

This Report will be  
made public on 12  
January 2022

Report Number: **FH/21/01**

**To:** Folkestone & Hythe District & Parish Councils'  
Joint Committee  
**Date:** 20 January 2022  
**Head of Service:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Member:** Councillor David Monk – Leader of the Council

**SUBJECT: BUDGET STRATEGY & DRAFT GENERAL FUND BUDGET  
2022/23**

**SUMMARY:** This report sets out the Council's Draft General Fund budget for 2022/23 as well as summarising the overall Budget Strategy for the same period. The report seeks to outline the proposals being consulted upon.

In accordance with the Local Government Finance Act 1992 full Council will consider and agree the budget and council tax for the coming financial year 2022/23, this meeting will be held on 23 February 2022. Both the draft budget and the Budget Strategy will build into the final position, which is also affected by the Local Government Finance Settlement.

The objectives for consultation on the 2022/23 budget proposals will be to:

- (i) Engage with key stakeholder groups and local residents;
- (ii) Seek feedback on specific budget proposals for 2022/23; and
- (iii) Seek feedback on general spending and income generation priorities

## **1. BACKGROUND AND BUDGET STRATEGY**

- 1.1 Council approved the Medium Term Financial Strategy 2022/23 to 2025/26 (MTFS) on 24 November 2021 and Cabinet agreed the Budget Strategy for 2022/23 on 15 December 2021. These reports considered the council's forecast budget position for 2022/23 from a strategic perspective.
- 1.2 The budget proposals in this report been prepared assuming a 2.0% council tax increase in 2022/23. The final decision will not be confirmed until 23 February 2022. In addition, the following remain to be finalised:
- the forecast for council tax and net business rates income.
  - the council tax base position.
  - this council's share of Collection Fund balances.
  - the Local Government Finance Settlement.
- These items will be confirmed in the final budget report.
- 1.3 The MTFS identified that the Council faced a budget shortfall of £1.6m in 2022/23. The Corporate Leadership Team, Assistant Directors and Chief Officers have reviewed current budget allocations and savings proposals. Unavoidable budget growth of £444k was approved by Cabinet on 15 December. In addition the review of fees & charges and other identified savings resulted in savings of £1.047m being identified through the Budget Strategy process. The draft budget detailed in this report reflects the changes made as a result of these reviews.

## **2. CONTEXT**

- 2.1 The context and financial climate are outlined more fully in the MTFS and Budget Strategy reports. The Council continues to face challenging times and tight financial restraint is expected to continue to be applied across the public sector well over the medium to longer term.

### Local Government Finance Settlement

- 2.2 The Provisional Local Government Finance Settlement was announced on 16 December. This was a one year settlement proposal for 2022/23 with further details on proposed funding reform to follow during early 2022.
- 2.3 The settlement confirmed the referendum limits for Council Tax at 2% (or £5 for district and fire authorities where this exceeds the 2%). No referendum limits will apply for town and parish councils. The settlement also confirmed that New Homes Bonus will be 'rolled over' for a further year, confirming allocations and the final legacy payment honoured. The lower tier services grant was also 'rolled over' with £111m being made available nationally.

## **3. GENERAL FUND BUDGET 2022/23**

- 3.1 The draft budget for 2022/23 is noted below. It includes the Council's contribution to the Folkestone Parks and Pleasure Grounds Charity, the cost of which determines the special expense falling on Folkestone and Sandgate taxpayers.
- 3.2 The budget estimates are presented on a 'controllable' basis only; all inter service area recharges, capital charges and certain other technical

accounting adjustments are excluded. Focus can therefore be on real changes in expenditure and income within a service area.

3.3 Table 1 below sets out a summary of the budget.

Table 1: General Fund Summary

	2021/22	2022/23
	Original	Original
	Budget	Budget
	(Based on outturn prices)	
	£	£
<b>SUMMARY OF NET EXPENDITURE</b>		
<b>Service Heads</b>		
Finance, Strategy & Corporate Services	6,148,800	7,657,250
Human Resources	655,850	626,780
Governance & Law	2,449,910	2,589,890
Leadership Support	907,520	1,004,220
Place	6,600,060	6,254,240
Economic Development	1,304,330	762,030
Planning	212,940	137,020
Operations	2,487,590	1,358,450
Strategic Development	70,490	39,670
Housing	3,345,600	3,342,840
Transition & Transformation	-	-
Recharges	(5,559,000)	(5,613,000)
Vacancy& savings target	(608,800)	(224,000)
<b>TOTAL HEAD OF SERVICE NET EXPENDITURE</b>	<b>18,015,290</b>	<b>17,935,390</b>
Internal Drainage Board Levies	483,570	493,241
Interest Payable and Similar Charges	739,000	801,000
Interest and Investment Income	(754,000)	(1,320,000)
Council Tax Freeze Grant	-	-
New Homes Bonus Grant	(836,050)	(744,272)
Other non-service related Government Grants	(1,971,230)	(1,763,462)
Town and Parish Council Precepts	2,594,250	2,646,132
<b>TOTAL GENERAL FUND OPERATING NET EXP</b>	<b>18,270,830</b>	<b>18,048,029</b>
Net Transfers to/(from) Earmarked Reserves	(2,760,260)	(3,526,170)
Minimum Revenue Provision	886,000	1,667,000
Capital Expenditure funded from Revenue	1,280,000	2,363,000
<b>TOTAL TO BE MET FROM LOCAL TAXPAYERS</b>	<b>17,676,570</b>	<b>18,551,859</b>
Transfer to/(from) the Collection Fund	67,290	-
Business Rates Income	(3,905,100)	(3,943,223)
<b>TOTAL TO BE MET FROM DEMAND ON THE COLLECTION FUND &amp; GENERAL RESERVE</b>	<b>13,838,760</b>	<b>14,608,636</b>
Council Tax-Demand on Collection Fund	(13,128,210)	(13,494,053)
<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>710,550</b>	<b>1,114,583</b>

#### 4. RESERVES

4.1 The forecast balance on the General Reserve was reported to Cabinet through the Budget Strategy in December 2021 and will be updated to reflect

planned use and 2021/22 outturn predictions for inclusion in the final budget reports to Cabinet and Council on 23 February 2022.

Given the current budget gap forecast for 2022/23, it is anticipated that the use of reserves will be necessary to balance the budget. The Council will need to consider the prudent use of reserves, across both General and Earmarked Reserves.

#### 4.2 Estimated levels of General and Earmarked Reserves before balancing funding is determined are shown below:

Notes:

<sup>1</sup> IFRS = International Financial Reporting Standards

Description of Reserve	Balance 1/4/21 £000	Forecast Balance 31/3/22 £000
<b>General Reserve</b>	<b>3,822</b>	<b>4,333</b>
<b>Earmarked Reserves:</b>		
Business rates	2,723	1,901
Carry forwards	691	472
IFRS	8	5
Vehicles, equipment and technology	283	317
New Homes Bonus initiatives	2,341	1,998
Corporate initiatives	598	69
Maintenance of Graves	12	12
Leisure	547	447
Otterpool Park	-	-
Economic Development	1,991	1,754
Community Led Housing	365	310
Lydd Airport	9	9
Homelessness Prevention	488	586
High Street Regeneration	2,070	1,054
Climate Change	4,946	4,530
Covid Recovery	6,501	300
<b>Total Earmarked Reserves</b>	<b>23,573</b>	<b>13,764</b>
<b>Total General Fund Reserves</b>	<b>27,395</b>	<b>18,097</b>

## 5. BUDGET PREPARATION – NEXT STEPS

### 5.1 The following items remain subject to confirmation:

- Final Local Government Finance Settlement.
- Council Tax Base position
- The council's share of the Collection Fund surplus or deficit.
- Town and parish precepts.
- Business rates income forecast.

- 5.2 These will be covered in the final budget reports to Cabinet and Council on 23 February 2022, along with details of the special expense charged to Folkestone and Sandgate taxpayers.

## **6. BUDGET CONSULTATION**

- 6.1 The objectives for consultation on the 2022/23 budget proposals will be to:
- (i) Engage with key stakeholder groups and local residents;
  - (ii) Seek feedback on specific budget proposals for 2022/23; and
  - (iii) Seek feedback on general spending and income generation priorities
- 6.2 This report outlines summary information on the Councils budget setting for 2022/23 however more detailed information can be found both through the committee papers referenced and at the Councils consultation page on the website.
- 6.3 The Budget Consultation page is available at [Budget consultation 2022-23 - Folkestone & Hythe District Council \(folkestone-hythe.gov.uk\)](https://www.folkestone-hythe.gov.uk/budget-consultation-2022-23) The page includes all key document links (Medium Term Financial Strategy, Budget Strategy including Growth and Savings, Fees and Charges) as well as links to complete the consultation questionnaire. The consultation is open to everyone, but residents, parish/town councils, businesses and local community groups are particularly encouraged to provide their feedback. The consultation will remain open until 1 February 2022.

## **7. CONCLUSION**

- 7.1 Any feedback provided through the budget consultation will be reported to Cabinet through the final budget report in February, which will determine the proposed budget and council tax levels for the forthcoming financial year.

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

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

Subject to Cabinet ensuring best value and having regard to its general fiduciary duties and those relating to equality, transparency and efficiency, there are no legal implications arising directly out of this report.

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

The Budget for 2022/23 will be submitted for approval by Cabinet and Full Council in February 2022. This report is the latest stage in the detailed budget process and will be used to inform the preparation of the final budget proposals.

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

The budget report to Council in February will include an Equality Impact Assessment of the budget recommendations for 2022/23.

## 9. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

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

- Medium Term Financial Strategy 2022/23 to 2025/26
- Budget Strategy 2022/23
- Draft General Fund Budget 2022/23