



Agenda

Meeting: **Overview and Scrutiny Committee**
Date: **18 February 2020**
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 (Pages 3 - 4)**

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

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

3. **Minutes (Pages 5 - 12)**

To consider and approve, as a correct record, the minutes of the meeting held on 21 January 2020.

Queries about the agenda? Need a different format?

Contact Kate Clark – Tel: 01303 853267
Email: committee@folkestone-hythe.gov.uk or download from our
website
www.folkestone-hythe.gov.uk

4. **Members' Allowances - Draft Parental Leave Policy (Pages 13 - 26)**

Report OS/19/07 sets out the draft parental leave policy for the committee's consideration.

5. **General Fund Budget and Council Tax 2020/21 (Pages 27 - 38)**

Report C/19/66 sets out the final General Fund budget and council tax requirement for 2020/21, including that part of the local tax covering district and parish services.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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Minutes

Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre, Folkestone
Date	Tuesday, 21 January 2020
Present	Councillors Danny Brook, Miss Susan Carey, Laura Davison, Gary Fuller (In place of Tim Prater), Michelle Keutenius (Vice-Chair), Terence Mullard, Patricia Rolfe, Rebecca Shoob (Chairman) and Lesley Whybrow
Apologies for Absence	Councillor Peter Gane and Councillor Tim Prater
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Kate Clark (Committee Services Officer), Katharine Harvey (Chief Economic Development Officer), Cheryl Ireland (Lead Accountant), Sue Lewis (Committee Services Officer), Susan Priest (Head of Paid Service), Charlotte Spendley (Director of Corporate Services) and Lee Walker (Capital and Treasury Senior Specialist)
Others Present:	Councillor David Godfrey and Ian Parry (Centre for Public Scrutiny)

Prior to the start of the meeting, the Chairman, Councillor Rebecca Shoob, introduced Mr Ian Parry from the Centre for Public Scrutiny. Councillor Shoob explained Mr Parry was in attendance to observe the meeting, subsequent to this a survey will be sent to members along with an invite to attend workshops as part of the governance review overseen by the Governance Working Group.

Councillor Laura Davison sought clarification on the mechanics of this committee in scrutinising Cabinet reports. Councillor Shoob explained that Cabinet papers are presented to this committee prior to the Cabinet meeting to read, review, note the contents and suggest recommendations for consideration by Cabinet.

46. **Declarations of Interest**

Councillor Patricia Rolfe and Councillor Terry Mullard declared a disclosable pecuniary interest each in that they are directors of Oportunitas Ltd, dispensations are applied.

Councillor Patricia Rolfe made a voluntary announcement as she owns a business in New Romney High Street.

Councillor Gary Fuller declared a disclosable pecuniary interest with regard to the Draft Housing Revenue Account Revenue and Capital Budget as he is a council house tenant. He did not take part in discussions or voting on this item.

47. **Minutes**

The minutes of the meeting held on 10 December 2019 were approved and signed by the Chairman.

48. **The Step Short Commemoration Memorial Arch**

Report C/19/56 seeks Cabinet agreement to take on the responsibility for maintaining the Step Short commemoration Memorial Arch, including paying for its maintenance.

Members were given a brief background history to the memorial along with its significance to World War One. It was agreed this is an important and iconic asset to Folkestone town which in turn promotes tourism for the whole district.

A maintenance figure of approximately £6K per annum is required which is made up of around £2,200 for the insurance premium, £2,000 yearly maintenance costs with the remaining funds set aside for contingencies. Due diligence would be implemented as expected.

Members were keen to receive further up to date information with regard to the Step Short charity financial accounts. Dr Katharine Harvey, Chief Economic Development Officer, advised the latest set of accounts up to 31 March 2019 would be circulated to members.

Councillor Gary Fuller mentioned the website transfer and he was keen to know whether the Step Short App and responsibility for the Footsteps project would be taken on by the Council. Dr Harvey advised that it is uncertain whether the App and this project would continue at this stage and that further information will be provided after consideration.

Members, assured by Mr Andy Blaszkowicz (Director of Housing and Operations), were reminded that the Council's proposal is to take possession and maintenance of the arch, website and potentially the App, and that proposed costings are accurate and reasonable.

Proposed by Councillor Danny Brook
Seconded by Councillor Patricia Rolfe and

RESOLVED:
To receive and note report C/19/56.

(Voting: For 5; Against 3; Abstentions 1)

49. **Proposed Disposal of Fernfield Lane**

In December 2018, Folkestone & Hythe District Council (“FHDC” / “the Council”) was granted outline planning permission for 19 houses at its development site at Fernfield Lane, Hawkinge. This report is seeking approval for the disposal of the whole of the site, recommending that marketing of the site commences at the start of 2020 aiming to obtain capital receipts in the 2020/21 financial year.

Mr Blaszkowicz presented the background to the project and arranged for members to receive a confidential valuation of the site.

He advised members planning permission has been obtained to maximise sale price and the residential development would include affordable properties.

Proposed by Councillor Danny Brook
Seconded by Councillor Patricia Rolfe and

RESOLVED:
To receive and note report C/19/63.

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

50. **Update to General Fund Medium Term Capital Programme and Budget Monitoring 2019/20**

Report C/19/58 updated the General Fund Medium Term Capital Programme for the five year period ending 31 March 2025. The report provided an updated projected outturn for the General Fund capital programme in 2019/20, based on expenditure to 30 November 2019. The General Fund Medium Term Capital Programme is required to be submitted to full Council for consideration and approval as part of the budget process. This report also set out the Minimum Revenue Provision Statement for 2020/21 to be approved by full Council.

Mr Lee Walker, Capital and Treasury Senior Specialist, presented this report and highlighted pertinent figures to members.

Members asked about the Minimum Revenue Provision (MRP) and its appropriateness as it is a Government guideline only. Mr Walker explained this is a prudent provision as loans are required to be repaid over a reasonable time.

For example, Otterpool Park requires a large amount of borrowing, however this project is central to the Council, in this respect it is important that essential funding is in place with timely repayment plans.

Proposed by Councillor Gary Fuller
Seconded by Councillor Lesley Whybrow and

RESOLVED:

To recommend to Cabinet that as Full Council has been opposed to progressing the project at Princes Parade, Hythe, that funds could be re-routed to providing a leisure centre at Martello Lakes, Dymchurch Road, Hythe.

(Voting: For 5; Against 4; Abstentions 0)

Proposed by Councillor Miss Susan Carey
Seconded by Councillor Danny Brook and

RESOLVED;

To receive and note report C/19/58.

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

51. **General Fund Revenue Budget Monitoring - 3rd Quarter 2019/20**

This monitoring report C/19/64 provided a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 30 November 2019.

Susan Priest, Head of Paid Service, briefly explained the Corporate Priorities referred to in the report, giving examples as follows:

- Climate Change agenda and the need for project resources to progress the actions arising.
- Work arising from Motions passed at Full Council, such as Modern Day Slavery, which necessitates a dedicated piece of work.
- Deploying more swiftly the capital held for Disabled Facilities Grants, where revenue is required to provide resources for assessments and processing grant applications.

It was noted that, in the main, motions passed at Full Council have been taken without officer or financial input, however finances can now be put in place and activities progressed. Officers were thanked for identifying funds to carry out these proposals.

At this point Councillor Lesley Whybrow left the chamber and did not take part in voting on the following resolution.

Proposed by Councillor Laura Davison
Seconded by Councillor Rebecca Shoob and

RESOLVED:

To recommend to Cabinet that feedback is given on the deployment of the Q3 underspend monies against corporate priorities.

(Voting: For 5; Against 4; Abstentions 0)

The Chairman exercised a casting vote for this resolution. (Constitution Part 4, 17.2).

Councillor Lesley Whybrow returned to the chamber and took part in voting on the following resolution.

Proposed by Councillor Patricia Rolfe
Seconded by Councillor Michelle Keutenius

**RESOLVED:
To receive and note report C/19/64.**

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

52. Draft Housing Revenue Account Revenue and Capital Budget (2020/21

Report C/19/60 set out the draft Housing Revenue Account Revenue and Capital Budget for 2020/21 and proposed an increase in weekly rents and an increase in service charges for 2020/21.

It was confirmed to members that although there is a proposal for East Kent Housing services to come in-house, a decision with regard to the future of East Kent Housing would be presented to Cabinet and Council on 19 February 2020. This is referred to in the report.

Members felt that the heating and water charges for a one bed flat of £1,174 were high, albeit the approach was no more than moving towards full cost recovery. It was suggested that a more affordable solution be explored for all sheltered housing tenants. Dr Susan Priest, Head of Paid Service, said this would be looked into.

Proposed by Councillor Michelle Keutenius
Seconded by Councillor Patricia Rolfe and

**RESOLVED:
To receive and note report C/19/60.**

(Voting: For 8; Against 0; Abstentions 1*)
*Cllr Fuller

53. Treasury Management Strategy Statement 2020/21

Report C/19/59 set out the proposed strategy for treasury management for 2020/21 including Treasury Management Indicators.

Mr Lee Walker, Capital and Treasury Senior Specialist, provided the following information to members:

1. Introduction

- Requirement for Cabinet to approve a TMSS before the start of each financial year.
- TMSS based on spending plans in current budget cycle.

2. Economic Outlook (Section 2 – Arlingclose View)

- The main influence on the UK economy will be the exit from the European Union, in particular uncertainties around the future trading relationship with the EU.
- UK growth is currently weak although it is forecast to slowly improve over the coming year as Brexit-related uncertainties gradually dissipate.
- CPI inflation is currently around 1.4% (December 2019) and is forecast to remain below the Bank of England's target of 2% during 2020. Commodity prices, in particular oil prices, continue to have a significant bearing on inflation.
- The Bank base rate is forecast to remain at 0.75% over the next two years with downside risks to this actually happening. Longer term borrowing rates are expected to remain broadly unchanged from current levels but subject to periods of short term volatility.
- Further detail on interest rates in Appendix 1.

3. Borrowing & Investment Position (Section 3)

- Table at 3.1 shows the council's underlying borrowing need (Capital Financing Requirement) is forecast to rise significantly through to 2023 to £190.2m reflecting the council's capital investment plans for both the General Fund and HRA.
- New borrowing of £52m is expected to be required in 2020/21 to meet the increase in the CFR.
- Further new borrowing of about £30m per year is forecast to be required in the two following financial years.

4. Borrowing Strategy (Section 4)

- PWLB, previously the preferred source for longer term borrowing, increased its borrowing rates by 1% from October 2019 making this option relatively expensive.
- Alternative lending sources now appear much more attractive, particularly borrowing from other local authorities.
- Currently more attractive to borrow for shorter periods where interest are much lower than longer term rates.

- Exposes a refinancing risk but interest rates not expected to change significantly over the medium term.

5. Investment Strategy (Section 5)

- With the emphasis on borrowing, investment balances are forecast, on average, to reduce significantly from existing levels.
- However, the investment strategy remains broadly unchanged from the one currently approved.
- Priority remains security then liquidity of cash invested before yield.
- Low interest rate environment continues to erode some capital value over time so the strategy proposes to continue with £15m of strategic investments providing above inflation returns to help mitigate this.
- Propose to continue to follow Arlingclose's recommended asset classes, counterparty list and credit quality information when making investment decisions and monitoring the portfolio.

6. Treasury Management Indicators (Section 6)

- Requirement of the CIPFA's Treasury Management Code
- Designed to help control risk from TM activities.
- No material change from the current indicators.

7. Financial Implications (Section 8)

- The net cost to the General Fund in 2020/21 from the council's treasury management activities is forecast to increase by £108k compared to 2019/20 budget due to the increased borrowing requirement.
- However, this does not include the additional interest costs from the extra £100m in prudential borrowing recently agreed for the Otterpool Park scheme. These costs are planned to be capitalised and charged directly to the scheme itself while the site is being acquired and infrastructure works are undertaken.

Members commended officers on the report produced and were also keen to show their admiration for Arlingclose's work.

Proposed by Councillor Rebecca Shoob
Seconded by Councillor Michelle Keutenius and

RESOLVED:

To receive and note report C/19/59

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

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This Report will be made
public on 10 February
2020

Report Number **OS/19/07**

To: Overview and Scrutiny Committee
Date: 18 February 2020
Status: Non executive decision
Responsible Officer: Susan Priest, Head of Paid Service

SUBJECT: MEMBERS' ALLOWANCES – DRAFT PARENTAL
LEAVE POLICY

SUMMARY: This report sets out the draft parental leave policy for the committee's consideration.

RECOMMENDATIONS:

1. To receive and note report OS/19/07.
2. The Committee's view are sought on the draft parental leave policy contained in appendix 1.

1. BACKGROUND

1.1 On 20th November 2019 Council received the fourth report of the Council's independent Remuneration Panel on members' allowances. The Council resolved (minute 66):-

- "1. To receive and note report A/19/19.*
- 2. To refer the report to the Governance Working Group and report back to Council.*
- 3. To thank the Independent Remuneration Panel for undertaking the Review."*

1.2 One of the recommendations of the panel was:-

"13.6 Officers be asked to bring forward a parental leave scheme for consideration by the Council which would provide leave of absence for Councillors in cases of the birth or adoption of a child and that any such scheme, if approved by the Council, should be on the basis of no detrimental impact on an individual's basic allowance and the ICT allowance but that any SRA cease to be paid during the period when the special responsibilities are no longer being undertaken."

1.3 This report appends (1) the draft report of officers that will be placed before the working group.

2. PROCESS FOR SEEKING COUNCIL'S DECISION ON THE PARENTAL LEAVE POLICY

2.1 Prior to the consideration by the working group this committee's views are sought on the proposed draft parental leave policy. The views of the committee will be reported to the working group. Attached is the draft report which appends the proposed parental leave policy.

2.2 Also attached (2) is the Local Government Association's Labour Women's Taskforce model parental leave policy on which the draft policy is based though it does differ with respect to special responsibility allowances

2.3 The Committee's views are therefore requested

3. RISK MANAGEMENT ISSUES

3.1 There is not a great deal of risk management involved in this issue.

4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

4.1 Legal Officer's Comments (NE)

These are shown in the draft report at appendix 1.

4.2 Finance Officer's Comments (SP)

These are shown in the draft report at appendix 1.

4.3 Diversities and Equalities Implications (RB)

These are shown in the draft report at appendix 1.

5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Jemma West, Committee Services Specialist

Telephone: 01303 853369

Email: Jemma.west@folkestone-hythe.gov.uk

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

None

Appendices:

Appendix 1: Draft Parental Leave Policy

Appendix 2: Local Government Association's Labour Women's Taskforce model parental leave policy

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DRAFT REPORT

Report Number **A/**

To: Council
Date: TBC
Status: Non – executive decision
Responsible Officer: Susan Priest, Head of Paid Service

SUBJECT: MEMBERS' ALLOWANCES – PARENTAL LEAVE POLICY

SUMMARY: This report sets out, for consideration by members a draft parental leave policy for the members' allowance scheme.

RECOMMENDATIONS:

1. To receive and note report A/
2. To consider the draft parental leave scheme attached and decide whether to adopt it, with or without amendments into the Council's allowance scheme for members.

1. BACKGROUND

- 1.1 At its meeting on 24 July 2019 Council considered Cllr McConville's motion which called on the Council to implement a parental leave policy for members. The Council resolved:-

"To refer this parental leave policy to the IRP for consideration in their next review" Minute 33.3

- 1.2 On 20 November 2019 Council received the 4th report of its Independent Remuneration Panel. One of the recommendations of the panel was:-

"13.6 Officers be asked to bring forward a parental leave scheme for consideration by the Council which would provide leave of absence for Councillors in cases of the birth or adoption of a child and that any such scheme, if approved by the Council, should be on the basis of no detrimental impact on an individual's basic allowance and the ICT allowance but that any SRA cease to be paid during the period when the special responsibilities are no longer being undertaken."

- 1.3 This report sets out a possible scheme.

2. CONSULTATION

- 2.1 Currently the Council does not have a formal parental leave scheme for Members, and has no recent experience of members who wished to take parental leave.

- 2.2 Section 85 Local Government Act 1972 provides that if a member fails to attend a Council meeting (or executive meeting if the member is a member of the Cabinet) for a period of six consecutive months, then unless before the expiry of that period the Council approves the non-attendance, then by law the member will cease to be a member at the end of that six months. This provision will continue, of course, to apply.

- 2.3 The Local Authorities (Members' Allowances) (England) Regulations 2003 provide that local authorities must make a scheme which provides for both a basic allowance payable to all councillors and for special responsibility allowances to be paid to members who have special responsibilities within the categories defined in the regulations. Once the Scheme is agreed, they also provide for the payment of dependant carers' allowance and travelling and subsistence allowance. Once agreed, allowances may only be made to members in accordance with the scheme. The scheme may be amended at any time.

- 2.4 Before a Council makes or amends a scheme of members' allowances, it must have regard to the recommendations made in relation to it by its independent remuneration panel.

- 2.5 Members are now asked to consider whether to introduce a provision for paid parental leave for councillors into its scheme of members' allowance. In doing so, they are reminded of the legal requirement to have regard to

APPENDIX 1

the recommendation of the Council's Independent Remuneration Panel. This is set out above in paragraph 1.2.

- 2.6 The Council's employee scheme for maternity, adoption and paternity are complex and exceeds the statutory requirements. In brief statutory maternity pay is paid for 39 weeks, the Council's scheme supplements this (depending on length of service) by paying a percentage of the employee's normal pay. This percentage reduces after 12 weeks
- 2.7 Those failing to return to work for less than 3 months after their maternity leave are required to repay a certain amount.
- 2.8 Adoption leave can also be for up to one year. The Council employee scheme for adoption leave and pay is the same as the maternity scheme.
- 2.9 The Council also has a Paternity Leave policy for those employees who take time off because their partner is having a baby or taking Adoption Leave. Paternity Leave is for one or two weeks. The leave must be taken in one go. Employees with one year's continuous service with the council are eligible for pay at 90% of their average weekly earnings while on Paternity Leave.

3. THE STATUS OF MEMBERS

- 3.1 By definition, any scheme for members' parental leave will differ from that applying to employees as there is a different legal framework applying to both. Members are not employees and replacement maternity cover for members who are in receipt only of basic allowance may not be obtained unless the member resigns and an election is held.
- 3.2 Fellow ward members may need to cover for ward based work in the absence of a member on parental leave (or if the ward is single member, a member from an adjoining ward) may cover the work) for example. Examples from elsewhere show that some councils have adopted schemes which mirror the employee scheme, whilst others have a more bespoke scheme.

4. DRAFT SCHEME

- 4.1 A draft scheme is appended (1). It draws on schemes from other councils and in particular from the model parental leave policy drawn up by the Local Government Association's Labour Women's Taskforce.
- 4.2 It does differ from the model scheme in specifying, in line with the IRP's recommendations that the SRA will no longer be paid when the special responsibilities are no longer being undertaken.

5. RISK MANAGEMENT ISSUES

- 5.1 There is not a great deal of risk management involved in this issue

6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

6.1 Legal Officer's Comments (NE)

As set out in the report, Councillors are subject to s85 of the Local Government Act 1972 which states that any Councillor who fails to attend any meeting of the Council or of any committee, joint committee or sub-committee of which they are a member for more than six months, shall cease to be a member of the Council, unless the failure to attend was due to a reason approved by the Council. So, even if the Council introduces a parental leave scheme, it will still be necessary for any member on such leave to attend at least one Council meeting in any period of 6 consecutive months to avoid a causal vacancy arising, unless the Council before the expiry of that period approves the reason for the absence.

6.2 Finance Officer's Comments (SP)

Adoption of the proposed policy would result in a small financial implication for the Council should any Councillor be in a position to utilise the policy. It is anticipated that these implications would be small and could be contained within the overall budget envelope

6.3 Diversities and Equalities Implications (GE)

A parental leave policy it would be a positive contribution that helps meet the principles of the Public Sector Equality Duty and ensures that people with protected characteristics are not excluded from public life.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Jemma West, Committee Services Specialist
Telephone: 01303 853369
Email: Jemma.west@folkestone-hythe.gov.uk

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

None

Appendices: Draft Parental Leave Policy

Members allowances – Parental Leave

1. Leave Periods

1.1 A Member giving birth is entitled to up to six months' parental leave from one month before the due date, with the option to extend to 52 weeks, by agreement of full Council in exceptional circumstances

1.2 In addition, where the birth is premature, the Member is entitled to take leave during the period between the date of the birth and the due date in addition to the 6 months period. In such cases any leave taken to cover prematurity of 28 days or less shall be deducted from any extension beyond the initial 6 months.

1.3 In exceptional circumstances, and only in cases of prematurity of 29 days or more, additional leave may be taken by agreement, and such exceptional leave shall not be deducted from the total 6 month entitlement.

1.4 A member shall be entitled to take a minimum of two weeks paternity leave if they are the biological father or nominated carer of their partner or spouse following the birth of or adoption of their child (ren)

1.5 A Member who has made Shared Parental Leave arrangements through their employment is requested to advise the Council of these at the earliest possible opportunity. Every effort will be made to replicate such arrangements in terms of leave from the Council.

1.6 Where both parents are members of the Council, leave may be shared up to a maximum of 24 weeks for the first six months, up to a maximum of 50 weeks in exceptional circumstances and subject to the agreement of full Council. Special and exceptional arrangements may be made in cases of prematurity.

1.7 A member who adopts a child through an approved adoption agency shall be entitled to take up to 6 months adoption leave from the date of placement with the option to extend up to 52 weeks in exceptional circumstances subject to the agreement of full Council.

1.8 Any Member who takes parental leave is still subject to their legal duty under the Local Government Act 1972 to attend a meeting of the Council within a six month period unless the Council agrees to an extended leave of absence prior to the expiration of that six month period.

1.9 Any Member intending to take parental leave will be responsible for ensuring that they comply with the relevant notice requirements of the Council, both in terms of the point at which the leave starts and the point at which they return.

1.10 Any member taking parental leave should ensure that they respond to reasonable requests for information as promptly as possible, and that they keep officers and colleagues informed and updated in relation to intended dates of return and requests for extension of leave.

2. Basic Allowance and ICT Allowance

APPENDIX 1

2.1 All Members shall continue to receive their Basic Allowance and ICT Allowance in full whilst on parental leave.

3. Special Responsibility Allowances

3.1 Special Responsibility Allowance shall cease to be paid when the special responsibilities are not being undertaken.

3.2 Unless the Member taking parental leave is removed from their post by the Council or leader (as the case may be) they shall return at the end of their leave period to the same post, or to an alternative post with equivalent status and remuneration which they held before the leave began. This does not affect the legal right of the leader to remove a member from the Cabinet at any time or of the Council to remove a member from a post.

4. Resigning from Office and Elections

4.1 If a Member decides not to return at the end of their parental leave, they must notify the Council at the earliest possible opportunity. All allowances will cease from the effective resignation date.

4.2 If an election is held during the Member's parental leave and they are not re-elected, or decide not to stand for re-election, basic allowances will cease from the Monday after the election date when they would technically leave office.

Parental Leave Policy for Councils

Introduction

This Policy sets out Members' entitlement to maternity, paternity, shared parental and adoption leave and relevant allowances.

The objective of the policy is to ensure that insofar as possible Members are able to take appropriate leave at the time of birth or adoption, that both parents are able to take leave, and that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.

Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of local authority councillors. It will also assist with retaining experienced councillors – particularly women – and making public office more accessible to individuals who might otherwise feel excluded from it.

There is at present no legal right to parental leave of any kind for people in elected public office. This applies to MPs as well as councillors, and has been the subject of lengthy debate. These policies can therefore only currently be implemented on a voluntary basis, although Labour Councils are encouraged to implement them as per the Labour Party Democracy Review which has called for Labour-controlled councils and Labour Groups to adopt a parental leave policy. Discussions are ongoing about changing the law to enable compulsory provision, but until then these policies constitute best practice which Labour Groups (and the councils they control) are strongly advised to adopt.

Legal advice has been taken on these policies, and they conform with current requirements.

1. Leave Periods

1.1 Members giving birth are entitled to up to 6 months maternity leave from the due date, with the option to extend up to 52 weeks by agreement if required.

1.2 In addition, where the birth is premature, the Member is entitled to take leave during the period between the date of the birth and the due date in addition to the 6 months' period. In such cases any leave taken to cover prematurity of 28 days or less shall be deducted from any extension beyond the initial 6 months.

1.3 In exceptional circumstances, and only in cases of prematurity of 29 days or more, additional leave may be taken by agreement, and such exceptional leave shall not be deducted from the total 52 week entitlement.

1.4 Members shall be entitled to take a minimum of 2 weeks paternity leave if they are the biological father or nominated carer of their partner/spouse following the birth of their child(ren).

1.5 A Member who has made Shared Parental Leave arrangements through their employment is requested to advise the Council of these at the earliest possible opportunity. Every effort will be made to replicate such arrangements in terms of leave from Council.

1.6 Where both parents are Members leave may be shared up to a maximum of 24 weeks for the first six months and 26 weeks for any leave agreed thereafter, up to a maximum of 50 weeks. Special and exceptional arrangements may be made in cases of prematurity.

1.7 A Member who adopts a child through an approved adoption agency shall be entitled to take up to six months adoption leave from the date of placement, with the option to extend up to 52 weeks by agreement if required.

1.8 Any Member who takes maternity, shared parental or adoption leave retains their legal duty under the Local Government Act 1972 to attend a meeting of the Council within a six month period unless the Council Meeting agrees to an extended leave of absence prior to the expiration of that six month period.

1.9 Any Member intending to take maternity, paternity, shared parental or adoption leave will be responsible for ensuring that they comply with the relevant notice requirements of the Council, both in terms of the point at which the leave starts and the point at which they return.

1.10 Any member taking leave should ensure that they respond to reasonable requests for information as promptly as possible, and that they keep officers and colleagues informed and updated in relation to intended dates of return and requests for extension of leave.

2. Basic Allowance

2.1 All Members shall continue to receive their Basic Allowance in full whilst on maternity, paternity or adoption leave.

3. Special Responsibility Allowances

3.1 Members entitled to a Special Responsibility Allowance shall continue to receive their allowance in full in the case of maternity, paternity, shared parental or adoption leave.

3.2 Where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro rata basis for the period of the temporary appointment.

3.3 The payment of Special Responsibility Allowances, whether to the primary SRA holder or a replacement, during a period of maternity, paternity, shared parental or adoption leave shall continue for a period of six months, or until the date of the

next Annual Meeting of the Council, or until the date when the member taking leave is up for election (whichever is soonest). At such a point, the position will be reviewed, and will be subject to a possible extension for a further six month period.

3.4 Should a Member appointed to replace the member on maternity, paternity, shared parental or adoption leave already hold a remunerated position, the ordinary rules relating to payment of more than one Special Responsibility Allowances shall apply.

3.5 Unless the Member taking leave is removed from their post at an Annual General Meeting of the Council whilst on leave, or unless the Party to which they belong loses control of the Council during their leave period, they shall return at the end of their leave period to the same post, or to an alternative post with equivalent status and remuneration which they held before the leave began.

4. Resigning from Office and Elections

4.1 If a Member decides not to return at the end of their maternity, paternity, shared parental or adoption leave they must notify the Council at the earliest possible opportunity. All allowances will cease from the effective resignation date.

4.2 If an election is held during the Member's maternity, paternity, shared parental or adoption leave and they are not re-elected, or decide not to stand for re-election, their basic allowance and SRA if appropriate will cease from the Monday after the election date when they would technically leave office.

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This Report will be made public on 11 February 2020



Report Number **C/19/66**

To: Cabinet
Date: 19 February 2020
Status: Key Decision
Head of Service: Charlotte Spendley, Director of Corporate Services
Cabinet Member: Councillor David Monk, Leader

SUBJECT: GENERAL FUND BUDGET AND COUNCIL TAX 2020/21

SUMMARY: This report sets out the final General Fund budget and council tax requirement for 2020/21, including that part of the local tax covering district and parish services.

REASONS FOR RECOMMENDATIONS:

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

- a) The District Council's General Fund budget and council tax requirement must be approved to enable Full Council to set the budget and the council taxes for 2020/21 in accordance with the Local Government Finance Act 1992.

RECOMMENDATIONS:

1. To receive and note Report C/19/66.
2. To recommend to Council to approve the final 2020/21 General Fund budget, as set out at paragraph 4.
3. To recommend to Council to approve a council tax requirement for 2020/21 of £13,044,673.

1. BACKGROUND

- 1.1 This report sets out the final general fund budget and council tax requirement for 2020/21, including that part of the local tax covering district and parish services. The council tax requirement determines the transfer from the Collection Fund in accordance with the Local Government Finance Act 1988.
- 1.2 It follows on from previous reports approved by Cabinet:
- 16 October 2019 - Medium Term Financial Strategy for the period 2020/21 to 2023/24
 - 13 November 2019 - Budget Strategy 2020/21 and Fees & Charges 2020/21
 - 11 December 2019 - Draft General Fund Original Revenue Budget 2020/21
 - 22 January 2020 - Update to the General Fund Medium Term Capital Programme
- 1.3 Areas of the budget that remained to be confirmed when the Draft Budget was approved by Cabinet in December 2019 included:
- The Local Government Finance Settlement for 2020/21
 - The council's share of the Collection Fund surplus or deficit
 - Town and parish precepts, and
 - The council tax base and business rates income forecast.
- 1.4 Cabinet's budget recommendation for 2020/21 will be considered at a meeting of Full Council (also taking place on 19 February 2020) when it will set the 2020/21 council tax after taking into account:
- Precepts from Kent County Council, Kent Police & Crime Commissioner and Kent & Medway Fire & Rescue Service
 - The special expenses in respect of the Folkestone Parks and Pleasure Grounds Charity
 - Individual town and parish council precepts.
- 1.5 The budget proposals have been subject to public consultation and review by Overview and Scrutiny Committee.

2. COUNCIL TAX 2020/21

- 2.1 The budget has been prepared on the basis that the District Council's element of council tax (including the special expenses for Folkestone Parks and Pleasure Grounds) is increased by 1.91%. This is the increase that is monitored by the Government when determining whether any increase in council tax is excessive, and would require a referendum. The maximum increase permitted for the financial year 2020/21 without referendum is 1.99%, therefore the proposed increase of 1.91% is below this threshold.

3. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/21

- 3.1 The provisional 2020/21 settlement was announced on 20 December 2019. This followed on from Spending Round 2019 which was announced in September 2019 as a one year spending round covering the financial year 2020/21. The main changes are outlined below.

Local Government Funding Reform

- 3.2 Due to the recent political turbulence, the “Fair Funding Review” has been deferred until 2021/22. The government is expected to issue a further consultation in Spring 2020 seeking views on the methodologies and detailed funding formulas, with the results being introduced from April 2021.

Folkestone & Hythe Core Spending Power

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

	2019/20	2020/21
	£M	£M
Core Spending Power	15.620	16.051
Comprising:		
Settlement Funding Assessment	3.673	3.732
Assumed Council Tax	10.285	10.747
Other Grants	1.662	1.572
Change in Core Spending Power		
Annual Change		2.8%
Other (not part of Core Spending Power)		
Levy Surplus Returned	0.056	0

Folkestone & Hythe Settlement Funding Assessment

- 3.4 Settlement Funding Assessment (SFA) is the revenue received by local authorities in the form of (i) Revenue Support Grant from Government and (ii) the share of business rates retained locally.

	2019/20	2020/21
	£M	£M
Settlement Funding Assessment	3.673	3.732
Comprising:		
Revenue Support Grant	0.000	0.000
Baseline Funding Level	3.673	3.732
Change in Settlement Funding Assessment		
Annual Change		1.6%

Nationally, the cumulative SFA decrease for district councils between 2015/16 and 2020/21 is 30.4%.

Folkestone & Hythe Retained Business Rates

- 3.5 The Baseline Funding Level is the share of the Settlement Funding Assessment that Government intends to be funded via locally retained business rates. It is Government’s projection of the authority’s share of business rates assuming there has been no change in the tax base since the start of the scheme. It increases each year in line with the small business rates multiplier.

The Spending Round 2019 announcement confirmed that the business rates baseline reset will be deferred until 2021/22.

	2019/20	2020/21
Baseline Funding Level (£M)	3.673	3.732
Baseline Business Rates (£M)	9.778	9.937
Tariff/Top Up (£M)	-6.105	-6.204
Levy Rate (pence in the pound)	50	50
Levy Surplus Returned (£M)	0.056	0

Kent Business Rates Pool

- 3.6 The settlement confirmed the continuation of the Kent and Medway business rates pool for 2020/21 which will operate under the 50% retention scheme.

Folkestone & Hythe New Homes Bonus

- 3.7 The provisional settlement announcement included no changes to the New Homes Bonus scheme methodology or distribution. A prudent approach had been taken regarding this funding in the draft budget, so this announcement has had a positive impact on the budget for 2020/21. The 2020/21 allocation is 'in year' only and will not have future years' legacy payments as in previous years. This assumption had already been made in the MTFS.

Council Tax

- 3.8 In 2019/20, local authorities were able to apply an increase of less than 3% or up to £5, whichever was higher for the authority. The settlement announced that the referendum limits for 2020/21 would be up to 2% or £5, whichever is higher, for district councils. The government also announced that it will continue to defer the setting of referendum principles for town and parish councils.

Final Local Government Finance Settlement 2020/21

- 3.9 The final local government finance settlement is expected to be released in early February. It is not anticipated that there will be any significant changes from the provisional settlement position.

4. GENERAL FUND REVENUE BUDGET 2020/21

- 4.1 Cabinet considered and approved the Draft General Fund Original Revenue Budget for 2020/21 on 11 December 2019. This took into account the £1,152k savings proposals which included a review of fees & charges, £816k growth, £454k Transformation ICT costs and use of Reserves for one-off growth items of £230k as detailed in the Budget Strategy report that was approved in November 2019, along with the forecast 2020/21 budget changes from the Medium Term Financial Strategy.
- 4.2 Following the provisional settlement and final budget updates the revised Original Budget is set out below.

2019/20 Original Budget £		2020/21 Draft Original Budget December 2019 £	2020/21 Updated Original Budget February 2020 £
SUMMARY OF NET EXPENDITURE			
Service Heads			
354,240	Director of Corporate Services	236,790	270,790
700,370	Leadership Support	589,150	689,150
5,983,150	Governance, Law & Service Delivery	6,410,390	6,462,720
597,040	Human Resources	656,840	662,840
7,578,480	Finance, Strategy & Support Services	7,810,230	7,869,250
925,840	Strategic Development	818,300	1,258,840
596,480	Economic Development	544,060	1,012,470
513,400	Planning	504,060	504,060
2,544,140	Environment & Corporate Assets	1,433,590	1,562,330
(1,980,500)	Recharges	(1,900,500)	(2,000,500)
(340,000)	Net Unallocated Employee Costs	(24,000)	65,000
17,472,640	TOTAL HEAD OF SERVICE NET EXPENDITURE	17,078,910	18,356,950
461,830	Internal Drainage Board Levies	471,067	474,089
431,000	Interest Payable and Similar Charges	486,000	486,000
(848,000)	Interest and Investment Income	(793,200)	(793,200)
(1,542,740)	New Homes Bonus Grant	(1,195,675)	(1,422,422)
(1,815,160)	Other non-service related Government Grants	(1,815,608)	(1,791,912)
14,159,570	TOTAL GENERAL FUND NET OPERATING EXPENDITURE	14,231,494	15,309,505
2,110,247	Net Transfers to/(from) Earmarked Reserves	(2,488,080)	(3,613,107)
(3,000,000)	Contribution from General Reserve		
373,370	Minimum Revenue Provision	874,000	874,000
138,000	Capital Expenditure funded from Revenue	1,909,000	1,678,710
13,781,187	TOTAL TO BE MET FROM REVENUE SUPPORT GRANT AND LOCAL TAXPAYERS	14,526,414	14,249,108
2,313,103	Town and Parish Council Precepts	2,359,365	2,548,751
(3,495,940)	Business Rates Income	(3,576,117)	(3,753,186)
12,598,350	TOTAL TO BE MET FROM DEMAND ON THE COLLECTION FUND AND GENERAL RESERVE	13,309,662	13,044,673
(12,598,350)	Council Tax - Demand on Collection Fund	(12,953,256)	(13,044,673)
0	(SURPLUS) / DEFICIT FOR YEAR	356,406	0

Final Budget Changes

4.3 Reasons for changes since the draft budget was reported in December 2019 include:

- (i) Head of Service Budgets - final updates to Otterpool budgets and anticipated spend on High Street Regeneration following approval of funding bids (both to be funded from reserves) and emerging issues
- (ii) New Homes Bonus income - updated for the provisional settlement notification
- (iii) Other non-service related Government Grants - updated for the latest business rates forecasts

- (iv) Net transfers to/from earmarked reserves have been amended following a review of planned earmarked reserve use
- (v) Capital Expenditure funded from Revenue – updated based on the latest Medium Term Capital Programme
- (vi) Updates for town and parish precepts which had not been confirmed when the December report was prepared
- (vii) Updated Business Rates income based on the latest forecasts
- (viii) Council Tax Demand on the Collection Fund – updated for:
 - forecast income based on the council tax base for 2020/21
 - confirmation of the special expenses for the Folkestone Parks and Pleasure Grounds Charity and
 - a 1.91% increase in the district council's council tax in 2020/21 to keep in line with current inflation rates.

5. FOLKESTONE & HYTHE BAND D EQUIVALENT COUNCIL TAX 2020/21

- 5.1 The Local Government Finance Act 1992 (as amended) requires the Council to determine its council tax requirement for 2020/21.
- 5.2 The legal determinations in respect of the budget and council tax setting are set out in the General Fund Budget and Council Tax 2020/21 Report that is being considered at the 19 February 2020 meeting of Full Council, following this Cabinet meeting.
- 5.3 The amount to be raised by this authority from council tax payers comprises the council tax - demand on collection fund of £13,044,673.
- 5.4 This is divided by the tax base (39,109.15 Band D equivalent properties) to calculate the average district council tax, including town and parish precepts. The council tax base was approved by Corporate Director – Customers, Support and Specialist Services on 10 December 2019 via delegated authority through the constitution and is recommended to Full Council as part of the General Fund Budget and Council Tax 2020/21 Report that is being considered on 19 February 2020, following this Cabinet meeting.

$$£13,044,673 \div 39,109.15 = £333.55$$
- 5.5 The average District council tax for Band D properties, including an amount for town and parish councils, will be £333.55. This is an increase of £10.99 (3.41%) over 2019/20. This sum will vary by parish and only represents an average, there is no referendum limit placed on town or parish councils by central government.
- 5.6 The impact of town and parish precepts is excluded when comparing the increase against what the Government regards as an excessive increase.

	2020/21 £	2019/20 £	Increase / (Decrease) %
Band D Council Tax - including town and parish precepts	333.55	322.56	3.41%
Band D equivalent of town and parish precepts	(65.17)	(59.22)	10.05%
Band D Council Tax - excluding town and parish precepts	268.38	263.34	1.91%

The average council tax to finance Folkestone & Hythe's net spending plans in 2020/21, including special expenses, is proposed to be increased by £5.04 (1.91%) to £268.38. The Council is therefore not at risk of having to hold a referendum because the increase falls well below the Government threshold.

Excluding the special expenses, Folkestone & Hythe's council tax rate is £254.16; an increase of £4.95 (1.99%) from the 2019/20 rate.

6. SPECIAL EXPENSES – FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY

- 6.1 The average 2020/21 council tax for Folkestone & Hythe District Council of £268.38 includes an amount that the Council has identified is in respect of special expenses i.e. the Folkestone Parks and Pleasure Grounds Charity.
- 6.2 When council tax bills are issued, the council tax (and % change in tax) for special expenses is disclosed separately from the council tax (and % change in tax) for Folkestone & Hythe District Council excluding special expenses.
- 6.3 Subject to Full Council's consideration and final approval of the budget and council tax, the following amounts will be disclosed separately on the council tax bill for a Band D property:

Based on a Band D average	Council Tax 2020/21 (Band D) £	Increase (Band D) £	Increase + /Decrease ()	Council Tax payers that receive this information
Folkestone & Hythe District Council element of Council Tax - excluding Special Expenses	254.16	4.95	+1.99%	All Folkestone & Hythe District council tax payers
Special Expenses - Folkestone Parks and Pleasure Ground Charity	33.93	0.36	+1.07%	Folkestone and Sandgate council tax payers only

7. MAJOR PRECEPTS

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

- Kent County Council
- Kent Police & Crime Commissioner, and
- Kent & Medway Fire and Rescue Service.

7.2 The Adult Social Care precept levied by Kent County Council will be itemised separately on council tax bills.

7.3 Precept details are set out in the General Fund Budget and Council Tax 2020/21 report to Full Council on 19 February 2020.

8. GENERAL FUND RESERVES

8.1 The forecast reserves position for 2019/20 and 2020/21 is shown below:

Reserve	1/4/2019 Balance £000	2019/20 Movement £000	31/3/2020 Balance £000	2020/21 Movement £000	31/3/2021 Balance £000
Earmarked Reserves:					
Business Rates	5,496	329	5,825	(4,426)	1,399
Carry Forward	723	(401)	322	0	322
Corporate Initiatives	404	454	858	(136)	722
IFRS ¹ Reserve	38	(7)	31	(23)	8
Invest to Save	366	0	366	(366)	0
Leisure	197	50	247	(100)	147
New Homes Bonus (NHB)	2,524	(164)	2,360	(18)	2,342
VET ² Reserve	637	(370)	267	(50)	217
Economic Development	2,901	1,326	4,227	(2,239)	1,988
Otterpool	2,129	(1,394)	735	(735)	0
Maintenance of Graves	12	0	12	0	12
Community Led Housing	437	(20)	417	(52)	365
Lydd Airport	9	0	9	0	9
Homelessness Prevention	319	0	319	0	319
High Street Regeneration	0	3,000	3,000	(468)	2,532
Climate Change	0	0	0	5,000	5,000
Total Earmarked Reserves	16,192	2,803	18,995	(3,613)	15,382
General Reserve	6,513	490	7,003	0	7,003
Total General Fund Reserves	22,705	3,293	25,998	(3,613)	22,385

¹ IFRS = International Financial Reporting Standards

²VET = vehicles, equipment and technology

8.2 The General Reserve is forecast to be £7.0m by 31 March 2021 and total General Fund Reserves (General Reserve plus Earmarked Reserves) are forecast to be £22.4m at 31 March 2021.

8.3 These forecasts are based on the current projected outturn position for 2019/20 and on the assumption that in-year budget variances are contained within the overall approved 2020/21 budget. Any emerging issues in 2019/20 which have a revenue impact will affect the forecast position of the General Reserve.

9. BUDGET CONSULTATION

9.1 The objectives for consultation on the 2020/21 budget proposals were to:

- Engage with key stakeholder groups and local residents;
- Seek feedback on specific budget proposals for 2020/21; and

(iii) Seek feedback on general spending and income generation priorities

9.2 Information was placed on the website, promoted via social media and feedback through email encouraged. Additionally some specific groups such as the Business Advisory Board and Joint Parish Council Committee received presentations.

Budget Consultation Responses

9.3 Public budget consultation ran online from late December to the end of January. Three pieces of direct feedback were received through these means. We will seek to explore options to obtain a more representative sample of residents' views in future years, however significantly more promotion was undertaken this year with minimal response.

9.4 In addition, in order to meet statutory responsibilities for consulting with the business community, a presentation on the Council's financial strategy to members of the Business Advisory Board was undertaken in the autumn and they were also invited to participate through the online consultation form.

9.5 Parish councils were also briefed and invited to participate in the consultation at the meeting of Folkestone & Hythe District and Parish Councils Joint Committee on 16 January 2020.

10. BUDGET SCRUTINY

10.1 The 2020/21 budget reports that have been approved by Cabinet have been subject to review by the Overview and Scrutiny Committee at the following meetings:

- 15 October 2019 - Medium Term Financial Strategy for the period 2020/21 to 2023/24
- 12 November 2019 - Budget Strategy 2020/21 and Fees & Charges 2020/21
- 10 December 2019 - Draft General Fund Original Revenue Budget 2020/21
- 21 January 2020 - Update to the General Fund Medium Term Capital Programme

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

11. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

11.1 The Local Government Act 2003 requires the Council's Chief Finance Officer to formally give an opinion on the robustness of the budget and adequacy of reserves.

11.2 The Chief Finance Officer's statement will be presented in the General Fund Budget and Council Tax 2020/21 report to Council on 19 February 2020.

12. CONCLUSION

- 12.1 Cabinet is asked to recommend to Full Council the approval of the final General Fund budget for 2020/21 and to determine the District Council's council tax requirement as £13,044,673.

13. RISK MANAGEMENT ISSUES

- 13.1 The risks in respect of the General Fund Budget 2020/21 have already been set out in detail in Report C/19/50 to Cabinet on 11 December 2019 but are repeated below (and updated where applicable).

Perceived risk	Seriousness	Likelihood	Preventative action
Deteriorating economic climate	Medium	Medium	Setting of a prudential budget and continuing strong financial control in the Council's decision making.
Business Rates Localisation Scheme	High	Medium	Significant degree of uncertainty means close monitoring and modelling of the impact will be required. Budget has been reviewed in light of final NNDR1 estimate in January.
Reduction in Government grant	Medium	High	Monitor closely Government announcements and identify early action to address any shortfall. Risk has been mitigated due to the shift away from reliance on government grants.
Budget strategy not achieved	High	Low-medium	Close control of the budget making process and a prompt and decisive response to addressing budget issues. Stringent budget monitoring and reporting during 2020/21 and future years.
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.
Incorrect assessment of	High	Low	Current position is based on known information.

Perceived risk	Seriousness	Likelihood	Preventative action
Local Government Finance Settlement impact.			

14. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

14.1 Legal Officer's Comments (NE)

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

14.2 Finance Officer's Comments (CI)

The Financial implications are detailed in the report.

14.3 Diversities and Equalities Implications (CI)

The Equality Impact Assessment will be presented in the 19 February 2020 Budget and Council Tax 2020/21 report to Council.

15. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Charlotte Spendley – Director of Corporate Services
 Telephone: 07935 517986
 Email charlotte.spendley@folkestone-hythe.gov.uk

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

- Budget working papers
- 16 October 2019 - Report to Cabinet and Council - Medium Term Financial Strategy for the period 2020/21 to 2023/24
- 13 November 2019 - Reports to Cabinet - Budget Strategy 2020/21 and Fees & Charges 2020/21
- 11 December 2019 - Report to Cabinet - Draft General Fund Original Revenue Budget 2020/21
- 22 January 2020 - Report to Cabinet - Update to the General Fund Medium Term Capital Programme

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