



# Agenda

Meeting: **Cabinet**  
Date: **11 November 2020**  
Time: **5.00 pm**  
Place: **Zoom - remote meeting**

To: **All members of the Cabinet**

All Councillors for information

The committee will consider the matters, listed below, at the date and time shown above. The meeting will be open to the press and public and streamed live at [bit.ly/YouTubeMeetings](https://bit.ly/YouTubeMeetings)

1. **Apologies for Absence**
2. **Declarations of Interest (Pages 3 - 4)**

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

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

3. **Minutes (Pages 5 - 10)**

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

4. **Key Performance Indicators review 20/21 and Half Year performance report (Q1 and Q2) (Pages 11 - 40)**

This report sets out a proposed list of Key Performance Indicators (KPIs) to be monitored during 2020/21 in line with the Council's current Corporate

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Plan strategic priorities and objectives. The report also sets out performance data for the first two quarters of the year against these proposed key performance indicators.

5. **Update to the General Fund budget 2020/21 (Pages 41 - 48)**

This report sets out the proposed amendments to the General Fund budget for 2020/21 to reflect the impact of COVID-19 on the Councils financial position in year.

6. **Medium Term Financial Strategy 2021/22 - 2024/25 (Pages 49 - 74)**

The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document. It puts the financial perspective on the council's Corporate Plan priorities, expressing the aims and objectives of various plans and strategies in financial terms over the four year period ending 31<sup>st</sup> March 2025. It covers both revenue and capital for the General Fund. Also included are the Council's reserves policies. The MTFS is a key element of sound corporate governance and financial management.

7. **Update to the General Fund Medium Term Capital Programme 2020/21 (Pages 75 - 82)**

This report updates the General Fund Medium Term Capital Programme for decisions which have occurred since the Council approved the budget on 19 February 2020. Changes to the Capital Programme are required to be submitted to full Council for consideration and approval.

8. **Romney Marsh Employment Hub (Land at Mountfield Road Industrial Estate, New Romney) (Pages 83 - 94)**

This report outlines the opportunity to complete the Romney Marsh Employment Hub project by bringing forward the remaining five hectares of employment land at Mountfield Road Industrial Estate, New Romney through constructing an access road and services to be funded by the Government's 'Getting Building Fund' (to be confirmed on 20 November 2020).

## **Declarations of Interest**

### **Disclosable Pecuniary Interest (DPI)**

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

### **Other Significant Interest (OSI)**

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

### **Voluntary Announcement of Other Interests (VAOI)**

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

#### **Note to the Code:**

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

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## Minutes

### Cabinet

Held at:	Zoom - remote meeting
Date	Wednesday, 21 October 2020
Present	Councillors John Collier, Ray Field, David Godfrey, Mrs Jennifer Hollingsbee (Vice-Chair), David Monk (Chairman), Stuart Peall, Tim Prater, Lesley Whybrow and David Wimble
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Kate Clark (Case Officer - Committee Services), Cheryl Ireland (Lead Accountant), Amandeep Khroud (Assistant Director), Tim Madden (Director of Transformation and Transition), Fred Miller (Transportation Manager), Susan Priest (Chief Executive), Andrew Rush (Regulatory Services & Corporate Contracts Lead Specialist), Charlotte Spendley (Director of Corporate Services), Adrian Tofts (Strategy, Policy & Performance Lead Specialist), Lee Walker (Capital and Treasury Senior Specialist) and Jemma West (Committee Service Specialist)

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Friday 30 October at 5pm. Decisions not called in may be implemented on Monday 2 November 2020.

#### 36. **Declarations of Interest**

There were no declarations of interest at the meeting.

#### 37. **Minutes**

The minutes of the meeting held on 16 September 2020 were submitted, approved and signed by the Chairman.

#### 38. **Cabinet and Overview and Scrutiny Protocol**

Following the recent review into the council's Scrutiny arrangements, the report proposed adoption of a Cabinet and Overview and Scrutiny Protocol, to clarify

relationships between the Cabinet and Overview and Scrutiny Members, help to ensure the smooth conduct of Overview and Scrutiny business and encourage effective communication between the Overview and Scrutiny Committee and the Cabinet. The protocol was endorsed by the Overview and Scrutiny Committee at its meeting on 6 October 2020.

Proposed by Councillor Monk,  
Seconded by Councillor Whybrow; and

**RESOLVED:**

- 1. That report C/20/35 be received and noted.**
- 2. That the Cabinet and Overview and Scrutiny Protocol, set out at appendix 1 of the report be approved and adopted.**

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

**REASONS FOR DECISION:**

The adoption of the protocol will ensure clarity of expectations on members of both Overview and Scrutiny and Cabinet, thereby assisting in making the council's scrutiny process more effective.

**39. General Fund Revenue Budget Monitoring - Quarter 2 2020/21**

The monitoring report provided a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2020.

Proposed by Councillor Monk,  
Seconded by Councillor Collier; and

**RESOLVED:**

- 1. That Report C/20/43 be received and noted.**

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

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations 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.

**40. General Fund Capital Budget Monitoring - Quarter 2 2020/21**

This monitoring report provided the latest projection of the current financial position for the General Fund capital programme in 2020/21, based on expenditure to 31 August 2020, and identifies variances compared to the latest approved budget.

Proposed by Councillor Monk,

Seconded by Councillor Mrs Hollingsbee; and

**RESOLVED:**

- 1. That report C/20/38 be received and noted.**

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

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations 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.

**41. HRA Revenue & Capital Budget Monitoring Qtr 2**

The monitoring report provided a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 31 August 2020.

Proposed by Councillor Monk,  
Seconded by Councillor Peall; and

**RESOLVED:**

- 1. That Report C/20/41 be received and noted.**

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

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations 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 2020/21 position.

**42. Treasury Management Annual Report 2019/20**

The report reviews the council's treasury management activities for 2019/20, 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.

Proposed by Councillor Monk,  
Seconded by Councillor Mrs Hollingsbee; and

**RESOLVED:**

- 1. That Report C/20/39 be received and noted.**

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

**REASONS FOR DECISION:**

Cabinet is asked to agree the recommendations 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.

**43. Electric Vehicle Charging Points**

The report provided details of the district's electric vehicle (EV) charging point infrastructure, and made recommendations for further charging points to be installed to meet anticipated future EV uptake.

Proposed by Councillor Godfrey,  
Seconded by Councillor Peall; and

**RESOLVED:**

- 1. That report C/20/37 be received and noted.**
- 2. That Cabinet seek Full Council approval for the capital funding of £40,000 to be provided in the current financial year 2020/21 for 15 on-street fast chargers (7kw-22kw), and that this expenditure is met from the Climate Change Reserve.**
- 3. That charges of 25p per kWh (minimum of £2.50) be applied to all units to cover the cost of electricity usage and credit/debit card charges when the new charge points are installed.**
- 4. That EV drivers continue to pay for parking in chargeable car parks and on-street locations.**
- 5. That charges be reviewed annually in line with council's fees and charges policy.**
- 6. That the precise location of charge points be agreed by the Cabinet Member for Housing, Transport and Special Projects.**

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

**REASONS FOR DECISION:**

Cabinet was asked to agree the recommendations because:

1. The additional charge points will contribute to the council's Carbon Action Plan to reduce carbon footprint by encouraging the adoption of EVs.
2. Charging infrastructure needs to be in place to give residents and businesses the confidence to purchase EVs.
3. Additional EV charge points are needed in the district to fulfil the required number identified in a recent study commissioned by Kent County Council
4. There is already an expectation from residents and visitors that places will have adequate coverage of convenient and affordable EV charging infrastructure available to use.
5. Full Council approval is required for proposed budget changes to the General Fund Capital Programme.



44. **Response to consultation on the Planning White Paper, 'Planning for the Future'**

The report summarised the proposals in the Government's Planning White Paper, 'Planning for the Future', currently out for consultation. The report set out proposed comments from Folkestone & Hythe District Council, which, if approved by Cabinet, would be submitted to the Ministry of Housing, Communities and Local Government as the district council's formal response to the consultation.

Proposed by Councillor Wimble,  
Seconded by Councillor Monk; and

**RESOLVED:**

1. **That report C/20/40 be received and noted.**
2. **That the draft consultation comments set out in Appendix 1 be approved for submission to MHCLG, with any final amendments or additions agreed by the portfolio holder, in consultation with the Leader.**
3. **That a letter be sent to the Secretary of State for Housing, Communities and Local Government highlighting the council's comments.**
4. **That the council's response to the consultation be made available on the council's website.**

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

**REASONS FOR DECISION:**

So that the district council's comments can be taken into account by the Ministry of Housing, Communities & Local Government in finalising its proposals.

45. **Exclusion of the Public**

Proposed by Councillor Monk,  
Seconded by Councillor Peall; and

**RESOLVED:**

**That the public be excluded for the following item of business on the grounds that it is likely to disclose exempt information, as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 –**

**'Information relating to the financial or business affairs of any particular person (including the authority holding that information). "Financial or business affairs" includes contemplated as well as current activities.'**

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

46. **Waste Project 2021 - inter authority agreement**

The Inter Authority Agreement (IAA) regulates the relationship between FHDC as the Waste Collection Authority and KCC as the Waste Disposal Authority. The current agreement ends in January 2021. The report summarised the proposed new agreement.

Proposed by Councillor Peall,  
Seconded by Councillor Monk; and

**RESOLVED:**

- 1. That report C/20/42 be received and noted.**
- 2. That the completion of the new IAA on the terms outlined in the report be approved.**

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

**REASONS FOR DECISION:**

- a) The current agreement ends in January 2021. A new agreement is required to confirm the waste transfer locations and the shared financial savings for the recycled materials collected.

This Report will be made public on 3 November 2020



Report Number **C/20/49**

**To:** Cabinet  
**Date:** Wednesday 11<sup>th</sup> November 2020  
**Status:** Non Key Decision  
**Responsible Officer:** Charlotte Spendley – Director for Corporate Services  
**Cabinet Member:** Councillor David Monk

**SUBJECT: KEY PERFORMANCE INDICATORS REVIEW 2020/21 AND HALF YEAR PERFORMANCE REPORT (Q1 & Q2)**

**SUMMARY:** This report sets out a proposed list of Key Performance Indicators (KPIs) to be monitored during 2020/21 in line with the Council's current Corporate Plan strategic priorities and objectives. The report also sets out performance data for the first two quarters of the year against these proposed key performance indicators.

**REASONS FOR RECOMMENDATIONS:**

- a) Relevant key performance indicators (KPIs) are essential to provide a 'golden thread' to the delivery of the Corporate Plan strategic objectives.
- b) The Council is committed to monitoring performance across all of its service areas to ensure progress and improvement is maintained.
- c) The Council needs to ensure that relevant aspects of performance is measured, monitored and the results are used to identify where services are working well and where improvement action needs to be taken.

**RECOMMENDATIONS:**

- 1. To receive and note report C/20/49.
- 2. To approve the proposed KPI measurements for 2020/21 in Appendix 1.
- 3. To note the performance information for Quarters 1 & 2 2020/21 in Appendix 3.

## 1. KEY PERFORMANCE INDICATORS 2020/21

- 1.1 The last review of KPIs was adopted by Cabinet in September 2019 and has shaped the quarterly performance reporting to members throughout the 2019/20 year.
- 1.2 The 2019/20 Annual Performance Report presented to Cabinet on 22<sup>nd</sup> July 2020 (C/20/25) made the following reference to KPIs in 2020/21:
- *The development of a ten year corporate plan alongside a district wide recovery plan provides an opportunity to fully review and reform our Key Performance Indicators (KPIs) to reflect the changing nature of our priorities as a council. Once a proposed set of objectives and priorities have been finalised for both plans, the next proposed step would be to undertake further engagement with both members of the working group and key officers on shaping a definitive list of KPIs that would reflect both our recovery and longer term corporate priorities. Work is progressing well with the Corporate Plan and we would anticipate being in a position to adopt by the end of the year with the development of a new suite of KPI's following soon after in readiness for the New Year.*
- 1.3 The ongoing work on the new corporate and recovery plan (due for council consideration in January 2021) means performance reporting will continue to be in-line with the priorities set out in corporate plan (2017-20), whilst a new suite of KPIs are developed. The 2020/21 year is a 'transitional year', allowing opportunity to review KPIs so they focus on the longer term refreshed priorities of the council set out in the new corporate and recovery plan.
- 1.4 The KPIs for 2020/21 are set out in appendix 1 and, for completeness and transparency, the changes made against 2019/20 are set out in appendix 2. In summary, the following fifteen are being removed:

### **More Homes:**

- Number of homelessness preventions under Prevention Duty

### **More Jobs:**

- % Increase in employment or turnover for businesses that participate in the Scale Up Folkestone & Hythe programme.
- Square metres of employment space granted permission

### **Appearance Matters:**

- Maintain a 4+ rating on trip advisor for the Coastal Park
- Warning Letters issued (Environmental Protection and Enforcement)

### **Health Matters:**

- Number of licensing complaints investigated
- Number of people engaged in Public Space Protection Order education and prevention activity

### **Achieving Stability:**

- Total income received from delivery of East Kent apprenticeship programme
- Total income received from FHDC apprenticeships

### **Delivering Excellence:**

- Reduction in abandoned calls
- % of dissuaded calls
- No of website unique visits
- % change in unique website visits
- Number of social media followers (Facebook, Twitter, Instagram, LinkedIn)
- Number of apprenticeships available for East Kent Authorities (Folkestone & Hythe, Thanet, Dover and Canterbury)

1.5 In summary, the following seven new KPIs have been proposed for monitoring in 2020/21:

#### **More Homes:**

- Number of homelessness approaches closed as 'homelessness prevented'
- Number of homelessness approaches closed as 'homelessness relieved'
- Number of main duty decisions issued in the quarter where housing duty was accepted

#### **More Jobs:**

- Allocation of Folkestone & Hythe High Streets Fund funding
- Number of Folkestone Town Centre initiatives led by F&HDC

#### **Appearance Matters:**

- Retain Green Flag awards for the Coastal Park, Royal Military Canal and Radnor Park sites

#### **Achieving Stability:**

- Total income from Apprenticeships and commercial work for TDC, CCC and DDC

## **2. HALF YEAR PERFORMANCE REPORT 2020/21**

2.1 The Council's Corporate Plan (2017-20) for the district referenced six strategic objectives:

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

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

2.3 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.

2.4 The Quarterly Performance Report (Appendix 3) has been produced to summarise the Council's performance for Quarters 1 and 2 (1st April to 30th September 2020) during what has been a very challenging period as the Council responds to the COVID-19 pandemic.

2.5 Where the performance indicator is not being met, explanations have been given from the relevant Service Managers and noted in the report.

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

### **3. PERFORMANCE – EXCEPTION REPORTING**

#### **3.1 More Homes**

- The Council determined 75% of major planning applications within the statutory period during Quarter 1 and 86% in Quarter 2 helping to support the delivery of new housing and employment sites in the district.
- 99 private sector homes were improved during the first half of this year as a result of intervention by the Council and its partner agencies helping to continually improve the standards and compliance of properties within the sector.
- 42 long term empty homes were brought back into use in the first half of the year, compared with 12 in same period last year providing more good quality homes for local people.
- 33 private rental properties were provided through both the Social Lettings Agency and Property Solutions helping landlords to let their properties to households who contact the Council as homeless or threatened with homelessness at affordable rents, whilst ensuring their properties meet the required standards.

## To monitor

- The number of homelessness approaches saw its highest increase in final quarter of 2019/20 and has fallen slightly, but continues to remain high with 317 approaches recorded in Quarter 1 and 348 recorded in Quarter 2. This can be attributed to the government's change in legislation that has extended the ban on evictions and the extension on notice periods from 2 to 6 months in all but serious anti-social behaviour and domestic abuse cases until March 2021. The change in legislation could increase the number of potential evictions accumulating if it is not extended beyond March 2021.
- The number of households in temporary accommodation has increased to 44 due to coronavirus measures designed to protect the most vulnerable street and hidden homeless (sofa surfers) within the district. Households considered as hidden homeless and residing with family and friends were asked to leave during lockdown due to health and safety concerns. The coronavirus pandemic has also slowed down the number of suitably sized and affordable properties becoming available for temporary and long term accommodation.
- The number of households in Bed and Breakfast accommodation, like temporary accommodation, has increased due households requiring accommodation under coronavirus measures. Bed and Breakfast accommodation is being used to house single persons and couples. Families are continuing to be placed in self-contained accommodation, unless it is an emergency and no self-contained accommodation is available. Where this is the case move-on accommodation is used once this can be secured.

### **3.2 More Jobs**

- The business engagement programme in its usual form was suspended as result of the coronavirus lockdown, however virtual meetings were used during the first half of the year with three key local businesses: Saga, Plamil Foods and GoPak. The Economic Development team ensured that engagement activity was focused on communicating with businesses to inform them of the support and grants made available to assist them during the lockdown period. The team has also administered the Folkestone & Hythe Discretionary Business Grant scheme that utilised £1.2 million 'top-up' funds provided by the government, and successfully allocated this to 161 businesses.
- A total of 7 grant applications from businesses were approved for funding from the Folkestone & Hythe High Streets Fund during Quarter 2 totaling over £57,000.

### **3.3 Appearance Matters**

We know the appearance of the district is important to local residents and businesses. In first half of the year:

- The percentage streets surveyed for being clear of litter has improved from 83% in Quarter 1 to 96% in Quarter 2 as result of resources being reprioritised following the easing of lockdown restrictions.

- More than 1,346 hours were spent by Environmental Enforcement officers on patrol. The number of Fixed Penalty Notices issued for fly tipping, litter, dog control and Covid-19 legislation breaches were 151, compared to 75 in the same period last year.
- The Area Officer team provided much needed support to the local community hubs during the lockdown period and as restrictions eased have continued to work with local members, businesses and community groups to maintain and improve the appearance of the district. In first two quarters of this year, the team completed 2,181 'See it, Own it, Do it' jobs across the district to ensure it remains a welcoming and attractive place to live, work and visit.
- A total of 345 community volunteers helped to collect 510 bags of litter as part of 17 Council supported community environmental events.
- The district's local businesses also played a very active part in supporting local communities, with a total of 355 corporate social responsibility hours completed to end Q2. This focused on town centre improvements following the easing of lockdown restrictions, weeding, litter picking and paint railings. Participating businesses and organisations included Abbey Well Vets, The Clifton Hotel, McDonalds, Network Rail (HR department), Oriental Buffet (Folkestone) and Landau Ski Sports.

#### To monitor

- The percentage of household waste recycled in Quarter 1 was 48% against a target of 50%. Household recycling centres were closed and more people were working from home as result of the coronavirus lockdown. Following a change in government guidance in May allowing people travel further afield from their homes saw the district receive an increase in visitor numbers during the summer months and as a result more litter being generated that impacted on the provisional recycling rate achieved during Quarter 2. Further ways to encourage more recycling and a review of the provision of litter bins across the district will be undertaken to improve the overall rate.
- The percentage of returns to empty a missed bin by the end of the next working day if reported within 24 hours reduced from a target of 95% to 80% in Quarter 1 as a result of prioritising household collection services during the lockdown period. Quarter 2 has shown a notable improvement as lockdown restrictions were eased, but still remains under target. The Waste Services team is continuing monitor the situation moving forwards with Veolia. A new system will be fully implemented from Quarter 2 of next year that will have the ability to provide real time data on missed collections to improve overall contractor accountability.

### **3.4 Health Matters**

- A total of 30 disabled facilities grants were issued during the first half of the year to pay for essential housing adaptations to help disabled people stay in their own homes.



- A total of 11 fixed penalty notices were issued under the public space protection order (PSPO) in first two quarters of this year compared with 5 over the same period last year.

### To monitor

- The percentage of premises rated 3 or above for food hygiene has remained at 92% for both Quarters 1 and 2 against a target of 95%. In Quarter 1 inspections of premises were suspended under coronavirus legislation. In Quarter 2 as lockdown restrictions were eased remote assessments of premises were taking place with onsite visits only being undertaken where a serious public health risk had been identified in line with guidance issued by the Food Standards Agency (FSA). In addition, the implementation of COVID health and safety actions and responses to COVID related complaints has taken up significant resources and time within the team. A replacement Environmental Health and Licensing Senior Specialist has been recruited to start at the end of November and further additional resources are being considered to improve the resilience of the team.
- The number of visits and inspections to licensed premises has increased from 6 in Quarter 1 to 21 in Quarter 2, but remains under target. The low number of inspections achieved during Quarter 1 was as result of premises being closed due to the coronavirus lockdown and visits/inspections being undertaken on an urgent basis only and to those who were reported to be in breach of covid regulations. In Quarter 2 as lockdown restrictions eased, the majority of visits and inspections were undertaken to licensed premises who were reported as not adhering to revised covid regulations. In line with the new 10pm curfew for licensed premises there will be a planned increase in visits and inspections being undertaken by the licensing team during Quarter 3.
- The number of young people engaged in ASB diversionary activities has remained at zero during the first two quarters of the year as result of schools being closed, and KCC face to face engagement work and PCC funded projects being put on hold. A number of community safety projects are planned to increase engagement with young people during Quarters 3 and 4 including the Youth Safeguarding Conference, detached working with young people identified through the Community Safety Unit and The Tall Ships project due to start in the New Year.

### **3.5 Achieving Stability**

- Both Business and Council Tax rates show positive cumulative trends towards their overall annual targets.
- The council's corporate property portfolio has generated over £1million of income during the first half of year against a target of £1.6million for the year.
- Over £188,000 in Community Infrastructure Levy receipts have been received during the first half of the year to help deliver the infrastructure needed across the District.

### 3.6 Delivering Excellence

- The percentage of service calls answered reached 97.1% in Quarter 1 and 91.8% in Quarter 2 compared with 86.6% and 84.6% achieved in the same periods last year.
- The webchat facility provides our customers with a quick and convenient way to get in contact with us regarding a range of essential services, including council tax, housing benefit and planning. The percentage of customers satisfied with the webchat facility achieved 94.1% in Quarter 1 and 93% in Quarter 2 against a target of 88%.
- The percentage of emergency repairs completed on time within council dwellings exceeded target in both quarters, reaching 99.75% in Quarter 1 and 99.78% in Quarter 2 against a target of 98%.

#### To monitor

- The Lifeline team has answered a total of 54,948 calls during the first two quarters of the year, however periodic connectivity issues with Skype and the Lifeline system (Jontek) has had a direct negative effect on the number of calls answered within targeted time frames. Further ways to improve the performance of systems are being investigated by the team.
- The average time taken to re-let council dwellings excluding major works increased to 40.4 days during Q1. Re-let times have been significantly affected due to coronavirus restrictions that has seen contractor staff furloughed and difficulties in sourcing materials. In light of lockdown restrictions easing in Q2 more viewings of properties have been taking place and Mears have brought their staff off furlough to complete necessary void works on properties. Delays caused during Q1 will have a knock-on effect on void times for the remainder of year, as the voids team need to catch up on existing repair work as well as turning around new voids ready for letting. However, the improvement in KPIs is encouraging and continues to reflect the hard work of our repairs team and Mears.
- The number of Subject Access Requests (SARs) and Freedom of Information (FOI)/ Environmental Information Requests (EIR) responded to within statutory timeframes remains below target during the first two quarters of the year. In Quarter 1 staff sickness, the postponed start date of a new team member and the sudden transition to remote working as a result of the coronavirus pandemic has impacted on overall performance. In Quarter 2 both KPIs have shown a notable improvement as result of staff training, the introduction of a previously recruited team member and adaptation to new home working requirements. In addition decision notices issued by the Information Commissioners Office (ICO) upholding the Council's position on vexatious refusals has freed up the team to refocus their resources on processing the Council's outstanding caseload.

#### 4. RISK MANAGEMENT ISSUES

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

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.
The key performance indicators (KPIs) do not link to the objectives of the Council's Corporate Plan.	High	Medium	Monitor progress against key 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 Officer's Comments (NM)

There are no legal implications or risks arising directly out of this report. The Key Performance Indicators 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 Human Resources Comments (RB)

There are no direct Human Resource implications or risks emanating from this report. The council's People Strategy has been created to support the corporate plan and achievement of associated KPIs.

##### 5.3 Finance Officer's Comments (LW)

There are no financial implications arising directly from this report.

**Diversities and Equalities Implications (GE)** - 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.

#### 5.4 **Communications Comments (KA)**

The communications team will use these KPIs as appropriate in their promotion of council services.

### 6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Gavin Edwards – Performance and Improvement Specialist

Tel: 01303 85 3436

Email: [gavin.edwards@folkestone-hythe.gov.uk](mailto:gavin.edwards@folkestone-hythe.gov.uk)

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

#### **Appendices:**

Appendix 1: 2020/21 Proposed Key Performance Indicators

Appendix 2: Key Performance Indicators (2019/20 vs 2020/21 changes)

Appendix 3: 2020/21 Half Year Performance Report (Q1 & Q2)

**APPENDIX 1**

<b>PROPOSED KEY PERFORMANCE INDICATORS - 2020/21</b>	<b>Time Period</b>	<b>TARGET</b>	<b>Service Area</b>
<b>MORE HOMES</b>			
Number of new homes built within the District	Annual	738	Strategy and Policy
Council new builds and acquisitions started on site	Annual	20	Housing Services
Additional affordable homes delivered in the District by the Council and its partner agencies	Annual	80	Housing Services
Affordable homes provided in the District for low cost home ownership	Annual	32	Housing Services
Long-term empty homes brought back into use	Annual	70	Housing Services
Private sector homes improved as a result of intervention by the Council and its partner agencies	Annual	175	Housing Services
% of major planning applications to be determined within statutory period	Quarterly	60%	Development Management
% of non-major planning applications to be determined within statutory period	Quarterly	70%	Development Management
% of other planning applications to be determined within statutory period	Quarterly	85%	Development Management
Number of homelessness approaches (includes Triage, Prevention, Relief & Decision cases)	Quarterly	No target	Housing Services
Number of homelessness approaches closed as 'homelessness prevented'	Quarterly	No target	Housing Services
Number of homelessness approaches closed as 'homelessness relieved'	Quarterly	No target	Housing Services
Number of main duty decisions issued in the quarter where housing duty was accepted	Quarterly	No target	Housing Services
Average number of households in temporary accommodation	Quarterly	35	Housing Services
Average number of households in Bed and Breakfast accommodation	Quarterly	0	Housing Services
Number of private rental properties provided through the Social Lettings Agency & Property Solutions	Quarterly	No Target	Housing Services
Number of households registered on the Folkestone and Hythe Housing Waiting List	Quarterly	No Target	Housing Services
<b>MORE JOBS</b>			
Number of employment sites or schemes where new employment space has been delivered	Annual	2	Economic Development
External funding sources applied for to deliver better infrastructure or business accommodation within the district	Annual	3	Economic Development
Number of key employers met and supported as part of the business engagement programme	Annual	12	Economic Development
Allocation of Folkestone & Hythe High Streets Fund funding	Annual	£250,000	Economic Development
Number of Folkestone Town Centre initiatives led by F&HDC	Quarterly	At least 4 initiatives led by F&HDC	Economic Development
Value of Grant Funding Agreements agreed under the Folkestone Community Works SME Business Grant Scheme funding programme	Annual	£70,000	Folkestone Community Works
<b>APPEARANCE MATTERS</b>			
Retain Green Flag awards for the Coastal Park, Royal Military Canal and Radnor Park sites	Annually	3	Grounds Maintenance
Community environmental events (e.g. litter picks) held	Quarterly	15	Local Area Officers
Community environmental volunteer hours committed	Quarterly	600 hours	Local Area Officers
Corporate social responsibility environmental events held	Quarterly	5	Local Area Officers
Corporate social responsibility hours committed	Quarterly	240 hours	Local Area Officers
Number of recorded See It, Own It, Do it, interventions completed	Quarterly	1200	Local Area Officers
Average time for graffiti to be removed from the time of being reported (Local Area Officers)	Quarterly	48 hours	Local Area Officers
Number of enforcement notices served (e.g. Abatement Notices, Community Protection Notices)	Annual	100	Environmental Protection
% of successful prosecutions	Quarterly	100%	Environmental Protection
Fixed Penalty Notices issued	Annual	185	Environmental Protection
Enviro-crime patrol hours (dog fouling and littering)	Annual	2800hrs	Environmental Protection
% of unauthorised encampments successfully removed from FHDC Land	Quarterly	100%	Environmental Protection
Compliant air quality monitoring sites	Annual	16 sites	Environmental Protection
% of household waste recycled	Quarterly	50%	Waste
Number of missed collections per 100,000 population	Quarterly	50	Waste
% of street surveyed clear of litter within in the district	Quarterly	95%	Waste
% of returns to empty a missed bin by the end of the next working day if it is reported within 24 hours	Quarterly	95%	Waste
Number of days to remove fly tipped waste on public land once reported	Quarterly	3 days	Waste
Parking: Number of PCNs issued	Monthly	No Target	Transportation
Parking: British PCN recovery rate	Quarterly	60%	Transportation
Parking: Foreign PCN recovery rate	Quarterly	40%	Transportation
<b>HEALTH MATTERS</b>			
% of premises rated 3 or above for food hygiene	Quarterly	95%	Environmental Health and Licensing
Number of visits and inspections to licensed premises	Quarterly	30	Environmental Health and Licensing
Fixed Penalty Notices issued under the Public Space Protection Order	Quarterly	No Target	Communities
Number of young people engaged in ASB diversionary activities	Quarterly	100	Communities
Number of hospital admissions prevented or hospital discharges accelerated as a result of Private Sector Housing Team and partner intervention	Annual	100	Private Sector Housing
No of Disabled Facilities Grants administered	Quarterly	No Target	Private Sector Housing
<b>ACHIEVING STABILITY</b>			
Total annual income accrued from Oportunitas for the Council	Annual	£275,000	Finance
Total income collected from the Council's corporate property portfolio	Annual	£1.6 million	Estates & Assets

Total income from Apprenticeships and commercial work for TDC, CCC and DDC	Annual	£75,000	HR - Organisational Development
Business Rates collection target is met	Annual	97.50%	Corporate Debt
Council tax collection	Annual	97.3%	Revenue and Benefits
Council tax reduction collection rate	Annual	82.5%	Revenue and Benefits
Total value of Community Infrastructure Levy Liability notices	Annual	No Target	Planning Policy
Total value of Community Infrastructure Levy receipts	Annual	No Target	Planning Policy
<b>DELIVERING EXCELLENCE</b>			
% of all calls received are answered	Monthly	80%	Customer Services
Increase of customer self serve transactions (compared to 2019/20)	Annual	5%	Customer Services
% Customers satisfied with Web Chat service	Annual	88%	Customer Services
Lifeline - Number of calls answered within 60 seconds	Monthly	97.50%	Lifeline
Lifeline - Number of calls answered within 180 seconds	Monthly	100%	Lifeline
Average time taken to re-let council dwellings excluding major works	Quarterly	16.5 Days	Housing Services
Council Dwellings - % of emergency repairs completed on time	Quarterly	98%	Housing Services
Council Dwellings - % of routine repairs completed on time	Quarterly	90%	Housing Services
All complaints will be acknowledged within 5 days as required in the policy	Monthly	100%	Case Management
Average number of days taken to process new claims for Housing Benefit	Monthly	21 Days	Revenue and Benefits
All Freedom of Information / Environmental information Requests to be responded to within the statutory period of (20 working days or lawful extension).	Monthly	90%	Information Governance
All Subject Access Request responses to be provided within the statutory period (1 calendar month or lawful extension).	Monthly	100%	Information Governance
Number of absence days per employee (Per full-time equivalent)	Annual	7 Days	Human Resources
Employee Net Promoter score	Annual	Minus 20 or above	HR - Organisational Development



APPENDIX 2

KEY PERFORMANCE INDICATORS - Changes 2019/20 vs 2020/21	Time Period	TARGET	Service Area	Notes	Colour Key
<b>MORE HOMES</b>					Green - Same as Last year (2019/20)
Number of new homes built within the District	Annual	738	Strategy and Policy	Same KPI as last year - Revised target of 738 from 350.	
Council new builds and acquisitions started on site	Annual	20	Housing Services	Same KPI as last year	
Additional affordable homes delivered in the District by the Council and its partner agencies	Annual	80	Housing Services	Same KPI as last year	
Affordable homes provided in the District for low cost home ownership	Annual	32	Housing Services	Same KPI as last year	
Long-term empty homes brought back into use	Annual	70	Housing Services	Same KPI as last year	
Private sector homes improved as a result of intervention by the Council and its partner agencies	Annual	175	Housing Services	Same KPI as last year - Revised target to 175 from 150.	
% of major planning applications to be determined within statutory period	Quarterly	60%	Development Management	Same KPI as last year	
% of non-major planning applications to be determined within statutory period	Quarterly	70%	Development Management	Same KPI as last year	
% of other planning applications to be determined within statutory period	Quarterly	85%	Development Management	Same KPI as last year	
Number of homelessness approaches (includes Triage, Prevention, Relief & Decision cases)	Quarterly	No target	Housing Services	Same KPI as last year - Previously monthly target of 75.	New KPI
Number of homelessness preventions under Prevention Duty	Annual	550	Housing Services	This KPI has been succeeded by 'Number of homelessness approaches closed as 'homelessness prevented' set out below to clearly demonstrate the number of preventions being closed at the end of each quarter as prevented, in line with information being published on MFLP 6.	
Number of homelessness approaches closed as 'homelessness prevented'	Quarterly	No target	Housing Services	New KPI for 2020/21	Removed for 2020/21
Number of homelessness approaches closed as 'homelessness relieved'	Quarterly	No target	Housing Services	New KPI for 2020/21	
Number of main duty decisions issued in the quarter where housing duty was accepted	Quarterly	No target	Housing Services	New KPI for 2020/21	
Average number of households in temporary accommodation	Quarterly	35	Housing Services	Same KPI as last year	Existing KPI that now reflects Property Solutions. Previous target of 60 annually replaced with no target.
Average number of households in Bed and Breakfast accommodation	Quarterly	0	Housing Services	Same KPI as last year	
Number of private rental properties provided through the Social Lettings Agency & Property Solutions	Quarterly	No Target	Housing Services		
Number of households registered on the Folkestone and Hythe Housing Waiting List	Quarterly	No Target	Housing Services	Same KPI as last year	
<b>MORE JOBS</b>					New KPI for 2020/21
Number of employment sites or schemes where new employment space has been delivered	Annual	2	Economic Development	Same KPI as last year	
% Increase in employment or turnover for businesses that participate in the Scale Up Folkestone & Hythe programme	Annual	40%	Economic Development	Removed for 2020-21	
External funding sources applied for to deliver better infrastructure or business accommodation within the district	Annual	3	Economic Development	Same KPI as last year	
Number of key employers met and supported as part of the business engagement programme	Annual	12	Economic Development	Same KPI as last year	
Allocation of Folkestone & Hythe High Streets Fund funding	Annual	£250,000	Economic Development	New KPI for 2020/21	
Number of Folkestone Town Centre initiatives led by F&HDC	Quarterly	At least 4 initiatives led by F&HDC	Economic Development	New KPI for 2020/21	
Square metres of employment space granted permission-	Annual	20ha (Accumative over 20 years)	Strategy and Policy	Removed for 2020-21	
Value of Grant Funding Agreements agreed under the Folkestone Community Works SME Business Grant Scheme funding programme	Annual	£70,000	Folkestone Community Works	Same KPI as last year	
<b>APPEARANCE MATTERS</b>					
Maintain a 4+ rating on trip advisor for the Coastal Park	Annually	4+	Grounds Maintenance	New KPI for 2020/21	
Retain Green Flag awards for the Coastal Park, Royal Military Canal and Radnor Park sites	Annually	3	Grounds Maintenance	New KPI for 2020/21	
Community environmental events (e.g. litter picks) held	Quarterly	15	Local Area Officers	Same KPI as last year	
Community environmental volunteer hours committed	Quarterly	600 hours	Local Area Officers	Same KPI as last year	
Corporate social responsibility environmental events held	Quarterly	5	Local Area Officers	Same KPI as last year	
Corporate social responsibility hours committed	Quarterly	240 hours	Local Area Officers	Same KPI as last year	
Number of recorded See It, Own It, Do it, interventions completed	Quarterly	1200	Local Area Officers	Same KPI as last year	
Average time for graffiti to be removed from the time of being reported (Local Area Officers)	Quarterly	48 hours	Local Area Officers	Same KPI as last year	
Warning Letters issued (Environmental Protection and Enforcement)	Annual	100	Environmental Protection	To be made a PI instead of a KPI	
Number of enforcement notices served (e.g. Abatement Notices, Community Protection Notices)	Annual	100	Environmental Protection	Same KPI as last year	
% of successful prosecutions	Quarterly	100%	Environmental Protection	Changed from 100% annually to 100% quarterly	
Fixed Penalty Notices issued	Annual	185	Environmental Protection	Target increased. Previously 150 annually.	
Enviro-crime patrol hours (dog fouling and littering)	Annual	2800hrs	Environmental Protection	Same KPI as last year	
% of unauthorised encampments successfully removed from FHDC Land	Quarterly	100%	Environmental Protection	Target Revised from 100% annually to 100% quarterly	
Compliant air quality monitoring sites	Annual	16 sites	Environmental Protection	Target increased to 16 from 14 sites.	
% of household waste recycled	Quarterly	50%	Waste	Same KPI as last year	
Number of missed collections per 100,000 population	Quarterly	50	Waste	Same KPI as last year	
% of street surveyed clear of litter within the district	Quarterly	95%	Waste	Same KPI as last year	
% of returns to empty a missed bin by the end of the next working day if it is reported within 24 hours	Quarterly	95%	Waste	Same KPI as last year	
Number of days to remove fly tipped waste on public land once reported	Quarterly	3 days	Waste	Same KPI as last year	
Parking: Number of PCNs issued	Monthly	No Target	Transportation	Same KPI as last year	
Parking: British PCN recovery rate	Quarterly	60%	Transportation	Same KPI as last year - Target reduced to 60% was previously 70%	
Parking: Foreign PCN recovery rate	Quarterly	40%	Transportation	Same KPI as last year - Target reduced to 40% was previously 50%	
<b>HEALTH MATTERS</b>					To be made a PI instead of a KPI
% of premises rated 3 or above for food hygiene	Quarterly	95%	Environmental Health and Licensing	Same KPI as last year	
Number of licensing complaints investigated	Monthly	<100	Environmental Health and Licensing	To be made a PI instead of a KPI	
Number of visits and inspections to licensed premises	Quarterly	30	Environmental Health and Licensing	Target Reduced from 45 per quarter to 30.	
Number of people engaged in Public Space Protection Order education and prevention activity	Quarterly	200	Communities	Removed for 2020-21	
Fixed Penalty Notices issued under the Public Space Protection Order	Quarterly	No Target	Communities	Same KPI as last year	
Number of young people engaged in ASB diversionary activities	Quarterly	100	Communities	Same KPI as last year	
Number of hospital admissions prevented or hospital discharges accelerated as a result of Private No of Disabled Facilities Grants administered	Annual	100	Private Sector Housing	Same KPI as last year	
Number of Disabled Facilities Grants administered	Quarterly	No Target	Private Sector Housing	Same KPI as last year	
<b>ACHIEVING STABILITY</b>					
Total annual income accrued from Oportunitas for the Council	Annual	£275,000	Finance	Same KPI as last year	
Total income collected from the Council's corporate property portfolio	Annual	£1.6 million	Estates & Assets	Same KPI as last year	
Total income from Apprenticeships and commercial work for TDC, CCC and DDC	Annual	£75,000	HR - Organisational Development	New KPI for 2020/21	
Total income received from delivery of East Kent apprenticeship programme	Annual	£100,000	HR - Organisational Development	Removed for 2020-21	
Total income received from FHDC apprenticeships	Annual	£8,000	HR - Organisational Development	Removed for 2020-21	
Business Rates collection target is met	Annual	97.50%	Corporate Debt	Same KPI as last year	
Council tax collection	Annual	97.3%	Revenue and Benefits	Same KPI as last year	
Council tax reduction collection rate	Annual	82.5%	Revenue and Benefits	Same KPI as last year	
Total value of Community Infrastructure Levy Liability notices	Annual	No Target	Planning Policy	Same KPI as last year	

Total value of Community Infrastructure Levy receipts	Annual	No Target	Planning Policy	Same KPI as last year
<b>DELIVERING EXCELLENCE</b>				
% of all calls received are answered	Monthly	80%	Customer Services	Revised KPI wording - same target as last year. Previously worded: Calls served (versus volumes of calls received)
Reduction in abandoned calls	Annual	18% or less	Customer Services	To be made a PI instead of a KPI
Increase of customer self serve transactions (compared to 2019/20)	Annual	5%	Customer Services	Same KPI as last year
% of dissuaded calls	Annual	2% or less	Customer Services	To be made a PI instead of a KPI
% Customers satisfied with Web Chat service	Annual	88%	Customer Services	Same KPI as last year
Lifeline - Number of calls answered within 60 seconds	Monthly	97.50%	Lifeline	Same KPI as last year
Lifeline - Number of calls answered within 180 seconds	Monthly	100%	Lifeline	Same KPI as last year
Average time taken to re-let council dwellings excluding major works	Quarterly	16.5 Days	Housing Services	Same KPI as last year
Council Dwellings - % of emergency repairs completed on time	Quarterly	98%	Housing Services	Same KPI as last year - EKH Reference Removed in description
Council Dwellings - % of routine repairs completed on time	Quarterly	90%	Housing Services	Same KPI as last year - EKH Reference
All complaints will be acknowledged within 5 days as required in the policy	Monthly	100%	Case Management	Same KPI as last year
Average number of days taken to process new claims for Housing Benefit	Monthly	21 Days	Revenue and Benefits	Same KPI as last year
All Freedom of Information / Environmental information Requests to be responded to within the statutory period of (20 working days or lawful extension).	Monthly	90%	Information Governance	Same KPI as last year
All Subject Access Request responses to be provided within the statutory period (1 calendar month or lawful extension).	Monthly	100%	Information Governance	Same KPI as last year
No of website unique visits	Quarterly	>100,000	Communication and Engagement	To be made a PI instead of a KPI
% change in unique website visits	Quarterly	5% increase	Communication and Engagement	To be made a PI instead of a KPI
Number of social media followers (Facebook, Twitter, Instagram, LinkedIn)	Quarterly	>36,000	Communication and Engagement	To be made a PI instead of a KPI
Number of absence days per employee (Per full-time equivalent)	Annual	7 Days	Human Resources	Same KPI as last year
Number of apprenticeships available for East Kent Authorities (Folkestone & Hythe, Thanet, Dover and Canterbury)	Annual	26	HR - Organisational Development	Removed for 2020-21
Employee Net Promoter score	Annual	Minus 20 or above	HR - Organisational Development	Same KPI as last year





# Folkestone and Hythe District Council Quarter 1 & 2 Performance Report 2020/21: April-September 2020





## Your Cabinet Members



**Cllr David Monk**  
Leader of the Council



**Cllr Jenny Hollingsbee**  
Deputy Leader  
Cabinet Member for  
Communities



**Cllr John Collier**  
Cabinet Member for  
Property Management &  
Grounds Maintenance



**Cllr David Godfrey**  
Cabinet Member  
for Housing, Transport &  
Special Projects



**Cllr Stuart Peall**  
Cabinet Member for  
Enforcement, Regulatory  
Services, Waste & Building  
Control



**Cllr Lesley Whybrow**  
Cabinet Member for the  
Environment



**Cllr Tim Prater**  
Cabinet Member for  
Revenues, Benefits, Anti-  
Fraud and Corruption



**Cllr David Wimble**  
Cabinet Member for the  
District Economy



**Cllr Ray Field**  
Cabinet Member for  
Digital Transformation

## Your district – an overview

Our district is situated on Kent's south east coast and covers an area of 140 square miles. It is a place of variety and contrast with a landscape characterised by rolling chalk downland, wooded valleys, wild marshes, and a 26-mile coastline. The 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.

Our principal town, Folkestone, accounts for just under half the district's population. It is also the area's commercial hub, particularly for creative and digital media - one of the UK's fastest-growing sectors. The Creative Quarter in Folkestone's Old Town is home to a thriving collection of artists' studios and creative business and offers artists, retailers and business people the chance to become part of this lively and ever-growing community.

As well as its strong creative focus, the district attracts a variety of small and medium size businesses (SMEs) and is home to great brand names including Saga, Eurotunnel, Holiday Extras, the Aspinall Foundation and Church and Dwight.

The historic town of Hythe is the district's second centre of population and one of two ancient Cinque Ports in the district. Its central feature is the Royal Military Canal, built for defence against invasion in the Napoleonic wars with France. To the west are the wide open spaces of Romney Marsh, home to New Romney, our second Cinque Port; Lydd, a member of the Confederation of Cinque Ports as a 'limb' of New Romney, and a number of smaller coastal communities. Contrasting with the wild expanse of marshes are the North Downs, a ridge of chalk hills that stretch from Dover to Farnham. The Downs are home to pretty villages, including Elham, Lyminge and Postling, hidden valleys and thriving vineyards.

Although the district is rural and coastal in character, it is very well connected. The M20 offers easy access to London and other major motorway networks, London is under an hour away via High Speed 1 (HS1) from Folkestone and we have unrivalled access to mainland Europe via the Channel Tunnel.

We think our district is a great place to live, work and visit. It's where the past has made its mark and where a bright new future is unfolding. As the local authority for the district, we have a key role to play in that future.

## 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 year to continue working together with customers and staff to further modernise the Council to help achieve our ambitions and continuously improve the way we do business

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

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020-21	Q2 Actual 2020-21	Q3 Actual 2020-21	Q4 Actual 2020-21	Target
Number of new homes built within the District	-	-	-	-			738 (Annual)
			<i>This indicator is collated on an annual basis and not available quarterly. A figure will be available at the end of Quarter 4.</i>				
Council new builds and acquisitions started on site	1	0	3	3			20 (Annual)
Additional affordable homes delivered in the District by the Council and its partner agencies	16	13	3	3			80 (Annual)
Affordable homes provided in the District for low cost home ownership	0	4	0	0			32 (Annual)
			<i>There were no affordable homes for low cost home ownership delivered in the district during quarters 1 and 2. During the remainder of 2020/21, a further 70 affordable homes for rent and shared ownership are due to complete on sites in Cheriton, Folkestone, New Romney, Sellindge and Stelling Minnis and Hawkinge. However, our development partners have advised that the Covid 19 Pandemic is likely to delay some of the completion dates.</i>				
Long-term empty homes brought back into use	4	8	29	13			70 (Annual)
Private sector homes improved as a result of intervention by the Council and its partner agencies	48	51	33	66			175 (Annual)
% of major planning applications to be determined within statutory period	83.3%	81.8%	75%	86%			60% (Quarterly)
% of non-major planning applications to be determined within statutory period	50.9%	45.9%	78%	76%			70% (Quarterly)
% of other planning applications to be determined within statutory period	46.6%	43.9%	93%	89%			85% (Quarterly)
Number of homelessness approaches <i>(includes Triage, Prevention, Relief &amp; Decision cases)</i>	396	357	317	348			No Target
			<i>In Quarter of 2019/20 there were 415 approaches, the highest number to date. Although the approaches have dropped in Quarters 1 &amp; 2 this can be attributed to the government's change in legislation that has extended the ban on evictions and extended notice periods from 2 to 6 months in all bar serious anti-social behaviour and domestic abuse cases until March 2021. The change in legislation could increase the number of potential evictions accumulating if it is not extended beyond March 2021.</i>				
Number of homelessness approaches closed as 'homelessness prevented'	-	-	14	10			No Target
Number of homelessness approaches closed as 'homelessness relieved'	-	-	41	40			No Target
Number of main duty decisions issued in the quarter where housing duty was accepted	-	-	2	0			No Target

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020-21	Q2 Actual 2020-21	Q3 Actual 2020-21	Q4 Actual 2020-21	Target
Average number of households in temporary accommodation	25	24	44	44			35 (Quarterly)
			<i>The increased in households in temporary accommodation is due to coronavirus measures designed to protect the most vulnerable street &amp; hidden homeless (sofa surfers) within the district. Many households, who were sofa surfing with family &amp; friends, were asked to leave in lockdown due to space issues and health &amp; safety concerns. The coronavirus emergency has also slowed down the number of suitably sized and affordable properties becoming available for temporary and long term accommodation.</i>				
Average number of households in Bed and Breakfast accommodation	1	1	16	12			0 (Quarterly)
			<i>Due to the numbers of households needing temporary accommodation under coronavirus measures, combined with a decrease in suitably available accommodation, bed &amp; breakfast accommodation has been used for homeless single persons and couples. Families are continuing to be placed in self-contained accommodation, unless it is an emergency and no self-contained is available, and moved as soon as self-contained can be secured.</i>				
Number of private rental properties provided through the Social Lettings Agency and Property Solutions	13	35	14	19			15 (Quarterly)
Number of people on the housing waiting list	1,255 (as at end of June 2019)	1,237 (as at end of Sept 2019)	1,250 (as at end of June 2020)	1,169 (as at end of Sept 2020)			No Target

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

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020-21	Q2 Actual 2020-21	Q3 Actual 2020-21	Q4 Actual 2020-21	Target
Number of employment sites or schemes where new employment space has been delivered	0	0	0	0			2 (Annual)
			<p><i>During Quarters 1 and 2 work has continued to be progressed by the Economic Development team this year to prepare for the following schemes, although impact of the coronavirus pandemic slowed this down:</i></p> <ul style="list-style-type: none"> <li><i>Mountfield Road – Confirmation of the Magnox socio-economic grant towards the employment hub has been confirmed. The Council and East Kent Spatial Development Company (EKSDC) have agreed a joint venture for delivery of the business hub, building contractors have been appointed and are due to start on site in November with completion in Autumn 2021. Additional funding has been secured from the Getting Building Fund during this period, therefore allowing the project to be extended to include phase two which will bring forward a further five hectares of employment land for development.</i></li> <li><i>16 Bouverie Place – EKSDC have now finalised the European Regional Development Fund (ERDF) Grant Funding Agreement (GFA) with the Council during this period and the refurbishment work commenced in September. Completion is due in Spring 2021.</i></li> <li><i>Biggins Wood – Discussions are ongoing between the Council and contractor regarding a Joint Venture for the scheme, but this has been delayed due to uncertainty over the Homes England grant required for site remediation.</i></li> </ul>				
External funding sources applied for to deliver better infrastructure or business accommodation within the district	0	0	0	1			3 (Annual)
			<p><i>An application was made to the Getting Building Fund announced in June 2020 for Mountfield Road Phase 2 infrastructure investment to bring forward the remaining 5 hectares of employment land. The application was prioritised for the funding by KMEP and the South East Local Enterprise Partnership (SELEP). A £3.5 million grant is now being progressed and due to be confirmed by end November 2020.</i></p>				
Number of key employers met and supported as part of the business engagement programme	5	3	1	2			12 (Annual)
			<p><i>The business engagement programme in its usual form was put on hold during the lockdown, but some virtual telecalls were completed during this time with some key local businesses, including Saga, Plamil Foods and GoPak.</i></p>				

			<i>The focus of engagement with businesses during this period was on communications with a much wider set of businesses to inform them of the support and grants available during the lockdown period. The ED team also administered the Folkestone &amp; Hythe Discretionary Business Grant scheme – using the £1.2 million ‘top-up’ funds provided by the government, which was allocated to a total of 161 businesses.</i>				
Allocation of Folkestone & Hythe High Streets Fund funding	-	-	-	£57,340			£ 250,000 (Annual)
			<i>During the lockdown period the High Streets Fund remained open to applications but all decisions on grants were put on hold at this time, so no grants were issued during Quarter 1. The decision panels resumed making decisions in September when 7 applications were approved totalling £57,340.</i>				
Number of Folkestone Town Centre initiatives led by F&HDC	-	-	0	2			4 (Quarterly)
			<i>During the lockdown the Economic Development team took on the new initiative to ensure the Reopening of High Streets Safely (RHSS), with ERDF funding provided by the government. The lockdown impacted on the progress of some internally led Folkestone Town Centre initiatives in Quarter 1, but the initiative to install window vinyls for the Folca building was completed. During quarter 2 the progress and momentum of delivery of initiatives has gathered speed despite the restrictions and demands of RHSS. Initiatives being taken forward include heritage lighting, signage, other public realm and on meanwhile uses for Folca. The team continued over the last two quarters to work closely with members of the independent retail community and is in the process of delivering a new monthly Vegan market which will be subject to a six month trial. The delivery of a new Place Plan brief with the Planning team has also progressed.</i>				
Value of Grant Funding Agreements agreed under the Folkestone Community Works SME Business Grant Scheme funding programme	£101,636	No GFAs agreed in Q2	No GFAs agreed in Q1	No GFAs agreed in Q2			£70,000 (Annual)
			<i>The plan for a further Call for SME business grants was delayed as result of the lockdown as it was decided to be inappropriate at that time. However, after clarification from MHCLG that the SME business grant could be used by businesses to make adaptations due to the pandemic, a new call was launched in August 2020 and 12 applications were received requesting £62,242 ERDF. The Council will make decisions on these applications by mid October 2020.</i>				



## Appearance Matters - Provide an attractive and clean environment

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020-21	Q2 Actual 2020-21	Q3 Actual 2020-21	Q4 Actual 2020-21	Target
Retain Green Flag awards for the Coastal Park, Royal Military Canal and Radnor Park sites	-	-	-	-			3 (Annual)
			<i>This indicator is collated on an annual basis and not available quarterly. A figure will be available at the end of Quarter 4.</i>				
Community environmental events (e.g. litter picks) held	23	21	2	15			15 (Quarterly)
			<i>Quarter 1: The number of community environmental events were below target due a number of planned events being cancelled as result of the coronavirus lockdown. Two socially distanced litter picking events took place towards the end of the quarter. The resources of Local Area Officer team for majority of the quarter were diverted to support the local emergency response through the work of community hubs.</i>				
Community environmental volunteer hours committed	916	658	286	404			600 hours (Quarterly)
			<i>Quarter 1: See comment above.</i>				
			<i>Quarter 2: The number of community volunteer hours has shown improvement during the quarter as lockdown restrictions eased with a total of 15 events adhering to social distancing guidelines taking place.</i>				
Corporate social responsibility environmental events held	5	5	0	5			5 (Quarterly)
			<i>Quarter 1: No corporate social responsibility events took place during the quarter as a result of the coronavirus lockdown. The resources of Local Area Officer team were diverted to support the local emergency response through the work of community hubs.</i>				
Corporate social responsibility hours committed	267	328	0	355			240 hours (Quarterly)
			<i>Quarter 1: See comment above</i>				
Number of recorded See It, Own It, Do it, interventions completed	3,096	3,258	263	1,918			1200 (Quarterly)
			<i>Quarter 1: The number interventions completed was significantly lower in quarter compared with the same period last year as result of the of the coronavirus lockdown. The resources of Local Area Officer team were diverted to support the local emergency response through the work of community hubs.</i>				
Average time for graffiti to be removed from the time of being reported (Local Area Officers)	48 hours	24 hours	48 hours	48 hours			48 hours (Quarterly)
Number of enforcement notices served (e.g. Abatement Notices, Community Protection Notices)	39	43	13	12			100 (Annual)



Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020-21	Q2 Actual 2020-21	Q3 Actual 2020-21	Q4 Actual 2020-21	Target
Enforcement - % of successful prosecutions	No prosecutions in Q1	100%	-	100%			100% (Quarterly)
			<p>Quarter 1: No prosecutions took place during the quarter.</p> <p>Quarter 2: A court order was obtained by the Environmental Enforcement Officers to remove an unauthorised encampment within the district which resulted in a successful removal that did not require bailiffs.</p>				
Enforcement - Fixed Penalty Notices issued	38	37	59	92			185 (Annual)
Enviro-crime patrol hours (dog fouling and littering)	426	415	747	599			2,800hrs (Annual)
% of unauthorised encampments successfully removed from FHDC Land	100%	100%	100%	100%			100% (Quarterly)
Compliant air quality monitoring sites	16	16	18	18			16 Sites
% of household waste recycled	50%	48%	48%	47%* no Sept data			50% (Quarterly)
			<p>Quarter 1: There has been a 12% increase household waste being collected with residual waste during the quarter. Whilst additional recycling has been collected this has not offset the increase in residual waste collected during the quarter. Increased tonnages can be attributed to factors, including household waste recycling centres being closed and the new 'working from home' environment brought about by the national lockdown. From May, following a change in government guidance the district saw an increase in visitor numbers resulting in more litter being generated. (this tonnage also counts towards the recycling rate). Tonnages are continuing to be monitored alongside ways to encourage more recycling, including reviewing the provision of litter bins across the district and where a replacement recycling bins can be installed.</p> <p>Quarter 2: Recycling data for September is currently unavailable as this is provided by Kent County Council due to all recycled household waste being sent to one of their managed sites for processing. The amount of non-recyclable waste being collected is beginning to drop based on data confirmed for the months of July and August following a noted increase during the previous quarter. A continued increase in visitors over the summer period has also impacted on the recycling target as the litter produced by visitors to our district is taken into account for this target.</p> <p>The Waste Services team are currently in the process of asking residents not to put out additional non-recyclable waste and this will no longer be collected from mid-October.</p>				
Number of missed collections per 100,000 population	9.5	7.52	8.22	11.47			50 (Quarterly)

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020-21	Q2 Actual 2020-21	Q3 Actual 2020-21	Q4 Actual 2020-21	Target
% of street surveyed clear of litter within in the district	95%	93%	83%	96%			95% (Quarterly)
			<p>Quarter 1: There was a decline in the number of inspections undertaken during Quarter 1 as waste collections were reprioritised due to an increase in refuse being put out for collection by households. Cleansing resources within team were also diverted to high footfall areas across the district to ensure they remained clean. Resources will kept under continual review by the Waste Services team and progress reported at monthly contract meetings.</p>				
% of returns to empty a missed bin by the end of the next working day if it is reported within 24 hours	92%	99%	80%	90%			95% (Quarterly)
			<p>Quarter 1: Service provision was reprioritised during Quarter 1 to ensure that household collection services were maintained as a top priority during lockdown, therefore returns for missed collections within the 24hr period has suffered as a result. Discussions regarding this are ongoing with Veolia and standards are now improving. The system for recording the data is now being revised as part of the new contract award, whereby new systems will be able to provide 'real time' evidence of this performance indicator from Quarter 2 2021/22 which will make the contractor more accountable.</p> <p>Quarter 2: Returns to reported missed bins by the end of the next working day has shown improvement on previous quarter as service provision in totality has adjusted to a new normal following the restriction of our movement within the district for all but essential travel. The Waste Services team is continuing to monitor the situation an engage with Veolia on how standards can be continually improved.</p>				
Number of days to remove fly tipped waste on public land once reported	2.8	1	1.2	1.1			3 Days (Quarterly)
Parking: Number of PCNs issued	5,387	5,697	2,643	5,653			No Target
Parking: British PCN recovery rate	66.5%	64.6%	46.2%	62.9%			60% (Quarterly)
			<p>Quarter 1: In light of the Coronavirus pandemic recommendations from the British Parking Association and the LGA were for councils to put all outstanding PCN cases on hold during the Coronavirus lockdown period in recognition of the difficulties many people may be in. Bailiff enforcement was also suspended. This has impacted on the recovery figure for achieved during Quarter 1.</p> <p>Case progression recommenced on the 13th May 2020, but with a flexible approach towards taking payments. Bailiff enforcement recommenced on the 24th August 2020, but with a flexible debt recovery approach as recommended by the government.</p>				
Parking: Foreign PCN recovery rate	45.2%	41.9%	32.2%	47.6%			40% (Quarterly)
			<p>Quarter 1: 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 has often proved challenging 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.</p>				

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020-21	Q2 Actual 2020-21	Q3 Actual 2020-21	Q4 Actual 2020-21	Target	
			<p><i>In light of the Coronavirus pandemic recommendations from the British Parking Association and the LGA were for councils to put all outstanding PCN cases on hold during the Coronavirus lockdown period. Bailiff enforcement was also suspended.</i></p> <p><i>Bailiff enforcement recommenced on the 24th August 2020, which has allowed for outstanding cases to be pursued.</i></p>					

### Health Matters - Keeping our communities healthy and safe

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020/21	Q2 Actual 2020/21	Q3 Actual 2020/21	Q4 Actual 2020/21	Target	
% of premises rated 3 or above for food hygiene	97%	94%	92%	92%			95% (Quarterly)	
			<p><i>Quarter 1: A total of 59 New premises are awaiting inspection at the end of Quarter 1. This figure is much larger than normal due to suspension of premises inspections under COVID legislation.</i></p> <p><i>Quarter 2: The suspension of premises inspections due COVID has increased to 72 as national lockdown rules changed. In line with current Food Standards Agency (FSA) guidance remote assessments of premises are taking place with onsite visits only being undertaken where a serious public health risk has been identified. Local authorities have been given a high, medium &amp; low priority list of proactive surveillance by the FSA. The implementation of COVID health and safety actions and responses to COVID related complaints has taken up significant resource time within the team. A replacement Environmental Health and Licensing Senior Specialist has been recruited to start at the end of November and further additional resources are being looked at to improve the resilience of the team moving forwards.</i></p>					
Number of visits and inspections to licensed premises	8	24	6	21			30 (Quarterly)	
			<p><i>Quarter 1: The 6 reported visits and inspections consisted of:</i></p> <ul style="list-style-type: none"> <li><i>• 2 animal welfare licence inspections</i></li> <li><i>• 4 premises licence inspections (under Licensing Act 2003)</i></li> </ul> <p><i>Lockdown restrictions meant that number of visits and inspections has been significantly lower than the defined target due a number of premises within the district being closed and those that were open only being visited on an extremely urgent basis. A total of six visits were made during in the quarter consisting of two animal premises, one that urgently needed a licence and one that had been reported as trading without a licence. The other four visits were to licensed premises reported to be operating outside Covid Regulations.</i></p> <p><i>Quarter 2: The 21 reported visits and inspections consisted of:</i></p>					

			<ul style="list-style-type: none"> <li>• 3 animal welfare licence inspections</li> <li>• 18 premises licence inspections (under Licensing Act 2003)</li> </ul> <p>The number of visits and inspections has shown improvement during the quarter as lockdown restrictions changed allowing pubs and restaurants to reopen. Visits were undertaken to three licensed animal premises and eighteen to licensed premises that we had received complaints about non adherence to the Covid Regulations. An increase in visits and inspections are planned to take place moving into Quarter 3 with more evening visits planned to licensed premises across the district in line with new Covid Regulations to ensure the 10pm curfew is being up held.</p>				
Fixed Penalty Notices issued under the Public Space Protection Order	4	1	4	7			No Target
Number of young people engaged in ASB diversionary activities	125	100	0	0			100 (Quarterly)
			<p>Due to COVID-19 there has been no engagement with young people directly by FHDC during Quarters 1 and 2. This has been mainly to do with schools not being open, KCC face to face work has not been taking place for our detached working and PCC funded Projects have been on hold. However the partnership working has continued to take place with, in particular high risk young people highlighted through CSU and the fortnightly District Contextual Safeguarding Meeting.</p> <p>Through Quarters 3 and 4 it is hoped that there will be an increase with engagement of young people through Community Safety projects planned within schools, PCC funded projects such as the Youth Safeguarding conference and detached working with young people identified through CSU and hot spot locations. The Tall Ships project is also due to start in the new year.</p>				
Number of hospital admissions prevented or hospital discharges accelerated as a result of Private Sector Housing Team and partner intervention	65	79	92	27			100 (Annual)
No of Disabled Facilities Grants administered	17	20	13	17			No Target

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

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020/21	Q2 Actual 2020/21	Q3 Actual 2020/21	Q4 Actual 2020/21	Target
Council tax collection	29.38% (cumulative)	56.67% (cumulative)	28.82% (cumulative)	55.53% (cumulative)			97.3% (Annual)
Council tax reduction collection rate	23.62% (cumulative)	45.49% (cumulative)	27.25% (cumulative)	49.09% (cumulative)			82.5% (Annual)
Business Rates collection	34.37% (cumulative)	58.57% (cumulative)	32.94% (cumulative)	56.83% (cumulative)			97.5% (Annual)
Total annual income accrued from Oportunitas for the Council	-	-	-	-			£275,000 (Annual)
			<i>This indicator is collated on an annual basis and not available quarterly. A figure will be available at the end of Quarter 4.</i>				
Total income collected from the Council's corporate property portfolio	£425,901	£434,720	£433,301	£621,593			£1.6 million (Annual)
Total income from Apprenticeships and commercial work for TDC, CCC and DDC	-	-	£6,646	£36,884			£75,000 (Annual)
Total value of Community Infrastructure Levy Liability notices	£60,369.63	£519,212.80	£52,347	£283,415			No Target
Total value of Community Infrastructure Levy receipts	£106,292.20	£57,021.90	£15,425	£173,548			No Target

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

Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020/21	Q2 Actual 2020/21	Q3 Actual 2020/21	Q4 Actual 2020/21	Target
% of calls received are answered	86.6%	84.6%	97.4%	91.8%			80% (Monthly)
Increase of customer self-serve transactions (compared to 2019/20)	-	-	-	-	-	-	5% (Annual)
			<i>This indicator is collated on an annual basis and not available quarterly. A figure will be available at the end of Quarter 4</i>				
% of customers satisfied with Web Chat service	90%	90%	94.1%	93%			88% (Annual)
Average number of days taken to process new claims for Housing Benefit	20	15.2	20.9	17			21 Days
Lifeline - Number of calls answered within 60 seconds	98.5%	98.2%	97.4%	97.1%			97.5% (Monthly)
			<i>The Lifeline team has answered 54,948 calls during Quarters 1 and 2. The number of calls answered fell short of targeted timeframes in both Quarters due to technology issues associated with remote working. Periodical issues with Skype and the Lifeline system (Jontek) have been experienced through loss of connectivity which has a direct negative effect on the answering of calls within the target timeframes. Further ways to improve the performance of systems are being investigated by the team.</i>				
Lifeline - Number of calls answered within 180 seconds	100%	99.9%	99.7%	99.7%			100% (Monthly)
			<i>See comment above</i>				
Council Dwellings -Average time taken to re-let council dwellings excluding major works	24.65 days	15.8 days	40.4 days	25.5 days			16.5 Days (Quarterly)
			<i>Re-let performance has been significantly affected by Covid-19 restrictions. Furloughed contractor staff and difficulty in sourcing materials during April-July is the main cause for an increase in void time, but delays to viewings/ re-lettings have also had an impact.</i>  <i>In light of lockdown restrictions lifting in Quarter 2 more viewings of properties have been taking place and Mears have brought their staff off furlough to complete necessary void works. Delays caused at the beginning of the year will have a knock-on effect on void times for the remainder of year, as the voids team need to catch up on existing repair work as well as turning around new voids ready for letting. However, the improvement in stats is encouraging and continues to reflect the hard work of our repairs team and Mears.</i>				
Council Dwellings - % of emergency repairs completed on time	99.62%	99.28%	99.75%	99.78%			98% (Quarterly)



Description	Q1 2019/20 Comparison	Q2 2019/20 Comparison	Q1 Actual 2020/21	Q2 Actual 2020/21	Q3 Actual 2020/21	Q4 Actual 2020/21	Target
Council Dwellings - % of routine repairs completed on time	97.66%	99.61%	99.67%	99.20%			90% (Quarterly)
All complaints will be acknowledged within 5 days as required in the policy	100%	99%	100%	100%			100% (Monthly)
All Freedom of Information / Environmental Information Requests to be responded to within the statutory period of (20 working days or lawful extension).	93.1%	90.7%	64.8%	87.4%			90% (Monthly)
			<p>Quarter 1: Performance decreased in early Q1 due to a combination of factors including, the sudden transition to exclusive remote working, staff sickness and the postponed start of a new team member due to being transferred to community hub work as a result of the coronavirus pandemic, which therefore impacted on the performance of the Information Governance team.</p> <p>Quarter 2: Performance has shown notable improvement due to the introduction of a previously recruited new team member, staff training, and adaptation to new home working requirements. Workload complexity has also eased following decision notices issued by the Information Commissioners Office (ICO) that upheld the Council's position on vexatious refusals, therefore freeing up the team to refocus their resources on processing the Council's outstanding caseload, which has put the team on a far firmer footing to achieve high performance moving forwards.</p>				
All Subject Access Request responses to be provided within the statutory period (1 calendar month or lawful extension).	55.5%	58.7%	16.6%	88.8%			100% (Monthly)
			See comments above				
Number of absence days per employee (Per full-time equivalent)	0.81	0.9	1.24	0.77			7 days (Annual)
Employee Net Promoter score	-	-	-	-			-20 or above (Annual)
			This indicator is collated on an annual basis and not available quarterly. A figure will be available at the end of Quarter 4.				

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This Report will be made  
public on 3 November  
2020

Report Number **C/20/47**

**To:** Cabinet  
**Date:** 11 November 2020  
**Status:** Key Decision  
**Head of Service:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader

**SUBJECT: UPDATE TO GENERAL FUND BUDGET 2020/21**

**SUMMARY:** This report sets out the proposed amendments to the General Fund budget for 2020/21 to reflect the impact of COVID-19 on the Councils financial position in year.

**REASONS FOR RECOMMENDATIONS:**

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

- a) The Local Government Finance Act 1992 requires authorities to set a balanced budget. Whilst a balanced budget was set in February for the financial year 2020/21 a number of financial pressures have emerged since due to the global pandemic. This paper seeks to address how the emerging budget gap will be managed.
- b) Cabinet has the authority to approve virements to the in-year budget.

**RECOMMENDATIONS:**

1. To receive and note Report C/20/47.
2. To approve the virements to the 2020/21 General Fund budget as set out within this report.
3. To note the current reserves position and the potential requirement upon them.

## **1. BACKGROUND**

- 1.1 This report sets out revisions to the general fund revenue budget for 2020/21. The original 2020/21 budget was built and agreed following an extensive process including revisions to the Medium Term Financial Strategy for the period 2020/21 to 2023/24 (reported to Cabinet 16 October 2019); development of the Budget Strategy 2020/21 (reported to Cabinet 13 November 2019); updates to the General Fund Medium Term Capital Programme (considered by Cabinet on 22 January 2020) and consultation & scrutiny on and the adoption of the detailed revenue budget during December 2020 & January 2021.
- 1.2 The final General Fund revenue budget for the year (2020/21) was recommended and adopted by Cabinet and Full Council (A/19/29) on 19 February 2020.
- 1.3 It is worth noting that when the Council's budget is adopted, in order to set the council tax we take 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 and individual town and parish council precepts. No changes are proposed to any of these items, nor are there any proposals to amend the level of Council tax for the district. The proposals contained within this report seek to allow the council to operate within the budget & Council tax requirement set in February 2020.
- 1.4 Since the budget for 2020/21 was adopted the COVID-19 pandemic has had a significant economic impact and the Council has not been immune from these financial challenges. Following an initial briefing paper in June to Cabinet outlining the potential scenarios, this paper now proposes some amendments to the 2020/21 budget for the general fund.

## **2. IMPACT OF COVID-19 ON GENERAL FUND REVENUE**

- 2.1 The Council's overall financial position coming into this crisis was strong. However, all authorities are experiencing financial challenges due to the scale of the economic impact of the pandemic and Folkestone & Hythe is not immune to these issues.
- 2.2 The financial impacts include:
  - Unbudgeted costs to manage the response required to support the community, residents and the economy of the district
  - Reduced income from the many of key fees and charges collected by the Council
  - Reduced income collected on behalf of the Council and all preceptors for Council Tax and Business Rates
  - The cashflow implications of being a billing authority
  - Maintaining the solvency of the Council both during 2020/21 and future financial years.
- 2.3 The report to Cabinet in June outlined the evolving picture at that time, and the requirements placed on local authorities have continued to grow. To

date they have included housing the street homeless, opening community hubs, providing support to the vulnerable in our district, administration of NNDR reliefs, award of mandatory and discretionary business grants, supporting the safe re-opening of high streets and track and trace programme, as well as the administration of the new self isolation payments & discretionary scheme. In addition to the requirements being placed on the Council centrally other pressures have arisen during this time, such as the additional enforcement requirements placed on the district due to our coastal geography.

- 2.4 At the time of writing the June paper many factors were unknown, including how quickly income streams may recover and what level of Government funding we could anticipate to receive.
- 2.5 The paper outlined differing scenarios but the mid-case scenario identified a potential budget gap of £4.93 million in 2020/21. At the time of writing the Council had been allocated total grant funding of £1,194k.
- 2.6 Now at the mid point of the year, our understanding of the impact is greater, and whilst there remain unknown impacts (such as the impact of furlough ending on 31 October), we are now able to establish a position to update the budget.
- 2.7 Cabinet considered an update to the General Fund revenue monitoring position in October. This anticipates a (net after funding known at the time) projected outturn at year end of £1.322 million. It is proposed that the revisions to the budget are based upon these assumptions.

### 3. FUNDING RECEIVED TO DATE

- 3.1 The table below outlines the funding received from Government to date in respect of the response to the pandemic:

	<b>£</b>
Tranche 1 funding (street homeless)	65,737
Tranche 2 funding	1,128,417
Tranche 3 funding	219,926
Reopening High Streets funding	100,751
Emergency assistance grant (via KCC allocation)	61,521
Enforcement grant	62,559
Track & trace grant (via KCC allocation)*	50,000
Anticipated Fees & Charges reimbursement (April-July)	347,850
Administration of self-isolation payments	27,738
New Burdens Grant	170,000
Rough sleeping grant	7,500
	<b>2,241,999</b>

\*awaiting confirmation

- 3.2 Since the quarter 2 budget monitoring position was determined further announcements have been made regarding tranche 4 funding, and the

Council has been awarded a further £609,785. This will reduce the Quarter 2 projected outturn position to £712k.

- 3.3 Further funding (75% of losses after 5% top-slice) for fees and charges for the remainder of the year is anticipated to be made available which would also reduce the anticipated year end gap, the quantum of this is not known at this stage.

#### 4. GENERAL FUND REVENUE BUDGET 2020/21

- 4.1 The projected year end deficit is a net position, building in all known grants, income and expenditure at this time. In year variance is to be expected however the level of variance this year is unprecedented for the Council. It is proposed to rebalance the 2020/21 budget through reductions in service budgets where the impact can be carefully managed and has minimal impact on residents.

- 4.2 To address the deficit the following service operational budgets are proposed to be reduced / grant funding applied as follows:

	£
Member Training	5,000
Conducting Elections (postponed due to COVID)	30,000
Legal Services – ICT Iken upgrade (alternative funding identified)	5,000
Planning Policy – Professional fees	1,500
Spotlight funding	30,000
Financial system upgrade (alternative funding identified)	54,000
Reduced postage costs	14,000
ICT Maintenance	10,000
Mobile telephones	5,000
DWP New burdens grant funding	150,000
VEP grant funding	18,800
Public conveniences	43,000
Pumping stations – transport costs	5,000
Pesticide motion (delayed to 2021/22)	30,000
Memorial Arch – maintenance costs	4,000
Car Parks – planned maintenance	20,000
Programme planned maintenance	50,000
Corporate estate – repairs & maintenance	25,000
Parks – materials	2,850
Royal Military Canal – planting	1,000
Royal Military Canal – drainage maintenance	3,000
Royal Military Canal – bridge maintenance	22,480
Engineers – Professional advice	20,000
	<b>549,630</b>

- 4.3 The proposed changes will be virements to the base budget and will reduce the anticipated year end deficit from £712k to £162k. Cabinet have the authority to approve virements to the budget.

## 5. RESERVES

5.1 The Council has a strong track record of managing its financial position prudently and effectively. As a result the Councils reserves are in a healthy position coming into this crisis. However, reserves can only be applied once and they may be challenging to replenish over the short term, they should therefore be deployed conservatively.

5.2 The current Earmarked reserves position is projected to be:

<b>Earmarked Reserve</b>	<b>Balance at 1/4/2020</b>	<b>Forecast 2020/21 Movement</b>	<b>Estimated Balance at 1/4/2021</b>
Business Rates	<b>5,699</b>	(4,300)	<b>1,399</b>
Carry Forward	<b>681</b>	(158)	<b>523</b>
Corporate Initiatives	<b>998</b>	(752)	<b>246</b>
IFRS Reserve	<b>30</b>	(23)	<b>7</b>
Invest to Save	<b>366</b>	(366)	<b>0</b>
Leisure	<b>497</b>	50	<b>547</b>
New Homes Bonus (NHB)	<b>2,360</b>	(19)	<b>2,341</b>
VET Reserve	<b>257</b>	(50)	<b>207</b>
Economic Development	<b>4,384</b>	(3,958)	<b>426</b>
Otterpool	<b>1,570</b>	(1,570)	<b>0</b>
Maintenance of Graves	<b>12</b>	0	<b>12</b>
Community Led Housing	<b>418</b>	(52)	<b>366</b>
Lydd Airport	<b>9</b>	0	<b>9</b>
Homelessness Prevention	<b>401</b>	0	<b>401</b>
High Street Regeneration	<b>3,000</b>	(934)	<b>2,066</b>
Climate Change	<b>0</b>	4,960	<b>4,960</b>
	<b>20,682</b>	<b>(7,172)</b>	<b>13,510</b>

5.3 In addition the Council holds General reserves of £3.31 million.

5.4 The Council holds reserves for four reasons main reasons:

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

5.5 After the application of the tranche 4 funding and the proposed virements, the remaining anticipated gap in 2020/21 is £162k. This is a manageable sum for the Council to operate within, and officers are working towards minimising costs so that there is no year end gap.

However, Members should note that if the remaining gap cannot be closed the use of reserves would be appropriate given the circumstances. There are no current identified plans for the use of the remaining Corporate

Initiatives earmarked reserve therefore it is proposed to utilise the remaining £246k should the year end position be an anticipated deficit.

5.6 The Council reallocated a number of reserves for 1 April 2020 to create the Climate Change reserve. This reserve is the largest earmarked reserve the Council holds. The current projected outturn position remains an early estimate and the full impact of the recovery is not yet known. There are no current plans to utilise this reserve to address the financial pressures of COVID-19 on the Council, but should the situation worsen the Council may need to consider the application of this reserve. Should this be required a further report will be brought forward.

5.7 Furthermore small year end variances can be managed through the Council's General Reserve as long as we maintain the reserve at a level of at least £2.5 million.

## 6. CONCLUSION

6.1 Cabinet is asked to agree the virements outlines within 4.2, and note both the government funding position and the potential application of reserves in respect of the General Fund budget for 2020/21. These amendments can be summarised as:

	£'000	£'000
Balanced budget 2020/21		0
Projected overspend (Q2)		1,322
		1,322
Tranche 4 funding	(610)	
Virements to identified budgets (4.2)	(550)	
		(1,160)
Revised projected overspend		162

6.2 The remaining projected overspend is anticipated to be funded from a combination of further fees & charges reimbursement (August onwards); prudent approach to spending; and potential application of reserves if required.

## 7. RISK MANAGEMENT ISSUES

7.1

Perceived risk	Seriousness	Likelihood	Preventative action
Deteriorating economic climate	Medium	High	Setting of a prudential budget and continuing strong financial control in the Council's decision making. The enhanced monitoring of the budget will continue for the remainder of the financial year.

Perceived risk	Seriousness	Likelihood	Preventative action
No further Government grants awarded	Medium	Medium	Monitor closely Government announcements and identify early action to address any potential issues. Lobby where necessary. Scope provided within recommendations for a marginal worsening of the position.
MTFS becomes out of date.	High	Low	The MTFS is currently being reviewed for reporting to Cabinet / Council in the Autumn.
Demand for services on behalf of the government continues without associated funding	High	High	Funding announcements will be closely monitored. Any requests for support will be evaluated and discussed with the relevant Portfolio Holder. We will seek to utilise base establishment resources in the first instance.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.

## **8. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **8.1 Legal Officer's Comments (AK)**

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.

### **8.2 Finance Officer's Comments (CS)**

The Financial implications are detailed in the report.

### **8.3 Diversities and Equalities Implications (CS)**

There are no direct diversities and equalities implications resulting from the recommendations of this report.

## **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](mailto:charlotte.spendley@folkestone-hythe.gov.uk)

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

- 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
- 19 February 2020 – General Fund Revenue Budget 2020/21 and Council tax setting
- 24 June 2020 – Financial Impact on 2020/21 of COVID-19
- 21 October 2020- General Fund Revenue Budget Monitoring – 2<sup>nd</sup> quarter 2020/21



This Report will be made public on 3 November 2020

Report Number: **C/20/51**

**To:** Cabinet  
**Date:** 11 November 2020  
**Status:** Key Decision  
**Corporate Director:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader of the Council

**SUBJECT:** Medium Term Financial Strategy 2021/22 to 2024/25

**SUMMARY:** The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document. It puts the financial perspective on the council's Corporate Plan priorities, expressing the aims and objectives of various plans and strategies in financial terms over the four year period ending 31<sup>st</sup> March 2025. It covers both revenue and capital for the General Fund. Also included are the Council's reserves policies. The MTFS is a key element of sound corporate governance and financial management.

#### **REASONS FOR RECOMMENDATION:**

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

- (a) The MTFS is the council's key financial planning document.
- (b) The strategy defines the financial resources needed to deliver the council's corporate objectives and priorities and covers the financial implications of other key strategies.
- (c) The council needs to be able to carry out an early assessment of the financial implications of its approved policies and strategies and also external financial pressures facing the authority to ensure that it has robust budgeting and remains financially viable.

#### **RECOMMENDATIONS:**

**Cabinet is asked to recommend to Council:**

1. To receive and note Report C/20/51.
2. To recommend that the Medium Term Financial Strategy, as appended to this report, is adopted.
3. To adopt the Reserves Policy outlined in appendix 2.

## **1. THE MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

- 1.1 The MTFS is the council's key financial planning tool and underpins the strategic approach to financial planning. It is a live document which needs to be periodically reviewed to reflect changing priorities and objectives. As the MTFS outlines the financial resources necessary to deliver strategic priorities, it should not be viewed in isolation but as part of the wider corporate process.
- 1.2 The council last reviewed the MTFS at its meeting of 16 October 2019. The attached MTFS has updated the document agreed at that point based on the work completed to date through the 2020/21 budget setting process, the preparation of the 2021/22 budget and the in year pressures created by the pandemic. The detailed budget strategy, which sets out the detailed preparation for the 2021/22 budget, will be presented to Cabinet at its meeting in December. The MTFS provides the medium term view of the financial position of the Council.
- 1.3 The attached document reflects a summarised version of the key financial elements facing the Council. It covers key areas of the council's finances and in particular updates the financial projections which are of importance at this stage of the process and considers emerging issues including legislative requirements and the emerging corporate plan. Whilst every effort has been taken to incorporate the impact of the pandemic both on the Councils finances and the wider economic impact it may be necessary to review the assumptions in this document before the normal annual review next autumn, any changes will be reported to Cabinet and Council in due course if required.
- 1.4 As in recent years, local authority financial management is set against a background of uncertainty and the MTFS is subject to influence outside the authority's control. The Chancellor announced a one-year Spending Review in October 2020, in order to "prioritise the response to Covid-19, and our focus on supporting jobs". The Provisional Settlement is anticipated to follow the Spending Review announcements in late November.
- 1.5 The current strategy has been developed in the context of this period of uncertainty. As such, assumptions have had to be made with regard to future income streams and assessments of future government grant and permissible increases to Council Tax. Although these are very much best estimates, they are taken in the context of the current economic climate and the uncertainties identified above. As such, a difficult but realistic forecast of income trends has been incorporated into this MTFS model.
- 1.6 There is a long term pressure upon the finances of the Council. The pressures are a combination of continued downward projections of central government support for local authorities, cost pressures and the impact of COVID-19 on a variety of aspects of the Councils financial position.
- 1.7 The current MTFS forecasts a cumulative funding gap of £13.7 million over the lifetime of this MTFS. Much of this pressure is faced year on year and therefore if addressed through the base budget in the early part of the MTFS

would significantly reduce this cumulative picture. The table below also shows the deficit over the period of the MTFS.

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Deficit	3,456	3,615	3,423	3,197

- 1.8 The position set out above is in advance of the budget strategy which will be presented to Cabinet at its meeting in December. That will seek to address the detailed measures to consider the deficit for 2021/22 in terms of identifying savings but also any known cost pressures. In light of the increasing pressures facing the council, all budget considerations will also look at the impact in future years and the sustainability of any options.
- 1.9 The MTFS covers the key aspects of the Council's future plans to address the projected deficit and also to place the Council on a sustainable and secure footing for the future. This is an overarching view and detail will be found in subsequent reports to Cabinet and Council.
- 1.10 The MTFS is included at Annex A to this report and sets out the financial forecast for the Council.

## 2. RISK MANAGEMENT ISSUES

- 2.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
The Council does not remain up to date up to date with changes in legislation and other developments.	High	Low	Financial Services are keeping abreast of finance changes.  Assistant Directors and Chief Officers to keep up to date with / communicate changes to their areas of work.
Assumptions may be inaccurate	High	Medium	Budget monitoring process is up to date and a close eye is being kept on financial developments nationally. Assumptions are constantly reviewed and amended in light of

			information received. The MTFS was completely refreshed with service input from all areas during Autumn 2020.
Local Government Finance Settlement is worse than anticipated.	High	Medium	Realistic assumptions have already been included and any new information is being assessed as to its likely impact. This is subject to ongoing review especially given the changes in future funding arrangements.
MTFS becomes out of date	High	Low	This is reviewed annually through the budget process.
Significant financial shocks worsen the current position of the council	High	Medium	There is ongoing monitoring of the overall financial position and climate and by adopting the MTFS a longer term time horizon is maintained to anticipate and respond to uncertain events. A prudent approach to the impact of COVID on assumptions have been made.

### 3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

#### 3.1 Legal Officer's Comments (AK)

There are no legal implications arising out of this report.

#### 3.2 Finance Officer's Comments (CS)

There are no direct financial consequences arising from this report. However the strategy will influence the management of the council's resources ensuring that the focus is on the objectives and targets outlined in the corporate plan.

### **3.3 Diversity and Equalities Implications (CS)**

There are no diversity and equality implications arising from this document. When the budget for 2021/22 is prepared, an Equalities Impact Assessment will be completed.

## **4. 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*

*Tel: 07935 517986 E-mail: [charlotte.spendley@folkestone-hythe.gov.uk](mailto:charlotte.spendley@folkestone-hythe.gov.uk)*

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

No background documents have been used.

### **Appendices:**

Medium Term Financial Strategy 2021/22 – 2024/25

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# MEDIUM TERM FINANCIAL STRATEGY

## 2021/22 TO 2024/25

(Version produced in October 2020)



## **MEDIUM TERM FINANCIAL STRATEGY**

### **Introduction**

This document sets out the key challenges and approach of the Council in relation to Folkestone and Hythe District Council's Medium Term Financial Strategy ('MTFS') for the next four years. The MTFS provides an integrated view of the whole of the council's finances and it also maps out the objectives to be secured, policies to be applied and risks to be managed over the period.

Since the introduction of austerity in 2010, local government has taken a disproportionately large share of the reductions in public expenditure as part of efforts to balance the nation's finances and the previously integral part of Local Government funding that was Revenue Support Grant is now a thing of the past for the District. The current national picture is heavily influenced by COVID-19, and whilst the Council has received a substantial amount of government funding in 2020/21 there are currently no commitments regarding longer term funding for local authorities.

The long term funding picture is unknown and the previously planned 3 year Comprehensive Spending Review (CSR) and Fair Funding Review have been delayed and a one year Spending Review is now anticipated to inform the 2021/22 budget. The result has been to a large extent that a continuation of the funding status quo has been anticipated through the modelling including no further New Homes Bonus allocations and the limit needed for a council tax referendum.

In response to this financial challenge, local government has innovated, streamlined services and increased productivity over recent years. The Government's plans to devolve more responsibilities to local government through the localisation of business rates have been delayed. The devolution of business rates is intended to be fiscally neutral but the details of how this will work are currently being developed alongside the Fair Funding Review. This will bring both risks and opportunities for the council.

The MTFS is a critical document in setting out the council's approach to establishing a strong financial base to enable the council's policies and priorities to be delivered whilst ensuring the council's finances are sustainable. Within the document are some key issues which will need to be tackled. The annual budget setting process will set out the detailed actions required to meet these but will in all cases be consistent with the direction and objectives of the MTFS.

### **Folkestone and Hythe Council - the Current Position**

Folkestone and Hythe Council covers an area of 140 square miles and has a population of just over 100,000 people with approximately 48,200 dwellings in the district. The council has responsibility for a wide range of services including waste collection, planning, environmental enforcement, housing and homelessness, parking and grounds maintenance. In 2020/21 it planned to spend approximately £18.3 million per annum net revenue expenditure on services.



## **The Council's Aspirations**

The Council is in a transitional period between Corporate Plans which outline the vision and strategic objectives of the council, the existing plan which concludes in 2020 had a focus on:

### **Investing for the next generation – delivering more of what matters**

As a council, to help achieve the vision for the district, our strategic objectives are:

- More Homes
- More Jobs
- Appearance Matters
- Health Matters
- Achieving stability
- Delivering Excellence

The council is currently consulting on a new long term Corporate Plan which also encapsulates the Recovery Plan in respect of the pandemic. It is anticipated that the Recovery Plan will be the short to medium term focus of activities, and the wider strategic aims to focus through to 2030. The key elements of the plan are anticipated to be (subject to consultation):

### **Creating Tomorrow Together**

- **Support a thriving economy**, reinvigorating our high streets and town centres, backing a vibrant and diverse business community and helping people to access jobs, opportunities and skills

- **Build homes and infrastructure for the future**, delivering new, high-quality affordable housing and a safe, accountable housing service, improving our support for homeless people and delivering a sustainable new development at Otterpool Park. We will also actively support the delivery of faster broadband connectivity
- **Deliver excellent community services**, putting safer communities at the heart of everything we do, ensuring greater community resilience and improving health and wellbeing
- **Ensuring a quality environment**, making sure that we get the basics right in providing a clean, attractive and safe environment, increasing our resilience to climate change and reducing waste

In addition the plan is built on five key principles that will be considered in all we do. They are:

- **Locally Distinctive**
- **Sustainable Recovery**
- **Greener Folkestone & Hythe**
- **Accessible, Accountable, Stable & Transparent**
- **Continuous Improvement**

The Corporate Plan is currently being consulted on and is anticipated to be adopted by the Council in January 2020. The development of a strategic action plan is also underway which will provide the golden thread between the Corporate Plan and teams service plans.

The Council established a number of dedicated working groups with cross party representation to consider emerging and significant projects within the Council. These included work on High Street Regeneration, Corporate Governance, the development of the plan itself and the development of a Climate Change & Ecological Action Plan.

The Council will continue to deliver a range of major projects and initiatives focusing on putting the community and our customers first, whilst ensuring our financial stability, including the conclusion of the Council-wide transformation programme alongside realising development projects at sites including Mountfield Industrial Estate, Biggins Wood and ultimately, Otterpool Park – a garden town for the future.

### **Strategic Financial Objectives**

The MTFs covers all areas of the council spending and is underpinned by the strategic financial objectives as set out below:

- To maintain a balanced Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.

- To maximise the council's income by setting fees and charges, where it has the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs.
- To ensure a long term sustainable view is taken of any investments and the appropriate risk analysis is provided in considering those.
- To set a rate for Council Tax which maximises income necessary for the council to deliver its strategic objectives but ensures that government referendum limits are not exceeded. The percentage increase will be reviewed annually.
- To ensure resources are aligned with the council's strategic vision and corporate priorities.
- To consider and take advantage of commercial opportunities as they arise to achieve a commercial return
- To maintain an adequate and prudent level of reserves.

The council faces a number of difficult decisions if it is to achieve its corporate priorities. Effective prioritisation and management of resources therefore continues to remain significant for the coming years.

Supporting the production of the delivery of sound financial planning for the Council are several Council wide documents and programmes including:

- The Corporate Plan 2017 - 20 the key objectives of which are set out above
- The draft Corporate Plan 2021 – 2030 'Creating Tomorrow Together'
- Economic Development Strategy
- The Medium Term Financial Strategy
- The HRA Business Plan
- The Council's Capital Strategy and Investment Strategy
- The investment in longer term strategic developments to secure the financial future of the council
- The development of the garden town at Otterpool Park with a long term financial benefit for the council and establishing sustainable communities for the future
- A sustainable and prudent reserves policy to underpin the financial resilience of the council
- The conclusion of the Transformation programme, and a shift towards continual improvement seeking to embed the new operating model and deliver efficiencies whilst improving the customer experience & enhance our digital technologies.

The range of documents and approaches provides the overall strategy of the council in delivering its future agenda and as a combination they are owned by the council as a whole. This MTFs brings together the financial strands of that approach in the context of the current financial climate.

## **Budget Process**

The MTFS represents an overarching view of the finances of the organisation. It is the document that takes a medium term look at the financial environment the Council is operating in and looks to anticipate future demands and pressures so the Council can take longer term decisions over its financial sustainability. In addition to this, there are a number of key documents which contribute to the overall financial health of the organisation. These are:

- The Budget Strategy. This is produced on an annual basis and sets out the strategy for setting and managing the budget for the following financial year. It is here the detailed decisions on expenditure are taken including determining key growth and savings for the year ahead. MTFS assumptions are also refined for further details where available.
- The detailed revenue estimates. These are the operational detail for the following year's budget and form the basis of the following years budget monitoring and management.
- The Medium Term Capital Programme. This sets out the Council's capital expenditure plans over the medium term. This also informs the revenue budget of the costs and implications of any proposed developments.
- The Housing Revenue Account. This sets out the annual capital and revenue budget for the Council's housing stock and links to the 30 year business plan.
- The Treasury Management, Capital and Investment strategies. These documents set out the approach to managing the cash available to the Council and how to maximise its value to the Council. They also consider all of the Council's investments and plans to achieve future returns over the longer term.
- Fees and Charges. This sets out a corporate view of the fees and charges which are levied by the Council for consideration each year.

Together these reports lead to the final council tax setting report and the agreement of the budget for the following year.

## **Financial Pressures and Projections**

Recent years have seen significant shifts in funding for the local government sector. The spending review in 2015 confirmed a transition away from direct central government grant and for Folkestone and Hythe the grant was consistently reduced from £4.901 million in 2013/14 to nil. This is in line with the government's intention to see more money raised locally to provide local services.

Further delays were announced in April 2020 to the government's major review of the funding of local authorities known as the Fair Funding Review. The review was anticipated to make major changes in the structure of local government finance including local business rates retention at 75%, a revised allocation of resources and new arrangements to replace the New Homes Bonus to reward those Councils which support home building. A one year spending review (CSR) has now been confirmed and the details of which will be made available in November 2020.

Both the current year review and the wider Fair Funding Review create a degree of uncertainty to the projections made within the MTFS. Funding will need to be carefully monitored as announcements are made and factored in to plans, once available.

The pandemic and its fundamental impact upon the council’s financial position and wider economic environment have added further to the complexity to the assumptions within this version of the MTFS. 2020/21 has been significantly influenced by the pandemic with significant reductions in fees and charges income, collection fund income and additional cost pressures within a number of service areas. These pressures have been mitigated by controlling spend in year, and a significant sum (currently in excess of £2m) of government grants being awarded. There may be a need to utilise reserves in-year. The MTFS has sought to consider the trends both of the initial impact of COVID-19 and also the early stages of recovery to map out the potential impact during the term of the MTFS. The ‘most-likely’ scenario mapping has assumed a 2 year economic recovery period for factors affecting the Councils own financial position.

Acknowledging the future uncertainty, the forecasts set out below have recognised the current service levels plus any known and agreed variations. They are based on a continuation of those service levels and reasonable assumptions in relation to pay and price inflation and other known pressures. The forecast is based on a mid-range scenario and will need to be updated in line with government announcements and as new information becomes available. The current forecast is set out at Table 1 below:

Table 1 – Medium Term Financial Forecast

Financial Forecast	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Deficit	3,456	3,615	3,423	3,197
Cumulative Deficit	3,456	7,071	10,494	13,691

The table identifies the ongoing pressure the Council is facing. A more detailed presentation is attached at Appendix 1. Some of the underlying assumptions and drivers are set out in the paragraphs below:

### **Council Tax**

Council Tax is one of the key funding streams for the council and accounts for approximately two thirds of the Council’s income. Although this is a significant funding source, it is subject to restrictions by central government. The Localism Act included a requirement to hold a local referendum if any Council Tax increase is deemed ‘excessive’ and this level is currently set at 2% by central government. Final details will be confirmed when the Local Government Finance Settlement is announced later this year of the referendum limit for 2021/22.

The MTFFS has assumed an ongoing Council Tax increase of 2% per annum however this will be subject to a Political decision on an annual basis dependent on circumstances in that time.

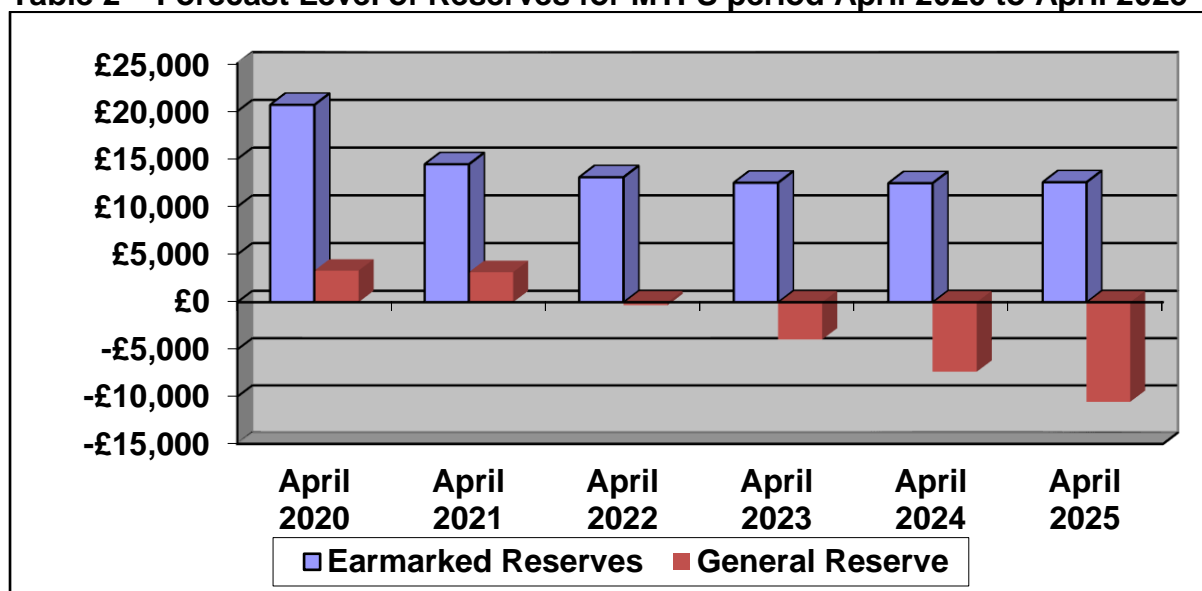
### Use of Reserves

The council has a level of reserves which provides it with some protection against the difficult economic times such as the current volatility due to COVID-19. The level of reserves currently held by Folkestone and Hythe gives it a secure financial base however it is important to have an appropriate balance between supporting the financial position of the Council and planning the delivery of services. The Council has identified specific uses for much of the reserves including setting aside sums to support the regeneration of High Streets and sums to support the Council’s carbon net zero ambitions amongst other key priorities. Whilst the Council will seek to continue to add to earmarked reserves and seek to deploy them for their intended purpose, in the current financial climate it may be necessary to deploy reserves.

**Appendix 2** to this report sets out the council’s overall reserves policy and the context in which decisions are made as to the appropriate level of reserves.

The council’s prudent approach to reserves means that a number of investments have been made using reserves to support initiatives such as Oportunitas and the Empty Homes programme. Table 2 below shows the forecast level of reserves for the period of this strategy.

**Table 2 – Forecast Level of Reserves for MTFFS period April 2020 to April 2025**



### New Homes Bonus (NHB)

The New Homes Bonus was introduced in 2011/12 and has become an important funding source for councils. It is designed by Central Government to incentivise new house building. Local authorities are rewarded with a financial bonus, equal to the national average Council Tax on each additional property built and paid for the

following six years after the occupation as a non-ring fenced grant. This bonus is currently split in two tier areas 80% to the District Council and 20% to the County Council and includes where properties which have been empty for more than six months are brought back into use. There is also an enhancement for affordable homes.

The future of the New Homes Bonus was reviewed for the 2017/18 financial year with the length of time it is paid reduced from 6 years to 5 years (for the 2017/18 award) and to 4 years from 2018/19 onwards. A “baseline” of 0.4% growth was also established before any bonus was paid. These funds were used to support those authorities with adult social care responsibilities.

The government set out its intention to end New Homes Bonus, however with the delays to the Fair Funding Review its future for 2021/22 remains unclear. The intention is to replace this mechanism with a different means of incentivising and rewarding housing growth. The detail of this is unknown at this time so the MTFS does not assume any further awards in this respect. At present, Folkestone and Hythe has a reserve of previous New Homes Bonus awards (only a proportion was utilised in year to support services with the remaining amounts being set aside within a reserve to fund the additional cost of services over future years). This reserve will deplete by 2022/23 if the current arrangements come to an end with no compensating alternative.

### **Business Rates (Non Domestic Rates)**

From 2013, the government introduced a scheme through which local authorities would be able to retain a proportion of any business rates growth above a set baseline. The purpose was to give local authorities a financial incentive to encourage and foster economic growth within their area and to work collaboratively with other authorities and business organisations to achieve that growth. Whilst this scheme has been broadly welcomed by local authorities, there are concerns over the potential volatility of this income stream with the level of appeals and that even a small variation in the overall revenue generated can carry a significant financial impact. The government is currently undertaking a review of how business rates operate and has stated its intentions to achieve 75% localisation of business rates, the commencement of this proposal has been delayed due to the pandemic.

With regard to the MTFS, the Council has welcomed the emphasis on economic growth but has been cautious about building this into the base budget. Part of this is due to the impact of appeals and the volatility of the income which makes it more complex to forecast. Where possible, any surpluses have been placed within a reserve until there is a degree of certainty that they can be used which may well not be until the following financial year. This is prudent management to manage the natural fluctuations of the business cycle.

The role of business rates in the funding of the Council will be affected by the Fair Funding Review. The full impact of this will only become clear during 2021 as proposals are developed. This adds a further element of uncertainty to the projected position and suggests caution is needed in any future projections.



## Climate Emergency

At its meeting of 24 July 2019, the Council approved a motion recognising that there is a climate emergency. The full motion can be found here:

<http://www.folkestone-hythe.gov.uk/moderngov/documents/g4581/Public%20minutes%2024th-Jul-2019%2019.00%20Council.pdf?T=11>

As a result of this, the Council has agreed to commit to a number of activities which will reduce its carbon footprint and which will move towards a carbon neutral district. A Working Group has been established to consider the options and implications and an Action Plan is anticipated to be considered in early 2021. The financial implications of the Action Plan will be considered once it is available and built into future versions of the MTFS. As the budget cycle progresses, it is to be expected the financial impact of this will become clearer and can be incorporated into the financial plans of the council. The Council reallocated a number of reserves to the Climate Change reserve during 2020/21 and this reserve currently holds £4.96 million.

## Future Strategies

The current forecast means that there will need to be significant work undertaken to address the forecast deficit. Set out below are some of the key areas to be developed through the 2021/22 budget strategy and beyond to address those financial challenges.

**Transformation:** The Council has undertaken a major review of its operations and is working to radically change how the Council operates and its relationship with its customers. This is based on a complete review of its operation and involves a significant investment in technology. The programme was approved at Council on the 28th February 2018 and will produce ongoing savings for the Council. To date around £1,000,000 per annum has been identified. There are 2 more phases of the programme remaining however the aim is to implement continuous service improvement philosophy to maintain the development of the Council.

**Strategic Investments:** The Council is looking to take advantage of its position with a number of developments to produce financial returns whilst at the same time supporting the delivery of housing and regenerating parts of the district. The largest development is that of the proposed new town at Otterpool Park and options are being explored to generate future revenue and capital streams. A full financial model was completed in 2019 to consider the long term potential returns from the development. During 2020 the Council acquired its partner's stake in the site and now has full control of the project. Also during 2020 the Council established a LLP to manage the delivery of the project. The LLP's first Business Plan will be considered by the Council in early 2021. Other areas include the developments at Varne and the Biggins Wood site which are expected to produce financial returns for the Council in the long run.

**Commercial Opportunities:** The Council will seek to take advantage of commercial opportunities wherever possible to cover costs and to review our fees and charges in order to maximise benefit in line with corporate objectives.

A **financial review** of previous years' out turn and our base budget to ensure maximum value is obtained from those resources already allocated – effectively to ensure financial discipline and good housekeeping are maintained. This is a fundamental annual review of our current operations in order to maximise the use of our current resources.

Using **reserves** in a sustainable and prudent manner to support the council's strategies and priorities. These are informed by the reserves strategies at Appendix 2 and it is recognised that these can only be used on a "one off" basis. However, they can play an important part in supporting initiatives or investments which can produce benefits in the future. The current financial climate means the Council may need to utilise reserves in the short term to protect front line services whilst its longer term plans are brought to a conclusion.

Using opportunities as they arise including government initiatives or incentives. In particular, the Council will seek to participate in the Business Rates Pooling scheme to maximise the financial benefit from this area. It will also seek to utilise Flexible Capital Receipts where possible to fund the transformation programme and to take pressure off the revenue account. All these are managed on an ongoing basis.

To maintain the council's financial standing it is important that it continues its proactive approach to financial planning and ensures that the savings plans are deliverable and that any investments are focussed on the financial health of the authority.

### **Housing Revenue Account**

The council has a separate account, the Housing Revenue Account (HRA) which supports local authority housing throughout the district. The HRA is now required to produce a 30 year business plan which demonstrates the affordability and sustainability of the management and investment in the council's housing stock. This financial plan was reviewed and updated by Council at its meeting of 19 February 2020. This report marked a significant shift in the Council's new build and acquisitions programme for the HRA over the coming 10 years. The report (A/19/30) can be found here:

<http://sdc-intranet/moderngov/documents/g4587/Public%20reports%20pack%2019th-Feb-2020%2019.00%20Council.pdf?T=10>

The Council returned the Housing service back in-house following service failures and a review of options in 2019. The service returned in house on 1 October 2020. Work on a Stock Condition Survey is underway to shape the future investment in the stock and determine the Asset Management Strategy for the service. A revision to the HRA Business Plan is anticipated in the Summer of 2021 once this work is complete.

### **Medium Term Capital Programme**

The Medium Term Capital Programme sets out how capital resources are used to achieve the council's vision and corporate priorities. Funding for capital projects is limited and where possible external funding is used to supplement the programme.

The council has an affordable Capital Programme and this is assessed against business cases taking into account future resources to support projects. A strategy has been adopted which will look to utilise capital receipts to support investments for the council. Demand for financing potential new projects continues to outweigh the funding available and developments such as Otterpool Park will need to be prioritised as part of the programme.

The main strategic objectives of the Capital Programme, which provide the underlying principles for financial planning, can be summarised as follows:

- To maintain a five year rolling Capital Programme which remains within the approved affordable, sustainable and prudential limits.
- To ensure capital resources are aligned with the council's strategic vision and corporate priorities by ensuring all schemes are prioritised according to the council's prioritisation methodology.
- Prudential Borrowing to be undertaken to support the councils priorities where there is a business case for it to do so and there are sufficient monies to meet in full the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking external funding to support council priorities and disposing of surplus assets.
- To use internal resources alongside external resources where appropriate to support the capital programme and minimise any borrowing costs.

The council forecasts its capital programme over a 5 year period and the latest position is set out in the report to Cabinet on 11 November 2020. This paper will also be considered at Full Council on 25 November 2020. This report is an update to the MTCP.

### **Risks and Sensitivities**

In considering the future projections, it is recognised that there are unknowns which could impact upon the existing forecasts. The MTFS should be seen not as a static document but rather one that is constantly evolving as the environment around it changes. Some of the key risks and sensitivities which need to be monitored are mentioned below.

- Economic conditions. The impact of the economic cycle will need to be considered particularly in relation to business growth, inflationary pressures and interest rate movements. The impact of changes and any impact on public finances will need to be fully evaluated on the financial model.
- Impact of COVID-19. The pandemic has had a significant impact on both the Councils finances and the wider economy of the district. This version of the MTFS has been significantly influenced by COVID-19 but the full and medium term impacts are not clearly understood at this time and therefore assumptions will need to continue to be evolved.
- Impact of the Transition Period. The impact of the UK's departure from the EU is one that is unclear and may impact both politically and economically on the country.

- Government Finance Legislation. There are key pieces of government legislation which will impact upon the future financial position of the council. In particular the impact of the localisation of business rates and any additional responsibilities will need to be fully evaluated as well as the government's current Fair Funding Review of local government finance which are now anticipated to be introduced in 2022.
- Other Government Legislation. There are a significant number of political initiatives particularly in relation to localisation and the role of local government. These will need to be assessed for their relevance to Folkestone and Hythe and the impact on future finances.
- Buoyancy of income streams. These will be sensitive to changes in consumer confidence and the economy so will need to be closely monitored.

## **Conclusion**

The MTFS represents the collation of the key financial documents which looks to forecast the likely financial position the council will be facing over the next 4 years. It is the critical financial planning tool for the council and will provide the overall steer for the ongoing discussions throughout the annual budget cycles in dealing with the current economic climate.

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	Most Likely	Most Likely	Most Likely	Most Likely
	<i>Base</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	£	£	£	£
<b>Heads of Service</b>				
Leadership Support	936,000	955,000	955,000	955,000
Transition and Transformation	34,000	34,000	34,000	34,000
Governance and Law	4,962,000	5,792,000	5,832,000	5,932,000
Human Resources	663,000	663,000	663,000	663,000
Finance, strategy and Corporate Services	6,189,000	6,266,000	6,193,500	6,121,000
Strategic Development	1,267,000	461,000	461,000	461,000
Economic Development	1,011,000	426,592	426,592	426,592
Planning	532,000	607,000	607,000	532,000
Operations	1,266,000	2,040,906	1,746,248	1,071,374
Housing	997,000	3,525,750	3,525,750	3,455,750
Place	2,435,000	2,560,000	2,480,000	2,435,000
Changes not attributed to services	0	100,480	201,965	203,974
Recharges to non GF accounts	-2,000,500	-4,980,500	-4,991,900	-5,003,517
Unallocated net employee costs	65,000	222,583	566,232	864,985
<b>Total for Service</b>	<b>18,356,500</b>	<b>18,673,811</b>	<b>18,700,387</b>	<b>18,152,158</b>
Internal drainage board levies	474,089	483,571	493,242	503,107
Interest payable and similar charges	486,450	859,450	902,450	829,450
Interest and investment income	-793,200	-754,000	-812,000	-810,000
New Homes Bonus grant	-1,422,422	-830,167	-493,272	0
Other non-service related grants	-1,791,912	-1,852,673	-1,873,121	-1,910,584
Town and Parish Council Precepts	2,548,751	2,548,751	2,548,751	2,548,751
Minimum revenue provision adjust.	874,000	886,000	1,189,000	1,176,000
Financing of fixed assets	1,678,710	1,026,000	165,000	165,000
<b>Net Revenue Expenditure Before Use Of Reserves</b>	<b>20,410,966</b>	<b>21,040,742</b>	<b>20,820,437</b>	<b>20,653,882</b>
Net transfers to/from reserves	-3,613,107	-1,361,503	-576,861	-47,900
<b>Total To Be Met From Taxpayers &amp; Formula Grant</b>	<b>16,797,859</b>	<b>19,679,239</b>	<b>20,243,576</b>	<b>20,605,982</b>
Net business rates income	-3,753,186	-3,482,966	-3,525,903	-3,596,421
Council Tax Requirement	-13,044,673	-12,740,350	-13,102,601	-13,586,097
<b>Surplus/(deficit) to General Reserve</b>	<b>0</b>	<b>3,455,923</b>	<b>3,615,071</b>	<b>3,423,464</b>

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## **Appendix 2 – Reserves Policy**

### **INTRODUCTION**

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

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

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

Reserves can be held for four reasons:

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

Such reserves are generally referred to as earmarked reserves.

### **WHAT ARE RESERVES?**

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

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

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

## **LEVEL OF RESERVES**

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

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

- The reserves must primarily be used to fund one off expenditure.
- Any recurring item may only be funded from reserves if plans are in place to replenish the reserve within 36 months.
- Any unplanned revenue income receipt should be put in reserves pending any future decisions as to its use.
- Reserves should be maintained at a sustainable level to ensure an adequate working balance is maintained.
- Reserves may be used as part of a planned process to balance the budget in order to avoid short term responses which may not be in the best interests of the council.

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

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

## **ASSESSING THE ADEQUACY OF RESERVES**

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

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

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

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

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

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

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

The budgetary assumptions cover:

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

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

### **Allocation of Reserves**

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

## Budget Assumptions

These are set out in detail within the Budget Strategy and a sensitivity analysis has been undertaken regarding the financial forecasts for the next five years. The council is responsible for a number of demand led budgets which are difficult to control.

The council has identified its strategic financial risks and has carried out an assessment of that risk. Based on this analysis, the following levels are considered appropriate:

## Required Levels of Reserves

	Minimum Level £m
General Fund	1.5
Housing Revenue Account	2.0
Capital Receipts	0.5

The minimum level of the General Reserve balance has been arrived at after assessing the strategic financial risks faced by the council.

The table above shows that a minimum General Reserve balance of £1.5 million should be maintained until the 2024/25 financial year. This level will be monitored and should be addressed as savings proposals are developed and implemented over the term of this plan. The HRA minimum balance has been set at £2.0 million as part of the preparation of the HRA business plan.

## OPPORTUNITY COST OF HOLDING RESERVES

Having set minimum levels, the opportunity cost of holding reserves needs to be considered. All balances are used to either reduce temporary borrowing or are invested subject to other cash flows. Therefore in measuring any opportunity cost of holding these reserves, consideration needs to be taken of the interest saving. The opportunity cost of holding the reserves is therefore a judgment whether the 'worth' of expenditure foregone is more than the income generated. Given the current economic climate it is a balanced judgement as to whether to invest / spend reserves or to hold these. As part of the MTFs and budget setting, an assessment of the adequacy of reserves and the associated risks will be made annually.

## REPORTING FRAMEWORK

The level of reserves is continually monitored and a full review is undertaken each year.

This Report will be made public on 3 November 2020

Report Number **C/20/46**

**To:** Cabinet  
**Date:** 11 November 2020  
**Status:** Key Decision  
**Head of Service:** Charlotte Spendley – Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader and Portfolio Holder for Finance

**SUBJECT: UPDATE TO THE GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME**

**SUMMARY:** This report updates the General Fund Medium Term Capital Programme for decisions which have occurred since the Council approved the budget on 19 February 2020. It also considers a proposal to provide loan funding met from prudential borrowing to Veolia Environmental Services Limited for the provision of the new fleet and equipment required for the new Waste, Recycling and Street Cleansing Contract. Changes to the Capital Programme are required to be submitted to full Council for consideration and approval.

#### **REASONS FOR RECOMMENDATIONS:**

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

- a) 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.
- b) Proposed changes to the General Fund Capital Programme need to be considered before being submitted to full Council for approval.

#### **RECOMMENDATIONS:**

1. To receive and note report C/20/46.
2. To seek full Council approval to update the General Fund Medium Term Capital Programme for the changes outlined in section 2 of the report.
3. To seek full Council approval to include a budget of £4,052,000 in the General Fund Medium Term Capital Programme to provide loan funding met from prudential borrowing to Veolia Environmental Services Limited for the provision of the fleet and equipment required for the new Waste, Recycling and Street Cleansing Contract.
4. The Director of Place to be authorised to incorporate terms within new the Waste, Recycling & Street Cleansing Contract to provide funding of the new vehicle fleet in return for contract savings as outlined.

## 1. INTRODUCTION AND BACKGROUND

- 1.1 Full Council approved the current General Fund Medium Term Capital Programme (MTCP) for the five year period to 31 March 2025 on 19 February 2020 (minute 101 refers). Since then there have been several decisions taken regarding General Fund capital schemes which have a budget impact and require being submitted to full Council for consideration and approval to update the MTCP. This report summarises the changes to the individual capital schemes arising from these decisions including the impact to the capital budgets and financing resources for them.
- 1.2 This report also outlines a proposal, in conjunction with Dover District Council (DDC), to provide loan funding met from prudential borrowing to Veolia Environmental Services Limited (VES) for the provision of the new fleet and equipment required for the new Waste, Recycling and Street Cleansing contract which will generate an annual saving to the Council over its eight year term.

## 2. CAPITAL PROGRAMME CHANGES

- 2.1 The capital schemes where decisions have occurred since the current MTCP was approved are summarised in the table below:

<b>Scheme</b>	<b>Decision</b>	<b>Budget Increase</b>	<b>Funding Change</b>
1. Purchase of former Debenhams Building, Folkestone	11/03/2020 - Urgent decision under Council's scheme of delegation. Purchase completed 01/05/2020.	£2,346,000	Met from the Economic Development and High Street Regeneration Reserves
2. Mountfield Road Industrial Estate Phase 2 – To provide infrastructure and services to a 5 hectare site enabling its use to provide much needed employment space creating up to 450 new jobs	August 2020 - Approval in principle by South East Local Enterprise Partnership of a £3.5m grant from its 'Getting Building Fund' to fully fund the site infrastructure costs.	£3,500,000	Met entirely from the SELEP Getting Building Fund grant
3. Biggins Wood Development – Land remediation	September 2020 - Approval in principle by Homes England	£1,150,000	£1,016,000 from the Homes England Grant

and infrastructure works to enable the Commercial and Housing developments to proceed.	of a grant of £1.016m towards the estimated cost of £1.7m. The Council has already provided £0.55m towards this cost in the existing MTCP budget		£134,000 from the Economic Development Reserve
4.Electric Vehicle Charging Points	Scheme approved by Cabinet on 21 October 2020 (Report no. C/20/37 refers)	£40,000	Met from the Climate Change Reserve
<b>Total Budget Increase</b>		<b>£7,036,000</b>	

2.2 Both the SELEP Getting Building Fund grant and the Homes England grant have been agreed in principle. No work to be funded from these grants will commence until the final funding agreements are in place. The use of the revenue reserves outlined above has been factored into the Council's medium term financial planning.

### **3. WASTE, RECYCLING AND STREET CLEANSING CONTRACT – FUNDING OF FLEET REQUIREMENTS**

#### **3.1 Background**

3.1.1 Cabinet on 22 July 2020 agreed the award of the new joint Waste, Recycling and Street Cleansing Contract to VES. Included within the overall contract cost of the new agreement was the provision of new fleet vehicles and other equipment to service the contract for the waste collection and street cleansing operations.

3.1.2 During the procurement dialogue stages the option was discussed with bidders for the councils (FHDC and DDC) to fund the capital purchase of the new vehicle fleet and other equipment. This option was included in the final tender document and bidders were asked to provide a revised contract cost with the councils providing the funding of the new fleet.

3.1.3 The intention was to consider this option post award as the financial benefits would need to be assessed based on current borrowing rates. For the procurement award the contract price evaluation was completed on the basis that the contractor will fund and purchase the new fleet.

3.1.4 The councils have not committed to fund the purchase of the new vehicle fleet and all decisions to award the contract have been made on the default position that the contractor will fund. The decision to be considered is whether it would be financial advantageous to borrow to fund the vehicles in return for a reduced annual contract cost.



## 3.2 Financial Assessment

- 3.2.1 As this it is a joint contract with DDC the following figures are the combined cost for both authorities. The new fleet requirements are similar for both councils and operationally vehicles are used across the districts. The proposal is for both councils to provide loan funding to VES to enable them to purchase the fleet and equipment required for the contract. VES would retain ownership of the fleet and equipment and they would repay the loan and provide a rebate to the annual contract cost to reflect the saving on the interest cost to the councils.
- 3.2.2 In summary, the annual cost of the Waste, Recycling and Street Cleansing Contract is £10.023m. VES have estimated over the 8-year contract term of the total capital expenditure for new fleet and equipment to be £8,119,440. The majority of this funding (£7,757,777) is required in Year 1 with further funding (£361,663) in Year 5. If the councils took on the vehicle funding then the annual contract cost would reduce to £8.754m. This Council's share of the capital cost will be £4,052,000.
- 3.2.3 This type of funding arrangement for the purchasing of new fleet has been adopted by other councils on their waste contracts but would be new to FHDC and DDC. External financial advice was obtained from the treasury management specialists Arlingclose Ltd.
- 3.2.4 Arlingclose consider the financial risk of providing the funding to VES for the purchase of the new fleet and the potential savings that could be achieved. The report conclusions were:-
- i) VES is a credit worth company due to the size, spread and diversification of its financials and business operations.
  - ii) VES is credit rated by the three main credit rating agencies all who have assigned a stable outlook to the company and indicated resilience of its three main revenue sources.
  - iii) The credit rating assigned to VES would typically indicate a low default rate on loans made to the company.
  - iv) Significant savings ranging between about £1.42m and £1.97m over the life of the contract, or £178k to £246k, can be made by FHDC and DDC by meeting the purchase cost of the new fleet from prudential borrowing depending on the type of loans used, based on current interest rates.
  - v) The credit risk inherent in the contract of purchasing and funding the new fleet is matched by the value of the savings to be achieved by the Councils.
- 3.2.5 For FHDC the annual saving from using prudential borrowing to fund its share of the fleet cost will be in the range of £89k to £123k. Given the range in borrowing costs used by Arlingclose, it would be reasonable to assume the annual saving to FHDC will be approximately £100k over the 8 year life of the contract.
- 3.2.6 There is no provision within the existing approved Medium Term Capital Programme for the financing of the new fleet. The Council's Constitution

requires full Council to approve the capital budget of £4,052,000 for the loan to VES and also the use of prudential borrowing to finance this cost.

3.2.7 The increase in the prudential borrowing can be comfortably contained within the Council's existing authorised borrowing limit for 2020/21 of £180.1m. The increase in the Council's Capital Financing Requirement arising the prudential borrowing will be offset by the loan repayments from VES over the 8 year life of the contract.

3.2.8 Womble Bond Dickinson (UK) LLP, the legal consultants employed by the councils for the Waste Project have reviewed the proposal in terms of state aid implications. They are satisfied that there are no implications as all bidders at tender were offered the same opportunity to provide bids with the vehicle acquisition funded by the council.

3.2.9 Although VES represent a low credit risk for the loan being proposed, in finalising the arrangement consideration will be given to various options in order to protect the council's position.

#### 4. CONCLUSIONS

4.1 The total value of the General Fund MTCP and the financial resources to support it from 2020/21 to 2024/25 incorporating the changes outlined in sections 2 and 3 of this report are summarised in the table below:

MTCP	Existing Budget £'000	Changes £'000	Updated Budget £'000
<b>Total Cost</b>	<b>133,172</b>	<b>11,088</b>	<b>144,260</b>
<b>Capital Funding</b>			
Capital Grants	(8,315)	(4,516)	(12,831)
External Contributions	(3,776)	-	(3,776)
Capital Receipts	(23,157)	-	(23,157)
Revenue	(2,374)	(2,520)	(4,894)
Borrowing	(95,550)	(4,052)	(99,602)
<b>Total Funding</b>	<b>(133,172)</b>	<b>(11,088)</b>	<b>(144,260)</b>

4.2 Full Council approval is required for the changes to the Capital Programme outlined above.

## 5. RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Capital resources not available to meet the cost of the new projects.	High	Low	Schemes supported by grant funding will only commence once fully approved and committed by the relevant body. Revenue resources required to fund capital expenditure are covered by Earmarked Reserves and have been factored into the Council's medium term financial planning
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.
Veolia Environmental Services Ltd defaulting on loan obligations	High	Low	Independent financial appraisal undertaken confirming strong credit rating of company

## 6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 6.1 Legal Officer's Comments (NM)

The legal implications of providing borrowing to Veolia Environmental Services Limited are set out in the report.

### 6.2 Finance Officer's Comments (LW)

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

### **6.3 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.

## **7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Lee Walker, Capital and Treasury Senior Specialist

Tel: 01303 853593. e-mail: [lee.walker@folkestone-hythe.gov.uk](mailto:lee.walker@folkestone-hythe.gov.uk)

Andrew Rush, Regulatory Services & Corporate Contract Lead Specialist

Tel: 01303 853271 email: [andrew.rush@folkestone-hythe.gov.uk](mailto:andrew.rush@folkestone-hythe.gov.uk)

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

- 1) Arlingclose Ltd – FHDC & DDC Waste Capital Financing Report

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This Report will be made public on 3 November 2020



Report Number **C/20/48**

**To:** Cabinet  
**Date:** 11 November 2020  
**Status:** Key Decision  
**Responsible Officer:** Katharine Harvey, Chief Economic Development Officer  
**Cabinet Member:** Councillor David Wimble, Cabinet Member for the District Economy & Councillor John Collier, Cabinet Member for Property Management & Grounds Maintenance

**SUBJECT:** ROMNEY MARSH EMPLOYMENT HUB (Land at Mountfield Road Industrial Estate, New Romney)

#### **SUMMARY:**

This report outlines the opportunity to complete the Romney Marsh Employment Hub project by bringing forward the remaining five hectares of employment land at Mountfield Road Industrial Estate, New Romney through constructing an access road and services to be funded by the Government's 'Getting Building Fund' (to be confirmed on 20 November 2020).

#### **REASONS FOR RECOMMENDATIONS:**

The bringing forward of five hectares of employment land will create serviced plots for development by growing local businesses and inward investors to help diversify the local economy and create alternative employment opportunities.

#### **RECOMMENDATIONS:**

1. To receive and note report C/20/48.
2. To delegate authority to the Director of Place to accept a Getting Building Fund grant offer and associated terms;
3. To proceed with the construction of a road and services to bring forward five hectares of land at Mountfield Road Industrial Estate, New Romney; and
4. To delegate authority to the Director of Place, in consultation with the Director of Housing & Operations, to market, negotiate terms and conclude disposal of development plots for employment purposes.

## **1. Introduction**

- 1.1 The Council and Nuclear De-commissioning Authority (NDA) co-funded a masterplan to bring forward six hectares of employment land at Mountfield Road Industrial Estate, New Romney to create jobs and diversify the local economy to mitigate the loss of some 1000 jobs from the current and proposed closure of the Dungeness Power Stations. The Masterplan was concluded in 2018 and provided options for bringing forward the land, including the development of a business centre to initiate the scheme. (A location plan is at Appendix 1).
- 1.2 Funding to bring forward the £7m project, now known as the Romney Marsh Employment Hub, was initially sought from the NDA and South East LEP in 2018/19. Whilst the NDA was supportive, the application for match-funding from Local Growth Funds remained pending.
- 1.3 To make progress, the project has been divided into two stages. Stage 1 comprises the construction of a business centre (or hub); and Stage 2 is the servicing of the remaining five hectares of employment land.
- 1.4 Stage 1 (business centre) is being taken forward as a Joint Venture with East Kent Spatial Development Company (EKSDC) supported by a NDA grant and was approved by Cabinet on 24 June 2020 (Report C/20/15). This is progressing with the appointment of a contractor following a tendering process and a start on-site programmed for December 2020 and completion October 2021.
- 1.5 In June 2020, the Government launched the Getting Building Fund and invited proposals for construction-related projects to be submitted to Local Enterprise Partnerships (LEPs). A proposal was submitted to South East LEP for £3.53m to complete the Romney Marsh Employment Hub project (i.e the road, utilities and other services to bring forward the remaining five hectares). The Government announced the project had been allocated funding on 4 August 2020 and required all construction work to be completed by March 2022.
- 1.6 The Government requires LEPs to apply their Assurance Frameworks to all projects before Getting Building Funds are released. The Council submitted its business case to SELEP on 11 September and a decision on the release of funding is to be taken on 20 November 2020 (leaving 15 months for the construction works to be tendered and completed).
- 1.7 In the expectation of Getting Building Funds and to meet the March 2022 timescale for completing construction for Stage 2 (road and services), preparatory work is being undertaken and, once SELEP final approval has been received, the tender will be advertised to appoint a contractor.
- 1.8 Timelines for completing Stage 2 (road and services) are shown in Appendix 2.



## **2. Technical input for Stage 2 (road & services)**

- 2.1 The business case for the Getting Building Fund was developed and submitted on 11 September 2020. The benefits of the original proposal was based on jobs and increase in GVA (Gross Value Added) which created a high value. SELEP subsequently requested the benefits be assessed according to new Government guidelines relating to the uplift in property values. Whilst this has generated a lower benefit-cost ratio than the earlier assessment, it remains above the benchmark used by SELEP.
- 2.2 Civil engineering consultancy support has been procured to develop the technical specification for the design & build tender documentation for Stage 2 (road & services) to be advertised on 30 November. The consultants would also assess the tenders received and recommend a contractor to enable the Council to make an appointment in January 2021 with 14 months to complete the works.
- 2.3 A risk to the contractor getting on-site in early 2021 is the planning consent (Y19/0302/FH) for the road which requires detailed proposals for surface water drainage to be submitted and approved prior to any construction on-site. To avoid a delay, work has commenced to discharge this condition.
- 2.4 It is proposed the civil engineering consultancy also acts as the Council's agent to oversee the contract during the fourteen month construction stage. This would include validating invoices from the contractors prior to authorisation for payment by the Council. This part of the commission would proceed only if the Getting Building Fund grant is confirmed by SELEP on 20 November 2020 and tenders received are within budget.

## **3. Costs and grant funding**

- 3.1 The estimated total costs for constructing Stage 2 (road and services), including professional fees, is anticipated to be in the region of £3.5m. This is subject to further detailed work by the contractor and includes charges by utility companies. The scheme is expected to require diversion of some services as well as provision of new services to the plots to be created.
- 3.2. The application to the 'Getting Building Fund' and subsequent allocation of £3.53m is sufficient to cover these costs. There is no capital contribution required from the Council beyond the land to be brought forward for employment use (c. £1.57m land value when serviced) and the existing commitments to Stage 1 (business hub) of the Romney Marsh Employment Hub approved previously by Cabinet.
- 3.3. Given the 'Getting Building Fund' requirement for all expenditure to be completed by March 2022, there has been a need to move swiftly to allow a contractor to start on-site early next year. In this respect, as the scheme is dependent on the Getting Build Fund grant, it is proposed that delegated authority be given to the Director of Place to accept the grant offer from SELEP.

3.4 The funding awarded is to be spent over two financial years (2020/21 and 2021/22) and therefore the Council's capital programme would need to be adjusted to reflect both the proposed expenditure and matching grant repayments. The Stage 2 project expenditure profile is shown in Appendix 3.

#### **4. Marketing and disposal of land**

4.1 The marketing and disposal of plots for business use also needs to reflect the expectations from the Getting Building Fund offer which requires the creation of some 480 jobs over 10 years.

4.2 Commercial reality also suggests that early take up of plots should be encouraged. Four businesses at Mountfield Road Industrial Estate have been seeking land for expansion: two of these enquiries remain current and represent potential take up of some 25% of the land to be serviced.

4.3 Given some plots in earlier phases of Mountfield Road Industrial Estate have been acquired but remain undeveloped after a number of years, terms offered to potential business occupiers should include an agreed development timescale. This could become enforceable through conditions relating to disposals and use of 'leases to build' to ensure construction takes place prior to any freehold disposal where possible.

4.4 Given the mix of commercial and grant/employment considerations, it is proposed that delegated authority is given to the Director of Place, in consultation with the Director of Housing & Operations, to determine applications and decide upon disposals of plots (based on market values assessed by a qualified RICS or equivalent professional valuer). Commercially, it is expected the demand for freeholds will be greater than leaseholds and therefore may require some flexibility about tenure.

4.5 It is also possible that proposals come forward for more innovative approaches (e.g. joint ventures) to developing out parts of the Estate which warrant consideration. In this respect, an option in the masterplan was for some live-work studio space for creative businesses as part of the mix and initial exploratory discussions held with Creative Folkestone as to ways this might be delivered. More recently, there has been local interest in attracting a hotel to the area which might be an appropriate use (if there is none provided in the medium-term as part of the proposed redevelopment of the Lydd Airport terminal buildings).

4.6 Consideration can also be given to re-applying any capital receipts from land disposals to invest in further small units on the Estate and creating new revenue income streams.

4.7 An indicative marketing and disposals strategy is shown at Appendix 4 which seeks to achieve early progress in site take-up as well as the jobs targets over the ten-year period.

#### **5. CONSULTATION**

- 5.1 The original master planning work involved public consultation with local residents and organisations and included an Open Day at Romney Resource Centre in January 2018 where development options were presented and explored.
- 5.2 The Romney Marsh Partnership has been involved throughout the development of the feasibility study and masterplanning work and supported the final version published in March 2018.
- 5.3 The masterplan proposals were supported by the New Romney Coastal Community Team and included in its Economic Plan.
- 5.4 Consultation has also been carried out with the Folkestone and Hythe Business Advisory Board which was supportive of the proposal.
- 5.5 The processing of the related planning applications for the business centre and land invited public comments including from New Romney Town Council. The planning applications have been approved subsequently with no objections raised.

## 6. RISK MANAGEMENT ISSUES

- 6.1 There is risk management involved in this project.

Perceived risk	Seriousness	Likelihood	Preventative action
South East LEP do not agree the business case	High	Low	The review of the business case by SELEP's Independent Technical Evaluator has been completed. Feedback has been received using a 'traffic light' system which showed mainly green, some amber and no red. The amber areas required more information which has been submitted. The Kent & Medway Economic Partnership have supported the project and are represented on the SELEP Board. The SELEP Board are to determine the business cases on 20 November 2020.
Government withdraw the	High	Low	The Getting Building Fund was announced by Government in

'Getting Building Fund' scheme			June 2020 and an application submitted. The project was listed for funding in a Ministerial statement in August. So the funding is allocated subject to SELEP approving the business case.
Construction costs increase significantly	High	Medium	Costs will be closely monitored and if necessary, the scheme will be reviewed to find cost savings. The experience of tendering the Business Hub project suggests competitive tenders can be obtained.
Supply of construction-material affected by Covid-19 and project not achieved by March 2022 in accordance with the grant terms.	Medium	Low	Advice from contractors has been that there are longer lead-in times for some items which requires orders to be submitted early. If major problems emerge about construction-related supplies nationally, it is likely to affect all construction-related activity including the other projects grant-supported by the 'Getting Building Fund' which suggests there would be a strong case for some flexibility on timescales for completion if the project was not an isolated case.
Lack of demand for serviced plots	Medium	Low	The demand for industrial class property has remained strongest during the Covid 19 pandemic. This is also evidenced locally by the two current enquiries for sites. Action will be

			taken to convert the enquiries into disposals in the short-term. There is also potential use of the remainder of the Marsh Million fund for grants/loans specifically to support business investment.
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## **7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **7.1 Legal Officer's Comments**

There are no legal implications arising directly from this report but legal services will assist with the grant agreement and any property disposal as and when required.

### **7.2 Finance Officer's Comments**

The financial implications of the proposed scheme are outlined in section 3 of the report. Cabinet is due to receive a separate report on this agenda recommending full Council approves various budget changes required to the General Fund Medium Term Capital Programme at its next meeting due to be held on 25 November 2020. The £3.5m capital budget for this scheme is included in the separate report to Cabinet.

### **7.3 Diversities and Equalities Implications**

There are no diversities and equalities implications in this report.

### **7.4 Human Resources Comments**

There are no direct Human Resources implications emanating from this report.

## **8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Graham Hammond, Senior Specialist (Economic Development)  
 Telephone: 07841 801050  
 Email: [graham.hammond@folkestone-hythe.gov.uk](mailto:graham.hammond@folkestone-hythe.gov.uk)

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

Mountfield Road Industrial Estate, New Romney Masterplan Report (Curl La Tourelle Head) – March 2018  
 Report & Valuation (Commercially confidential - Savills) – August 2020

**Appendices:**

Appendix 1: Location plan

Appendix 2: Key timelines for Stage 2 (road & services) of the Romney  
Marsh Employment Hub

Appendix 3: Expenditure profile

Appendix 4: Marketing and disposal plan

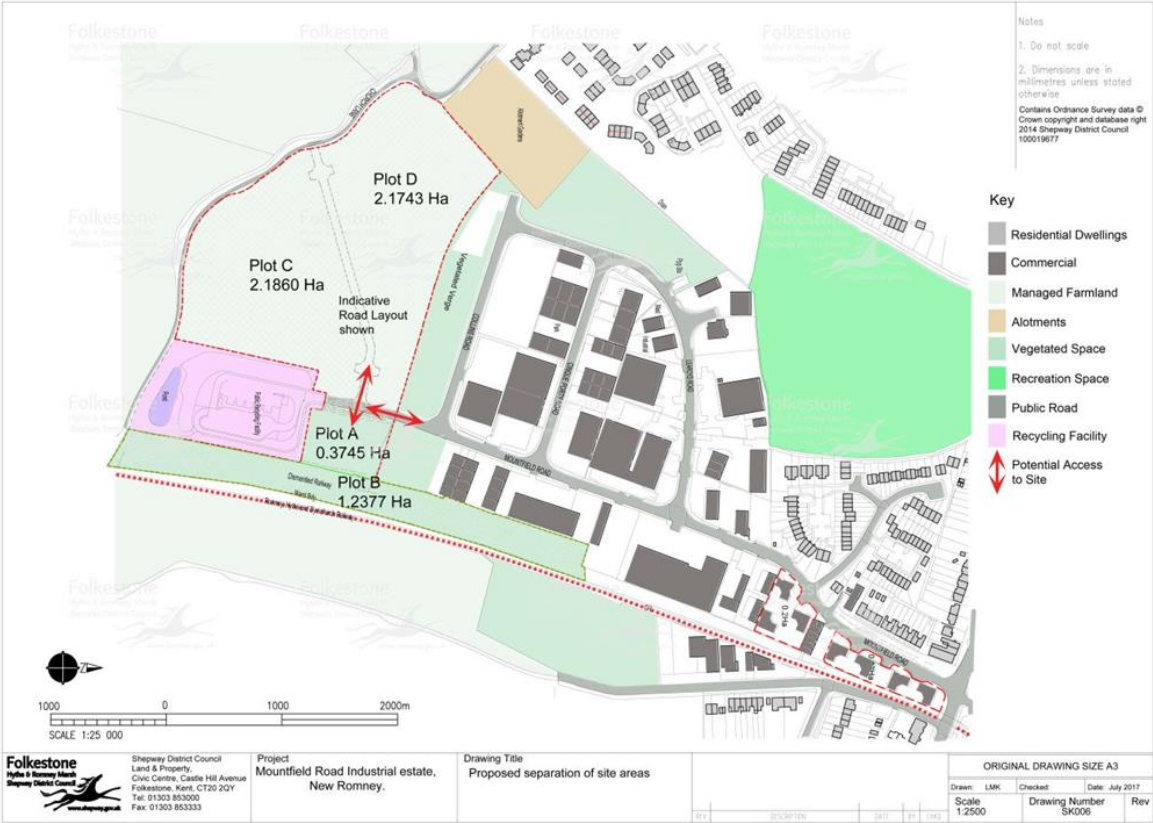
# APPENDIX 1

## Location plan (Stage 2 – road and services)

**Plot A:** Site for business hub (Stage 1 - previously approved by Cabinet)

**Plot B:** To be retained as ecology corridor

**Plots C & D:** Stage 2: road and services to be provided



## APPENDIX 2

### Key timelines for Stage 2 of Romney Marsh Employment Hub (road and services)

Activity	Completion date	Status
Mountfield Road Industrial Estate, New Romney Masterplan	31 March 2018	Completed
Detailed planning consent gained for road and infrastructure (Y19/0302/FH)	May 2019	Completed
Cabinet approval to proceed with the business hub and seek ways/interest in bringing forward Stage 2 (road and services)	September 2019	Completed
'Soft marketing' to businesses in Mountfield Road Industrial Estate of potential serviced business growth plots.	Ongoing	Ongoing
Application submitted to KMEP/SELEP for 'Getting Building Fund' grant of £3.53m	June 2020	Submitted and funding allocated August 2020 subject to completion of a business case
Business case submitted for 'Getting Building Fund'	September/October 2020	Submitted and additional information provided following Independent Technical Evaluation by SELEP
Engineering consultancy appointed to help develop tender specification and planning requirements for a detailed surface drainage scheme.	September 2020	Appointment made
Decision of Cabinet to progress Stage 2 with 'Getting Building Fund' grant	11 November	
SELEP confirmation of funding	20 November 2020	
Contract tendered	30 November 2020	
Assessment of tenders	4 January 2021	
Appointment of contractor for D & B construction	January 2021	
Construction completed	January 2022	
Engineering consultancy oversight of construction and final bill payments ends.	February/March 2022	



## APPENDIX 3

### Expenditure profile for Romney Marsh Employment Hub Stage 2 (road and services)

Cost type	Expenditure Forecast (£)		
	2020/21	2021/22	Total
<b>Capital</b>			
<b>Romney Marsh Employment Hub – Stage 2 (Road and services)</b>			
Service Road		642,331	642,331
Infrastructure and services	494,525	1,740,615	2,235,140
Breaking out existing bellmouth and re-providing (planning requirement)	119,470	0	119,470
Inflation (7.5% pa infrastructure from 2018 cost base)		539,525	539,525
Land Value	1,575,000	0	1,575,000
<b>Total Capital</b>	<b>2,188,995</b>	<b>2,922,471</b>	<b>5,111,466</b>
<b>Funding</b>			
Council (land)	1,575,000	0	1,575,000
Getting Building Fund	613,995	2,922,471	3,536,466
<b>Total funding</b>	<b>2,188,995</b>	<b>2,922,471</b>	<b>5,111,466</b>

## APPENDIX 4

### Outline ten-year marketing and disposals plan

Timescale	Years	Primary marketing and disposals focus	Jobs target	Proportion of land*
Short	2022 - 2024	Immediate expansion/consolidation needs of: (a) local businesses; and (b) inward investors	100	30%
Medium	2025 - 2028	Provision of units: (a) re-investment of Council land sales with potential for additional grant funding from NDA/SELEP); (b) potential JV for 'creative enclave'; and (c) workspace development to meet expansion needs of enterprises from the business hub	180	35%
Long	2029 - 2032	Potential for diversification/intensification of employment densities (possibly supported by proposals for a by-pass to the South of New Romney town centre). Consideration of uses such as hotel.	200	35%
Total	10 years		480	100%

\* Note: The total area of Stage 2 land has capacity to accommodate some 14,500 sq.m of built floorspace.