

Finance and Performance Scrutiny Sub-Committee

Held at: Council Chamber - Civic Centre Folkestone

Date: Tuesday, 5 December 2023

Present: Councillors James Butcher, Laura Davison,
David Godfrey, Connor McConville (Chair) and
John Wing.

Apologies for Absence: None.

Officers Present: Andy Blaszkowicz (Director of Housing and Operations),
Gavin Edwards (Performance and Improvement
Specialist), Ewan Green (Director of Strategy and
Resources), Jake Hamilton (Committee Services Officer),
Lydia Morrison (Interim S151 Officer) and Ola Owolabi
(Chief Financial Services Officer).

Others Present: Councillors, Tim Prater and Elaine Martin.

10. **Declarations of interest**

Councillors James Butcher and John Wing both declared an interest as Directors of Oportunitas.

11. **Q2 Performance Report 2023/24**

Gavin Edwards, Performance & Improvement Specialist introduced the report which provided an update on the Council's performance for the second quarter of the year covering 1st July - 30th September 2023. The report enables the Council to assess progress against the approved key performance indicators arising from the Council's Corporate Action Plan.

Members raised several points, including:

- The great results on street cleanliness and graffiti as detailed in the presentation. Members were curious as to whether these results are publicised. And how the fly tipping KPI's are measured? The Performance & Improvement Specialist responded to comments,

advising that he would check with officers on the fly tipping measures. But confirmed the KPI's are published in this report online. Conversations could be had with the council's communication team on further publication of the KPI's.

- Members also raised concern regarding KPI's surrounding homelessness, rough sleepers, and temporary accommodation. And asked what more the council could do to improve those figures. The Performance & Improvement Specialist made members aware that a discussion had already taken place with officers. The number of rough sleepers remains high; however, the council is working with outside organisations, but there are still rough sleepers that are not engaging with services.
- Members commented on the significant increase in long-term empty properties and ask that more information be provided. The Performance & Improvement Specialist advised members that a written response would be provided to the committee in due course.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/60).

12. **Medium Term Financial Strategy 2024/25 to 2027/28**

Ola Owolabi, Chief Financial Services Officer introduced the item and provided the committee with a presentation.

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 the various plans and strategies in financial terms over the four year period ending 31st March 2028. It covers both revenue and revenue implications for capital spend 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.

After the presentation members raised several points, including:

- Since the original report was published has the MTFS inflation assumption shifted? The Chief Financial Services Officer confirmed that the inflation percentage had decreased from 7.9% to 5.5% (as seen on slide 10 of the attached presentation).
- Is the current MTFS model based on the best- or worst-case scenario. The Chief Financial Services Officers advised the committee the current model is based on the best-case scenario.
- The other non-service related grants cover several different grants including the s31 grant. Could the committee be provided with a sense of how that figure (£284,000) could fluctuate. The Chief Financial Services Officer responded advising the council benefits from various grants

throughout the year, some of which fluctuate considerably. Until the council receives further information from central government, the council must be prudent in its projections and set aside reserves to deal with such scenarios.

- Members expressed concerns with the difficulty to consider savings when the council is still waiting on information from central government.
- In respect of Table 2 (Reserves available at Q2 – 2023/24 as at October 2023 – Page 59 of the agenda) the earmarked reserves look set to reduce by approximately 20% over the next 2 years. Is this to be expected. And do members get further updates on how these reserves are progressing. Lydia Morrison, Interim Director of Corporate Services (s151) responded advising a report was presented to Cabinet, requesting a new transformation reserve be created. Most of the movement out of the reserves next year is to support this new fund and to continue to fund a number of key front line posts. Future reports will be going to Cabinet which will detail movements.
- How is the capital programme funded and what proportion is sensible to fund by borrowing. The Chief Financial Services Officer explained that within the council treasury management, there is an operational limit. However, it is important that borrowing for capital programmes is the last resort.
- What Information will be released during the consultation to help members of the public understand. The Chief Financial Services Officer responded stating the consultation is not yet agreed, however, ideas are welcome.
- In relation to the MTFS assumption (appendix 5), how does the CT base increase percentage relate to the final tax base figure. The Chief Financial Services Officer advised the committee that CT base percentage is currently being reviewed by the Revenues & Benefits team. However, the figure presented in the report is a 1% increase based on last year.
- Can a further explanation be given to appendix 2, in relation to the (surplus)/deficit to General Reserves and the carry forward reserves.
- Will the council be reviewing the STAR Chamber process to see if any assumptions have changed. The Interim Director of Corporate Services (s151) responded stating there will not be a further review. The expectation is that the STAR Chamber process has set the budget for those services next year.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/64).

13. **Budget Strategy 2024/25**

Ola Owolabi, Chief Financial Services Officer introduced the item and provided the committee with a presentation.

The Budget Strategy sets out the guidelines for preparing the 2024/25 Budget. It supports the Corporate Plan and aligns with the direction and objectives of the Medium Term Financial Strategy (MTFS).

In terms of financial planning, the Budget Strategy takes account of current and future financial and economic conditions and the Government's Autumn Statement delivered on for 22 November 2023.

The Budget Strategy also sets out the underlying assumptions and initial budget-setting proposals and provides a timetable for delivering a balanced budget for approval and final Council Tax setting by Full Council on 28 February 2024.

After the presentation members raised several points, including:

- Members were happy to see that the consultation would run until 02 February 2024. But asked that the consultation be assessable in the context of the information being easy to understand.
- Are there any items within the general fund revenue growth and income realignment proposal that the committee might want to have a view upon. The Interim Director of Corporate Services (s151) advised that this year the council looked at the trend on income. And has been pragmatic in its approach and proposals.
- Is there an underlining reason for the reduction in income from the Lifeline service? The Director of Housing & Operations confirmed the Lifeline service will undergo a fundamental review, with the aim to understand the income trends and consider what actions should be taken.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/64).

14. **Options Report on whether to continue to maintain Kent County Council (KCC) owned grass in the District, which is subsidised by Folkestone & Hythe District Council (FHDC)**

Andy Blaszkowicz, Director of Housing & Operations introduced the item.

The report outlined the current arrangement with Kent County Council (KCC) to maintain rural and urban verges and the financial implications of this for Folkestone & Hythe District Council (FHDC). Various options were outlined in the report for consideration to reduce budgets in line with the Star Chamber exercise.

Member raised several points, including:

- Members sought clarification of option 5 as detailed in the report. The Director of Housing & Operations confirmed that option 5 is asking

Cabinet to make decision on 13 December 2023 to hand the service back to KCC in 12 months. Allowing the council time to work with KCC on a smooth transition.

- Members were concerned whether some of the options would result in more complaints from members of the public, especially on verges that effect highway vision.
- Members also raised concern as to whether handing the service back would have a negative impact on procuring local businesses. The Director of Housing & Operations explained that most of the service currently is fulfilled in-house, with the exception of the rural work. This is undertaken by a local contractor who would be keen to carry on working for KCC should the service transfer back to them.
- Members asked what the difference was with handing the service back as per option 3 and option 5. The Director of Housing & Operations advised the difference being, with option 5, the council will still hand the service back but there will be a 12-month hand-over period, allowing both authorities to work together for a clean transition of services.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report C/23/61).

15. **Waste & Street Cleansing Saving Proposals**

Ewan Green, Director of Strategy & Resources introduced the item and provided members with a presentation outlining proposed savings to the waste and street cleansing contract.

After the presentation members raised points, including:

- Why is the council charging more for the direct debit garden waste scheme opposed to the annual charge as detailed in appendix 2 of report C/23/71 (Cabinet agenda 13 December 2023). The Director of Strategy & Resources advised the committee he would come back to members in relation to this matter.
- Members were concerned that reducing litter bins would result in increased fly tipping.
- What is the rationale behind the proposed reduction of litter bins to a figure of 775? The Director of Strategy & Resources advised as part of the STAR Chamber process, services were asked to reduce costs by 12.5% as a minimum. The proposed figure equates to that circa that percentage but is also in line with officers view of the overall number of litter bins that is affordable within the contract.
- Has the council considered sponsorship in relation to litter bins. The Director of Strategy & Resources responded by advising that officers have considered options for this but that a key consideration was the quality of the litter bin. He would be happy to revisit this and feedback to members.

- Several members agreed with the sponsorship idea and proposed engagement with parish/town councils could be beneficial.
- Members were concerned that the increase in the bulky waste charge could result in the service being difficult to access for low-income families and asked whether anything could be done to mitigate this.
- Members asked whether the fees and charges would be part of the consultation process. Officers confirmed that it would.
- Members asked for clarification in relation to the addendum and the £200,000 contract savings. The Director of Strategy & Resources confirmed that the saving will be met through negotiation with Veolia and as an example this may be achieved through not filling vacant posts in relation to the street cleansing service
- Members advised they would prefer to see a fundamental review of the litter bins rather than just a figure of reduction.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report OS/23/06).

16. **Overview of Community Grants**

Ewan Green, Director of Strategy & Resources introduced the item.

The report presented an overview of grants made by the Council to external community based organisations.

Members raised several points, including:

- Members observed that ward grants are proposed to be reduced more than the community grants. The Director of Strategy & Resources confirmed that during the STAR Chamber process it was discussed that a 15% reduction was reasonable.
- Does the council analyse themes of community grants (i.e. sports, arts, etc) and how they align with the council's corporate plan. Also, has any geographical work been conducted in relation to community grant spend. The Director of Strategy & Resources advised the committee that a number of grants are distributed through service level agreements and others by the work officers do on the ground.
- Some members considered whether geographical work could be conducted to make sure that the community grants are being distributed across the district fairly. Other members advised that the work would not be accurate as some projects/organisations have an outreach across the district. The Director of Strategy & Resources advised that Member ward grants are agreed on a geographic basis and that there are several other grant programmes that operate district wide.
- Members commented on some of the proposed significant reductions in community grants for certain projects/organisations (i.e. Academy FM) and asked for the rationale behind this. The Director of Strategy & Resources advised that the proposed reductions had come from the

budget development process and discussion in the Star Chambers with Portfolio Holders.

- Members advised that ward grants are invaluable and essential to the community.

(As there was no dissent the committee approved by affirmation of the meeting to receive and note report OS/23/05).