



Agenda

Meeting: **Overview and Scrutiny Committee**
Date: **11 September 2018**
Time: **7.00 pm**
Place: **Council Chamber - Civic Centre, Folkestone**

To: **All members of the Overview and Scrutiny Committee**

The committee will consider the matters, listed below, at the date, time and place shown above. The meeting will be open to the press and public.

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>. Although unlikely, no guarantee can be made that Members of the public in attendance will not appear in the webcast footage. It is therefore recommended that anyone with an objection to being filmed does not enter the council chamber.

1. **Apologies for Absence**
2. **Declarations of Interest**

Members of the committee 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 5 - 10)**

Queries about the agenda? Need a different format?

Contact Sue Lewis – Tel: 01303 853265
Email: committee@folkestone-hythe.gov.uk or download from our
website
www.folkestone-hythe.gov.uk

To consider and approve, as a correct record, the minutes of the meeting held on 17 July 2018.

4. **General Fund Revenue Budget Monitoring - 1ST Quarter 2018/19 (Pages 11 - 18)**

Report C/18/30 provides a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 July 2018.

5. **General Fund Capital Budget Monitoring Position 2018/19 (Pages 19 - 28)**

Report C/18/28 provides a projection of the current financial position for the General Fund capital programme, based on expenditure to 31 July 2018 and identifies variances compared to the latest approved budget.

6. **Housing Revenue Account Revenue and Capital Budget Monitoring 2018/19 - 1st Quarter (Pages 29 - 38)**

Report C/18/31 provides a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 30 June 2018.

7. **Treasury Management Annual Report 2017/18 (Pages 39 - 54)**

Report C/18/29 reviews the council's treasury management activities for 2017/18, including the actual treasury management indicators. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

8. **Digital Strategy 2018-2023 (Pages 55 - 66)**

Report C/18/26 The Digital Strategy summarises the direction the Council is taking with regard to offering a greater range of digital services for our residents and businesses and introducing new ways of working for staff.

9. **Quarter 1 Performance Report 2018/19 (Pages 67 - 92)**

Report C/18/25 provides an update on the Council's performance for the first quarter of 2018/19, covering 1st April 2018 to 30th June 2018. The report enables the Council to assess progress against the approved key performance indicators for each service area.

Key performance indicators will be monitored during 2018/19 and reported to CLT and Members quarterly.

10. **Equality and Diversity Annual report (Pages 93 - 136)**

Report C/18/27 The Equality Act 2010 places a statutory duty on the

council to prepare and publish information annually to demonstrate compliance with the Public Sector Equality Duty. The draft Equality & Diversity Annual Report is therefore presented for consideration and approval prior to publication.

*Explanations as to different levels of interest

(a) A member with a disclosable pecuniary interest (DPI) must declare the nature as well as the existence of any such interest and the agenda item(s) to which it relates must be stated. A member who declares a DPI in relation to any item must leave the meeting for that item (unless a relevant dispensation has been granted).

(b) A member with an other significant interest (OSI) under the local code of conduct relating to items on this agenda must declare the nature as well as the existence of any such interest and the agenda item(s) to which it relates must be stated. A member who declares an OSI in relation to any item will need to remove him/herself to the public gallery before the debate and not vote on that item (unless a relevant dispensation has been granted). However, prior to leaving, the member may address the meeting in the same way that a member of the public may do so.

(c) Members may make voluntary announcements of other interests which are not required to be disclosed under (a) and (b). These are announcements made for transparency reasons alone, such as:

- membership of outside bodies that have made representations on agenda items, or
- 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.

Voluntary announcements do not prevent the member from participating or voting on the relevant item

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Minutes

Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre, Folkestone
Date	Tuesday, 17 July 2018
Present	Councillors Miss Susan Carey, Peter Gane (Chairman), Clive Goddard, Ms Janet Holben, Mrs Claire Jeffrey (Vice-Chair), Mrs Mary Lawes, Michael Lyons, Ian Meyers and Russell Tillson
Apologies for Absence	Councillor Mrs Rodica Wheeler
Officers Present:	Gavin Edwards, Andrew Hatcher (Revenues and Benefits Strategic Manager), Sue Lewis (Committee Services Officer), Tim Madden (Corporate Director - Customer, Support and Specialist Services) and Charlotte Spendley (Head of Finance)
Others Present:	Councillor Alan Ewart-James, Cabinet Member for Housing

115. **Declarations of Interest**

There were no declarations of interest.

116. **Minutes**

The minutes of the meeting held on 5 June 2018 were submitted, approved and signed by the Chairman.

The minutes of the meeting held on 12 June 2018 were submitted, approved and signed by the Chairman following an update on Thermal Installations and what is and has been done so far:

This is being looked at by central government as part of the review of building regulations.

117. **Private Sector Housing Assistance Policy 2018-2022**

The report presented the new Private Sector Housing Assistance Policy and highlights the changes and additions made since the previous policy was

published in 2012.

Adrian Hammond, Housing Strategy Manager presented members with an update explaining the policy is a key element of the Council's overall Housing Strategy for the district, supporting the continued investment in the improvement of the private sector housing stock in the district.

He informed that it will assist the more vulnerable and sick people on low incomes to remain in their homes longer, thus preventing them from prematurely accessing the hospital and care systems.

The policy also enables timely discharge from hospital where housing conditions are preventing discharge in line with the requirements of the Government's Better Care Fund.

As part of the draft policy, Mr Hammond informed that the Council will continue to provide:

- Disabled facilities grants to enable vulnerable people to live independently in their homes;
- Home safe loans for vulnerable home owners on low incomes to enable them to carry out essential repairs to their homes;
- Joint working with other agencies to help with urgent works and care to enable the vulnerable to be discharged from hospital to an environment that is suited to their needs;
- The provision of a handy man service so that vulnerable low income home owners can carry out minor urgent repairs in their homes;
- Continued loan investment in partnership with KCC to work towards bringing long-term empty homes back into use.

Following consideration at Cabinet on 18 July 2018 and, if approved, a period of consultation will follow.

Following a number of questions members were informed:

- Home safe loans – it is anticipated that 5-10 cases will be assisted each year with not all needing the full amount of potential loan funding.
- Broken conditions – there have been no recent cases of this but officers would work together with the residents and legal team to look at individual cases should this arise.
- Winter warmth loans – this will be available to households on means tested benefits.
- Handy person's scheme – this is a well-used service with at least 85 cases per year.
- Transfer of care – officers are working with hospital staff to assist individuals and their needs when being discharged and works are being carried out in and around the home such as ramps for wheelchairs or bathroom hand rails, all things that will make life easier for individuals and prevent any delay in their discharge.

It is good practice to go in this direction and government are encouraging this and we are already ahead of other councils in implementing these changes

- Publicity – the public will be advised the consultation process is taking place and that they are able to express their views on the draft policy. Officers specifically agreed to inform current and former service users about the consultation process.

Proposed by Councillor Michael Lyons
Seconded by Councillor Clive Goddard and

Resolved: To receive and note Report C/18/18.

(Voting: For 8; Against 0; Abstentions 1)

118. Annual Performance Report, Making a difference: a snapshot of our year 2017/18

The report sets out how the Council has continued to deliver for local people in the district in 2017/18 in response to the Corporate Plan (2017-20) vision of *investing for the next generation ~ delivering more of what matters*.

Gavin Edwards, Policy and Performance Officer informed members that this will become an annual fixture of reporting using the refreshed Key Performance Indicators (KPIs) which will offer a more outcomes-focussed set of indicators that measure the Council's progress in delivering its key delivery plans and strategies. Work on a refreshed set of Key Performance indicators will be ongoing throughout 2018/19.

Members paid particular attention to the following with the intention that they would be included in future reports:

- Performance - It was agreed that future reports include the previous year's performance so that members can compare how the Council is delivering on its plans.
- Appraisal of the District – ensure that Romney Marsh is included.
- Appearance of the District – particularly in respect of damaged and stolen bins, figures need to be available.

Proposed by Councillor Mrs Claire Jeffrey
Seconded by Councillor Clive Goddard and

Resolved: To receive and note Report C/18/21.

(Voting: For 9; Against 0; Abstentions 0)

119. Risk Management policy and Strategy

This report presented an updated Risk Management Policy & Strategy for adoption by Cabinet which will provide a framework for officers to develop a refreshed Corporate Risk Register as well as Operational, Project & Partnership Registers in due course.

Charlotte Spendley, Head of Finance informed that if Cabinet adopt the new policy it will give a clear and concise framework for officers to work within and aid consistency of the corporate project.

The key changes are set out in the report with the objectives being amended to reflect these changes. In respect of scoring this will be simplified and have better clarification and additional categories will be included to cover mitigation, time frames and target scores, bringing together other documents and information.

It is hoped that with these changes officers will adopt the procedures into their daily thinking, their names will be included as the risk owner with the Cabinet member being listed within the corporate register.

The document will be available to members of the public through the Audit and Governance Committee papers later in the year, with lead officers having access at all times.

Proposed by Councillor Ian Meyers
Seconded by Councillor Russell Tillson and

Resolved: To receive and note Report C/18/23.

(Voting: For 9; Against 0; Abstentions 0)

120. Council Tax Reduction scheme 18/19 - consultation

The existing scheme for Council Tax Reduction (CTR) has existed in its current form since 1 April 2017. This report sets out draft scheme options that can form the basis for consultation.

Andrew Hatcher, Revenues and Benefits Strategic Manager informed the Committee that the changes will reduce the need for admin and be better for the customer. Following a full consultation the changes will be implemented by March 2019.

The main features of the new scheme proposed are listed in part 6 of the report with members being informed that no legal implications had arisen as yet and this is the best opportunity to change the scheme before it is implemented in March.

It was agreed that this is the best solution to universal credit option which will reduce uncertainty but it is clear that it is important to meet the objectives set out and minimise any issues that may arise for those worse off. Officers

recognise there may be some losers and these people will be targeted to help, most will only see penny reductions, with very few in the £s.

A full consultation with applicants will take place and all councillors will be able to take part and put their views through a questionnaire which will be available on the council's website and on request. The consultation will offer the choice of remaining with the existing scheme or a new banding scheme.

Proposed by Councillor Russell Tillson
Seconded by Councillor Michael Lyons and

Resolved: To receive and note Report C/18/20.

(Voting: For 9; Against 0; Abstentions 0)

Councillor Gane informed the committee that he had received a request to add an item onto the annual scrutiny programme in respect of Members Allowances and how these were being dealt with.

Following an update from Tim Madden, Corporate Director this item was rejected by members.

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This Report will be made public on 4 September 2018

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/18/30**

To: Cabinet
Date: 12 September 2018
Status: Non-Key Decision
Head of Service: Charlotte Spendley - Head of Finance
Cabinet Member: Councillor – Malcolm Dearden - Cabinet Member for Finance

SUBJECT: GENERAL FUND REVENUE BUDGET MONITORING – 1ST QUARTER 2018/19

SUMMARY: This monitoring report provides a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 July 2018.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because it needs to be informed of the council's General Fund revenue budget position and take appropriate action to deal with any variance from the approved budget.

RECOMMENDATIONS:

1. To receive and note Report C/18/30.

1. INTRODUCTION AND BACKGROUND

- 1.1 This report updates Cabinet on the likely projected outturn on the General Fund revenue budget, based on data received as at 31 July 2018.
- 1.2 General Fund projections are made against the latest approved estimate and approved virements within year to 31 July 2018.
- 1.3 The projections shown in the report are made at a relatively early stage in the financial year and will be subject to further change which will be reported to Cabinet as part of the regular budget monitoring process.

2. GENERAL FUND REVENUE 2018/19 - PROJECTED OUTTURN

- 2.1 The Quarter 1 projected outturn for service areas shows a forecast of £18,532k against the latest approved budget of £19,027k which gives a favourable variance of £495k.
- 2.2 When taking into account other entries such as Other Service Grants and Business Rates Income, the total projected underspend is £481k.
- 2.3 The following table summarises the latest projected outturn position across the Service Units:

General Fund Net Cost of Services	Latest Approved Budget £'000	Projected Outturn £'000	Variance £'000
Planning Advisor	241	243	2
Leadership Support	927	752	-175
Communications	291	294	3
Democratic Services & Law	4,934	4,994	60
Human Resources	2,982	2,972	-10
Finance	3,403	3,006	-397
Contracts Manager	358	360	2
Strategic Development Project	1,342	1,427	85
Economic Development	1,076	1,088	12
Planning	789	770	-19
Commercial & Technical Services	2,908	2,475	-433
Sub-Total – Heads of Services	19,251	18,381	-870
Unallocated Net Employee Costs	-224	151	375
Total – Heads of Service	19,027	18,532	-495

2.4 The main variations are shown and explained in more detail below.

	£'000
Administration budgets incl. vacancy factor	121
Democratic Services & Law	
Household Waste Collection	29
Hythe Swimming Pool	23
Human Resources	
Cemeteries	56
Finance	
Pensions Back Funding	-43
Housing Benefit/Rent Rebates	-184
Council Tax Collection	-103
Planning	
Market Income	25
Pre-Application Fees	-40
Commercial & Technical Services	
On Street Parking	-187
Off Street Parking	-62
Building Control	-61
Community Parks & Open Spaces	-30
Building Holding Accounts	-77
Other small variations	38
Total – Heads of Service	-495

Administration Budgets

There are various underspends across service areas within the administration budgets mainly relating to staffing costs and there is also an assumed vacancy factor amount budgeted for each year.

Democratic Services & Law

Household Waste Collection – the reduction in income relates to the sale of wheeled bins being lower than originally expected. This budget variance will be addressed during the 2019/20 budget setting process.

Hythe Swimming Pool – the increase mainly relates to lifeguard training and staffing costs and is partly off-set by over recovery in income due to an increased uptake in pool usage.

Human Resources

Cemeteries - the reduced income trend over recent years is continuing and the projection is based on this and previous years outturn. This budget variance will be addressed during the 2019/20 budget setting process.

Finance

Pensions Back Funding – the underspend relates to the amount to be charged to the HRA being higher than originally budgeted for. This budget variance will be addressed during the 2019/20 budget setting process.

Housing Benefit/Rent Rebates – the projected net underspend on Housing Benefits mainly relates to the projected over recovery of rent allowance recovery of overpayments of £233k. This is based on previous years outturn and the current trend for the first quarter.

Council Tax Collection – the increase in income relates to a grant being received from Kent County Council (KCC) relating to Empty Homes Incentive.

Planning

Market Income – the reduction in income is a result of continued under-utilisation of available spaces. A market policy is currently under development and officers are exploring other options for the delivery of a market provision.

Pre-Application Fees – there is a projected over recovery of income based on previous years outturn and current trends. This budget variance will be addressed during the 2019/20 budget setting process.

Commercial & Technical Services

Car Parking - income projections for both on-street and off-street parking continues to increase in line with current trends. This budget variance will be addressed during the 2019/20 budget setting process.

Building Control – the projected additional income for building control fees is based on previous years outturn and current trends. This budget variance will be addressed during the 2019/20 budget setting process.

Building Holding Accounts – the increase in income relates to rental income being received for Otterpool Farm.

2.5 Further variances below the heads of service total are shown below.

Interest and Investment Income

Additional £11k investment interest is projected to be received mainly due to having higher than anticipated cash balances.

Other Non-Service related Government Grants

There is projected to be additional grant received of £102k which reflects net changes to Section 31 grant received from Ministry of Housing, Communities & Local Government (MHCLG) in relation to Business Rates for changes in small business rates and discretionary reliefs.

Capital Financed from Revenue

In line with the projected outturn position on the General Fund Capital Budget Monitoring report (also on this agenda) it is reported that this cost will be approximately £1,630k in 2018/19.

This is an increase of £1,433k in the budgeted sum in respect of the re-profiling of capital schemes between financial years.

Where capital expenditure is financed from revenue there is no net cost to the General Fund because it is funded from reserves.

Movement in Earmarked Reserves

The projected movement on Earmarked Reserves reflects the release of £11k from the VET Reserve and £64k from the Corporate Initiatives Reserve although in year use of this reserve is subject to a review and confirmation process.

The total approved carry forwards from 2017/18 was £351k and included within the projection for the Carry Forward Reserve is £66k that has been released in 2018/19. It is assumed that a further £285k will be used during the year and transferred out of the Carry Forward Reserve with the service areas amended accordingly.

Movement in Earmarked Reserves

Reserve	Balance at 1/4/2018 £'000	Latest Budget £'000	Projection £'000	Change £'000	Balance at 31/3/2019 £'000
Earmarked					
Business Rates	3,160	335	335	0	3,495
Leisure Reserve	197	0	0	0	197
Carry Forwards	420	-116	-116	0	304
VET Reserve	654	28	17	-11	671
Invest to Save	366	0	0	0	366
Maintenance of Graves	12	0	0	0	12
New Homes Bonus (NHB)	2,713	-189	-189	0	2,524
Corporate Initiatives	379	0	-64	-64	315
IFRS Reserve	49	-12	-12	0	37
Otterpool Park Garden Town	2,232	-1,019	-1,019	0	1,213
Economic Development	2,194	0	0	0	2,194
Community Led Housing	437	0	0	0	437
Lydd Airport	9	0	0	0	9
Homelessness Prevention	215	0	0	0	215
Total Earmarked Reserves	13,037	-973	-1,048	-75	11,989

Business Rates Income

Business Rates income has fallen by £202k compared to budget due to an increase in the levy payment due in 2018/19. This is as a result of an increase in the compensation due for the changes to Small Business Rates Relief Thresholds as per the Budget 2016 announcement which has increased the NDR growth on which the levy is payable.

This increase is partly offset by the increase in Section 31 grant receivable shown under Other Non-Service related Government Grants.

- 2.6 With the above variances added to the service areas favourable variance of £495k, the overall position for the general fund shows a projected underspend of £481k.

3 CONCLUSIONS

- 3.1 The projected outturn shown for the General Fund revenue account for 2018/19 reflects the position based on actual expenditure and forecasts at 31 July 2018. The projected outturn will be reviewed, updated and reported to Cabinet as part of the regular budget monitoring process for 2018/19.

4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.
Budget strategy not achieved.	High	Low	The budget making process is controlled closely with regular reconciliations against projections.
Incorrect assessment of Local Government Finance Settlement impact.	High	Low	Figures provided by Central Government have been used.
Failure to address the significant budget pressure arising from the costs of increased housing benefit (temporary accommodation) claims	High	High	Implement solutions that reduce the number of costly claims that attract restricted levels of DWP subsidy.

5 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

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

5.2 Finance Officer's Comments (LH)

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

5.3 Diversities and Equalities Implications

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

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Leigh Hall, Group Accountant

Telephone: 01303 853231 Email: leigh.hall@shepway.gov.uk

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

Budget projection working papers.

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This Report will be made public on 4 September 2018



Report Number **C/18/28**

To: Cabinet
Date: 12 September 2018
Status: Non-Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Member: Councillor Malcolm Dearden, Finance

SUBJECT: GENERAL FUND CAPITAL BUDGET MONITORING 2018/19

SUMMARY: This monitoring report provides a projection of the current financial position for the General Fund capital programme, based on expenditure to 31 July 2018 and identifies variances compared to the latest approved budget.

REASONS FOR RECOMMENDATIONS:

- a) Cabinet is asked to agree the recommendations set out below because it needs to be kept informed of the General Fund capital programme position and take appropriate action to deal with any variance from the approved budget.

RECOMMENDATIONS:

1. To receive and note Report C/18/28.

1. INTRODUCTION AND BACKGROUND

- 1.1 As part of the council's normal budget monitoring process this report updates Cabinet on the current position for the General Fund capital programme in 2018/19, based on expenditure to 31 July 2018, compared to the latest approved budget. Specifically, this report;-
- i) identifies variances on planned capital expenditure for 2018/19 and explanations of these differences,
 - ii) considers the impact any changes to the overall capital programme will have on the financing resources required to fund it.
- 1.2 The latest approved budget includes £1.3m reprofiled from 2017/18 due to slippage on schemes and is consistent with the position previously reported to Cabinet on 13 June 2018 in the General Fund Capital Programme Outturn Report for 2017/18 (Report no C/18/09 refers).
- 1.3 The projections shown in the report are made at a relatively early stage in the financial year and will be subject to further change which will be reported to Cabinet as part of the regular budget monitoring process.

2. CAPITAL PROGRAMME 2018/19 – PROJECTED OUTTURN

- 2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2018/19 is £12,621,800, a decrease of £1,431,000 compared to the latest budget of £14,052,800. Full details are shown in Appendix 1 to this report and the following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme:

General Fund Programme 2018/19	Latest Budget 2018/19	Latest Projection 2018/19	Variance
Service Unit	£'000	£'000	£'000
Commercial & Technical Services	4,339	2,908	(1,431)
Democratic Services & Law	222	222	-
Finance	5,803	5,803	-
Human Resources	11	11	-
Planning Services	926	926	-
Strategic Development Projects	2,752	2,752	-
Total General Fund Capital Expenditure	14,053	12,622	(1,431)
Capital Funding			
Capital Grants	(2,789)	(1,358)	1,431
External Contributions	(1,002)	(1,002)	-
Capital Receipts	(1,451)	(1,451)	-
Revenue	(1,630)	(1,630)	-
Borrow	(7,181)	(7,181)	-
Total Funding	(14,053)	(12,622)	1,431

- 3.2 The reasons for this reduction are due to the following changes in planned expenditure on coastal defence schemes:

	£'000
i) Phase 2 Coronation Parade – Cost of delivering an engineering solution to protect the National Grid’s power supply cable which comes on shore at this location is likely to be significantly lower than original estimated. Scheme funded entirely by the Environment Agency and National Grid	(1,417)
ii) Greatstone Beach Management – Budget includes slippage of £14k from 2017/18. Now not required as only one cycle of works will take place during the year. Scheme funded by the Environment Agency	(14)
Total reduction	<u>(1,431)</u>

- 3.3 The projections contained in this report are based on the most accurate information at the current time and every effort is made to ensure the capital programme is delivered on time and in budget. Some capital schemes are more difficult to project accurately in terms of both the timing of expenditure and the final cost. In particular it is difficult to accurately project the timing of expenditure for the Disabled Facilities Grants and Loans and the release of funding to Oportunitas Limited for its housing acquisitions programme.

4. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES

- 4.1 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. 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. Borrowing is only to be used to support schemes expected to generate a net revenue saving and/or future capital receipt. The latest forecast for the General Fund capital programme conforms to this key principle.
- 4.2 The latest position regarding the council’s available capital receipts to fund capital expenditure is shown in the following table:

General Fund Capital Receipts Position Statement	£'000
Total receipts in hand at 30 th June 2018	(7,949)
Less:	
Committed towards General Fund capital expenditure	1,851
Committed towards HRA capital expenditure	4,280
Ring-fenced for specific purposes	693
Contingency for urgent or unforeseen capital expenditure	500
Balance available to support new capital expenditure	(625)

5. CONCLUSIONS

- 5.1 The projected outturn shown for the General Fund capital programme for 2018/19 reflects the position based on actual expenditure and forecasts at 31 July 2018. The projected outturn will be reviewed, updated and reported to Cabinet as part of the regular budget monitoring process for 2018/19.

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	Medium	Capital receipts required have already been realised for the majority of the programme. 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.
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.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (DK)

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

7.2 Finance Officer's Comments (LW)

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

7.3 Diversities and Equalities Implications

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Lee Walker, Group Accountant

Tel: 01303 853593. e-mail lee.walker@folkestone-hythe.gov.uk

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

None

Appendices:

Appendix 1 – General Fund Capital Programme 2018/19 Projection

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GENERAL FUND CAPITAL PROGRAMME 2018/19 PROJECTED OUTTURN AT 31 JULY 2018							
		0					
Item Scheme (By Head of Service)		Cost Centre	Latest Approved Budget		Latest Projection	Variance	Comments
			£000		£000	£000	
	<u>Andy Blaszkowicz - Head of Commercial and Technical Services</u>						
1	Hythe Environmental Improvements	NC92	2		2	0	Minor planting works to finish the scheme
2	Grounds Maintenance Vehicle Replacement Programme	NF47	203		203	0	Main procurement process to commence from Autumn 2018
3	Coast Protection, Coronation Parade Folkestone	NJ11	2446		1029	-1417	Scheme externally funded. Phase 2 design currently in progress. Initial indications are the engineering solution can be delivered for significnatly less than originally estimated.
4	Coastal Protection, Greatstone Dunes Management	NJ13	29		15	-14	Funded by the Environment Agency. Saving as only one cycle of work will take place, planned for the winter.
5	Beach Management 2015-2020	NJ17	314		314	0	Funded by the Environment Agency
6	General Fund Property - Health and Safety Enhancements	NC98	70		70	0	Includes fire safety improvements to the Civic Centre
7	Lifeline Capitalisation	NF53	42		42	0	On target
8	Royal Military Canal Enhancements	NF73	20		20	0	Work planned for later in year
9	Pumping Stations - New Vehicle	NF79	25		25	0	Procurement planned for later this year
10	Princes Parade On-Street Parking	NG00	15		15	0	Planned to be completed by late Summer 2018
11	Car Park Review	NG09	8		8	0	
12	Hawkinge Cemetery Expansion	NG12	65		65	0	Works due to commence later this year.
13	Disabled Facilities Grant	NN10	1000		1000	0	The updated Housing Assistance Policy is currently out to public consultation. This will help to improve the level of DFG take up amongst vulnerable households in the district
14	Home Safe Loans	NN19	100		100	0	The updated Housing Assistance Policy is currently out to public consultation. This will enable to assist an increased number of vulnerable low income owner occupiers.
Total - Head of Commercial and Technical Services			4339		2908	-1431	

Item Scheme (By Head of Service)		Cost Centre	Latest Approved Budget		Latest Projection	Variance	Comments
	<u>Amandeep Khroud - Head of Democratic Services and Law</u>						
15	PC Replacement Programme	NF17	16		16	0	On target
16	Server Replacement Programme	NF18	60		60	0	On target
17	Virtual Desktop Technology	NF49	20		20	0	On target
18	New Vehicle Env Enforcement	NG05	14		14	0	Vehicle purchased
19	New Vehicle Dog Warden	NG06	29		29	0	
20	Compactor Bins	NG11	83		83	0	To be installed and operational at the Coastal Park, Folkestone by the end of August 2018
	Total - Head of Democratic Services and Law		222		222	0	
	<u>Charlotte Spendley - Head of Finance</u>						
21	Oportunitas Loan & Share Capital Phase 1 (Housing Acquisitions)	NP17	1178		1178	0	Balance of funding expected to be utilised to support further residential property acquisitions
22	Oportunitas Loan & Share Capital Phase 2	NG08	3400		3400	0	Investment opportunities currently being explored. Possibility that the budget may require being partly reprofiled to 2019/20
23	Transforming Shepway	NG10	1225		1225	0	
	Total - Head of Finance		5803		5803	0	
	<u>Chris Lewis - Head of Planning</u>						
24	Empty Properties Initiative	NN40	76		76	0	Balance of previous scheme expected to be fully utilised in 2018/19
25	Empty Homes Initiative	NG03	350		350	0	Target properties for 2018/19 have been identified in partnership with KCC. This will result in at least 23 long-term empty being returned to use in the district during the year.
26	Temporary Accommodation	NG04	500		500	0	Suitable property identified. Purchase process is underway and is due to complete by September 2018
	Total - Head of Planning		926		926	0	
	<u>Andrina Smith - Head of Human Resources</u>						
27	BACAS Burial Software System	NF70	11		11	0	Software being purchased
	Total - Head of Human Resources		11		11	0	

Item Scheme (By Head of Service)		Cost Centre	Latest Approved Budget		Latest Projection	Variance	Comments
	Andy Jarrett - Head of Strategic Development Projects						
28	Corporate Property Development Projects	NF76	161		161	0	Budget to help support new or existing initiatives
29	Princes Parade - Preparation Costs for Redevelopment	NF75	94		94	0	Costs to support the planning application process
30	Biggins Wood Commercial Development	NF81	84		84	0	
31	Greatstone Holiday Lets	NG01	1002		1002	0	Construction phase yet to commence, Possibility that budget may require being partly reprofiled to 2019/20.
32	Ship Street Site	NG02	441		441	0	On hold while the viability of the site considered
33	Otterpool Park Garden Town Delivery Vehicle	NG07	350		350	0	Initial work about to commence to establish a suitable delivery mechanism for the project
34	Land at Otterpool Lane	NC00	620		620	0	
	Total - Head of Strategic Development Projects		2752		2752	0	
	TOTAL GENERAL CAPITAL PROGRAMME 2018/19		14053		12622	-1431	
	Funding Summary:						
	Capital Receipts	9940	-1451		-1451	0	
	Government Grant	9941	-2789		-1358	1431	
	External Contributions	9942	-1002		-1002	0	
	Revenue Reserves	9943	-1300		-1300	0	
	Direct Revenue	9944	-330		-330	0	
	Borrowing	9945	-7181		-7181	0	
	Leasing	9946	0		0	0	
	TOTAL FUNDING		-14053		-12622	1431	

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This Report will be made
public on 4 September 2018

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number

C/18/31

To: Cabinet
Date: 12 September 2018
Status: Non-Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Members: Councillor Malcolm Dearden, Finance and
Councillor Alan Ewart-James, Housing

SUBJECT: HOUSING REVENUE ACCOUNT REVENUE AND
CAPITAL BUDGET MONITORING 2018/19 – 1ST
QUARTER

SUMMARY: This monitoring report provides a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 30 June 2018.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because 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 and be informed of the final 2018/19 position.

RECOMMENDATIONS:

1. To receive and note Report C/18/31.

1. INTRODUCTION

- 1.1 This report informs Cabinet of the likely projected outturn on HRA revenue and capital expenditure for 2018/19.
- 1.2 The projections are based on actual expenditure and income to 30 June 2018. Some caution therefore needs to be exercised when interpreting the results due to the early stage of the financial year, however, a thorough budget monitoring exercise has been carried out.

2. HOUSING REVENUE ACCOUNT REVENUE 2018/19 (see Appendix 1)

- 2.1 The table below provides a summary of the projected outturn compared to the latest budget for 2018/19.

	Latest Budget £'000	Projection £'000	Variance £'000
Income	(15,829)	(15,968)	(139)
Expenditure	10,994	10,832	(162)
HRA Share of Corporate Costs	226	201	(25)
Net Cost of HRA Services	(4,609)	(4,935)	(326)
Interest Payable/Receivable etc	1,499	1,499	0
HRA Surplus/Deficit	(3,110)	(3,436)	(326)
Revenue Contribution to Capital	6,748	6,841	93
Decrease/(Increase) to HRA Reserve	3,638	3,405	(233)

- 2.2 The table shows that overall at quarter 1 there is a projected decrease in net expenditure of £0.233m on the HRA.

The main reasons for this are as follows:-

	£'000
Decrease in repairs and maintenance (see 2.3 below)	(158)
Increase in dwelling rents (see 2.4 below)	(89)
Increase in non-dwelling rents (see 2.5 below)	(79)
Decrease in HRA Share of Corporate and Democratic costs	(25)
Increase in revenue contribution to capital (see 2.6 below)	93
Decrease in charges for services and facilities (see 2.7 below)	29
Other minor variances	<u>(4)</u>
Total net projected Housing Revenue Account decrease	<u>(233)</u>

- 2.3 The decrease in repairs and maintenance relates to a delay in procuring a new contractor for the provision of internal and external decorations.
- 2.4 The increase in dwelling rents is due to faster void turnarounds and an increase in affordable properties at affordable rent.
- 2.5 The increase in non-dwelling rents relates to vacant garages being re-let quicker.
- 2.6 The increase in revenue contribution to capital relates to an additional loan amount of £92,500 to EKH to help complete the Single IT System project. The decision to loan EKH a further sum was taken by Cabinet in report C/17/57 on the 15 November 2017 with payment deferred until 2018/19.
- 2.7 The decrease in charges for services and facilities relates to heating charges being lower than anticipated due to a change of supplier.
- 2.8 Overall, the HRA reserve at 31 March 2019 is expected to be £4.642m compared with £4.409m in the latest budget.

3. HOUSING REVENUE ACCOUNT CAPITAL 2018/19 (see Appendix 2)

- 3.1 The latest budget for the HRA capital programme in 2018/19 is £13.673m and the projected outturn for the year is £13.761m, an overspend of £0.088m.

- 3.2 The reasons for the increase in expenditure are as follows:-

	£'000
EKH Single System (see 3.3 below)	93
Treatment Works	<u>(5)</u>
Total increase against Original Budget	<u>88</u>

- 3.3. EKH requested an additional loan amount of £92,500 to help complete the Single IT System project, payment was made in 2018/19. The decision to loan EKH a further sum was taken by Cabinet in report C/17/57 on the 15 November 2017.

- 3.4 The following table compares the resources required to finance the projected outturn for the HRA capital programme in 2018/19. The variation shown below corresponds to the figure in section 3.1, above.

2018/19 HRA	1-4-1 Capital Receipts	Revenue Contribution	Major Repairs Reserve	Total
	£'000	£'000	£'000	£'000
Projected Outturn	2,859	6,841	4,061	13,761
Approved	2,859	6,748	4,066	13,673
Variation	0	93	(5)	88

4. CONCLUSION

- 4.1 The HRA revenue outturn projection for 2018/19 forecasts £0.218m lower expenditure than the latest approved budget.
- 4.2 The HRA capital outturn projection for 2018/19 forecasts £0.088m higher expenditure than the latest approved budget.
- 4.3 The projected outturn for both the HRA revenue expenditure and capital programme for 2018/19 reflects the position based on actual expenditure and forecasts at 30 June 2018.

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 materially different to the actual year end position.	Medium	Medium	Areas at greater risk of variances are being closely monitored and an 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 2018/19 to 2019/20 capital programme will need to continue to be reviewed to take account of the capacity to manage the programme. 2018/19 planned expenditure will need to be reviewed to

			determine whether any expenditure will fall into 2019/20 and beyond.
Significant amendments having to be made to the financial results following audit.	High	Low	The formal accounts have been prepared in accordance with professional standards and best accounting practice.

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (DK)

There are no legal implications arising from this report.

6.2 Finance Officer's Comments (LW)

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

6.3 Diversities and Equalities Implications (DA)

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. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Cheryl Ireland, Chief Accountant

Tel: 01303 853213 Email:cheryl.ireland@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 30 June 2018

[Appendix 2](#) Housing Revenue Account capital budget monitoring report at 30 June 2018

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HOUSING PORTFOLIO	LATEST APPROVED BUDGET £000	PROJECTED OUTTURN £000	VARIANCE £000	REASON
INCOME				
Dwelling rents	14,437	14,526	-89	Income higher due to vacant properties being filled quicker, and increase in the number of affordable rents properties
Non-dwelling rents	357	436	-79	Income higher due to vacant garages being filled quicker
Charges for services and facilities	983	954	29	Heating charges lower than anticipated due to change of supplier
Contributions from general fund	52	52	0	
Total Income	15,829	15,968	-139	
EXPENDITURE				
Repairs and maintenance	3,333	3,175	-158	Due to a reduction in internal and external decorations due to the delay in procuring a new contract.
Supervision and management	3,938	3,934	-4	
Rents, rates and taxes	22	21	-1	
Depreciation charges of fixed assets	3,541	3,541	0	
Debt management expenses	21	21	0	
Bad debts provision	140	140	0	
Total Expenditure	10,994	10,832	-162	
Net	-4,835	-5,137	-302	
HRA Share of Corporate and Democratic Costs	226	201	-25	
Net Cost of HRA Services	-4,609	-4,935	-326	
Interest payable	1,597	1,597	0	
Interest and investment income	-83	-83	0	
Premiums and discounts	-15	-15	0	
(SURPLUS)/DEFICIT	-3,110	-3,436	-326	
MOVEMENTS IN HRA BALANCE FOR 2018/19				
Repayment of debt	0	0	0	
Revenue contribution to capital	6,748	6,841	93	
Surplus/deficit for the year	-3,110	-3,436	-326	
Increase/Decrease in Net Movement in HRA Balance	3,638	3,405	-233	
HRA Reserve balance brought forward	-8,047	-8,047	0	
HRA Reserve balance carried forward	-4,409	-4,642	-233	

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PORTFOLIO AND SCHEMES	LATEST APPROVED BUDGET	PROJECTED OUTTURN	VARIANCE	COMMENTS
HOUSING PORTFOLIO	£'000	£000	£000	
1. Planned Improvements				
Windows & Doors	420	420	0	
Re-roofing	400	400	0	
Replacement Double Glazing Units	0	0	0	
Heating Improvements	315	315	0	
Kitchen Replacements	300	300	0	
Bathroom Improvements	200	200	0	
Voids Capital Works	250	250	0	
Disabled Adaptations	350	350	0	
Sheltered Scheme upgrades	190	190	0	
Rewiring	300	300	0	
Lift Replacement	0	0	0	
Thermal Insulation	50	50	0	
Fire Protection Works	1,131	1,131	0	
Impairment of Assets	0	0	0	
	3,906	3,906	0	
2. Major Schemes				
External Enveloping *	120	120	0	
Garages Improvements	30	30	0	
Treatment Works	10	5	-5	
Broadmead Road	0	0	0	
	160	155	-5	
3. Environmental Improvements				
Environmental Works	52	52	0	
New Paths	15	15	0	
Play Areas	10	10	0	
	77	77	0	
4. Other Schemes				
New Builds/Acquisitions	9,530	9,530	0	
EKH Single System	0	93	93	Due to increase in loan to EKH
Cash Incentive Scheme	0	0	0	
	9,530	9,623	93	
TOTAL	13,673	13,761	88	
FUNDING				
Major Repairs Reserve	4,066	4,061	-5	
Revenue Contribution	6,748	6,841	93	
1-4-1 Capital Receipts	2,859	2,859	0	
TOTAL FUNDING	13,673	13,761	88	

* This includes all items of the property structure that is external, such as roof, chimneys, gutters, fascias, eaves and repointing.

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This report will be made public on 4 September 2018.

Report Number **C/18/29**

To: Cabinet
Date: 12 September 2018
Status: Non-Key Decision
Head of Service: Charlotte Spendley, Head of Finance
Cabinet Member: Councillor Malcom Dearden, Finance

SUBJECT: TREASURY MANAGEMENT ANNUAL REPORT 2017/18

SUMMARY: This report reviews the council's treasury management activities for 2017/18, including the actual treasury management indicators. The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

REASONS FOR RECOMMENDATION:

Cabinet is asked to agree the recommendations set out below because:-

- a) Both CIPFA's Code of Practice on Treasury Management in the Public Services and their Prudential Code for Capital Finance in Local Authorities, together with the Council's Financial Procedure Rules, require that an annual report on treasury management is received by the Council after the close of the financial year.

RECOMMENDATION:

1. To receive and note Report C/18/29.

1. INTRODUCTION

- 1.1 The annual treasury report is a requirement of the council's reporting procedures. It covers the treasury activity for 2017/18 compared to the approved strategy for the year. It also summarises the actual treasury management indicators for 2017/18 compared to those approved by Full Council.
- 1.2 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.
- 1.3 Full Council approved the Treasury Management Strategy for 2017/18 on 22 February 2017 (report A/16/24 refers). On 11 October 2017 Cabinet received an update on the council's treasury management activities and projections against the approved treasury management indicators for 2017/18 (report C/17/48 refers).
- 1.4 The council's formal treasury management reporting arrangements comply with the requirements of the CIPFA's Treasury Management Code and also provide the opportunity for proper scrutiny of the council's treasury management activities.

2. ECONOMIC COMMENTARY

(Based on commentary supplied by Arlingclose Ltd, the council's Treasury Advisor)

2.1 Economic Background – Key Issues Summarised

- 2.1.1 The key issues affecting the UK economy over the past year are summarised below.
 - i) **Growth** - UK GDP grew by 1.8% for the calendar year 2017, unchanged from 2016. This was viewed as a better than anticipated outcome following forecasts after the EU Referendum outcome in June 2016 and, in part, reflected stronger international growth, particularly in the United States and re-emerging Eurozone economies.
 - ii) **Inflation** – Consumer Price Inflation (CPI) peaked at 3.1% in November 2017 due to rising import prices before falling back to 2.7% in February 2018.
 - iii) **Wages and Employment** - Real average earnings, after inflation, turned negative during the year before slowly recovering but this affected consumer spending. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018.
 - iv) **Business Investment** – this continued to be viewed as weak and was not helped by the political uncertainty following the surprise General Election in June 2017 and the on-going lack of clarity on Brexit.

- v) **Bank Base Rate** – the Monetary Policy Committee (MPC) increased the Base Rate by 0.25% in November 2017, the first rate increase in ten years. The February 2018 Inflation Report indicated the MPC was keen to return inflation to the 2% target over about the next two years with the use of further limited Base Rate rises.
- vi) **Eurozone & US** – Economic activity in the Eurozone gained momentum during the past year although the European Central Bank appear to be some way off normalising interest rates. The US economy grew steadily during the year in line with policy objectives of price stability and maximizing employment on track. Consequently, The Fed raised US interest rates twice in the year to a target range of 1.50% - 1.75% with further increases expected over the next year.

2.2 Financial Markets

- 2.2.1 The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.
- 2.2.2 Gilt yields, which regulate borrowing rates through the Public Works Loan Board (PWLB), displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.
- 2.2.3 The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

2.3 Credit Background

- 2.3.1 In the first quarter of the financial year, UK bank credit default swaps (CDS) reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.
- 2.3.2 The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would actually look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months, advice the authority

followed. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

- 2.3.3 Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

2.4 Credit Rating Developments

- 2.4.1 The most significant change was the downgrade by Moody's to the UK sovereign rating in September 2017 from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.
- 2.4.2 There were other changes to credit ratings issued by the major credit rating agencies during the year however, in broad terms, these had no significant impact on the authority's investment strategy or use of counterparties.

2.5 Other Developments

- 2.5.1 In February, Arlingclose advised clients against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget. The authority had no investments with NCC.
- 2.5.2 In March, following Arlingclose's advice, the authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for the financial year 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the authority's lending list.

3. LOCAL AUTHORITY REGULATORY CHANGES

3.1 Revised CIPFA Codes

- 3.1.1 CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the previous 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports going forward.
- 3.1.2 The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to Cabinet. The Code also expands on the process and governance issues of capital expenditure and investment decisions.

- 3.1.3 In the 2017 Treasury Management Code the definition of ‘investments’ has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

3.2 MHCLG Investment Guidance and Minimum Revenue Provision (MRP)

- 3.2.1 In February 2018 the Ministry of Housing, Communities and Local Government (MHCLG) published revised Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision (MRP).
- 3.2.2 Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called “loans” (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should be in place in the event that yields on investments fall.
- 3.2.3 The definition of prudent MRP has been changed to “put aside revenue over time to cover the CFR”; it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

3.3 MiFID II

- 3.3.1 As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.
- 3.3.2 The authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial

advice.

3.4 Money Market Fund Regulation

- 3.4.1 The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

4. TREASURY POSITION AT 31 MARCH 2018

- 4.1 On 31 March 2018, the authority had net borrowing of £20.5m arising from its revenue and capital income and expenditure, a decrease on 2017 of £4.7m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.17 Actual £m	2017/18 Movement £m	31.3.18 Actual £m
General Fund CFR	18.5	(0.4)	18.1
HRA CFR	47.4	-	47.4
Total CFR	65.9	(0.4)	65.5
Less: Usable reserves	(37.2)	(3.8)	(41.0)
Less: Working capital	(3.5)	(0.5)	(4.0)
Net borrowing	25.2	(4.7)	20.5

- 4.2 Net borrowing has decreased mainly due to an increase in usable reserves resulting from delays, in particular, to the HRA capital programme. This has increased the balances to for the HRA General Reserve and the Major Repairs Reserve.
- 4.3 The authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31 March 2018 and the year-on-year change in show in table 2 below.

Table 2: Treasury Management Summary

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m

Long-term borrowing	57.8	(1.9)	55.9
Short-term borrowing	1.7	0.2	1.9
Total borrowing	59.5	(1.7)	57.8
Long-term investments	(6.9)	(7.0)	(13.9)
Short-term investments	(22.5)	2.7	(19.8)
Cash and cash equivalents	(4.9)	1.3	(3.6)
Total investments	(34.3)	(3.0)	(37.3)
Net borrowing	25.2	(4.7)	20.5

Note: the figures in the table are from the balance sheet in the authority's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

- 4.4 The decrease in net borrowing is mainly due to the reprofiling of the authority's capital expenditure programme between 2017/18 and 2018/19. As the table above shows, there has been a net movement in investment funds to long-term investments. There are two main reasons for this. Firstly, the authority holds sufficient cash and short-term investments for the next 12 months. Secondly, the longer term investments are with counterparties and instruments providing credit quality at least equal to or better than that for the shorter investments and are also providing enhanced returns.

5. BORROWING ACTIVITY 2017/18

- 5.1 At 31 March 2018, the authority held £57.8m of loans, a reduction of £1.7m on the previous year, as part of its strategy for funding previous years' capital programmes. Following the introduction of the Housing Revenue Account (HRA) Self-Financing regime in 2012 the authority operates a two pool debt approach allocating its loans between the General Fund and HRA. The year-end borrowing position and the year-on-year change in show in table 3 below.

Table 3: Borrowing Position – Two Pool Debt Approach

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m	31.3.18 Rate %
<u>General Fund</u>				
Public Works Loan Board	8.4	(0.7)	7.7	5.26%
Local authorities (long-term)	0.5	(0.5)	0.0	2.32%
Local authorities (short-term)	-	0.5	0.5	-
Total General Fund borrowing	8.9	(0.7)	8.2	5.09%
<u>Housing Revenue Account</u>				
Public Works Loan Board	50.6	(1.0)	49.6	3.36%
Total HRA borrowing	50.6	(1.0)	49.6	3.36%
Total borrowing	59.5	(1.7)	57.8	3.61%

- 5.2 The weighted average maturity of the overall loans portfolio at 31 March 2018 is 13.5 years.
- 5.3 The authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the authority's long-term plans change being a secondary objective.
- 5.4 In furtherance of these objectives no new borrowing was undertaken in 2017/18, while existing loans were allowed to mature without replacement. The authority's CFR exceeded its gross borrowing position by £7.7m at 31 March 2018, i.e. it used internal borrowing from its cash surpluses to meet this difference. This strategy enabled the authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 5.5 The "cost of carry" analysis performed by the authority's treasury management advisor Arlingclose did not indicate any value in borrowing in advance for future years' planned expenditure and therefore none was taken.
- 5.6 **Debt Rescheduling** – Opportunities to undertake debt rescheduling were monitored throughout the year in conjunction with Arlingclose. However, as expected, PWLB interest rates did not reach a level where it would have been beneficial to undertake debt rescheduling to create a net saving in borrowing costs.

5.7 Temporary Borrowing

- 5.7.1 The authority can borrow temporarily at times to meet cash outflows not covered by receipts and to finance capital expenditure which will ultimately be met from long term loans or grant receipts due. During 2017/18 no temporary borrowing was undertaken.

6. INVESTMENT ACTIVITY 2017/18

- 6.1 The authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18, the authority's investment balance ranged between £34.3 and £58.0 million due to timing differences between income and expenditure. The authority had an average investment balance of £46.9m during 2017/18 generating a return of 1.02% over the year. The year-end investment position and the year-on-year change are shown in table 4 below. A list of the individual investments held at 31 March 2018 is shown in appendix 1 to this report.

Table 4: Investment Position

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m
Banks & building societies (unsecured)	13.0	(13.0)	-
Covered bonds (secured)	3.3	4.0	7.3
Government (incl. local authorities)	8.0	13.0	21.0
Money Market Funds	4.8	(1.2)	3.6
Other Pooled Funds	5.2	0.2	5.4
Total investments	34.3	3.0	37.3

- 6.2 Both the CIPFA Code and government guidance require the authority to invest its 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.
- 6.3 These objectives have been met during the year demonstrated by the move away from unsecured investments in banks and building societies to more secure counterparties and instruments of other local authorities and covered bonds.
- 6.4 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in table 5 below.

Table 5: Investment Benchmarking

	Credit Score	Credit Rating	Bail-in Exposure	WAM (days)	Income Return
FHDC					
31.03.2017	4.36%	AA-	61%	141	1.35%
30.06.2017	3.64%	AA-	51%	231	1.04%
30.09.2017	3.72%	AA-	42%	252	1.05%
31.12.2017	3.80%	AA-	50%	193	0.91%
31.03.2018	3.25%	AA-	12%	189	0.86%
FHDC average	3.75%	AA-	43%	201	1.04%
Similar LAs	4.32%	AA-	61%	113	1.21%
All LAs	4.36%	AA-	61%	42	0.95%

- 6.5 The investment benchmarking, which is a snapshot at the end of each quarter, demonstrates the authority had a similar risk profile as both its peer group and the wider local authority population in 2017/18 (measured against other Arlingclose clients only). Income returns were slightly below that for the peer group although just above the average for the total population.
- 6.6 The authority's best performing investment in 2017/18 continued to be its £5.4m externally managed pooled property fund. The CCLA Local Authorities' Property Fund generated a total net return of £250k or 4.7% compared to the average value of the fund during the year. Pleasingly, the capital value of the Authority's investment in the fund grew by £246k over the year generating total capital growth of £433k since the authority originally invested in it. Because this fund has no defined maturity date, but is available for withdrawal after a notice period, its performance and continued suitability in meeting the authority's investment objectives is regularly reviewed. In light of the fund's continued impressive income return and the authority's latest cash flow forecasts, investment in this fund has been maintained for the year.

7. FINANCIAL SUMMARY

- 7.1 The following table summarises the authority's net interest cost for its treasury management activities in 2017/18 and shows the outturn is significantly lower than the approved estimate:

Table 6: Net Interest Cost

	2016/17 Actual	2017/18 Estimate	2017/18 Actual	2017/18 Variance Estimate to Actual
	£'000	£'000	£'000	£'000
Interest Paid	2,217	2,114	2,110	(4)
Interest Received(net of fees)	(536)	(323)	(478)	(155)
Net Interest	1,681	1,791	1,632	(159)
<u>Net Impact</u>				
General Fund	35	167	44	(123)
H.R.A	1,646	1,624	1,588	(36)
	1,681	1,791	1,632	(159)

- 7.2 The main reason for the reduction in the net interest cost is due to additional interest received from higher than anticipated usable reserves and other cash balances being invested during the year. This position has previously been reported to Cabinet as part of the authority's regular budget monitoring process.

8. OTHER NON-TREASURY HOLDINGS AND ACTIVITY

- 8.1 Although not classed as treasury management activities, the 2017 CIPFA Code now requires the authority to report on investments for policy reasons outside of normal treasury management. This includes service investments for operational and/or regeneration as well as commercial investments which are made mainly for financial reasons. This includes the authority's investment in its wholly owned subsidiary company, Oportunitas Limited. These are summarised in the table below:

Table 7: Non-Treasury Holdings and Returns

Investment Type	Value 31/03/18 £m	Income 2017/18 £'000	Rate of Return %
Investment Property	8.0	182	2.27
Oportunitas loan & equity	3.6	154	4.27
Lloyds Bank - Local Authority Mortgage Scheme	1.0	23	2.32
Total	12.6	359	2.84

- 8.2 The rate of return on these is higher than that earned on treasury investments reflecting the additional risks to the authority of holding such investments.

9. COMPLIANCE WITH INVESTMENT LIMITS AND TREASURY INDICATORS

- 9.1 The Corporate Director for Customer, Support and Specialist Services is pleased to report that all treasury management activities undertaken during 2017/18 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment and borrowing limits and Treasury Indicators is demonstrated in appendix 2 to this report.

10. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

10.1 Legal Officer's Comments (DK)

There are no legal implications arising directly out of this report other than those clearly stated in the report itself.

10.2 Finance Officer's Comments (LW)

This report has been prepared by Financial Services and relevant financial implications are included within it.

10.3 Diversities and Equalities Implications

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

11. CONTACT OFFICER AND BACKGROUND DOCUMENTS

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

Lee Walker, Group Accountant (Capital and Treasury Management)

Telephone: 01303 853593 Email: lee.walker@folkestone-hythe.gov.uk

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

Arlingclose Ltd – Model Treasury Management Annual Report Template

Appendices:

Appendix 1 – Investments held at 31 March 2018

Appendix 2 – Compliance with specific investment and borrowing limits and Treasury Indicators

APPENDIX 1 – INVESTMENTS HELD AT 31 MARCH 2018

Counterparty	Amount £	Terms	Interest Rate %
Banks and Building Societies (unsecured)			
Nil			
Covered Bonds (Secured)			
Yorkshire Building Society	1,666,460	Covered Fixed Rate Bond to 12/04/2018	0.57
Yorkshire Building Society	2,089,005	Covered Fixed Rate Bond to 12/04/2018	0.57
Royal Bank of Scotland	1,001,842	Covered Floating Rate Note to 15/05/2020	0.78
Royal Bank of Scotland	2,505,138	Covered Floating Rate Note to 15/05/2020	0.73
Government			
Eastleigh Borough Council	5,000,000	3 month Fixed Deposit to 02/05/2018	0.50
Merthyr Tydfil County Borough Council, Glamorgan	3,000,000	3 month Fixed Deposit to 26/06/2018	0.85
North Lanarkshire Council	5,000,000	6 month Fixed Deposit to 17/05/2018	0.50
Peterborough City Council	3,000,000	1 Year Fixed Deposit to 28/09/2018	0.40
London Borough of Croydon	5,000,000	2 Year Fixed Deposit to 31/05/2019	0.80
Money Market Funds			
Standard Life MMF	123,000	Money Market Fund instant access.	0.46
BNP Paribas MMF	3,510,000	Money Market Fund instant access.	0.46
Other Pooled Funds			
CCLA LA Property Fund	5,433,346	Commercial Property Fund	*4.7
Total Investments	37,328,791		
* Net of Fees			

APPENDIX 2 – COMPLIANCE WITH SPECIFIC INVESTMENT AND BORROWING LIMITS AND TREASURY INDICATORS

Compliance with specific investment limits is demonstrated in table 1 below.

Table 1: Specific Investment Limits

	2017/18 Maximum	31.3.18 Actual	2017/18 Limit	Complied
Any single UK organisation, except UK Government	£5m	£5m	£5m	✓
Any single non-UK organisation	-	-	£4m	✓
Individual foreign countries	-	-	£4m	✓
Foreign countries (maximum all non-UK investments)	£7m	-	£8m	✓
Any group of funds under the same management - UK	£5m	£5m	£10m	✓
Any group of funds under the same management – non-UK	-	-	£4m	✓
Registered Providers (total)	-	-	£10m	✓
Unsecured investments in Building Societies (total)	-	-	£5m	✓
Loans to unrated Corporates (total)	-	-	£5m	✓
Money Market Funds (total)	£24.1m	£3.6m	£25m	✓
Non-specified investments (total)	£13.9m	£13.9m	£35m	✓

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 2 below.

Table 2: Debt Limits

£m	2017/18 Maximum	31.3.18 Actual	2017/18 Operational Boundary	2017/18 Authorised Limit	Complied
Borrowing	59.5	57.8	65.0	69.9	✓
PFI & finance leases	-	-	-	-	✓
Total debt	59.5	57.8	65.0	69.9	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. The total debt was not above the operational boundary during 2017/18.

Treasury Management Indicators

The authority measures and manages its exposures to treasury management risks using the following indicators.

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.

	31.3.18 Actual	2017/18 Target	Complied
Portfolio average credit rating	AA-	A	✓

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

	31.3.18 Actual	2017/18 Target	Complied
Total cash available within 3 months	£20.4m	£5m	✓

Interest Rate Exposures: This indicator is set to control the authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed is shown in table 3 below:

Table 3: Interest Rate Exposures

	31.3.18 Actual	2017/18 Limit	Complied
Upper limit on fixed interest rate exposure	£50.9m	£63m	✓
Upper limit on variable interest rate exposure	(£30.4m)	£0m	✓

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the authority's exposure to refinancing risk. Compliance with the upper and lower limits on the maturity structure of fixed rate borrowing is shown in table 4 below:

Table 4: Maturity Structure of Borrowing

	31.3.18 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	3.3%	30%	0%	✓
12 months and within 24 months	1.9%	40%	0%	✓
24 months and within 5 years	13.2%	50%	0%	✓
5 years and within 10 years	34.6%	80%	0%	✓
10 years to 20 years	24.3%	100%	0%	✓
20 years to 30 years	10.6%	100%	0%	✓
30 years to 40 years	12.1%	100%	0%	✓
40 years to 50 Years	0%	100%	0%	✓

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.

Principal Sums Invested for Periods Longer than 364 days: 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. Compliance with the limits on the long-term principal sum invested to final maturities beyond the period end is shown in table 5 below:

Table 5: Principal Sums Invested for Periods Longer than 364 days

At 31.3.18	2017/18	2018/19	2019/20
Actual principal invested for longer than 364 days	£5m	-	-
Limit on principal invested beyond 364 days	£20m	£15m	£10m
Complied	✓	✓	✓

This Report will be made public on 4 September 2018



Report Number **C/18/26**

To: Cabinet
Date: 12 September 2018
Status: Non key
Director: Sarah Robson
Cabinet Member: Councillor Rory Love

SUBJECT: Digital Strategy 2018 - 2023

SUMMARY: The Digital Strategy summarises the direction the Council is taking with regard to offering a greater range of digital services for our residents and businesses and introducing new ways of working for staff

REASONS FOR RECOMMENDATIONS

Cabinet is recommended to adopt the Digital Strategy 2018-2023 for the following reasons:

- Implementing the Digital Strategy will provide clear direction for service areas to work towards in the development of their service delivery models, guiding their choices about software and devices to help improve efficiency.
- Supports a consistent online experience for customers when transacting online with the Council.
- Provides staff with a clearer picture of how their working environment is going to evolve and change.

RECOMMENDATIONS:

1. To receive and note report C/18/26.
2. To adopt the Folkestone & Hythe District Council Digital Strategy 2018-23.

1. BACKGROUND

- 1.1 The Digital Revolution powered by internet and mobile technology is changing the world we live and work in, and the pace of that change is ever increasing.
- 1.2 The Council must be prepared to meet these new challenges in the future. The expectation of customers is that they can be connected to who or what they want, wherever they want through easy to use technology. This will drive the way the council provides its services. Almost 95% of the UK population have access to the internet, and a generation of people have always had access to the internet at home or school. The Government's digital strategy predicts that within 20 years 90% of all jobs will require digital skills and we need to ensure that we support staff to cultivate an environment of digital self-confidence and capability.

2. INTRODUCTION

- 2.1 This Digital Strategy recognises the importance of implementing a digital infrastructure and culture across the district and the Council – maximising the use of digital technology to drive better services and reduce costs – and helping to ensure that everyone who wants to, has the chance to benefit from these changes.
- 2.2 There are clear efficiencies to be gained from moving appropriate transactions to digital. National figures from the Society of IT Managers (SOCITM) suggest that every face-to-face contact costs on average around £8.62 whereas each digital transaction costs a Council around 15p.
- 2.3 Changing our method of service delivery to predominantly digital is a significant challenge. For our staff, digital can be a difficult subject area to keep pace with – complex concepts, technical jargon and a bewildering array of software and devices to choose from makes it difficult for teams to develop an approach to service delivery that is sustainable and cost-effective, whilst maximising the use of digital technologies.
- 2.4 When faced with uncertainty, people have a tendency to stick with what they know best and this may mean continuing the use of paper based, administratively burdensome processes, in preference to the more risky toe in the waters of digital service delivery. Such an approach will not deliver the necessary step change in service delivery for the Council.
- 2.5 It is against this background that the Council requires a strategic direction that can be adopted by all involved in the delivery of our services. The adoption of a Digital Strategy is, therefore, about more than just the technology we use. It will enable the Council to radically rethink how we work with our staff, suppliers and partners to deliver efficient, cost effective and high quality services for customers, in line with their expectations.

3. RISK MANAGEMENT ISSUES

- 3.1 Implementing the digital strategy will provide clear direction for service areas to work towards in the development of their future service delivery models, guiding their choices about software and devices, whilst ensuring a consistent end-user experience when transacting with the Council.
- 3.2 Failing to provide a clear direction and strategy for the delivery of digital services risks teams duplicating spend on software, creating many different online services which are inconsistent to use for the customer, and failing to spot opportunities to join up services and improve efficiency.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 4.1 **Legal (DK)** – There are no legal implications arising directly out of this report. (In the long term CLT must take into account that the procurement of a new digital strategy will need to be done competitively and in accordance with the Council's contract standing orders and relevant legislation).
- 4.2 **Finance (CS)** – This document outlines a policy framework in respect of the authority's future approach to digital service provision and capability. It will have an impact on the future shape of customer delivery, transformation outcomes and the delivery of the ICT strategy. It does not however as a framework have any direct financial consequences. It is anticipated that the shift towards digitally enabled services along with the transformation programme will deliver efficiencies, but at this stage they cannot be defined. As specific ICT platforms to enable the digital services are proposed, separate business cases will need to be considered at that time.
- 4.3 **Human Resources (AS)** – The implementation of this strategy has the potential to make significant changes for staff. All changes will be made in line with existing HR policy and procedures, alongside the emerging People Strategy.
- 4.4 **Equalities (SR)** – The Council has a requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. Further information is needed to establish whether those who do not use online services share a protected characteristic and whether there are people with protected characteristics who would like to access services online but are currently unable to. A proposed Digital Inclusion Plan will make sure that people who want to use our online services are able to, and that those who do not currently use them are not left behind, whilst still providing other ways to access services.
- 4.5 **Communications (MR)** – The digital strategy clearly sets out the aspirations for the Council with regard to technology over the coming years. It is a statement of intent and one which should be shared with staff at the earliest opportunity. The strategy will help staff imagine what the future of the organisation will be and help them understand the direction of the Transformation project.

- 4.6 Transformation (SR)** – The implementation of this strategy will need to align to the ICT Strategy implementation plan and has the potential to make significant changes to how staff work, which will need to be considered by HR.

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Sarah Robson

Assistant Director – Strategy, Performance and Communications

Telephone: 01303 853426

Email: sarah.robson@folkestone-hythe.gov.uk

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

(Note: only documents that have not been published are to be listed here)

Appendices:

Appendix 1: Digital Strategy 2018-2023

Digital Folkestone & Hythe

Digital Strategy 2018 – 2023

Introduction



We live in the age of the Digital Revolution. Our customers expect the same quality and convenience of service from us as they receive in other aspects of their lives. To meet their expectations and demands, we need to use the Digital Revolution to transform how the Council works and redesign public services around our residents.

Digital information and services should be easy to access, convenient, mobile-friendly and well designed. We want to make it much easier for our customers to report an issue, pay for a service or find out information. We want to be able to solve most of our customers' requests there and then, at their first point of contact, and be able to track enquiries through to delivery. We welcome our customers' feedback and suggestions about our services, which help us understand what drives their satisfaction, and identify and eliminate the causes of failures and complaints.

Embracing the Digital Revolution will help the Council run more efficiently. Empowering our customers with direct, digital access to our systems eliminates multiple handling of the same query, cutting the opportunity for error. National figures from the Society of IT Managers (SOCITM) suggest that every face-to-face contact costs on average around £8.62, whereas each digital transaction costs a Council around 15p. This frees up significant resource and expenditure, which instead can be invested into the things that matter to our communities, including promoting more homes, more jobs and an attractive environment.

As part of our digital ambitions, it is essential that our staff have the right equipment to do their jobs, and that the systems we use can talk to each other. This Strategy will help us grow the digital skills of our staff to enable them to become even more productive. They will be able to work flexibly from anywhere, connect more easily with their co-workers, and work more effectively within the Council and with partners.

We want high-speed broadband and wireless networks across the District, supporting our ambitions to see Folkestone & Hythe as the best place to start and grow businesses. These networks will also enable the Council's increasing use of mobile technology to become a vital part of our business operating model.

Our award-winning Council has already received recognition for its progress in embracing the Digital agenda. A wide range of services have been successfully moved online, with positive customer feedback and successes in managing demand. This Strategy takes us on the next stage of our exciting journey, outlining our vision of a digitally enabled community, who can easily connect with the Council, when and how they want to, supported by a transformed Council with a highly skilled, joined-up and mobile workforce.

Cllr Rory Love

Cabinet Member for Customers, Communications and Digital Delivery

Background

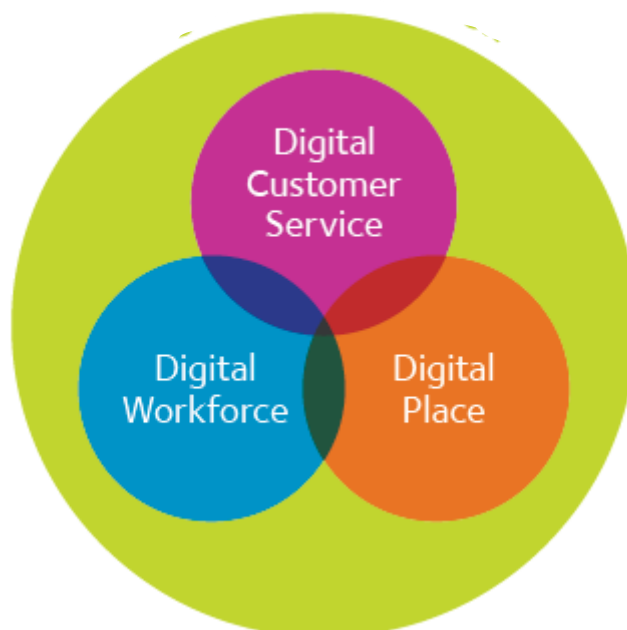
The Digital Revolution powered by internet and mobile technology is changing the world we live and work in, and the pace of that change is ever increasing. The Council must be prepared to meet these new challenges in the future. The expectation of customers is that they can be connected to who or what they want, wherever they want through easy to use technology. This will have an impact on how the council provides its services. Almost 95% of the UK population have access to the internet, and a generation of people have always had access to the internet at home or school. The Government's digital strategy predicts that within 20 years 90% of all jobs will require digital skills and we need to ensure that we support staff to cultivate an environment of digital self-confidence and capability.

This Digital Strategy recognises the importance of implementing a digital infrastructure and culture across the district – maximising the use of digital technology to drive better services and reduce costs – and helping to ensure that everyone who wants to, has the chance to benefit from these changes.

The adoption of a Digital Strategy is about more than just the technology we use. It will enable the Council to radically rethink how we support suppliers and partners to deliver efficient, cost effective and high quality services for customers, as well as how we work with our staff. The Council's People Strategy will need to support our digital ambitions by planning for the skills that are needed now and in the future.

Our Future Organisation

This strategy makes an effort to describe how the Council will operate in three to five years' time and the contribution that ICT and Digital technology will make. There are three priority areas that will enable us to deliver the Strategy. These are:



Digital Customer Service

Our future service delivery model will maximise the use of technology, while not forgetting the person we are serving. The move towards more digital working will help us manage demand better and target scarce resources at those who most need them. In five years' time we expect that:

- The default channel for communications and engagement will be digital.
- Customers will be able to use an online account for the majority of their service requests and information should they so wish. They will have the ability to manage their own data (e.g. change of address, telephone numbers) and their relationship with the Council (the services they choose to take).
- Services will be designed with security built-in so that customers can have the confidence that their personal information and privacy is protected.
- Communications with our customers will be better targeted and personalised.
- There will be an increased use of system automation that will speed up decision making and transaction processing, and provide even more consistent service delivery. This will allow us to use our staff resources to support more difficult and complex cases.
- We will continue to make use of customer insight tools to better understand our residents and businesses to ensure services are designed to meet their needs.

The Council recognises that digital transactions may not be suitable for everyone and will ensure that those who cannot use digital services are not excluded.

Digital Workforce

Our workforce remains our most important asset – without them we cannot deliver services. Changing demands require them to more mobile and flexible, and cover a wider range of tasks and activities than ever before.

Digital technology will improve communications and transform the way we work from traditional office based delivery to empowering our people to operate from anywhere in the district where there is a demand for service.

In the future, we expect that:

- Our workforce will continue to deliver excellent customer service using technology and processes designed to support them in their work.
- Introducing a greater degree of customer self-service and automated systems will reduce the burden of many repetitive tasks making our staff more responsive to those customers who cannot self-serve or who have more complex needs.
- Staff will be provided with the digital skills required by a modern workforce and they will feel empowered to influence service improvements

Digital Place

We want to have a connected District, that reaps all of the benefits that digital can offer. For this to be achieved everyone in the District needs to have access to fast broadband.

Kent County Council is working with the Government's broadband agency Broadband Delivery UK (BDUK) to improve access to superfast broadband services

across Kent. The Making Kent Quicker programme covers a range of projects that Kent County Council is leading to improve broadband infrastructure. 95% of properties across Kent and Medway can now access a superfast broadband service of at least 24mbps. BT provides a basic broadband service for those on benefits.

The Telecommunications Infrastructure (Relief from Non-Domestic Rates) Act 2018 was given Royal Assent in February 2018. By enabling 100% business rates relief, it provides incentives for operators to invest in the broadband network.

In five years' time, we expect:

- High speed broadband to have been rolled out across rural communities
- All new developments to be encouraged to provide the required infrastructure to enable fibre to all premises
- New ways to be implemented to increase the speed, reliability and coverage of broadband across the district, especially in rural areas
- Areas where poor broadband provision is hindering the development of business to be identified to help inform the areas of focus for the extension programme to the BDUK funding.

Transformation

Technology is not only creating a shift in the way people interact. It is also forcing organisations to rethink how their businesses are structured to better meet the needs of customers. The Council is undergoing a business transformation that, in conjunction with improvements in technology, will deliver efficiency and service improvements to customers. To achieve this:

- Service re-design will be business led; technology will be an integral enabler.
- We will prioritise the design of digital services that enable customers to self-serve, reuse information we already hold so that data inputting will be reduced to a minimum, and make sure information held and processed is as relevant and as accurate as possible.
- Technology will support enhanced collaboration across the Council and with our partners and customers.
- We will procure modern ICT systems that support the principles of this strategy and provide the most efficient methods of service delivery
- We will constantly monitor the performance of our systems and processes and will be focused on driving improvements in outcomes for customers.
- We will reduce the cost of service delivery through a greater use of technology.

Design principles

The Council will follow the Government's principles of 'Digital by Design' across all services in order to deliver services through the channels that customers and businesses want to use and that are most appropriate to their enquiry and their needs.

When we design services we will design our digital services around our customers' needs and adopt a standardised approach to user-centred digital service redesign. This will be based on the Local Government Digital Service Standards and Design Principles, which fall into six broad categories including:

- Design around the customer and the user
- Design for flexibility
- Use open standards
- Reuse of digital components
- Information management
- Efficiency in digital procurement and ownership

Principle	Description	Impact
Design around the customer and the user	Whoever uses the Council's digital services, can expect the 'customer journey' to be simple, intuitive and designed for their needs. This includes mediated support when necessary, single view of the user and uninhibited automation and self-service wherever possible. Digital services will be designed for inclusion, simplicity and usage.	This will require high digital capability from the Council, placing the user at the centre of its digital solutions. This will apply to all services and users, whether external (customers, partners, suppliers) or internal (staff, management and elected Members). The user will feel in control, receive a personal service, with connections made automatically to related services. This will help to reduce unnecessary contact and cost, whilst ensuring that mediated support is there when needed. The use of tools such as CRM and customer support functions will reflect this in how they work.
Design for flexibility	The Council's IT components and the digital solutions it creates, must be responsive to changing needs and new technologies. They must be reusable across service areas and scalable at marginal cost.	Simple and flexible systems' architectures should drive lower cost IT change: easier to scale, upgrade, share and adapt contracts. This will impact how systems are chosen, procured, used and managed. It will be easy to replace a technology solution component when required without impacting upon the overall architecture and principles, and diverse service areas will use common digital components and share supplier contracts wherever possible. Contracts will be let in ways which are flexible enough to remain aligned to a changing digital platform of services, including scalability or early retirement.
Use open standards	All central, shared and common digital tools will use open industry standards where possible, taking account of wider industry and Government-led developments.	It will be easier to exchange information and to share digital services with partners. In particular, there will be a defined and recognised approach to security, data handling, sharing systems,

	These will be defined and maintained by the Council.	cloud adoption and systems integration.
Reuse of digital components	Common digital tools and functions will be reused across the Council, not tailored, duplicated or re-invented in different service areas. An integration platform will support information exchange between systems, enabling separation of data and system components for reuse.	The choice of suppliers and technologies, and the business cases for IT investment, will be led by digital design principles and priorities. Systems integration, data reuse and data sharing will be prioritised where needed, with lower cost, less complexity and fewer contractual restrictions. Common digital components will be universal across services, and existing IT investments will be reused. Duplication of systems or technologies will be rationalised.
Information management	The information requirements of the Council will define systems choice and reporting tools. Consistency of information and data management across channels will be expected. This includes data capture, use, publishing, and deletion, alongside GDPR compliance functionality.	A mature approach to information management in the Council will maximise the value that can be derived from data and information in all areas. This will ensure data quality and information security policies that are appropriate, understood and followed, as well as the optimisation of information value, not just relying on IT to deliver this.
Efficiency in digital procurement and ownership	Digital solutions will optimise the value of IT investments. This includes benefits realisation and return on investment in projects, avoiding short-term tactical IT solutions where a strategic investment is required, or long-term IT investment where low cost disposable digital tools can suffice.	All IT service acquisitions will support a reduced cost of ownership of IT, alongside a consistent approach to specification and procurement of digital solutions. This will help to avoid unnecessary independent departmental systems development and acquisition, so reusing technology where possible, or quickly replacing or upgrading digital components when required.

What this means

Systems will be procured and designed with the user (both customer and user) needs in mind, and refined as needs change or as opportunities for improvements are identified from ongoing research and data analysis.

The Council's Corporate Plan (2017-2020) aspiration of 'digital by default' champions a holistic approach to service redesign, the aspiration being that the digital service will be intuitive enough for the customer to succeed first time. Every stage of a process needs to be analysed and evaluated with the customer in mind. This has an impact on the following:

- **Number of steps in a process**

- All processes should be as lean as possible, with the necessity and requirements of each step assessed from the perspective of the customer.
- **Language and presentation**
 - All communications must be written in plain English, have a consistent user interface and presentation style, and tell the customer as clearly as possible what they need to do. If communicating via letter, the call to action should direct the user to a web service in the first instance.
- **Formats**
 - Accessibility to all documents must be flexible and available in formats familiar to customers and users.

Therefore, systems will need to be lean and flexible enough to allow for continuous improvement and multifunctional so that they can be tailored to fulfil a number of different customer needs. For example, a single CRM system to centralise the collection of customer data and a single workflow system that all customer and internal processes can be built with. This aligns with the Council's adopted ICT Strategy and its emphasis on selecting core cloud based applications that can be configured easily and integrate with one another.

Additionally, there needs to be an awareness, understanding, and commitment to the digital principles across the organisation to ensure that procured solutions and working practices meet the criteria of working collaboratively, harnessing expertise across the Council.

Finally, we will continue to learn from and utilise best practice from other authorities and businesses, whilst seeking to drive future improvements based on appropriate performance measures and customer feedback.

Conclusion

There is enormous potential for digital technology to transform the way we work and deliver services. Adopting a Digital Strategy gives the Council a recognised framework and methodology that will allow us to achieve the goals of the ICT and People strategies and Transformation project. Its strong focus on customer needs, multidisciplinary teams, and making data-driven decisions will allow for the selection and implementation of digital services that meet the requirements of our customers, using software solutions that can be refined and improved based on collected data.

This Report will be made public on 4 September 2018



Report Number **C/18/25**

To: Cabinet
Date: 12 September 2018
Status: Non-Key Decision
Head of service: Sarah Robson, Assistant Director for Strategy, Performance and Communications
Cabinet Member: Councillor David Monk

SUBJECT: QUARTER 1 PERFORMANCE REPORT 2018/19

SUMMARY:

This report provides an update on the Council's performance for the first quarter of 2018/19, covering 1st April 2018 to 30th June 2018. The report enables the Council to assess progress against the approved key performance indicators for each service area.

Key performance indicators will be monitored during 2018/19 and reported to CLT and Members quarterly.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to agree the recommendations set out below because:

- a) The Council is committed to monitoring performance across all of its service areas to ensure progress and improvement is maintained.
- b) The Council needs to ensure that performance is measured, monitored and the results are used to identify where services are working well and where there are failings and appropriate action needs to be taken.

RECOMMENDATIONS:

- 1. To receive and note report C/18/25.
- 2. To note the performance information for Quarter 1.

1. BACKGROUND

1.1 The Council's Corporate Plan (2017-20) for the district, introduced six new strategic objectives:

- More homes
- More jobs
- Health Matters
- Appearance Matters
- Achieving Stability
- Delivery Excellence

1.2 Underpinning each strategic objective is a set of priorities that explain how each objective will be achieved.

1.3 Key Performance Indicators, currently collated on a quarterly basis, were not reviewed as part of the Corporate Plan refresh and currently do not fully align to how the Council will measure progress in delivering the strategic objectives and priorities. The ongoing work in this area means that 2018/19 will be something of a transitional year.

2. INTRODUCTION

2.1 Quarterly Performance Reports enable the Cabinet, other Members of the Council and the public to scrutinise the performance of the Council against strategic deliverables and key indicators in accordance with the approved Corporate Plan.

2.2 The Quarterly Performance Report (Appendix 1) has been produced to summarise the Council's performance for the first quarter of 2018/19 (1 April to 30 June 2018). It captures how the Council is performing against its agreed Key Performance Indicators.

2.3 Where the performance indicator is not being achieved, explanations have been sought from the relevant Service Manager's and noted in the report.

2.4 The performance indicators which have fallen below target are monitored closely by the Council's Policy & Improvement Officer who will work with the relevant Service Manager to identify appropriate action that can be taken to resolve the situation.

2.5 Performance areas to be monitored will also be raised with iESE, the Council's transformation partner, to discuss where performance improvements can be achieved through reviewing service resourcing, process redesign and digital enablement. Any significant areas of concern will be brought to the attention of CLT for consideration.

3. PERFORMANCE – EXCEPTION REPORTING

3.1 The Council has performed well in Quarter 1, with 63 of the 72 indicators meeting/exceeding target or on track at the end of the quarter.

3.2 More Homes

- The Council determined 100% of major planning applications within the statutory period helping to support the delivery of new housing and employment sites in the district.
- 50 additional affordable homes were delivered across the district, including Gurkha Way in Folkestone, Shorncliffe Heights (delivered as part of the regeneration of the old Shorncliffe army camp) and Pippin Close, New Romney.
- Of the 50 affordable homes, 15 low-cost home ownership (shared ownership) properties were delivered helping new home buyers take their first step on the property ladder. This included 2 Council owned, 3 bed homes offered for shared ownership at the Gurkha Way development, a further 5 homes by Town & Country at Shorncliffe Heights and 8 homes provided by Southern Housing at Pippin Close.
- A total of 24 long term empty homes were brought back into use within the district helping to provide much needed local homes.
- The Council has worked hard to improve its housing advice and support, placing only 35 households in temporary accommodation at the end of the quarter, compared to 82 in the same period last year.
- Improved housing advice and decision making, has seen the average number of families placed in B&B accommodation reduced to zero this quarter, compared to 12 in the same period last year.
- The average number of weeks families are staying in Bed & Breakfast has been reduced to zero at the end of the quarter, compared to 2 weeks in the same quarter last year.

To monitor

- As a result of Government's introduction of the Homelessness Reduction Act, which places a number of new statutory obligations on local housing authorities, the Council has seen the number of homelessness approaches increase to 346 in the quarter, compared to 156 in the same period last year. The impact on resources (staffing and financial) will continue to be monitored with the relevant Council departments.
- A number of sites have been identified in the district to support the delivery of 80 additional affordable homes in the district over the next 12 months. Staffing resource will need to be reviewed to ensure delays to land acquisition, planning application submission (such as Highview school site) etc. are minimised.

3.3 More Jobs

- The annual target of 6 engagement visits delivered to key employers is on track with 4 visits being completed to three Folkestone businesses (Big Jigs, Church & Dwight and Noddy Instyle) and one in Romney Marsh (Jadebay). The meetings identify areas where the council can support the growth of these important companies, including meeting their future expansion (or consolidation) needs in order to retain jobs in the district. Opportunities are also identified to link with other

organisations such as Folkestone College regarding training and skills development. These companies are also encouraged to use the Folkestone Works website (www.folkestone.works) to promote their success stories, thereby also providing third party validation of Folkestone & Hythe District as a business location.

3.4 Appearance Matters

- Recycling is very important as waste has a huge negative impact on the natural environment. Folkestone & Hythe's residents are helping to make a difference, increasing the amount of household waste recycled to more than 50% in Quarter 1 compared to 43.67% in the same period last year. The Council will continue to promote its drive to increase household recycling over the coming years.
- We know the appearance of the district is important to local residents and businesses. In Quarter 1:
 - 95% of streets surveyed were clear of litter, up from 83% in Quarter 1 2017/18.
 - Average number of hours to remove offensive graffiti in public places significantly reduced to 1 hour 36mins, down from 3hours recorded in the same period last year.
 - 219 instances of fly tipping reported in the quarter, with the average time for fly tipped waste to be removed reduced to 1 day, compared to the 3 day target.
 - More than 418 hours were spent by officers patrolling environmental crime, helping to increase the number of Fixed Penalty Notices issues for fly tipping, litter and dog control to 29, compared to 9 in the same period last year.

3.5 Health Matters

- Volunteering is a great way to be involved in the local community and make a difference. During the quarter, 437 community volunteers helped to collect 481 bags of rubbish as part of 19 Council supported litter picks.
- The district's local businesses also played a part in supporting local areas, with more than 120 volunteering hours being undertaken in the quarter to support community litter picks. Participating businesses included HolidayExtras, Folkestone & Hythe Beavers, Kent County Council Business Support service and Hythe Environmental Group.

To monitor

- The percentage of streets surveyed clear of detritus within the district in the quarter fell to 77%, compared to the 90% quarterly target as a result of two mechanical sweepers being off the road due to maintenance requirements. This issue has now been addressed, with performance levels set to improve in Quarter 2.
- The percentage of returns to empty a missed bin by the end of the next working day if it is reported within 24 hours reduced to 92% against the 100% quarterly target. A data inputting error has resulted in some of the bins collected in time being incorrectly recorded as not being

collected within the 24 hour timescale. From July, any bin recorded as not being collected within the 24 hours will be reviewed to ensure it has been recorded correctly. Defaults will be issued to the waste contractor, Veolia, where the bin has not been collected within the contracted timescales.

- The British Vehicle and Foreign Vehicle PCN (Parking Contravention Notice) recovery rates has underperformed in the quarter and should continue to be monitored, including the impact of recruiting additional staffing with effect from September 2018 to support the workload demand .

3.6 Achieving Stability

- Oportunitas, the Council's housing and employment trading arm, continues to operate successfully, invoicing more than £17,000, against an income target of £10,000.

3.7 Delivering Excellence

- The number of days taken to process new claims for Housing Benefit and Council Tax Reduction continues to meet targets, helping to support some of the Council's most vulnerable customers.

To monitor

- The average wait for calls (except peak times) increased in the quarter due to an increase in customer enquiries received for Council Tax annual billing, Housing Benefit uprating and Council Tax recovery runs (reminders and summons), which historically increases demand on Customer Services. However, this was further exacerbated by the significant increase in the number of homelessness approaches made to the Council as a result of the Housing Reduction Act. The Customer Services team has been impacted by a number of staff moving into new or seconded roles. Therefore, further work needs to be undertaken, perhaps as part of the Transformation programme, to consider the department's ongoing staff resourcing and training.

4. RISK MANAGEMENT ISSUES

Perceived risk	Seriousness	Likelihood	Preventative action
The Council's strategic objectives are not met.	High	Medium	Monitor progress against performance indicators and take remedial action for those areas where targets and actions are unlikely to be achieved.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

- 5.1 Legal (DK)** – There are no legal implications or risks arising directly out of this report. The Key Performance Indicators (as amended) must continue to take account of both existing and new statutory duties and responsibilities that are imposed on the Council by the Government. Failure to do so will put the Council at risk of legal challenge by affected residents and/or businesses. Whilst reporting on performance is not a statutory requirement, it is considered best practice to review the Council's progress against the Corporate Plan and Service Plans on a regular basis.
- 5.2 Finance (CS)** – There are no direct financial implications arising from this report. There is a presumption that targets will be delivered within existing resources. Adverse performance for some indicators may have financial implications for the Council. In the event that targets cannot be achieved within the agreed envelope of resources officers are expected to raise the issue through the appropriate channels as the needs arise.
- 5.3 Human Resources (AS)** – There are no direct HR implications or risks arising from this report.
- 5.4 Equalities (SR)** – Equality Impact Assessments (EIAs) are systematically carried out for any services, projects or other schemes that have the potential to impact on communities and / or staff on the grounds of particular protected characteristics or socio-economic disadvantage. Over the course of the year, performance against some indicators might potentially have equality and social inclusion implications, if performance is not at an acceptable level. These will be highlighted as necessary in the corporate performance reporting, along with details of the steps that will be taken to address these.
- 5.5 Communications (MR)** – The quarterly performance report should be widely communicated internally and externally. Thought should be given to how this is communicated to our different audiences.
- 5.6 Transformation (SR)** – There are no direct implications on the delivery of the transformation programme arising from this report. However, any performance areas to be monitored should be raised with iESE, the Council's transformation partner, to discuss where performance improvements can be achieved through reviewing service resourcing, process redesign and digital enablement.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Sarah Robson – Assistant Director for Strategy, Performance and Communications

Email: sarah.robson@folkestone-hythe.gov.uk

Tel: 01303 85 3426

Gavin Edwards – Policy and Improvement Officer

Tel: 01303 85 3436

Email: gavin.edwards@folkestone-hythe.gov.uk

Appendices:

Appendix 1: Quarter 1 Key Performance Indicators Report

DRAFT

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Folkestone and Hythe District Council Quarter 1 Performance Report 2018/19 - April to June 2018

Page 75



Your Cabinet Members



Cllr David Monk
Leader of the
Council



Cllr Jenny
Hollingsbee
Deputy Leader,
Cabinet Member for
Communities



Cllr Malcolm
Dearden
Cabinet Member for
Finance



Cllr John Collier
Cabinet Member for
the District Economy



Cllr Ann Berry
Cabinet Member for
Transport and
Commercial



Cllr Alan Ewart-
James
Cabinet Member for
Housing



Cllr David Godfrey
Cabinet Member for
Special Projects



Cllr Rory Love
Cabinet Member for
Customers,
Communications
and Digital Delivery



Cllr Dick Pascoe
Cabinet Member for
Property
Management and
Environmental
Health



Cllr Stuart Peall
Cabinet Member for
the Environment

Your district - *Creative, Connected, Coastline*

Our district has a population of approximately 111,000 of which 58.2% (32,700) of female residents and 60.1% (33,000) of males are of working age. Folkestone & Hythe has a growing population in line with the growth for the county of Kent, with a projected population increase of 8.3% by 2036 (120,400). The proportion of older people in Folkestone & Hythe is 23.8% (26,500), higher than Kent, South East and England and Wales. The number of people aged 65 and over within the district is set to increase by about 14,000 (52.7%) by 2036. This has implications for a wide range of services provided by the district council including housing and health.

The district is considered a good place to live and work with the number of jobs and full time earnings in the workplace increasing, whilst unemployment has fallen over the past two decades. Jobs are forecast to grow more quickly than the South East average up to 2031. However, although there has been growth in the numbers of jobs, these have been generally lower paid, lower skilled jobs. People claiming Job Seekers Allowance is also higher than in the comparator areas and South East average and residents' full time earnings are lower than the South East and national averages. Therefore, with a challenging economic environment there is no room for complacency. The district has a mixed business sector benefitting from great brand names including Saga, Eurotunnel Le Shuttle, Holiday Extras, the Aspinall Foundation and Church and Dwight, alongside a growing creative industry emerging from Folkestone's Creative Quarter. East Kent College continues to widen the range of courses and facilities it provides, offering an excellent further education offer within the area.

As a well-connected, coastal district in Kent with an attractive mix of urban and rural areas, we recognise the importance of maintaining a quality environment for residents and visitors alike including our heritage and conservation areas. We have outstandingly beautiful countryside and villages, the stunning landscape of Romney Marsh, the ancient Cinque Port Borough of Hythe, and the vibrant coastal town of Folkestone where significant private and public investment in the Old Town has created the unique Creative Quarter. Tourism is an important sector of our local economy supported by stunning coastline with award-winning beaches, boutique hotels and popular visitor attractions including the Harbour Arm, the Romney, Hythe and Dymchurch Railway, Howletts and Port Lympne wild animal parks.

We work in partnership with neighbouring authorities to plan for and deliver the needs of the East Kent area. Transport links are excellent, with the international high speed railway link from Folkestone making London accessible within an hour. The ever popular Eurotunnel means the French coast is within reach in less than 35 minutes. The district is well served by the motorway network with the M20 and M2 providing direct links to the Channel Ports and M25.

Introduction

During 2017/18, the Council introduced its refreshed Corporate Plan, setting out its three year corporate plan vision of *investing for the next generation ~ delivering more of what matters* and outlining six new strategic objectives:

- **More Homes** - provide and enable the right amount, type and range of housing
- **More Jobs** - work with businesses to provide jobs in a vibrant local economy
- **Appearance Matters** - provide an attractive and clean environment
- **Health Matters** - keep our communities healthy and safe
- **Achieving Stability** - achieve financial stability through a commercial and collaborative approach
- **Delivering Excellence** - deliver excellent customer service through commitment of staff and members

The first four objectives are externally focused and detail how the Council will contribute to the district and its communities. The last two objectives are internally focused to identify the priorities required for the Council to ensure its stability and excellence in service delivery. An accompanying Corporate Delivery Plan provides the detail of what the Council plans to achieve over the next three years to support the objectives and priorities of the Corporate Plan 2017-20.

As a district council with big ambitions, we will continue to deliver a range of major projects and initiatives ensuring we are progressive and innovative in our strategic approach by:

- Working with our businesses and communities to promote and invest in our assets - a beautiful coastal district with great connections to London and Europe.
- Developing a thriving economy for our residents and attract new people; supporting activities to develop jobs, homes and healthy living.
- Designing our services from our customers' perspective and using technology to best effect.
- Using the next 2 years to work together with customers and staff to modernise the Council to help achieve our ambitions and continuously improve the way we do business.

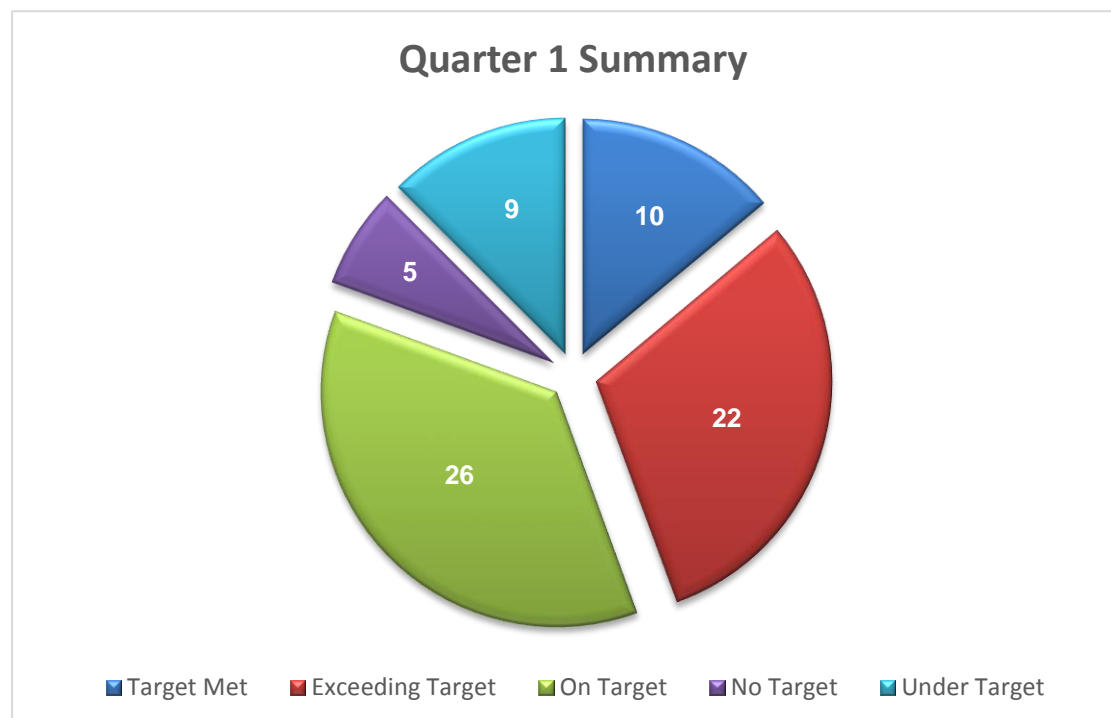
Key Performance Indicators, currently collated on a quarterly basis, were not reviewed as part of the Corporate Plan refresh and do not fully align to how the Council will measure progress in delivering its strategic objectives and priorities. The ongoing work in this

area means that 2018/19 will be something of a transitional year, with a full review of current performance indicators being undertaken to ensure they are both meaningful and reflect the Corporate Plan priorities.

Whilst this work is underway, the Council will ensure it continues to report on the measures it uses to check its performance each quarter. The purpose of the report is to demonstrate the performance of the Council at the end of the first quarter of 2018/19. Details of the projects and activities ongoing in each service area that contribute to delivering what is important and make a difference to all in the district are highlighted in the Council's Annual Performance Report – Making a difference: a snapshot of our year 2017/18.

Summary of performance – Quarter 1 2018/19

The Council has performed well in Quarter 1, with 63 of the 72 indicators performing satisfactorily and meeting/exceeding target or on track at the end of the quarter.



More Homes- Provide and enable the right amount, type and range of housing

Description	Q1 2017/18 Comparison	Q1 Actual 2018/19	Q2 Actual 2018/19	Q3 Actual 2018/19	Q4 Actual 2018/19	Target
New homes built	N/A	-				400 (Annually)
		<i>This indicator is collated on an annual basis and not available quarterly. However, the district currently has 466 properties under construction, indicating that the annual target of 400 should be exceeded.</i>				
Council new builds to start on site	0	0				20 (Annually)
		<i>Start/completion dates can be affected by a range of factors including land acquisition, planning consent and procurement. Although, no construction of Council new builds commenced in Q1, the Council remains on track to meet its annual target with work underway at various sites including Roman Way, to deliver a mix of new homes in the district, including disabled access.</i>				
Additional affordable homes delivered in the district by the Council and its partner agencies	1	50				80 (Annually)
Homes provided in the district for low cost home ownership	7	15				32 (Annually)
Long term empty homes brought back into use	3	24				70 (Annually)
Private sector homes improved as a result of intervention by the Council and its partner agencies	92	60				130 (Annually)
Number of homelessness approaches made to the Council	156	346				No target

Description	Q1 2017/18 Comparison	Q1 Actual 2018/19	Q2 Actual 2018/19	Q3 Actual 2018/19	Q4 Actual 2018/19	Target
Number of homelessness decisions made	69	21				No Target
Average number of households in temporary accommodation	82	35				35 (Quarterly)
Number of families in temporary B&B accommodation	26	2				6
Number of families in temporary B&B accommodation over 6 weeks	2	0				0
Number of 16/17 year olds in temporary (B&B) accommodation	3	0				0
Number of 16/17 year olds in temporary (B&B) accommodation over 6 weeks	1	0				0
Average number of weeks families are staying in B&B	4	0				6 weeks
Average number of weeks single persons are staying in B&B	10	2.6				8 weeks
Number of homelessness approaches prevented	88	75				No Target
% of major planning applications to be determined within statutory period	62.5%	100%				50% (Quarterly)

Description	Q1 2017/18 Comparison	Q1 Actual 2018/19	Q2 Actual 2018/19	Q3 Actual 2018/19	Q4 Actual 2018/19	Target
% of non-major planning applications to be determined within statutory period	72%	89.29%				70% (Quarterly)
% of other planning applications to be determined within statutory period	90.22%	88.46%				85% (Quarterly)

More Jobs - *Work with businesses to provide jobs in a vibrant local economy*

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
Applications for external funding	0	0				2 (Annually)
Investment in the FHDC area scheme	0	0				1 (Annually)
Delivery of the business accommodation scheme	0	0				1 (Annually)
Delivery of the engagement programme to key employers	9	4				6 (Annually)

Appearance Matters - Provide an attractive and clean environment

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
Percentage of household waste recycled	43.67%	50%				47% (Quarterly)
Number of missed collections per 100,000 population	3.23	6.42				50 (Quarterly)
Percentage of streets surveyed clear of litter within the district	83%	95%				95% (Quarterly)
Percentage of streets surveyed clear of detritus within the district	71%	77%				90% (Quarterly)
		The reduction in streets surveyed was caused by two mechanical sweepers being off the road due to maintenance requirements. This issue has now been addressed, with performance levels set to improve in Quarter 2.				
Number of days to remove fly tipped waste on public land once reported	0.2	1				3 days
Percentage of returns to empty a missed bin by the end of the next working day if it is reported within 24 hours	94%	92%				100% (Quarterly)
		A data inputting error has resulted in some of the bins collected in time being incorrectly recorded as not being collected within the 24hr timescale. From July, any bin recorded as not being collected within the 24 hours will be reviewed to ensure it has been recorded correctly. Defaults will be issued to the waste contractor, Veolia, where the bin has not been collected within the contracted timescales.				
Average number of hours to remove offensive graffiti in public places	3.11	1.36				4 hours

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
Number of enforcement notices served	39	30				60 (Annually)
Compliant Air Quality Monitoring Sites	13	14				14 sites
Enforcement - Fixed Penalty Notices issued	9	29				50 (Annually)
Enforcement – Number of Hours spent on environmental crime patrol	388	418				2,800 (Annually)
Enforcement – Number of warning letters issued (Environmental Protection)	3	2				No Target
Stray dogs found	39	38				No Target
Stray dogs successfully returned to owner	17	20				No Target
		Dogs unable to be reunited with the owners are transferred to the care of local kennels for a 7 day period, where they are microchip checked. If the owners cannot be identified or do not come forward within the 7 days, ownership and care is transferred to the kennels. All dogs found in Q1 have or are due to be successfully rehomed. Dog owners are encouraged to microchip their pets as it remains the best way of being reunited with their pet should they become lost or stolen.				
Parking: Number of PCNs issued	5,359	5,294				1,375 (Monthly)
Parking: British Vehicle PCN recovery rate	61%	55.9%				70% (Quarterly)
		Under the Council's appeals process for a PCN for traffic offences, the driver does not have to make payment whilst their objection is being dealt with and is put on hold pending a decision. Following a review of resource requirements, additional staffing has been approved with effect from September 2018, which will address the additional workload demand and help support improvements to customer service.				

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
Parking:Foreign Vehicle PCN recovery rate	40%	36.9%				50% (Quarterly)
		<i>Foreign registered vehicles (FRVs) are more likely to contravene traffic and parking regulations than drivers of UK registered vehicles – and are less likely to pay the penalty charges which they incur. It is often impossible to trace the owners of FRVs and, even when they can be traced, there is no legal process by which they can be made to pay civil penalties. However, the Council continues to progress FRV PCN cases with partner enforcement agencies, achieving some success with its recovery rate.</i>				

Health Matters - Keeping our communities healthy and safe

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
ASB Complaints that have been investigated and resolved	50	50				100 (Annually)
Number of supported community litter picks	18	19				24 (Annually)
Number of community volunteer hours	820	250				1,200 hours (Annually)
Number of corporate social responsibility business volunteer hours	135	120				240 hours (Annually)
% of premises rated 3 or above	94%	95%				95% (Quarterly)
Number of licensed premises inspected	25	54				No target
Number of complaints about food premises investigated	29	21				<100 complaints (Quarterly)
Number of caravan sites inspected	5	2				No target
Number of licensing complaints investigated	19	28				<100 complaints (monthly)

Achieving Stability - Achieve financial stability through a commercial and collaborative approach

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
Business Rates collection	35.15% (Cumulative)	34.22% (Cumulative)				97.5% (Annually)
Council Tax collection	29.75% (Cumulative)	29.77% (Cumulative)				97.3% (Annually)
Council Tax reduction collection rate	25.93% (Cumulative)	25.96% (Cumulative)				85% (Annually)
% Invoices paid within agreed timescales (30 days)	96.97%	83.9%				100%
		<i>Payment of invoices relating to utility costs were delayed as a result of final utility meter readings being less than originally estimated. All relevant invoices were reviewed and the utility company issued the necessary credit notes.</i>				
Oportunitas – Value of works invoiced	£4,901	£17,474.83				£10,000 (quarterly)

Delivering Excellence - Deliver excellent customer service through commitment of staff and members

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
Customer Services - Calls served (versus number of calls received)	85%	72%				80% (Monthly)
		<i>The beginning of the new financial year in April saw the Council observe an increase in customer enquiries received for Council Tax annual billing, Housing Benefit uprating and Council Tax recovery runs (reminders and summons), which historically increases demand on Customer Services. However, this was further exacerbated by a significant increase in the number of homelessness approaches made to the Council as a result of Government's introduction of the Housing Reduction Act, which places additional statutory responsibilities on local housing authorities such as Folkestone & Hythe District Council.</i>				
Customer Services - Average wait for calls (except peak times)	3 mins 36 secs	4 mins 51 secs				3 mins
		As above.				
Customer Services - Customers seen within 10 minutes of an appointment	96.3%	100%				90% (Monthly)
Average number of days taken to process new claims for Housing Benefit	13.5	21				21 days
Average number of days to process new claims for Housing Benefit from the date the complete evidence is received	9.4	6.2				10 days

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
Average number of days to process change of circumstances for Housing Benefit from the date complete evidence is received	7.1	5.7				7 days
Average number of days taken to process new claims for Council Tax Reduction	31.27	18.1				21 days
Average number of days taken to process change of circumstances for Council Tax Reduction	13.85	10				10 days
FOI - All complaints will be acknowledged within 5 days	100%	100%				100% (Monthly)
All standard FOI and EIR requests will be satisfactorily replied to within the statutory timeframe of 20 working days after receipt (including number of requests received)	91%	92%				100% (Monthly)
		<p><i>The Council has seen an increase in the number and complexity of FOI/EIR requests received, particularly those involving third party contractors, which may for example be commercially sensitive and require an exemption/exception to be considered. This requires Information Managers to complete a Public Interest test in order to formulate the case for releasing/withholding information. The Information and Complaints team has identified that further training is required and is in the process of organising departmental briefings to ensure requests are handled more effectively.</i></p>				
FOI - All subject access requests will be satisfactorily	83%	100%				100% (Monthly)

Description	Q1 2017/18 Comparison	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Target
replied to within the statutory timeframe of 40 days (including number of requests received)						
Planning - Respond to all Local Land Charge searches within 10 working days	100%	100%				100% (Monthly)
Parking - Respond to all Fixed Penalty Notice challenges within 20 working days	91.3%	77.6%				100% (Monthly)
		<i>An increase in Controlled Parking Zones introduced in 2017/18 has impacted performance in Q1. Following a review of resource requirements, additional staffing has been approved with effect from September 2018, which should address the additional workload demand and help support improvements to customer service.</i>				
Lifeline - Number of calls answered in 60 seconds.	98%	98%				97.5% (Monthly)
Lifeline - Number of calls answered in 180 seconds	100%	100%				100% (Monthly)
EKH - Average time taken to re-let council dwellings excluding major works	11.35	15.23				19 days
EKH - % of emergency repairs completed on time	97.96%	99.35%				98% (Quarterly)
EKH - % of routine repairs completed on time	99.92%	98.54%				90% (Quarterly)

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This Report will be made public on 4 September 2018.



Report Number **C/18/27**

To: Cabinet
Date: 12 September 2018
Status: Non Key Decision
Head of Service: Sarah Robson, Assistant Director for Strategy, Performance and Communications
Cabinet Member: Councillor Mrs Jenny Hollingsbee

SUBJECT: EQUALITY & DIVERSITY ANNUAL REPORT

SUMMARY: The Equality Act 2010 places a statutory duty on the council to prepare and publish information annually to demonstrate compliance with the Public Sector Equality Duty. The draft Equality & Diversity Annual Report is therefore presented for consideration and approval prior to publication.

REASONS FOR RECOMMENDATIONS (*Cabinet only*):

The council needs to ensure that it meets the statutory requirements of the Public Sector Equality Duty. The report demonstrates the council's commitment to positively contributing to the advancement of equality and good relations, summarises the activities undertaken in 2016/17 to promote equality, diversity, and inclusion, and highlights the positive measures that have been taken to remove barriers, improve access to services, and increase customer satisfaction.

RECOMMENDATIONS:

1. To receive and note report C/18/27.
2. To consider and approve the draft Equality & Diversity Annual Report outlined in Appendix 1.

1. BACKGROUND

- 1.1 The Equality Act 2010 created a Public Sector Equality Duty. In essence, this duty requires public authorities to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be taken into account when making decisions and reflected in the design of policies and the delivery of services. While compliance is a legal obligation, the duty should be viewed as beneficial for organisations; the aims of better informed public sector decision-making and policy development should lead to services that effectively and appropriately meet diverse user needs and to increased customer satisfaction.
- 1.2 The Public Sector Equality Duty is made up of a general equality duty, which is the overarching requirement or substance of the Public Sector Equality Duty, and 'specific duties', which are designed to support public authorities meet the general equality duty.
- 1.3 The general equality duty came into force in April 2011 and states that in the exercise of their functions a public authority must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act
 - Advance equality of opportunity between people who share protected characteristic and those who do not
 - Foster good relations between people who share a relevant protected characteristic and those who do not.

Having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Having due regard for fostering good relations involves tackling prejudice and promoting understanding.

The Act states that compliance with the equality duty may involve treating some people more favourably than others.

- 1.4 The Public Sector Equality Duty covers the nine protected characteristics outlined in the Equality Act, which are:
 - Age
 - Disability
 - Gender Reassignment
 - Pregnancy and Maternity

- Race
- Religion or Belief
- Sex
- Sexual Orientation
- Marriage and civil partnership¹.

2. THE ANNUAL EQUALITY & DIVERSITY REPORT

- 2.1 The 'specific duties' outline a statutory requirement for public authorities to publish information annually to demonstrate compliance with the general equality duty (outlined in paragraph 1.3).
- 2.2 The current publication is over 12 months old so an updated version is now required.
- 2.3 This annual report has therefore been updated in order to demonstrate the council's compliance with the general Public Sector Equality Duty and commitment to its principles. The report:
- Provides a range of demographic and socio-economic information. This can be used to understand more about the needs of our local communities and those that may be affected by council services, policies and practices and in order to inform decision-making and policy development.
 - Demonstrates how the council has engaged with the community, taken actions to enable better understanding of different customer needs and ways to support them, and considered potential equality and diversity implications prior to making decisions.
 - Outlines the activities the council has undertaken over the past year to promote equality, diversity and inclusion amongst its workforce, Members and within the community, and the positive measures that have been taken to remove barriers, improve access to services and increase customer satisfaction.
- 2.3 The previous report, entitled "Equality and Diversity Report 2016", was approved by Cabinet on 19th April 2017. As a result of a recent audit, in order to provide consistency and up to date information the period of time that the annual Equality and Diversity Report refers to has been amended in order to coincide with the annual reporting cycle.
- 2.4 The 'specific duties' also outline the requirement for the council to prepare and publish equality objectives that it thinks it should achieve in order to meet the general equality duty every four years. These equality objectives are outlined in the council's current Equality and Diversity Policy (2016-

¹ Only the first aim of the general equality duty applies to this characteristic, meaning that public authorities need to have due regard to the need to eliminate unlawful discrimination against someone because of their marriage or civil partnership status in the workplace. The other aims (advancing equality and fostering good relations) do not apply.

2020) and reproduced in section 6 of the Equality & Diversity Annual Report (Appendix 1).

- 2.4 Once considered and approved by Cabinet, the Equality and Diversity Annual Report will be published on the Equality and Diversity page of the council's website.

3. IMPACT ON CORPORATE STRATEGY AND POLICY DEVELOPMENT

- 3.1 The 'Understanding our Communities' section of the annual Equality & Diversity report (Appendix 1) provides demographic and socio-economic information that outlines the district's diversity. The report then highlights the activities that have taken place in 2017/18 to support these different customer needs, to promote equality, diversity and inclusion, and the positive measures that have taken place to remove barriers, improve access to services and increase customer satisfaction. Areas of note include:

- The annual Lifeline customer satisfaction survey continues to demonstrate the high quality of service that is provided and the council became the first tele-care service to provide mobile "Footprint" alarms in order to further support a range of vulnerable residents.
- We have continued to support charities, voluntary and community groups through awarding 165 Ward Grants, providing funding for community projects through our Local Children's Partnership Group, and awarding Grant Agreements to organisations that support vulnerable residents and the health and wellbeing across the district.
- The Prevention Plus service was launched, proactively preventing people from becoming homeless through providing focused housing advice and support packages.
- We hosted the first Dementia Conference in the district and, as part of the Folkestone & Hythe Community Safety Partnership, played a key role in planning and organising the 2018 Mental Health Conference.
- Over 500 children from across the district attended the Safety in Action Day and over 30 children took part in Le Sailing Voyage.
- We awarded 68 new apprenticeship grants.
- The council's achievements have been recognised through the Customer Service Excellence accreditation and the "Transforming through Technology" award for the Revenues and Benefits service.

- 3.2 Specific actions that have taken place in 2017/18 in support of the delivery of the Corporate Plan are highlighted in annual report (Appendix 1). The council has a number of strategies, policies and strategic projects in place to meet the current and anticipated needs of a diverse district and will continue to use this information to inform service design, policy development and future decision-making.

- The information can be used when considering how we engage with different community groups and the needs and expectations of our customers when reviewing our Customer Charter and re-designing our services and processes as part of the council's Transformation project.

It will also be utilised when considering how we continue to develop our “Understanding our Communities” training programme for officers and Members.

- In preparing the Council’s Places and Policies Local Plan and the Core Strategy Local Plan Review information on demographics and the amount, type and range of housing and facilities that are included in development projects are taken into consideration in order to ensure that they meet the needs of our changing population. Long-term and large scale strategic development projects such as Otterpool Park and Princes Parade are also envisaged to provide the housing and facilities required for a growing and aging population.
- The Council’s Housing Strategy and Private Sector Housing Enforcement and Assistance Policy refers to information identifying changing demographics and population in order to target improved conditions and management in the private rented sector across the district and support vulnerable home owners to carry out urgent repairs so they can continue to live in their homes.
- The Council has an adopted Economic Development Strategy in place to support economic growth in the district and work is being undertaken to promote the district as an attractive place to live, work, and do business. In addition, the Folkestone Community Works programme will provide targeted grants to enable local businesses grow and support residents in the district’s most deprived areas into work or education, further reducing socio-economic inequalities.
- The Council will continue to work with community partners and groups, for example by leading on the co-ordination of the Folkestone & Hythe Community Safety Partnership, the Local Children’s Partnership Group and influencing the South Kent Coast Clinical Commissioning Group, developing wider partnerships and considering funding opportunities to support services that promote and contribute to the mental and physical wellbeing of our current and projected population, support the most vulnerable and disadvantaged groups in our district, and help reduce health inequalities.

4. RISK MANAGEMENT ISSUES

4.1

Perceived risk	Seriousness	Likelihood	Preventative action
Failure to fulfil statutory obligations imposed by Public Sector Equality Duty	High	Low	Preparation and publication of Equality & Diversity Annual Report

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer’s Comments

Legal implications and the council’s statutory obligations are set out in the body of the report.

5.2 Finance Officer's Comments (LH)

There are no direct financial implications associated with the report

5.3 Diversities and Equalities Implications (RB)

The report provides information that may support informed decision making, outlines the council's achievements in advancing equality in 2017/18, and fulfils the council's statutory obligations.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Sarah Robson

Assistant Director for Strategy, Performance and Communications

Telephone: 01303 853426

Email: Sarah.Robson@Folkestone-Hythe.gov.uk

Appendices:

Appendix 1: Draft Equality & Diversity Annual Report

Folkestone & Hythe District Council

Equality & Diversity Annual Report

A reflection on the 2017/18 year
Published: August 2018

Foreword

Thank you for taking the time to read the council's Equality and Diversity Annual Report.

This report has been produced in accordance with the Public Sector Equality Duty created by the Equality Act 2010.

The purpose of this document is to:

- Provide a range of demographic and socio-economic information. This can be used to better understand the needs of our local communities and those that may be affected by council services, policies and practices, and in order to inform decision-making and policy development.
- Demonstrate how the council has engaged with the community, taken actions to enable better understanding of different customer needs and ways to support them, and considered potential equality and diversity implications prior to making decisions.
- Outline the activities the council has undertaken during 2017/18 to promote equality, diversity and inclusion amongst its workforce, Members and within the community, and the positive measures that have been taken to remove barriers, improve access to services and increase customer satisfaction.

We hope that you find this document useful and informative.

Further information, including the council's related Equality and Diversity Policy, can be found at: <https://folkestone-hythe.gov.uk/your-council/policies-plans-and-documents/equality-and-diversity>

Alternatively you can contact us:

Email: leadership.support@shepway.gov.uk

Telephone: 01303 853232

Yours sincerely,

Cllr Jennifer Hollingsbee
Deputy Leader of the Council
Cabinet Member for Communities

Susan Priest
Corporate Director for Strategy
Head of Paid Service

Contents

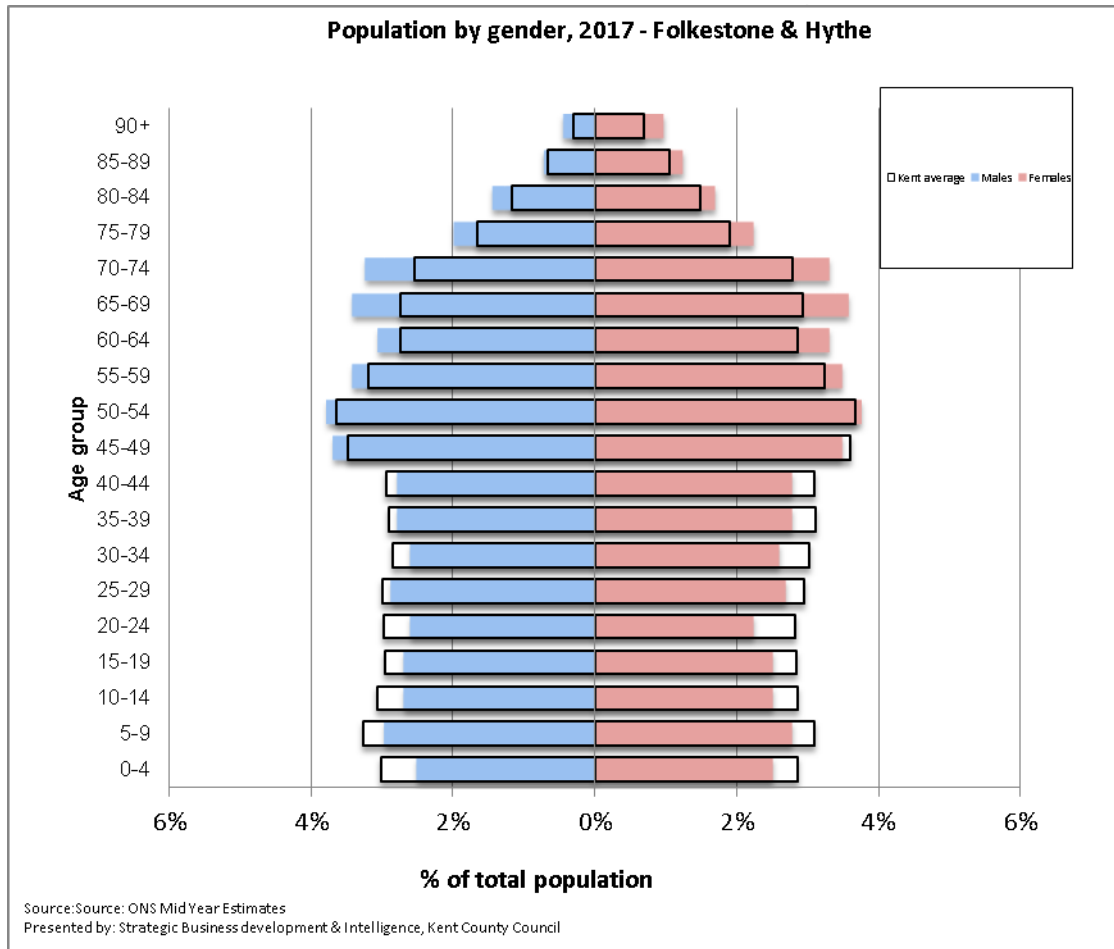
Section 1: Understanding our Communities	4
Age and Sex	4
Population:	
Changes and Forecasts	7
Household Composition	11
Ethnicity	12
Religion	13
Health	14
Economic Profile	21
Data Sources	26
Section 2: Understanding our Customers	27
Equality Impact Assessments	27
Consultations	27
Improving our Customer Experience	28
Developing our Staff	30
Section 3: Understanding our Workforce	31
Workforce Profile	31
Turnover	32
Staff Grievances	32
Section 4: Our Achievements and Engagement Activities	33
Section 5: Compliments, Feedback and Complaints	36
Section 6: Equality Objectives	37

Section 1: Understanding Our Communities

Age and Sex

Overview

In the graph below, blue shows the proportion of males by age group and peach females. The blocked sections show the Kent average for each age group.

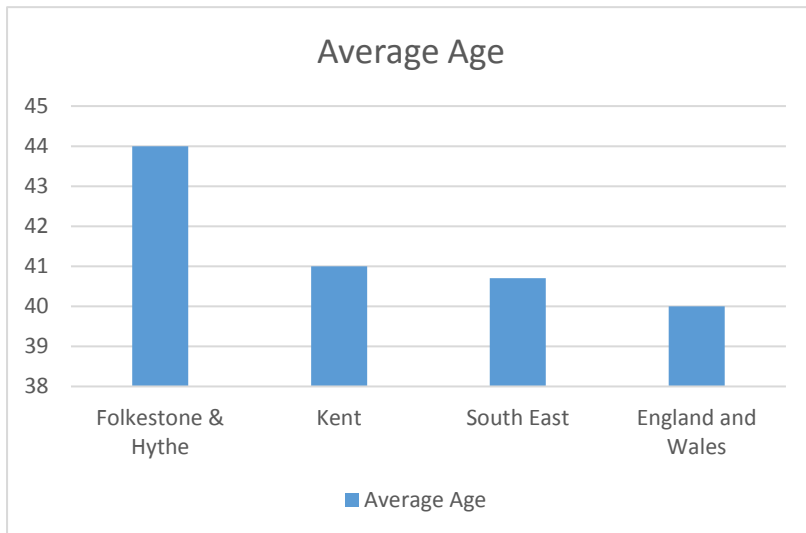


"Kent" refers to the Kent County Council (KCC) area

50.6% of Folkestone & Hythe's population is female and 49.4% is male. This percentage breakdown is reflective of Kent as a whole.

There is a lower proportion of residents aged under 45 when compared to Kent overall. The district has a larger percentage of residents aged over 45.

The male to female ratio changes with age. There are more males under the age of 55 than there are females. From age 55 + there are more females than males.



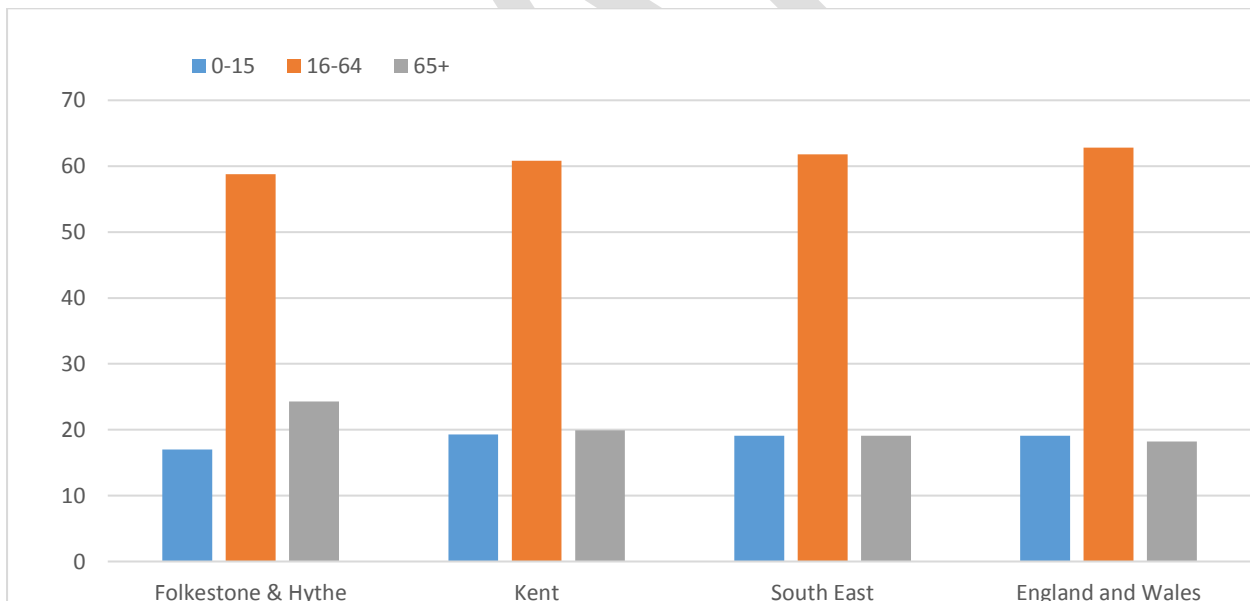
The average Folkestone & Hythe resident is 44 years old. This is higher in comparison with the other districts in the county and with regional and national averages.

The average male (at 42.9 years) is younger than the average female (45 years)

Source: ONS, 2017 mid-year population estimates

In comparison with regional and national figures, Folkestone & Hythe has:

- A lower than average proportion of residents aged under 15
- A lower than average proportion of residents of 'working age' between 16 and 64
- A higher than average proportion of residents aged 65 and over



Source: ONS, 2017 mid-year population estimates

Children and Young Adults

27%
of residents are
under 25

17%
are under the age
of 16

Age group	No.	% of F&HDC population	% of Kent overall*
0-3 – Early Years Children	4,400	4.0%	4.6%
4-10 – Primary Age Children	8,800	7.9	8.8%
11-18 – Secondary age children	9,300	8.3%	9.4%

Source: ONS, 2017 mid-year population estimates

*KCC area. E.g. within KCC, 4.6% of children are aged 0-3

'Working Age' Population (16-64)

F&HDC	No	%
16-64	65,500	58.8% of F&HDC residents are 16-64
Female	32,700	58.0% of females in the district are 16-64
Male	32,900	59.6% of males in the district are 16-64

Source: ONS, 2017 mid-year population estimates
Estimated figures are rounded to the nearest hundred

Older Population

24.3%
Of residents are
over 65

Age group	No.	% of F&HDC population
65-69	7,800	7.0%
70-74	7,300	6.5%
75-79	4,700	4.2%
80-84	3,500	3.1%
85-89	2,200	2.0%
90+	1,600	1.4%

Source: ONS, 2017 mid-year population estimates

Population: Changes and Forecasts

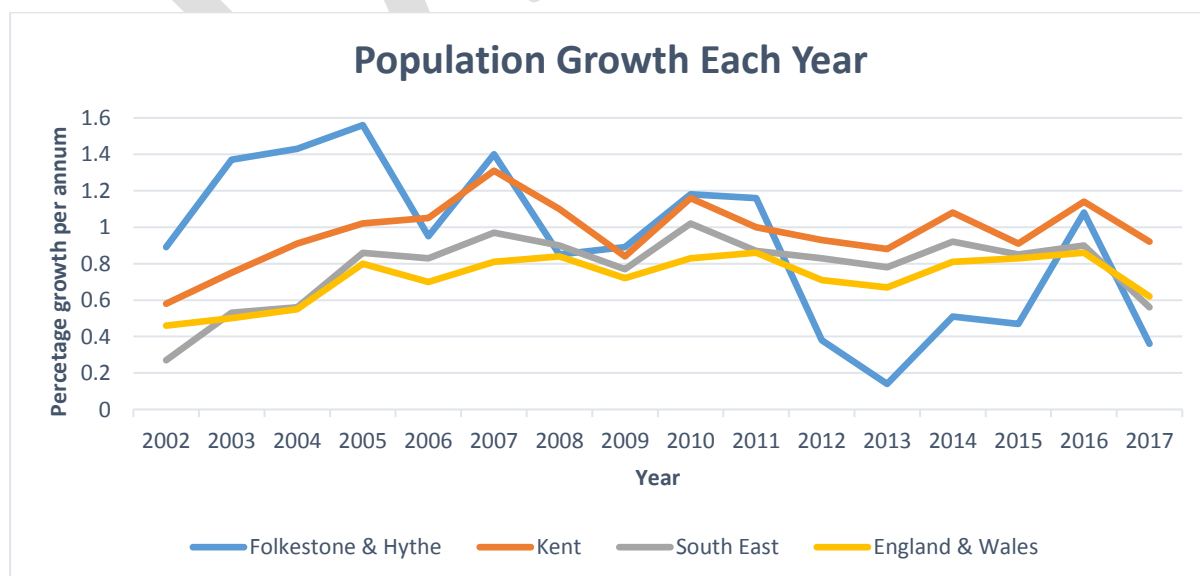
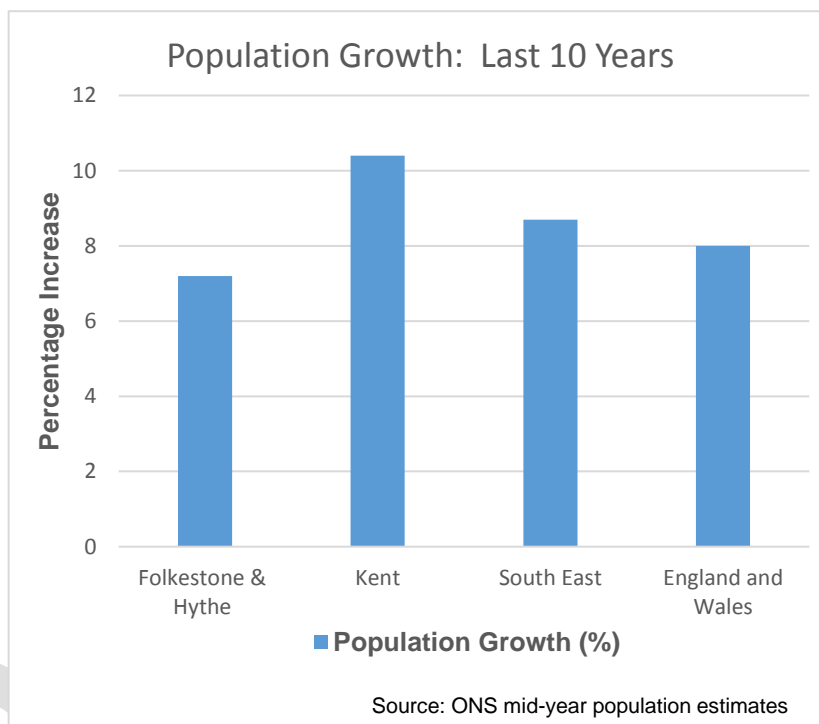
Historical Population Growth

The most recent population figures (mid-2017) estimate that population of Folkestone & Hythe is 111,400. This accounts for 7.2% of the total population with the Kent County Council area.

In 2007 the population of Folkestone & Hythe stood at 103,900.

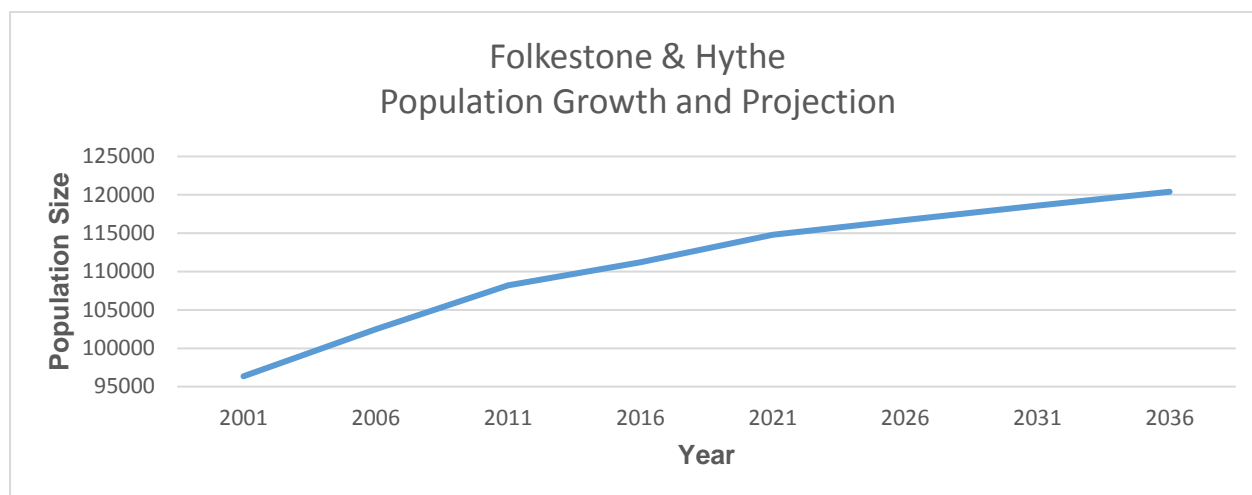
In the ten year period between 2007 and 2017, Folkestone & Hythe's population grew by 7.2%. This is, however, low in comparison with regional and national averages.

Over the last 15 years population growth across the south east and the country as a whole has risen rather consistently, averaging c.0.75% per annum. Kent experiences higher annual growth in comparison, averaging a population increase of 0.97% per annum over the same time period. As a smaller geographical area, population growth in Folkestone & Hythe is much more sporadic, with localised factors a major contributory factor. The most recent data shows a population increase of 1.08% during 2015/16, exceeding what was being recorded across the south east and nationally, followed by an increase of only 0.36% in 2016/17, representing one of the smallest growth rates in the county.



Population Growth Forecasts

Folkestone & Hythe's population is forecast to rise by nearly 8.25% over the next 20 years, reaching an estimated 120,400 by 2036. While Kent as a whole is expected to grow in line with historical population figures, increasing by 22.2% over the same 20 year period, these estimates predict a slowing of population growth in the district. Estimates, however, do not take into account any future developments in the district.



Source: KCC Housing Led Forecasts, 2017

Population Changes

Historically, Folkestone & Hythe's population growth has varied between different age brackets. In the 20 year period between 1996 and 2016 the most significant population growth was amongst those aged between 45 and 70, with residents in this age bracket increasing by 43%. The amount of residents aged under 45 has, however, remained largely the same over this time period.

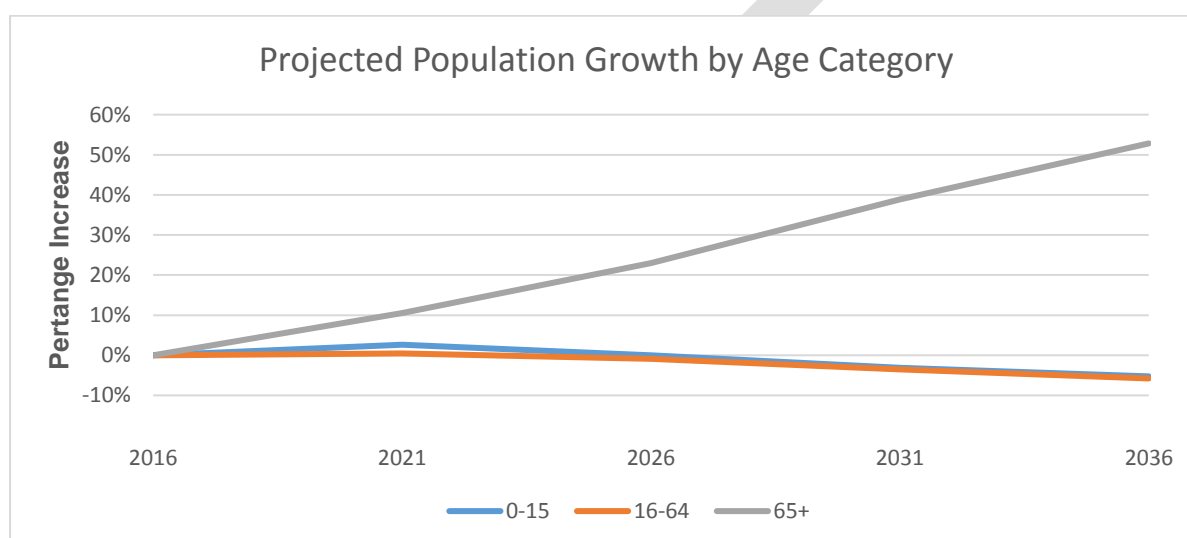
When considering residents over the age of 65 specifically, between 1996 and 2016 there was an increase of 35%, from 19,600 to 26,500 people. It is forecast that this will increase by a further 14,000 over the subsequent 20 years, a rise of over 50%. Conversely, residents of 'working age' (between the ages of 16 and 64) and those under the age of 15 are expected to shrink by almost 6%. Moreover, workforce forecasts predict that the proportion of 'economically active' residents in the district (those in employment or unemployed and available for and actively seeking work) will decrease by nearly 4% by 2036.

Current Population Projections: Folkestone and Hythe:

Year	Total Population	Age Group			'Economically Active'
		0-15	16-64	65+	
2016	111,200	19,000	65,700	26,500	53,200
2021	114,800	19,500	66,000	29,300	54,100
2026	116,700	19,000	65,100	32,600	53,800
2031	118,600	18,400	63,400	36,800	53,900
2036	120,400	18,000	61,900	40,500	53,100

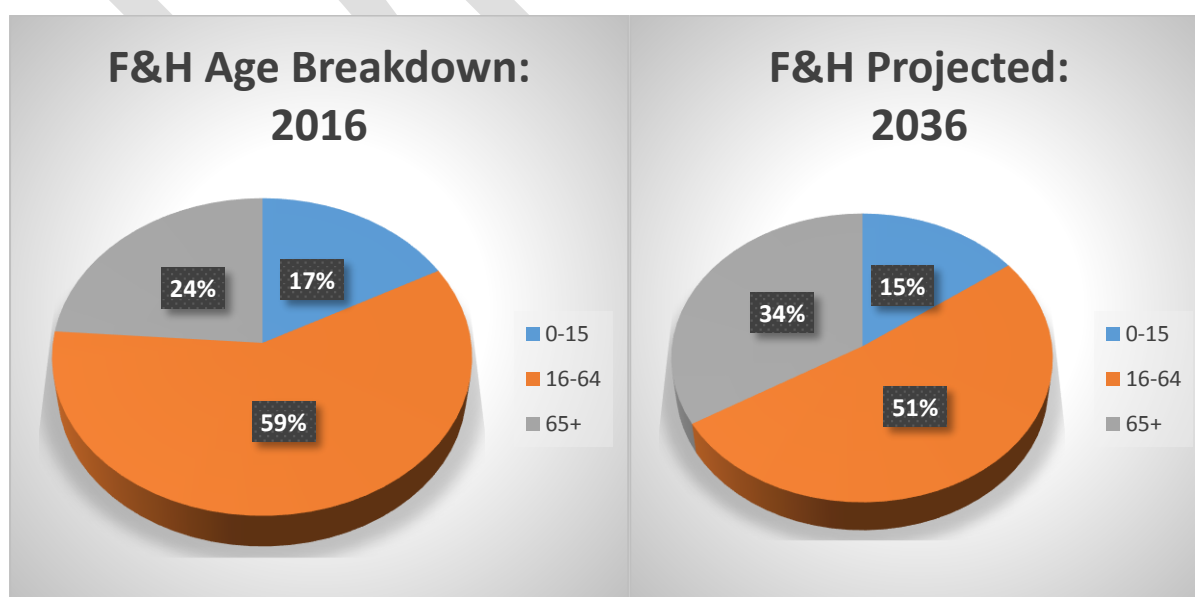
Source: KCC Housing Led Forecasts, 2017

Source: NOMIS



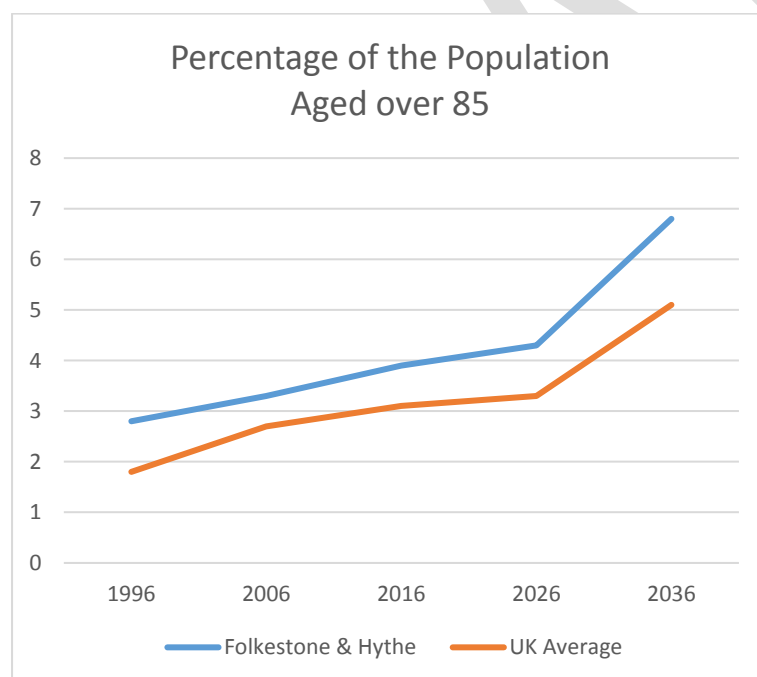
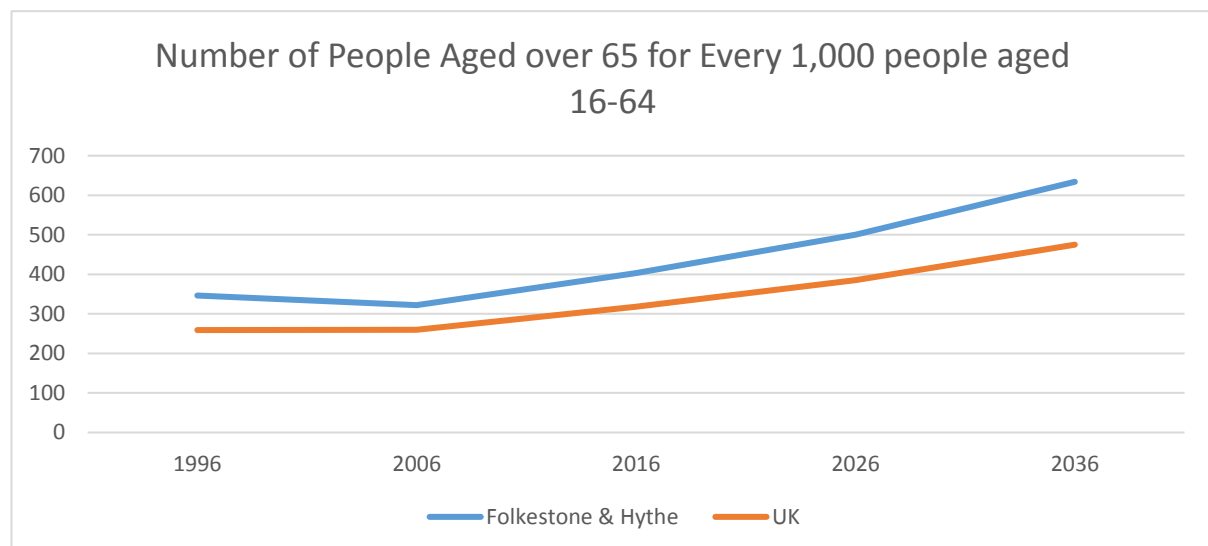
Source: KCC Housing Led Forecasts, 2017

Residents over the age of 65 currently account for 24% of Folkestone & Hythe's population. By 2036 this is expected to increase by 10%, a more significant increase than the 6% anticipated across Kent and the UK as a whole.



Source: KCC Housing Led Forecasts, 2017

The concept of an 'ageing population' is, of course, not solely confined to the Folkestone & Hythe district and the Office of National Statistics forecast continued growth in the proportion of the population aged over 65 across the UK. However, future estimates for Folkestone & Hythe, particularly relating to the percentage of the population over the age of 85, are notable.



Source ONS, 2017

7.6%

Proportion of F&HDC residents that are elderly and reliant on support to meet financial or practical needs.

Source: 2014 Experian Ltd, reproduced in KCC 2018 District Profiles

Population: Household Composition

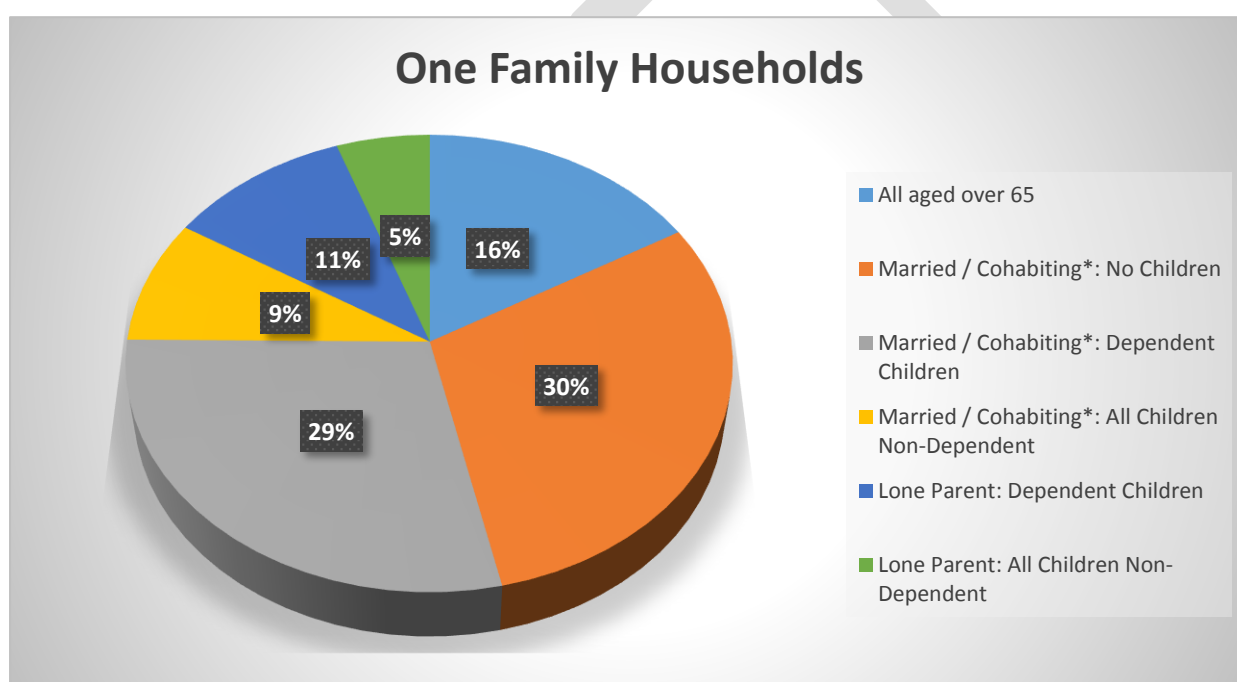
The 2011 census reported 47,379 households in the Folkestone & Hythe district.

65% of households were owned (either outright, with a mortgage, or part owned through a shared ownership scheme), 11% were social rented (including through F&HDC) and 22% were privately rented. The remaining percentage were under other arrangements.

Nearly 70% of all households in the district were two people or under.

Of the 47,379 households in the district, a third were one person households. 45% of those that lived on their own are aged over 65.

The majority (60%) were one family households. The 2011 census classified these by the “type of family” (married, same-sex civil partnership or cohabiting couple family, or lone parent), by the amount of dependent children, or recorded that all occupants were over the age of 65:



Source: 2011 Census.

* 'Married / Cohabiting' includes couples that are married, in same- sex civil partnerships, or cohabiting. A short hand version has been used in the graph key solely for the reason of space.

Ethnicity

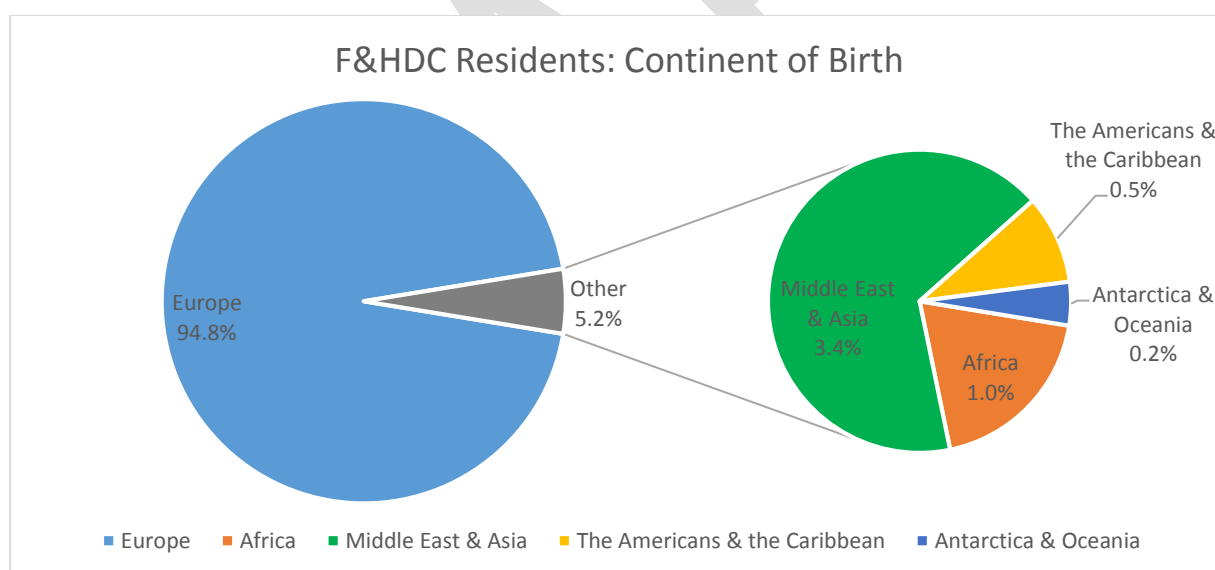
Nearly 95% of Folkestone & Hythe's population are from white ethnic backgrounds, with just over 5% from black and minority ethnic (BME) groups. While the proportion of residents from BME groups are low in comparison to regional and national averages, this is largely in line with other districts in east Kent.

	White	BME
Folkestone & Hythe	94.7%	5.3%
Kent	93.7%	6.3%
South East	90.7%	9.3%
England	85.4%	15%

Source: 2011 Census

Shorncliffe Barracks is a base for the Royal Gurkha Rifles and the district is home to a significant Nepalese community. The 2011 census reported 2,341 Nepalese residents, the highest in Kent. This accounts for just over 2% of the local population and the largest black and minority ethnic grouping within Folkestone & Hythe.

9.2% of Folkestone & Hythe residents were born outside the UK. The majority (53%) of those born outside the UK have been resident in the UK for over 10 years.



Source: 2011 Census

Analysis shows there is some relationship between ethnicity and age. Only 1.2% of those aged over 65 are from black and ethnic minority groups, compared with 6.13% of those aged between 16 and 64 and 7.3% of those aged 15 and under.

Source: 2011 census

2.8% of households in Folkestone & Hythe do not contain any people that have English as their main language. This is slightly higher than the Kent average (2.5%) but lower in comparison to the south east (3.1%) and nationally (4.4%)

Source: 2011 census

In 2017/18 a total 441 households approached the council as homeless and made applications under Part VI of the Housing Act 1996. 85% applicants stated they were from white ethnic backgrounds and 6% from black and minority ethnic (BME) groups.

Overall, there were 1732 applications to join the housing register. Of these, 92% stated they were from white ethnic backgrounds and 5% from black and minority ethnic (BME) groups. All applicants were of a European nationality, with 17 stating their nationality as other than British or Irish.

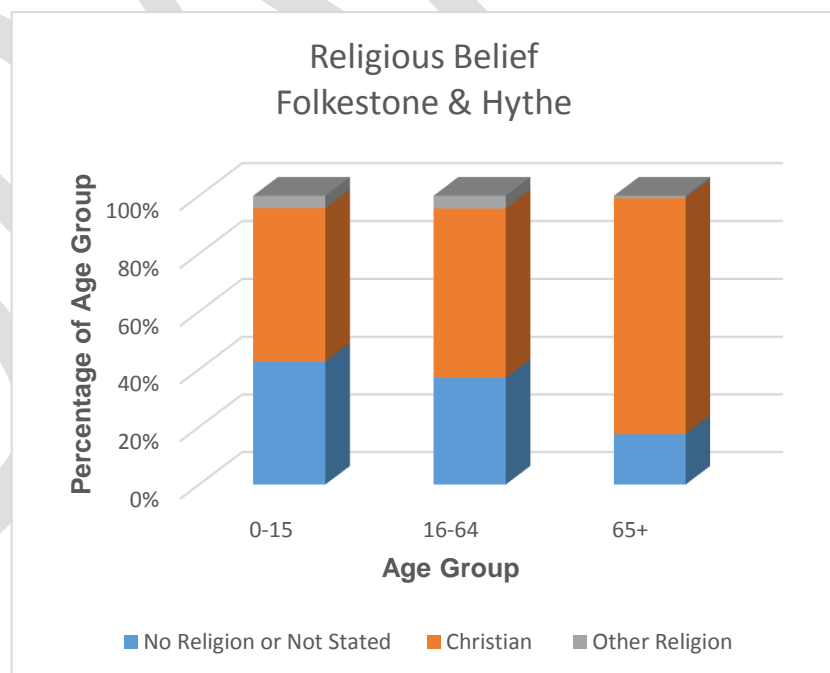
A total of 325 applicants were housed in 2017/18. Of those housed, 81.5% were from white ethnic backgrounds and 3.7% from black and minority ethnic (BME) groups.

Stating ethnicity is not mandatory and any remaining percentages are where applicants have not provided this information.

Religion

The majority of Folkestone & Hythe residents (62%) have indicated their religion as Christian. Hindu is the second most popular religion in the district (1.4% of residents). Other religious groups that are represented in the community include Buddhist, Jewish, Muslim, and Sikh.

Analysis shows there is some relationship between religion and age, with those aged 65 and over are more likely to identify with a religion, particularly Christianity, than those in other age categories.



Source: 2011 Census

Health

Overview

6.1% of Folkestone & Hythe residents describe their health as bad or very bad. This is higher than Kent (4.9%), south east (4.1%), and national (England: 5.3%) comparisons.

Over 20% of those that live in the district indicated that their day-to-day activities are limited by a long-term health problem or disability. This is higher than Kent (16.9%), south east (15.1%), and national (England: 17.2%) comparisons.

Source: 2011 Census

63.1% of adults in the district are classified as overweight and 20.8% of 10-11 year olds classed as obese. These figures are not significantly different to the averages across England.

The rate of alcohol related harm hospital stays for adults is better than the average across England. The rate of alcohol-specific hospital stays among under 18s is in line with the average across England and represents a decrease on previous years.

In line with the national average, 16.5% of those over the age of 18 are smokers. However, those smoking at the time of delivery (a determinant of child health) is significantly worse than average.

Recordings of self-harm hospital stays, sexually transmitted infections, tuberculosis, and the employment rate of those aged between 16 and 64 (which is considered a wider determinant of health) are all better than the average for England.

Rates of statutory homelessness, violent crime, GCSE achievement, children in low income families (all considered wider determinants of health), and early deaths from cancer are worse than average.

Source: Public Health England: Local Authority Health Profile, 2018

Mental Health

In 2016/17 (the most recent figures available from the Kent Public Health Observatory) 10.2% of adults in the district were recorded by their GP as having depression.

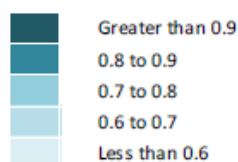
The prevalence of serious mental health conditions in Folkestone & Hythe is higher than the other districts in Kent. The percentage of patients recorded on GP QOF registers as having schizophrenia, bipolar affective disorder, other psychoses or on lithium therapy is 0.9%, the second highest in Kent. The average across Kent is 0.8%.

There is some variance within the district. Folkestone Harvey Central has the highest recorded prevalence of mental health conditions (1.3% of patients) and Romney Marsh the lowest (0.6% of patients).

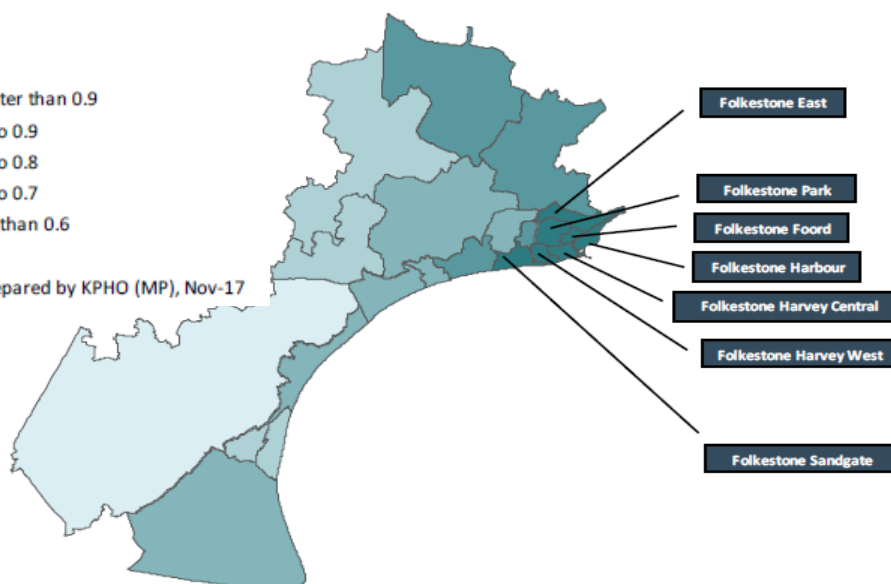
Recorded Prevalence of Serious Mental Health Conditions

2014/15 – 2016/17

Percentage



Source: QOF, prepared by KPHO (MP), Nov-17

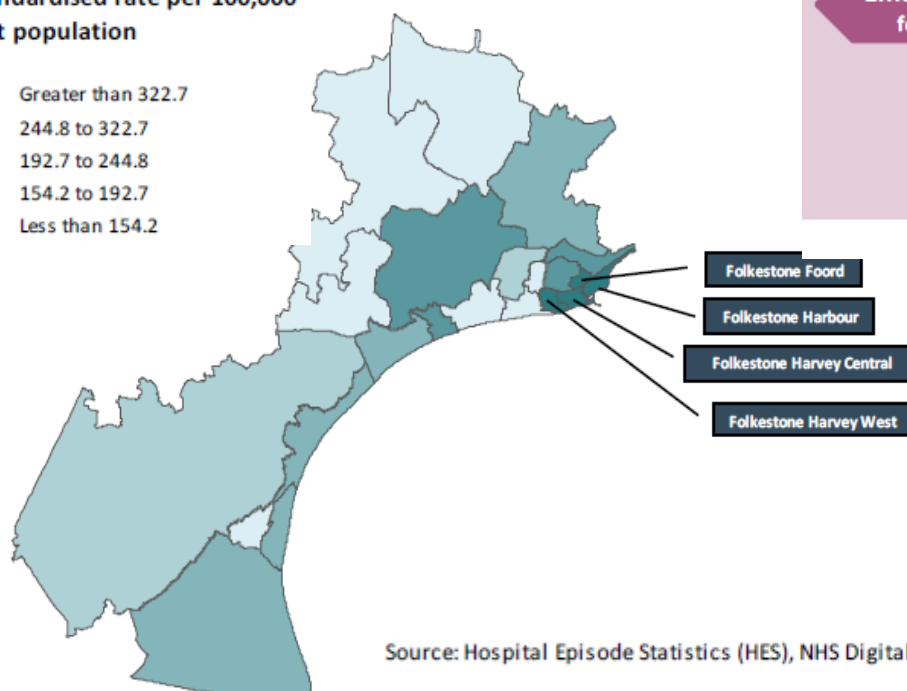
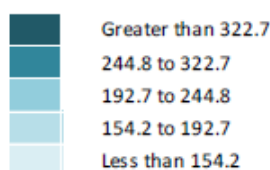


Hospital admissions for mental health conditions are in line with the Kent average. The rate between 2012/13 and 2016/17 was recorded as 251.1 per 100,000 residents. There is some variance in the district, with the highest proportion of hospital admissions recorded in Folkestone Harvey Central (509.8 per 100,000 residents), and the lowest in Elham and Stelling Minnis (89.5 per 100,000 residents).

Hospital Admissions for Mental Health Conditions

2012/13 – 2016/17

Age standardised rate per 100,000 resident population



Source: Hospital Episode Statistics (HES), NHS Digital, ONS, prepared by KPHO (ZC), Nov-17

Emergency hospital admissions
for serious mental health conditions

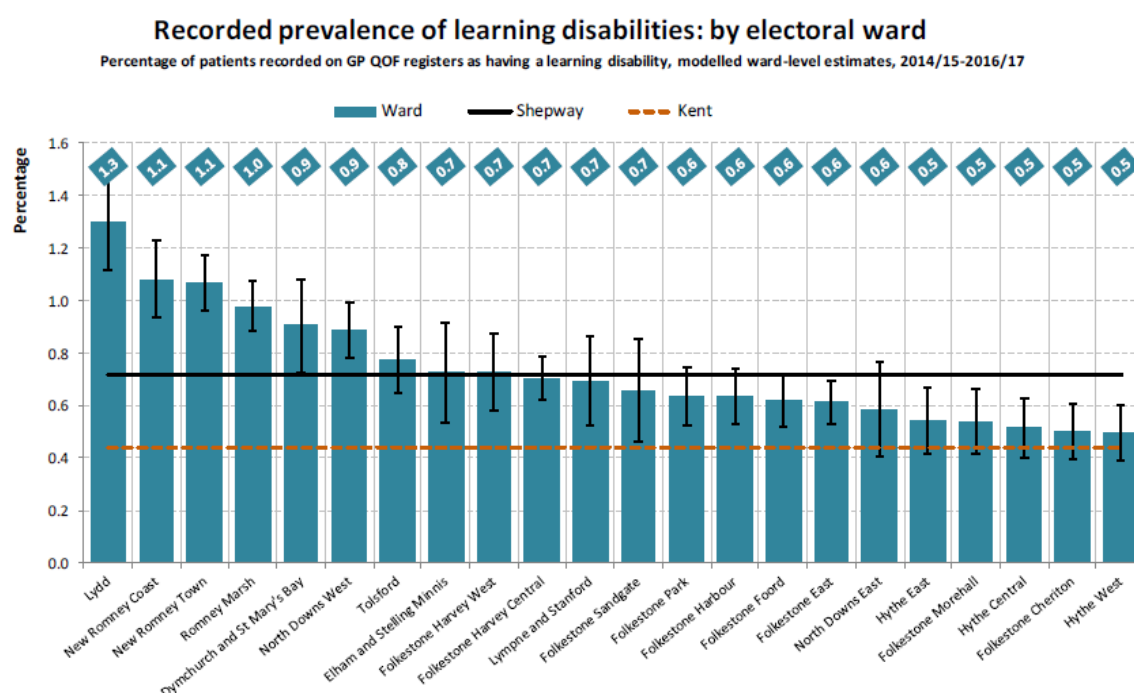
175
in 2016/17



Source: QOF, 2016/17; SUS, in 2016/17

The suicide rate in the district is above the average for Kent and England. Between 2014 and 2016 the rate is recorded at 13.1 per 100,000 of the population, the third highest amongst the Kent districts. The rate across Kent overall was 11.59 and 9.9 nationally (England).

There is a higher prevalence of learning disabilities in Folkestone & Hythe than in any other Kent district. 0.7% of patients are recorded on GP QOF registers as having a learning disability. The average across all Kent districts is 0.43%.

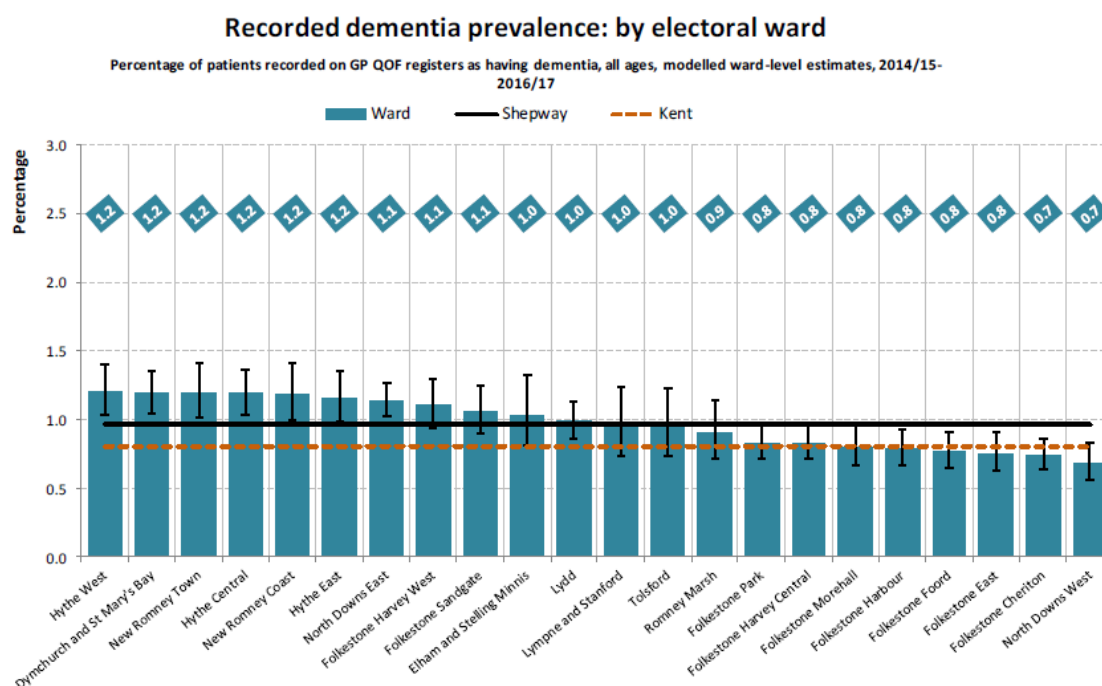


Source: QOF, prepared by KPHO (MP), Nov-17

The Kent Public Health Observatory have established a correlation between deprivation and mental health and wellbeing. The recorded prevalence of serious mental health conditions, the rate of hospital admissions and the suicide rate are all higher in the more deprived areas of Kent. The prevalence of learning disabilities also follows this correlation.

Source: KPHO, Kent Mental Health & Wellbeing Index: Comparison with Index of Multiple Deprivation
Source: KPHO. Living Well: Specific Conditions

In recent years the prevalence of dementia has increased in the district and across Kent as a whole. Folkestone & Hythe has a higher proportion of residents with dementia than other districts within Kent.



Source: QOF, prepared by KPHO (MP), Nov-17

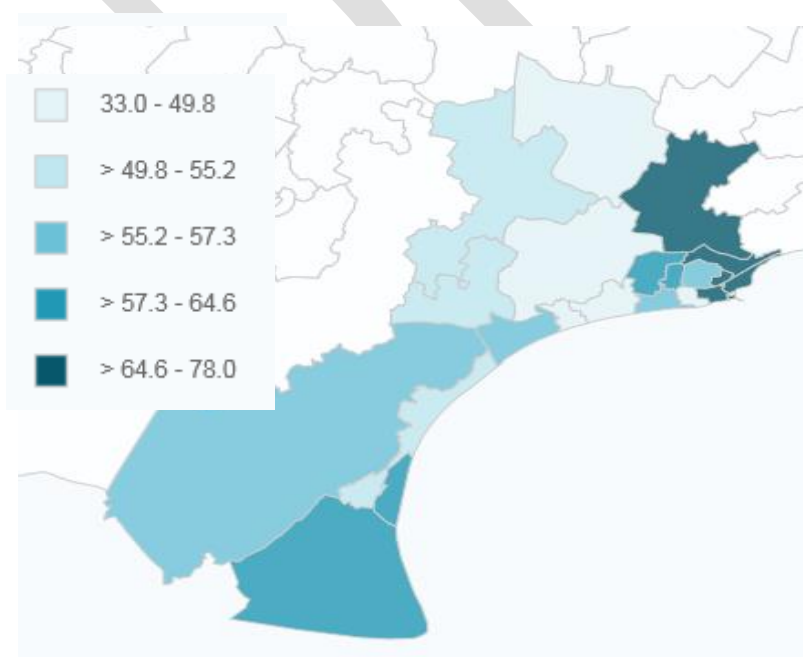
Source: KPHO, Ageing Well: Older people in Shepway

Births & Deaths

There are traditionally more deaths per year in the district than births. Latest figures from 2015, for example, show 1,056 live births and 1,330 deaths. This is in contrast with the picture across Kent, where the live birth rate is consistently higher than the death rate.

Source: ONS, Vital statistics, 2015

General Fertility Rates



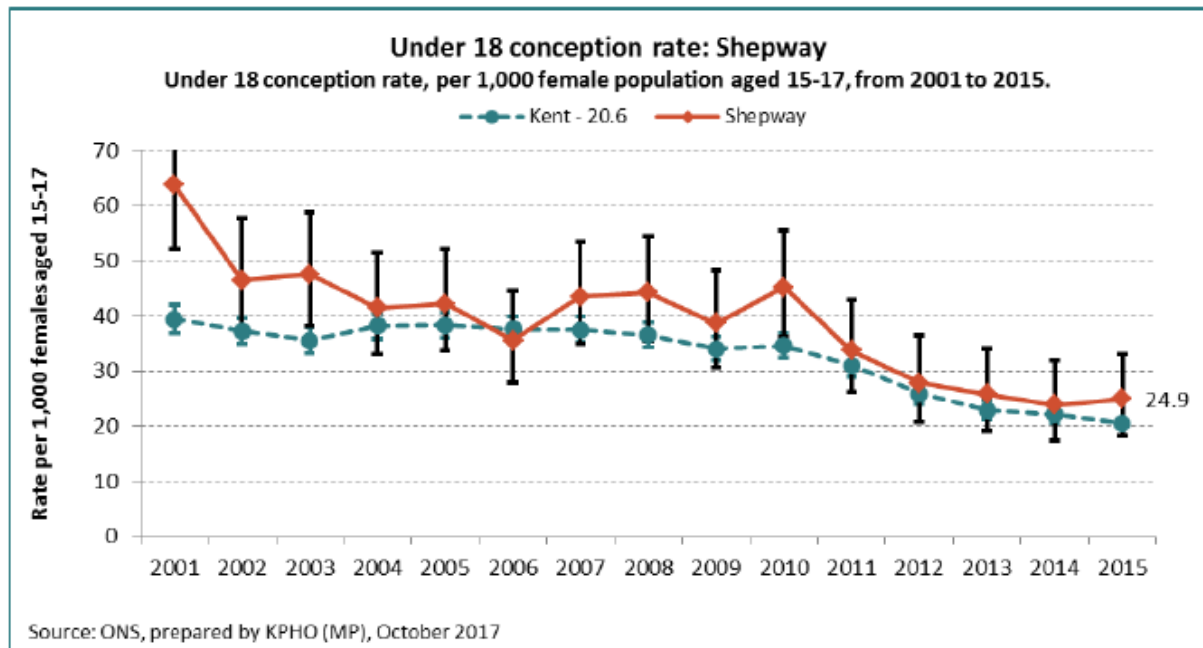
The General Fertility Rate (GFR) is the number of live births per 1,000 females aged between 15 and 44.

Measured between 2014 and 2016, the current GFR for Folkestone & Hythe is 60.3. This is line with the GFR over the last 20 years and reflective of county and national averages.

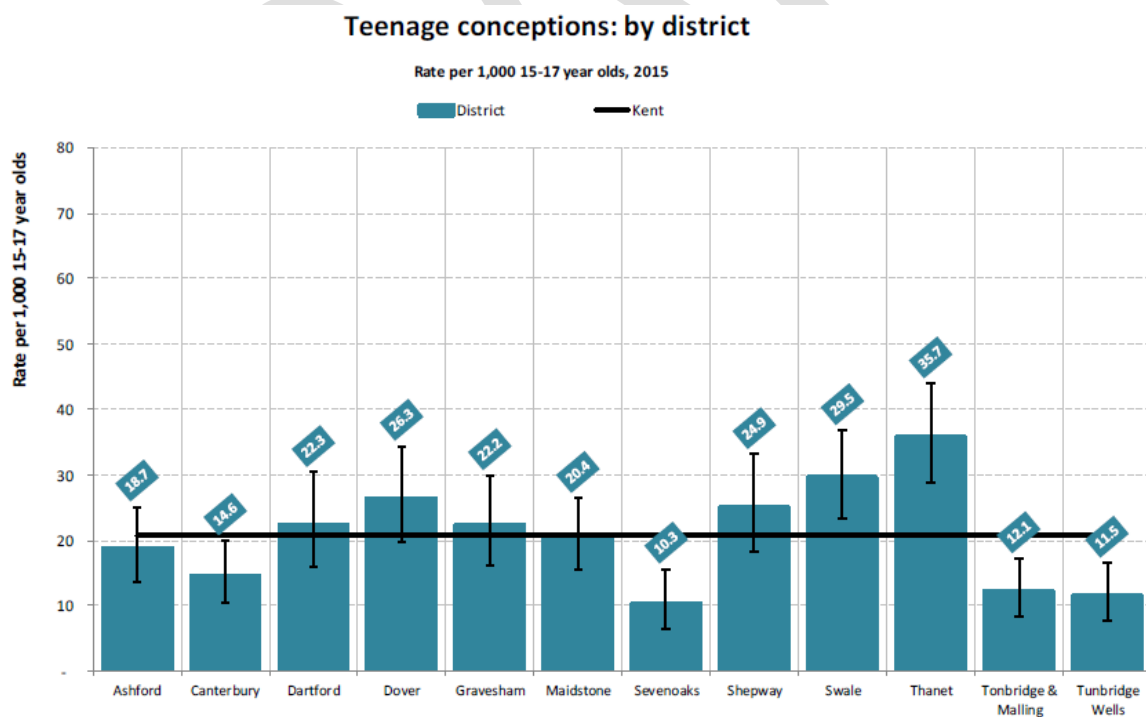
Source: KPHO. Starting Well: Children in Shepway, 2017

Teenage Pregnancies

Under 18 conception rate – An Historical Comparison:



Teenage Conceptions: A Kent Comparison:



Source: ONS, prepared by KPHO (TG), Nov 2017

Life Expectancy

The average life expectancy of a Folkestone & Hythe resident is similar to the national average.

Life expectancy in years:

Source: ONS, 2014-16

	Folkestone & Hythe	Kent	South East	England
Female	83.2	83.4	84	83.1
Male	79.2	79.9	80.6	79.5

At the age of 65 years, the average female in the Folkestone & Hythe District lives for a further 21.4 years, with the average male living for a further 18.8 years.

Life expectancy is 6.9 years lower for men and 3.7 years lower for women in the most deprived areas of the district when compared with the least deprived areas.

Source: Public Health England: Local Authority Health Profile 2018.

The highest life expectancy for males is 86.4 years in Elham & Stelling Minnis; the lowest is 75.5 years in Folkestone Harvey Central. Comparative data for females has not been produced. However, data relating to life expectancy at 65 shows a similar diversity between wards, with the average life expectancy at 65 the highest (a further 23.1 years for males and 27.3 years for females) in Elham and Stelling Minnis. Folkestone Harvey Central has the lowest life expectancy for 65 year old males (17 years), while Tolsford has the lowest for females (18.3 years).

Source: PCMD, 2012-2016. Reproduced in KPHO, Living Well: Overview; Living well in Shepway

Source: KPHO, Ageing Well: Older People in Shepway

Disability Benefits

10.7% of Folkestone & Hythe residents claim disability benefits, defined as including Disability Living Allowance / Personal Independence Payments or Attendance Allowance. Across all Kent authorities only Thanet (at 11.4%) has a higher percentage of disability benefit claimants. While the percentage of disability claimants that are over the age of 65 are in line with national figures, there is a higher proportion across all other age brackets, practically young people.

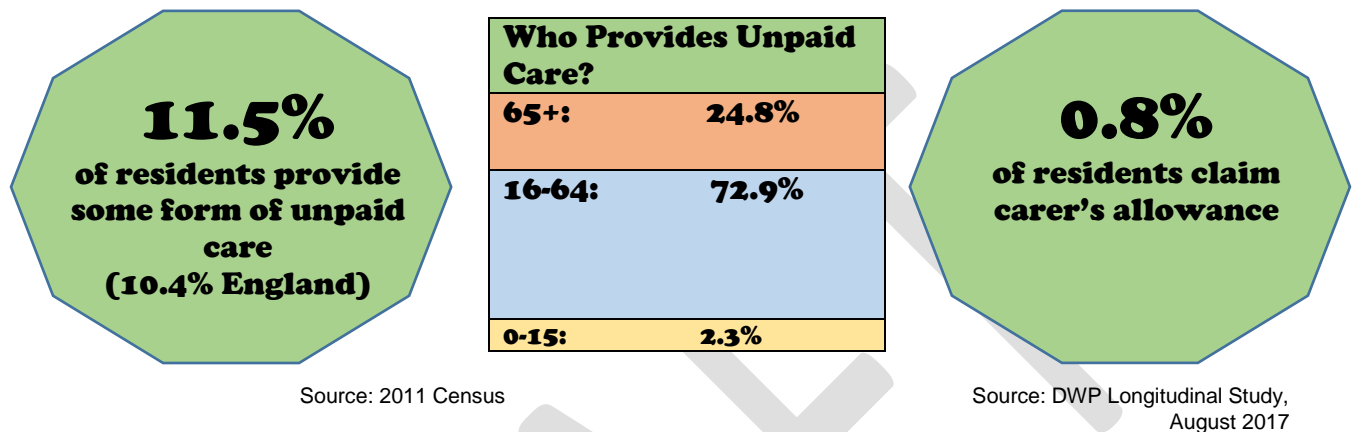
	Folkestone & Hythe	Kent	South East	England & Wales
Overall	10.7%	7.9%	6.5%	8%
0-15	5.8%	4.6%	3.5%	3.7%
16-64	7.7%	5.4%	4.3%	5.4%
65+	20.6%	17.9%	15.8%	20.3%
Young People (under 25)	6.0%	4.6%	3.4%	3.6%

Source: DWP Longitudinal Study, August 2017

Mirroring the national picture, a higher proportion of males claim disability benefits than females.

The majority (67.8%) of disability benefit claimants do so due to a physical disability, 16.2% due to a mental health condition, and 13.3% due to a learning difficulty.

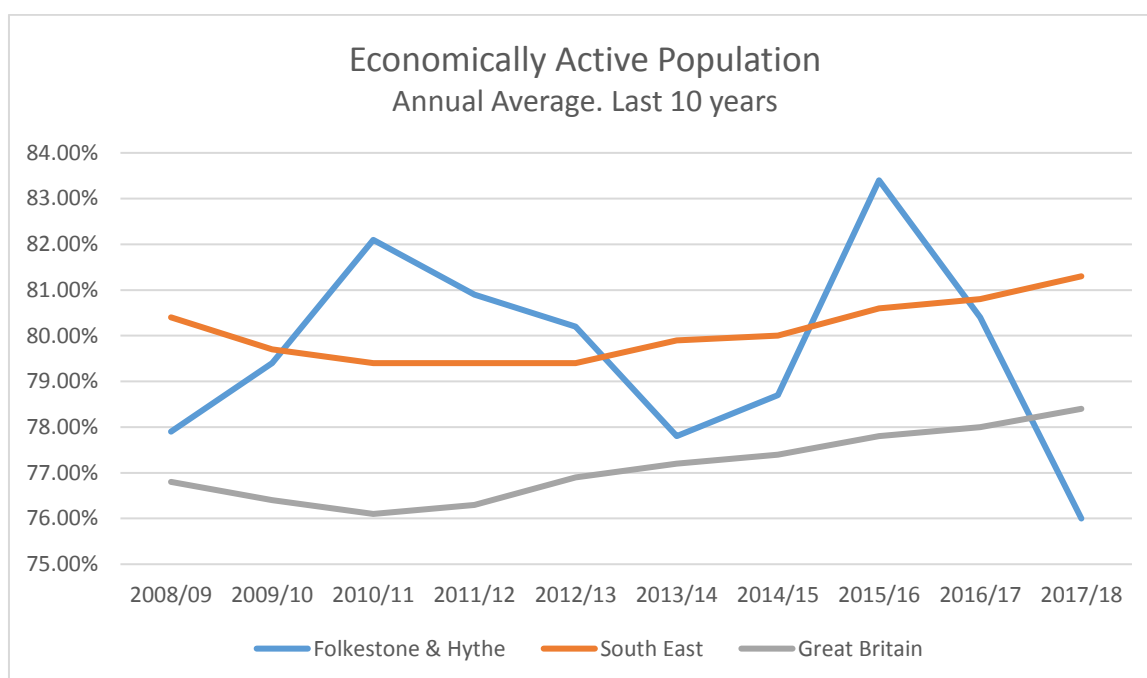
People Providing Unpaid Care



Economic Profile

Labour Supply & Economic Activity

In 2017/18, 76% of those aged between 16 and 64 were 'economically active', defined as either in employment or unemployed and available for and actively seeking work. While this measure does vary significantly year on year (the figure was 83.4% in 2015/16, for example) it does represent the lowest annual average in the district since 2005/06.



Source: NOMIS

There has historically been some differential between the proportion of economically active men and women. In 2015/16 for example, 91.3% of males were economically active in comparison to 75.7% of females. However, in 2017/18 while the proportion of economically active females has remained broadly consistent at 75.5%, the proportion of economically active males has decreased to 76.4%.

In 2017/18, 71.8% of those aged 16-64 were in some form of employment. The majority (64.2% of those aged 16-64) were employees while 7.7% were self-employed.

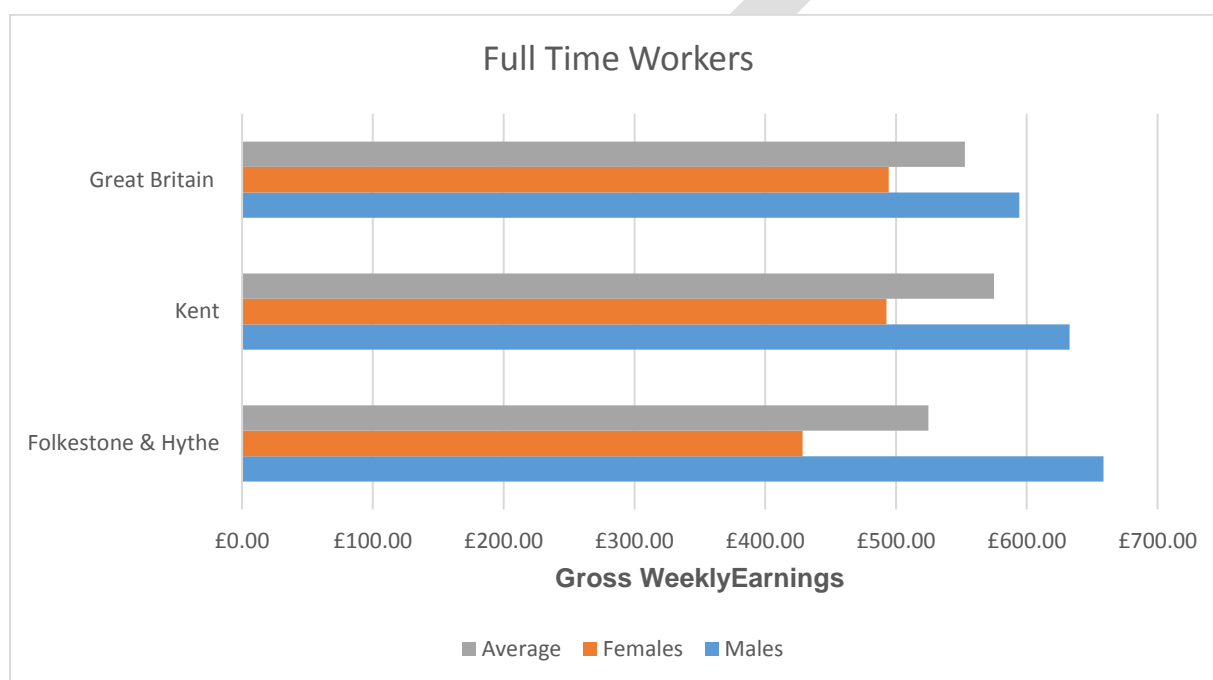
Residents that are classed as 'economically inactive' have increased in recent years. In 2017/18 24% of those aged 16-64 were unavailable to work because of family commitments, retirement or study, or unable to work through sickness or disability. This is higher than the average across the south east (18.7%) and Great Britain as whole (21.6%).

Earnings and Income

The average Folkestone & Hythe resident earns £433.50 per week. This is lower than the average Kent resident (£464.60 per week) and across the south east (£484.90 per week) and Great Britain as a whole (£450.30 per week).

Source: KCC Business Intelligence Statistical Bulletin: Earnings in Kent, 2017

There are, however, large variations between the earnings of men and women, and those in full time and part time employment. Based on a study of full-time workers, the average earnings of males in Folkestone & Hythe exceed county and national comparisons.



Source: NOMIS, Annual Survey of Hours & Earnings, 2017

The average weekly earnings of those that work in the district (not necessarily Folkestone & Hythe residents) are on average 6% less than those who live here. This differentiation is largest amongst female workers: the average female living in the district who works full time earns £428.60 a week. The average female working in the district (not necessarily resident here) earns £396.60 a week.

Source: NOMIS, Annual Survey of Hours & Earnings, 2017

Employment by Occupation

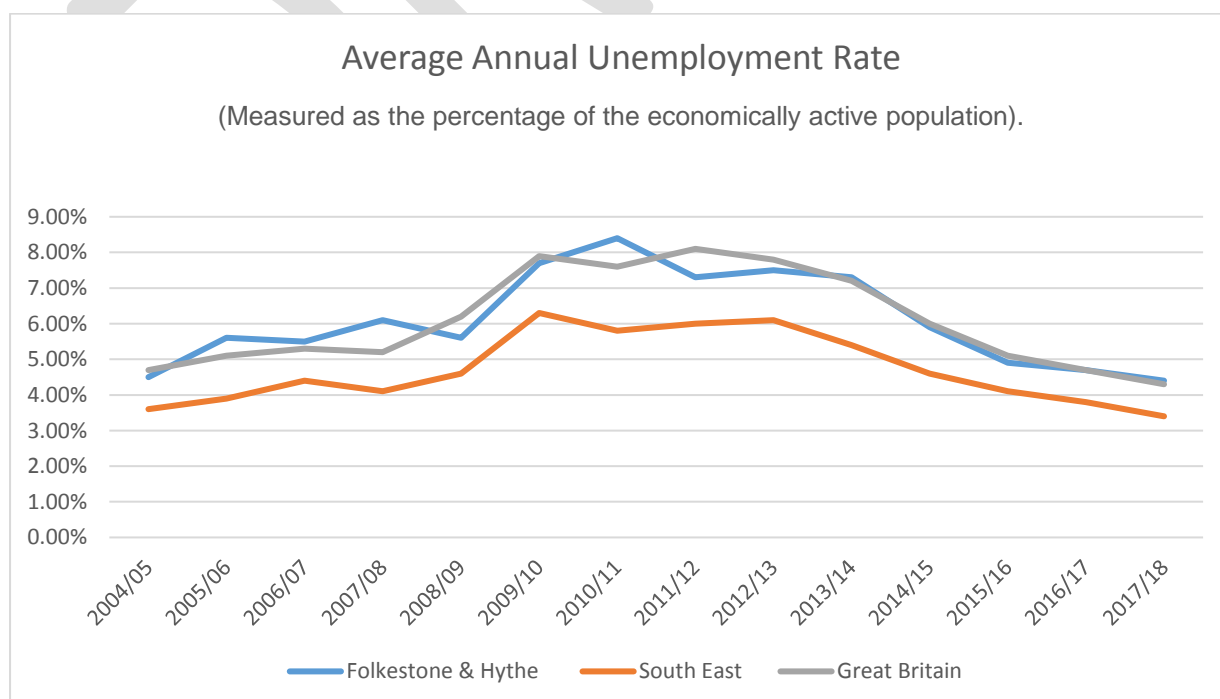
	Proportion of those in Employment in 2017/18		
	Folkestone & Hythe	South East	Great Britain
Soc 2010 major group 1-3	40.4%	50.8%	45.8%
1 Managers, directors and senior officials	8.1%	12.3%	10.8%
2 Professional occupations	15.9%	22.7%	20.3%
3 Associate professional & technical	16.4%	15.8%	14.5%
Soc 2010 major group 4-5	23.1%	20.3%	20.6%
4 Administrative & secretarial	9.1%	10.3%	10.3%
5 Skilled trades occupations	14.0%	9.9%	10.2%
Soc 2010 major group 6-7	20.4%	15.3%	16.7%
6 Caring, leisure and Other Service occupations	12.8%	8.5%	9.0%
7 Sales and customer service occs	#	6.8%	7.6%
Soc 2010 major group 8-9	16.1%	13.5%	16.9%
8 Process plant & machine operatives	#	4.8%	6.3%
9 Elementary occupations	10.8%	8.7%	10.5%

Sample size too small for estimate

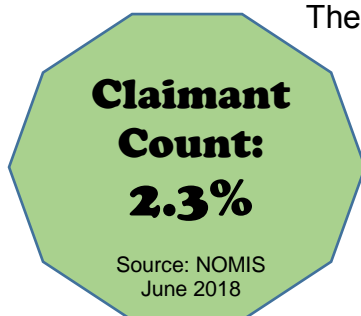
Source: NOMIS, 2018

Unemployment and Working Age Benefits

The unemployment rate in the district has continued to fall, measuring 4.4% in 2017/18.



Source: NOMIS



The 'claimant count' is the proportion of those aged 16-64 claiming benefits principally for the reason of being unemployed.

A claimant count of 2.3% is high in comparison to the south east as a whole (1.3%), but in line with the national average (Great Britain: 2.2%)

2.9% of males and 1.7% of females aged 16-64 are claiming out of work benefits.

When we consider claimant count by age, there appears a more significant claimant count amongst 18-21 year olds.

Age Range	Percentage of Resident Population at Same Age		
	Folkestone & Hythe	South East	Great Britain
18-24	3.3%	1.8%	3.0%
(of which 18-21)	(3.8%)	(1.9%)	(3.1%)
25-49	2.3%	1.3%	2.2%
50+	2.3%	1.3%	1.9%

Source: Nomis, June 2018

The measure of those receiving Universal Credit principally for the reason of being unemployed is still being developed by the Department of Work and Pensions and claimant count statistics may therefore be subject to revisions.

Proportion 16-64 year olds that claiming one or more of the main Department for Work and Pension (DWP) benefits:

	% of those aged 16-64		
	Folkestone & Hythe	South East	Great Britain
Total Claimants	13.6%	8.3%	11.0%
Jobseekers	1.6%	0.7%	1.1%
ESA & Incapacity Benefits	6.8%	4.4%	6.1%
Lone Parents	1.2%	0.8%	1.0%
Carers	2.3%	1.3%	1.7%
Other Income Related Benefits	0.2%	0.1%	0.2%
Disabled	1.2%	0.8%	0.8%
Bereaved	0.2%	0.2%	0.2%
Main out-of-work benefits*	9.8%	6.1%	8.4%

Source: NOMIS, Nov 2016

*Main out of work benefits consist of job seekers, ESA & Incapacity benefits, lone parents and other income related benefits. These are considered to best represent a count of all those benefit recipients who can not be in full time employment as part of their condition of entitlement. Figures do not include claimants of universal credit.

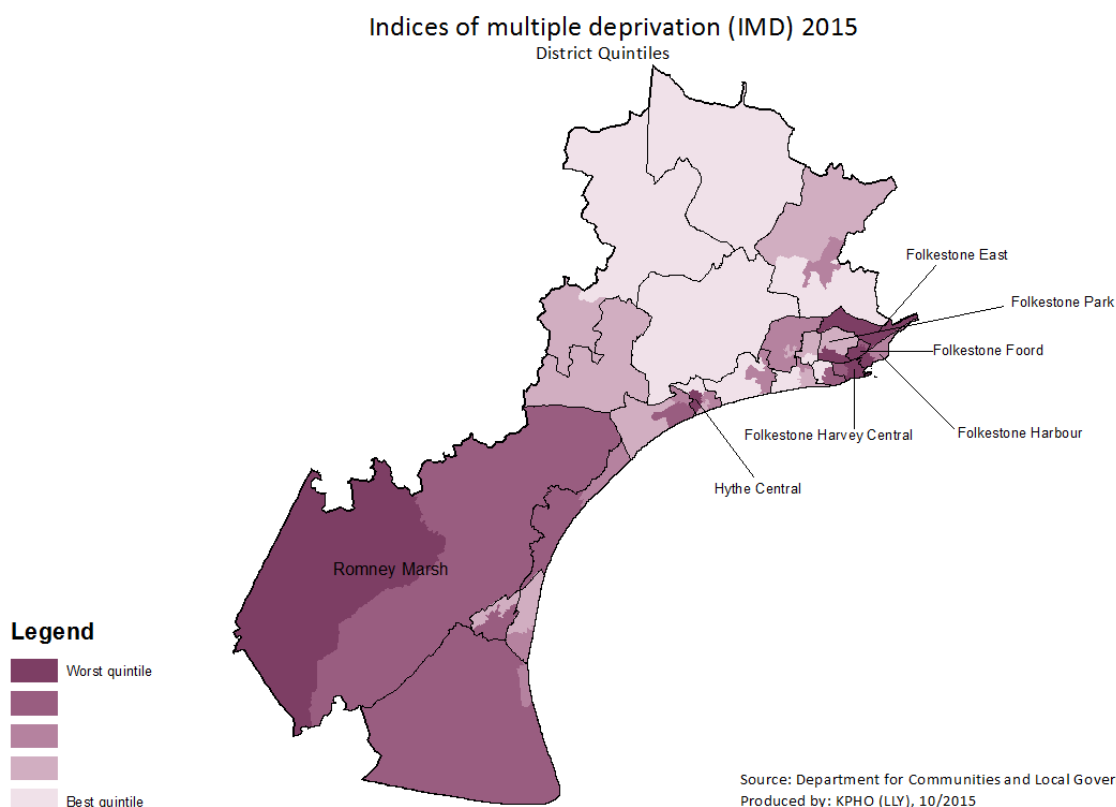
Deprivation

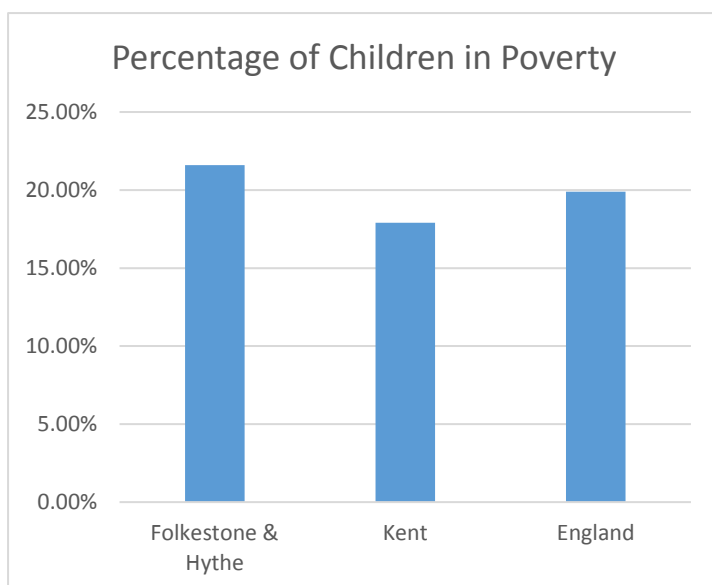
Folkestone & Hythe is the third most deprived district in Kent

Folkestone and Hythe is a diverse district. Not dissimilar to other local authority areas in east Kent, it has areas that are within the most deprived 20% of England and areas that are within the least deprived 20%.

Source: Communities & Local Government (CLG), 2015

The map below shows indices of multiple deprivation (2015) based on combined data from income, employment, education, skills and training, health deprivation and disability, crime, barriers to housing and services and living environment deprivation. The darkest purple areas show the worst deprivation. Data is split into areas generated by the Office of National Statistics based on population size rather than by ward.





Child poverty figures show the proportion of children living in families that are in receipt of out of work benefits or tax credits where their reported income is less than 60% median income.

Source: H M Revenue & Customs, 2014.

In their 2018 district profile, Public Health England stated that 19.4% of children in Folkestone & Hythe live in low income families and that this was “significantly worse” than the average across England.

Data Sources

The most up to date data at the time of publication has been utilised when compiling this demographic and socio-economic information. Further information can be found at the following sources:

General: The 2018 district profile, published by Kent County Council’s Strategic Business Development & Intelligence Unit on 6th July 2018, contains data from the mid-2017 population estimates and the 2011 census:

<https://www.kent.gov.uk/about-the-council/information-and-data/Facts-and-figures-about-Kent/area-profiles>

Population profiles, historical trends and future estimates are published by Kent County Council’s Strategic Business Development & Intelligence Unit (link above) and the Office of National Statistics’ (ONS):

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnort hernireland>

Labour market profiles of the district are constantly updated by the ONS National Online Manpower Information System (NOMIS):

<http://www.nomisweb.co.uk/reports/lmp/la/1946157318/printable.aspx>

Health:

Public Health England’s 2018 Local Authority Health Profile of the District:

<https://fingertips.phe.org.uk/profile/health-profiles>

Kent Public Health Observatory documents that are referenced can be sourced at:

<https://www.kpho.org.uk/>

Section 2: Understanding our Customers

Equality Impact Assessments

Under the Equality Act 2010 there is no longer a requirement to produce Equality Impact Assessments (EIAs). However, the council believes it is good practice to have an EIA framework in place in order to fully consider any potential equality implications prior to making decisions. As such, the council is committed to ensuring that EIAs are completed when the council introduces or significantly revises a policy or service and that they are carried out in the correct manner, including, for example, appropriate consultation with affected parties.

EIAs are most often conducted when a new or significantly revised policy or service is set to be considered by elected Members, normally at Cabinet Committee stage. Further information, including copies of reports and associated EIAs, can be found at: <https://www.folkestone-hythe.gov.uk/moderngov/uuCoverPage.aspx?bcr=1>

During 2017/18 the council completed an EIA when:

- Replacing play equipment at the Coastal Park in Folkestone
- Developing the Places and Policies Local Plan
- Restructuring the Customer Services department
- Reviewing and updating the council's Safeguarding Policy
- Reviewing and updating the council's Events Policy
- Considering the annual production of the council's General Fund Budget and Council Tax Setting
- Considering the Council Tax Reduction Scheme (While the EIA was completed in December 2016, the policy was to be implemented from 2017/18)
- Considering the implementation of the Council Tax Exceptional Hardship Policy (While the EIA was completed in December 2016, the scheme was to be effective from 2017/18)

In addition, all reports that are submitted to Council Committees or the Corporate Leadership Team require comments on equality implications from the officer leading on equality and diversity. This further ensures that potential implications are considered prior to making decisions.

Understanding Our Customers through Consultation

Consultation provides an important means of understanding the needs of service users and local residents. It also allows the council to assess what impact decisions will have on different groups.

The following public consultations were undertaken during 2017/18:

- St Mary in the Marsh Neighbourhood Development Plan
In addition to the consultation on St Mary in the Marsh Neighbourhood Development Plan the council also supported the work of Hythe, Lympne, New Romney and Sellindge in the development of their Neighbourhood plans.
- Places and Policies Local Plan Submission Draft

- Core Strategy Local Plan Review
- Sandgate controlled parking zone scheme
- Bellevue Street area controlled parking zone scheme (Consultation ended on 31st March 2017)
- Princess Parade controlled parking zone scheme
- East Folkestone controlled parking zone scheme
- The installation of disabled persons parking bays across the district
- 2018/19 Budget Setting
- East Kent Housing consulted on their new Resident Involvement Strategy
- While not a regulatory or formal public consultation, the council has run Otterpool Park engagement events and provided feedback opportunities.

Improving our Customer Experience

Across the council a wide range of efforts have been undertaken to gauge and improve customer satisfaction in different services.

The council's Lifeline service undertakes an annual customer satisfaction survey, demonstrating that 98% of customers are satisfied with the service they receive and agreeing that we regularly provide an excellent quality of service. The annual survey has also resulted in service improvements, with mobile "Footprint" alarms now being offered as a direct result of customer feedback. We are the first tele-care service to provide these new personal alert systems, using GPS technology to support a whole range of customers.

The customer service that is provided by the council has been recognised through the award of the nationally acclaimed Customer Service Excellence standard. In 2016 the council was successful in reapplying for the accreditation and achieved a "compliance plus" rating in seven areas. In 2017 the first surveillance visit was successfully undertaken, with the council retaining the accreditation and the compliance plus ratings. Amongst other things, the council was particularly recognised for:

- Making particular efforts to identify hard to reach and disadvantaged groups and individuals, and developing services in response to their specific needs
- Its commitment to putting the customer at the heart of service delivery and having leaders that actively support this and advocate for customers
- Using customer insight to inform policy and strategy and to prioritise service improvement activity
- Having polite and friendly staff who have an understanding of customer needs

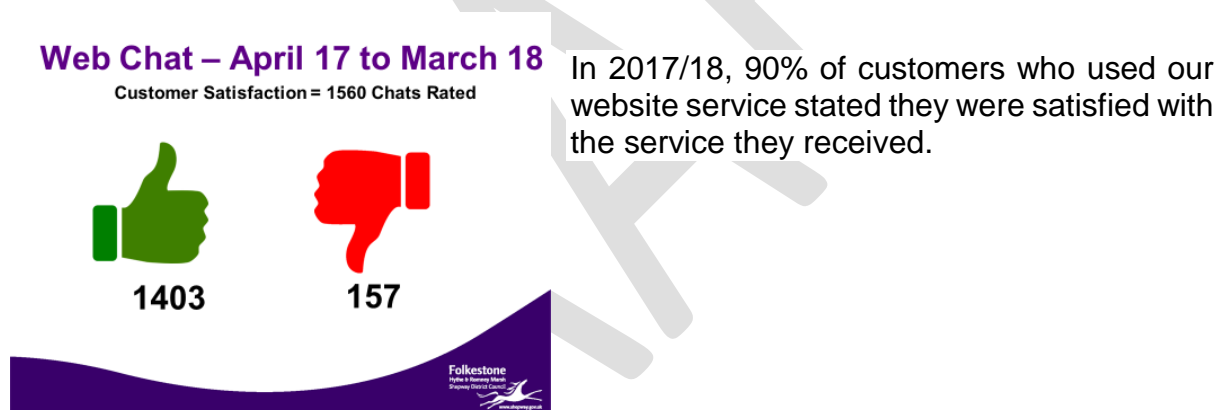
Further information can be found at: <http://folkestone-hythe.gov.uk/your-council/policies-plans-and-documents/customer-charter>

The Customer Service Excellence standard also noted the council's customer-focused culture and the council strives to embed its core values, 'Customer First', 'One Team', 'Performance Counts' and 'Thinking Ahead', into all aspects of the organisation. We operate a staff recognition scheme where staff are rewarded for exhibiting outstanding behaviour relating to these core values. Our corporate induction for new employees

focuses on explaining the core values, particularly customer service, and an exercise relating to them is undertaken by all staff.

In addition to the Customer Service Excellence standard, we have also been recognised nationally for improving customer experience. In 2017/18 our Revenues and Benefits Team won the “Transforming through Technology” award for reinventing the way the service is operated, developing online services that offer a more efficient, resilient service for the customer.

We have various mechanisms that support customers access our services and information, including providing a translation service in 14 different languages on request and a visiting officer service for Revenues and Benefits. During 2017/18 we have increased our digital access channels, developing on line forms and the self-service platform and extending our live webchat customer service into evenings and weekends, while continuing to provide support through the once a week drop in service at New Romney Town Council. We have introduced an accessibility version of our online forms and “floor walkers” to support customers accessing our self-service machines at the Civic Centre. We also work with Porchlight, SSAFA (the Sailors, Soldiers, Airman Families Association), the Folkestone Nepalese Community group and Age Concern to help members of the community use our online services.



We are not only dedicated to enabling members of the community access our services, but assist access to supportive services provided by other organisations. We enable various organisations, such as charities, that provide support to vulnerable members of the community, including those with disabilities or language difficulties, use our facilities free of charge. We work in partnership with homelessness charities such as Porchlight and other local authorities to ensure there are no “wrong doors” for people facing homelessness. Launched in 2017/18, our Prevention Plus service proactively prevents people from becoming homeless, providing housing advice together with a support package including work placements, volunteering and access to physical and mental wellbeing activities, alongside removing traditional barriers to help, such as training, travel and where appropriate, childcare costs.

We continue to support charities, the voluntary and community sector and have awarded funding to organisations such as Citizens Advice, Shepway Sports Trust and the Quarterhouse that undertake activities to support the physical and mental health

and wellbeing across our district. We have awarded Member Ward Grants that have benefitted local charities and community groups and, through supporting initiatives such as 'Loan Shark Week', have provided advice to charities such as Age UK who can then support their clients.

Further details and examples of how the council has supported community initiatives can be found in Section 4: Our Achievements and Engagement Activities.

Developing Our Staff

The council has developed a training programme specifically designed to enable staff better understand different customer needs and ways to support them. During 2017/18 we ran training courses on supporting customers with learning disabilities, with those affected by drug and alcohol abuse, and by domestic violence. We currently have over 100 staff and Councillors trained as Dementia Friends supported by a dementia champion within HR. All staff are required to undertake specific equality and diversity training on a regular basis, we provide extensive safeguarding training to ensure staff know how to support vulnerable people, and we have delivered training on preventing extremism, which gives our staff an understanding of radicalisation and who can be drawn into it. In addition, we run a Management Development Programme on an ongoing basis and offer formal management qualifications that enable our middle managers and team leaders to understand how to further equality and diversity in the workplace and how best to work well with people from a variety of backgrounds. Recognising the demographic of our staff (see Section 3) we offer a range of flexible development opportunities and put on shorter courses or split over different days to enable part-time staff to attend.

Section 3: Understanding our Workforce

On 1st April 2018 there were 368 members of staff employed by Folkestone & Hythe District Council. The average number of full time equivalent staff was 321. The total amount of staff employed by the council has not fluctuated substantially over the previous year; during 2017/18 the average headcount was 369 staff and the average number of full time equivalent staff was 321.

Workforce Profile

All figures used in the workforce profile information below are as at 1st April 2018 and include staff the council directly employs only.

Age and Sex

- 56% of the Council's workforce are female; 44% are male.
- 6% of staff are aged 24 and under
- 87% of staff are aged between 25 and 59
- 5% of staff are aged between 60 and 64
- 2% of staff are aged 65 or over

The amount of staff by age and sex:

Age	16-19	20-29	30-39	40-49	50-59	60 +	Total
Female	3	23	49	49	68	13	205
Male	2	23	30	43	52	13	163
Total	5	46	79	92	120	26	368

Ethnicity and Disability

- 2% of the council's workforce have declared a disability.
- While headcount figures are too low to draw any established conclusions, 75% of those that have declared a disability are male. Overall 3.68% of all employed males have declared a disability when compared to 0.98% of females.
- 86% of the council's workforce have indicated that they are from white ethnic backgrounds and 7% from black and minority ethnic groups. The remaining 7% have not declared their ethnicity.

Working Hours and Pay Grade

- 26% of the council's workforce are part-time and are contracted to work 36 hours per week or under.

- Analysis shows a correlation between sex and working hours. 82% of part-time staff are female. Further analysis of sex and working hours can be found on the gender pay gap reporting section of the council's website: <http://folkestone-hythe.gov.uk/your-council/council-information/gender-pay-gap-reporting?cur=3>

The amount of staff by pay grade:

No. of Staff	Pay Grades A-D	Pay Grades E-G	Pay Grades H-K	Total Staff
Part-Time Staff	54	36	4	94
Time Staff	102	114	45	261
Total Staff	156	150	49	355
% of Total Staff	42%	41%	13%	96%*

* The remaining 4% of staff are not paid on the council's main pay scale. This includes, for example, Corporate Directors and those on trainee or apprenticeship schemes.

Turnover

- 53 people left the council's employment during 2017/18. This represents a crude staff turnover rate of 14%. The 'crude' turnover figure includes reasons such as redundancy and those employed on a short-term basis to, for example, provide maternity cover and support the annual electoral registration canvass. The voluntary turnover rate, which counts resignations only, was 9%.

Staff Grievances

- There were no staff grievances raised relating to equality in 2017/18:

Year	Total	Equality Related
2015/16	0	0
2016/17	1	0
2017/18	1	0

Section 4:

Our Achievements and Engagement Activities

The council has undertaken several major projects during 2017/18 and the below outlines some of the engagement activities over the year that have promoted equality, diversity and inclusion. Our achievements are fully detailed in [“Making a Difference: A Snapshot of Our Year 2017/18”](#) [Link to be inserted]

We have worked to deliver homes that meet the needs of our changing population, building new affordable and wheelchair accessible homes, offering shared ownership schemes that will support first time buyers, and providing 71 disabled facilities grants to support those with disabilities adapt their homes.

In February 2018 the Folkestone Community Works (Community Led Local Development) programme launched its grant scheme. Successful in securing £4.9 million of funding, the scheme provides targeted grants to enable local businesses grow and support residents into work or education within the central and east Folkestone wards.

During 2017/18 we have worked in partnership with community groups to deliver or support initiatives that have enhanced the appearance of the district and provided benefits to a range of residents. Working with Radnor Park Community Group, East Kent College, local charities and businesses, we delivered a major regeneration project at Radnor Park, providing modern new outdoor play facilities for our community.



Litter picking events have been organised across the district by both the council and community groups, such as the Nepalese community, and involved organisations such as the Hythe Environmental Group, who support members with learning difficulties. Volunteers came from a range of backgrounds and the programme has been viewed as supporting integration amongst

different community groups, reducing isolation, and promoting community involvement. In addition, 70 ‘Lone Ranger’ sets of litter picking equipment have been issued.

Volunteers from a range of backgrounds, including elderly residents and young adults with learning difficulties, worked together to help maintain our open spaces as part of our “Green Gym initiative”. We have also supported other volunteering initiatives, such as the work undertaken on The Vinery area of the Leas, bringing different community groups together to develop a beautiful public space.

The “Average Days Work” programme provided students from East Kent College with moderate learning difficulties the opportunity to get involved with local community projects.

The Council continues to support charities, the voluntary and community sector through grants. Our Local Children’s Partnership Group distributed over £40,000 of funding towards local community projects, empowering young people to make safe and positive decisions, and promoting healthy weight and positive self-image. 165 Ward Grants, totalling £90,000, have benefitted local charities and community groups, further enhanced the council’s involvement with local communities, and assisted with the delivery of efficient and effective projects and services to ward areas.

We hosted the first Dementia Conference in the district, raising awareness and providing advice and support. Coupled with our dementia friendly business programme, our efforts resulted in the registration of over 300 new Dementia Friends.

During 2017/18 the council, as part of the Folkestone & Hythe Community Safety Partnership, played a key role in planning and organising the 2018 Mental Health Conference. Aimed at a range of professionals from throughout the district, the conference sought to explore the way mental health affects individuals through all stages of life.

We have worked extensively with young people. More than 500 children from across the district attended a Safety in Action Day, an interactive event for Year 6, to learn about some of the risks and dangers they may face including drug and alcohol awareness, road safety and sexual exploitation.



As part of the Folkestone & Hythe Community Safety Partnership the council also worked with the Kenward Trust to deliver sessions to young people believed to be at risk or vulnerable, have continued to support the Positive Choices Programme, and organised awareness initiatives on subjects such as gangs and loan sharks.



We have worked with local schools to provide information about hate crime, diversity and the population locally, with the young people participating in a ‘design a poster’ competition. The winning poster (left) has been displayed across the Kent Police and council websites, as well as social media, in order to help raise awareness of hate crime.

More than 30 children from local schools took part in Le Sailing Voyage, a life changing cross border project with schools in Boulogne, France. Breaking down international barriers, those involved experienced different cultures, formed new friendships, gained improved confidence and self-esteem, and overcame many personal and physical challenges. After four residential weekends with 30 other French children, the project culminated in a 4 day sailing voyage on two tall ships between Folkestone and Boulogne as part of the Boulogne Sea Festival.



Building on from visits to care homes, independent and assisted living centres in 2016, our Elections Team has continued working with under-registered groups. Over the last year we have worked in partnership with East Kent College to promote the value of voting and democracy, encouraging more young people to voice their opinion and make their vote count in elections. Similar initiatives are currently being planned for the 2018/19 academic year.

While not exclusively for young people, 68 new apprenticeship grants were awarded in 2017/18.

For further information on the above and for full details of all our key achievements, please see [“Making a Difference: A Snapshot of Our Year 2017/18”](#) [Link to be inserted]

Section 5: Compliments, Feedback and Complaints

The council records compliments, feedback and complaints received from customers. These are categorised, analysed and reported on so that improvements can be made to services.

Further information can be found at: <https://folkestone-hythe.gov.uk/your-council/council-information/make-a-complaint-or-compliment>

During 2017/18 the council received 266 complaints, 180 compliments and 13 cases of feedback.

Of the 266 complaints received:

- 212 were resolved at Stage One
- 54 progressed to Stage Two
- 34 were resolved at Stage Two
- 20 progressed to the Local Government Ombudsman

Stage One complaints are investigated and responded to by the relevant service manager. If the complainant is not satisfied with the response their complaint will be progressed to Stage Two, where it is investigated by an independent manager.

Of the 266 complaints received, six were related to equality and diversity issues. Three of these were resolved at Stage One and related to:

- The submission of planning applications
- Access to disabled toilet facilities
- Banding of housing application

Three complaints progressed to Stage Two, of which one, relating to housing allocation, was resolved at this stage.

Two complaints, relating to the provision of play equipment for those with disabilities and recognising a customer's disability when providing requested information, progressed to the Local Government Ombudsman.

All complaints are investigated thoroughly and each complainant was formally written to with a detailed explanation of the findings. Where appropriate the council apologised and indicated how it would improve service delivery in the future.

Section 6: Equality Objectives

The council's Equality and Diversity Policy (2016-2020) has an associated action plan that details the high priority pieces of work the council will deliver in relation to its duties. These objectives outline the actions we have taken over the last year and will continue to take in 2018/19.

Actions we will undertake between 2016 and 2020:

	Action	Lead Function	Deadline
1.	Ensuring EIAs are completed where they are required (i.e. where the council introduces a new policy or service, or where there is a significant revision to an existing policy or service) and that they are carried out in the correct manner (e.g. with appropriate consultation with affected parties).	Policy & Improvement	Ongoing
2.	Continually improving the council's management information relating to equality matters including complaints and customer satisfaction.	Information & Complaints	Ongoing
3.	Involving service users and local communities (including people with protected characteristics) in the design of council services. All managers undertaking stage 2 EIA exercise will consult appropriately and publish the results.	Heads of Service and service managers All managers	Ongoing As required
4.	Routinely publishing the result of consultation exercises on the council website and disaggregating the results (where possible) for different equality groups.	All managers	As required
5.	Continue with the 'Understanding our communities' programme including sessions like: <ul style="list-style-type: none"> Living with dementia and how we can support customers with dementia, 100 staff and Councillors are trained as Dementia Friends. Deafness awareness sessions to enable staff to more effectively support those with hearing impairments. Inputs from the mental health charity Mind; and Rainbow centre regarding the Roma community 	Learning and Development	Ongoing
6	Equality and diversity training is part of our induction and for all staff to undertake a mandatory refresh e-learning module every 3 years.	Learning and Development	Ongoing

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