

This Report will be made public on 14 April 2022

Report Number **C/21/101**

---

**To:** Cabinet  
**Date:** 26 April 2022  
**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 – 4<sup>TH</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 February 2022.

**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/21/101.
2. To agree that the previously allocated £300k for the interim delivery of corporate priorities (C/20/86) be made available for use in the next two financial periods (referenced in 1.3).

## 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 8 February 2022. This is an update to the position reported in January presenting the 4<sup>th</sup> quarter projections.
- 1.3 The Quarter 4 2020/21 Budget Monitoring paper recommended £300k be set aside in an Earmarked Reserve to support the delivery of the priorities of the Council to be agreed by the Head of the Paid Service in consultation with the Leader of the Council, for use in 2021/22. The focus at the time was on COVID recovery and a flexible provision made to reflect the unknown nature of the recovery or ongoing pandemic during 2021/22. As outlined within the budget monitoring paper, current budgets and central funding have proved sufficient during 2021/22 to meet the needs that have arisen, and therefore none of this fund is anticipated to be utilised during 2021/22. It is therefore proposed that it remains in the Earmarked reserve, available for the Chief Executive in consultation with the Leader to draw down during the next two financial years to support the delivery of the priorities of the Council as determined by the Corporate Plan, and emerging priorities such as the Ukraine crisis, refugees, cost of living and inflationary pressures etc. Spending will be reported through future budget monitoring papers.

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

- 2.1 The Quarter 4 projected outturn for service areas shows a forecast of £24,450k against the latest approved budget of £24,168k resulting in a variance of £282k (projected overspend).
- 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 saving of £103k.
- 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	6,285	7,000	715
Human Resources	560	662	102
Governance & Law	2,452	2,595	143
Leadership Support	908	911	3
Place	6,627	6,171	(456)
Economic Development	1,633	1,680	47
Planning	255	263	8
Operations	2,647	2,074	(573)
Strategic Development	55	43	(12)
Housing	3,355	3,051	(304)
<b>Sub-Total – Heads of Services</b>	<b>24,777</b>	<b>24,450</b>	<b>(327)</b>

Unallocated Net Employee Costs	(609)	-	609
<b>Total – Heads of Service</b>	<b>24,168</b>	<b>24,450</b>	<b>282</b>
Internal Drainage Board Levies	484	484	-
Interest Payable and Similar Charges	739	587	(152)
Interest and Investment Income	(754)	(920)	(166)
New Homes Bonus Grant	(836)	(836)	-
Other Non-Service Related Government Grants	(1,971)	(4,459)	(2,488)
Town and Parish Council Precepts	2,594	2,594	-
Minimum Revenue Provision	886	1,211	325
Capital Expenditure Financed from Revenue	1,280	712	(568)
<b>Net Revenue Expenditure before Use of Reserves</b>	<b>26,590</b>	<b>23,823</b>	<b>(2,767)</b>
Net Transfer to/from(-) Earmarked Reserves	(3,352)	(9,751)	(6,399)
<b>Total to be met by Taxpayers</b>	<b>23,238</b>	<b>14,072</b>	<b>(9,166)</b>
Transfer to/from(-) the Collection Fund	67	67	-
Business Rates Income	(3,905)	5,334	9,239
Demand on the Collection Fund	(13,128)	(13,304)	(176)
<b>Surplus (-)/Deficit for the year</b>	<b>6,272</b>	<b>6,169</b>	<b>(103)</b>

2.4 The main variances are shown below:

	£'000
<b>Services:</b>	
Council Tax Collection – decrease in income	300
Housing Benefits / Rent rebates – net impact of reduction in payments	96
Elections – net changes	(49)
Decrease in Local Land Charges income	46
Net changes Hythe pool (income/salaries)	(45)
Increase in Cemeteries income	(45)
Development Control – reduction in income	117
Additional IT/Mobile phone and online transaction costs	219
Car Parking – increased income	(155)
Increase in Operational estate rental income	(170)
Community & Open spaces reduced spend	(131)
Reduction in income Lifeline	74
Business rates reductions in Operational estate costs	(130)
Net movements in homelessness	(90)
Corporate Priorities spend (carried forward from 2020/21)	160
Corporate Investment Initiatives (carried forward from 2020/21)	72
<b>Other Items (below the Net Cost of Services):</b>	
Movement in Earmarked Reserves	(198)
Additional Government Grant	(2,488)
Interest & Investment Income	(166)
Interest Payable & Similar Charges	(152)
Capital Finance by Revenue	(568)
Demand on Collection Fund	(176)
Business Rates Income	3,038
Other net variances	338
<b>Total net projected General Fund Reserve increase</b>	<b>(103)</b>

2.5 Explanations for the main variances are detailed below:

### Services

Council Tax income – the income represented within the service relates to court costs income, limited court dates were available during 2021/22 so income has not reached the target, however court dates are now being made available and cases progressing.

Housing Benefits / Rent Rebates – a reduction in rent allowance payments is projected due to reduced housing benefit caseload, with a related reduction in anticipated subsidy, additionally the value of rent rebates is also anticipated to decrease.

Elections – saving identified relates to the net effect of the Parliamentary settlement and recoverable expenditure being higher than anticipated.

Local Land Charges - there is a reduction in income received relating to official land charge fees which is partly off-set by a decrease in land registry fee expenditure paid to KCC.

Development Control – decreased income projected for planning application fees based on current volume of applications.

Additional IT/Mobile phone and online transaction costs – additional costs including further mobile devices; Staff Hub contracted costs; Skype to Teams transition costs; and increased online transaction costs.

Car Parking – additional expenditure over both on and off street, offset by increase in income expected for off street parking charges, parking fines, and on street residents parking permits. Parking income is now recovering following the drop during the pandemic and numbers are increasing.

Operational assets - Additional Otterpool Park property utilities and business rates not anticipated at budget setting, offset by additional rental income

Business Rates reductions and refunds on operational assets including public conveniences where the legislation has changed.

Homelessness – Additional grant funding utilised in year for both homelessness and Domestic Abuse and Ex Offender services resources. Additional rent payments, and increase in housing benefit payments also contributing to variance.

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

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

Movement in Earmarked Reserves - The key movements from the position noted at quarter 3 are the release of carry forwards & corporate priorities funds and the change of projection for the use of the climate change reserve for EV charging points.

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	(256)	(256)	0	435
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	(246)	(529)	(283)	69
IFRS Reserve	8	(2)	(3)	(1)	5
Otterpool Park Garden Town	0	0	0	0	0
Economic Development	1,991	(1,284)	(182)	1,102	1,809
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	(1,016)	(1,016)	0	1,054
Climate Change	4,946	(306)	(376)	(70)	4,570
Covid Recovery	6,501	0	(6,201)	(6,201)	300
<b>Total Earmarked Reserves</b>	<b>23,573</b>	<b>(3,352)</b>	<b>(9,751)</b>	<b>(6,399)</b>	<b>13,822</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 was projected at quarter 3 based on current collection rates and a provisional assessment of the impact of the successful appeal for Dungeness B Power

Station. Further work has now been undertaken on this position and the position updated and improved. The overall Business Rates income position for Q4 has also been impacted by the COVID additional relief fund (CARF) which was awarded by the Government in December and is compensated through the additional Non Service related government grants line

### 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 8 February 2022 and projects an underspend of £103k.

Members will receive a report on the provisional outturn position in June 2022.

### 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 and in detail 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 with best intelligence to inform monitoring activities.

### 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 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.