	840
46,455		Third Party Payments	50,000	50,000	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
228,573		Gross Expenditure	281,670	305,830	24,160
0		Other Income	0	0	0
228,573		Net Expenditure	281,670	305,830	24,160

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	24,220
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2023/24 Actual £	GM36	Environmental Protection	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
511,467		1 Employees	501,510	632,880	131,370
0		Premises-Related Expenditure	0	0	0
1,575		Transport-Related Expenditure	4,700	3,200	-1,500
22,749		2 Supplies & Services	17,930	24,610	6,680
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
535,791		Gross Expenditure	524,140	660,690	136,550

-37	Other Income	0	0	0
535,754	Net Expenditure	<u>524,140</u>	<u>660,690</u>	<u>136,550</u>

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension	112,370
2 Adjustment to centrally determines costs	440
2 Approved budget strategy growth	2,370

2023/24	Actual	£	2024/25			Variances
			Original	2025/26	Original	
GM44	Licensing		Budget	Budget		£
201,084	1 Employees		208,440	278,570		70,130
0	Premises-Related Expenditure		0	0		0
622	Transport-Related Expenditure		1,500	1,500		0
1,764	Supplies & Services		1,580	3,270		1,690
0	Third Party Payments		0	0		0
0	Transfer Payments		0	0		0
0	Contributions to Provisions		0	0		0
203,471	Gross Expenditure		<u>211,520</u>	<u>283,340</u>		<u>71,820</u>
0	Other Income		0	0		0
203,471	Net Expenditure		<u>211,520</u>	<u>283,340</u>		<u>71,820</u>

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee costs including increments and pension	71,530
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Rod Lean
Place and Growth Summary

		<u>Service</u>		Original to Original Variance £
2023/24	Actual	2024/25 Original Budget	2025/26 Original Budget	
£	£	£	£	£
21,873	CE52	Public Conveniences	28,800	28,800
-38,825	ED10	Regeneration & Economic Development	48,450	98,690
12,338	ED12	Rural Regeneration Initiatives	47,550	53,410
36,264	ED14	High Street Innovation Fund	410	110
9,202	ED16	Folkestone CLLD	0	0
-257	ED17	CLLD ESF Projects	0	0
134,106	ED18	CLLD ERDF Projects	0	0
0	ED19	Re-Opening High Streets Safely	0	0
0	ED54	Corporate Investment Initiatives	0	0
0	ED55	Town Centre Regeneration Initiatives	0	0
-18,658	ED56	RM Business Hub Grant Scheme	0	0
53,453	ED57	Green Business Grant Scheme	0	0
-91,668	ED58	UK Shared Prosperity Fund	0	-153,140
-116,619	ED59	Rural England Prosperity Fund	0	0
53,724	EE23	Folkestone Airshow	50,000	0
40,355	ES05	Environmental Initiatives	40,360	50,360
95,289		Service Total	215,570	78,230
				-137,340

Administration

2023/24	Actual	2024/25 Original Budget	2025/26 Original Budget	Original to Original Variance £
£	£	£	£	£
327,988	GM30	Regeneration & Economic Development	249,030	352,250
327,988		Administration Total	249,030	352,250
				103,220

Holding

2023/24	Actual	2024/25 Original Budget	2025/26 Original Budget	Original to Original Variance £
£	£	£	£	£
1,618,507	GE01	Grounds Maintenance	1,760,230	1,943,190
258,377	GE05	Charity Areas	245,000	273,640
74,183	GE06	Royal Military Canal	76,060	86,590
165,047	GE07	Toilet Cleaning	159,640	177,810
15,263	GE08	Pump Maintenance Crew	630	8,210
21,955	GE10	Diesel - Fuel Tank Ross Depot	0	0
2,153,332		Holding Total	2,241,560	2,489,440
				247,880

Rod Lean
Place and Growth Detail

2023/24	Actual	Service	2024/25 Original Budget	2025/26 Original Budget	Variances £
£	£		£	£	£
CE52	CE52	Public Conveniences			
CE52	0	Employees	0	0	0
CE52	0	Premises-Related Expenditure	0	0	0
CE52	0	Transport-Related Expenditure	0	0	0
CE52	33,735	Supplies & Services	44,200	44,200	0
CE52	0	Third Party Payments	0	0	0
CE52	0	Transfer Payments	0	0	0
CE52	0	Contributions to Provisions	0	0	0
CE52	33,735	Gross Expenditure	44,200	44,200	0
CE52	-11,862	Other Income	-15,400	-15,400	0
CE52	21,873	Net Expenditure	28,800	28,800	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24		2024/25 Original	2025/26 Original	
Actual		Budget	Budget	Variances
£		£	£	£
ED10	ED10	Regeneration & Economic Development		
		Employees	0	0
		Premises-Related Expenditure	0	0
		Transport-Related Expenditure	0	0
	47,175	1 Supplies & Services	48,450	98,690
	0	Third Party Payments	0	0
	0	Transfer Payments	0	0
	0	Contributions to Provisions	0	0
	47,175	Gross Expenditure	48,450	98,690
	-86,000	Other Income	0	0
	-38,825	Net Expenditure	48,450	98,690
				50,240
				0
				0
				0
				0
				0
				50,240
				0
				50,240

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Permanent virement (from EE23)

50,000

2023/24		2024/25 Original	2025/26 Original	
Actual		Budget	Budget	Variances
£		£	£	£
ED12	ED12	Rural Regeneration Initiatives		
		1 Employees	59,700	65,080
		Premises-Related Expenditure	0	0
		Transport-Related Expenditure	0	0
	939	2 Supplies & Services	10,250	10,730
	0	Third Party Payments	0	0
	0	Transfer Payments	0	0
	0	Contributions to Provisions	0	0
	44,369	Gross Expenditure	69,950	75,810
	-32,031	Other Income	-22,400	-22,400
	12,338	Net Expenditure	47,550	53,410
				5,860
				0
				5,860

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension

5,380

2 Adjustment to Centrally Determined Costs

480

2023/24		2024/25 Original	2025/26 Original	
Actual		Budget	Budget	Variances
£		£	£	£
ED14	ED14	High Street Innovation Fund		
	-509	Employees	0	0
	0	Premises-Related Expenditure	0	0
	0	Transport-Related Expenditure	0	0
	36,773	Supplies & Services	410	110
	0	Third Party Payments	0	0
	0	Transfer Payments	0	0
	0	Contributions to Provisions	0	0
	36,264	Gross Expenditure	410	110
	0	Other Income	0	0
	36,264	Net Expenditure	410	110
				-300
				0
				0
				0
				-300
				0
				0
				-300
				0
				0
				-300

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24		2024/25 Original	2025/26 Original	
Actual		Budget	Budget	Variances
£		£	£	£
ED16	ED16	Folkestone CLLD		
	34,777	Employees	0	0
	0	Premises-Related Expenditure	0	0
	0	Transport-Related Expenditure	0	0
	977	Supplies & Services	0	0
	0	Third Party Payments	0	0
	0	Transfer Payments	0	0
	0	Contributions to Provisions	0	0
	35,754	Gross Expenditure	0	0
	-26,552	Other Income	0	0
	9,202	Net Expenditure	0	0
				0
				0
				0
				0
				0
				0
				0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25 Original	2025/26 Original	Variances
			Budget	Budget	
ED17	ED17	CLLD ESF Projects			
	0	Employees	0	0	0
ED17	0	Premises-Related Expenditure	0	0	0
ED17	0	Transport-Related Expenditure	0	0	0
ED17	0	Supplies & Services	0	0	0
ED17	0	Third Party Payments	0	0	0
ED17	0	Transfer Payments	0	0	0
ED17	0	Contributions to Provisions	0	0	0
ED17	0	Gross Expenditure	0	0	0
ED17	-257	Other Income	0	0	0
ED17	<u>-257</u>	Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25 Original	2025/26 Original	Variances
ED17	ED17	CLLD ESF Projects			
	0	Employees	0	0	0
ED17	0	Premises-Related Expenditure	0	0	0
ED17	0	Transport-Related Expenditure	0	0	0
ED17	0	Supplies & Services	0	0	0
ED17	0	Third Party Payments	0	0	0
ED17	0	Transfer Payments	0	0	0
ED17	0	Contributions to Provisions	0	0	0
ED17	0	Gross Expenditure	0	0	0
ED17	-257	Other Income	0	0	0
ED17	<u>-257</u>	Net Expenditure	<u>0</u>	<u>0</u>	<u>0</u>

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25 Original	2025/26 Original	Original to Original Variance
ED18	ED18	CLLD ERDF Projects			
	0	Employees	0	0	0
ED18	0	Premises-Related Expenditure	0	0	0
ED18	0	Transport-Related Expenditure	0	0	0
ED18	762,563	Supplies & Services	0	0	0
ED18	0	Third Party Payments	0	0	0
ED18	0	Transfer Payments	0	0	0
ED18	0	Contributions to Provisions	0	0	0
ED18	762,563	Gross Expenditure	0	0	0
ED18	-628,457	Other Income	0	0	0
ED18	134,106	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25 Original	2025/26 Original	Original to Original Variance
	ED21	Re-Opening High Streets Safely			
ED19	0	Employees	0	0	0
ED19	0	Premises-Related Expenditure	0	0	0
ED19	0	Transport-Related Expenditure	0	0	0
ED19	0	Supplies & Services	0	0	0
ED19	0	Third Party Payments	0	0	0
ED19	0	Transfer Payments	0	0	0
ED19	0	Contributions to Provisions	0	0	0
ED19	0	Gross Expenditure	0	0	0
ED19	0	Other Income	0	0	0
ED19	0	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25 Original	2025/26 Original	Original to Original Variance
	ED56	RM Business Hub Grant Scheme			
ED56	0	Employees	0	0	0

ED56	0	Premises-Related Expenditure	0	0	0
ED56	0	Transport-Related Expenditure	0	0	0
ED56	75,899	Supplies & Services	0	0	0
ED56	0	Third Party Payments	0	0	0
ED56	0	Transfer Payments	0	0	0
ED56	0	Contributions to Provisions	0	0	0
ED56	75,899	Gross Expenditure	0	0	0
ED56	-94,557	Other Income	0	0	0
ED56	-18,658	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

	2023/24 Actual £		2024/25 Original Budget £	2025/26 Original Budget £	Original to Original Variance £
ED57	13,182	ED57 Green Business Grant Scheme			
ED57	0	Employees	0	0	0
ED57	0	Premises-Related Expenditure	0	0	0
ED57	40,272	Transport-Related Expenditure	0	0	0
ED57	0	Supplies & Services	0	0	0
ED57	0	Third Party Payments	0	0	0
ED57	0	Transfer Payments	0	0	0
ED57	0	Contributions to Provisions	0	0	0
ED57	53,453	Gross Expenditure	0	0	0
ED57	0	Other Income	0	0	0
ED57	53,453	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

	2023/24 Actual £		2024/25 Original Budget £	2025/26 Original Budget £	Original to Original Variance £
ED58	0	ED58 UK Shared Prosperity Fund			
ED58	0	Employees	0	0	0
ED58	0	Premises-Related Expenditure	0	0	0
ED58	0	Transport-Related Expenditure	0	0	0
ED58	108,401	1 Supplies & Services	524,000	174,000	-350,000
ED58	0	Third Party Payments	0	0	0
ED58	0	Transfer Payments	0	0	0
ED58	0	Contributions to Provisions	0	0	0
ED58	108,401	Gross Expenditure	524,000	174,000	-350,000
ED58	-200,069	2 Other Income	-524,000	-327,140	196,860
ED58	-91,668	Net Expenditure	0	-153,140	-153,140

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

- 1 Adjustment to Centrally Determined Costs -350,000
- 2 Adjustment to Centrally Determined Costs 350,000
- 2 Budget manager changes RE Grant Funding -153,146

	2023/24 Actual £		2024/25 Original Budget £	2025/26 Original Budget £	Original to Original Variance £
ED59	26,249	ED59 Rural England Prosperity Fund			
ED59	0	Employees	0	0	0
ED59	0	Premises-Related Expenditure	0	0	0
ED59	0	Transport-Related Expenditure	0	0	0
ED59	16,600	1 Supplies & Services	430,000	0	-430,000
ED59	0	Third Party Payments	0	0	0
ED59	0	Transfer Payments	0	0	0
ED59	0	Contributions to Provisions	0	0	0
ED59	42,849	Gross Expenditure	430,000	0	-430,000
ED59	-159,468	2 Other Income	-430,000	0	430,000
ED59	-116,619	Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

- 1 Adjustment to Centrally Determined Costs -430,000
- 2 Adjustment to Centrally Determined Costs 430,000

	2023/24 Actual £		2024/25 Original Budget £	2025/26 Original Budget £	Original to Original Variance £
EE23	EE23	Folkestone Airshow			

EE23	0	Employees	0	0	0
EE23	0	Premises-Related Expenditure	0	0	0
EE23	0	Transport-Related Expenditure	0	0	0
EE23	53,724	Supplies & Services	50,000	0	-50,000
EE23	0	Third Party Payments	0	0	0
EE23	0	Transfer Payments	0	0	0
EE23	0	Contributions to Provisions	0	0	0
EE23	53,724	Gross Expenditure	50,000	0	-50,000
EE23	0	Other Income	0	0	0
EE23	53,724	Net Expenditure	50,000	0	-50,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Permanent virement (to ED10)

-50,000

	2023/24		2024/25 Original	2025/26 Original	Original to Original Variance
	Actual		Budget	Budget	£
	£		£	£	£
ES05		ES05 Environmental Initiatives			
ES05	0	Employees	0	0	0
ES05	0	Premises-Related Expenditure	0	0	0
ES05	0	Transport-Related Expenditure	0	0	0
ES05	40,360	1 Supplies & Services	40,360	50,360	10,000
ES05	0	Third Party Payments	0	0	0
ES05	0	Transfer Payments	0	0	0
ES05	0	Contributions to Provisions	0	0	0
ES05	40,360	Gross Expenditure	40,360	50,360	10,000
ES05	-5	Other Income	0	0	0
ES05	40,355	Net Expenditure	40,360	50,360	10,000

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Savings (non staffing)

-10,000

	2023/24		2024/25 Original	2025/26 Original	Variances
	Actual		Budget	Budget	£
	£		£	£	£
GM30		GM30 Regeneration & Economic Development			
GM30	311,709	1 Employees	246,460	348,320	101,860
GM30	0	Premises-Related Expenditure	0	0	0
GM30	35	Transport-Related Expenditure	500	500	0
GM30	46,549	2 Supplies & Services	2,070	3,430	1,360
GM30	0	Third Party Payments	0	0	0
GM30	0	Transfer Payments	0	0	0
GM30	0	Contributions to Provisions	0	0	0
GM30	358,293	Gross Expenditure	249,030	352,250	103,220
GM30	-30,305	Other Income	0	0	0
GM30	327,988	Net Expenditure	249,030	352,250	103,220

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension

31,870.00

1 Permanent virement (from GL45)

69,190.00

2 Adjustment to Centrally Determined Costs

1,360.00

	2023/24		2024/25 Original	2025/26 Original	Variances
	Actual		Budget	Budget	£
	£		£	£	£
GE01		GE01 Grounds Maintenance			
GE01	1,384,426	1 Employees	1,529,010	1,712,620	183,610
GE01	109,199	5 Premises-Related Expenditure	58,280	26,100	-32,180
GE01	226,526	2 Transport-Related Expenditure	165,500	182,230	16,730
GE01	162,443	3 Supplies & Services	183,340	198,140	14,800
GE01	0	Third Party Payments	0	0	0
GE01	0	Transfer Payments	0	0	0
GE01	0	Contributions to Provisions	0	0	0
GE01	1,882,595	Gross Expenditure	1,936,130	2,119,090	182,960
GE01	-264,087	4 Other Income	-175,900	-175,900	0
GE01	1,618,507	Net Expenditure	1,760,230	1,943,190	182,960

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	84,477
1 Permanent Virement (to GE05)	-5,400
1 Approved Budget Strategy Growth	104,533
1 Adjustment to Centrally Determined Costs	710
2 Approved Budget Strategy Growth	8,030
2 Adjustment to Centrally Determined Costs	8,700
3 Adjustment to Centrally Determined Costs	14,800
4 Approved Budget Strategy Growth	120,000
5 Approved Budget Strategy Savings (non staffing)	-33,500

2023/24	Actual	£	2024/25 Original	2025/26 Original	Variances
			Budget	Budget	£
GE05	GE05				
GE05	235,724		Charity Areas		
GE05	0		1 Employees	226,320	26,050
GE05	8,826		Premises-Related Expenditure	0	0
GE05	13,827		Transport-Related Expenditure	7,290	0
GE05	0		2 Supplies & Services	11,390	2,590
GE05	0		Third Party Payments	0	0
GE05	0		Transfer Payments	0	0
GE05	0		Contributions to Provisions	0	0
GE05	258,377		Gross Expenditure	245,000	28,640
GE05	0		Other Income	0	0
GE05	258,377		Net Expenditure	245,000	28,640

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Permanent Virement (from GE01)	5,400
1 Employee Costs including Increments and Pension	20,350
2 Adjustment to Centrally Determined Costs	2,140
2 Approved Budget Strategy Growth	450

2023/24	Actual	£	2024/25 Original	2025/26 Original	Variances
			Budget	Budget	£
GE06	GE06				
GE06	52,927		Royal Military Canal		
GE06	637		1 Employees	53,090	9,260
GE06	5,024		Premises-Related Expenditure	5,000	0
GE06	15,594		2 Transport-Related Expenditure	4,550	350
GE06	0		3 Supplies & Services	13,420	920
GE06	0		Third Party Payments	0	0
GE06	0		Transfer Payments	0	0
GE06	0		Contributions to Provisions	0	0
GE06	74,183		Gross Expenditure	76,060	10,530
GE06	0		Other Income	0	0
GE06	74,183		Net Expenditure	76,060	10,530

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	8,120
1 Permanent Virement (from GE01)	1,040
2 Realignment of budgets	350
3 Adjustment to Centrally Determined Costs	770
3 Approved Budget Strategy Growth	150

2023/24	Actual	£	2024/25 Original	2025/26 Original	Variances
			Budget	Budget	£
GE07	GE07				
GE07	119,450		Toilet Cleaning		
GE07	18,662		1 Employees	121,150	14,260
GE07	15,656		Premises-Related Expenditure	17,250	0
GE07	18,245		2 Transport-Related Expenditure	9,480	1,880
GE07	0		3 Supplies & Services	18,260	2,030
GE07	0		Third Party Payments	0	0
GE07	0		Transfer Payments	0	0
GE07	0		Contributions to Provisions	0	0
GE07	172,013		Gross Expenditure	166,140	18,170
GE07	-6,966		Other Income	-6,500	0
GE07	165,047		Net Expenditure	159,640	18,170

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	14,160
2 Approved Budget Strategy Growth	420
2 Adjustment to Centrally Determined Costs	510

2 Realignment of budgets	950
3 Adjustment to Centrally Determined Costs	1,860
3 Approved Budget Strategy Growth	170

2023/24	Actual	£	GE08	2024/25 Original	2025/26 Original	Variances
				Budget	Budget	
			GE08	Pump Maintenance Crew	GE08	
GE08	41,023		1 Employees	45,510	50,680	5,170
GE08	0		Premises-Related Expenditure	0	0	0
GE08	5,400		2 Transport-Related Expenditure	4,770	6,580	1,810
GE08	44,970		3 Supplies & Services	42,950	43,550	600
GE08	0		Third Party Payments	0	0	0
GE08	0		Transfer Payments	0	0	0
GE08	0		Contributions to Provisions	0	0	0
GE08	91,393		Gross Expenditure	93,230	100,810	7,580
GE08	-76,130		Other Income	-92,600	-92,600	0
GE08	15,263		Net Expenditure	630	8,210	7,580

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	5,170
2 Realignment of budgets	1,350
2 Approved Budget Strategy Growth	210
2 Adjustment to Centrally Determined Costs	250
3 Adjustment to Centrally Determined Costs	430
3 Approved Budget Strategy Growth	140

2023/24	Actual	£	GE10	2024/25 Original	2025/26 Original	Variances
				Budget	Budget	
			GE10	Diesel - Fuel Tank Ross Depot	GE10	
GE10	0		Employees	0	0	0
GE10	0		Premises-Related Expenditure	0	0	0
GE10	21,955		Transport-Related Expenditure	0	0	0
GE10	0		Supplies & Services	0	0	0
GE10	0		Third Party Payments	0	0	0
GE10	0		Transfer Payments	0	0	0
GE10	0		Contributions to Provisions	0	0	0
GE10	21,955		Gross Expenditure	0	0	0
GE10	0		Other Income	0	0	0
GE10	21,955		Net Expenditure	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

Samuel Aligbe
Corporate Estates & Development Summary

2023/24 Actual £		<u>Service</u>	2024/25		Original to Original Variance £
			Original Budget	2025/26 Original Budget	
			£	£	
-38,336	CE30	Outdoor Sports and Recreation	-39,220	-39,220	0
CE33/		Royal Military Canal (including Ecology & Habitat			
-25,203	CE34	Maintenance (HLF)	-21,860	-21,000	860
6,520	CE36	Royal Military Canal Drainage Functions	5,440	5,440	0
12,557	CE37	Royal Military Bridge Painting	17,480	17,480	0
769,080	CE38	Community Parks & Open Spaces	918,940	938,910	19,970
0	CG55	Sewerage Services	0	0	0
-184,153	CG80	Coast Protection	-163,090	-162,060	1,030
0	CG90	Flood Defence & Land Drainage	0	0	0
-1,855	EA11	Leas Bandstand	-1,800	-1,790	10
-6,467	EA12	Hythe Beach Chalets	-7,980	-7,980	0
-16,069	EB02	Mountfield Industrial Estate	-104,730	-104,730	0
0	0		0	0	0
43,747	ED00	Otterpool - Developer	13,550	10,910	-2,640
0	ED02	Princess Parade Planning Project	119,000	119,000	0
26,608	0		0	30,000	0
586,428		Service Total	765,730	784,960	19,230

2023/24 Actual £		<u>Administration</u>	2024/25		Original to Original Variance £
			Original Budget	2025/26 Original Budget	
			£	£	
220,521	GM18	Maintenance Officers	212,620	332,700	120,080
281,815	GM31	Engineering and Buildings	325,260	302,770	-22,490
186,572	GM32	Estates and Assets	200,570	215,280	14,710
341,788	GM33	Strategic Development	358,930	385,020	26,090
2,752	GM40	Strategic Development Projects	1,970	0	-1,970
190,586	GM50	Area Officers	100,170	26,510	-73,660
1,224,035		Administration Total	1,199,520	1,262,280	62,760

2023/24 Actual £		<u>Holding</u>	2024/25		Original to Original Variance £
			Original Budget	2025/26 Original Budget	
			£	£	
169,725	GX00	Civic Centre	232,870	214,640	-18,230
14	GX01	3/5 Shorncliffe Road	0	0	0
253	GX05	Hawkinge Depot	250	360	110
80,594	GX10	Public Toilets	78,350	119,630	41,280
-5,403	GX20	Parks & Open Spaces Buildings	-4,530	-4,540	-10
7,488	GX21	Royal Military Canal Buildings	6,160	6,310	150
90	GX22	Hythe Beach Huts	100	140	40
5,618	GX23	Bandstand	2,620	2,720	100
40,262	GX24	Sports & Recreation Buildings	28,380	38,700	10,320
58,980	GX25	Charity Parks & Open Spaces	47,750	48,860	1,110
162,447	GX27	Hythe Swimming Pool	208,860	205,110	-3,750

256,842	GX30	Car Parks	229,370	238,890	9,520
88,570	GX40	Prog Planned Maintenance	77,400	77,400	0
70,199	GX50	Depots & Cemetery Buildings	61,610	64,960	3,350
0	GX51	Oxenden Road Depot	0	10,000	10,000
320	GX52	Mountfield Road Depot	0	450	450
-212,693	GX53	Misc Corporate Property	-347,180	-344,920	2,260
828	GX54	Christchurch Tower	480	730	250
21,522	GX60	Mountfield Industrial Estate	90	140	50
159,267	GX65	Folca	212,500	208,970	-3,530
0	GX69	Misc Commercial Properties	0	0	0
0	GX80	Misc Otterpool Property	-91,520	-89,160	2,360
30,940	GX81	Connect 38	-1,073,440	-1,285,555	-212,115
-4,362	GX82	Westenhanger Castle	1,810	14,500	12,690
7,436	GX83	Memorial Arch	10,610	11,180	570
20,785	GX84	Folkestone Racecourse	0	0	0
0	GX89	Misc Agricultural Property	0	0	0
0	GX99	Misc Vacant Land & Buildings	0	0	0
959,723		Holding Total	-317,460	-460,485	-143,025

Samuel Aligbe
Corporate Estates & Development Detail

2023/24 Actual £	CE30	Outdoor Sports and Recreation	Service		Variances £
			2024/25 Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
0		Gross Expenditure	0	0	0
-38,336		Other Income	-39,220	-39,220	0
-38,336		Net Expenditure	-39,220	-39,220	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE33/ CE34	Royal Military Canal (including Ecology & Habitat Maintenance (HLF))	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	240	240	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
16,206		Supplies & Services	660	1,520	860
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
16,206		Gross Expenditure	900	1,760	860
-41,409		Other Income	-22,760	-22,760	0
-25,203		Net Expenditure	-21,860	-21,000	860

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE36	Royal Military Canal Drainage Functions	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
6,520		Premises-Related Expenditure	5,440	5,440	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
6,520		Gross Expenditure	5,440	5,440	0
0		Other Income	0	0	0
6,520		Net Expenditure	5,440	5,440	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE37	Royal Military Bridge Painting	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
12,557		Premises-Related Expenditure	17,480	17,480	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
12,557		Gross Expenditure	17,480	17,480	0
0		Other Income	0	0	0
12,557		Net Expenditure	17,480	17,480	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	CE38	Community Parks & Open Spaces	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
402,980		Supplies & Services	532,880	534,400	1,520
344,520		Third Party Payments	368,770	387,220	18,450
0		Transfer Payments	0	0	0
52,200		Contributions to Provisions	52,200	52,200	0
799,700		Gross Expenditure	953,850	973,820	19,970
-30,621		Other Income	-34,910	-34,910	0
769,080		Net Expenditure	918,940	938,910	19,970

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Change in Outsourced Contract Recharges	-368,770
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2023/24 Actual £	CG80	Coast Protection	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0		Employees	0	0	0
42,784		Premises-Related Expenditure	49,800	49,800	0
0		Transport-Related Expenditure	0	0	0
3,344		Supplies & Services	2,320	3,350	1,030
7,526		Third Party Payments	19,000	19,000	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
53,654		Gross Expenditure	71,120	72,150	1,030
-237,807		Other Income	-234,210	-234,210	0
-184,153		Net Expenditure	-163,090	-162,060	1,030

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	EA11	Leas Bandstand	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
4,145		Supplies & Services	4,200	4,210	10
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
4,145		Gross Expenditure	4,200	4,210	10
-6,000		Other Income	-6,000	-6,000	0
-1,855		Net Expenditure	-1,800	-1,790	10

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	EA12	Hythe Beach Chalets	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0		Employees	0	0	0
0		Premises-Related Expenditure	0	0	0
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
0		Gross Expenditure	0	0	0
-6,467		Other Income	-7,980	-7,980	0
-6,467		Net Expenditure	-7,980	-7,980	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	EB02	Mountfield Industrial Estate	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
0		Employees	0	0	0

0	Premises-Related Expenditure	0	0	0
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
0	Gross Expenditure	0	0	0
-16,069	Other Income	-104,730	-104,730	0
-16,069	Net Expenditure	-104,730	-104,730	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	ED00	Otterpool - Developer	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
-1,425	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
160,415	1 Supplies & Services	13,550	10,910	-2,640	-2,640
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
158,990	Gross Expenditure	13,550	10,910	-2,640	-2,640
-115,243	Other Income	0	0	0	0
43,747	Net Expenditure	13,550	10,910	-2,640	-2,640

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	-3,550
1 Approved Budget Strategy Growth	910

2023/24 Actual £	ED02	Princess Parade Planning Project	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
0	Supplies & Services	119,000	119,000	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0
0	Contributions to Provisions	0	0	0	0
0	Gross Expenditure	119,000	119,000	0	0
0	Other Income	0	0	0	0
0	Net Expenditure	119,000	119,000	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £			2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
26,608	Supplies & Services	30,000	30,000	0	0
0	Third Party Payments	0	0	0	0
0	Transfer Payments	0	0	0	0

0	Contributions to Provisions	0	0	0
26,608	Gross Expenditure	30,000	30,000	0
0	Other Income	0	0	0
26,608	Net Expenditure	30,000	30,000	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1

2023/24	Actual	£	<u>Administration</u>		Variances
			2024/25	2025/26 Original	
			Original	Budget	£
			£	£	
	GM18	Maintenance Officers			
178,520	1 Employees		186,850	291,670	104,820
0	Premises-Related Expenditure		0	0	0
28,610	2 Transport-Related Expenditure		12,310	14,040	1,730
77,594	2 Supplies & Services		73,270	86,800	13,530
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
284,723	Gross Expenditure		272,430	392,510	120,080
-64,202	Other Income		-59,810	-59,810	0
220,521	Net Expenditure		212,620	332,700	120,080

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl.		
Transformation (GM50)		74,270
1 Employee Costs including Increments and		
Pension		30,500
2 Approved Budget Strategy Growth		8,930
2 Adjustment to Centrally Determined Costs		8,530

2023/24	Actual	£	<u>2024/25</u>		Variances
			Original	2025/26 Original	
			Budget	Budget	£
			£	£	
	GM31	Engineering and Buildings			
272,615	1 Employees		308,080	286,830	-21,250
0	Premises-Related Expenditure		0	0	0
1,535	2 Transport-Related Expenditure		2,800	1,300	-1,500
7,664	Supplies & Services		14,380	14,640	260
0	Third Party Payments		0	0	0
0	Transfer Payments		0	0	0
0	Contributions to Provisions		0	0	0
281,815	Gross Expenditure		325,260	302,770	-22,490
0	Other Income		0	0	0
281,815	Net Expenditure		325,260	302,770	-22,490

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl. Transformation (GL54)				-62,420
Employee Costs including Increments and				
1 Pension				41,430
2 Approved Budget Strategy Growth				1,160
2 Adjustment to Centrally Determined Costs				-2,660

Actual	Original	Budget	Variances
£	£	£	£

GM32	Estates and Assets			
182,897	Employees	196,700	210,790	14,090
0	Premises-Related Expenditure	0	0	0
1,059	Transport-Related Expenditure	1,800	1,800	0
2,914	Supplies & Services	2,070	2,690	620
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
186,870	Gross Expenditure	200,570	215,280	14,710
-297	Other Income	0	0	0
186,572	Net Expenditure	200,570	215,280	14,710

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	14,090
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2023/24 Actual £	GM33	Strategic Development	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
338,474	1 Employees	349,410	380,380	30,970	
0	Premises-Related Expenditure	0	0	0	
767	Transport-Related Expenditure	0	0	0	
2,548	2 Supplies & Services	9,520	4,640	-4,880	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
341,788	Gross Expenditure	358,930	385,020	26,090	
0	Other Income	0	0	0	
341,788	Net Expenditure	358,930	385,020	26,090	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Employee Costs including Increments and Pension	30,970
2 Adjustment to Centrally Determined Costs	-4,910

2023/24 Actual £	GM40	Strategic Development Projects	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £
712	Employees	0	0	0	0
0	Premises-Related Expenditure	0	0	0	0
0	Transport-Related Expenditure	0	0	0	0
2,040	Supplies & Services	1,970	0	-1,970	
0	Third Party Payments	0	0	0	
0	Transfer Payments	0	0	0	
0	Contributions to Provisions	0	0	0	
2,752	Gross Expenditure	1,970	0	-1,970	
0	Other Income	0	0	0	
2,752	Net Expenditure	1,970	0	-1,970	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	-1,970
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2023/24 Actual £	GM50	Area Officers	2024/25		
			Original Budget £	2025/26 Original Budget £	Variances £

163,196	1 Employees	74,370	100	-74,270
0	Premises-Related Expenditure	0	0	0
21,589	2 Transport-Related Expenditure	18,960	21,270	2,310
7,139	2 Supplies & Services	6,840	5,140	-1,700
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
191,924	Gross Expenditure	100,170	26,510	-73,660
-1,338	Other Income	0	0	0
190,586	Net Expenditure	100,170	26,510	-73,660

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Restructure of Establishment incl.	-74,270
Transformation (GM18)	
2 Adjustment to Centrally Determined Costs	-1,281
2 Approved Budget Strategy Growth	1,900

2023/24	Actual	£	GX00	<u>Holding</u>	2024/25	2025/26	Original	Original	Variances
							Budget	Budget	
				Civic Centre					
0	Employees	0			0	0			0
311,269	1 Premises-Related Expenditure	0			366,820	347,930			-18,890
51,041	Transport-Related Expenditure	0			0	0			0
6,823	Supplies & Services	0			1,390	2,050			660
0	Third Party Payments	0			3,460	3,460			0
-48,720	Transfer Payments	0			0	0			0
	Contributions to Provisions	0			0	0			0
320,413	Gross Expenditure	0			371,670	353,440			-18,230
-150,689	Other Income	0			-138,800	-138,800			0
169,725	Net Expenditure	0			232,870	214,640			-18,230

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	3,840
1 Approved Budget Strategy Growth	4,060
1 Approved Budget Strategy Savings (non staffing)	-26,130

2023/24	Actual	£	GX01	<u>Holding</u>	2024/25	2025/26	Original	Original	Variances
							Budget	Budget	
				3/5 Shorncliffe Road					
0	Employees	0			0	0			0
0	Premises-Related Expenditure	0			0	0			0
0	Transport-Related Expenditure	0			0	0			0
14	Supplies & Services	0			0	0			0
0	Third Party Payments	0			0	0			0
0	Transfer Payments	0			0	0			0
0	Contributions to Provisions	0			0	0			0
14	Gross Expenditure	0			0	0			0
0	Other Income	0			0	0			0
14	Net Expenditure	0			0	0			0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GX05	Hawkinge Depot	2024/25			Variances £
			Original Budget £	2025/26 Original Budget £		
0		Employees	0	0	0	0
253		Premises-Related Expenditure	250	360	110	
0		Transport-Related Expenditure	0	0	0	
0		Supplies & Services	0	0	0	
0		Third Party Payments	0	0	0	
0		Transfer Payments	0	0	0	
0		Contributions to Provisions	0	0	0	
253		Gross Expenditure	250	360	110	
0		Other Income	0	0	0	
253		Net Expenditure	250	360	110	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GX10	Public Toilets	2024/25			Variances £
			Original Budget £	2025/26 Original Budget £		
0		Employees	0	0	0	0
80,594		Premises-Related Expenditure	78,350	119,630	41,280	
0		Transport-Related Expenditure	0	0	0	
0		Supplies & Services	0	0	0	
0		Third Party Payments	0	0	0	
0		Transfer Payments	0	0	0	
0		Contributions to Provisions	0	0	0	
80,594		Gross Expenditure	78,350	119,630	41,280	
0		Other Income	0	0	0	
80,594		Net Expenditure	78,350	119,630	41,280	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	650
1 Approved Budget Strategy Growth	40,630

2023/24 Actual £	GX20	Parks & Open Spaces Buildings	2024/25			Variances £
			Original Budget £	2025/26 Original Budget £		
0		Employees	0	0	0	0
9,205		Premises-Related Expenditure	15,320	15,440	120	
0		Transport-Related Expenditure	0	0	0	
17		Supplies & Services	150	20	-130	
0		Third Party Payments	0	0	0	
0		Transfer Payments	0	0	0	
0		Contributions to Provisions	0	0	0	
9,222		Gross Expenditure	15,470	15,460	-10	
-14,625		Other Income	-20,000	-20,000	0	
-5,403		Net Expenditure	-4,530	-4,540	-10	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £			2024/25			Variances £
			Original Budget £	2025/26 Original Budget £		

GX21	Royal Military Canal Buildings			
0	Employees	0	0	0
7,488	Premises-Related Expenditure	6,160	6,310	150
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
7,488	Gross Expenditure	6,160	6,310	150
0	Other Income	0	0	0
7,488	Net Expenditure	6,160	6,310	150

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25			Variances
			Original	2025/26	Original	
			Budget	Budget	£	
GX22	Hythe Beach Huts					
0	Employees	0	0	0	0	0
90	Premises-Related Expenditure	100	100	140	40	
0	Transport-Related Expenditure	0	0	0	0	
0	Supplies & Services	0	0	0	0	
0	Third Party Payments	0	0	0	0	
0	Transfer Payments	0	0	0	0	
0	Contributions to Provisions	0	0	0	0	
90	Gross Expenditure	100	100	140	40	
0	Other Income	0	0	0	0	
90	Net Expenditure	100	100	140	40	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25			Variances
			Original	2025/26	Original	
			Budget	Budget	£	
GX23	Bandstand					
0	Employees	0	0	0	0	0
5,618	Premises-Related Expenditure	2,620	2,620	2,720	100	
0	Transport-Related Expenditure	0	0	0	0	
0	Supplies & Services	0	0	0	0	
0	Third Party Payments	0	0	0	0	
0	Transfer Payments	0	0	0	0	
0	Contributions to Provisions	0	0	0	0	
5,618	Gross Expenditure	2,620	2,620	2,720	100	
0	Other Income	0	0	0	0	
5,618	Net Expenditure	2,620	2,620	2,720	100	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25			Variances
			Original	2025/26	Original	
			Budget	Budget	£	
GX24	Sports & Recreation Buildings					
0	Employees	0	0	0	0	0
40,262	Premises-Related Expenditure	28,380	28,380	38,700	10,320	
0	Transport-Related Expenditure	0	0	0	0	
0	Supplies & Services	0	0	0	0	
0	Third Party Payments	0	0	0	0	

0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
40,262	Gross Expenditure	28,380	38,700	10,320
0	Other Income	0	0	0
40,262	Net Expenditure	28,380	38,700	10,320

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Approved Budget Strategy Growth	10,060
1 Adjustment to Centrally Determined Costs	260

2023/24 Actual £	GX25	Charity Parks & Open Spaces	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
58,607		Premises-Related Expenditure	47,200	48,300	1,100
0		Transport-Related Expenditure	0	0	0
589		Supplies & Services	550	560	10
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
59,195	Gross Expenditure	47,750	48,860	1,110	
-216		Other Income	0	0	0
58,980	Net Expenditure	47,750	48,860	1,110	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	1,100
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2023/24 Actual £	GX27	Hythe Swimming Pool	2024/25		Variances £
			Original Budget £	2025/26 Original Budget £	
0		Employees	0	0	0
162,447		1 Premises-Related Expenditure	208,860	205,110	-3,750
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	0	0	0
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0
162,447	Gross Expenditure	208,860	205,110	-3,750	
0		Other Income	0	0	0
162,447	Net Expenditure	208,860	205,110	-3,750	

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	580
1 Approved Budget Strategy Growth	10,670
1 Approved Budget Strategy Savings (non staffing)	-15,000

Actual £	GX30	Car Parks	Original		Variances £
			£	£	
0		Employees	0	0	0
256,842		1 Premises-Related Expenditure	228,820	238,890	10,070
0		Transport-Related Expenditure	0	0	0
0		Supplies & Services	550	0	-550
0		Third Party Payments	0	0	0
0		Transfer Payments	0	0	0
0		Contributions to Provisions	0	0	0

256,842	Gross Expenditure	229,370	238,890	9,520
0	Other Income	0	0	0
256,842	Net Expenditure	229,370	238,890	9,520

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	4,170
1 Approved Budget Strategy Growth	5,350

2023/24	Actual	£	2024/25			Variances
			Original	2025/26	Original	
			Budget	Budget	£	
	GX40	Prog Planned Maintenance				
0		Employees	0	0	0	0
83,675		Premises-Related Expenditure	77,400	77,400	0	0
0		Transport-Related Expenditure	0	0	0	0
4,895		Supplies & Services	0	0	0	0
0		Third Party Payments	0	0	0	0
0		Transfer Payments	0	0	0	0
0		Contributions to Provisions	0	0	0	0
88,570		Gross Expenditure	77,400	77,400	0	0
0		Other Income	0	0	0	0
88,570		Net Expenditure	77,400	77,400	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25			Variances
			Original	2025/26	Original	
			Budget	Budget	£	
	GX50	Depots & Cemetery Buildings				
0		Employees	0	0	0	0
68,897		1 Premises-Related Expenditure	61,610	64,960	3,350	3,350
0		Transport-Related Expenditure	0	0	0	0
1,301		Supplies & Services	0	0	0	0
0		Third Party Payments	0	0	0	0
0		Transfer Payments	0	0	0	0
0		Contributions to Provisions	0	0	0	0
70,199		Gross Expenditure	61,610	64,960	3,350	3,350
0		Other Income	0	0	0	0
70,199		Net Expenditure	61,610	64,960	3,350	3,350

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	210
1 Approved Budget Strategy Growth	3,030

2023/24	Actual	£	2024/25			Variances
			Original	2025/26	Original	
			Budget	Budget	£	
	GX51	Oxenden Road Depot				
0		Employees	0	0	0	0
0		1 Premises-Related Expenditure	0	10,000	10,000	10,000
0		Transport-Related Expenditure	0	0	0	0
0		Supplies & Services	0	0	0	0
0		Third Party Payments	0	0	0	0
0		Transfer Payments	0	0	0	0
0		Contributions to Provisions	0	0	0	0
0		Gross Expenditure	0	10,000	10,000	10,000
0		Other Income	0	0	0	0

0	Net Expenditure	0	10,000	10,000
Key Variances from Original Budget 2024/25 to Original Budget 2025/26				
2023/24	1 Approved Budget Strategy Growth		10,000	
Actual				
£				
GX52	Mountfield Road Depot			
0	Employees	0	0	0
320	Premises-Related Expenditure	0	450	450
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
320	Gross Expenditure	0	450	450
0	Other Income	0	0	0
320	Net Expenditure	0	450	450
Key Variances from Original Budget 2024/25 to Original Budget 2025/26				
2023/24	1 Adjustment to Centrally Determined Costs		2,260	
Actual				
£				
GX53	Misc Corporate Property			
0	Employees	0	0	0
35,290	1 Premises-Related Expenditure	33,340	35,600	2,260
0	Transport-Related Expenditure	0	0	0
82,494	Supplies & Services	7,150	7,150	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
117,784	Gross Expenditure	40,490	42,750	2,260
-330,476	Other Income	-387,670	-387,670	0
-212,693	Net Expenditure	-347,180	-344,920	2,260
Key Variances from Original Budget 2024/25 to Original Budget 2025/26				
2023/24	1 Adjustment to Centrally Determined Costs		2,260	
Actual				
£				
GX54	Christchurch Tower			
0	Employees	0	0	0
828	Premises-Related Expenditure	480	730	250
0	Transport-Related Expenditure	0	0	0
0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
828	Gross Expenditure	480	730	250
0	Other Income	0	0	0
828	Net Expenditure	480	730	250

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25			Variances
			Original Budget	2025/26 Original Budget	£	
	GX60		Mountfield Industrial Estate			
0	Employees		0	0		0
15,233	Premises-Related Expenditure		90	140		50
0	Transport-Related Expenditure		0	0		0
6,515	Supplies & Services		0	0		0
0	Third Party Payments		0	0		0
0	Transfer Payments		0	0		0
0	Contributions to Provisions		0	0		0
21,748	Gross Expenditure		90	140		50
-226	Other Income		0	0		0
21,522	Net Expenditure		90	140		50

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	£	2024/25			Variances
			Original Budget	2025/26 Original Budget	£	
	GX65		Folca			
0	Employees		0	0		0
147,890	1 Premises-Related Expenditure		212,500	192,500		-20,000
0	Transport-Related Expenditure		0	0		0
11,377	2 Supplies & Services		0	16,470		16,470
0	Third Party Payments		0	0		0
0	Transfer Payments		0	0		0
0	Contributions to Provisions		0	0		0
159,267	Gross Expenditure		212,500	208,970		-3,530
0	Other Income		0	0		0
159,267	Net Expenditure		212,500	208,970		-3,530

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

- 1 Approved Budget Strategy Savings (non staffing) -20,000
- 2 Adjustment to Centrally Determined Costs 13,650
- 2 Approved Budget Strategy Growth 2,820

2023/24	Actual	£	2024/25			Variances
			Original Budget	2025/26 Original Budget	£	
	GX69		Misc Commercial Properties			
0	Employees		0	0		0
0	Premises-Related Expenditure		0	0		0
0	Transport-Related Expenditure		0	0		0
0	Supplies & Services		0	0		0
0	Third Party Payments		0	0		0
0	Transfer Payments		0	0		0
0	Contributions to Provisions		0	0		0
0	Gross Expenditure		0	0		0
0	Other Income		0	0		0
0	Net Expenditure		0	0		0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24	Actual	2024/25			Variances
		Original Budget	2025/26 Original Budget	£	

		£	£	£
	GX80			
0	Misc Otterpool Property			
56,295	Employees	0	0	0
849	1 Premises-Related Expenditure	22,710	24,610	1,900
48,156	2 Transport-Related Expenditure	770	1,230	460
0	Supplies & Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Contributions to Provisions	0	0	0
105,300	Gross Expenditure	23,480	25,840	2,360
-105,300	Other Income	-115,000	-115,000	0
0	Net Expenditure	-91,520	-89,160	2,360

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	1,340
1 Approved Budget Strategy Growth	560
2 Approved Budget Strategy Growth	210
2 Adjustment to Centrally Determined Costs	250

2023/24

Actual

£

		2024/25	2025/26	Original	Original	Variances
		Original	Original	Budget	Budget	£
		£	£	£	£	£
	GX81					
0	Connect 38					
126,025	Employees	0	0	0	0	0
0	1 Premises-Related Expenditure	15,560	22,430	15,560	22,430	6,870
407,006	Transport-Related Expenditure	0	0	0	0	0
0	2 Supplies & Services	42,000	30,000	42,000	30,000	-12,000
0	Third Party Payments	0	0	0	0	0
0	Transfer Payments	0	0	0	0	0
0	Contributions to Provisions	0	0	0	0	0
533,031	Gross Expenditure	57,560	52,430	57,560	52,430	-5,130
-502,091	3 Other Income	-1,131,000	-1,337,985	-1,131,000	-1,337,985	-206,985
30,940	Net Expenditure	-1,073,440	-1,285,555	-1,073,440	-1,285,555	-212,115

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	3,110
1 Approved Budget Strategy Growth	3,760
2 Approved Budget Strategy Savings (non staffing)	-12,000
3 Approved Budget Strategy Savings (non staffing)	-100,000

2023/24

Actual

£

		2024/25	2025/26	Original	Original	Variances
		Original	Original	Budget	Budget	£
		£	£	£	£	£
	GX82					
0	Westenhanger Castle					
10,017	Employees	0	0	0	0	0
0	1 Premises-Related Expenditure	1,810	14,500	1,810	14,500	12,690
0	Transport-Related Expenditure	0	0	0	0	0
0	Supplies & Services	0	0	0	0	0
0	Third Party Payments	0	0	0	0	0
0	Transfer Payments	0	0	0	0	0
0	Contributions to Provisions	0	0	0	0	0
10,017	Gross Expenditure	1,810	14,500	1,810	14,500	12,690
-14,379	Other Income	0	0	0	0	0
-4,362	Net Expenditure	1,810	14,500	1,810	14,500	12,690

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

1 Adjustment to Centrally Determined Costs	10,210
1 Approved Budget Strategy Growth	2,480

2023/24 Actual £	GX83	Memorial Arch	2024/25	2025/26	Original Budget	Original Budget	Variances
			£	£			
0		Employees	0	0			0
7,436		Premises-Related Expenditure	7,780	7,780			0
0		Transport-Related Expenditure	0	0			0
0		Supplies & Services	2,830	3,400			570
0		Third Party Payments	0	0			0
0		Transfer Payments	0	0			0
0		Contributions to Provisions	0	0			0
7,436		Gross Expenditure	10,610	11,180			570
0		Other Income	0	0			0
7,436		Net Expenditure	10,610	11,180			570

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GX84	Folkestone Racecourse	2024/25	2025/26	Original Budget	Original Budget	Variances
			£	£			
0		Employees	0	0			0
59,474		Premises-Related Expenditure	0	0			0
0		Transport-Related Expenditure	0	0			0
17,106		Supplies & Services	0	0			0
0		Third Party Payments	0	0			0
0		Transfer Payments	0	0			0
0		Contributions to Provisions	0	0			0
76,580		Gross Expenditure	0	0			0
-55,795		Other Income	0	0			0
20,785		Net Expenditure	0	0			0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GX89	Misc Agricultural Property	2024/25	2025/26	Original Budget	Original Budget	Variances
			£	£			
0		Employees	0	0			0
0		Premises-Related Expenditure	0	0			0
0		Transport-Related Expenditure	0	0			0
0		Supplies & Services	0	0			0
0		Third Party Payments	0	0			0
0		Transfer Payments	0	0			0
0		Contributions to Provisions	0	0			0
0		Gross Expenditure	0	0			0
0		Other Income	0	0			0
0		Net Expenditure	0	0			0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

2023/24 Actual £	GX99	Misc Vacant Land & Buildings	2024/25		2025/26 Original Budget	Variances £
			Original Budget £	Original Budget £		
0		Employees	0	0	0	0
0		Premises-Related Expenditure	0	0	0	0
0		Transport-Related Expenditure	0	0	0	0
0		Supplies & Services	0	0	0	0
0		Third Party Payments	0	0	0	0
0		Transfer Payments	0	0	0	0
0		Contributions to Provisions	0	0	0	0
0		Gross Expenditure	0	0	0	0
0		Other Income	0	0	0	0
0		Net Expenditure	0	0	0	0

Key Variances from Original Budget 2024/25 to Original Budget 2025/26

Legal Responsibilities – Budget Setting: Advice Note

Under section 31A of the Local Government Finance Act 1992, the Council has a duty to set a budget before 11 March. In setting the budget, Members jointly and severally (collectively and individually) have a fiduciary duty to Council taxpayers. This means that they have a duty to facilitate, rather than obstruct, the setting of a lawful budget.

Failure to set a lawful budget in time can lead to a loss of revenue, significant additional administrative costs and reputational damage. It may leave the Council at risk of a legal challenge from council taxpayers and/or intervention from the Secretary of State under section 15 of the Local Government Act 1999.

Failure to set a lawful budget in time may also lead to personal liability for individual Members for misfeasance in public office, negligence, or breach of statutory duty.

This advice note sets out the position in more detail and is intended to assist Members in considering their approach to the Council meeting on 26 February 2025.

The Local Government Finance Act 1992 – Duty to set a budget

Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set. This means that the Council has a duty to set the 2025/26 budget before 11 March 2025.

If the budget is set after that date, the Act says the failure to set a budget within the deadline does not, in itself, invalidate the budget.

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However, such a delay is likely to have significant financial, administrative and legal implications, including potential liability of any Member who contributed to the failure to set a budget.

Section 66 of the Local Government Finance Act 1992 provides that failure to set a Council tax (or delay in setting a Council tax) shall not be challenged except by an application for judicial review. The Secretary of State and any other person with an interest or “standing” (e.g. a council tax payer within County Durham) may apply for judicial review.

Financial Implications of Delay

A delay in setting the Council Tax means a delay in collecting the tax due not only to the Council but also the other precepting authorities such as Police and Fire as well as Town and Parish Councils on whose behalf the Council acts as collection authority.

The Council has a legal duty to provide a range of statutory services, which continues notwithstanding the delay in setting Council tax. It must also pay the monies due to the precepting authorities whether or not it collects any Council Tax.

A delay in setting the budget may also impact on the Council’s ability to enter into new agreements with significant financial commitments until and unless the budget is agreed. Otherwise, they would be potentially unlawful unfunded commitments.

If the Council sets the budget by 10 March but later than the planned February budget Council meeting, there is still likely to be disruption to the administrative arrangements for Council tax (printing, posting, delivery of bills) which will have cost implications.

Duty to take the advice of the Section 151 Chief Financial Officer

Sections 25 to 28 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The Council has a discretion as to how such allowances are made and the action to be taken.

Section 25 also requires the Council's section 151 Officer to make a report to full Council when it is considering its budget and Council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that members will have authoritative advice available to them when they make their decisions. Members must have regard to this report in making their decisions. Any decision that ignores this advice, including the implications of delay, is potentially challengeable.

Section 114 and Section 5 Reports

Section 114 of the Local Government Finance Act 1988 puts an obligation on the Section 151 Officer to issue a report "if it appears to them that the expenditure (including proposed expenditure) is likely to exceed the resources (including borrowing) available to the Council." A similar duty arises if they becomes aware of a course of action which, if pursued, would be unlawful and likely to cause loss or deficiency on the part of the authority.

Section 5 of the Local Government & Housing Act 1989 imposes similar obligations on the Monitoring Officer, if it appears to them that what the Council has done or is proposing to do is likely to contravene a rule of law or any code of practice made or approved by or under any

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enactment or maladministration. The Monitoring Officer is also under a duty to warn Members of the consequences under the Member Code of Conduct.

In the event Council failed, or looked likely to fail to set a budget before 11 March, the s.151 Officer and Monitoring Officer would be required to issue a report in accordance with the duties above.

Member Code of Conduct

The Localism Act 2011 imposes a duty on Members to abide by the Code of Conduct for Members. In interpreting the Code, regard must be had to the seven Principles of Public life, including the requirement that Members should make decisions in accordance with the law.

Members have an active duty to ensure that the Council sets a lawful budget. Voting against proposals repeatedly, knowing that the result means no lawful budget will be set, is incompatible with Members' obligations under the Code as failure to set a lawful budget is likely to bring the Council into disrepute.

Personal Liability of Members

If a Member's wilful misconduct is found to have caused loss to the council, the Member may be liable to make good such loss.

Depending on the role played by a Member and the seriousness of the loss incurred, a Member could in principle, be guilty of misfeasance in public office. The indemnity cover provided to Members by the Council does not include actions that constitute an offence or are reckless.

There is also a possibility that a Member might be liable in negligence

and/or breach of statutory duty.

In order for an action against a Member to succeed, it would be necessary to prove that their actions were deliberate or reckless and involved persistent failure to facilitate the setting of a lawful budget. The longer the budget is delayed and the more repeatedly the Member(s) “blocks” the setting of a lawful budget, the more likely it is that personal liability will arise.

Intervention by the Secretary of State

The Local Government Act 1999 imposes a duty on the council “...to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.

Section 15 of the Local Government Act 1999 gives the Secretary of State the power to intervene and take a range of measures. The powers of the Secretary of State are extensive and include:

- a) directing the council to take any action which he/she considers necessary or expedient to secure its compliance with the requirements of this Part (setting a budget by a specified date).
- b) the Secretary of State/or a person nominated by them, exercising the Council’s functions (such as setting the Council Tax) for a specific period or such time as the Secretary of State considers appropriate.
- c) requiring the Council to comply with any instructions of the Secretary of State or their nominee in relation to the exercise of that function and to provide such assistance as the Secretary of State or their nominee may require for the purpose of exercising the function.

If the Secretary of State were to intervene on the issue of setting Council Tax, he/she need not set the full budget and could, for example, direct the Council to set a budget at a specified Council tax level by a

set date, leaving the Council to work out the detailed savings for each service.

Intervention by the Secretary of State is a measure of last resort and is usually preceded by a report from external auditors, an inspector appointed by the Secretary of State or a regulatory body. However, the Secretary of State can intervene directly in cases of urgency. It is unlikely that the Secretary of State would intervene and set a budget for the Council immediately after 11 March deadline. Given the complexities involved and the calculations and assumptions required in setting a budget, it is more likely that the Secretary of State would give directions to the Council to set its budget by a particular date and take particular steps rather than set it themselves.

Reputational Damage

Failure to set a budget, even in the absence of legal challenge and/or formal/informal intervention by the Secretary of State will have a significant impact on the Council's reputation locally and nationally. It will have an impact in terms of investor confidence, people's preparedness to work with the Council and on Council Tax collection rates as residents may see the council as residents may see the Council as wasteful, procrastinating and/or inefficient. Reputation and credibility is hard to earn, but once lost, difficult to regain.

Failure to set a budget at the February Council meeting

If Council fails to agree the budget proposed by the Cabinet at its meeting in February, the Council's Constitution requires the Cabinet to meet and consider the reasons why the budget was rejected. At that meeting, it would need to decide whether to re-submit the budget unamended or to make changes. Council would then need to meet

again to consider the Cabinet's proposals.

The Council must set the budget at this second meeting. There is no provision for further objections being referred to the Cabinet to consider. If it looked as if the Council were unlikely to agree the budget at this meeting, it is likely that the section 151 Officer and Monitoring Officer would suggest adjourning the meeting to allow Groups to negotiate a way to agreement. If after an adjournment, agreement still looks unlikely (as a measure of last resort) those Members unable to vote in favour of the budget may be advised to abstain.

Section 106 of the Local Government Finance Act 1992

Under section 106 of the Local Government Finance Act 1992, a member who has not paid an amount due in respect of their Council tax for at least two months after it became payable is unable to vote on any matters affecting the level of Council Tax or arrangements for administering the Council Tax (they are entitled to speak).

Any members unable to vote by virtue of section 106, must make a declaration to that effect at the start of the meeting. Failure to make such a declaration and/or voting when the provisions are engaged may constitute a criminal offence (maximum fine £1000).

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DRAFT	VAT KEY	OS		APPENDIX 8
Statutory Charges Subject to Discretionary Fees 2025/26		S		
Building Control		E	Excluding VAT	Including VAT
Charge for Unauthorised work		OS	Full application fees	Full application fees
Copy of Completion Certificate or Notice of Decision		SC	75.00	90.00
Copy of Notice of Decision and Certificate		SC	75.00	90.00
Site Inspection for completion certificate (over twelve months)		SC	120.00	144.00
Reopening applications that have not had a visit for more than 2 years		SC	150.00	180.00
Administration charges for dangerous buildings, demolitions, historic buildings if the owner does not carry out the work	Per Hour	SC	72.00	86.40
Additional inspections requested by the contractor	Per Visit	SC	75.00	90.00
Requirement of additional inspections to be carried out over and above what is reasonable	Per Visit	SC	75.00	90.00
Carry out structural design checking for other Councils through LABC	Per Hour	SC	72.00	86.40

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MEDIUM TERM FINANCIAL STRATEGY

2025/26 TO 2028/29

(Version produced in February 2025)

MEDIUM TERM FINANCIAL STRATEGY

Introduction

The Medium Term Financial Strategy (MTFS) is one of the key strategies of Folkestone & Hythe District Council and is a four year strategy that sets out in financial terms the Council's commitment to provide services which meet the needs of the people locally and that represent good value for money.

This document sets out the key challenges and approach of the Council in relation to the Council's MTFS and it provides an integrated view of the whole of the Council's finances, and it also maps out the objectives to be secured, policies to be applied and risks to be managed over the period. It links the Council's vision and priorities with its financial budgets and details how the Council's finances will be structured and managed to ensure that this fits with, and supports, the priorities of the Council and its partners.

Since the introduction of austerity in 2010, local government has taken a disproportionately large share of the reductions in public expenditure as part of efforts to balance the nation's finances and the previously integral part of Local Government funding that was Revenue Support Grant is now completely phased out for this District as well as most other Councils.

Local and National funding – the current year

During the current financial year 2024/25, a number of new and significant pressures have arisen for both Central and Local Government, these being: -

- The ongoing need to actively manage inflation and overall volatility in the economy.
- interest rates which have remained stubbornly high
- Bank of England base rates at 4.75% (as of 03/02/2025) likely to remain at this elevated level for longer than previously predicted
- Increases in the cost of borrowing due to higher interest rates.
- Volatility in the bond and currency markets affecting the financial climate
- Local Government Reorganisation (announced December 2024)

All the events above have led to an environment of increasing financial pressure, and great uncertainty over the future financial support that is available to local government for 2024/25 and onwards.

The Chancellor of the Exchequer, the Right Honourable Rachel Reeves MP, delivered the 2024 Autumn Budget Statement on 30 October 2024. This included, amongst other things, a significant shift in employer National Insurance ('NI') contributions, with the Class 1 rate increasing by 1.2 percentage points to 15%, and a lowered earnings threshold now starting at £5,000 (down from £9,100). Whilst the Government promised that this would be a funded pressure for the public sector, the final Local Government Settlement calculations are based on a metric (net service expenditure) which means

that it does not fully cover the costs for authorities. In fact, the funding only covers around 50% of the true cost to the Council.

Further, on 16 December 2024 following the publication of the English Devolution White Paper, the Minister of State for Local Government and English Devolution Jim McMahon MP wrote to all councils in remaining two-tier areas and neighbouring small unitaries to set out plans for a joint programme of devolution and local government reorganisation. 'Local Government Reorganisation' ('LGR') will result in the effective abolition of Shire Districts such as this Council and the creation of new unitary authorities. We could also see a new Strategic Authority created, led by a new Mayor. This could cover the whole of Kent.

However, these announcements do not expressly address the deep-set financial and operational challenges facing local government. The Final Local Government Settlement, announced on 03 February 2025 confirmed the majority of the information already provided in the provisional Local Government Settlement published on 18 December 2024. Most of the 164 district councils, which represent 20 million people, are likely to get little or no real-terms rise in funding in 2025-26. Although district councils are promised a 0.3% cash increase, this is dependent upon council tax increases and does not reflect many of the rising costs councils face. This is set against a backdrop where district councils have already faced a real-terms funding cut of 21% between 2010/11 and 2024/25.

They will be heavily dependent on the extra funding from the Extended Producer Responsibility for Packaging scheme. However, this funding stream is designed to encourage manufacturers to shift to more environmentally-friendly packaging. If this goal succeeds, this funding source will substantially drop in the coming years.

Key Headlines

- In effect, no cash or real terms increases in Core Spending Power.
- NI changes are not fully funded and will add to pressures on Shire Districts.
- Shire Districts will be heavily dependent on the extra funding from the Extended Producer Responsibility for Packaging scheme – a volatile funding stream
- Funding from the Rural Services Delivery Grant has been “repurposed” while the New Homes Bonus will be reformed beyond 2025-26.
- A welcome increase in the Homelessness Prevention Grant allocated to district councils.
- A new Recovery Grant which will benefit districts with high levels of deprivation.

FHDC has worked hard to protect its budgets, but there is no painless way to set a balanced budget each year of this MTFS, especially following a significant transformation in late 2023 ahead of the current 2024/25 financial year which removed any 'low hanging fruit'. Various Councils plan to use their reserves to balance budgets over the next four years. This is not sustainable.

Regarding local taxes, FHDC continues to argue that neither council tax (still reliant on property values from 1991) nor business rates (an increasingly burdensome tax for bricks and mortar business) are fit for purpose.

Medium Term Financial Plan update and rationale

Medium Term financial planning is critical in ensuring that the Council has a clear understanding of the level of available resources, the costs of delivering services and plans for new projects and services. This financial planning facilitates strategic choices around service delivery, efficiency, and service reductions. The MTFS informs the annual budget process, and the Council has a legal requirement to set a balanced budget each year.

The last Government Spending Review 2021 (SR21) was announced on 27 October 2021 alongside and set out the Government's spending priorities, resource and capital budgets and devolved administrations' block grants for the three years from 2022/23 to 2024/25. Key measures announced in the Spending Review for local government included:

- Local government in England will receive an additional £4.8bn increase in grant funding over the next 3 years (£1.6bn in each year).
- There were also smaller allocations within the core funding announcement, including £200m for the "cross-government Supporting Families programme", £37.8m for cyber security, and £34.5m to "strengthen local delivery and transparency".

Since the SR21, the Local Government Settlement policy statement for 2023/24 made a change to the referendum limits for Council tax. Council tax thresholds for "core" Council tax increased to 2.99% (and the adult social care precept by a further 2%) for the years 2023/24 and 2024/25 at least. These limits have been further carried into 2025/26.

A second phase of the Spending Review was launched by the Chancellor on 12 December 2024. Government departments will be expected to find savings and efficiencies in their budgets, in a push to drive out waste in the public sector and ensure all funding is focused on the government's priorities.

Every single pound the government spends will be subjected to a line-by-line review to make sure it's being spent to deliver the Plan for Change and that it is value for money. It will be the first time in over a decade and a half that government departments have been asked to take such an approach, with what's called a "zero-based review" last undertaken 17 years ago.

Furthermore, talks are underway to determine how the government can reform the business rates system to ensure it is fairer and better protects retailers. During the Autumn Budget 2024, the government announced plans to introduce permanently lower business rates for retail, hospitality and leisure properties from 2026-27, "to level the playing field for the high-street".

Latest updates suggest that the Fair Funding Review is being modelled with a view to implementation in 2026/27. Therefore, the longer-term funding picture continues to remain unknown and uncertain, which makes financial planning in the long term significantly more challenging.

Key business rates headlines include:

- Revaluation 2026 – the Valuation Office Agency are preparing a new rating list to apply from 1 April 2026, this will update valuations and change bills.
- New business rates multipliers - the government announced at Budget 2024 proposals to introduce more multipliers: (reduced) small and standard multipliers for Retail, Hospitality & Leisure, and a higher multiplier to fund this. It has also announced an intention that this is revenue neutral for local government.
- Business Rates Reset – it was always intended that business rates retention system would be ‘reset’. Each local authority has a ‘target’ level of funding (Baseline Funding Level – ‘BFL’) and a ‘target’ business rates collection (Business Rates Baseline - ‘BRB’). These are set and then inflated each year with the multiplier. Any changes in taxbase or reliefs result in growth or decline. A reset would affect both the BFL and BRB, redistributing growth from where it has arisen to where the government want to allocate it.

If the Government chose to ‘hard reset’ business rates for FHDC and remove all growth above the baseline level, this could mean a loss of up to £2.5m income. At present, it is unclear how the reset will affect FHDC, likely only made clearer in late 2025.

In summary, the MTFS is a critical document in setting out the Council’s approach to establishing a strong financial base to enable the Council’s policies and priorities to be delivered whilst ensuring the Council’s finances are sustainable and in-line with latest policy from Central Government; however, there is also significant uncertainty towards the later years of the MTFS. Within the document are some key issues which will need to be tackled due to the financial pressures outlined in the introductory sections of this strategy report.

Folkestone and Hythe Council - the Current Position

Folkestone and Hythe Council is a coastal district in south eastern England and home to a diverse collection of towns, villages, and environments. It covers an area of 140 square miles and has a population of over 100,000 people with approximately 51,000 dwellings in the district. The majority of the residents live in urban areas (67%) with the remaining 37% to be found living in rural areas. The Council has responsibility for a wide range of services including waste collection, planning, environmental enforcement, housing and homelessness, parking, and grounds maintenance. In 2024/25 the Council planned to spend approximately £19.4 million per annum net revenue (after income) on expenditure for services.

Continuing challenges for the Council to consider when establishing its priorities and financial strategy include, but are not limited to: considerable deprivation relative to the national average but with significant inequality within the District; rural areas have poorer access to services and facilities; the district suffers from high levels of disability/long term illness, reflecting, in part, the relatively high proportion of older people living in the District and bringing associated demands on local services; an increasing demand for housing is outstripping supply and there are rising house costs

particularly in the private rental market as well as high demand for affordable housing and increasing levels of homelessness.

To add to this list in 2024/25, are high mortgage interest rates for homeowners (continuing from 2023/24), cost of living pressures from recent high inflation, pay rises not linked to CPI rates and the growing use of food banks and potential homelessness.

The Council's Aspirations

Following a period of public consultation, the Council has outlined its vision and strategic objectives in the new Corporate Plan 2021/2030 – Creating Tomorrow Together:

The plan is focused on four service ambitions, positive community leadership, a thriving environment, a vibrant economy and quality homes and infrastructure and by 2030 will have achieved the following:

Creating Tomorrow Together

- **Positive community leadership** – local leadership in community services will be recognised for the vital contribution in creating a sense of place, health, and wellbeing. This will be a shared ambition with partners across our communities. Local leadership will address many of the inequalities that exist between our communities, and we will have improved access to services in our most deprived neighbourhoods. A strong and distinctive sense of place will prevail.
- **A thriving environment** - we will be recognised as an outstanding place and known as a green exemplar Council. Across the district, we will ensure excellent accessible open spaces for all. We will have invested in green infrastructure to enhance our superb natural environment and the Council itself will generate net zero carbon emissions.
- **A vibrant economy** - Folkestone & Hythe will have a thriving, distinctive and dynamic economy. It will have capitalised on major investment, will have responded positively to the structural challenges facing high streets, and will enjoy a diverse range of economic opportunities in its towns and rural areas. Building on its excellent connectivity it will attract more, higher-value employment, driving aspiration and demand for skills.
- **Quality homes and infrastructure** - Residents in Folkestone & Hythe will have better access to a wider choice of homes. New development will embrace high standards of sustainability and the district will be delivering planned, high quality housing with the necessary infrastructure to meet identified need, anchored by an ambitious new Garden Town at Otterpool Park.

At the heart of everything the Council does, it wants to build sustainable, resilient, and prosperous communities and has set out six guiding principles to run through all activities, they are:

- **Locally Distinctive**
- **Sustainable Recovery**
- **Greener Folkestone & Hythe**
- **Transparent, Stable, Accountable & Accessible**
- **Working effectively with partners**
- **Continuous Improvement**

The Council will continue to deliver a range of major projects as outlined in the plans and initiatives focusing on putting the community and our customers first, whilst ensuring financial stability, and continuing the journey of service improvement alongside realising development projects at sites including Mountfield Industrial Estate, Biggins Wood and ultimately, Otterpool Park – a garden town for the future and the creation of new homes in-line with the Council's Local Plan.

Strategic Financial Objectives

The MTFS covers all areas of Council spending and is underpinned by the strategic financial objectives as set out below:

- To maintain a balanced Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.
- To maximise the Council's income by setting fees and charges, where it has the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs.
- To ensure a long term sustainable view is taken of any investments and the appropriate risk analysis is provided in considering those.
- To set a rate for Council Tax which maximises income necessary for the Council to deliver its strategic objectives but ensures that government referendum limits are not exceeded. The percentage increase will be reviewed annually.

- To ensure resources are aligned with the Council's strategic vision and corporate priorities.
- To safeguard public money and ensure financial resilience.
- To maintain an adequate and prudent level of reserves.
- To estimate the expenditure requirements over the life of the Strategy to ensure value for money is achieved and resources are utilised where outcomes are measurable and have real impact.
- To continue to improve value for money – managing people and money more efficiently and effectively to continue to improve value for money, standardise, streamline, and share best practice, getting better value from commissioning and procurement, whilst seeking to minimise the impact of budget savings on priority services.
- To bring together the key issues affecting the Revenue Budget, the Housing Revenue Account, Treasury Management, and the Capital Programme.
- To review emerging issues and other influences affecting the Council's financial strategy, the forecast impact of these changes on both the demand for services and likely funding due to:
 - Global, national, and local economic factors
 - Demographic changes
 - Technological advances
 - Climate change
 - New legislation
 - Policy initiatives by both the Government and the Council.

The Council faces a number of difficult financial decisions if it is to achieve its corporate priorities in the current economic and financial climate which remains challenging. Effective prioritisation and management of resources therefore continues to remain significant for the coming years. It is prudent to assume a limited level of support from Central Government in the next years and if the U.K. enters a challenging period despite its ambition to grow the economy and boost investment within the sector.

Supporting the production of the delivery of sound financial planning for the Council are several Council wide documents and programmes including:

- The Corporate Plan 2021 – 2030 'Creating Tomorrow Together'
- Council Constitution, Part 10 – Financial Procedure Rules, Contract Standing Orders and Auditing the Council
- Economic Development Strategy
- The Medium Term Financial Strategy
- The HRA Business Plan
- Housing Delivery Action Plan
- The Council's Capital Strategy and Investment Strategy (Treasury Management)
- CIPFA Financial Management Code self-assessment and action plan

- The investment in longer term strategic developments to secure the financial future of the Council.
- The development of the garden town at Otterpool Park with a long term financial benefit for the Council and establishing sustainable communities for the future
- Otterpool Park LLP Business Plan
- The Folkestone Place Plan
- A sustainable and prudent reserves policy to underpin the financial resilience of the Council.

The range of strategy documents and approaches provides the overall strategy of the Council in delivering its future agenda and as a combination they are owned by the Council as a whole. This MTFS brings together the financial strands of that approach in the context of the current financial climate and essentially provides a golden thread that runs through all the Council's plans to ensure sound financial planning, management, and stewardship.

Budget Process

The MTFS represents an overarching view of the finances of the organisation. It is the document that takes a medium term view of the financial environment the Council is operating in and looks to anticipate future demands and pressures so the Council can make longer term decisions over its financial sustainability. In addition to this, there are a number of key documents which contribute to the overall financial health of the organisation. These are:

- The Budget Strategy. This is produced on an annual basis and sets out the strategy for setting and managing the budget for the new financial year. It is here the detailed decisions on expenditure are taken including determining key growth and savings and fees and charges for the year ahead. MTFS assumptions are also refined for further details where these are available.
- The detailed revenue estimates. These represent the operational detail for the following year's budget and form the basis of the following years budget monitoring and management.
- The Medium Term Capital Programme. This sets out the Council's capital expenditure plans over the medium term. This also informs the revenue budget of the costs and implications of any proposed developments. For 2025/26, this is highly critical due to the increased costs of capital financing because of higher interest rates and long term borrowing rates.
- The Housing Revenue Account. This sets out the annual capital and revenue budget for the Council's housing stock and links to the 30-year business plan. For 2025/26 the impact of CPI inflation on costs, borrowing and rent increases will be a key consideration.
- The Treasury Management, Capital, and Investment strategies. These documents set out the approach to managing the cash available to the Council and how to maximise its value to the Council. They also consider all the Council's investments and plans to achieve future returns over the longer term. Again, the strategy for 2025/26 will be crucial to the impact of interest rate increases on both investments and borrowing costs for the Council.

- Fees and Charges. This sets out a corporate view of the fees and charges which are levied by the Council for consideration each year.

Together these reports lead to the final Council Tax setting report that will be presented to Full Council in February 2025 and the agreement of the Budget for the new financial year.

Priority Based Budgeting

For the 2025/26 budget, the Council utilised a budgeting approach known as Priority Based Budgeting (PBB). Priority Based Budgeting (PBB) allocates scarce budget resources to the areas of service that are of highest priorities and delivers the outcomes the Council want to achieve for local people under the administration.

The model seeks to ensure that budgets are set and that service areas are resourced to deliver on their priority areas, with any budget savings being made in areas that are considered lower priority. The core concepts are to –

- Prioritise services.
- Eliminate the unnecessary spending.
- Question spending
- Budget within the Council means.
- Understand commitments, controllable cost/non-controllable, contract, etc.
- Be transparent about community priorities.
- Be transparent about financial implications.
- Responsible budget holder accountability.
- Discretionary or Statutory service review.

The PBB approach allows the Budget Manager, Chief Officers, Directors, and Elected Members through various budget meetings including the Star Chamber to have the opportunity to provide an input and be involved in setting the priorities, strategy, and direction at the outset of the budget setting process.

The draft budget package prepared by officers consider savings from both corporate reviews as well as departmental proposals, but all should reflect the agreed priorities and focus on the use of resources. This also ensure that members have an opportunity to review the draft budget package and make changes before it is formally submitted to Council. Members would still make the final decisions on budgets as is the case now but with a focus on delivery of priorities and outcomes rather than the detail of every individual proposal.

Financial Pressures and Projections

The last eight years have seen significant shifts in funding for the local government sector. The spending review in 2015 confirmed a transition away from direct central government Revenue Support Grant (RSG) and for Folkestone and Hythe this grant was consistently reduced from £4.901 million in 2013/14 to nil. This is in line with the Government's intention to see more money raised locally for its core spending base from local taxation (Council Tax and Business Rates) to provide local services. The Government's intention was to introduce a new funding regime for Local Government

based on a Fair Funding formula coupled with a major review of the Business Rates system to help Council's keep more of their business rates growth.

Since April 2020, there have been constant delays and setbacks to the introduction of the Fair Funding Review. The review was anticipated to make major changes in the structure of local government finance including local business rates retention, a revised allocation of resources and new arrangements to replace the New Homes Bonus to reward those Councils which support home building. A spending (SR21) was finally announced on 27 October 2021 alongside an Autumn Budget, and this set out the government's spending priorities and funding plans for 2022/23 through to 2024/25. However, whilst this provided a steer of the financial impact for the Council over this period, the Council like others is still dependent upon a local government settlement that is announced annually in December. This is known as the Provisional Local Government Finance Settlement.

The degree of uncertainty to the projections made within the MTFS remains on-going and funding announcements will have to be factored into the MTFS as they are announced.

For 2025/26, a range of different economic factors have had to be considered in the MTFS, in light of the recent higher CPI inflation and the cost of living crisis. There has been turbulence in the financial markets and the costs of borrowing for Local Government has increased markedly due to the above factors, including the most recent Autumn Budget in October 2024. Most Medium Term Financial plans have had to be re-cast to allow for these changes, some of which are still considered variable due to the uncertainty in the economic and financial environment that U.K. faces.

Key Financial Assumptions

The preparation of a four-year MTFS is based on a number of working assumptions. These inevitably become more difficult to predict as the period covered lengthens. Potential medium-term implications are considered as part of the risk assessment section of the report. The key financial assumptions, based on known and expected changes, in the revised MTFP 2025/26 to 2028/29 are detailed below and are summarised as follows:

- Business rates income – pending the result of the 2026 revaluation, the overall Business Rates income is largely unchanged from the previous MTFS.
- Securing a level of external funding through capital schemes.
- Council Tax Base (dwellings) – an increase of 1.00% in 2025/26 and growth of 1.0% p.a. thereafter.
- Council Tax model increases of the higher of 2.99% at Band D equivalent for 2025/26 or £5.00 (whichever is the higher) per annum.
- An assumed pay award of 4.0% for 2025/26, 3.0% for subsequent years and 1% for salary increments and maintaining the adoption of the Real Living Wage.
- Selective prices inflation at an average of 3% to reflect contractual commitments and price risk areas.
- Interest rates receivable budget in 2025/26 of 4% in line with advice provided by our treasury advisers.

As many economic commentators have reported, Councils currently faces a future of “known–unknowns” and this makes for a period of great uncertainty in terms of effective financial planning. As such, the forecasts set out below for the MTFS recognise current service levels plus any known and agreed variations. They are based on a continuation of those service levels and reasonable assumptions in relation to pay and price inflation and other known pressures. The forecast is based on a mid-range scenario and will need to be updated in line with government announcements and as new information becomes available as detailed in the introductory sections of this strategy report.

The current MTFS forecast, set out at Table 1 below, and identifies the ongoing pressure the Council is facing, and it is clear to see that the Council faces marked pressures in years 2025/26 onwards.

Medium Term Financial Forecast

Financial Forecast	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Deficit / (Surplus)	0	689	2,853	1,879
Cumulative Deficit	-	689	3,542	5,421

A more detailed presentation for the MTFS is attached at Appendix 2. Some of the key underlying assumptions and drivers are set out in the paragraphs below:

Council Tax

Council Tax is one of the key core funding streams for the Council and accounts for approximately two thirds of the Council’s income. Although this is a significant funding source, it is subject to restrictions by central government. The Localism Act included a requirement to hold a local referendum if any Council Tax increase is deemed ‘excessive’ and this level is currently set at 2.99% by central government, or £5 for a district Council (whichever is the higher). It is possible that changes to these limits may be introduced by the Government as highlighted in the introductory sections of this strategy report.

The MTFS as presented here, assumes an ongoing Council Tax increase of 2.99% per annum however this will be subject to a member decision on an annual basis dependent on circumstances at the time. A 1% increase in Council tax, based on the revised Council tax base and other adjustments, will raise approximately £120k for the Council in 2025/26.

Use of Reserves

The Council has a level of reserves which includes a General Fund Reserves Balance and a level of Earmarked Reserves. These reserves provide the Council with some protection against the difficult economic times and short term gaps in funding. The level of reserves currently held by Folkestone and Hythe gives it a secure financial base however it is important to have an appropriate balance between supporting the financial position of the Council and planning the delivery of services. The Council has identified specific uses for much of the reserves including setting aside sums to support the regeneration and sums to support the Council's carbon net zero ambitions amongst other key priorities. Whilst the Council will seek to continue to add to earmarked reserves and seek to deploy them for their intended purpose, in the current financial climate it may be necessary to deploy reserves for other important needs.

The Council had to use a level of reserves to balance its 2024/25 Budget, and this will also have to be considered for the 2025/26 Budget due to the cost pressures outlined in the earlier sections of this strategy report.

Appendix 3 to this report sets out the Council's overall reserves policy and the context in which decisions are made as to the appropriate level of reserves.

The Council's prudent approach to reserves means that a number of investments have been made using reserves to support initiatives such as Oportunitas (a company wholly owned by Folkestone & Hythe District Council to provide more homes for local people and to promote new employment and housing opportunities across Folkestone and Hythe) contributions towards Mountfield Road Industrial Estate and the acquisition of Folca. Table 2 below shows the levels of reserves currently available:

Earmarked Reserves	Balance at 01/04/2024 £000s	2024/25 Projection	Estimated Balance at 31/03/2025 £000s	2025/26 Projection	Estimated Balance at 31/03/2026 £000s	Purpose
Business Rates	(338)	75	(263)	263	-	To Support requirements of Rates Retention Scheme
Leisure	(497)	-	(497)	25	(472)	To meet future Leisure improvements.
Carry Forward	(2,316)	271	(2,045)	947	(1,098)	For items of Expenditure not incurred or ringfenced grant or income not applied in the previous financial year
Vehicles, Equip and Technology Reserve	(146)	115	(31)	-	(31)	To meet, vehicle, equipment and technology replacement needs or improvements.
Maintenance of Graves	(12)	-	(12)	12	-	Amounts in held in perpetuity to meet the cost of maintaining certain graves.
New Homes Bonus (NHB)	(409)	-	(409)	409	-	To fund the anticipated additional cost of services.
Corporate Initiatives	(151)	14	(137)	-	(137)	To support Corporate Plan and goals.
IFRS Reserve	(5)	-	(5)	5	-	The impact of International Financial Reporting Standards
Economic Development	(1,235)	325	(910)	834	(76)	Towards the regeneration of the district and to support the generation of new income.
Community Led Housing	(193)	60	(133)	67	(66)	To support Community Led Housing Developments and to deliver more affordable housing units of mixed tenure.
Lydd Airport	(9)	-	(9)	9	-	To fund anticipated ongoing costs of monitoring the conditions at Lydd Airport.
Homelessness Prevention	(824)	132	(692)	580	(112)	To flexibly fund ways to reduce the Homelessness expenditure by taking preventative action.
High Street Regeneration	(1,196)	-	(1,196)	914	(282)	To support the delivery of regeneration projects within the district's high street areas.
Climate Change	(3,574)	381	(3,193)	2083	(1,110)	To fund initiatives to help the council achieve net -zero carbon emissions by 2030.
Transformation Fund	(1,165)	790	(375)	155	(220)	Set aside to enable investment initiatives that will deliver Future Savings
Fin Stability Reserves (FSR)	-	-	-	(3,986)	(3,986)	To provide required stability and resilience for one off projects
Total Earmarked Reserves	(12,070)	2163	(9,907)	2,317	(7,590)	
General Fund Reserve	(4,545)	-	(4,545)	90	(4,455)	

The Council holds a range of Reserves for a variety of reasons. The actual number and value fluctuate over the year as monies are spent on projects, new money is received from funders (most often from Government but not exclusively) and new reserves are created to respond to changing financial pressures. The Reserves are held as funding for specific projects, against known or potential expenditure or to meet future costs or allow for service developments and to allow value for money improvements.

Cost of Living

The Council's economic and fiscal position is clearly impacted by the wider national and international economic context. The United Kingdom's cost of living crisis started in 2021, when prices for many essential goods increased faster than household incomes, resulting in a fall in real income. Global and local factors have contributed to this. Global factors include (but are not limited to): cost of living crisis, the energy crisis and rising energy prices, a supply chain crisis and Russia's invasion of Ukraine in 2022. Local factors, some unique to the UK, include high inflation, labour shortages (in part caused by the exit from the EU), and rises in Council Tax. Household incomes have not kept pace with rising prices.

New Homes Bonus Funding (NHB)

The New Homes Bonus was introduced in 2011/12 and has become an important funding source for Councils. It is designed by Central Government to incentivise new house building. Local authorities are rewarded with a financial bonus, equal to the national average Council Tax on each additional property built and paid for the following six years after the occupation as a non-ring fenced grant. This bonus is currently split in two tier areas 80% to the District Council and 20% to the County Council and includes where properties which have been empty for more than six months are brought back into use. There is also an enhancement for affordable homes.

The intention is to replace this mechanism with a different means of incentivising and rewarding housing growth. The detail of this continues to be unknown at this time and the MTFS for 2025/26 assumes no further awards in this respect, save what was announced in the Final Local Government Finance Settlement.

It should be noted that the Council forecasts £2.16m use of its earmarked reserve in 2024/25 to balance its Budget. This reserve is likely to continue to be depleted in 2025/26 unless the Government provides a compensating alternative.

Homelessness, Asylum, & Refugees

Homelessness continues to be a pressure for Councils up and down the country. Temporary accommodations costs in particular have stretched local authority general fund budgets significantly given the demand led nature of these services. In response, the Government has increased the level of funding of Homelessness Prevention Grant significantly to help offset some of the costs of temporary accommodation and allow more funding to prevent homelessness in the first instance.

Business Rates (Non Domestic Rates)

The Government's long standing Business Rate Scheme through which local authorities would be able to retain a proportion of any business rates growth above a set baseline. The purpose was to give local authorities a financial incentive to encourage and foster economic growth within their area and to work collaboratively with other authorities and business organisations to achieve that growth. Whilst this scheme has been broadly welcomed by local authorities, there are concerns over the potential volatility of this income stream with the level of appeals and that even a small variation in the overall revenue generated can carry a significant financial impact. The government is currently undertaking a review of how business rates operate; it is expected that there will be a 'business rates reset' which will potentially redistribute growth above the baseline. Any changes made would have a significant impact on FHDC given that we have significant income above the baseline (over £2m) which could be lost on a 'hard reset' if the government chose to redistribute this growth elsewhere.

Regarding the MTFS, the Council has welcomed the emphasis on economic growth but has been cautious about building this into the base budget. Part of this is due to the impact of appeals and the volatility of the income which makes it more complex to

forecast. Where possible, any surpluses have been placed within a reserve until there is a degree of certainty that they can be used which may well not be until the following financial year. This is prudent management to manage the natural fluctuations of the business cycle. The full impact of this will only become clear as proposals are developed with likely implementation from 2026/27. This adds a further element of uncertainty to the projected position and suggests significant caution is needed in any future projections.

Office for Budget Responsibility forecasts

Previous analysis of data provided by the Office for Budget Responsibility (OBR) showed that the economy was being adversely affected by the cost-of-living crisis. The Office for Budget Responsibility (OBR) has assessed the impact of the government's Autumn Budget 2024. The OBR forecasts the economy to grow by 1.1% in 2024, before increasing to 2.0% and 1.8% in 2025 and 2026. Growth then returns to around the OBR's estimate of its potential rate, at 1.5%, 1.5% and 1.6% over 2027, 2028 and 2029 respectively. The OBR judges that policies announced at Autumn Budget 2024 boost output in the near term and expect the package as a whole to have a net positive effect on potential output beyond the forecast horizon.

The OBR expects annual CPI inflation to remain close to the 2% target throughout the forecast period (to 2029). The OBR forecasts inflation to average 2.5% in 2024, before increasing to 2.6% in 2025. It is expected to fall towards target across the final three years of the OBR forecast. Reflecting the impact of policy on inflation and demand, the OBR has adjusted its assumed path for Bank Rate, resulting in a slower reduction in interest rates over the forecast.

Climate Emergency

The Council formally recognised, in 2019, that there is a climate & ecological emergency and has agreed to commit to several activities which will reduce its carbon footprint, and which will move towards a carbon neutral district. A Working Group has been established to consider the options and implications and an Action Plan for our own estate has been adopted and a district wide strategy is anticipated to be created during 2022.

Future Strategies

The current negative forecast means that there will need to be significant work undertaken to address the forecast deficit over the term of the MTFS. Set out below are some of the key areas to be developed through the 2025/26 budget strategy and beyond to address those financial challenges. This should all be considered in the light of LGR which it is expected to take significant effect from 2027.

Re-focusing of Priorities: The Council needs to prioritise and rephase the work it is undertaking to recognise the financial challenges it faces. We will continue to undertake and re-focusing work throughout the term of the medium term financial strategy but with a focus upon the early years of the plan, with the intention of delivery base budget recurring savings. This work will include a review of services performed,

identification of opportunities to improve the efficiency, improve service delivery and resilience through improved ways of working.

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.

Bigginswood was acquired with the objectives of boosting the local economy, increase job opportunities and providing more homes (including affordable homes) and is anticipated to deliver an estimate 77 residential units, 660m² of commercial office units and 5,142m² of light industrial units. The Council undertook remediation and infrastructure works to the site to enable it to be sold for the planned redevelopment and it was sold in late 2024, having addressed the market failure on the site.

The largest development is that of the proposed new town at Otterpool Park and options are being explored to generate future revenue and capital streams. A full financial model was completed in 2019 to consider the long term potential returns from the development. During 2020 the Council acquired its partner's stake in the site and now has full control of the project. Also, during 2020 the Council established a Limited Liability Partnership (LLP) to manage the delivery of the project. The LLP's first Strategic Business Plan was approved by the Council in January 2021 and the first review of this was approved by Cabinet in January 2022.

The draw-down of funds from the Council will be linked to key milestones contained in separate detailed funding agreements which will be the subject of expert advice to be commissioned by the Interim Director of Finance and Governance (the S151 Officer of the Council) to regulate the milestones for draw down, the terms for repayment, security, and all other provisions which it would be prudent to include. The MTFS incorporates income from Otterpool Park, which is represented as interest on the loans the Council will make to the LLP to facilitate infrastructure and land acquisition. As outlined within the risks, this is a volatile area with many dependencies affecting the financial position, the sums do have an impact upon the MTFS itself, so will be monitored closely.

On 18th October 2023, Cabinet considered a paper on Otterpool Park LLP. The report presented an update on Otterpool Park and detailed outcomes of the governance, finance, and management reviews to ensure the successful continuation of this important significant project.

Recommendations covered the strategic direction, funding, and future delivery of the project. The report, which also included details on delivery and financial risks for the Council is available through the link below.

<https://folkestone-hythe.moderngov.co.uk/mgCalendarMonthView.aspx?M=11&CID=0&OT=&C=-1&MR=0&DL=0&D=1&ACT=Earlier&DD=2023>

The Cabinet resolved that the Council explored third-party investment (public and/or private sector) on a joint venture basis, reporting the outcome to Cabinet for further consideration and decision. The broad principles on which this should be based are proposed as:

- A Joint Venture (JV) between the Council and third party on a strategic, site-wide basis.
- The JV partner to demonstrate a track record of facilitating development at scale, and a commitment to delivering the vision for Otterpool Park.
- The JV partner to share the role, risk and responsibility as Master Developer for the whole site.
- The Council retaining a significant stake - preferably 51% control.
- The JV partner makes a financial contribution to costs already incurred by the Council.
- The JV agreement to release an early capital repayment to the Council.
- Future profit / returns to be on a shared 'risk and reward' basis; and
- Delivery and financial risk to the Council mitigated to an acceptable level of tolerance.

Folkestone Town Centre Levelling Up Funding Application

The Council was successful re the Levelling Up Funding (LUF) bid of £19.8m from the Government to support its plans for the regeneration of Folkestone town centre. The bid builds upon the Council's Place Plan for the centre of Folkestone and seeks funds for three key strands of work which aim to improve the appearance and use of the town centre including key links to it. A provision has been made in the existing approved Medium Term Capital Programme for this scheme.

A **financial review** of previous years' outturn and our base budget to ensure maximum value is obtained from those resources already allocated – effectively to ensure financial discipline and good housekeeping are maintained. This is a fundamental annual review of our current operations in order to maximise the use of our current resources.

Using **reserves** in a sustainable and prudent manner to support the Council's strategies and priorities. These are informed by the reserve's strategies at Appendix 2, and it is recognised that these can only be used on a "one off" basis. However, they can play an important part in supporting initiatives or investments which can produce benefits in the future. The current financial climate means the Council may need to utilise reserves in the short term to protect front line services whilst its longer term plans are brought to a conclusion. In light of the Final Local Government Financial Settlement announced on 3 February 2025, the Council's reserve balances will be further depleted for 2025/26 as the settlement was below inflationary levels.

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. It has utilised Flexible Capital Receipts where possible to fund the transformation programme and to take pressure off the revenue account. All these are managed on an ongoing basis.

To maintain the Council's financial standing it is important that it continues its proactive approach to financial planning and ensures that the savings plans are deliverable and that any investments are focussed on the financial health of the authority.

Housing Revenue Account

The Council has a separate ring-fenced account, the Housing Revenue Account (HRA) which supports local authority housing throughout the district. The HRA is required to produce a 30 year business plan which demonstrates the affordability and sustainability of the management and investment in the Council's housing stock. The current plan was brought to Cabinet and Council in February 2024.

Medium Term Capital Programme

The Medium Term Capital Programme (MTCP) sets out how capital resources are used to achieve the Council's vision and corporate priorities. Funding for capital projects is limited and where possible external funding is used to supplement the programme. The Council has an affordable Capital Programme, and this is assessed against business cases taking into account future resources to support projects. A strategy has been adopted which will look to utilise capital receipts to support investments for the Council. Demand for financing potential new projects continues to outweigh the funding available and developments such as Otterpool Park will need to be prioritised as part of the programme.

The main strategic objectives of the Capital Programme, which provide the underlying principles for financial planning, can be summarised as follows:

- To maintain a five year rolling Capital Programme which remains within the approved affordable, sustainable, and prudential limits.
- To ensure capital resources are aligned with the Council's strategic vision and corporate priorities by ensuring all schemes are prioritised according to the Council's prioritisation methodology.
- Prudential Borrowing to be undertaken to support the Council's priorities where there is a business case for it to do so and there are sufficient monies to meet in full the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets.
- To use internal resources alongside external resources where appropriate to support the capital programme and minimise any borrowing costs.

The Council forecasts its capital programme over a 5 year period. A full update to the MTCP will be made to Cabinet in February 2025 alongside this paper before being submitted to full Council for approval as part of the annual budget setting cycle.

Risks and Sensitivities

In considering the future projections, it is recognised that there are unknowns which could impact upon the existing forecasts. The MTFS should therefore not be seen as

a static document but rather one that is constantly evolving as the environment around it changes.

In terms of financial planning for 2025/26, the projection in the MTFS is likely to see many changes before the budget reaches Cabinet and Full Council in February 2025 for decision and approval.

It is a requirement of the CIPFA Financial Management Code that the Council considers different scenario's when developing its MTFS, and while it is accepted that the MTFS cannot be based on full knowledge of the future, there will be "events" which cannot be predicted or the impact of which cannot be quantified. These include items such as LGR and the business rates reset. As such, the latter 2 years of the MTFS are highly uncertain.

It is important to consider the Council's ability to withstand significant external 'shocks' and how it could potentially manage these. This testing is about the ability to cope should the "what if?" happen and not the likelihood of it happening which is dealt with through the risk management strategy and the review of the robustness of estimates and reserves.

Some of the key risks and sensitivities which are included in the Council's corporate risk register and need to be monitored are mentioned below.

- **Funding.** As previously explained, the future funding arrangements to be established by government pose a potential risk to the council. It is not expected that the new arrangements will come into place until 2026/27, a further delay to the previously extended delay, although final confirmation is awaited of this from the Government. Changes to the funding formula for Local Government have been delayed for several years, with the earliest opportunity for implementation being 2026/27 as part of the LGR agenda.

The outcome from the review could increase or reduce funding compared to those values included in the medium-term financial strategy. At this stage no intelligence has been received from supporting professional bodies that would support different assumptions to those being used in the forecast. At present, this would be purely speculation.

- **Economic conditions.** The impact of the economic cycle will need to be considered particularly in relation to business growth, inflationary pressures, and interest rate movements. The impact of changes and any impact on public finances will need to be fully evaluated on the financial model. The economy has recovered well following COVID-19 restrictions and the UK's labour market has proved more resilient than expected, although there are continued national issues impacting on the picture due to the cost of living crisis and high interest rates affecting borrowing costs. Funding settlements in the next spending review are likely to be very tight indeed.

For Shire Districts, there is no planned additional increase in grant funding –. The current settlement is clearly insufficient to meet the cost of inflation and cost of living.

- **Otterpool Park.** Given the scale of the Garden Town project, it has a significant bearing on the Council's MTFS. There are several factors which present risk and sensitivity to the plan. The Otterpool Park LLP is fully funded by the Council. It is anticipated that the Council will be the lender of the LLP and will need to fund the initial infrastructure (through debt and equity in the LLP). Factors which have a financial impact on this plan in this regard include interest rates available to the Council, the timescale for the delivery of the infrastructure, the sequencing of that work, and indeed when the LLP will be in a position to sell serviced plots to housebuilders, and market rates of both constructions and plot prices.

The Council's Cabinet met on Wednesday, 18th October 2023, to consider a paper on Otterpool Park LLP – Strategic direction, funding, and delivery. The report covers the review outcome and key issues that the Council must consider concerning the strategic direction, funding, and delivery of Otterpool Park. The Cabinet resolved to explore the potential of a strategic joint venture partner leading to third party funding, skills, and expertise to support continued delivery of Otterpool Park based on broad agreed principles. Work in ongoing with Homes England in this regard, as reported to Cabinet in December 2024.

- **Local Government Finance Settlement.** Future settlement announcements by the Government each year impact the forecasts. Understanding which grants the Council may receive, particularly the future of NHB and Lower Tier funding holistically will have a bearing on this financial plan.
- **Government Finance Legislation.** There are key pieces of government legislation which will impact upon the future financial position of the Council. In particular the impact of the localisation of business rates and any additional responsibilities will need to be fully evaluated as well as the government's Fair Funding Review of local government finance which is now anticipated to take place in 2026/27.
- **Other Government Legislation.** There are a significant number of political initiatives particularly in relation to localisation and the role of local government. These will need to be assessed for their relevance to Folkestone and Hythe and the impact on future finances.
- **Buoyancy of income streams.** These will be sensitive to changes in consumer confidence and the economy so will need to be closely monitored.

Conclusion

The MTFS represents the collation of the key financial documents which looks to forecast the likely financial position the Council will be facing over the next 4 years. It is the critical financial planning tool for the Council and will provide the overall steer

for the ongoing discussions throughout the annual budget cycles in dealing with the current economic climate.

Appendices

- 10 MTFS workings
- 11. Reserves Policy

	<i>Base 2024/25</i>	<i>Forecast 2025/26</i>	<i>Forecast 2026/27</i>	<i>Forecast 2027/28</i>	<i>Forecast 2028/29</i>
	£	£	£	£	£
Heads of Service					
Leadership Support	549,040	1,745,940	1,745,940	1,745,940	1,745,940
Governance and Law	2,257,250	0	0	0	0
People & Customer Services	4,231,360	3,064,860	3,064,860	3,064,860	3,064,860
Governance, Law and Finance	5,371,250	7,428,300	7,428,300	7,428,300	7,428,300
Corporate Estates & Development	1,648,890	1,586,760	1,586,760	1,586,760	1,736,760
Planning & Building Control	312,560	1,789,520	1,789,520	1,789,520	1,789,520
Reg & Community Services	5,199,840	4,854,930	4,817,930	4,811,930	4,804,930
Housing	3,085,090	3,704,200	3,704,200	3,704,200	3,704,200
Place & Growth	2,706,160	2,919,920	3,349,628	3,688,279	3,820,574
Changes not attributed to services		0	101,630	153,727	206,865
Recharges to non GF accounts	-6,481,885	-7,040,640	-7,251,859	-7,469,415	-7,693,497
Unallocated net employee costs	116,000	-474,000	326,000	1,126,000	1,926,000
Total for Service	18,995,555	19,579,790	20,662,909	21,630,101	22,534,452
Internal drainage board levies	585,610	609,034	633,396	658,732	685,081
Interest payable and similar charges	2,381,000	3,093,000	3,235,000	3,343,000	3,450,000
Interest and investment income	-3,043,000	-3,056,000	-3,628,000	-4,586,000	-5,533,000
New Homes Bonus grant	-135,700	-431,953	0	0	0
Other non-service related grants	-5,758,680	-4,431,185	-3,908,533	-3,861,518	-3,810,631
Town and Parish Council Precepts	2,993,850	3,161,440	3,161,440	3,161,440	3,161,440
Minimum revenue provision adjust.	2,325,000	2,525,000	2,743,000	2,969,000	3,022,000
Capital Expenditure financed from Revenue	1,055,000	1,205,000	205,000	205,000	-55,000
Net Revenue Expenditure Before Use Of Reserves	19,398,635	22,254,126	23,104,211	23,519,754	23,454,342
Net transfers to/(from) reserves	-405,290	-2,406,296	-2,317,000	0	0
Total To Be Met From Taxpayers & Formula Grant	18,993,345	19,847,830	20,787,211	23,519,754	23,454,342
Transfer to/(from) Collection Fund	0	0	0	0	0
Net business rates income	-4,023,175	-4,063,130	-4,110,526	-4,157,541	-4,208,428
Council Tax Requirement	-14,970,170	-15,784,700	-15,987,865	-16,509,319	-17,366,500
(Surplus)/deficit to General Reserve	0	0	688,821	2,852,894	1,879,413
Cumulative (surplus)/deficit			688,821	3,541,715	5,421,128

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This Report will be made public on 4 February 2025.

Report Number

C/24/70

To: Cabinet
Date: 12 February 2025
Status: Key Decision
Head of Service: Lydia Morrison, Interim Director - Governance and Finance
Cabinet Members: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance.
Councillor Rebecca Shoob, Cabinet Member for Housing and Homelessness

SUBJECT: **DRAFT HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL ORIGINAL BUDGET 2025/26 & HOUSING RENT SETTING BUDGET REPORT 2025/26**

SUMMARY: This report sets out the Housing Revenue Account ('HRA') Revenue and Capital Budget for 2025/26, Housing Revenue Account ('HRA') Rent Setting for 2025/26 and proposes an increase in weekly rents and an increase in service charges for 2025/26, both for approval by both Cabinet and Council for recommendation to Council.

REASONS FOR RECOMMENDATION:

The Committee is requested to agree the recommendations set out below as the Local Government Housing Act 1989 requires the Council, as a Local Housing Authority, to keep a separate Housing Revenue Account and to produce estimates to ensure that the account does not go into deficit. The authority also has a duty to set and approve rents in accordance with government guidelines that are outlined in the self-financing determination. The Constitution requires that the annual Budget and any variations to the Budget are approved by Council.

RECOMMENDATIONS:

1. To receive and note Report C/24/70.
2. To approve the Housing Revenue Account Budget for 2025/26 (Refer to paragraph 2.1 and Appendix 1) and recommend to Full Council.
3. To approve the Housing Revenue Account Capital Programme budget 2025/26 (Refer to paragraph 3.1 and Appendix 2) and recommend to Full Council.
4. To approve the Housing Revenue Account Medium Term Capital Programme budget to 2029/30. Refer to paragraph 3.3 and Appendix 3) and recommend to Full Council.

5. To approve the increase in rents of dwellings within the HRA on average by £2.79 per week, representing a 2.7% increase with effect from 7 April 2025 (Refer to paragraph 4.2) and recommend to Full Council.
6. To approve the increase in rents of shared ownership dwellings within the HRA by 3.2% (RPI 2.7% + 0.5%), with effect from 7 April 2025 (Refer to paragraph 4.2) and recommend to Full Council.
7. To approve the increase in service charges (Refer to section 5) and recommend to Full Council.

1. INTRODUCTION

- 1.1. The Housing Revenue Account (HRA) is a ring-fenced account and is outlined and projected within the HRA Business Plan. The HRA Business Plan provides the framework for annual HRA budget setting, as estimates need to be closely aligned to the business plan model to ensure that the HRA remains financially viable in the long term.
- 1.2. The Reform of Council Housing Finance came into effect from 1 April 2012, and significantly brought an end to the subsidy regime where councils such as Folkestone & Hythe made a contribution to the national pot. Instead, authorities are now part of the self-financing arrangements following a redistribution of the national housing debt and the abolition of rent restructuring.
- 1.3. In October 2018, Government announced the removal of the HRA borrowing cap to enable local authorities to build more homes. In light of this, and following a review of the financial position within the HRA, there was an opportunity for the Council to expand its New Build Programme to increase the number of new homes in the district.
- 1.4. The HRA Business Plan is the cornerstone of the financial and business planning requirement for the HRA in terms of delivery of its plans for social housing and the affordability of this, coupled with the long-term plans for the overall development and maintenance of the housing stock.

2. HOUSING REVENUE ACCOUNT REVENUE ESTIMATES

2.1 Original Budget 2025/26

The proposed HRA Revenue Budget for 2025/26, at Appendix 1, shows a forecast increase of £803k. This is in line with the agreed and current HRA Business Plan which fluctuates from year to year, depending on the profile of the stock, size of the new build programme and the resources available. The year-end HRA revenue reserve balance as at 31 March 2026 is expected to be £3.2m as shown at Table 1 below:

Table 1	£000's
Original estimate of balance at 31 March 2024	(2,434)
Movement from Original 2024/25 to Original budgets 2025/26	
Decrease in revenue contribution to Capital (see 2.1.2)	(3,602)
Increase in rents and other service charges (see 2.1.3)	(724)
Increase in repairs and maintenance (see 2.1.4)	1,157
Increase in loan charges - interest (see 2.1.5)	500
Increase in depreciation charges (see 2.1.6)	462
Increase in general management (see 2.1.4)	260
Decrease in interest on notional cash balances (see 2.1.7)	133
Increase in special management (see 2.1.4)	83

Other net movements	(2)
Subtotal Movement from Original 2024/25 to Original 2025/26	(1,733)
Deficit 2024/25	930
Original estimate of balance at 31 March 2026	(3,237)

2.1.1 HRA Revenue budget

The HRA revenue budgets are driven from the framework set out in the latest approved HRA business plan (February 2024). The business plan sets out the Council's income and expenditure plans for its landlord service over a 30 year period, including the capital costs of maintaining the decent homes standard and of any additional repairs, maintenance and improvements agreed with tenants.

2.1.2 Revenue contribution to Capital expenditure

The reduction in revenue contribution to capital expenditure is due to changes to the financing of the capital programme. This will entail using Other HRA Capital Receipts of £3.8m and a capital financing loan of £5m to support the New Build aspirations set out in the HRA Business Plan.

2.1.3 Rents and Other Service Charges

The increase in rents and other service charges is largely due to the 2.7% increase in line with Government guidelines, there is a separate report for the Housing Rent Setting Budget 2025/26.

2.1.4 Repairs & Maintenance & Management costs

The increase in repairs & maintenance and management costs relates predominantly to inflation, (materials and labour and landlord utility costs), which have been driven by the recent economic and financial climate i.e. effects of increases in inflation, energy costs and costs of borrowing, also a new M&E Communal contract which will give improved assurance that FHDC are compliant with legislation. The impact of this is to increase the recharge costs for the HRA's allocation of Council resources (e.g. staff costs). There has also been an increase in the volume of work, in part to disrepair claims and additional work around mould and damp. Amongst other things, revenue growth bids are also included to i) retain our social housing decarbonisation team who have until this point been funded by grants and who lead our decarbonisation efforts on our capital programme, ii) a surveyor post to perform continuous surveys of our stock and therefore decrease the spend on externally performed stock condition surveys, and iii) up to 4 posts in grounds maintenance to perform HRA specific work across the estate.

2.1.5 Loan charges - interest

The increase in loan charges is due to an increase in the anticipated borrowing required to fund new builds and acquisitions as per the HRA Business Plan.

2.1.6 Depreciation charges

The movement in depreciation charges for fixed assets is due to a forecast increase in asset value of council stock as at 31 March 2025. This has the effect of increasing the depreciation charge. It should, however, be noted that the increased depreciation charge provides a matched increase to the Major Repairs Reserve (see 2.2 below) which is used to fund capital spending. In turn, a corresponding saving can be made to the revenue funding of capital expenditure offsetting the increase in the depreciation charge.

2.2 HRA Reserve Balances

HRA Reserve – The HRA reserve consists of revenue balances that can be used for revenue or capital expenditure in line with the HRA Business Plan. The actual reserve balance on the HRA at the start of 2024/25 was £3.36m.

Table 2 below shows the estimated HRA balances to 31 March 2026.

<i>Table 2</i>	2024/25	2025/26
	£000's	£000's
Balance as at 1 April (opening)	3,364	2,434
Balance as at 31 March (closing)	2,434	3,237

The HRA reserve is expected to increase by £803k from the close of 2024/25 and the end of the financial year 2025/26.

The changes with the introduction of HRA Self-Financing have significantly increased the flexibility for the Council to manage the resources and debts within the HRA to best meet the needs of existing and future tenants. The estimated HRA balances, set out in table 2, are above the revised recommended minimum balance, which is £2m.

Major Repair Reserve (MRR) – This reserve is derived from the transfer of the depreciation charge from the revenue account and can be used to fund major repairs for capital expenditure or debt repayment. The Council's Business Plan requires that the reserve is allocated to fund capital expenditure. The proposed HRA capital programme should leave the Major Repairs Reserve with a nil balance. This is in line with the practice adopted by the Council in previous years, of using the Major Repairs Reserve in the year it is received.

3. HOUSING REVENUE ACCOUNT CAPITAL ESTIMATES

3.1 Original Budget 2025/26

The proposed HRA Capital Budget for 2025/26, shown in Appendix 2, is £20.1m. Table 3 below shows the key movements in the programme from the 2024/25 original budget to the original budget for 2025/26.

<i>Table 3</i>	£000's
Original estimate 2024/25	13,454
Changes in programme	
SHDF Wave 2 – Capital Works (see 3.1.1)	(1,555)
Telecare – Digital upgrade (see 3.1.1)	(619)
Treatment Works (see 3.1.1)	(120)
New Builds (see 3.1.2)	7,572
Carbon Improvement Works (see 3.1.3)	595
Everist Court remodelling (see 3.1.4)	300
Sandgate Flats (see 3.1.4)	250
Block CCTV (see 3.1.4)	125
Miscellaneous Capital Works (see 3.1.4)	125
Other net variances	(10)
Total increase in expenditure	6,663
Original estimate 2025/26	20,117

3.1.1 SHDF Wave 2, Telecare – Digital upgrade and Treatment Works

Budget is no longer required for SHDF Wave 2 and Telecare digital upgrade projects as they will have now been completed. The treatment works budget has been reduced as there are no major works to be completed during 2025/26 which has resulted in the reduction of the following budgets from 2024/25 to 2025/26:

SHDF Wave 2	£1,555k
Telecare – digital upgrade	£ 619k
Treatment Works	£ 120k

3.1.2 New Build

Although we have allocated a minimum of £5m a year for acquisitions and affordable new build to 2042/43, the budget required for the new build programme will vary from year-to-year depending on the profile of the programme. This is reflected within the 30-year HRA Business Plan agreed in February 2024 and further the HRA Medium term capital programme. Current proposed schemes for 2025/26 include 44 units at Risborough

Barracks and 26 units in Hythe, far in excess of the 20 units per annum minimum aim from the HRA Business Plan.

3.1.3 Carbon Improvement Works

This budget has increased in order to maintain the momentum on decarbonisation of the Council's existing stock, in place of previous year's grant funding which may not be available.

3.1.4 Everist Court remodelling, Sandgate Flats, Block CCTV and Misc Capital Works

The above 4 capital projects have been requested as growth bids due to essential works required to be completed during 2025/26:

Everist Court - £300k

Refurbishment costs to convert the property back to flats following Age UK relinquishing the lease. This is an opportunity for the HRA that could allow the reinstatement of 5 flats in Lyminge. This would potentially bring in additional rental income of £159.95 per week for each 2 bed flats and £117.37 per week for 1 bed flats (at LHA rates) and add 5 more units of age designated homes in Lyminge.

Sandgate Flats - £250k

The concrete external walkway which serves 4 maisonettes is structurally unsound and currently being supported by scaffolding. This is a serious health & safety issue which needs to be rectified as soon as possible.

Block CCTV - £125k

There is currently very limited CCTV coverage for health & safety issues around anti-social behaviour like fly tipping, it is also to help residents feel more secure in their home surroundings. This funding is to roll out a 5-year programme to allow for CCTV to be tendered; the works will cover general needs and independent living sites.

Miscellaneous Capital Works – £125k

This budget will be used for urgent capital works required during the financial year outside of the set capital programme. If no urgent works are identified, this budget will lapse back into the HRA General Reserve each year but provides officers with the flexibility to mitigate operational matters arising on the HRA capital programme in-year.

3.2 HRA Reserve Balances

HRA Reserve – The HRA reserve consists of revenue balances that can be used for revenue or capital expenditure in line with the HRA Business Plan.

The following table shows the required resources to finance the original budget for 2024/25 and original budget for 2025/26 for the HRA capital programme.

Table 4	Major Repairs Reserve	Use of RTB Capital Receipts	Use of Other HRA Capital Receipts	Capital Financing	Section 106 & Grants & Contributions	Revenue Contribution	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Original budget 2024/25	3,198	600	1,054	5,000	0	3,602	13,454
Original budget 2025/26	3,660	600	3,826	10,429	1,602	0	20,117

3.3 Attached at Appendix 3 is the proposed HRA Medium Term Capital Programme. This is based on the current proposed new build schemes which form the new build pipeline. The programme has been developed in conjunction with the Housing Assets team, based on knowledge of the existing stock to date and mindful of the priorities put forward in the HRA business plan which set out aspirations for new build/acquisitions to increase stock.

4. RENT SETTING GUIDANCE & RENTS

4.1 Rent Policy – National context

On the 30 October 2024 the Government released a five-year rent settlement for social housing landlords that annual rents will rise by CPI + 1% each year with potential for this to be extended to 10 years.

The Government regulates how much social housing and affordable rents can increase each year. It is set at the consumer price index (CPI) rate for September in a given year, plus 1% - meaning potential increases for 2025/2026 of 2.7% in line with the latest data from the Office of National Statistics.

4.2 Rent Increase – Local context

In line with last year's approved report, Housing Services will be charging the 'formula rent'¹ when a property is re-let to a new tenant and service charges that fall under utilities will be charged at the 'actual' cost on new lets.

The proposed increase of 2.7% in line with Government guidelines, equates to an increase of £2.79 per week or £145.08 per annum. This gives an

¹ The 'formula rent' is the amount an individual rent can be set at before taking into account the rent restructuring restrictions and maximises the rental income received without penalising any individual.

average rent of £110.27 (over 50 weeks) in 2025/26 (average rent in 2024/25 is £107.10 (over 51 weeks)).

The HRA has 18 shared ownership properties. Shared Ownership rents are set out in the terms of most lease agreements, and rents are permitted to increase by a maximum of the Retail Prices Index (RPI) plus 0.5%. In September, RPI was 2.7% this means that rents could increase by 3.2% in 2025-26.

4.3 New Build rents & Affordable Rents

In line with proposals set out in the Council's current HRA Business Plan, the rents for any new homes will be set at affordable rent levels. Affordable rents are defined as being a maximum of 80% of the prevailing average market rent for the area and should be no more than the prevailing local housing allowance (LHA) rates for the area to ensure that properties remain affordable.

The local housing allowances rates for 2025/26 will not be uprated in April 2025, therefore, the LHA will be frozen at 2024 rates. Folkestone and Hythe District Council fall within the 'Dover-Shepway' LHA area.

Dover-Shepway Area

Bedsits	£99.30 per week
1 bedroom houses	£117.37 per week
2 bedroom houses	£159.95 per week
3 bedroom houses	£199.07 per week
4 bedroom houses	£276.16 per week

Ashford Area (comparator)

Bedsits	£90.50 per week
1 bedroom houses	£172.60 per week
2 bedroom houses	£195.62 per week
3 bedroom houses	£252.64 per week
4 bedroom houses	£331.40 per week

The proposed affordable rents increase for 2025/26 is either 2.7% or the local housing allowance rate whichever is the lower.

4.4 Rent Comparisons

The table below compares Folkestone & Hythe's average weekly rent to that of other authorities in Kent.

<i>Table 1</i>	Average weekly rent over 52 weeks (2025/26) £	Difference between FHDC and other authorities £

Folkestone & Hythe	106.03	-
Dover	107.16	1.13
Canterbury	114.44	8.41
Thanet	102.31	(3.72)

- Subject to Dover, Canterbury, and Thanet's approval at their own Council meetings.

5. Service Charges

5.1 General Service Charges

The general principle for service charges for tenants is that they are set to fully recover the costs of the service they fund. However, the Government also limits increases in service charges as part of rent setting guidance which for 2025/2026 is CPI + 1%. The CPI for September 2024 is 1.7%, therefore the rent increase will be a maximum of 2.7% (1.7% + 1%).

Local authorities can increase charges above this level where costs are increased that are beyond the authorities' control. Utility charges, such as heating and hot water in sheltered housing schemes are an example where this applies. Proposals for these charges for 2025/26 are set out in 3.2 below.

3.2 Heating charges in Sheltered Housing

Residents in 12 of the Council's sheltered housing schemes have heating and hot water provided to their flats by communal systems. Charges are made for this service based on the floor area of each flat.

Over time fuel costs have increased significantly above the rate of inflation, so that the charges raised for this service no longer cover the costs. The proposed charges for this service, set against the actual cost of providing the service, are in line with the principle agreed last year. This continued move to full cost recovery may result in some tenants facing significant increases and it is therefore proposed to set charges that provide some interim protection against the highest increases.

Following the same approach as previous years, it is recommended that the 2025/26 service charges for heating and hot water in sheltered housing schemes should be set at actual cost or 10% increase, subject to the following limits:

- Bedsit flats £33.90 per week (£1,763 per year)
- 1 bed flats £37.79 per week (£1,965 per year)
- 2 bed flats £41.50 per week (£2,158 per year)

6. RISK MANAGEMENT ISSUES

6.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Capital programme does not reflect work required	Medium	Low	The budgets have been drafted following a comprehensive stock condition assessment to identify works required and allocation of resources accordingly.
Spending profile and budget are unaligned	High	Low-Medium	Stringent budget monitoring during the financial year will enable early corrective action.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Comments (NM)

There are no legal implications arising directly out of this report other than as already stated therein. (Following the coming into force of Schedule 15 of the Localism Act 2011, English local authorities are required to be self-financing in relation to their housing stock, financing their housing stock from their own rents.)

7.2 Finance Comments (JS)

This report has been prepared by Finance; there are no further comments to add.

7.3 Diversities and Equalities Implications (GE)

The report does not cover a new service/policy, or a revision of an existing service or policy therefore does not require an EIA.

7.4 Climate Change implications (JW)

There are no climate change implications arising from this report.

Consideration should be given to ensure that houses are built, repaired, and upgraded using materials and techniques that are suitable to our changing climate.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

This report has been prepared by:

Jonathan Smith, Head of Financial Reporting
Telephone 01303 853728 Email: jonathan.smith@folkestone-hythe.gov.uk

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

None

Appendices:

Appendix 1 - HRA Revenue Budgets

Appendix 2 - HRA Capital Programme

Appendix 3 – HRA Medium Term Capital Programme

HRA REVENUE					
SERVICE	COST CENTRE CODE	AB	B2	O7	
REVENUE EXPENDITURE					
Dwelling rents	MI01	-12582835	-13842432	-14293310	-450878
Dwelling rents	MI03	-1816756.4	-2014306	-2079920	-65614
Dwelling rents	MI09	0	0	0	0
Dwelling rents	MI29	-2670942.6	-2962686	-3059190	-96504
		-17070534	-18819424	-19432420	-612996
					Budget changed to reflect
Non-dwelling rents	MJ02	-355489.78	-345000	-391460	-46460
Non-dwelling rents	MJ05	-10004.7	-9080	-9080	0
Non-dwelling rents	MJ06	-7820	-7420	-7420	0
		-373314.48	-361500	-407960	-46460
Other charges for services and facilities	MK09	0	0	0	0
Other charges for services and facilities	MK29	-80494.66	-124310	-103400	20910
Other charges for services and facilities	ML01	-153614.08	-175050	-163480	11570
Other charges for services and facilities	ML03	-54045.46	-83080	-70070	13010
Other charges for services and facilities	ML06	-52312.41	-57350	-57350	0
Other charges for services and facilities	ML07	-56792.71	-50180	-50180	0
Other charges for services and facilities	ML09	0	0	0	0
Other charges for services and facilities	ML29	-618517.06	-641330	-751610	-110280
Other charges for services and facilities	MP01	-4970.09	-10500	-10500	0
		-1020746.5	-1141800	-1206590	-64790
Contributions from general fund	MN01	-52200	-52200	-52200	0
		-52200	-52200	-52200	0
		-18516795	-20374924	-21099170	-724246
					£50k added to increase
Repairs and maintenance	MP92	1437185.33	1841000	2628600	787600
Repairs and maintenance	MR00	0	0	0	0
Repairs and maintenance	MR01	0	0	0	0
Repairs and maintenance	MR02	0	0	0	0
Repairs and maintenance	MR03	-101571	0	0	0
Repairs and maintenance	MR04	244.16	-5390	-3470	1920
Repairs and maintenance	MR15	0	0	0	0
Repairs and maintenance	MR16	0	0	0	0
Repairs and maintenance	MR24	0	0	0	0
Repairs and maintenance	MR29	0	0	0	0
Repairs and maintenance	MR34	195101.92	200000	190000	-10000
Repairs and maintenance	MR43	1986694.49	2141000	2635510	494510
Repairs and maintenance	MR50	0	0	0	0
Repairs and maintenance	MR51	0	0	0	0
Repairs and maintenance	MR53	379762.33	250000	0	-250000
Repairs and maintenance	MR54	0	0	0	0
Repairs and maintenance	MR56	0	0	0	0
Repairs and maintenance	MR65	0	6000	6000	0
Repairs and maintenance	MR68	0	0	0	0
Repairs and maintenance	MR69	16595.75	14000	14000	0
Repairs and maintenance	MR72	0	0	0	0
Repairs and maintenance	MR82	524465.22	600600	750600	150000
Repairs and maintenance	MR83	16977.59	15000	15000	0
Repairs and maintenance	MR93	0	0	0	0
Repairs and maintenance	MR95	-25404.76	1000	1000	0
Repairs and maintenance	MR98	0	0	0	0
Repairs and maintenance	MR99	0	0	0	0
Repairs and maintenance	MS00	1186.54	57650	41000	-16650
Repairs and maintenance	MS01	10059.79	13260	13260	0
Repairs and maintenance	MS02	3413.16	6110	6110	0
Repairs and maintenance	MS03	12278.15	12100	12100	0
Repairs and maintenance	MS04	16078.7	18020	18020	0
Repairs and maintenance	MS05	11250.79	10870	10870	0
Repairs and maintenance	MS06	1849.91	4700	4700	0
Repairs and maintenance	MS07	8202.49	9700	9700	0
Repairs and maintenance	MS08	2605.78	4700	4700	0
Repairs and maintenance	MS09	0	0	0	0
Repairs and maintenance	MS10	520	1700	1700	0
Repairs and maintenance	MS11	6716.57	6090	6090	0
Repairs and maintenance	MS12	7512.43	13330	13330	0
Repairs and maintenance	MS13	8617.54	9700	9700	0
Repairs and maintenance	MS14	9943.31	10340	10340	0
General Management	MB07	65682.06	80000	80000	0
General Management	MB08	0	0	0	0
General Management	MB09	0	0	0	0
General Management	MB10	416717.32	330330	347800	17470
General Management	MA22	0	0	0	0
General Management	MA06	0	0	0	0
General Management	MB11	4572380.09	4480490	4729317	248827
General Management	MB12	0	0	0	£4,597,397 not in CP
General Management	MB13	0	0	0	0
General Management	MB14	4500	4500	4500	0
General Management	MB15	4307	6400	6400	0
General Management	MB16	0	0	0	0
General Management	MB17	0	0	0	0
General Management	MB18	0	0	0	0
General Management	MB20	0	2750	0	-2750
General Management	MB30	0	0	0	0
General Management	MB31	0	0	0	0
General Management	MB32	0	0	0	0
General Management	MB33	0	0	0	0
General Management	MB34	0	0	0	0
General Management	MB35	10000	18000	18000	0
General Management	MB36	0	0	0	0
General Management	MB37	0	0	0	0
General Management	MB38	4490	5000	5000	0

General Management	MB39	0	0	0	0
General Management	MB50	8536.25	23000	23000	0
General Management	MB51	10988.8	14000	14000	0
General Management	MB52	0	0	0	0
General Management	MB21	89383.22	206630	194440	-12190
					£737,609 recharges not on CP
Special Management	MA03	306580.24	1088805	1143379	54574
Special Management	MA04	24755.94	23560	34500	10940
Special Management	MA05	76802.2	30290	31500	1210
Special Management	MA09	0	0	0	0
Special Management	MA10	0	0	0	0
Special Management	MA29	880115.33	774950	790613	15663
Special Management	MA30	0	0	0	£17,073 recharges not on CP
Special Management	MA32	0	0	0	0
HRA share of Corporate Management costs	MD01	155265	175000	183750	8750
Rents, rates and taxes	MC01	12691.72	21750	19000	-2750
Increase provision for bad or doubtful debts	MG01	95920	268000	268000	0
Depreciation charges	MF01	11579107.1	3198000	3659790	461790
Exceptional Item Impairment	MF02	3357392.95	0	0	0
Debt management expenses	MH01	36170	26000	27300	1300
		26242071.5	16018935	17979149	Recharges not in CP
Loan charges - Interest	MV01	1802569	1761000	2261000	500000
Interest on notional cash balances	MV20	-487965	-271000	-138000	133000
Finance lease interest	MV25	-5960.58	-6000	-6000	0
		1308643.42	1484000	2117000	0
Differences-Other	MW11	-11695597	0	0	0
Mortgages	MV21	0	0	0	0
Premiums & discounts	MV22	0	0	0	0
Reversal of lease principal	MV24	-4614.42	0	0	0
Reversal of Leave Accrual	MV26	-6931.36	0	0	0
		-11707143	0	0	0
Revenue Contribution to Capital Expenditure	MW05	6076350.29	3602000	147610	-3454390
Pensions Interest costs	MV23	35269	684000	684000	0
Pensions Interest costs	MW13	-464360	-484000	-484000	0
Pensions Interest Cost	MW15	664999	0	0	0
		235908	200000	200000	0
HRA negative subsidy	MM01	0	0	0	0
HRA negative subsidy	MM02	0	0	0	0
HRA negative subsidy	MM01	0	0	0	0
Surplus/Deficit	MX01	-3639035.8	-930010	-926060	Needs to be entered once finalised
Repayment of Debt	MW01	0	0	0	3950
Transfer to/from Major Repairs Reserve	MW09	0	0	0	0
Self Financing Payment	MW16	0	0	0	0
Self Financing Loan	MW17	0	0	0	0
Kent Telecom Consortium	MA31	0	0	0	0

12388244.4 -23046912

Appendix 2

HOUSING SERVICES

ANNUAL ESTIMATES 2025/26

Actual 2023/24 £	<u>HRA CAPITAL PROGRAMME</u>	Original 2024/25 £	Estimate 2025/26 £
	EXPENDITURE		
	Decent Homes Standard		
634,225	Doors	730,000	730,000
780,933	Re-roofing	800,000	800,000
286,997	Heating Improvements	650,000	650,000
471,575	Kitchen Replacement	500,000	500,000
406,106	Bathroom Improvements	350,000	285,000
254,512	Voids Capital Works	300,000	370,000
299,779	External Enveloping	400,000	400,000
769,998	Fire Protection Works	500,000	500,000
3,680	Carbon Improvement Works	405,000	1,000,000
125,306	Smoke/CO Detectors	40,000	140,000
388,628	Door Block Entry System	100,000	100,000
44,101	Communal Areas	50,000	50,000
394,118	Ross House	37,000	0
0	Wipine House Project	0	0
259,856	SHDF Wave 2 - A & A costs	210,000	0
2,047,095	SHDF Wave 2 - Capital works	1,344,600	0
0	Sandgate Flats - new code	0	250,000
0	Everist Court remodelling - new code	0	300,000
0	Mobility Lift Improvements	0	15,000
0	Telecare - Digital upgrade	619,000	0
0	Block CCTV - new code	0	125,000
0	Miscellaneous Capital Projects	0	125,000
0	Remodelling IL Schemes	250,000	250,000
7,346,505	Sub-Total	7,285,600	6,590,000
	Non Decent Homes Standard		
49,598	Treatment Works	150,000	30,000
442,406	Disabled Adaptations	450,000	400,000
154,189	EICR Remedials/electrical heating	200,000	200,000
49,499	Sheltered Scheme upgrades	60,000	60,000
97,110	Garages Improvements	30,000	30,000
13,687	Lift Replacements	60,000	45,000
806,489	Sub-Total	950,000	765,000
4,489,629	New Build Programme		
4,489,629	New Builds	5,130,000	12,702,000
4,489,629	Sub-Total	5,130,000	12,702,000
	Environment/Estate Improvement		
0	Environmental Works	0	0
0	New Paths	60,000	60,000
0	Play Areas	0	0
0	Sub-Total	60,000	60,000
12,642,622	TOTAL IMPROVEMENTS TO HRA STOCK	13,425,600	20,117,000
	OTHER SCHEMES		
0	EKH Single System	28,000	0
12,642,622	TOTAL EXPENDITURE	13,453,600	20,117,000
	FINANCING		
0	Major Repairs Reserve	3,198,000	3,659,790
0	Other HRA Capital Receipts	1,053,600	3,826,210
0	Grants & Contributions	0	702,000
0	Capital Financing	5,000,000	10,429,000
0	Section 106	0	900,000
0	1-4-1 Capital Receipts	600,000	600,000
0	Revenue Contribution	3,602,000	0
0	TOTAL FINANCING	13,453,600	20,117,000
12,642,622	SHORTFALL IN FINANCING	Page 317	0

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<u>HRA CAPITAL PROGRAMME</u>	Estimate 2025/26 Incl Growth bids	Estimate 2026/27	Estimate 2027/28	Estimate 2028/29	Estimate 2029/30
	£	£	£	£	£
EXPENDITURE					
Decent Homes Standard					
Windows & Doors	730,000	750,000	730,000	730,000	730,000
Re-roofing	800,000	800,000	800,000	800,000	800,000
Heating Improvements	650,000	715,000	650,000	650,000	650,000
Kitchen Replacement	500,000	700,000	500,000	500,000	500,000
Bathroom Improvements	285,000	290,000	350,000	350,000	350,000
Voids Capital Works	370,000	370,000	370,000	370,000	370,000
External Enveloping	400,000	400,000	400,000	400,000	400,000
Fire Protection Works	500,000	270,000	260,000	260,000	260,000
Carbon Improvement Works	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
EICR Remedials/electrical heating	200,000	200,000	200,000	200,000	200,000
Smoke/CO Detectors	140,000	40,000	40,000	40,000	40,000
Door Block Entry System	100,000	100,000	100,000	100,000	100,000
Communal Areas	50,000	50,000	52,000	54,000	54,000
Miscellaneous Capital Works	125,000	125,000	125,000	125,000	125,000
SHDF Wave 2 - A & A costs	0	0	0	0	0
SHDF Wave 2 - Capital works	0	0	0	0	0
Sandgate Flats - new code	250,000	0	0	0	0
Everist Court remodelling - new code	300,000	0	0	0	0
Telecare - Digital upgrade	0	0	0	0	0
Block CCTV - new code	125,000	125,000	125,000	125,000	125,000
Remodelling IL Schemes	250,000	0	0	0	0
Sub-Total	6,775,000	5,935,000	5,702,000	5,704,000	5,704,000
Non Decent Homes Standard					
Treatment Works	30,000	30,000	30,000	30,000	30,000
Disabled Adaptations	400,000	450,000	450,000	450,000	450,000
Sheltered Scheme upgrades	60,000	60,000	60,000	60,000	60,000
Garages Improvements	30,000	30,000	30,000	30,000	30,000
Mobility Lifts	15,000	15,000	15,000	15,000	15,000
Lift Replacements	45,000	45,000	45,000	45,000	45,000
Sub-Total	580,000	630,000	630,000	630,000	630,000
New Build Programme					
New Builds	12,702,000	7,362,000	6,612,000	7,500,000	5,998,000
Sub-Total	12,702,000	7,362,000	6,612,000	7,500,000	5,998,000
Environment/Estate Improvement					
New Paths	60,000	60,000	60,000	60,000	60,000
Sub-Total	60,000	60,000	60,000	60,000	60,000
TOTAL IMPROVEMENTS TO HRA STOCK	20,117,000	13,987,000	13,004,000	13,894,000	12,392,000
OTHER SCHEMES					
EKH Single System	0	0	0	0	0
TOTAL EXPENDITURE	20,117,000	13,987,000	13,004,000	13,894,000	12,392,000
FINANCING					
1-4-1 Capital Receipts	600,000	600,000	600,000	600,000	600,000
Other HRA Capital Receipts	3,826,210	464,000	1,546,790	2,677,210	312,190
Major Repairs Reserve	3,659,790	3,659,790	3,659,790	3,749,000	3,937,000
Grants & Contributions	702,000	263,000	0	0	0
Capital Financing	10,429,000	5,232,000	6,872,000	4,957,000	5,352,000
Section 106	900,000	1,160,000	0	0	0
Revenue Contribution	0	2,608,210	325,420	1,910,790	2,190,810
TOTAL FINANCING	20,117,000	13,987,000	13,004,000	13,894,000	12,392,000
SHORTFALL IN FINANCING	0	0	0	0	0

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This Report will be made public on 4 February 2025

Report Number

C/24/77

To: Cabinet
Date: 12 February 2025
Status: Key Decision
Corporate Director: Lydia Morrison – Interim Director Finance and Governance
Cabinet Member: Councillor Tim Prater – Deputy Leader and Portfolio Holder for Finance and Governance

SUBJECT: DRAFT CAPITAL STRATEGY 2025/26 AND MINIMUM REVENUE PROVISION STATEMENT 2025/26

SUMMARY:

This report sets out the Council's proposed strategy in relation to capital expenditure, financing, and treasury management in 2025/26 to be approved by full Council. The report also sets out the Prudential Indicators for capital expenditure and the Minimum Revenue Provision Statement for 2025/26 to be approved by full Council.

REASONS FOR RECOMMENDATIONS:

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

- a) The Council must have regard to both CIPFA's Prudential Code for Capital Finance in Local Authorities and the Ministry of Housing Communities and Local Government ('MHCLG') Investment Guidance for Local Authorities when carrying out its duties under Part 1 of the Local Government Act 2003.
- b) The Council is required to approve a Capital Strategy for the forthcoming year.
- c) The Council is required to approve a Minimum Revenue Provision statement for 2025/26 in advance of the start of the financial year.

RECOMMENDATIONS

1. To receive and note report C/24/77.
2. To recommend to Council that the 2025/26 Capital Strategy, including the Prudential Indicators, set out in appendix 1 to this report is approved.
3. To recommend to Council that the Minimum Revenue Provision ('MRP') Statement for 2025/26 set out in appendix 2 to this report is approved.

1. INTRODUCTION AND BACKGROUND

- 1.1 The Capital Strategy is a requirement of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code. The Prudential Code is a framework which should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within this clear framework, that the capital investment plans of local authorities are affordable, prudent, and sustainable. Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.
- 1.2 The main purpose of the capital strategy is to provide a high level summary of how capital expenditure, capital financing and treasury management activities contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability. It is intended to be written in a way to enhance stakeholders understanding of these sometimes technical areas. The capital strategy for 2025/26 is set out in **appendix 1** to this report.

The areas to be covered in this strategy are:

- Capital expenditure
- Borrowing
- Minimum revenue provision
- Investments (treasury, service and commercial)
- Guarantees and loan commitments
- Knowledge and skills

- 1.3 The capital strategy also includes the Prudential Indicators for capital expenditure that set controls to ensure the authority's capital investment plans are affordable, prudent, and sustainable, required under the Prudential Code. The Prudential Indicators are required to be approved by full Council as part of the capital strategy.
- 1.4 The capital strategy also sets out the Minimum Revenue Provision (MRP) Statement for 2025/26 required to be approved by full Council and is set out in **appendix 2** to this report. The proposed statement is broadly unchanged from that approved for 2024/25.
- 1.5 The capital strategy should be considered alongside the investment strategy, due to be considered separately as part of this agenda. Like the capital strategy, the investment strategy is also required to be adopted by full Council.
- 1.6 The capital strategy is required to be reviewed annually as part of the authority's budget setting process. However, if the nature and structure of the authority's proposed capital expenditure and financing was to change significantly during the year it may be necessary to revise the strategy at the same time.
- 1.7 The capital strategy contains links to the proposed General Fund and Housing Revenue Account (HRA) medium term capital programmes, the

investment strategy, and the treasury management strategy statement (TMSS) being considered on this agenda as part of the current budget process. With the exception of the TMSS, these documents are required to be approved by full Council on 26 February 2025 as part of the budget process. It is therefore proposed to add these links to the capital strategy once it is adopted in February and to create a dedicated web page to provide a link for it together with those for:

- Investment Strategy 2025/26
- Medium Term Capital Programme to 2029/30
- HRA Medium Term Capital Programme to 2029/30

2. RISK MANAGEMENT ISSUES

2.1 A key element of the capital strategy is to consider the risks associated with our approach to the capital programme, capital financing and treasury management activity. These issues have been addressed in the body of the appendix and no other risk management issues have been identified as relevant to this report.

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

3.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report other than those already stated. For each financial year, the Council should prepare at least one Capital Strategy which should contain the disclosures and reporting requirements specified in the Prudential Code. The Strategy should be approved by full Council.

3.2 Finance Officer's Comments (DL)

This report has been prepared by Financial Services and there are no direct financial implications arising from it.

3.3 Diversities and Equalities Implications (GE)

There are no direct diversities or equalities issues arising from this report.

3.4 Climate Change Implications (AT)

There are no climate changes implications arising directly from this report. The report sets out the Council's proposed strategy in relation to capital expenditure, financing and treasury management, the Prudential Indicators for capital expenditure and the Minimum Revenue Provision Statement. It is an overarching document and detail will be found in subsequent reports to Cabinet and Council.

4. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Dani Loxton – Principal Accountant (Capital and Treasury)
Tel: 01303 853583 Email: daniella.loxton@folkestone-hythe.gov.uk

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

Arlingclose Ltd – Capital Strategy Report 2025/26 Template
Arlingclose Ltd – MRP 2025/26 Template

Appendices:

Appendix 1: Draft Capital Strategy 2025/26
Appendix 2: Draft Annual Minimum Revenue Provision Statement 2025/26

Appendix 1 Draft Capital Strategy Report 2025/26

INTRODUCTION

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

CAPITAL EXPENDITURE AND FINANCING

Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

In 2025/26, the Authority is planning capital expenditure of £51.3m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
General Fund services	5.3	9.0	25.4	10.8	14.1
Council housing (HRA)	12.6	7.8	20.1	14.0	13.0
Capital investments	10.6	10.5	5.8	2.2	2.2
TOTAL	28.5	27.3	51.3	27.0	29.3

The main General Fund capital projects include Folkestone – A Brighter Future (£16.4m) mostly funded by Levelling Up Fund grant, Otterpool Park LLP (£4.5m) FOLCA 2 (£4m), Private Sector Housing Improvement initiatives (£1.4), Coastal Drive Seafront Development (£1m), Coast Protection works (0.7m) Leisure Centre development (£0.5m), Coastal Park Play Area Refurbishment (£0.5m) and Cliff Stabilisation works (£0.3m).

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately. A new 30-year HRA Business Plan was approved by Cabinet on 13 December 2023 and Council on 28 February 2024. From this, a rolling five-year medium term capital programme for the HRA (currently to 29/30) has been prepared which focuses on maintaining and improving the existing stock to meet both the Decent Homes Standard Plus and the EPC C energy efficiency rating and provides for investment to increase the supply of affordable homes for rent. Cabinet considers the updated HRA medium term capital programme before it being submitted to full Council for approval on 19 February 2025, as part of the current budget process.

Governance: Service managers bid annually in September through a formal project appraisal process for growth proposals to include projects in the Council's capital programme. Bids are initially evaluated by the Finance Team against a series of criteria to determine their business need against the Council's existing corporate priorities and the financial impact of the proposal. The Finance Team submit a

summary of the evaluated growth bids to the Corporate Leadership Team (CLT) to consider against the funding available (including external funding). CLT then makes recommendations to Cabinet for consideration initially through the Budget Strategy in December. The final draft capital programme is then presented to Cabinet in January/February and to Full Council in February each year.

Details of the Authority's capital programme, including the project appraisals undertaken can be found in the Medium-Term Capital Programme report as presented to Cabinet on 13 February 2025.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
External sources	7.1	6.6	19.8	2.9	2.1
Own resources	12.1	10.1	11.7	12.5	6.7
Debt	9.3	10.6	19.8	11.6	20.5
TOTAL	28.5	27.3	51.3	27.0	29.3

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of prior years' debt finance in £ millions

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
Minimum revenue provision (MRP)	1.9	2.3	2.5	2.7	3.0
Capital receipts	0	1.2	0	0	0
TOTAL	1.9	3.5	2.5	2.7	3.0

The Council's minimum revenue provision statement can be found in appendix 2 of the Capital Strategy 25/26 report as presented to Cabinet on 13 February 2025.

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP, and capital receipts used to replace debt. The CFR is expected to be £174.4m during 2025/26. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
General Fund services	16.0	15.5	18.7	21.3	31.7
Council housing (HRA)	47.4	50.4	60.8	66.1	72.9
Capital investments	85.2	91.9	94.9	95.8	96.0
TOTAL CFR	148.6	157.7	174.4	183.1	200.6

In line with the existing approved HRA Business Plan, no provision is made to reduce the HRA CFR in the future. This helps to support the HRA's financial position over the life of the business plan.

Asset management: To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. This strategy was adopted in July 2017 by Cabinet and sets out how property asset management is delivered for the Council to meet its long-term objectives and goals. It outlines how the long-term objectives for managing the asset portfolio are met, including statutory obligations, stakeholder needs and the overall performance of property within the context of any constraints such as funding. A new updated asset management strategy is planned to be submitted to Cabinet during 2025.

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Authority is currently also permitted to spend capital receipts "flexibly" on service transformation projects up until and including 2029/30. Repayments of capital grants, loans and investments also generate capital receipts. The Authority expects to receive £2m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
Asset sales	1.9	8.9	1.5	6.0	1.5
Loans etc repaid	0.7	0.5	0.5	0.5	0.5
TOTAL	2.6	9.4	2.0	6.5	2.0

The asset sales forecast for 2024/25 includes the sale of land at Biggins Wood.

No capital receipts from Otterpool Park development are anticipated to be received over the three-year period to 2027/28.

TREASURY MANAGEMENT

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Authority as at 31 December 2024 has £98.8m borrowing at an average interest rate of 4.51% and £20m treasury investments at an average rate of 4.6%.

Borrowing strategy: The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans and long-term fixed rate loans where the future cost is known but higher.

The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases and transferred debt) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
Debt (incl. PFI & leases)	107.8	115.6	120.4	123.3	127.6
Capital Financing Requirement	148.6	157.8	174.4	183.2	200.6

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.

Liability benchmark: To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £14m at each year-end. This benchmark is currently £124.9m and is forecast to rise to £160.5m over the next three years.

Table 7: Borrowing and the Liability Benchmark in £ millions

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	31.3.2028 budget £m
Existing borrowing	107.8	115.6	120.4	123.3	127.6
Liability benchmark	107.8	119.9	137.0	145.6	163.0

The table shows that the Authority expects to remain borrowed below its liability benchmark. This is because cash outflows to date have been below the assumptions made when the loans were borrowed.

Affordable borrowing limit: The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2024/25 limit £m	2025/26 limit £m	2026/27 limit £m	2027/28 limit £m
Authorised limit – borrowing	181.0	189.0	208.0	214.0
Operational boundary – borrowing	159.0	176.0	184.0	202.0

Further details on borrowing can be found in section 4 of the 25/26 treasury management strategy report as presented to Cabinet on 13 February 2025.

Treasury investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Authority's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments in £millions

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m
Near-term investments	6.1	0	0	0	0
Longer-term investments	14.1	14.0	14.0	14.0	14.0
TOTAL	20.2	14.0	14.0	14.0	14.0

Further details on treasury investments can be found in section 5 the 25/26 treasury management strategy report presented to Cabinet on 13 February 2025.

Risk management: The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

The treasury management prudential indicators can be found in Section 6 of the treasury management strategy report as presented to Cabinet on 13 February 2025.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Interim Director of Finance and Governance and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury

management activity are presented to Cabinet. The Finance and Performance Scrutiny Sub-Committee are responsible for scrutinising treasury management decisions.

INVESTMENTS FOR SERVICE PURPOSES

The Authority makes investments to assist local public services, including making loans to its subsidiaries, its charities where the Council is the trustee, its external service providers, local residents and its employees to support local public services and to stimulate local economic growth. In the future the authority may also lend money to joint ventures it decides to enter into to help deliver its major corporate objectives. Total investments for service purposes are currently valued at £34m with the largest being Otterpool Park LLP.

Risk management: In light of the public service objective, the Authority is willing to take more risk than with treasury investments, however it still plans for such investments to generate a profit after all costs. The risk of incurring unexpected losses is managed by assessing the long term financial viability of the entity, its ability to meet loan repayment term and also the internal governance arrangements in place to support its operations. A limit of £79.1m is placed on total investments for service purposes to ensure that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.

Governance: Decisions on service investments are made by the relevant service manager in consultation with the Section 151 Officer and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure, and purchases will therefore also be approved as part of the capital programme. The relevant service director is responsible for ensuring that adequate due diligence is carried out before investment is made. Further details on service investments can be found in Appendix 1, sections 3 and 4 of the Non-Treasury Investment Strategy as presented to Cabinet on 13 February 2025.

COMMERCIAL ACTIVITIES

With central government financial support for local public services declining, the Authority previously invested in commercial property and land with the intention of making capital gains or generating new revenue streams to spend on local public services. Total commercial investments are currently valued at £30.3m with the largest being the Connect 38 Offices in Ashford (£18.3m) and land and property held for the Otterpool Park development (£9.6m).

Risk management: With financial return being the main objective, the Authority accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include fluctuations in future demand of the market including competition, risk of void tenancies, fall in capital values etc. These risks are managed by the project lead as well as assessed through the corporate risk register. The authority has an established proactive risk management framework, which incorporates key projects, and reports quarterly to the Audit & Governance Committee as well as annually to the Cabinet.

Governance: Decisions on commercial investments are made by Cabinet and/ or full Council in line with the criteria and limits outlined within the Constitution, in specific circumstances the Executive have delegated authority to progress certain projects to the Director of Strategy and Resources and the Director of Housing and Operations in consultation with the relevant Portfolio holders. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.

Further details on commercial investments and limits on their use are in section 5 of the investment strategy 2025/26.

Table 10: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
Total net income from service and commercial investments	1.3	1.7	2.1	2.7	3.7
Proportion of net revenue stream	7.4%	10.0%	12.0%	14.0%	19.0%

OTHER LIABILITIES

In addition to debt of £120.4m as at 31 March 2026, the Authority is committed to making future payments to cover its pension fund deficit (valued at £9m), and its impact to 2028/29 is factored into the MTFS. The Council has also allowed for prudent provisions in its business rates budget to cover risks of the business rates appeals.

Governance: Decisions on incurring new discretionary liabilities are taken by the Interim Director Governance and Finance in liaison with service managers. The risk of liabilities crystallising and requiring payment is monitored by Accountancy and reported through the regular budget monitoring/projected outturn cycle to Cabinet if identified or through the Statement of Accounts process to the Audit & Governance Committee. New liabilities exceeding the auditors materiality threshold would be reported to full council for approval/notification as appropriate.

REVENUE BUDGET IMPLICATIONS

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 11: Prudential Indicator: Proportion of financing costs to net revenue stream

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
General Fund Financing costs (£m)	4.8	5.1	5.6	6.0	6.3
Proportion of net revenue stream	28.5%	29.1%	31.1%	32.1%	33.0%
HRA Financing costs (£m)	1.8	1.9	2.4	2.7	3.1
Proportion of net revenue stream	8.7%	9.4%	11.5%	12.4%	13.6%

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because it has been evaluated and risk assessed, it is considered to be a balanced portfolio with minimal risks.

KNOWLEDGE AND SKILLS

The authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Interim Director Finance and Governance (Section 151 Officer) is a qualified accountant with over 25 years' experience, the Director of Housing and Operations has a degree and post graduate certificate in strategic leadership and over 20 years extensive and relevant experience in contract and project management. The Housing and Operations teams include suitably qualified and experienced professionals ranging from FRCIS through to MSc Engineering and senior project management qualifications. The authority pays for staff to study towards relevant professional qualifications including ACCA.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, Savills and Montague Evans as property consultants, Wilks-Head & Eve LLP as valuers and as well as other bodies on an ad hoc basis. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Appendix 2 Draft Minimum Revenue Provision Statement 2025/26

Where the Authority funds capital expenditure with debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in April 2024.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods. The following statement only incorporates options recommended in the Guidance.

MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Expenditure in Local Authorities*, 2021 edition.

- For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be determined as 4% of the CFR in respect of that expenditure.
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments or as the principal repayment on an annuity with an annual interest rate or equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years

Capital loans

- For capital expenditure on loans to third parties which were made primarily for service purposes, the Authority will make nil MRP unless the loan is an investment for commercial purposes and no repayment was received in year or an expected credit loss was recognised or increased in-year. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.
- For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.
- For capital loans made before 7th May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

Housing Revenue Account

- No MRP will be charged in respect of assets held within the Housing Revenue Account but depreciation on those assets will be charged instead in line with regulations.

Capital expenditure incurred during 2025/26 will not be subject to a MRP charge until 2026/27 or later.

Based on the Authority's latest estimate of its CFR on 31st March 2025, the budget for MRP has been set as follows:

	31.03.2025 Estimated CFR £m	2025/26 Estimated MRP £
Capital expenditure before 01.04.2008	7.3	0.3
Unsupported capital expenditure after 31.03.2008	72.0	1.2
Capital loans to third parties	28.0	1.0
Total General Fund	107.3	2.5
Assets in the Housing Revenue Account	23.4	0
HRA subsidy reform payment	32.0	0
Total Housing Revenue Account	55.4	0
Total	162.7	2.5

Capital receipts

Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.
- Any other capital receipts applied to repay debt will be used to reduce MRP in 10 equal instalments starting in the year after receipt is applied.

This Report will be made public on 4 February 2025

Report Number

C/24/78

To: Cabinet
Date: 12 February 2025
Status: Key Decision
Corporate Director: Lydia Morrison – Interim Director Finance and Governance
Cabinet Member: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance
Subject: **TREASURY MANAGEMENT STRATEGY STATEMENT 2025/26**

SUMMARY:

This Treasury Management Strategy Statement sets out the Council's proposed strategy for its treasury management activities for 2025/26, including Treasury Management Prudential Indicators.

REASONS FOR RECOMMENDATION:

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

- a) The Council must have regard to CIPFA's Code of Practice for Treasury Management in the Public Services when carrying out its duties under Part 1 of the Local Government Act 2003, including approving an annual Treasury Management Strategy Statement in advance of the financial year.
- b) The Council's Financial Procedure Rules require an annual plan and strategy for treasury management to be approved in advance of the financial year.

RECOMMENDATIONS

1. **To receive and note Report C/24/78.**
2. **To approve the strategy for treasury management in 2025/26 set out in the report.**
3. **To approve the Treasury Management Prudential Indicators for 2025/26 set out in the report.**
4. **To recommends to Full Council that the proposed Treasury Management Strategy and Annual Investment Strategy for 2025/26, including the prudential indicators be approved.**
5. **To note the Council's Approach to Environmental, Social and Governance. (ESG) Considerations for Investments (Para 5.10 – 5.11).**

1. INTRODUCTION

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy which Cabinet is due to consider as part of this agenda ahead of it being submitted to full Council for approval on 26 February 2025.

2. ECONOMIC BACKGROUND AND PROSPECT FOR INTEREST RATES

2.1 Economic background

- 2.1.1 The impact on the UK from the government's Autumn Budget, slower expected interest rate cuts, a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.
- 2.1.2 The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.
- 2.1.3 The November quarterly Monetary Policy Report (MPR) expected Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be zero (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics (ONS).

2.1.4 ONS figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI also rose, but by more than expected, to 3.6% against a forecast of 3.5% and 3.3% in the previous month. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

2.1.5 The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%. Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

2.1.6 The US Federal Reserve has continued cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an (upwardly revised) annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

2.1.7 Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

2.1.8 Credit outlook: Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.

2.1.9 Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle,

while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.

2.1.10 Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the authority's treasury adviser.

2.1.11 Overall, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

2.2 Interest rate forecast (December 2025):

2.2.1 The Authority's treasury management adviser Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

2.2.2 Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

2.2.3 A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix 1.

2.2.4 For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 3.94%, and that new long-term loans will be borrowed at an average rate of 5%.

3 THE COUNCIL'S FORCAST BORROWING AND INVESTMENT POSITION

3.1 On 31st December 2024, the Authority held £98.8m of borrowing and £20.0m of treasury investments. This is set out in more detail in appendix 2 Borrowing and appendix 3 Investments. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	23/24 Actual £m	24/25 Estimate £m	25/26 Forecast £m	26/27 Forecast £m	27/28 Forecast £m
General Fund CFR	16.0	15.5	18.7	21.3	31.7
HRA CFR	47.4	50.4	60.8	66.1	72.9
Investments CFR	85.2	91.9	94.9	95.8	96.0
Total CFR	148.6	157.8	174.4	183.2	200.6
Less: External borrowing	(107.8)	(115.6)	(120.4)	(123.3)	(127.6)
Internal borrowing	40.8	42.2	54.0	59.9	73.0
Less: Balance sheet resources	(61.0)	(57.9)	(57.4)	(57.6)	(57.6)
Treasury investments (-) or New borrowing (+)	(20.2)	(15.7)	(3.4)	2.3	15.4

3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.3 The movement in table 1 is based on the projected outturn for the current financial year, the draft revenue and capital budgets being proposed for 25/26, the proposed General Fund and HRA Medium-Term Capital Programmes and information taken from the latest approved Medium Term Financial Strategy for 2025/26 and 2028/29. The Authority has an increasing CFR arising from its planned capital investment and will therefore be required to borrow up to a further £12.2m over the forecast period, including replacing existing maturing debt.

3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2025/26.

3.5 Liability benchmark

3.5.1 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £15m at each year-end, in line with strategic investment objectives and cash flow requirements.

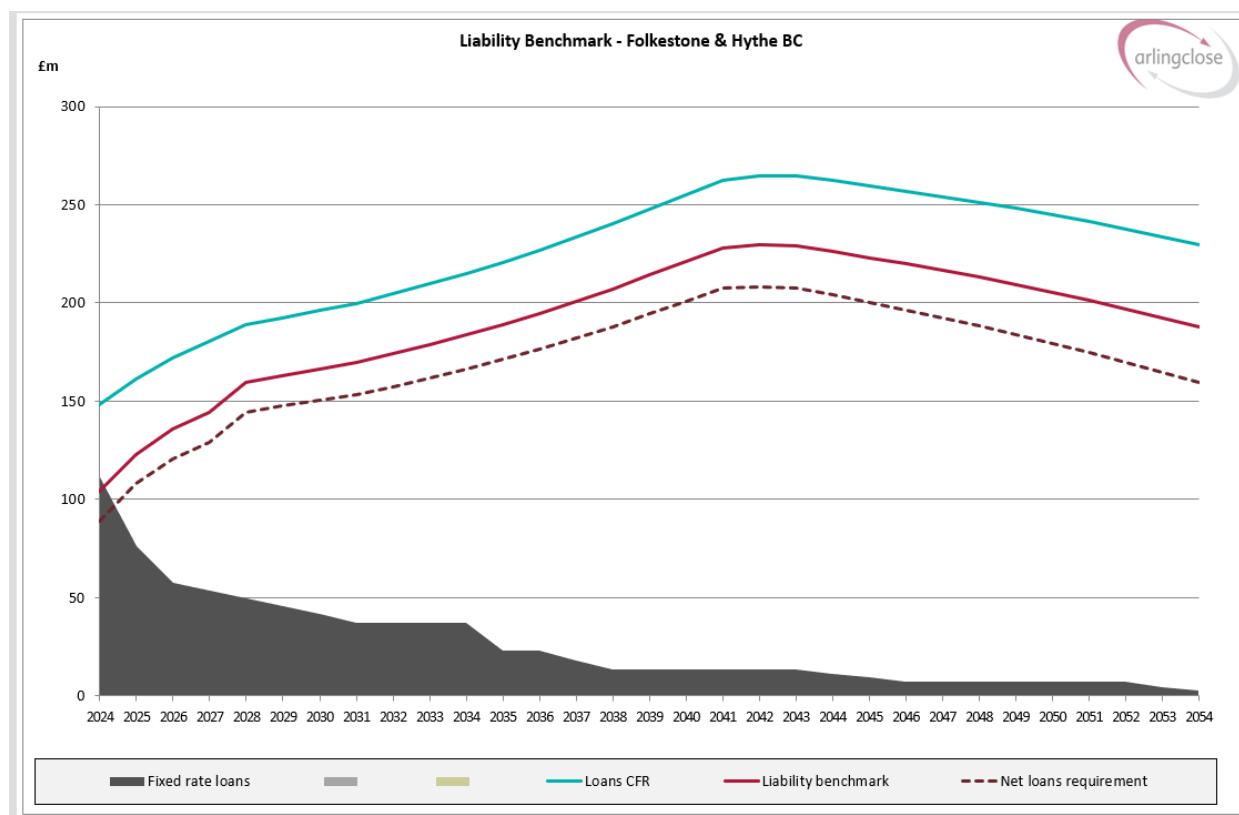
3.5.2 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping

treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	23/24 Actual £m	24/25 Estimate £m	25/26 Forecast £m	26/27 Forecast £m	27/28 Forecast £m
CFR	148.6	157.8	174.4	183.5	200.6
Less: Balance sheet resources	(61.0)	(57.9)	(57.4)	(57.6)	(57.6)
Net loans requirement	87.6	99.9	117.0	125.6	143.0
Plus: Liquidity allowance	20.2	20.0	20.0	20.0	20.0
Liability benchmark	107.8	119.9	137.0	145.6	163.0

3.5.3 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes further capital expenditure funded by borrowing for Otterpool Park, FOLCA phase 2 (Folkestone town centre regeneration) and new leisure centre in the district, minimum revenue provision on new capital expenditure based on asset life. The liability benchmark currently excludes any future capital contributions or receipts from the Otterpool Park development to be used to reduce the CFR while the council explores finding a strategic partner to work with it on the project. The benchmark assumes the income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



3.5.4 The Council, despite having an increasing need to borrow as defined by the Loans CFR, can manage this borrowing requirement using existing balance sheet

resources (balances, reserves, cash flow surpluses) through what is known as “internal borrowing”. The Liability Benchmark, calculated in accordance with IPFA’s best practice, suggests that this internal borrowing position can be maintained for the foreseeable future.

4 BORROWING STRATEGY

4.1 The Authority currently holds £98.8 million of loans as at 31st December 2024, an decrease of £9 million on the previous year, as part of its strategy for funding previous years’ capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £120.4m, including replacing maturing debt in 2025/26. The Authority may however borrow to pre-fund future years’ requirements, providing this does not exceed the authorised limit for borrowing of £189 million.

4.2 Objectives

4.2.1 The Authority’s chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority’s long-term plans change is a secondary objective.

4.3 Strategy

4.3.1 Given the significant cuts to public expenditure and in particular to local government funding, the Authority’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past, but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Authority’s interest rate exposure within the limit set in the treasury management prudential indicators, see below.

4.3.2 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this ‘cost of carry’ and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.3.3 The Authority has previously used the PWLB as its main source of long-term borrowing. However over recent years the authority has borrowed from other local authorities for periods typically up to two years at rates significantly lower than the PWLB at that time. The authority will consider borrowing long-term from the PWLB as well as from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar

instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

- 4.3.4 Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.3.5 In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

4.4 Sources of borrowing

- 4.4.1 The approved sources of long-term and short-term borrowing are:
 - HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except the Kent County Council Local Government Pension Scheme)
 - capital market bond investors
 - retail investors via a regulated peer-to-peer platform
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- 4.4.2 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
 - leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
 - similar asset based finance
- 4.4.3 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

4.5 Short-term and variable rate loans

4.5.1 These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

4.6 Debt rescheduling

4.6.1 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

5 Treasury Investment Strategy

5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 9 months to 31 December 2024, the Authority's treasury investment balance has ranged between £13.5 million and £31 million, with the average balance being £23.3 million. The average investment balance is expected to reduce slightly in the coming year as the council uses more of its reserves to meet its approved capital expenditure plans and also continues to use some of its cash balances in lieu of external borrowing (i.e. internal borrowing).

5.2 Objectives

5.2.1 The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority'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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

5.3 Strategy

5.3.1 As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

5.3.2 The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

5.4 ESG policy

5.4.1 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

5.4.2 **Folkestone & Hythe District Carbon Action Plan** - The Council has committed to reducing its own carbon footprint to a net zero target by 2030 and will take the opportunity to be an influencer of change within the district and plans to support local communities, organisations and businesses in the implementation of measures designed to reduce the CO₂e footprint to net zero by 2030 of the district as a whole.

5.4.3 This Carbon Action Plan sits within the framework provided by the council's draft Corporate Plan 2021-30, 'Creating Tomorrow Together' that sets out guiding principles and service ambitions that have helped influence the Carbon Action Plan which has been developed alongside it. The purpose of which is to identify an evidence-based pathway to deliver cleaner growth, and specifically, strategies and actions to eliminate poor air quality, reduce fuel poverty and deliver an affordable, clean, and secure energy supply.

5.4.4 Implementing carbon reduction actions and specific targeted measures may have a significant cost as well as many benefits (social, economic, environmental). Sourcing of funding to deliver the Carbon Action Plan objectives for the Council's own estate and to support / encourage the transition across the district will require careful and deliberate targeting of funds.

5.4.5 THE COUNCIL'S APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS FOR INVESTMENTS

5.4.6 ESG considerations specifically, and ethical considerations more generally, are topics of increasing interest within treasury management. Investment guidance, both statutory and from CIPFA, makes clear however that all investment must adopt the principals of security, liquidity, yield, and that ESG issues, although important, must play a subordinate role to those priorities.

5.4.7 Historically, the council has not included ethical criteria when determining its investment criteria. The investment environment can be very fast moving, so there is a need to ensure that any investment criteria are objective, such as credit ratings. It is difficult to gain an objective assessment of the ethical standing of a potential counterparty, particularly to a tight timescale.

5.4.8 Ethical considerations are difficult to evaluate objectively and would also need to be applied to the counterparty list after taking into account security and liquidity issues. The council's current counterparty list is, due to the high credit quality criteria used by the council, very small, and therefore does not encompass solely those organisations which promote themselves as ethical. Cash deposits with banks and money market funds are more difficult to apply ESG and ethical criteria against because the underlying assets are simply those of appropriate financial institutions, although they will have their own ESG policies in place. However, pooled funds and other structured investment products use defined asset classes, such as equities, bonds, and property, providing greater objectivity for ESG and ethical investment consideration

5.4.9 Furthermore, the council will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the council's mission and values. This would include avoiding direct investment in institutions with links to:

- Human rights abuse (e.g. child labour, political oppression);
- Environmentally harmful activities (e.g. pollutions, destruction of habitat, fossil fuels);
- Socially harmful activities (e.g. tobacco, gambling).

5.4.10 A small, but growing, number of financial institutions are promoting ESG products and Arlingclose Treasury Management Advisers are currently looking at how these can be incorporated into its creditworthiness assessment service. This is still very much an evolving area and should any investment in ESG products be undertaken by the Council, this would require to be within the approved counterparty and creditworthiness criteria, and with regard to the views of our treasury advisors on any proposals.

5.4.11 ESG criteria attached to investments can include a range of different factors depending on the region where their core activities take place and the commercial sector they occupy. The following are criteria that the Fitch Rating Agency takes into consideration:

5.4.12 **Environmental Category:** Emissions and Air Quality; Energy and Waste Management; Waste and Hazardous Material; Exposure to Environmental Impact;

5.4.13 **Social Category:** Human Rights; Community Relations; Customer Welfare; Labour Relations; Employee Wellbeing; Exposure to Social Impacts;

5.4.14 **Governance Category:** Management Structure; Governance Structure; Group Structure; Financial Transparency.

5.4.15 The Council does invest in pooled fund and therefore does not fully have influence over the activities of companies that part-ownership might provide. However, as an investor the council can take the following approach:

- a. For direct investments, the Council will seek to ensure that counterparties (excluding the UK Government and other UK Local Authorities) have 'Responsible Investment Policies or Environmental, Social and Governance (ESG) policies' in place prior to investing.
- b. For indirect investments, the council will seek to ensure that any fund managers used have their own responsible investment policies or have signed up to widely recognised policies such as the United Nations Principles for Responsible Investment.
- c. The Council recognises that it has no control or influence over where its counterparties themselves lend money or invest once an investment has been made by the Council.

5.4.16 The investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt SLY principles – security, liquidity, and yield: ethical issues must play a subordinate role to those priorities. Arlingclose continue to investigate ways to incorporate these factors into their creditworthiness assessment service, but with a lack of consistency, as well as coverage, they will continue to review the options and will update the Council as progress is made.

5.5 Business models

5.5.1 Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.6 Approved counterparties

5.6.1 The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown. The limits being proposed for 2025/26 are unchanged from those applicable for 2024/25.

Table 3: Approved investment counterparties and limits for New Investments effective from 1 April 2025

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	3 years	Unlimited	n/a
Local authorities & other government entities	3 years	£5m	Unlimited

Secured investments *	3 years	£5m	Unlimited
Banks (unsecured) *	13 months	£3m	Unlimited
Building societies (unsecured) *	13 months	£3m	£6m
Registered providers (unsecured) *	3 years	£3m	£15m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£25m
Real estate investment trusts	n/a	£5m	£15m
Green Bonds	3 years	£2m	£5m
Other investments *	3 years	£3m	£9m

This table must be read in conjunction with the notes below

5.6.2 ***Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

5.6.3 **UK Government:** Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 3 years.

5.6.4 **Local authorities and other government entities:** Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

5.6.5 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

5.6.6 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

5.6.7 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

5.6.8 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

5.6.9 **Strategic pooled funds:** Bond, equity and property funds, including exchange traded funds, that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

5.6.10 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

5.6.11 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

5.6.12 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £0.5m per bank. However, unexpected cash flow transactions may mean this level could be breached and would need rectifying on the next working day. The Bank of England

has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

5.7 Risk assessment and credit ratings

5.7.1 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.7.2 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

5.8 Other information on the security of investments

5.8.1 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

5.8.2 **Reputational aspects:** The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

5.8.3 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK

Government or other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

5.9 Investment limits

- 5.9.1 The Authority's revenue reserves available to cover investment losses are forecast to be £21.4 million on 31st March 2025 and £21.3 million on 31st March 2026. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 5.9.2 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £0.5m in operational bank accounts count against the relevant investment limits.
- 5.9.3 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Investments held in a broker's nominee account	£10m per broker
Foreign countries	£5m per country

5.10 Liquidity management

- 5.10.1 The Authority uses spreadsheet forecasts to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.
- 5.10.2 The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds), of which at least two will be UK domiciled, to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6 TREASURY MANAGEMENT PRUDENTIAL INDICATORS

- 6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 6.2 **Security:** The Authority 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.

Credit risk indicator	Target
Portfolio average credit rating	A

6.3 **Liquidity:** The Authority 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.

Liquidity risk indicator	Target
Total cash available within 3 months	£5m

6.4 **Interest rate exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£220,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£220,000

6.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

6.6 **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	30%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%

6.7 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.

6.8 **Long-term treasury management investments:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2025/26	2026/27	2027/28	No fixed date
Limit on principal invested beyond year end	£15m	£15m	£15m	£20m

6.9 Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts as these are considered short-term.

7 RELATED MATTERS

7.1 The CIPFA Code requires the Authority to include the following in its treasury management strategy.

7.2 **Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

7.2.1 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.2.2 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

7.2.3 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

7.3 Housing Revenue Account

7.3.1 On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Where the value of the HRA loans pool is below the HRA capital financing

requirement, interest on this “under-borrowing” will be charged to the HRA at the Authority’s average rate of short-term borrowing. Interest on any “over-borrowing” above the HRA capital financing requirement, and on balances in the HRA, its earmarked reserves and the major repairs reserve will be credited to the HRA at the Authority’s average interest rate on treasury investments excluding strategic pooled funds and REITS, adjusted for credit risk.

7.4 Markets in Financial Instruments Directive

7.4.1 The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority’s treasury management activities, the Interim Director – Finance and Governance believes this to be the most appropriate status.

8 FINANCIAL IMPLICATIONS

8.1 The budget for General Fund investment income in 2025/26 is £3.1 million (£948k treasury investments and £2,019k from loan interest from Oportunitas and Otterpool). The budget for General Fund debt interest paid in 2025/26 is £3.1 million, which is offset by the investment income. The HRA interest receivable is forecast to be £138k and interest payable £2.4m. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

9 OTHER OPTIONS CONSIDERED

9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Interim Director – Governance and Finance, having consulted the Cabinet Member for Governance and Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default;

		however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

10. RISK MANAGEMENT ISSUES

10.1 Inherently, treasury management is concerned with the management of risk, e.g. interest rate risk, market risk, credit risk and liquidity risk. The strategies in this Report are developed to minimise the impact of risk changes whilst at the same time providing a framework for the council to reduce its net interest costs.

10.2 Specific risks to be addressed are as follows:

PERCEIVED RISK	SERIOUSNESS	LIKELIHOOD	PREVENTATIVE ACTION
Interest Rate Risk (rates moving significantly different to expectations)	High	Medium	With an increasing borrowing requirement rising interest rates would be detrimental. The council would need to consider taking out fixed borrowing to help mitigate this risk and/or use further internal borrowing if resources are available. Falling interest rates would be broadly beneficial to the council given the increasing borrowing requirement.
Market Risk (adverse market fluctuations affect value of investment capital)	Medium	Low	A limit is placed on the value of principal exposed to changes in market value.

PERCEIVED RISK	SERIOUSNESS	LIKELIHOOD	PREVENTATIVE ACTION
Credit Risk (risk to repayment of Capital)	High	Medium	The council's investment criteria restricts counterparties to those of the highest quality and security.
Liquidity Risk (risk that cash will not be available when needed)	Medium	Medium	Council's investment portfolio structured to reflect future liquidity needs. Temporary borrowing is also available to meet short term liquidity issues.
Changes to the Capital Programme and/or revenue streams	High	Medium	Cash flows are calculated monthly and regular projections are made to identify changes to the council's funding requirements. Prudential borrowing to support capital expenditure can be used for schemes expected to provide a financial benefit to the council. There may be some slippage in capital expenditure between years and the impact will be monitored.

11. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

11.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report. Part 1 of the Local Government Act 2003 gives the Council the power to borrow and to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. It also requires the Council to act prudently when carrying out these activities, including an obligation to determine and keep under review how much money it can borrow. In addition, the Council is required by the Local Government Finance Act 1992 to produce a balanced budget. Generally, the Council must take into account

its fiduciary duties to local tax payers and its continuing obligation to ensure it has the funding required to perform its statutory undertakings.

11.2 Finance Officer's Comments (DL)

The report has been prepared by Finance and the relevant financial implications are contained within it.

11.3 Diversities and Equalities Implications (GE)

There are no direct diversities or equalities issues arising from this report.

11.4 Climate Change Implications (AT)

There are no direct climate change implications arising from this report. However, the report outlines Environment, Social and Governance (ESG) investment considerations required as part of the revised CIPFA Treasury Management Code. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. Where practical, when making investment decisions ESG will be considered and counterparties with integrated ESG policies and commitments to carbon.

12. CONTACT OFFICER AND BACKGROUND DOCUMENTS

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

Dani Loxton – Principal Accountant (Capital and Treasury)
Tel: 01303 853583 Email: daniella.loxton@folkestone-hythe.gov.uk

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

Arlingclose's Treasury Management Strategy Statement Template 2025/26

Appendices

Appendix 1 – Arlingclose Interest Rate Forecast at December 2024
Appendix 2 – Borrowing portfolio at 31 December 2024
Appendix 3 – Investment portfolio at 31 December 2024

Appendix 1 – Arlingclose Economic & Interest Rate Forecast – December 2024

Underlying assumptions:

- As expected, the Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.
- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2025. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

Interest Rate Forecast:

- In line with our forecast, Bank Rate was held at 4.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

Interest Rate Forecast December 2024

	Current	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.90	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.34	4.30	4.20	4.10	4.00	3.90	3.90	3.95	4.00	4.05	4.05	4.05	4.05
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.56	4.55	4.45	4.30	4.20	4.20	4.20	4.25	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	5.05	5.00	4.90	4.80	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.52	4.70	4.60	4.50	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix 2 – Treasury Management Loans Borrowed at 31 December 2024

Lender	Loan No	Loan Type	Start Date	Maturity Date	Interest Rate %	Principal Outstanding 31/12/2024 £	Broker Name	Long Term	Short Term
Public Works Loan Board	430141	Annuity	09/11/1973	01/11/2033	11.38	3,220.42		3,220.42	
Public Works Loan Board	488942	Fixed	12/08/2004	07/08/2034	4.80	2,000,000.00		2,000,000.00	
Public Works Loan Board	492233	Fixed	28/09/2006	15/03/2054	4.05	2,000,000.00		2,000,000.00	
Public Works Loan Board	493698	Fixed	10/08/2007	07/08/2055	4.55	2,500,000.00		2,500,000.00	
Public Works Loan Board	493914	Fixed	10/09/2007	07/02/2053	4.55	2,500,000.00		2,500,000.00	
Public Works Loan Board	494027	Fixed	31/10/2007	15/03/2044	4.65	2,000,000.00		2,000,000.00	
Public Works Loan Board	494028	Fixed	31/10/2007	15/03/2045	4.65	2,000,000.00		2,000,000.00	
Public Works Loan Board	494029	Fixed	31/10/2007	15/03/2046	4.65	2,141,190.00		2,141,190.00	
Public Works Loan Board	500537	Fixed	28/03/2012	28/03/2031	3.26	4,010,000.00		4,010,000.00	
Public Works Loan Board	500538	Fixed	28/03/2012	28/03/2028	3.08	4,000,000.00		4,000,000.00	
Public Works Loan Board	500540	Fixed	28/03/2012	28/03/2025	2.82	4,000,000.00		0.00	4,000,000.00
Public Works Loan Board	500541	Fixed	28/03/2012	28/03/2029	3.15	4,000,000.00		4,000,000.00	
Public Works Loan Board	500542	Fixed	28/03/2012	28/03/2030	3.21	4,000,000.00		4,000,000.00	
Public Works Loan Board	500543	Fixed	28/03/2012	28/03/2027	3.01	4,000,000.00		4,000,000.00	
Public Works Loan Board	500548	Fixed	28/03/2012	28/03/2026	2.92	4,000,000.00		4,000,000.00	
Public Works Loan Board	609700	Fixed	27/03/2023	27/03/2035	3.93	8,750,000.00		8,333,333.34	416,666.66
Public Works Loan Board	706365	Fixed	28/02/2024	28/02/2036	4.36	4,791,666.67		4,583,333.33	208,333.34
Public Works Loan Board	706363	Fixed	28/02/2024	29/02/2037	4.36	4,807,692.31		4,615,384.62	192,307.69
Public Works Loan Board	714017	Fixed	22/03/2024	22/03/2025	5.44	5,000,000.00		0.00	5,000,000.00
Public Works Loan Board	715781	Fixed	28/03/2024	28/03/2035	4.21	3,818,181.82		3,636,363.64	181,818.18
Public Works Loan Board	781190	Fixed	09/12/2024	09/12/2033	4.40	4,000,000.00		3,555,555.56	444,444.44
Total - Public Works Loan Board						74,321,951.22			
Cornwall Council	3097	Fixed	14/10/2022	14/10/2025	5.00	5,000,000.00	Imperial Treasury	5,000,000.00	
Leicester City Council	3098	Fixed	14/10/2022	14/10/2025	5.00	5,000,000.00	Imperial Treasury	5,000,000.00	
Vale of White Horse District Council	3116	Fixed	19/09/2024	20/01/2025	4.90	2,000,000.00	ICAP	2,000,000.00	
East Sussex County Council	3119	Fixed	15/10/2024	15/07/2025	4.90	5,000,000.00	Imperial Treasury	5,000,000.00	
North Hertfordshire District Council	3121	Fixed	09/12/2024	24/02/2025	5.05	2,000,000.00	ICAP	2,000,000.00	
Portsmouth City Council	3122	Fixed	13/12/2024	13/08/2025	5.47	5,000,000.00	ICAP	5,000,000.00	
Folkestone Town Council	n/a	Variable	Various May 2018	n/a	Variable	480,000.00			480,000.00
Total - Borrowing at 31/12/2024						98,801,951.22		73,878,380.91	24,923,570.31

Appendix 3 – Investments held at 31 December 2024

Category and Counterparty	Amount or Value £	Terms	Indicative Interest Rate or Yield %
Money Market Funds			
Aberdeen Standard MMF	4,645,000	No notice instant access	4.77
Northern Trust MMF	525,000	No notice instant access	4.74
Federated MMF	1,520,000	No notice instant access	4.79
			4.77
Other Pooled Funds			
Commercial Property Funds			
CCLA Property Fund	5,036,794	No specified maturity date	5.32
Multi-Asset Income Funds			
CCLA Diversified Income Fund	1,888,908	No specified maturity date	4.39
UBS Multi-Asset Income Fund	0	No specified maturity date	0.00
Aegon Asset Management Diversified Monthly Income Fund	3,143,806	No specified maturity date	6.45
Ninety-One Diversified Income Fund	3,160,451	No specified maturity date	4.55
Total Investments	19,919,958		4.42

This Report will be made public on 4 February 2025

Report Number

C/24/76

To: Cabinet
Date: 12 February 2025
Status: Key Decision
Corporate Director: Lydia Morrison – Interim Director, Finance and Governance
Cabinet Member: Councillor Tim Prater – Deputy Leader and Portfolio Holder for Finance and Governance
SUBJECT: DRAFT INVESTMENT STRATEGY 2025/26

SUMMARY:

This report sets out the Council's proposed strategy for its service and commercial investments in 2025/26 to be approved by full Council.

REASONS FOR RECOMMENDATIONS:

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

- a) The Council must have regard to both CIPFA's Prudential Code for Capital Finance in Local Authorities and the Ministry for Housing, Communities and Local Government ('MHCLG') Investment Guidance when carrying out its duties under Part 1 of the Local Government Act 2003.
- b) The Council is required to approve an Investment Strategy for the forthcoming year.

RECOMMENDATIONS

1. To receive and note report C/24/76.
2. To recommend to Council that the 2025/26 Investment Strategy, including the Investment Indicators, set out in the appendix 1 to this report is approved.
3. To note the Council's Approach to Environmental, Social and Governance (ESG) Considerations for Investments (Para 7 of the attached appendix 1).

1. INTRODUCTION AND BACKGROUND

- 1.1 In 2018, the Department for Levelling Up, Housing and Communities ('DLUHC' as it then was – now Ministry of Housing Communities and Local Government 'MHCLG') revised their *Statutory Guidance on Local Government Investments* mainly as a response to the increased commercial investment activity in the sector. The MHCLG Guidance requires all local authorities to produce an annual Investment Strategy for their non-treasury management investments which has to be approved by full Council. The MHCLG Guidance also requires local authorities to have regard to the Chartered Institute of Public Finance and Accountancy ('CIPFA') publications of *The Prudential Code for Capital Finance in Local Authorities* and *Treasury Management in the Public Services* which both complement it.
- 1.2 The authority invests its money for three broad purposes:
 - because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (known as **commercial investments** where this is the main purpose).
- 1.3 The main purpose of the investment strategy is to identify the level of the authority's service and commercial investments and to set risk management parameters around these.
- 1.4 Treasury management investments and borrowing continue to be covered by a separate annual Treasury Management Strategy Statement (TMSS) which is due to be considered and approved by Cabinet as part of this agenda. However, the MHCLG Guidance requires some limited treasury management information to feature in the investment strategy, including the level of interest received by the General Fund.
- 1.5 The investment strategy, set out in **appendix 1** to this report, is based on the authority's existing and planned service-related and commercial investments and is consistent with the proposed General Fund Medium Term Capital Programme due to be considered by Cabinet as part of this agenda before being submitted for approval to full Council on 26 February 2025. The investment strategy 2025/26 is also required to be approved by full Council on 26 February 2025, as part of the budget process.
- 1.6 It is anticipated that the investment strategy will continue to develop and evolve over time in line with the council's own capital investment aspirations and plans. The intention is to review the investment strategy annually as part of the authority's budget setting process and in line with the statutory guidance. However, if the nature and structure of the authority's proposed service and commercial investments was to change during the year it may be necessary to revise the strategy at the same time.

1.7 **Environmental, Social and Governance (ESG) Considerations** – In line with statutory guidance and the CIPFA Treasury Management Code, the proposed TMSS includes an ESG Policy for the authority's treasury investments. For other investments the authority has committed to reducing its own carbon footprint to a net zero target by 2030 through the **Folkestone and Hythe District Carbon Action Plan** which sits within the framework provided by the draft Corporate Plan 2021-30, 'Creating Tomorrow Together'.

2. RISK MANAGEMENT ISSUES

2.1 The main purpose of the investment strategy shown in the appendix to this report is to identify risks associated with the authority's service and commercial investments and to set parameters to help mitigate these. No other risk management issues have been identified as relevant to this report.

3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

3.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report other than those already stated. For each financial year, the council should prepare at least one Investment Strategy which should contain the disclosures and reporting requirements specified in the Local Government Investment Guidance as published by the MHCLG. The Strategy should be approved by full Council.

3.2 Finance Officer's Comments (DL)

This report has been prepared by Financial Services and there are no direct financial implications arising from it.

3.3 Diversities and Equalities Implications (GE)

There are no direct diversities or equalities issues arising from this report.

3.5 Climate Change Implications (AT)

There are no climate changes implications arising directly from this report. The report sets out a proposed strategy for service and commercial investments for the period 2025/26. It is an overarching document and detail will be found in subsequent reports to Cabinet and Council. Climate change implications of the various projects referenced in the appendix will be assessed as part of the development and implementation phases of those projects through the appropriate decision-making processes.

4. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Dani Loxton – Principal Accountant (Capital and Treasury)

Tel: 01303 853583 Email: daniella.loxton@folkestone-hythe.gov.uk

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

Arlingclose Ltd – Investment Strategy Report 2025/26 Template

Appendices:

Appendix 1: Draft Investment Strategy 2025/26

Appendix 1 Draft Non-treasury Investment Strategy Report 2025/26

1. INTRODUCTION

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Authority interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Authority’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

2 TREASURY MANAGEMENT INVESTMENTS

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £15m and £30m during the 2025/26 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities. These investments also contribute an income stream to support the General Fund budget position annually.

Further details: Full details of the Authority’s policies and its plan for 2025/26 for treasury management investments can be found in the 25/26 Treasury Management Strategy report as presented to Cabinet on 10 February 2025.

3 SERVICE INVESTMENTS: LOANS

Contribution: The Authority lends money to its subsidiaries, its suppliers, its charities where the Council is the trustee, its external service providers, local residents and its employees to support local public services and stimulate local economic growth. In the future the council may also lend money to joint ventures it decides to enter into to help deliver its major corporate investment initiatives. Examples of loans the Council makes are shown in the table below:

Table 1 - Example of Loans made for service investments

Organisation	Relationship	Purpose	Service Objective
Oportunitas Ltd	Housing and Regeneration subsidiary company	Primarily for the acquisition of residential property for rent	Provision of good quality homes for rent Generate additional revenue stream for the General Fund
Folkestone Parks and Pleasure Grounds Charity	Council is the trustee	Refurbishment and replacement of Beach Huts	Improve the appearance of the district and to improve the financial resilience of the Charity through additional income generated
Local property owners	Jointly funded empty homes initiative with Kent County Council	Interest free loans to property owners to bring empty properties across the district back in to residential use	Bringing empty residential properties back into use and the provision of additional good quality homes
Otterpool Park LLP	Otterpool Park Delivery Vehicle subsidiary company	Delivery of the Otterpool Park Garden Town development	Provision of new homes, generate economic benefits and provide a financial return to the Council

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 2: Loans for service purposes

Category of borrower	31.3.2024 actual			2025/26
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved Limit £m
Subsidiary – Oportunitas Ltd	6.4	(0.1)	6.3	6.3
Subsidiary – Otterpool Park LLP	15.9	(2.6)	13.3	69.3
FPPG Charity	0.4	0	0.4	0.4
Local residents/ landlords (Housing)	2.3	0	2.3	3.1
TOTAL	25.0	(2.7)	22.3	79.1

The approved limits for 2025/26 not only include the estimated amounts to be lent in the year but also provide for any accrued interest, future loan commitments within the loan agreement and the repayment of principal expected to be received.

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans. This includes:

Ensuring the authority has the legal power to make the loan to the entity in the first place.

Assessing loan applications against the type of market the entity is operating and competing in:

Loans to the Council's subsidiary company, charities where it is the trustee, joint ventures or external service providers require a business case and, possibly, business model to be prepared in advance. This needs to demonstrate the entity's long term financial viability, its ability to meet the loan repayment terms and also the internal governance arrangements in place to support their operations. The entity also needs to demonstrate how it will evolve over time against both market conditions and its customer needs. The entity needs to identify any ongoing or future investment requirements to support it over the term of the loan. The authority's loan agreement may require the entity to provide regular performance information to enable an assessment to be made of their ability to continue to meet its terms and conditions. Unless otherwise agreed, loans made are secured against the property or other assets of the entity to help mitigate the risk of default.

Loans to local property owners for housing improvements schemes are made in accordance with the criteria of the specific scheme agreed by the Council. All previous and existing housing improvement schemes offer interest free loans (soft loans) with the requirement that the principal sum is repaid to the authority at an agreed trigger point such as after an agreed period of time or when the property is eventually sold. Loans are secured as a charge against the property to help mitigate the risk of default.

External advisors can be used to support the authority in assessing investment opportunities and preparing loan agreements. This can include advising on investment options appraisal, business plan

or case submissions, relevant commercial lending terms compliance for state aid, taxation and other statutory issues and reporting obligations for the borrower.

The authority has established procurement and contract management procedures to appoint and monitor the performance of external advisors it uses.

This can involve:-

Interviewing potential consultants to gain a better understanding of their breadth of experience and knowledge in the specific area,

Liaising with other local authorities through established groups and channels to discuss the suitability of consultants being considered where it is known they have been used before,

Focusing advice on larger firms with the breadth and depth of expertise to minimise risk, and

Utilising our own professional judgement to consider the advice received.

Credit ratings are not currently applicable as part of the assessment process for checking the financial status of entities or individuals who apply for a loan. This may alter if the nature and scope of loans made was to change in the future.

The authority may require other sources of information to help assess the suitability of the entity requesting a loan such as financial accounts or a bank reference.

4 SERVICE INVESTMENTS: SHARES AND OTHER EQUITY

The Authority invests in the share equity for Oportunitas Limited and Otterpool Park LLP. In the future the authority may also acquire shares in either other subsidiaries companies it may choose to establish or joint venture companies it decides to enter into to help deliver its major corporate investment initiatives.

Oportunitas Limited: The authority's investment in the shares of Oportunitas supports its operational trading activities including its acquisition of residential property to increase the supply of good quality housing for rent to local people. No dividend return is expected in medium term from this investment, however the authority's overall investment in Oportunitas provides an additional revenue stream to the General Fund.

Otterpool Park LLP: The authority's equity investment in Otterpool Park LLP, as a capital contribution through the Members' Agreement, support its operational activities to act as the Master Developer for the proposed scheme. The LLP's main income stream will be from selling serviced parcels of land to housing developers and this will provide the opportunity to make a return to the Council. No capital receipts or contributions from the development have been anticipated for the period of the latest Medium Term Financial Strategy to 2028/29.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 3: Shares held for service purposes

Category of company	31.3.2024 actual			2025/26
	Amounts invested £m	Gains or losses £m	Value in accounts £m	Approved Limit £m
Subsidiary – Oportunitas Ltd	4.9	(4.9)	0	4.9
Subsidiary – Otterpool Park LLP	1.8	0	1.8	7.5
TOTAL	6.7	(4.9)	1.8	9.9

The approved limit for 2025/26 includes;

The cash value of the Council's share equity investment in Oportunitas Limited, and

The proposed equity in Otterpool Park LLP being a maximum of 10% of the agreed total equity and loan funding package profiled for the period to 31 March 2025.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding shares of its subsidiaries or joint ventures. This includes:

Ensuring the authority has the legal power to acquire the share capital or make the equity investment in the entity in the first place.

Preparing a long-term business case and business model for the company identifying the level, structure and time scale of the investment required to enable it to become financially viable and sustainable and provide the authority with an appropriate financial return.

Requiring the company to develop and maintain a business plan outlining how it will meet the objectives of the authority as shareholder including identifying associated risks, including market conditions, and measures to mitigate these.

Requiring the company in the event it was to cease trading or become insolvent to dispose of its assets and transfer the net receipt to the authority or transfer the assets to the control of the authority itself, to help mitigate the risk of financial loss.

Using external advisers if required to support the authority in preparing its business planning and modelling to support the creation and development of the company and also structure the shareholder agreement.

Using the authority's established procurement and contract management procedures to appoint and monitor the performance of external advisors it uses.

This can involve:-

Interviewing potential consultants to gain a better understanding of their breadth of experience and knowledge in the specific area,

Liaising with other local authorities through established groups and channels to discuss the suitability of consultants being considered where it is known they have been used before,

Focusing advice on larger firms with the breadth and depth of expertise to minimise risk, and

Utilising our own professional judgement to consider the advice received.

Credit ratings are not currently applicable as part of the assessment process for checking the financial status of entities or individuals who apply for a loan. This may alter if the nature and scope of loans made was to change in the future.

Liquidity: The authority' equity investments in Oportunitas Limited and Otterpool Park LLP are both long term commitments with no specified end date. The business cases and model supporting the authority's investment in Oportunitas and Otterpool are based on original 45 year and 30 periods respectively. The authority's future capital investment plans do not require the repayment of the equity investments. However, in the case of Otterpool the long-term modelling assumes the authority's total investment in the project can be met from the schemes projected net proceeds. The Council has overall control of both companies and can decide if it wants to review the level of its equity investment. For any future share or equity investment in other subsidiary companies or joint ventures it is likely these will also be a long-term commitment, however this will be determined at the time the investment is being considered for approval

Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5 COMMERCIAL INVESTMENTS: PROPERTY

Contribution: The Authority invests in local commercial and residential land and property with the intention of making a profit that will be spent on local public services. The authority currently holds investment property for the following main reasons;

Residential property and minor parcels of land to support the proposed Otterpool Park Garden Town development of up to 10,000 new homes over an approximate 30-year period. The major land holdings of Otterpool Farm and the former Folkestone Racecourse site have both been reclassified as Property, Plant and Equipment – Surplus Assets from 2020/21 as they are no longer viewed as being held solely for their investment return. Both sites will equally contribute towards the housing development and the wider community aspects of the Otterpool Park Garden Town development. Similarly, Westenhanger Castle, which while part of the Garden Town development, is planned to be used for is community benefit rather than a direct financial return and is not classified as an Investment Asset.

Land for other commercial and residential development

Commercial and light industrial units for local businesses providing employment opportunities and the authority with a net rental stream.

The Connect 38 office accommodation in Ashford to provide the authority with an additional net revenue stream.

The table below summarises the value of the Council's investment assets grouped by property type measured against the original purchase or construction cost.

Table 4: Property held for investment purposes in £ millions

Property Type	Actual	31.3.2024 actual		31.3.2025 expected	
	Purchase cost £m	Gains or (losses) £m	Value in accounts £m	Gains or (losses) £m	Value in accounts £m
Commercial and light Industrial (existing)	1.3	0.6	1.9	0.6	1.9
Other Land	2.9	(2.4)	0.5	(2.4)	0.5
Otterpool land and property	10.2	(0.6)	9.6	(0.6)	9.6
Connect 38 Offices	17.9	0.4	18.3	0.4	18.3
TOTAL	32.3	(2.0)	30.3	(2.0)	30.3

All land and property classified as Investment Assets is required to be measured at its market value as at 31 March each year for inclusion in the authority's Statement of Accounts. At the time of writing, no information was available regarding potential changes in the market value of these assets as at 31 March 2025 meaning, where appropriate, they are shown at either their value as at 31 March 2024 or purchase cost if planned to be acquired or constructed in 2024/25 or 2025/26 in table 4, above. Similarly, the accrued gains and losses only reflect those recorded at 31 March 2024.

Security: In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. However, it is recognised the authority is acquiring land and property for development reasons and therefore its existing use value as an investment asset may be significantly lower than its future potential value.

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2024/25 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to *full Council* detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments by preparing a business case to support the proposed investment. This includes:

Assessing the current and expected future market demand and need for relevant property by reference to local, regional, or national data, including rental and occupancy levels.

Assessing the current and expected future market competition for the type of property being considered.

Identifying the relevant legal power the authority is using to undertake the purchase and whether or not it may need to purchase and operate it through a separate entity such as a company or joint venture.

Identifying how the authority can recover or dispose of its interest in the property without financial loss.

Undertaking a whole-life financial assessment of the proposed scheme to identify any on-going investment that may be required.

Using specialist external advisors such as, valuers, surveyors, property agents, solicitors and taxation and other finance specialists to help evaluate the proposed investment if required.

Using the authority's established procurement and contract management procedures to appoint and monitor the performance of external advisors it uses.

This can involve:

Interviewing potential consultants to gain a better understanding of their breadth of experience and knowledge in the specific area,

Liaising with other local authorities through established groups and channels to discuss the suitability of consultants being considered where it is known they have been used before,

Focusing advice on larger firms with the breadth and depth of expertise to minimise risk, and

Utilising our own professional judgement to consider the advice received.

Using Credit checks if required to assess the financial strength of third parties the authority proposes to purchase an investment property which has existing commercial tenants. Credit ratings are not applicable as part of the assessment process for property investment.

The authority has established a proactive risk management culture within the organisation, including all key projects being required to consider risks, as well as quarterly monitoring and reporting of key corporate risks which includes, at times, key investment plans such as the delivery of Otterpool.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions.

The authority's commercial and light industrial units' portfolio is viewed as a long-term commitment providing valuable local jobs and supporting the local economy. Any decision to dispose of existing units would need to be balanced against providing alternative employment opportunities, continuing to support the local economy as well as the direct financial impact to the authority.

Where property is held for future development reasons the authority will identify how it intends to recover or access the cost of its capital investment as part of any proposal for the specific development.

6 PROPORTIONALITY

The current MTFS does include property and service investment income as part of its projections from schemes and initiatives already in place or agreed. The MTFS anticipates accrued interest from the capital funding being made available to Otterpool Park LLP but excludes the benefit from any potential capital gains or other new revenue streams from the proposed Otterpool Park development.

Table 5: Proportionality of Investments

	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m
Investment income	2.0	2.7	3.1	3.6	4.6
Gross service expenditure	110.6	113.9	117.3	120.9	124.5
Proportion	2%	2.4%	2.6%	3%	4%

7 ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

In line with statutory guidance and the CIPFA Treasury Management Code, the proposed TMSS 2025/26 includes an Environmental, Social and Governance (ESG) Policy for the authority's treasury investments. When investing in banks and funds, the authority will prioritise banks that are signatories to the UN principles for Responsible Banking and Funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

For service investments the authority has committed to reducing its own carbon footprint to a net zero target by 2030 and will take the opportunity to be an influencer of change within the district and plans to support local communities, organisations and businesses in the implementation of measures designed to reduce the CO2e footprint to net zero by 2030 of the district as a whole.

This Carbon Action Plan sits within the framework provided by the council's draft Corporate Plan 2021-30, 'Creating Tomorrow Together' that sets out guiding principles and service ambitions that have helped influence the Carbon Action Plan which has been developed alongside it. The purpose of which is to identify an evidence-based pathway to deliver cleaner growth, and specifically, strategies and actions to eliminate poor air quality, reduce fuel poverty and deliver an affordable, clean, and secure energy supply.

Implementing carbon reduction actions and specific targeted measures may have a significant cost as well as many benefits (social, economic, environmental). Sourcing of funding to deliver the Carbon Action Plan objectives for the Council's own estate and to support/ encourage the transition across the district will require careful and deliberate targeting of funds.

8 CAPACITY, SKILLS AND CULTURE

Elected members and statutory officers:

All members have previously been provided with training on treasury management and investment by the authority's Treasury Management advisors (Arlingclose Ltd). It is planned to provide further training on this subject and will encompass all members and not just those on the relevant committees. Training is also held on specific issues for nominated councillors (such as on Investment appraisals) and there are ongoing briefings for individual members with specific responsibilities such as the Finance Portfolio holder, the Chair of the Audit and Governance committee and the Group Leaders of the political parties represented on the Council. All members have a wide exposure to investment decisions and are able to interrogate officers either formally or informally.

Commercial deals:

The authority has a process in place whereby all proposed capital investment decisions are referred to Financial Services and Legal Services to ensure compliance with the principles of the prudential framework and of the regulatory framework for local authorities. For individual major projects, including commercial property investments, a project board or working group is established at the outset which includes officers from financial services and Legal Service who advise on compliance with statutory guidance and regulatory issues.

Corporate governance:

The authority has a clearly articulated corporate plan and associated values which have recently been refreshed as part its transformation programme. It also has a long-standing practice of regular and transparent decisions in relation to investments held for both treasury management purposes and for investment purposes. The governance structure includes scrutiny of certain decisions, including those relating to the council's budget-setting process, through the Overview and Scrutiny Committee or it's Finance and Performance Scrutiny Sub-Committee prior to these being considered by Cabinet. Any new investment decisions need to be approved by Full council with a full explanation of the benefits, opportunities and risks associated with any proposal. The ongoing performance of investments is regularly reported back to Members and is subject to ongoing review and monitoring.

8 INVESTMENT INDICATORS

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 6: Total investment exposure in £millions

Total investment exposure	31.03.2024 Actual £m	31.03.2025 Forecast £m	31.03.2026 Forecast £m
Treasury management investments	20.2	14.0	14.0
Service investments: Loans	22.3	31.5	35.1
Service investments: Shares	1.8	2.5	2.9
Commercial investments: Property	30.3	30.3	30.3
TOTAL INVESTMENTS	74.6	78.3	82.3
Commitments to lend	50.0	43.0	38.0
TOTAL EXPOSURE	124.6	121.3	120.3

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 7: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2024 Actual	31.03.2025 Forecast	31.03.2026 Forecast
Service investments: Loans	22.3	31.5	35.1
Service investments: Shares	1.8	2.5	2.9
Commercial investments: Property	27.9	27.9	27.9
TOTAL FUNDED BY BORROWING	52.0	61.9	65.9

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 8: Investment rate of return

Investments net rate of return	2023/24 Actual %	2024/25 Forecast %	2025/26 Forecast %
Treasury management investments	5.0	4.5	3.75
Oportunitas	4.2	4.2	4.2
Otterpool	6.9	6.9	6.9
Commercial investments: Property	0.9	0.9	0.9

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This Report will be made public on 4 February 2025

Report Number

C/24/75

To: Cabinet
Date: 12 February 2025
Status: Key Decision
Head of Service: Lydia Morrison – Interim Director Finance and Governance
Cabinet Member: Councillor Tim Prater, Deputy Leader and Cabinet Member for Finance and Governance

SUBJECT: UPDATE TO THE GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME 2025/26

SUMMARY: This report updates the General Fund Medium Term Capital Programme for the five-year period ending 31 March 2030. 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.

REASONS FOR RECOMMENDATIONS

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

- a) It needs to be kept informed of the existing General Fund Medium Term Capital Programme position and take appropriate action to deal with any variance from the approved budget.
- b) Proposed extensions to existing schemes are required to be considered and approved before being included in the Council's Medium Term Capital Programme.
- c) The proposed Medium Term Capital Programme needs to be considered before it is submitted to full Council for approval as part of the budget process.
- d) The Council must also have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities when carrying out its duties under Part 1 of the Local Government Act 2003.

RECOMMENDATIONS:

1. To receive and note report C/24/75.

1. INTRODUCTION AND BACKGROUND

1.1 In line with the Council's approved Budget Strategy for 2025/26, this report updates the General Fund Medium Term Capital Programme (MTCP) for the five-year period ending 31 March 2030. The report; -

- i) reviews and updates the existing approved Medium Term Capital Programme and incorporates the capital investment proposals agreed by Cabinet during the budget process for 2025/26, submitted as part of the Budget Strategy on 11 December 2024.
- ii) provides details of those existing capital schemes proposed to be extended by one year into 2029/30,
- iii) summarises the impact the proposed changes to the overall capital programme will have on the financing resources required to fund it.

1.2 The capital expenditure plans for the Housing Revenue Account (HRA) are due to be considered by Cabinet in a separate report on this agenda as part of the current budget process for 2025/26.

1.3 The overall capital expenditure plans for both the General Fund and HRA are required to be submitted to full Council for consideration and approval as part of the budget process.

1.4 Additionally, the Council's General Fund and HRA capital investment plans will feature in the Capital Strategy and Investment Strategy both of which are planned to be reported to Full Council on 26 February 2025. This is a requirement of the CIPFA Prudential Code for Capital Finance in Local Authorities.

2. UPDATE TO THE MEDIUM TERM CAPITAL PROGRAMME (MTCP)

2.1 While Revenue Budget expenditure is concerned with the day-to-day running of services, the Capital Programme is concerned with investment in the assets required to deliver services or the delivery of new income streams. The Medium-Term Capital Programme sets out how capital resources will be used to achieve the Council's vision and corporate priorities.

2.2 The strategic objectives of the Council's Capital Programme can be summarised as follows:

- i) To maintain a five-year rolling Capital Programme which remains within the approved affordable, sustainable, and prudential limits;
- ii) To ensure capital resources are aligned with our strategic vision and corporate priorities by ensuring all schemes are prioritised according to the Council's prioritisation methodology;
- iii) To identify opportunities for investment in new schemes that result in capital growth and/or new revenue income streams;
- iv) To maximise available resources by actively seeking external funding to support Council priorities and disposing of surplus assets; and
- v) To use internal resources alongside external resources where appropriate to support the Capital Programme and minimise any borrowing costs.

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2.3 That decisions on the financing of the capital programme are taken with consideration to the impact on the revenue budget, the treasury management strategy, and the investment strategy.

2.4 The latest General Fund Programme, shown in Appendix 1, amounts to around £131.5m of investment over five years. The current Capital Investment Strategy was reported to Cabinet in February 2024, and it sets out a framework for funding and investment decisions in respect of capital assets, in the context of the Council vision and priorities and available financial resources. The Capital Investment Strategy demonstrates that the Council take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability, and affordability. The updated versions of these reports are also on this agenda, ahead of approval at full Council on 26 February 2025.

2.5 The Council forecasts its Capital Programme over a 5-year period. The full details are shown in **Appendix 1** to this report and the table below summarises the position across the service units and outlines the impact on the capital resources required to fund the programme:

General Fund Medium Term Capital Programme to 2029/30							
	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total
	£000	£000	£000	£000	£000	£000	£000
Service area:							
Governance & Finance	326	605	115	115	55	0	1,216
Reg & Community Services	390	148	70	70	0	0	678
Housing	1,864	1,400	1,400	1,400	0	0	6,064
Place and Growth	5,425	16,574	0	0	0	0	21,999
Corporate Estates & Development	9,012	12,648	11,389	14,689	14,669	39,126	101,533
Total Expenditure	17,017	31,375	12,974	16,274	14,724	39,126	131,490
Funding Summary:							
Government Grant	(6,690)	(16,712)	(1,019)	(1,019)	(1,019)	0	(26,459)
Other External Contributions	(392)	(1,325)	(500)	(1,000)	0	0	(3,217)
Capital Receipts	(1,215)	(2,753)	(4,900)	(400)	0	0	(9,268)
Revenue Contributions	(876)	(1,205)	(205)	(205)	(55)	0	(2,546)
Borrowing	(7,844)	(9,380)	(6,350)	(13,650)	(13,650)	(39,126)	(90,000)
Total Funding	(17,017)	(31,375)	(12,974)	(16,274)	(14,724)	(39,126)	(131,490)

3. Capital Programme - Revenue Budget Implications

3.1 With the exception of earmarked s106 funds, the Council no longer has significant capital reserves, therefore, while a small number of schemes will continue to be funded from capital grants and other contributions, the majority of the approved Capital Programme must be funded through prudential borrowing.

3.2 The costs of repaying this borrowing fall on the revenue budget as treasury

management costs within the strategy and resources budgets. Treasury management budgets have been updated to reflect the costs of borrowing for the approved Capital Programme for 2025/26 onwards net of interest on forecast balances and loan repayments. Details are set out in the Treasury Management Strategy for 2025/26 that will be approved in February 2025.

3.3 Any new capital scheme to be included in the programme will need to contribute to the objectives set out in section 1.3 of this report. New General Fund capital scheme proposals covering between 2025/26 – 2029/30 are shown in Appendix 2 to this report. In summary, £4.6m proposed capital growth will be funded from government grant, capital receipts and prudential borrowing.

3.4 **Bigginswood** was acquired with the objectives of boosting the local economy, increase job opportunities and providing more homes (including affordable homes) and is anticipated to deliver 77 residential units, 660m² of commercial office units and 5,142m² of light industrial units. The Council undertook successful remediation and infrastructure works to the site to enable it to be sold for the planned redevelopment; the site was sold in December 2024. There was £368k of earmarked reserves budgeted funding which was not needed and has been released back to the earmarked reserves.

3.5 **Inflation** in the current economic climate is clearly a risk to the delivery of the MTCP. In general terms, cost inflation poses a much greater risk for future construction related schemes than it does for the one-off replacement of vehicles and equipment. Apart from Otterpool, there are two new major projects (i.e., FOLCA 2 and the Leisure centre development) related capital schemes in the proposed MTCP where cost inflation is likely to be a major risk. In the case of Otterpool Park it is anticipated the inflation risk from delivering the infrastructure for the proposed scheme can be mitigated by similar increases in land values as plots are sold for development. Capital grants and loans schemes are not subject to direct inflation as spending is limited to the approved budget only. Equally, coastal defence schemes are required to be managed within the approved grant funding from the Environment Agency, who will separately consider variation orders for additional costs before expenditure can be committed. Borrowing costs are currently (as at January 2025) at the highest levels in recent times, particularly having come from a point of very low interest rates immediately pre-Covid.

3.6 The profiling of the capital programme budget is likely to be subject to some change over the medium-term. Factors including planning consents, procurement processes and external grant approvals can affect the timeframes to deliver capital schemes. Notably, the timing and profiling of the FOLCA 2, Leisure center development, Otterpool Park Garden Town may be subject to change as the Council's plans for these projects develops going forward. Cabinet will be kept informed of any changes to the proposed profiling of expenditure for the capital programme through the budget monitoring process and future updates to the MTCP.

3.7 **Otterpool Park LLP Loan Funding** – Within the Otterpool Park Garden Town budget is provision for loan funding currently up to £75m from the Council to Otterpool Park LLP to support the infrastructure work for the project. Interest is charged at 3% above that the Council can borrow from the PWLB. The loan and its interest will be repaid from the proceeds the LLP generate from selling serviced plots of land to the housing developers over

the life of the project. Given the variable and fluid nature of both the infrastructure works and the land sale receipts, the Council's loan funding to the LLP is in the form of a revolving credit facility (RCF). The RCF allows the LLP to repay part or all of its outstanding loan to the Council when it receives income from the sale of land, avoiding the LLP holding significant cash balances and reducing the credit risk to the Council.

- 3.8 The draw-down of funds from the Council will be linked to key milestones contained in separate detailed funding agreements, to regulate the milestones for draw down, the terms for repayment, security, and all other provisions which it would be prudent to include.
- 3.9 All proposed changes to the Council's General Fund MTCP are required to be approved by full Council as part of the budget setting process. The revenue implications of the MTCP are contained in either the proposed General Fund budget for 2025/26 or will feature in the updated Medium Term Financial Strategy.

4. IMPACT ON CAPITAL RESOURCES

- 4.1 The proposed MTCP (2025/26 to 2029/30) requires approximately £90m of prudential borrowing to support the programme, with about £58m of this for the Otterpool Park scheme, £7.5m for FOLCA2 and £23m for the Leisure Centre development. Ordinarily the investment in Otterpool Park, would put significant pressure on the General Fund budget for additional interest costs pending surplus assets disposal and receiving the Capital Receipts.
- 4.2 However, the Council is capitalising its borrowing cost for expenditure on the land assembly for the site until the land is ready for its intended use. As the land is sold the Council can then look to repay its borrowing. Additionally, the Council is receiving a net rental income stream from some of the properties it has acquired to date. The borrowing cost to the Council for the planned loan investment in Otterpool Park LLP, the delivery vehicle for the project, will be covered by the accrued interest to be charged on the loan in the first instance.

4.3 Prudential borrowing is planned to be used to fund the following capital schemes where the Council will receive a net revenue benefit after allowing for interest costs:

Scheme	Borrowing
	£'000
Otterpool Park	58,026
Leisure Centre Development	23,000
FOLCA2	7,500
Coast Drive Seafront Development	760
Princes Parade	360
Waste Contract Acquisition of Vehicles	260
Temporary Accommodation	94
Total	90,000

4.4 The latest position regarding the Council's available capital receipts to fund capital expenditure is shown in the following table:

Capital Receipts Position Statement	£'000
Opening Balance at 1 April 2024	9,076
<u>Less:</u>	
Committed towards General Fund capital expenditure	(9,268)
Committed towards HRA capital expenditure	(8,626)
Contingency for urgent or unforeseen capital expenditure	(500)
Anticipated capital receipts to be received in 2024/25	9,409
Balance available to support new GF capital expenditure	91

4.5 Council's continuing prudent financial management means it is able to use its other internal resources (cash reserves and balances) to fund the MTCP that is not already met from external grants and contributions without resorting to new borrowing. The table below summarises the council's forecast revenue resources of £2.7m committed towards funding the MTCP to 2029/30.

Revenue Resources to Fund the MTCP	£'000
Vehicle, Equipment and Technology Reserve	635
Economic Development Reserve	725
High Street Reserve	450
Climate Change Reserve	240
Transformation Reserve	90
General Reserve	516
Total	2,626

4.6 This level of capital investment will be a significant draw upon the Council's available reserves and balances, and it is unlikely this could be repeated in the future. For this reason, it is important that a thorough and robust assessment is undertaken for the new major capital investment proposals to ensure best use of the Council's limited financial resources.

5. CONCLUSIONS

5.1 The MTCP has been reviewed and updated in accordance with the approved budget strategy for 2025/26.

5.2 The revenue consequences of the MTCP are reflected in the Council's General Fund budget and will form part of the Medium Term Financial Strategy to be taken to full Council on 26 February 2025.

5.3 The proposed General Fund MTCP requires a substantial level of prudential borrowing to fund it. The impact to the General Fund of this will be mitigated through a combination of capitalising interest costs where permissible, charging interest to third parties on capital loans met from borrowing and generating additional net revenue streams from capital investments met from borrowing.

5.4 The level of new capital investment in the proposed MTCP will be a significant draw upon on the Council's available reserves and balances and is unlikely to be repeated in the future. Future major capital investment initiatives are likely to require further prudential borrowing to help fund them.

5.5 Cabinet is asked to recommend full Council to approve the changes to the MTCP outlined in this report to reflect the latest projected outturn shown in appendix 1 to this report.

6. RISK MANAGEMENT ISSUES

6.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Capital resources not available to meet the cost of the new projects.	High	Low	Schemes or elements of those schemes relying on future capital receipts or external grants and contributions will not commence until an agreed disposal plan or funding agreement is in place.

Perceived risk	Seriousness	Likelihood	Preventative action
Cost of new projects may exceed the estimate	High	Medium	A review of existing approved capital schemes has been undertaken as part of the update to the MTCP to assess the impact of current inflationary pressures affecting construction and engineering sector. Capital monitoring procedures in place allowing prompt early action to be taken to manage the risk effectively.
Expenditure planned to be met by grant is ineligible under the terms of the funding agreement	High	Low	Prior to commitments being made the project manager to agree in advance grant eligible expenditure with the funding body.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (NM)

There are no legal implications arising directly out of this report. Part 1 of the Local Government Act 2003 gives the Council the power to borrow and to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. It also requires the Council to act prudently when carrying out these activities, including an obligation to determine and keep under review how much money it can borrow. In addition, the Council is required by the Local Government Finance Act to produce a balanced budget. Generally, the Council must take into account its fiduciary duties to local taxpayers and its continuing obligation to ensure it has the funding required to perform its statutory undertakings.

7.2 Finance Officer's Comments (DL)

This report has been prepared by Financial Services. There are no further comments to add.

7.3 Diversities and Equalities Implications (GE)

There are no equality and diversity implications directly arising from this report, the report does not cover a new service/policy, or a revision of an existing service or policy

therefore does not require an EIA.

7.4 Climate Change Implications (AT)

There are no climate change implications arising directly from this report. It updates Cabinet on this position following decisions taken at Cabinet and Full Council. Climate change implications of the various projects referenced in the report will be assessed as part of the development and implementation phases of those projects through the appropriate decision-making process.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Dani Loxton, Principal Accountant (Capital and Treasury)
Tel: 01303 853728, email: daniella.loxton@folkestone-hythe.gov.uk

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

None

Appendix:

- 1) Proposed General Fund MTCP to 2029/30
- 2) Capital Growth Bids 2025/26

General Fund Medium Term Capital Programme to 2029/30				Latest Approved MTCP Budget	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
Item No.	Service Area and Scheme	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Andy Blaszkowicz - Operations										
1	Coast Protection - Coronation Parade, Folkestone	742		0	742	0	0	0	0	0	742
2	Coast Protection - Coronation Parade annual monitoring	16		4	4	4	4	4	0	0	20
3	Coast Protection - Greatstone Dunes Management & Study	60		15	15	15	15	15	0	0	75
4	Coast Protection - Hythe to Folkestone Beach Management	618		350	268	0	0	0	0	0	618
5	Royal Military Canal footpath enhancements	60		20	20	20	20	0	0	0	80
6	Lifeline Capitalisation	280		70	70	70	70	0	0	0	280
7	Public Toilet Enhancement Programme	113		113	0	0	0	0	0	0	113

Item No.	Service Area and Scheme	Latest Approved MTCP Budget	£'000	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
8	New Public Toilets (Changing Places Fund)	4		6	0	0	0	0	0	6
9	Biggins Wood Site Land Remediation Works	686		325	0	0	0	0	0	325
10	Ship Street Site Folkestone (GF Element)	26		26	125	0	0	0	0	151
11	Princes Parade Leisure & Housing Development	360		330	30	0	0	0	0	360
12	Electric Vehicle Charging Points	40		0	0	0	0	0	0	0
13	District Street Lights	60		60	0	0	0	0	0	60
14	Coast Drive Seafront Development	1,460		460	1,000	0	0	0	0	1,460

Item No.	Service Area and Scheme	Latest Approved MTCP Budget		Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
15	Coastal Park Play Equipment	19		59	0	0	0	0	0	59
16	Replacement Asset Management System	60		0	60	0	0	0	0	60
17	Radnor Park Footpath Resurfacing (FPPG Charity)	13		13	0	0	0	0	0	13
18	The Stade, Folkestone Rental Huts	100		0	100	0	0	0	0	100
19	Additional Toilet Cleaners Vans	13		20	0	0	0	0	0	20
20	Refurbishment of Mountfield road	144		144	0	0	0	0	0	144
21	Connect 38 CAT A Works	33		33	0	0	0	0	0	33

Item No.	Service Area and Scheme	Latest Approved MTCP Budget		Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
22	Funding of Folkestone Coastal Park Play Area Refurbishment (FPPG Charity)	40		0	0	0	0	0	0	0
23	Replacement of HI-AB Crane	75		75	0	0	0	0	0	75
24	Staff Welfare Facilities New Romney Depot	5		5	0	0	0	0	0	5
25	Leas Cliff Hall Car Park - CCTV	13		14	0	0	0	0	0	14
26	Replacement Transit Van	28		28	0	0	0	0	0	28
27	On Street Pay and Display Parking Machines	18		0	18	0	0	0	0	18
28	3 Ride on Mowers	90		104	0	0	0	0	0	104
29	Trimax Pegasues	26		39	0	0	0	0	0	39
30	Stump Grinder	30		38	0	0	0	0	0	38
31	Tractor mounted Hedge Flail	40		35	0	0	0	0	0	35
32	Excavator	40		34	0	0	0	0	0	34

Item No.	Service Area and Scheme	Latest Approved MTCP Budget		Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
33	Replacement Car Park Pay and Display Machines	0		0	60	0	0	0	0	60
34	Westenhanger Castle - Manor House Window Repairs	0		0	84	0	0	0	0	84
35	Westenhanger Castle = Outer Courtyard Walls	0		0	110	0	0	0	0	110
36	Grounds Maintenance replacement equipment	0		0	168	0	0	0	0	168
37	Workshop extension	0		0	40	0	0	0	0	40
38	Coastal Park Play Area Refurbishment	0		0	500	0	0	0	0	500
39	Cliff Stabilisation Works	0		0	300	0	0	0	0	300
	Total - Operations	5,312		2,420	3,714	109	109	19	0	6,371
	Ewan Green - Place									
	Otterpool Land and Property Acquisition	0		0	0	0	0	0		0

Item No.	Service Area and Scheme	Latest Approved MTCP Budget	£'000	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Otterpool Park Delivery	58,026	58,026	7,000	4,750	2,850	2,150	2,150	39,126	58,026
	Otterpool Park Garden Town Delivery Mechanism	0	0	0	0	0	0	0	0	0
	Otterpool Park Masterplanning Costs	0	0	0	0	0	0	0	0	0
40	Otterpool Park Garden Town	58,026	58,026	7,000	4,750	2,850	2,150	2,150	39,126	58,026
41	Waste Contract - Acquisition of Vehicles and Equipment	260	260	260	0	0	0	0	0	260
42	Electoral Management System	9	9	0	0	0	0	0	0	0
43	Area Officer Vans	20	20	20	0	0	0	0	0	20
44	Rural England Prosperity Fund Capital Grants Scheme	571	571	571	0	0	0	0	0	571
45	UK Shared Prosperity Fund Capital Grants Scheme	376	376	376	0	0	0	0	0	376
46	Folkestone - A Brighter Future Project (LUF)	20,406	20,406	4,000	16,406	0	0	0	0	20,406

Item No.	Service Area and Scheme	Latest Approved MTCP Budget	£'000	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
47	FOLCA 2	10,000		0	4,000	8,000	0	0	0	12,000
48	Leisure centre development	26,000		0	500	500	12,500	12,500	0	26,000
	Total - Place	115,668		12,227	25,656	11,350	14,650	14,650	39,126	117,659
	Gill Butler - Housing									
49	Empty Properties Initiative (KCC) - Loans to landlords	1,200		300	300	300	300	0	0	1,200
50	Temporary Accommodation (invest to save)	94		94	0	0	0	0	0	94
51	Disabled Facilities Grants (DFGs) & Loans	4,000		1,370	1,000	1,000	1,000	0	0	4,370
52	Home Safe Loans	400		100	100	100	100	0	0	400

Item No.	Service Area and Scheme	Latest Approved MTCP Budget	£'000	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
		£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Total - Housing	5,694		1,864	1,400	1,400	1,400	0	0	6,064
	Lydia Morrison - Corporate Services									
53	PC Replacement Programme	275		55	55	55	55	55	0	275

Item No.	Service Area and Scheme	Latest Approved MTCP Budget	£'000	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
54	Server Replacement Programme	240		60	60	60	60	0	0	240
55	Website CMS replacement	26		0	0	0	0	0	0	0
56	Folkestone & Hythe Green Business Grant Scheme	180		180	0	0	0	0	0	180
57	FHDC Transformation	15		15	0	0	0	0	0	15
58	Upgrade eFinancials Financial Ledger System to Cloud Hosted Service	70		96	0	0	0	0	0	96
59	Financial System	500		100	490	0	0	0	0	590
Total - Corporate Services		1,306		506	605	115	115	55	0	1,396
	Total General Fund Medium Term Capital Programme	127,980		17,017	31,375	12,974	16,274	14,724	39,126	131,490
	Capital Funding									
60	Government Grant	(27,023)		(6,690)	(16,712)	(1,019)	(1,019)	(1,019)	0	(26,459)

Item No.	Service Area and Scheme	Latest Approved MTCP Budget	£'000	Latest Projection 2024/25	Latest Projection 2025/26	Latest Projection 2026/27	Latest Projection 2027/28	Latest Projection 2028/29	Latest Projection 2029/30	Total Projection 2024/25 - 2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
61	Other External Contributions	(717)		(392)	(1,325)	(500)	(1,000)	0	0	(3,217)
62	Capital Receipts	(3,928)		(1,215)	(2,753)	(4,900)	(400)	0	0	(9,268)
63	Revenue Contributions	(2,812)		(876)	(1,205)	(205)	(205)	(55)	0	(2,546)
64	Borrowing	(93,500)		(7,844)	(9,380)	(6,350)	(13,650)	(13,650)	(39,126)	(90,000)
	Total Funding	(127,980)		(17,017)	(31,375)	(12,974)	(16,274)	(14,724)	(39,126)	(131,490)

Project	Amount £000	Funded by	Comments
Replacement Car Park Pay and Display Machines	60	Capital Receipts	Replacement of 13 pay and display machines as current machines have reached end of useful life and keep breaking down, leading to potential loss of income.
Westenhanger Castle - Manor House Window repairs	84	Capital Receipts	Extensive repairs required to timber sash windows. Grade 1 listed. Urgent repairs required to prevent further damage to the wall and likely collapse. Grade 1 listed.
Westenhanger Castle - Outer Courtyard Walls	110	Capital Receipts	
Tractor Front Loader	12	Capital Receipts	Replacement grounds maintenance equipment
Landrover replacement for New Romney	40	Capital Receipts	Replacement of vehicle purchased in 2008
Skag Pedestrian Mower x 2	18	Capital Receipts	Replacement equipment as parts no longer available for Hayter mowers
Tractor Aerator	15	Capital Receipts	Aerator for sports facility management
Tractor Trailer	15	Capital Receipts	Replacement grounds maintenance equipment
Utility vehicle	32	Capital Receipts	Replacement of vehicle purchased in 2008 for Royal Military Canal area
Trailed Waterbowsers x 3	24	Capital Receipts	Replace old bowsers that were purchased between 2001-06
Workshop extension	40	Capital Receipts	Extend workshop by 44m ²
Workshop Vehicle Lift	12	Capital Receipts	Additional lift so that more than one vehicle/ piece of equipment can be worked on at same time
Coastal Park Play Area Refurbishment	500	CIL/S106/Grant Capital Receipt	Refurbishment of play equipment at end of useful life in Green Flag rated coastal park. £300k CIL/£50k s106/£50k Grant/ £100k Capital Receipt
Cliff Stabilisation Works	300	CIL/Capital Receipt	Required stabilisation works. £150k CIL/ £150k Capital Receipt
FOLCA 2	2000	Borrowing	Additional funding required to complete full schedule of works (£10m on existing MTCP - this will increase overall budget to £12m).
Otterpool Garden Town	1250	Borrowing	£250k p.a. increase to cover FHDC costs as required (over 5 years)
Ship Street	125	Capital Receipts	Professional fees for design costs to support planning application, 'stage 2' works, valuation fees etc - increase to existing budget
Coast Protection - Coronation Parade annual monitoring	4	Grant	Scheme externally funded by the Environment Agency and extended by one year to 2027/28 - increase to existing budget
Coast Protection - Greatstone Dunes Management & Study	15	Grant	Annual programme funded by Environment Agency extended by one year to 2027/28 - increase to existing budget
Royal Military Canal footpath enhancements	20	Revenue	10 year annual programme from 2017/18 to 2026/27 - increase to existing budget
Total growth bids 25/26	4,676		
Funded by			
Capital receipts	(837)		
Contributions	(500)		
Grant	(69)		
Revenue	(20)		
Borrowing	(3,250)		
Total financing required	(4,676)		

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