



# Agenda

Meeting: **Finance and Performance Scrutiny Sub-Committee**  
Date: **16 November 2021**  
Time: **7.00 pm**  
Place: **Council Chamber - Civic Centre, Folkestone**

To: Councillors Gary Fuller, Peter Gane, Connor McConville (Chairman), Patricia Rolfe and Rebecca Shoob

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

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

Members of the public are encouraged to view the meeting online as this meeting will be streamed live to the internet and can be viewed at: <https://folkestone-hythe.public-i.tv/core/portal/home>

Although social distancing rules have been relaxed, for the safety of the public, elected members and staff, we will continue to seat members of the public approximately one metre apart. This means that there will be 13 seats available for members of the public, which will be reserved for those speaking or participating at the meeting. The remaining available seats will be given on a first come, first served basis.

All attendees at meetings are kindly asked to wear face coverings, unless they are addressing the meeting.

1. **Apologies for absence**
2. **Declarations of interest**

Members of the committee should declare any interests which fall under

## **Queries about the agenda? Need a different format?**

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the following categories:

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

**3. Half Year Performance Report (Q1 & Q2) 2021/22**

Report OS/21/09 provides an update on the Council's performance for the first two quarters of the year covering 1<sup>st</sup> April 2021 – 30<sup>th</sup> September 2021. The report enables the Council to assess progress against the approved key performance indicators arising from the Council's new Corporate Action Plan.

**4. General Fund Revenue Budget Monitoring - Quarter 2 2021/22**

This monitoring report C/21/48 provides a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2021.

**5. General Fund Capital Programme Budget Monitoring 2021/22**

This monitoring report C/21/45 provides an initial projection of the current financial position for the General Fund capital programme profiled for 2021/22, based on expenditure to 31 August 2021, and identifies variances compared to the latest approved budget.

**6. HRA Budget Monitoring - Quarter 2 2021/22**

This monitoring report C/21/46 provides a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 31 August 2021.

## **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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This Report will be made public on 8 November 2021



Report Number **OS/21/09**

**To:** Finance & Performance Scrutiny Sub committee  
**Date:** 16<sup>th</sup> November 2021  
**Status:** Non Key Decision  
**Director:** Charlotte Spendley – Director for Corporate Services  
**Cabinet Member:** Councillor David Monk

**SUBJECT: HALF YEAR PERFORMANCE REPORT (Q1 & Q2) 2021/22**

**SUMMARY:** This report provides an update on the Council's performance for the first two quarters of the year covering 1<sup>st</sup> April 2021 – 30<sup>th</sup> September 2021. The report enables the Council to assess progress against the approved key performance indicators arising from the Council's new Corporate Action Plan.

Key performance indicators will be monitored during 2021-22 and reported to CLT and Members quarterly.

**RECOMMENDATIONS:**

1. To receive and note report OS/21/09.
2. To note the performance information for Quarters 1 & 2 2021/22 in Appendix 1.

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

1.1 The Council's new corporate plan 'Creating Tomorrow Together' 2021-30 was adopted by Full Council on 24<sup>th</sup> February 2021 (Report ref: A/20/10).

1.2 The Corporate Plan is built on 4 key service ambitions and 6 guiding principles. Each service ambition has a number of priority areas identified within it, these priorities will be the focus of Council activity over the coming three years to 2024. The service ambitions are set out below:

### **Service Ambitions**

- Positive Community Leadership
- A Thriving Environment
- A Vibrant Economy
- Quality Homes and Infrastructure

1.3 The Plan also adopted 6 Guiding Principles, which would apply to the approach taken by the Council in undertaking its duties and these were Sustainable Recovery; Locally Distinctive; Greener Folkestone & Hythe; Transparent, Stable, Accountable & Accessible; Working Effectively with Partners and Continuous Improvement.

1.4 To support the council in delivering against its priorities documented in the corporate plan, a detailed action plan covering a three year period to 2024 and supporting KPIs for the current financial year was adopted by Cabinet on 20<sup>th</sup> October 2021 (Report ref: C/21/40).

1.5 The Quarterly Performance Report (Appendix 1) has been produced to summarise the Council's performance for Quarters 1 and 2 (1<sup>st</sup> April to 30<sup>th</sup> September 2021).

1.6 Quarterly Performance Reports enables Finance & Performance Scrutiny Subcommittee, 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 Action Plan.

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

1.8 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.

## **2. PERFORMANCE – EXCEPTION REPORTING**

### **2.1 Service Ambition 1: Positive Community Leadership**

- The average number of days taken to process new claims for Housing Benefit have shown improved positions in both Quarters 1 & 2 compared to last year, achieving 14.7 days and 12.2 days respectively. This is helping

residents on low income understand more quickly what support is available to them for their housing costs.

### To monitor

- No community safety events or projects were delivered during the first half of the year due to Covid-19 lockdown restrictions and the departure of the existing Community Safety Specialist. A new specialist was successfully recruited in August 2021 and work is being planned to deliver a number of events and projects across the district with multi agency partners from Quarter 3 onwards, including: CSU seasonal community safety engagement events, County Line Intensification week, Safeguarding Awareness community event and an awareness session to support the 'Safety in the Night Time Economy' campaign.
- Percentage of Food Premises broadly compliant. The Environmental Health Team re-started the food inspection programme in Quarter 1 as the pandemic lockdown ended. The figures for Quarters 1 & 2 are currently unavailable due to a system communication error between the Food Standards Agency (FSA) website and the Council's own case management system. The error is currently being investigated by the Systems Support team with a resolution to be put in place during Quarter 3 that will enable these figures to be correctly reported. Based on inspections completed so far the EH team expect 3 rating level or above compliance to be high but this can only be formally reported when the link between the FSA and FHDC systems has been resolved.

## **2.2. Service Ambition 2: A Thriving Environment**

- A total of 53 enforcement notices were issued by Environmental Enforcement Officers for neighbour noise related issues, including loud music and dogs barking due to more people being in the home environment as result of the pandemic.
- 197 fixed penalty notices were issued for dog fouling, littering, fly-tipping and dogs being walked on controlled beaches and restricted areas (i.e. play parks).
- The Local Area Officer Team have supported a total of 35 community volunteer environmental events working with local community groups including, The Hythe Environment group, Stowting Wombles, Elham and Lyminge Parish Councils, schools and youth organisations. The volunteers attending these events have collected 600 bags of litter to help keep local areas around the district clean and tidy.
- A total of 5,665 See it, Own it, Do it Interventions have been actioned by the Local Area Officer Team to help ensure the district remains a welcoming and attractive place to live, work and visit. The team have undertaken work on clearing the back of The Stade in Folkestone with a local Youth Offending Team, helped keep the triennial trails clean and undertook path clearing on the Road of Remembrance.

- 50% of household was recycled during Quarter 1 up from 48% in the same period last year. The final result for Quarter 2 is to yet be confirmed by Kent County Council and will be published in the Quarter 3 report.
- The 18 air quality monitoring sites across the district are currently in line with DEFRA National Air Quality Objectives during the first half of this year that helps to ensure air quality remains to a high standard for those who live, work and visit our district.

#### To monitor

- The number of missed bin collections per 100,000 increased during the first half of this year due to the implementation of Veolia's new route re-optimisation project that commenced in mid-May 2021 and as a result collection crews were unfamiliar with their new collection rounds. The number of missed collections are now starting to return back towards acceptable levels moving into Quarter 3.

### **2.3 Service Ambition 3: A Vibrant Economy**

- Over £208,000 has been allocated from the Folkestone & Hythe High Streets Fund in the first half of the year that has helped eleven external applications brought forward by businesses from across the district with refurbishment works to their business premises, as well as improvements to the external appearance of high street premises. In addition, the funding has contributed to council-led projects delivered by Folkestone Town Council, including heritage lighting and signage as well as external improvements to the Folca Building.
- A total of 10 businesses have been engaged with in the district by the Economic Development team to help support business growth and retention of local jobs. The business engaged with include: Plamil Foods; SWP; Pentland Homes; Magnox; Church & Dwight; Motis; Saga; Screen South; NIC instruments; and BigJig Toys.
- A total of 3 engagements have been undertaken by the Folkestone & Hythe Place Panel on projects aimed at improving the public realm. The projects the Place Panel have been engaged with so far during the first half of year relate to Otterpool Park Green Infrastructure, Folkestone Seafront (Plot C) and the Place Panel induction.

### **2.4 Service Ambition 4: Quality Homes and Infrastructure**

- Average number of households in Bed and Breakfast Accommodation has significantly fallen compared with same period last year. The Housing Options Team have worked to enable the majority of clients placed in this type of accommodation to move into suitable long-term accommodation within the district.
- 128 private sector homes were improved during the first of 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.



- 4 units have been delivered in Folkestone as part of the Next Steps Accommodation Programme that will help support for the most vulnerable rough sleepers.
- A total of 15 Council home new builds and acquisitions have been started on site in Folkestone compared with 6 during the same period last year helping to bring forward further new social homes within the district.
- 99.97% of sample properties surveyed met the decent homes standard. The Housing Service are undertaking a full stock condition survey that will be analysed to determine an accurate position on 100% external and 90% internal properties across the whole of our stock

#### To monitor

- Number of homelessness approaches to the Council have increased compared with the same period last year. This is in part due to the ending of the embargo on evictions that was originally put in place by the government during the lockdown period and also due to the introduction of the new Domestic Abuse Act that places duties on local authorities to provide safe accommodation to victims of abuse.

### **2.5 Transparent, Stable, Accountable & Accessible**

- In first half of the year there has been a 21.25% take up of the My Account Service equating to over 11,000 new customers registered. Since the launch of the service in August 2020, over 24,000 customers have registered helping residents to access a range of council information and services online.
- Data breaches assessed to decide if they are reportable and breaches submitted to the ICO within a 72 hour period were both 100% during the first half of the year. A total four potential breaches were assessed during the period and of these one was deemed severe enough to require reporting to the ICO in line with their guidance. Individual mitigation measures were swiftly put in place in relation to the incidents in order to address any weaknesses.

#### To monitor

- The number of Freedom of Information (FOI)/ Environmental Information Requests (EIR) responded to within statutory timeframes remains below target during the first two quarters of the year, whilst the Case Management and Information Governance teams address some of the historic caseload which accrued over the past 18 months. These difficult cases have now been reduced significantly and we expect to see an upturn in compliance going into Quarter 4. Whilst resources have been a challenge during the past 12 months further cross training and recent recruitment is continuing to provide greater resilience to this area. In addition, further work is being undertaken on both process improvements and the development of the Staff Hub as the Information Governance Management system to yield more positive results going forward.

- No responses to Subject Access Requests (SAR) were provided within the statutory timeframe during the first half of the year. The increase in FOI/EIR case load coupled with the complexity of processing some Subject Access Requests due to their size, manual redaction process and obtaining of permissions by third parties to having their data disclosed have impacted on response times overall. An action plan is being put in place to address these issues going forward and the reduction in the historic work as well as the cross training will free up time to improve compliance.

### 3. RISK MANAGEMENT ISSUES

3.1 The follow risk management issues have been considered as part of this report:

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 Action 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.
The Council is non-compliant with its statutory key performance indicators (KPIs).	High	Medium	Regular monitoring of statutory key performance indicators with actual or projected non-compliance escalated to Corporate Leadership Team so that prompt remedial action can be taken, and if necessary additional resources allocated, to address poor performance.

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

4.1 **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.

- 4.2 **Human Resources Comments (RB)** - There are no direct Human Resource implications emanating from this report. The council's People Strategy has been created to support the corporate plan and achievement of associated KPIs.
- 4.3 **Finance Officer's Comments (LW)** - There are no financial implications arising directly from this report.
- 4.4 **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.
- 4.5 **Communications Comments (JW)** - 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: Quarters 1&2 Key Performance Indicators Report

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# Folkestone & Hythe District Council

## Quarter 1 & 2 Performance Report (April-September 2021)

# Your Cabinet Members



**Cllr David Monk**  
Leader of the Council



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



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



**Cllr David Godfrey**  
Cabinet Member  
for Housing and 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  
Transport and  
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 113,000 of which 57.5% (32,800) of female residents and 59.1% (33,000) of males are of working age.

Our principal town, Folkestone, is home to 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 businesses 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 innovative small and medium size businesses (SMEs) and is home to strong brand names including Saga, Eurotunnel, Holiday Extras, the Aspinall Foundation and Church & 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 shaping that future.



**The Old High Street, Folkestone**



**Royal Military Canal, Hythe**



**Dungeness, Romney Marsh**

# Introduction

In February 2021, we published our new Corporate Plan '**Creating Tomorrow Together**', a 34-page document setting out our over-arching principles and service ambitions up until 2030 following approval by councillors.

The plan identifies the main priorities and themes of the council, including the key role we will play in leading the district's recovery from the coronavirus pandemic over the next three years.

The name of our corporate plan was inspired by the excellent relationships and networks which the council already has - and will continue to build on for the benefit of residents. It also alludes to the recovery work already being undertaken.

The plan was subject to public consultation in late 2020 and incorporates the key points raised during the consultation period to ensure it reflects the needs and ambitions of our residents, businesses and key stakeholders across the district.

The plan is focused on four service ambitions which are priority areas of action that relate to the key services that the council plans, delivers and commissions and six guiding principles that guide everything that we do (**see summary image**).

The adopted service priority actions as part of the plan have been further developed into a corporate action plan, with progress against the plan itself monitored annually, and the plan will be comprehensively reviewed in 2024 to ensure it remains appropriate for the district.

A copy of our new corporate plan can be found here: [Creating Tomorrow Together – Corporate Plan 2021-30](#)



## Creating Tomorrow Together: Corporate Plan 2021-30

Service ambition 1: Positive community leadership Priorities in the next three years	Service ambition 2: A thriving environment Priorities in the next three years	Service ambition 3: A vibrant economy Priorities in the next three years	Service ambition 4: Quality homes and infrastructure Priorities in the next three years
Improve physical and mental health & wellbeing	Ensure an excellent environment for everyone	Reinvigorate the high streets	Improve outcomes & support for homeless people
Safer communities	Grow the circular economy & reduce waste	Support a vibrant & diverse business community	Deliver sustainable, affordable housing
Supporting & empowering our communities	Increase our resilience to climate change	Help people access jobs & opportunity	Deliver a safe, accountable housing service
		Grow the skills we need for the future	Digital inclusion & connectivity
			Deliver a sustainable new development at Otterpool Park

**In everything we do we will follow these guiding principles:**

<b>Sustainable recovery</b> We will do all we can to ensure a strong recovery for the district from the effects of COVID.	<b>Locally distinctive</b> We will protect the special distinctive and diverse nature of our district - working with our key partners to enhance it.	<b>Greener Folkestone &amp; Hythe</b> We will encourage and create a more sustainable district consuming fewer natural resources.	<b>Transparent, stable, accountable and accessible</b> We will be financially sustainable and communicate effectively with our communities in an accessible way.	<b>Working effectively with partners</b> We will engage with partners to understand the vital role they play and work collaboratively with them to ensure the best outcomes for our residents.	<b>Continuous improvement</b> We will embed a culture of continuous improvement, seeking feedback and being innovative and creative to find new ways to deliver services.
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Above: Corporate Plan - Service Ambitions and Guiding Principles



# 01 Positive Community Leadership

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Number of new priority play areas improved by the Council	-	-	-	-	-	-	1 site per year	-
			<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>					
Average number of days to process new claims for Housing Benefit from the date complete evidence is received.	-	-	3.4	3.4			7 Days (Monthly)	✓
Average number of days taken to process new claims for Housing Benefit	20.9	17	14.7	12.2			17 Days (Monthly)	✓
% food premises broadly compliant ( equivalent to 3 rating)	92%	92%	Figure unavailable	Figure unavailable			95% (Quarterly)	-
			<i>The Environmental Health Team re-started the food inspection programme in Q1 as the pandemic lockdown ended. The figures for Quarters 1 &amp; 2 are currently unavailable due to a system communication error between the Food Standards Agency website and the Council's own case management system. The error is currently being investigated by the Systems Support team with a resolution to be put in place during Quarter 3 that will enable these figures to be correctly reported. Based on inspections completed so far the EH team expect 3 rating level or above compliance to be high but this can only be formally reported when the link between the FSA and FHDC systems has been resolved.</i>					
Number of community safety events held and projects delivered	-	-	0	0			10 (Annual)	X

# 01 Positive Community Leadership

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target

*In Quarters 1&2 no community safety events or projects were delivered due to covid restrictions and the departure of the existing Community Safety Specialist from post. The position was advertised and successfully recruited to in August. The new Community Safety Specialist have planned a number of events with multi agency partners that are to be delivered during Quarter 3, these include:*

- The CSU will be supporting the County Line Intensification week in October with the an awareness document created and shared with partners.*
- CSU seasonal community safety engagement events will be held in Cheriton, New Romney, Lydd, Hawkinge and Folkestone in October to promote the youth safety campaign and in December with the 12 days of Christmas campaign.*
- Safeguarding Awareness community event and Operation will be run in November.*
- The CSU will be supporting the Christmas Lights Switch-On with a seasonal safety campaign- 12 days of Christmas safety messages. Purse bells and high-viz items will be distributed to support the key safety messages.*
- The CSU are supporting Kent Police’s Violence against Women and Girls public event and will be holding an event on the 3<sup>rd</sup> November.*
- To support the safety in the Night Time Economy campaign that is currently being developed, the CSU is running an awareness session for licensed venues and NTE venues/businesses around harassment, how to address, prevent and report any type of harassment. This will be followed up by a joint evening Op.*
- The CSU has also developed a monthly community safety partners - community update. This started in October, this will be going to residents groups, parish & town councils and Councillors also.*

# 02 A Thriving Environment

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Retain Green Flags 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>					
Number of enforcement notices served (e.g. Abatement Notices, Community Protection Notices)	13	12	14	39			*100 (informal) (Annual)	✓
Enforcement - Fixed Penalty Notices issued	59	92	92	105			*300(informal) (Annual)	✓
Percentage of street surveyed clear of litter within in the district	83%	96%	Figure Unavailable	Figure Unavailable			95% (Monthly)	-
Page 19			<i>The figures for both Quarters 1 &amp; 2 are unavailable due to work being undertaken between Veolia and both Folkestone Hythe and Dover District Councils' to develop a new regime of inspection monitoring that will help improve overall information on street cleanliness moving forwards. The new regime of inspection monitoring will start during Quarter 3.</i>					
Number of community environmental volunteer events supported	2	15	17	18			15 (Quarterly)	✓
Number of recorded See it, Own it, Do it (SOD It) interventions completed	263	1,918	2,510	3,155			1200 (Quarterly)	✓
Average time for graffiti to be removed from the time of being reported	48 hours	48 hours	24 hours	24 hours			48 Hrs (Quarterly)	✓
Number of new electric vehicle charging points installed within district owned car parks	-	-	-	-			2 charging points per car park (Annual)	-
			<i>No new electric vehicle charging points have been installed within district owned car parks during Quarters 1 and 2 due to feasibility studies being carried out by Connected Kerb, who have won the contract to install charging points in 150 locations across Kent. The studies have now been completed and the next stage is for the formal contract to be signed by the Council following agreement of the car park locations, where new charging points will be installed.</i>					

# 02 A Thriving Environment

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Percentage of street lighting within the district converted to LED	-	-	-	-			100% completion by March 2023	-
			<i>No street lighting was converted to LED in the district during Quarters 1 and 2. Work is being undertaken with KCC's maintenance contractor Bouygues. A report to Cabinet is due to be presented in November recommending the upgrade of all FHDC owned lights to LED and seeks funding for the project.</i>					
Number of missed bin collections per 100,000	8.22	11.47	109.2	144.5			50 (Monthly)	X
			<i>Veolia's new route re-optimisation project commenced in mid-May 2021 and as a result collection crews were unfamiliar with their new collection rounds, this resulted in the number missed collections increasing throughout Quarters 1 &amp; 2. The number of missed collections is now starting to return back towards acceptable levels moving into Quarter 3.</i>					
Percentage of household waste recycled	48%	49%	50%	TBC			50% (Monthly)	✓
			<i>Recycling tonnage data for final month of Quarter 2 (September 21) is currently unavailable as this is provided by Kent County Council. This is always supplied 1-2 months in arrears. The final result of Quarter 2 will be reflected in the Quarter 3 KPI report.</i>					
Number of days to remove fly tipped waste on public land once reported	1.2	1.1	31.5	6			3 Days (Monthly)	X
			<i>New task allocating software was introduced by Veolia in early-April 2021. A number of technical issues have been experienced, particularly in the early stages, notably in relation to fly-tip clearance tasks not allocating to removal teams. This issue has now been resolved, and performance is returning to the required standard.</i>					
Percentage of compliant air quality monitoring sites	-	-	100%	100%			100% (Quarterly)	✓
			<i>A total of 18 air quality monitoring sites across the district are currently in line with the DEFRA National Air Quality Objectives. Air quality monitoring is carried out over a yearly basis and final calculations will be carried out at the end of the year to determine the air quality objectives are fully being met.</i>					

## 02 A Thriving Environment

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Enforcement - Percentage of successful prosecutions ( <i>Incl Fly tipping and Littering</i> )	-	-	100%	100%			100% (Quarterly)	✓
			<p><i>In Quarter 1, a total four cases were taken to court and successfully prosecuted. One case was in relation to fly tipping. The other 3 cases were due to breaches of Community Protection Notices (CPN)</i></p> <p><i>In Quarter 2, a total of 3 cases were taken to court in September and were all successfully prosecuted. Two cases were in relation to fly tipping and the other case was for littering.</i></p>					

# 03 A Vibrant Economy

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Total Folkestone & Hythe High Streets funds allocated	-	-	(51% - allocated since fund inception)  £151,446 allocated in Q1	(59% - allocated since fund inception)  £56,687 allocated in Q2			100% of the funds allocated	✓
Page 22			<p><i>During Quarters 1 &amp; 2 a total £208,133 of funding has been allocated from the High Streets fund, out of this funding, eleven external applications totalling almost £178,000 were approved, with 7 of these in Folkestone and 4 in Sandgate, New Romney and Hythe, and there were 3 council-led projects totalling £30,133 delivered by Folkestone Town Council.</i></p> <p><i>The externally funded projects allocated funding have included refurbishments and renovations to business premises, as well as improvements to the external appearance of high street premises. Council-led projects that have received funding have included heritage lighting and signage and for external improvements to the Folca building in Folkestone Town Centre.</i></p>					
Number of engagements undertaken by the Folkestone & Hythe Place Panel on projects aimed at improving the public realm.	-	-	2	1			3 (Annual)	✓
Total funding allocated from the Romney Marsh Business Hub grant support scheme	-	-	-	-			50% of available funds allocated in 2021-22	-
			<p><i>No grant funding has been allocated under 'The Romney Marsh Business Hub grant scheme'. The scheme is due to be launched as part of the wider marketing for the scheme in Quarter 3.</i></p>					

# 03 A Vibrant Economy

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Total Amount of business space created at Mountfield Road	-	-	-	-			751sqm created (Annual)	-
			<i>The 751 square meters of business space at the Romney Marsh Business Hub is due for completion in Quarter 3. The second phase of the Mountfield Road scheme is due to be marketed for employment purposes from Quarter 2 onwards with sales agreed for land plots by end Quarter 4 this year.</i>					
Number of Folkestone & Hythe businesses accessing business support and grants from public sector programmes	-	-	-	-			10 (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>					
Number of businesses or potential entrepreneurs/ new start-ups signposted to support programmes and events to facilitate growth	-	-	-	-			50 minimum (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>					
Number of businesses engaged with in the district to support growth and retention of local people	-	-	8	2			12 (Annual)	✓
			<i>In Quarters 1 and 2 a total of 10 Businesses were directly engaged with to support growth and retention of local people, these include, Plamil Foods, SWP, Pentland Homes, Magnox, Church &amp; Dwight, Motis, Saga, Screen South, NIC instruments and BigJig Toys.</i>					

# 03 A Vibrant Economy

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target	
Total funds allocated from the Folkestone Community works Programme	-	-	71% (cumulative)	74% (cumulative)			70% of the allocated funds spent by end of 2021/22	✓	
			<p><i>The KPI is a cumulative figure for the programme which has been running since 2018.</i></p> <p><i>In Quarter 1: £821,836 (37%) of European Structural Investment Funds (ESIF) have been allocated to projects and £580,805 (71%) has been defrayed by the end of Q1 2021/22.</i></p> <p><i>In Quarter 2: £789,058 (40%) of ESIF funds have been allocated to projects and £581,637 (74%) has been defrayed by the end of Q2 2021/22. The allocation of funds has been hit by several proposals not proceeding as expected and match funding has been a major issue following DWP's decision to classify several funding streams as ineligible match.</i></p> <p><i>The projects underway during Q1 &amp; Q2 include South East Kent's Enterprising Opportunities which provides employability support to budding local entrepreneurs and grants for new equipment or upgrading of premises were awarded to a number of local SMEs, including Sleeping Giant Media, Alliance Building, the Harbour Coffee Company and the Folkestone Leas Lift CIC.</i></p>						



# 04 Quality Homes and Infrastructure

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Numbers of new homes built within the district	-	-	-	-	-	-	738 homes (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>					
Percentage reduction in homelessness	-	-	-	-			5% based on 2020 data	-
			<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>					
Number of homelessness approaches (includes Triage, Prevention, Relief & Decision cases)	317	348	373	369			No Target	-
Page 25			<i>Homelessness approaches to the Council are up on this time last year. This is in part due to the ending of the embargo on evictions that was put in place during the lockdown period and also due to the impacts of the Domestic Abuse Act that places duties on local authorities to provide safe accommodation to victims of abuse who present themselves to the Council as homeless. The numbers of approaches appear to have levelled off in Quarter 2.</i>					
Percentage of homelessness approaches closed as 'homelessness prevented'	-	-	3.59%	3.72%			4% (Monthly)	X
			<i>This represents the number of 'preventions' against the total number of people that approached the council shown as a percentage. We prevented homelessness in 13 cases in quarter 1 and 14 in quarter 2. We expect to prevent homelessness in approx. 4% of approaches, which becomes a challenge when the numbers increase. If the percentage is higher it means we are either able to prevent a greater proportion, or that the need has increased (compare to the 'number of homeless approaches...' above). These outcomes are also determined in most cases by the stage at which clients approach the service. If the homeless circumstances are already advanced, prevention may not be an option.</i>					

# 04 Quality Homes and Infrastructure

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Average number of rough sleepers in the period	-	-	4.2	7.4			<6 (Monthly)	X
			<p><i>The average number of rough sleepers increased between quarters 1 and 2, which may be as a result of the UK opening itself up again following the pandemic. In any case, the general trend of rough sleep is increasing. A total of 10 people were reported as sleeping rough at the end of September.</i></p>					
Average number of households in Bed and Breakfast Accommodation	16	12	2.3	1			0 (Monthly)	X
			<p><i>The number of households in B &amp; B were particularly high during 2020/21 due to the significant number of single people placed in temporary accommodation during the lockdown period. The Housing Options Team have worked to enable these clients to move into suitable long-term accommodation in the district.</i></p>					
Average number of households in Temporary Accommodation	44	44	29.3	26			<35 (Monthly)	✓
			<p><i>The number of households in B &amp; B were particularly high during 2020/21 due to the significant number of single people placed in temporary accommodation during the Lockdown period. The Housing Options Team have worked to enable these clients to move into suitable long-term accommodation in the district. They are also working to prevent homelessness wherever possible and enable households to move into alternative long-term homes rather than move into temporary accommodation.</i></p>					
Number of units delivered under the Next Steps Accommodation Programme	-	-	0	4			6 (Annual)	✓

# 04 Quality Homes and Infrastructure

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Long-term Empty Homes brought back into use	29	13	8	7			70 (Annual)	✓
			<i>Works are on site to return a further, approximately 23 long-term empty homes back into use in the district through the No Use Empty initiative in partnership with KCC. The properties are located in Folkestone and Hythe. The Council's Private Sector Housing Team are also working to identify long-term term empty homes and to work with the owners to return them to use. The Schemes currently on site are due to complete toward the end of 2021/22.</i>					
Affordable homes delivered by the Council and its partners	3	4	27	0			80 (Annual)	✓
Page 27			<i>A further 50+ affordable homes are currently started on site in the district. The homes which are being delivered by the Council's registered provider partners, will help provide more homes for affordable rent and low cost home ownership on sites in Cheriton and Sellindge. The homes are due complete towards the end of 2021/22 year.</i>					
Affordable homes for low cost home ownership delivered by the Council and its partners	0	0	0	0			32 (Annual)	X
			<i>See comment above</i>					
Private sector homes improved as a result of intervention by the Council	33	66	54	74			200 (Annual)	
Council home new builds and acquisitions started on site	3	3	15	0			20 (Annual)	✓
			<i>The starts on site so far in 2021/22, will provide additional Council homes for rent in Folkestone. Further acquisitions opportunities are being sought.</i>					

## 04 Quality Homes and Infrastructure

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Percentage of properties that meet the decent homes standard	-	-	99.97%	99.97%			99% (Annual)	✓
			<i>The Decent Homes position remains at 99.97%; however, until the results of the stock survey have been analysed, reported figures are based upon a sample of surveyed properties only. By this calculation, only one block is reported to have a failing under Category 2 of the Decent Homes definition due to one of the key components being old (the roof – listed building)</i>					
% of major planning applications to be determined within statutory period <i>(including any agreed extension of time)</i>	75%	86%	100%	85.7%			60% (Quarterly)	✓
% of minor applications to be determined within the statutory period <i>(including any agreed extension of time)</i>	78%	76%	81.94%	89.71%			70% (Quarterly)	✓
% of other planning applications to be determined within statutory period <i>(including any agreed extension of time)</i>	93%	89%	89.88%	91.92%			85% (Quarterly)	✓

# Transparent, Stable, Accountable and Accessible

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
Council tax collection	28.82% (Cumulative)	55.53% (Cumulative)	28.55% (Cumulative)	54.81% (Cumulative)			97.3% (Annual)	✓
Business Rates collection rate	32.94% (Cumulative)	56.83% (Cumulative)	23.82% (Cumulative)	52.03% (Cumulative)			97.5% (Annual)	✓
Increase take up of My Account and online transactions	-	-	14.16%	7.09%			15% (Annual)	✓
			<p>Since the launch of My Account in August 2020 a total of 24,219 customers overall have so far registered for the service.</p> <p>In Quarter 1, a total of 7,355 customers have registered, a take up of 14.16% and in Quarter 2, a total of 3,683 customers have registered, a take up of 7.09%.</p>					
Freedom of Information / Environmental information Requests to be responded to within the statutory period of (20 working days or lawful extension).	64.8%	87.4%	87.52%	69.46%			90% (Monthly)	X
			<p>Performance for both Quarter 1 and 2 has been below target whilst Case Management and Information Governance teams address some of the historic caseload which accrued over the past 18 months. These difficult cases have now been reduced significantly and we expect to see an upturn in compliance going into Quarter 4. Whilst resources have been a challenge during the past 12 months further cross training and recent recruitment is continuing to provide greater resilience to this area. In addition, further work is being undertaken on both process improvements and the development of the Staff Hub as the Information Governance Management system to yield more positive results going forward.</p> <p>For context in Q1 and Q2 2020 the total number of requests received was 272 and for the same period in 2021 the number of requests received was 423</p>					

# Transparent, Stable, Accountable and Accessible

Description	Q1 2020-21 Comparison	Q2 2020-21 Comparison	Q1 Actual 2021-22	Q2 Actual 2021-22	Q3 Actual 2021-22	Q4 Actual 2021-22	Target	On Target
All Subject Access Request responses to be provided within the statutory period (1 calendar month or lawful extension).	16.6%	88.8%	0%	0%			90% (Monthly)	X
			<p><i>The increase in FOI/EIR caseload has had an impact on the ability to obtain the information for SARs and accurately redact them within the compliance period. Although they are not significant in volume (11 requests for Q1 &amp; Q2) they can be complex and large with some requests requiring a manual review and redaction of over 1000 pages of documents. In addition to this we are also somewhat hampered by needing to liaise with 3rd parties to check if they have any objections to their data being disclosed. An action plan is being put in place to address these issues going forward and the reduction in the historic work as well as the cross training will free up time to improve compliance.</i></p>					
Percentage of data breaches assessed within 72 hours to decide if it is reportable to the ICO.	-	-	100%	100%			100% (Monthly)	✓
Percentage of reportable data breaches that were submitted to the ICO within 72 hours.	-	-	100%	100%			100% (Monthly)	✓

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This Report will be made  
public on 8 November  
2021

Report Number **C/21/48**

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**To:** Cabinet  
**Date:** 24 November 2021  
**Status:** Non-Key Decision  
**Head of Service:** Charlotte Spendley – Director of Corporate Services  
**Cabinet Member:** Councillor David Monk - Cabinet Member for Finance

**SUBJECT: GENERAL FUND REVENUE BUDGET MONITORING – 2<sup>ND</sup> QUARTER 2021/22**

**SUMMARY:** This monitoring report provides a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 31 August 2021.

**REASONS FOR RECOMMENDATIONS:**

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

**RECOMMENDATIONS:**

1. To receive and note Report C/21/48.

## 1. INTRODUCTION AND BACKGROUND

- 1.1 This report updates Cabinet on the likely projected outturn on the General Fund Revenue budget for 2021/22.
- 1.2 The projections are made against the latest approved budget and based on data received as at 31 August 2021. Some caution therefore needs to be exercised when interpreting the results due to the early stage of the financial year, however, a thorough budget monitoring exercise has been carried out.

## 2. GENERAL FUND REVENUE 2021/22 - PROJECTED OUTTURN

- 2.1 The Quarter 2 projected outturn for service areas shows a forecast of £24,535k against the latest approved budget of £23,709k resulting in a variance of £826k (projected overspend). It should be noted that this projection includes £792k of service expenditure which is to be funded from reserves from 20/21 carry forwards included below the net cost of services.
- 2.2 When taking into account other entries such as Earmarked Reserves, Other Service Grants and Collection Fund Income, the total projected outturn is a projected underspend of (£511k).
- 2.3 The following table summarises the latest projected outturn position:

<b>General Fund Net Cost of Services</b>	<b>Latest Approved Budget</b>	<b>Projected Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finance, Strategy & Corporate Services	6,233	6,910	677
Human Resources	558	619	61
Governance & Law	2,452	2,567	115
Leadership Support	907	889	(18)
Place	6,589	6,240	(349)
Economic Development	1,340	1,601	261
Planning	185	209	24
Operations	2,627	2,347	(280)
Strategic Development	72	135	63
Housing	3,355	3,018	(337)
<b>Sub-Total – Heads of Services</b>	<b>24,318</b>	<b>24,535</b>	<b>217</b>
Unallocated Net Employee Costs	(609)	-	609
<b>Total – Heads of Service</b>	<b>23,709</b>	<b>24,535</b>	<b>826</b>
Internal Drainage Board Levies	484	484	-
Interest Payable and Similar Charges	739	583	(156)
Interest and Investment Income	(754)	(1,020)	(266)
New Homes Bonus Grant	(836)	(836)	-
Other Non-Service Related Government Grants	(1,971)	(3,923)	(1,952)
Town and Parish Council Precepts	2,594	2,594	-
Minimum Revenue Provision	886	1,211	325
Capital Expenditure Financed from Revenue	1,280	757	(523)
<b>Net Revenue Expenditure before Use of Reserves</b>	<b>26,131</b>	<b>24,385</b>	<b>(1,746)</b>

Net Transfer to/from(-) Earmarked Reserves	(2,895)	(9,600)	(6,705)
<b>Total to be met by Taxpayers</b>	<b>23,236</b>	<b>14,785</b>	<b>(8,451)</b>
Transfer to/from(-) the Collection Fund	67	67	-
Business Rates Income	(3,905)	4,141	8,046
Demand on the Collection Fund	(13,128)	(13,234)	(106)
<b>Surplus (-)/Deficit for the year</b>	<b>6,270</b>	<b>5,759</b>	<b>(511)</b>

2.4 The main variances are shown below:

	£'000
<b>Service expenditure to be funded from reserves:</b>	
Covid Funding expenditure (carried forward from 2020/21)	260
Corporate Priorities spend (carried forward from 2020/21)	164
Corporate Investment Initiatives (carried forward from 2020/21)	157
High Street Innovation Fund (carried forward from 2020/21)	155
Strategic Delivery Team – salary costs	56
<b>Services:</b>	
Council Tax Collection – decrease in income	300
Waste – net increase in annual contract cost	90
Car Parking – increased income	(158)
<b>Other Items (below the Net Cost of Services):</b>	
Movement in Earmarked Reserves	(1,258)
Interest & Investment Income	(266)
Interest Payable & Similar Charges	(156)
Demand on Collection Fund	(230)
Business Rates Income	277
Other net variances	118
<b>Total net projected General Fund Reserve increase</b>	<b>(511)</b>

2.5 Explanations for the main variances are detailed below:

Service expenditure to be funded from reserves

Covid Funding Expenditure - The Council received grants in 2020/21 specifically for Test & Trace, Council Tax Hardship and Compliance & Enforcement in relation to the pandemic. Unspent funding was transferred to earmarked reserves at the end of the year and is expected to be fully utilised in 2021/22.

Corporate Priorities – As part of the 2019/20 Qtr 3 budget monitoring report that went to Cabinet in January 2020 it was agreed to utilise up to £400k of the projected underspend to provide interim capacity for the delivery of Corporate Priorities. In order to be met from the available resources the funds are to be spent only on one off items and will not have any recurring financial impact. The unspent funding at the end of 2020/21 was allocated to an earmarked reserve and the remaining initiatives and projects anticipated to be implemented this year are:

	£'000
Heritage enhancements	39
Pesticide motion	30
Park enhancements (including H&S equipment improvements)	20
Development of new ED Strategy	50
Additional CLLD capacity	12
Lifeline Strategy	13
<b>Total</b>	<b>164</b>

Corporate Investment Initiatives – Consultancy work on Folkestone Town Centre initiatives, including FOLCA. Expenditure is funded from the Economic Development reserve.

High Street Innovation Fund – Anticipated spend on High Street projects this financial year which was delayed from 2020/21 due to the pandemic. Expenditure is funded from the High Streets Regeneration reserve.

Strategic Delivery Team - Projected part year staffing costs for the new Strategic Delivery Team approved by Cabinet in September 2021 (C/21/32) to deliver the Council's Corporate Plan. Expenditure is to be funded from earmarked reserves.

#### Services

Council Tax Collection – Reduction in court costs income due to reduced court hearings this year as they reopen following the pandemic.

Waste – The net increase in the annual contract cost has arisen due to the new contractual arrangements. The net position is reflective of both the financing cost of the waste vehicles and additional contractual costs (which were lower as a result of the decision to purchase the fleet vehicles).

Car Parking – Parking income is now recovering following the pandemic and increases in income are expected for off street parking charges, parking fines, and on street residents parking permits.

#### Other Items (below the Net Cost of Services)

Movement in Earmarked Reserves - The key movements are (£736k) assumed use of monies carried forward from 2020/21, (£466k) budgeted contributions to reserves for Council Tax grants removed as funds received in 2020/21 and (£56k) use of reserves to fund the new Strategic Development Team to deliver the Council's Corporate Plan.

The latest forecast Earmarked Reserves position is shown in the table below:

Reserve	Balance at 1/4/2021 £'000	Latest Budget £'000	Projection £'000	Change £'000	Balance at 31/3/2022 £'000
<b>Earmarked</b>					
Business Rates	2,722	225	(821)	(1,046)	1,901
Leisure Reserve	547	(100)	(100)	0	447
Carry Forwards	691	(32)	(125)	(93)	566
VET Reserve	283	(66)	34	100	317
Invest to Save	0	0	0	0	0
Maintenance of Graves	12	0	0	0	12
New Homes Bonus (NHB)	2,342	(344)	(344)	0	1,998
Corporate Initiatives	598	(349)	(529)	(180)	69
IFRS Reserve	8	(2)	(3)	(1)	5
Otterpool Park Garden Town	0	0	0	0	0
Economic Development	1,991	(1,134)	(192)	942	1,799
Community Led Housing	365	(55)	(55)	0	310
Lydd Airport	9	0	0	0	9
Homelessness Prevention	488	98	98	0	586
High Street Regeneration	2,070	(830)	(1,016)	(186)	1,054
Climate Change	4,946	(306)	(346)	(40)	4,600
Covid Recovery	6,501	0	(6,201)	(6,201)	300
<b>Total Earmarked Reserves</b>	<b>23,573</b>	<b>(2,895)</b>	<b>(9,600)</b>	<b>(6,705)</b>	<b>13,973</b>

Interest Payable & Similar Charges - Lower interest payable resulting from lower interest rates secured and reduced borrowing due to delays in planned capital expenditure.

Interest and Investment Income - Increased interest and investment income receivable resulting from higher returns from pooled investment funds and anticipated interest due from the Otterpool loan.

Demand on the Collection Fund - Additional Council Tax income is projected based on current collection rates.

Business Rates Income – A reduction in Business Rates income is projected based on current collection rates.

### 3. CONCLUSIONS

- 3.1 The projected outturn shown for the General Fund Revenue account for 2021/22 reflects the position based on actual expenditure and forecasts at 31 August 2021 and projects an underspend of (£511k).

### 4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.

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

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

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

### 5.2 Finance Officer's Comments (CI)

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

### 5.3 Diversities and Equalities Implications

The report does not cover a new service/policy or a revision of an existing service/policy and therefore does not require an Equity Impact Assessment.

### 5.4 Climate Change Implications (OF)

As this report deals entirely with financial matters, there is no climate change impact.

## 6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

*Cheryl Ireland, Chief Financial Services Officer*

Telephone: 01303 8532 13 Email: [cheryl.ireland@folkestone-hythe.gov.uk](mailto:cheryl.ireland@folkestone-hythe.gov.uk)

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

Budget projection working papers.



This Report will be made public on 8 November 2021

Report Number **C/21/45**

**To:** Cabinet  
**Date:** 24 November 2021  
**Status:** Non-Key Decision  
**Head of Service:** Charlotte Spendley – Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader and Portfolio Holder for Finance

**SUBJECT:** GENERAL FUND CAPITAL PROGRAMME BUDGET MONITORING 2021/22

**SUMMARY:** This monitoring report provides an initial projection of the current financial position for the General Fund capital programme profiled for 2021/22, based on expenditure to 31 August 2021, and identifies variances compared to the latest approved budget.

**REASONS FOR RECOMMENDATIONS:**

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

**RECOMMENDATIONS:**

1. To receive and note report C/21/45.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 As part of the council's normal budget monitoring process this report updates Cabinet on the current position for the General Fund capital programme profiled for 2021/22, based on expenditure to 31 August 2021, compared to the latest approved budget. Specifically, this report;-
- i) identifies variances on planned capital expenditure for 2021/22 and explanations of these differences, and
  - ii) considers the impact any changes to the overall capital programme will have on the financing resources required to fund it.
- 1.2 Cabinet is reminded that Full Council approves a rolling five year General Fund Medium Term Capital Programme (MTCP) annually as part of the overall budget process. This monitoring report considers the latest projected expenditure for 2021/22 against the profiled budget for the year.
- 1.3 Full Council approved the current MTCP through to 2025/26 on 24 February 2021 (minute 25 refers). On 26 May 2021 Cabinet approved £400k to be added to the General Fund capital programme to allow the necessary Cat A works to the Connect 38 building, funded from an external contribution received, (minute 7 refers). This is still required to be reported to Full Council. On 21 July 2021 Full Council approved an additional £518k for the Coast Drive Seafront Development (minute 24 refers). The latest approved budget also includes £3.131m of planned expenditure reprofiled from 2020/21 due to slippage on schemes and is consistent with the position previously reported to Cabinet on 23 June 2021 in the General Fund Capital Programme Provisional Outturn Report for 2020/21 (minute 12 refers).
- 1.4 The projections shown in the report are made at a relatively early stage in the financial year and will be subject to further change which will be reported to Cabinet as part of the on-going budget monitoring process.

## **2. CAPITAL PROGRAMME 2021/22 – PROJECTED OUTTURN**

- 2.1 The latest projection for the total cost and funding of the General Fund capital programme for 2021/22 is £25,982,000, a decrease of £22,692,000 compared to the latest budget of £48,674,000. Full details are shown in Appendix 1 to this report and the following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme:



General Fund Capital Programme Q2 2021/22	Latest Budget 2021/22	Projection 2021/22	Variance Budget to Projection
	£'000	£'000	£'000
<b>Service Units</b>			
Operations	8,960	1,679	(7,281)
Corporate Services	2,496	2,496	0
Housing	1,927	1,527	(400)
Transformation & Transition	21,327	6,061	(15,266)
Economic Development	0	165	165
Place	13,964	14,054	90
<b>Total Capital Expenditure</b>	<b>48,674</b>	<b>25,982</b>	<b>(22,692)</b>
<b>Capital Funding</b>			
Capital Grants	(6,345)	(5,070)	1,275
External Contributions	(2,194)	(1,172)	1,022
Capital Receipts	(16,630)	(995)	15,635
Revenue	(1,608)	(757)	851
Borrowing	(21,897)	(17,988)	3,909
<b>Total Funding</b>	<b>(48,674)</b>	<b>(25,982)</b>	<b>22,692</b>

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

Variances – 2021/22 Latest Budget to Q2			
1	<b>Reprofiling between 2021/22 and 2022/23</b>	£'000	£'000
	i) Corporate Property Development Projects	(161)	
	ii) Biggins Wood Commercial Development	(481)	
	iii) Biggins Wood Site Land Remediation Works	(1,500)	
	iv) Greatstone Holiday Lets	(1,847)	
	v) Coast Drive Seafront Development	(893)	
	vi) East Cliff Landfill Protection (FPPG Charity)	(1,170)	
	vii) Coast Protection, Coronation Parade Folkestone	(730)	
	viii) Public Toilet Enhancement	(197)	
	ix) Princes Parade Leisure Centre	(15,540)	
	x) Mountfield Business Hub	274	
	xi) Connect 38 CAT A Works	(240)	
			<b>(22,485)</b>
<b>2</b>	<b>Reclassification between capital and revenue</b>		
	i) Community Led Local Development ERDF Capital Projects (externally funded)	165	
			<b>165</b>
<b>3</b>	<b>Overspends</b>		
	i) Lower Sandgate Rd Beach Huts	34	
	ii) Otterpool Park Delivery Costs	90	

iv)	Other small overspends	1	<b>125</b>
<b>4</b>	<b>Underspends</b>		
i)	General Fund Property - Health and Safety Enhancements	(10)	
ii)	Coastal Protection Beach Management	(77)	
iii)	Royal Military Canal Enhancements	(10)	
iv)	Disabled Facilities Grants	(400)	<b>(497)</b>
	<b>Total change in overall capital programme for 2021/22</b>		<b>(22,692)</b>

2.3 As the variance analysis in the table above shows, there is a significant projected reprofiling of budgets from 2021/22 to 2022/23 and beyond. Notably, £15.54m of planned expenditure for the Princes Parade Leisure Scheme is to be reprofiled. Typically property related capital schemes are more difficult to project accurately in terms of the timing of expenditure due to external factors such as planning, legal and procurement. However, it is important to remember that the council controls its capital expenditure against the sums approved within the Medium Term Capital Programme rather than the profiled amounts for each year.

2.4 Cabinet will receive an update to the Medium Term Capital Programme (MTCP) through to 2026/27 in January 2022, as part of the annual budget process, and this will include the latest forecast profiling of expenditure for all the current approved General Fund capital schemes. As part of this update, it may be necessary to consider the allocation of the approved capital budgets between the Otterpool Land Acquisition and Otterpool Further Investment (funding of the LLP Delivery Vehicle) schemes to reflect the most appropriate and effective way of delivering the overall objectives for the Otterpool Park development.

### **3. IMPACT OF PROGRAMME CAPITAL FUNDING RESOURCES**

3.1 One of the key principles underlying the council's Medium Term Financial Strategy is the capital programme is funded from available or realised capital resources and that new borrowing should only be used where it is prudent and affordable. The only exception to this is where a scheme is subject to grant funding or external contributions in which case no commitment is made against these until the funding is confirmed. The 2021/22 projected outturn for the General Fund capital programme conforms to this key principle.

3.2 As summarised in section 2 of this report, the council's projected capital expenditure for 2021/22 requires a significant level of borrowing to support it. The capital schemes in 2021/22 planned to be supported by borrowing are:

	£'000
i) Otterpool Park acquisitions	6,324
ii) Otterpool Park Delivery Vehicle	90
iii) Otterpool Further Investment	5,000
iv) Otterpool Park Masterplanning Costs	995
v) Veolia Waste Contract	1,484
vi) Oportunitas Phase 2 funding	2,420
vii) Temporary Accommodation	274
viii) Princes Parade Leisure Centre	1,197
ix) Lower Sandgate Road Beach Huts (Charity)	54
x) Coastal Park Toilet and Concession (Charity)	150
<b>Total</b>	<b>17,988</b>

3.3 The borrowing required is consistent with the council's approved Capital Strategy for 2021/22.

3.4 The latest position regarding the council's available capital receipts to fund capital expenditure is shown in the following table:

<b>Capital Receipts Position Statement</b>	<b>£'000</b>
Total receipts in hand at 30 September 2021	(9,879)
Less:	
Committed towards General Fund capital expenditure	2,545
Committed towards HRA capital expenditure	5,510
Ring-fenced for specific purposes	78
Contingency for urgent or unforeseen capital expenditure	500
<b>Balance available to support new GF capital expenditure</b>	<b>(1,246)</b>

#### 4. CONCLUSIONS

4.1 The projected outturn shown for the General Fund capital programme for 2021/22 reflects the position based on actual expenditure and forecasts at 31 August 2021. The projected outturn will be reviewed, updated and reported to Cabinet as part of the budget monitoring process for 2021/22.

#### 5 RISK MANAGEMENT ISSUES

5.1 A summary of the perceived risks follows:

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

			majority of the programme. Schemes subject to future capital resources will only commence once these are realised. Schemes supported by grant funding will only commence once fully approved and committed by the relevant body. Prudential borrowing is only used for capital schemes expected to generate a net revenue benefit and/or future capital receipts
Cost of new projects may exceed the estimate.	High	Medium	Capital monitoring procedures in place allowing prompt early action to be taken to manage the risk effectively.

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

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

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

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

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

### 6.3 Communication Officer's Comments (JW)

There are no communication issues arising directly from this report

### 6.4 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.

### 6.5 Climate Change Implications (AT) *[Pilot reporting period]*

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

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

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

*Lee Walker, Group Accountant*

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

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

None

Appendices:

Appendix 1 – General Fund Capital Programme 2021/22 Projected Outturn

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**APPENDIX 1 - GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME 2021/22**

by Head Of Service

Item	Scheme	Latest Approved Budget	Latest Projection	Variance	Comments
		£000	£000	£000	
	<b><u>Andy Blaszkowicz - Director of Operations</u></b>				
1	General Fund Property - Health and Safety Enhancements	13	3	(10)	Saving.
2	Lifeline Capitalisation	50	50	0	On target.
3	Royal Military Canal Enhancements	20	10	(10)	Saving on planned work.
4	Corporate Property Development Projects	161	0	(161)	Reprofiled to 2022/23 and budget may be required to support the Biggins Wood Site Land Remediation Works scheme.
5	Biggins Wood Commercial Development	491	10	(481)	Reprofiled to 2022/23. Cabinet report updating the Biggins Wood development due to be considered by Cabinet on 24 November 2021.
6	Biggins Wood Site Land Remediation Works	1,700	200	(1,500)	The Council has been awarded a grant of £1.15m towards this scheme. Work is planned to commence in the Spring of 2022 with the majority of the budget now profiled for 2022/23.
7	Greatstone Holiday Lets	1,847	0	(1,847)	Scheme on hold to consider planning issues.
8	Area Officer Vans	30	30	0	Looking at electric vehicles but costs and capacity are restrictive.
9	Lower Sandgate Rd Beach Huts	20	54	34	Additional loan funding to be met by FPPG Charity.
10	On Street P & D Machines	12	13	1	On target.
11	Electric Vehicle Charging Points	40	40	0	Project is on hold pending KCC to grant permission to use their lamp columns. Decision expected by the end of the calendar year.
12	Coast Drive Seafront Development	893	0	(893)	Scheme re-profiled to 2022/23.
13	Coastal Park Play Equipment (FPPG Charity)	62	62	0	On target.
14	Coastal Park Toilet and Concession	150	150	0	On target.
15	East Cliff Landfill Protection (FPPG Charity)	1,200	30	(1,170)	Investigation works taking place with the majority of the work now profiled for 2022/23.
16	Hawkinge Depot Upgrade	75	75	0	On target.
17	Units 1-5 Learoyd Road New Romney	200	200	0	Work anticipated to start in early 2022 with units being available for re-letting around mid-2022. Therefore, it is possible that some of the spend will be in the new 2022/23 financial year.
18	Connect 38 CAT A Works	400	160	(240)	First phase of works complete, second phase expected to be completed next financial year. Funded from an external contribution agreed as part of the original acquisition.
19	Coast Protection, Coronation Parade Folkestone	760	30	(730)	Awaiting monitoring results, once received the design/tender process can commence. Likely that the main project expenditure will be incurred during 2022/23.
20	Coastal Protection, Greatstone dune management & study	15	15	0	Works continue year on year to stabilise the sand dunes with the installation of fencing and grasses which provided excellent flood defence for the area. Funded by the Environment Agency.
21	Coastal Protection Beach Management	420	343	(77)	Budget adjusted to reflect the grant awarded by the Environment Agency to meet the cost of works to maintain the beach levels between Hythe and Folkestone.

Item	Scheme	Latest Approved Budget	Latest Projection	Variance	Comments
22	Coronation Parade Annual Monitoring	4	4	0	Ongoing monitoring of Coronation Parade system in order to protect the reinforcing steel within the structure as it provides an essential sea defence to cliff face and properties above. Funded by the Environment Agency.
23	Public Toilet Enhancement	397	200	(197)	Scheme partly re-profiled to 2022/23.
<b>Total - Director of Operations</b>		<b>8,960</b>	<b>1,679</b>	<b>(7,281)</b>	
<b><u>Ewan Green - Director of Place</u></b>					
24	Land at Otterpool Lane	6,324	6,324	0	Further land acquisitions are being explored, however timing of expenditure is uncertain.
25	Otterpool Park Delivery Costs	0	90	90	Further consultancy advice to support the delivery process.
26	Otterpool Further Investment	5,000	5,000	0	Funding for Otterpool LLP to deliver the development.
27	Veolia Waste Contract	1,484	1,484	0	Planned acquisition of vehicles to support the waste contract achieving an ongoing annual revenue saving against the contract
28	Ship Street Site Folkestone	161	161	0	Planning and preparation for the site.
29	Otterpool Park Masterplanning Costs	995	995	0	Masterplanning costs previously agreed to be met by the council, future costs will be met directly by the LLP.
<b>Total - Director of Place</b>		<b>13,964</b>	<b>14,054</b>	<b>90</b>	
<b><u>Charlotte Spendley - Director of Corporate Services</u></b>					
30	PC Replacement Programme	16	16	0	On target.
31	Server Replacement Programme	60	60	0	On target.
32	Oportunitas PH 2	2,420	2,420	0	Funding to support the company's expansion of its residential property portfolio mainly for the former Royal Victoria Hospital site. Phase 1 of the development, the acquisition of 18 units in the former hospital building, completed in October 2021. Phase 2, for the acquisition of 19 new build flats, is due to be completed in late 2022.
<b>Total - Director of Corporate Services</b>		<b>2,496</b>	<b>2,496</b>	<b>0</b>	
<b><u>Katharine Harvey - Head of Economic Development</u></b>					
33	CLLD ERDF Capital Projects	0	165	165	Folkestone Community Works classified as capital expenditure and met from Government Grant.
<b>Total - Head of Economic Development</b>		<b>0</b>	<b>165</b>	<b>165</b>	
<b><u>John Holman - Head of Housing</u></b>					
34	Temporary Accommodation	527	527	0	Acquisition and refurbishment of properties to provide temporary accommodation for homeless households. Officers are currently seeking further suitable acquisition opportunities to complete during 2021/22.



Item	Scheme	Latest Approved Budget	Latest Projection	Variance	Comments
35	Disabled Facilities Grants	1,000	600	(400)	KCC Occupational Therapist Service has only recently recommenced their home assessment visits. For this reason, spend in the current year to date, has been lower, but is anticipated to increase during the second half of 2021/22. DFGs are funded through Government Grant.
36	Home Safe Loans	100	100	0	Council loans to vulnerable home owners on low incomes, to enable them to carry out urgent improvement to their homes. It is anticipated that the full budget will be spent in year.
37	Empty Home Initiatives	300	300	0	Initiative on target to bring empty properties back into use.
<b>Total - Head of Housing</b>		<b>1,927</b>	<b>1,527</b>	<b>(400)</b>	
<b>Tim Madden - Director of Transition &amp; Transformation</b>					
38	Princes Parade Leisure Centre	17,540	2,000	(15,540)	Main contract not due to commence until early 2022, majority of the budget re-profiled to 2022/23.
39	Mountfield Road Employment Land	3,490	3,490	0	On target.
40	Mountfield Business Hub	297	571	274	Expenditure re-profiled from 2020/21 to be met from resources carried forward from 2020/21.
<b>Total - Director of Transition &amp; Transformation</b>		<b>21,327</b>	<b>6,061</b>	<b>(15,266)</b>	
<b>TOTAL GENERAL FUND MEDIUM TERM CAPITAL PROGRAMME</b>		<b>48,674</b>	<b>25,982</b>	<b>(22,692)</b>	

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This Report will be made public on 8 November 2021

Report Number **C/21/46**

**To:** Cabinet  
**Date:** 24 November 2021  
**Status:** Non-Key Decision  
**Head of Service:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Members:** Councillor David Monk, Leader of the Council and Councillor David Godfrey, Housing, Transport and Special Projects

**SUBJECT:** HRA Budget Monitoring Quarter 2

**SUMMARY:** This monitoring report provides a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 31 August 2021.

**REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to agree the recommendations set out below because Cabinet needs to be kept informed of the Housing Revenue Account position and take appropriate action to deal with any variance from the approved budget and be informed of the final 2021/22 position.

**RECOMMENDATIONS:**

1. To receive and note Report C/21/46.

## 1. INTRODUCTION

- 1.1 This report informs Cabinet of the likely projected outturn on HRA revenue and capital expenditure for 2021/22.
- 1.2 The projections are based on actual expenditure and income to 31 August 2021. Some caution therefore needs to be exercised when interpreting the results due to the early stage of the financial year, however, a thorough budget monitoring exercise has been carried out.

## 2. HOUSING REVENUE ACCOUNT REVENUE 2021/22 (see Appendix 1)

- 2.1 The table below provides a summary of the projected outturn compared to the latest budget for 2021/22.

	Latest Budget £'000	Projection £'000	Variance £'000
Income	(15,830)	(16,237)	(407)
Expenditure	12,607	12,802	195
HRA Share of Corporate Costs	175	175	0
<b>Net Cost of HRA Services</b>	<b>(3,048)</b>	<b>(3,260)</b>	<b>(212)</b>
Interest Payable/Receivable etc	1,523	1,523	0
<b>HRA Surplus/Deficit</b>	<b>(1,525)</b>	<b>(1,737)</b>	<b>(212)</b>
Revenue Contribution to Capital	5,938	4,972	(966)
<b>Decrease/(Increase) to HRA Reserve</b>	<b>4,413</b>	<b>3,235</b>	<b>(1,178)</b>

- 2.2 The table shows that overall at quarter 2 there is a projected decrease in net expenditure of £1.2m on the HRA.

The main reasons for this are as follows:-

	£'000
Decrease in revenue contribution to capital (see 2.3 below)	(966)
Increase in rental income (see 2.4 below)	(407)
Increase in bad debt provisions (see 2.4 below)	100
Other variances	95
<b>Total net projected Housing Revenue Account increase</b>	<b><u>(1,178)</u></b>

- 2.3 The decrease in revenue contribution to capital mainly relates to re-profiling of the new build and acquisition programme with anticipated schemes being delayed to 2022/23 (see 3.3).
- 2.4 The increase in rental income largely relates to a projected 5% reduction in income due to Covid-19 at budget setting which has not materialised with collection rates better than anticipated. This is partially offset by an increase in the bad debt provision of £100k for higher arrears based on the latest analysis of data.

There is also currently a high level of void garages which is resulting in reduced income. There are currently 352 void garages, however a

considerable amount of work has been carried out on the garages since they have come back in-house with a project about to commence to ensure that the garage housing stock is improved, maintained and kept to a lettable standard.

- 2.5 Overall, the HRA reserve at 31 March 2022 is expected to be £8.8m compared with £7.6m in the latest budget.

### 3. HOUSING REVENUE ACCOUNT CAPITAL 2021/22 (see Appendix 2)

- 3.1 The latest budget for the HRA capital programme in 2021/22 is £14.4m and the projected outturn for the year is £12.8m, an underspend of £1.6m.

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

	<b>£'000</b>
New Builds/Acquisitions (see 3.3 below)	(1,704)
Other variances	57
<b>Total decrease against Original Budget</b>	<b><u>(1,647)</u></b>

- 3.3 The decrease in new build/acquisition expenditure relates to the re-profiling of the Highview scheme which has not progressed as quickly as anticipated and is now expected to commence in 2022/23. This is due to redesigning the scheme to deliver homes that are as close as possible to zero carbon in use. The team have been exploring new technology and construction methods to deliver a flagship scheme for the HRA following the Council declaring a climate emergency.

- 3.4 The following table compares the resources required to finance the projected outturn for the HRA capital programme in 2021/22. The variation shown below corresponds to the figure in section 3.1, above.

<b>2021/22 HRA</b>	<b>1-4-1 Capital Receipts</b>	<b>Revenue Contribution</b>	<b>Major Repairs Reserve</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
Projected Outturn	1,927	4,972	5,914	12,813
Approved	2,608	5,938	5,914	14,460
Variation	(681)	(966)	0	(1,647)

### 4. CONCLUSION

- 4.1 The HRA revenue outturn projection for 2021/22 forecasts £1.2m lower expenditure than the latest approved budget.

4.2 The HRA capital outturn projection for 2021/22 forecasts £1.6m lower expenditure than the latest approved budget.

4.3 The projected outturn for both the HRA revenue expenditure and capital programme for 2021/22 reflects the position based on actual expenditure and forecasts at 31 August 2021.

**5. RISK MANAGEMENT ISSUES**

5.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
The latest projection of the outturn could be materially different to the actual year end position.	Medium	Medium	Areas at greater risk of variances are being closely monitored and an update will be made to Cabinet if appropriate when this report is considered to allow action to taken.
Capital receipts (including right to buy sales) not materialising	Medium	Low	The capital programme uses realised capital receipts only.
Insufficient capacity to manage delayed expenditure along with new year programme	Medium	Medium	The 2021/22 to 2022/23 capital programme will need to continue to be reviewed to take account of the capacity to manage the programme. 2021/22 planned expenditure will need to be reviewed to determine whether any expenditure will fall into 2022/23 and beyond.

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

**6.1 Legal Specialist’s Comments (NM)**

There are no legal implications arising from this report.

**6.2 Finance Specialist’s Comments (LW)**

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

**6.3 Diversities and Equalities Implications (DA)**

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

#### 6.4 **Climate Change Implications (OF)**

There are no climate change implications arising from this report.

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

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

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

*Cheryl Ireland, Chief Financial Services Officer*

*Tel: 01303 853213 Email: [cheryl.ireland@folkestone-hythe.gov.uk](mailto:cheryl.ireland@folkestone-hythe.gov.uk)*

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

Budget projection working papers

#### **Appendices:**

Appendix 1 Housing Revenue Account revenue budget monitoring report at 31 August 2021

Appendix 2 Housing Revenue Account capital budget monitoring report at 31 August 2021

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HOUSING PORTFOLIO	LATEST APPROVED BUDGET £000	PROJECTED OUTTURN £000	VARIANCE: PROJECTION VS BUDGET £000	REASON
<b>INCOME</b>				
Dwelling rents	14,416	14,935	(519)	Original budget reduced by 5% due to Covid-19 but collection rates better than anticipated (partially offset by an increase in bad debt provision below)
Non-dwelling rents	342	272	70	Currently 352 void garages, survey undertaken and a programme of garage refurbishment is about to commence.
Charges for services and facilities	1,020	978	42	
Contributions from general fund	52	52	0	
<b>Total Income</b>	<b>15,830</b>	<b>16,237</b>	<b>(407)</b>	
<b>EXPENDITURE</b>				
Repairs and maintenance	4,071	3,993	(78)	Window servicing costs lower than budgeted based on programme of works to be completed this year
Supervision and management	5,650	5,823	173	£96k additional Northgate Housing modules required, £63k increased cost of stock condition surveys to carry out comprehensive survey of all stock.
Rents, rates and taxes	22	22	0	
Depreciation charges of fixed assets	2,643	2,643	0	
Debt management expenses	21	21	0	
Bad debts provision	200	300	100	Increased due to higher than anticipated arrears due to Covid-19
<b>Total Expenditure</b>	<b>12,607</b>	<b>12,802</b>	<b>195</b>	
<b>Net</b>	<b>(3,223)</b>	<b>(3,435)</b>	<b>(212)</b>	
HRA Share of Corporate and Democratic Costs	175	175	0	
<b>Net Cost of HRA Services</b>	<b>(3,048)</b>	<b>(3,260)</b>	<b>(212)</b>	
Interest payable	1,573	1,573	0	
Interest and investment income	(50)	(50)	0	
Premiums and discounts	0	0	0	
<b>(SURPLUS)/DEFICIT</b>	<b>(1,525)</b>	<b>(1,737)</b>	<b>(212)</b>	
<b>MOVEMENTS IN HRA BALANCE FOR 2018/19</b>				
Repayment of debt	0	0	0	
Revenue contribution to capital	5,938	4,972	(966)	
Surplus/deficit for the year	(1,525)	(1,737)	(212)	
<b>Increase/Decrease in Net Movement in HRA Balance</b>	<b>4,413</b>	<b>3,235</b>	<b>(1,178)</b>	
HRA Reserve balance brought forward	(12,037)	(12,037)	0	
<b>HRA Reserve balance carried forward</b>	<b>(7,624)</b>	<b>(8,802)</b>	<b>(1,178)</b>	

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PORTFOLIO AND SCHEMES	LATEST APPROVED BUDGET	PROJECTED OUTTURN	VARIANCE: PROJECTION VS BUDGET	COMMENTS
<b>HOUSING PORTFOLIO</b>	<b>£'000</b>	<b>£000</b>	<b>£000</b>	
<b>1. Planned Improvements</b>				
Windows & Doors	540	540	0	
Re-roofing	800	800	0	
Replacement Double Glazing Units	0	0	0	
Heating Improvements	649	649	0	
Kitchen Replacements	410	410	0	
Bathroom Improvements	250	250	0	
Voids Capital Works	300	300	0	
Disabled Adaptations	450	450	0	
Sheltered Scheme upgrades	80	80	0	
Rewiring	485	485	0	
Contract Specification	20	20	0	
Lift Replacement	60	30	(30)	Lift condition surveys have not identified any further lift replacements so the projection has been reduced.
Thermal Insulation	120	120	0	
Fire Protection Works	700	700	0	
Impairment of Assets	0	0	0	
Enhanced Capital Programme	2,500	2,500	0	
	7,364	7,334	(30)	
<b>2. Major Schemes</b>				
External Enveloping *	330	330	0	
Garages Improvements	150	150	0	
Treatment Works	10	10	0	
Broadmead Road	0	0	0	
	490	490	0	
<b>3. Environmental Improvements</b>				
Environmental Works	25	25	0	
New Paths	50	50	0	
Play Areas	10	10	0	
	85	85	0	
<b>4. Other Schemes</b>				
New Builds/Acquisitions	6,521	4,817	(1,704)	Projection reduced due to Highview project being delayed
EKH Single System	0	87	87	Unbudgeted capital spend on Northgate project for additional modules
Cash Incentive Scheme	0	0	0	
	6,521	4,904	(1,617)	
<b>TOTAL</b>	<b>14,460</b>	<b>12,813</b>	<b>(1,647)</b>	
<b>FUNDING</b>				
Major Repairs Reserve	5,914	5,914	0	
Revenue Contribution	5,938	4,972	(966)	
Section 106	0	0	0	
1-4-1 Capital Receipts	2,608	1,927	(681)	
<b>TOTAL FUNDING</b>	<b>14,460</b>	<b>12,813</b>	<b>(1,647)</b>	

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

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