

**Agenda Item No:**

**Report To:** Cabinet

**Date of Meeting:** 27 July 2023

**Report Title:** Quarter One - Financial Monitoring

**Report Author:** Jo Stocks  
**Job Title:** Principal Accountant

**Portfolio Holder:** Cllr. Noel Ovenden – Leader of the Council  
**Portfolio Holder for:** Prosperity & Resource



**Summary:** This report presents the forecast outturn for 2023/24, based on information available in quarter one, which ended on 30 June 2023.

The changing economic picture continues to put stress on the original budget assumptions and this is reflected within this report.

The forecast position to 31 March 2024 indicates an overall pressure to the General Fund (GF) of £429,000.

The key movements in the General Fund include:

- an additional £496,000 of Homelessness expenditure is primarily due to the delays in developing Henwood temporary accommodation scheme.
- Borrowing costs are forecast to increase by £465,000, as interest rates continue to rise.
- The outturn forecast includes an additional contribution from reserves of £771,000, (on top of the £1.4m already allocated) largely to cover ongoing support for Tenterden Leisure Centre.

The Housing Revenue Account (HRA) is reporting a pressure of £542,000.

This report provides an update on the collection fund, treasury management, reserves and progress on Corporate savings identified in the 2023/24 budget.

**Key Decision:** No

**Significantly Affected Wards:** None

- Recommendations:**     **The Cabinet is recommended to:-**
- I.    Note the quarter one forecast position for the General Fund and the Housing Revenue Account.**
  - II.   Note the Collection Fund position**
  - III.  Note the Capital Monitoring position**
  - IV.  Note the Treasury Management position**
  - V.    Note the provisional reserve allocations at Table 8 of this report**
  - VI.  Approve the amendments to fees and charges as outlined in Appendix C and Appendix D**
  - VII. Support the proposal to create a working group to develop the Medium Term Financial Plan including shadow portfolio holders**
  - VIII. Note the update on the UK Shared Prosperity Fund and (UKSPF) and Rural England Prosperity Fund (REPF) at Appendix E.**

**Policy Overview:**     The Budget is a key element supporting the delivery of the Council’s wider policy objectives.

**Financial Implications:**     The General Fund is reporting an overall pressure of £429,000 based on the current information we hold, as at quarter one budget monitoring.

An additional draw on reserves of £771,000 supports this outturn position, making the total forecast draw on reserves £2.7m for 2023/24. £1.5m approved as part of the budget process.

The HRA is forecasting an overall overspend of £542,000, in operational budgets, and is forecasting a decrease in capital spend, compared to the original budget, of £309,000.

**Legal Implications:**     N/A

**Equalities Impact Assessment:**     A full assessment was undertaken as part of 2023/24 Final Budget Report.

**Exempt from Publication:**     **No**

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## **Agenda Item No.**

# **Report Title: Quarter One Financial Monitoring**

## **Introduction and Background**

1. This report presents the forecast outturn position to 31 March 2024 based on information available as at 30 June 2023.
2. In response to high inflation the Bank of England (BOE) has increased the UK interest rate to 5% (June 2023), with further increases anticipated with peak rates now anticipated in excess of 6%. When the 2023/24 budget was set, the assumptions included for both inflation and interest rates were forecast to be lower than current levels. This will lead to budget pressures over the coming year.
3. In addition to the Council's pressures, Ashford's residents and businesses are continuing to feel the impact of rising inflation and interest rates, which is likely to lead to pressure on the Council's sales, fees and charges income and collection rates.
4. This report considers each of the following areas of the Council in more detail including the General Fund, Housing Revenue Account, Collection Fund (Council Tax and Business Rates), Capital Monitoring, Reserves, and Treasury Management. There is also an update on progress being made against corporate savings, identified in the 2023/24 budget setting process.

## Summary of General Fund Position

5. The current General Fund position is forecasting a deficit of £429,000.
6. Directors are continuing to review and challenge all new appointments, to limit additional staffing costs, and minimise the deficit.
7. **Table 1**, shows the movement between the current budget and forecast outturn with forecast variance at an Assistant Director level. Further details of material movements in each Assistant Director/Head area are covered in the narrative section below.

**Table 1 - General Fund Quarter One Forecast as at 30 June 2023 projecting the year end position**

| General Fund Summary at Assistant Director Level | 2023/24<br>Current<br>Budget | 2023/24<br>Forecast<br>Outturn at<br>Q1 | 2023/24<br>Forecast<br>Variance |
|--|------------------------------|---|---------------------------------|
|  | £'000                        | £'000                                   | £'000                           |
| Finance and IT                                   | 3,150                        | 2,760                                   | (390)                           |
| HR, Customer Services, Comms and Digitalisation  | 643                          | 620                                     | (23)                            |
| Housing  | 1,531                        | 2,046                                   | 515                             |
| Safety Wellbeing and Port                        | 1,380                        | 1,358                                   | (22)                            |
| Environment, Property and Recreation             | 6,757                        | 7,436                                   | 679                             |
| Planning and Development                         | 2,602                        | 2,537                                   | (65)                            |
| Corporate Management Costs                       | 834                          | 883                                     | 49                              |
| Head of Economic Development                     | 776                          | 783                                     | 7                               |
| Head of Performance and Policy                   | 1,676                        | 1,656                                   | (20)                            |
| Solicitor to The Council and Monitoring Officer  | 414                          | 419                                     | 5                               |
| <b>Total Service Expenditure</b>                 | <b>19,763</b>                | <b>20,498</b>                           | <b>735</b>                      |
| Capital Charges & Net Interest                   | (734)                        | (269)                                   | 465                             |
| Levies, Grants and Precepts                      | 325                          | 325                                     | 0                               |
| Contribution to Balances                         | (650)                        | (1,421)                                 | (771)                           |
| <b>Budget Requirement</b>                        | <b>18,704</b>                | <b>19,133</b>                           | <b>429</b>                      |
| <b>Financing:</b>                                |                              |   |                                 |
| Retained Business Rates                          | (7,502)                      | (7,502)                                 | 0                               |
| Government Grants                                | (517)                        | (517)                                   | 0                               |
| Rural Services Delivery Grant                    | (97)                         | (97)                                    | 0                               |
| New Homes Bonus                                  | (1,662)                      | (1,662)                                 | 0                               |
| Council Tax                                      | (8,926)                      | (8,926)                                 | 0                               |
| <b>Total Movement</b>                            | <b>0</b>                     | <b>429</b>                              | <b>429</b>                      |

## Summary of General Fund Movements at Assistant Director Level

### Finance and IT

8. Finance and IT is reporting a saving of £389,000. The majority of this (£320,000) is due to a change in the pension back funding following the triennial review. However, this saving will be offset across services, as the review also increased employer pension contributions by 1.9%, which will increase employee costs across all services.

### Housing (General Fund)

9. Housing is reporting a net pressure of £515,000 for 2023/24. This is mainly due to the increase in Homelessness costs, which are expected to be £714,000 higher than originally budgeted, although Government have allocated a top-up grant of £218,000 to partially offset this. This pressure is as a result of a number of factors: the cost of living crisis, which continues to have an impact on the number of presentation; as well as inflation, increasing temporary accommodation costs; the issue is further compounded, as there is very little “move-on” accommodation, in order to move people from temporary accommodation into permanent housing, this is expected to continue due to building constraints relating to Stodmarsh.
10. The original budget included the assumption of fifteen properties, funded from the “Rough Sleeping Accommodation Programme” (RSAP), which haven’t yet been procured, as there is a lack of suitable properties on the market. The assumption in the budget was that all fifteen properties would be in place, however, there are only 6 up and running, with another six identified and in the procurement stage.
11. In addition, it was expected that the modular solution at Henwood would be available, however this was delayed, not just by Stodmarsh as there continues to be delays as a result of the manufacturer’s construction timescales.
12. All of this means there is more reliance on the use of expensive options, such as Bed and Breakfast, which is in high demand from other agencies that use this type of accommodation.

### Environment, Property and Recreation

13. Overall Environment, Property and Recreation is reporting a pressure of £679,000, predominately relating to £858,000 of expenditure to support Tenterden Leisure Centre, and £287,000 of savings in employee costs due to cant posts being deleted following a review of services requirements.
14. It is proposed that £693,000 of costs associated with Tenterden Leisure Centre be funded from Reserves, further details are provided in the reserves section of this report. An additional £190,000 of essential maintenance has been forecast in order to upgrade fitness equipment and replace the air conditioning units in the Gym.

15. £148,000 has been forecast for consultants, including surveyors to complete stock condition surveys, fees for Vicarage Lane, and the proposed Civic Centre relocation to International House.
16. **Cabinet are asked to note the General Fund position.**

## Housing Revenue Account (HRA)

17. The Housing Revenue Account is anticipating a pressure of £542,000. There are a number of reasons for this, explained below.
18. A breakdown of the HRA variance is shown in **Table 2** below:

**Table 2 – 2023/24 Housing Revenue Account Forecast Outturn Position (Quarter 1)**

| Housing Revenue Account                      | 2023/24 Current Budget | 2023/24 Forecast Outturn at Q1 | 2023/24 Forecast Variance |
|--|------------------------|--------------------------------|---------------------------|
|  | £'000                  | £'000                          | £'000                     |
| Supervision and Management                   | 6,532                  | 6,801                          | 270                       |
| Income                                       | (30,347)               | (30,347)                       | 0                         |
| New Build                                    | 105                    | 129                            | 24                        |
| Other  | 19,521                 | 19,131                         | (390)                     |
| Repairs and Maintenance                      | 5,333                  | 5,971                          | 638                       |
| <b>Net Revenue Expenditure</b>               | <b>1,144</b>           | <b>1,685</b>                   | <b>542</b>                |
| Capital Works - Decent Homes                 | 4,906                  | 4,597                          | (309)                     |
| Financed By:                                 |                        |                                |                           |
| Contribution to/(from Major Repairs Reserve) | (3,787)                | (3,787)                        | 0                         |
| Revenue Contribution                         | (1,119)                | (810)                          | 309                       |
| <b>Net Capital Expenditure</b>               | <b>0</b>               | <b>0</b>                       | <b>0</b>                  |
| <b>Total Net Expenditure</b>                 | <b>1,144</b>           | <b>1,685</b>                   | <b>542</b>                |

### Supervision and Management

19. There's an additional pressure of £270,000, in supervision and management. £236,000 is attributed to utility costs, specifically in the independent living schemes.

### Other

20. There is a £309,000 reduction in the revenue expenditure required to fund capital, see Capital section, below.
21. In addition to this there is a saving of £81,000 on the PFI scheme which was budgeted on RPIX assumptions, which were lower than anticipated.

### Repairs

22. A service review was carried out, to prepare the team for an increase in regulation. It became clear that investment was required in the Repairs and Maintenance service, which has since undergone a restructure, with recruitment underway. As a result of this, there are increased salary costs of £116,000 in Repairs, and a £80,000 pressure from agency staff to cover long-term sickness.

23. Revenue repairs and capital maintenance figures have also been reviewed, leading to an additional pressure of £266,000 on gas heating maintenance, which was not included in the original budget.
24. The stock condition survey, which was delayed in 2022/23, has been added to the 2023/24 budget, resulting in a £140,000 pressure.

### Capital

25. Capital maintenance costs are expected to reduce by £309,000 in 2023/24.
26. While there are a number of additional pressures, such as, £206,000 on kitchens, £80,000 for emergency underpinning, £36,000 for disabled adaptations, as well as £62,000 to address the increase in reports of condensation, mould, and damp; these pressures are offset by delays in both the window contract (£625,000) and the bathroom contract (£110,800), which are both in the process of being re-tendered, therefore the number of jobs that can be completed in the current financial year is reduced.
27. The Council's repairs contractor, Equans, has submitted a notice to terminate the repairs contract. The notice period is six months which will see their contract run until the end of November. A report discussing the current position is on the agenda for this cabinet.
28. **Cabinet are asked to note the Housing Revenue Account position.**



## Collection Fund Monitoring

### Business Rates

29. Collection rates for NNDR are regularly monitored to gauge the potential impact of the current economic situation within the Borough. **Table 3**, below compares collection rates, at the first quarter, for the past few years, including pre-Covid.

**Table 3 – Business Rates Collection Rates**

| Quarter One Collection Rates | Percentage Collected to date |
|------------------------------|------------------------------|
| 2023/24                      | 29.10%                       |
| 2022/23                      | 30.12%                       |
| 2021/22                      | 23.46%                       |
| 2020/21                      | 27.18%                       |
| 2019/20                      | 30.25%                       |

30. At the end of June 2023, 29.10% (£15m) of rates billed for the year had been collected, the table above shows that collection rates, are not only lower than the same point last year, the rates continue to be lower than pre-pandemic levels.
31. It is important to recognise the future risk to this income from the continuing economic pressures on businesses, including increased utility costs, which will not only impact on the ability of businesses to pay but may also result in a fall in the number of businesses overall.
32. The estimate of Business Rates Billed is lower than originally forecast and this is creating a forecast pressure of £312,000.
33. Including a prior year deficit of £1.3m, the overall deficit on the collection fund for business rates is forecast at £926,000 with Ashford's share (40%) of that deficit being around £370,000.

**Table 4 – Business Rate Summary**

| <b>Collection Fund - Business Rates</b>                            | <b>Original Budget 2023/24</b> | <b>Qtr 1 Outturn 2023/24</b> | <b>Variance 2023/24</b> |
|--|--------------------------------|------------------------------|-------------------------|
|  | <b>£'000</b>                   | <b>£'000</b>                 |                         |
| Opening (Surplus)/Deficit  | 1,238                          | 1,238                        | 0                       |
| (Deficit) contributed by/Surplus distributed to Major Preceptors   | 93                             | 93                           | 0                       |
| <b>Remaining Deficit/(Surplus) to be Contributed/(Distributed)</b> | <b>1,331</b>                   | <b>1,331</b>                 | <b>0</b>                |
| <b>2023/24</b>   |                                |                              |                         |
| Amount of Business Rates to be paid to Major Preceptors            | 53,040                         | 53,040                       | 0                       |
| Amount of Business Rates Billed                                    | (50,007)                       | (49,719)                     | 288                     |
| Transitional Relief (Recovered)/Payable                            | (5,189)                        | (5,058)                      | 131                     |
| <b>Other Items Charged to the Collection Fund:</b>                 |                                |                              |                         |
| Appeals and Rateable Value Reductions                              | 1,465                          | 1,331                        | (134)                   |
| Bad and Doubtful Debts   | 423                            | 449                          | 26                      |
| Renewable Energy   | 64                             | 64                           | 0                       |
| Cost of Collection   | 204                            | 204                          | 0                       |
| <b>In year (Surplus)/Deficit</b>                                   | <b>0</b>                       | <b>312</b>                   | <b>312</b>              |
|  |                                |                              |                         |
| <b>Overall (Surplus)/Deficit on Collection Fund</b>                | <b>1,331</b>                   | <b>1,643</b>                 | <b>312</b>              |

## Council Tax

34. At the end of June 2023 30.03% (£31.3m) of rates billed for the year had been collected, **Table 5**, below compares this to the collection rates since pre-Covid.

**Table 5 – Council Tax Collection Rates**

| Quarter One Collection Rates | Percentage Collected to date |
|------------------------------|------------------------------|
| 2023/24                      | 30.03%                       |
| 2022/23                      | 30.10%                       |
| 2021/22                      | 29.72%                       |
| 2020/21                      | 29.77%                       |
| 2019/20                      | 30.38%                       |

35. The in-year collection rate is marginally lower than the previous year, but is still lower than pre-Covid levels, where collection rates were 30.38%. Officers are continuing to monitor collection rates, in light of the continuing pressures on households, as a result of high inflation and increasing interest rates.
36. The amount of council tax billed has decreased, by £1.2m, compared to the original budget, this is due to the discounts, exemptions, and council tax support adjustments, being made, due to people's changing circumstances, largely associated with the cost of living crisis.
37. Overall, the collection fund for Council Tax is reporting a year-end deficit of £3.2m of which Ashford's share would be around £419,000, based on current forecasts.

**Table 6 - Council Tax Summary**

|  | Original Forecast<br>2023/24<br>£'000 | Quarter 1<br>2023/24<br>£'000 | Variance<br>£'000 |
|--|---------------------------------------|-------------------------------|-------------------|
| Opening Deficit/(Surplus)                            | 1,405                                 | 1,405                         | 0                 |
| Deficit contributed by Major Preceptors              | (43)                                  | (43)                          | 0                 |
| <b>2023/24</b>                                       |                                       |                               |                   |
| Amount of Council Tax to be Paid to Major Preceptors | 102,738                               | 102,738                       | 0                 |
| Amount of Council Tax Billed                         | (102,738)                             | (102,018)                     | 720               |
| In Year Write Offs and Bad Debt Provision Increase   | 1,565                                 | 1,072                         | (493)             |
| <b>In Year (Surplus)/Deficit</b>                     | <b>1,565</b>                          | <b>1,792</b>                  | <b>227</b>        |
| <b>Overall (Surplus)/Deficit</b>                     | <b>2,927</b>                          | <b>3,154</b>                  | <b>227</b>        |

38. Cabinet are asked to note the Collection Fund position.

## Capital Monitoring

39. Table 7, below, illustrates the capital expenditure forecast for each approved capital project. Sources of funding are detailed below so do not form part of the figures shown in the table.

**Table 7 – 2023/24 Capital Expenditure Forecast Quarter 1, Projecting the Year End Position**

| Project Name  | Total Approved Budget | Spend at 31/3/23 | 23/24 Forecast Spend | Future Forecast Spend | Total Spend | Project Variance |
|---|-----------------------|------------------|----------------------|-----------------------|-------------|------------------|
|   | £'000                 | £'000            | £'000                | £'000                 | £'000       | £'000            |
| <b>Place and Space</b>                              |                       |                  |                      |                       |             |                  |
| Planned Minor Capital Works for General Fund Assets | 2,000                 | 500              | 500                  | 1,000                 | 2,000       | 0                |
| Ellingham Roof                                      | 800                   | 50               | 750                  |                       | 800         | 0                |
| Victoria Park Fountain & Carpark                    | 510                   | 0                | 0                    | 0                     | 0           | (510)            |
| International House Works                           | 2,080                 | 113              | 1,981                | 0                     | 2,094       | 14               |
| Solar PV (various sites)                            | 10,800                | 73               | 3,100                | 7,627                 | 10,800      | 0                |
| Solar PV Carlton Road                               | 401                   | 0                | 0                    | 401                   | 401         | 0                |
| Stodmarsh - Phase 1                                 | 24,705                | 190              | 12,250               | 12,265                | 24,705      | 0                |
| Newtown Works - Phase 1                             | 87,273                | 4,162            | 38,636               | 44,475                | 87,273      | 0                |
| Newtown Works - Phase 2                             | 58,000                |                  | 29,000               | 29,000                | 58,000      | 0                |
| Project Green                                       | 70,009                | 90               | 34,000               | 35,919                | 70,009      | 0                |
| Single Grants Gateway Fund                          | 300                   |                  | 75                   | 225                   | 300         | 0                |
| Victoria Park Rejuvenation Project                  | 4,169                 | 2,549            | 1,620                | 0                     | 4,169       | 0                |
| Conningbrook Lakes Country Park development         | 2,353                 | 143              | 890                  | 1,320                 | 2,353       | 0                |
| Play Parks  | 1,100                 | 954              | 146                  | 0                     | 1,100       | 0                |
|   |                       |                  |                      |                       |             |                  |
| <b>Health &amp; Wellbeing</b>                       |                       |                  |                      |                       |             |                  |
| Henwood Temporary Accommodation                     | 6,200                 | 328              | 5,872                | 0                     | 6,200       | 0                |
| Rough Sleepers Accommodation Programme              | 3,287                 | 1,540            | 1,747                | 0                     | 3,287       | 0                |
|   |                       |                  |                      |                       |             |                  |
| <b>Customer Tech &amp; IT</b>                       |                       |                  |                      |                       |             |                  |
| Digital Transformation                              | 650                   | 179              | 471                  | 0                     | 650         | 0                |
|   |                       |                  |                      |                       |             |                  |
| <b>HRA</b>  |                       |                  |                      |                       |             |                  |
| Programmed Works Including Disabled Adaptations     | 29,738                | 2,581            | 4,286                | 22,871                | 29,738      | 0                |
| Play Areas  | 298                   | 178              | 120                  | 0                     | 298         | 0                |
| Street Purchases                                    | 29,490                | 28,790           | 1,345                | 0                     | 30,135      | 645              |
| 55 Mabledon (Piper Joinery)                         | 7,552                 | 2,056            | 0                    | 5,496                 | 7,552       | 0                |
| Oakleigh House                                      | 15,257                | 257              | 377                  | 14,623                | 15,257      | 0                |
| Coneybeare  | 7,700                 | 0                | 1,700                | 6,000                 | 7,700       | 0                |
| Tile Kiln   | 6,924                 | 1,152            | 0                    | 5,772                 | 6,924       | 0                |
| Infill Sites  | 5,100                 | 0                | 0                    | 5,100                 | 5,100       | 0                |
| Digitalisation                                      | 60                    | 0                | 40                   | 20                    | 60          | 0                |
| Decarbonisation                                     | 18,400                | 12               | 6,000                | 12,388                | 18,400      | 0                |
| Lifeline  | 274                   | 0                | 54                   | 220                   | 274         | 0                |
| Court Wurtin  | 275                   | 63               | 212                  | 0                     | 275         | 0                |
| Monypenny & Vicarage                                | 10,500                |                  |                      | 10,500                | 10,500      | 0                |
| Millview  | 800                   | 10               | 190                  | 600                   | 800         | 0                |
| Pym House   | 8,500                 |                  |                      | 8,500                 | 8,500       | 0                |
| Repton Medical Centre                               | 6,000                 |                  |                      | 6,000                 | 6,000       | 0                |
| Hope House - High Halden                            | 4,115                 |                  |                      | 4,115                 | 4,115       | 0                |

## General Fund Capital

40. Victoria Park Fountain and Car Park – A report was taken to Programme Management Group (PMG, 23 February 2023) where it was decided, due to the increased project costs, that this project would not be going ahead due to present budgetary pressures being faced by the Council.
41. Solar PV – The feasibility stage of the Stour Centre carpark has now been completed, with procurement due to begin in the next few months. Officers are currently identifying other sites that meet requirements.
42. Henwood Temporary Accommodation – This project was initially delayed due to the issues at Stodmarsh, it is now facing further delays due to the manufacturer's timescales, and officers are in the process of reassessing the costs, which will be reported in the second quarter report.

## Housing Revenue Account (HRA) Capital

43. The issues at Stodmarsh continue to delay the HRA development programme, in addition to this, the current economic climate is affecting the feasibility of some projects, which will need to be delayed. Officers are currently reviewing the HRA Business Plan which will give more detail on the current timeline for projects.
44. Street Purchases – As part of the HRA Business Planning process, currently underway, officers are looking at ways to maximise housing delivery (which has been severely reduced due to Stodmarsh), while maintaining financial feasibility. Each street purchase is looked at on its own merit, ensuring either financial feasibility or ensuring the purchase meets a specific housing need, for instance larger properties, with multiple bedrooms, or to prevent homelessness, which will mean additional General Fund costs. As such, the budget in this area is being reviewed with an update to be given as part of the HRA Business Planning process.
45. One property for Ukrainian refugees has been purchased under the Local Authority Housing Fund (LAHF). This was a four-bed property of which 50% of the purchase price will be funded by Government plus an extra £20,000 for refurbishments costs. A further five properties under this scheme are in the process of being purchased.
46. **Cabinet are asked to note the Capital Monitoring position.**

## Reserves

47. This section of the report provides recommendations for reserve contributions to be made, that were not identified as part of the budget setting process.
48. On 30 April 2023, Tenterden Leisure Centre Trust surrendered their lease of Tenterden Leisure Centre. The Council has put in place a two year interim agreement with Freedom Leisure to operate Tenterden Leisure Centre, until a long-term operator can be procured. It is anticipated that the interim operator (Freedom Leisure) will reduce the support previously provided, and this coincides with re-opening the Leisure Centre pool.
49. A number of additional costs, as discussed in **Paragraph 14**, £693,500 of which are to be funded from reserves, these are listed in **Table 8**, below, with a further £77,000 of contributions from reserves.
50. **Table 8**, below, illustrates the original budget position, a (net) £850,000 contribution to reserves, added to this is the £770,000 further reserve movements that have been recommended. In addition, the General Fund deficit will be funded from reserves. Therefore, the current projected net contribution from reserves is £2.05m (£2.7m from reserves and a contribution of £600,000 to reserves).
51. **Cabinet are asked to note these proposals.**

**Table 8 – Breakdown of Reserve Movements**

|   | Suggested Reserve  | Amount<br>£      |
|---|--|------------------|
| Budgeted Contribution To Reserves   | Provide for maintenance of assets                          | (600,000)        |
| Budgeted Contribution From Reserves                                       | Provide for maintenance of assets                          | 1,449,720        |
| <b>Total Budgeted Contribution (To)/From Reserves</b>                     |  | <b>849,720</b>   |
| <b>Recommended Reserve Movement in year:</b>                              |  |                  |
| Management fee to Freedom Leisure, in respect of Tenterden Leisure Centre | Economic Growth and Risk Fund                              | 468,000          |
| Tenterden Leisure Centre - Running costs for April                        | Economic Growth and Risk Fund                              | 150,000          |
| Tenterden Leisure Centre - Lease surrender costs                          | Economic Growth and Risk Fund                              | 50,000           |
| Tenterden Leisure Centre - Legal fees                                     | Economic Growth and Risk Fund                              | 25,500           |
| To fund arts projects in respect of the South Ashford Garden Community    | Required by Statute Reserves and other ring-fenced amounts | 12,750           |
| s106 officers - to be funded from reserves                                | Required by Statute Reserves and other ring-fenced amounts | 63,990           |
| <b>Total Recommended Reserve Movement</b>                                 |  | <b>770,240</b>   |
| <b>Deficit to Be Funded From Reserve</b>                                  | <b>Economic growth and risk fund</b>                       | <b>428,800</b>   |
| <b>Total (To)/From Reserves</b>   |  | <b>2,048,760</b> |

## Treasury Management

52. The breakdown of the Capital Charges and Net Interest line, (as per **Table 1**) is shown below at **Table 9**.
53. This table shows the borrowing and investment budget, Minimum Revenue Provision (MRP) and depreciation. The MRP is a statutory payment the Council has to make to offset the costs of capital borrowing over the life of the associated asset.

**Table 9 – Net Interest Summary**

| Treasury Management Table | 2023/24 Current Budget | 2023/24 Quarter 1 Projected Outturn | 2023/24 Quarter 1 Variance |
|---------------------------|------------------------|-------------------------------------|----------------------------|
|                           | £'000                  | £'000                               | £'000                      |
| Interest payable          | 4,323                  | 4,751                               | 428                        |
| Interest receivable       | (4,633)                | (4,596)                             | 37                         |
| Minimum revenue provision | 1,719                  | 1,719                               | 0                          |
| Depreciation              | (2,144)                | (2,144)                             | 0                          |
| <b>Total Net Interest</b> | <b>(734)</b>           | <b>(269)</b>                        | <b>465</b>                 |

### Interest payable / Interest receivable

54. When setting the budget, in September 2022, it was anticipated that interest rates would peak at 4.25%, therefore short-term borrowing costs were budgeted at this rate. However, the base rate has since increased to 5% and is expected to rise even further to 5.5% by September 2023, with interest payable increasing by £428,000.
55. The budget is showing a reduction in interest receivable of £37,000. The Council is expecting additional income from liquid cash held in Money Market Funds, as yields start to increase in line with the bank rate. However, this will be offset by a reduction in income from A Better Choice for Property Ltd, due a pause on borrowing, as a result of the issues surrounding Stodmarsh.

### Investment Capital Values

56. The capital value of strategic investments is currently valued at £30.6m compared to an original investment value of £30.9m, a reduction in capital values of £300,000.
57. With current global tensions, persistent inflation, rising interest rates, and the continued risk of recession, strategic funds will continue to be monitored on a regular basis, in conjunction with the Council's Treasury Management advisors Arlingclose.

### Liability benchmark

58. The liability benchmark is an important tool to shape the Council's strategic focus and decision-making. It is useful to help establish whether the Council

is likely to be a long-term borrower, or long-term investor in the future. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans.

59. The liability benchmark reflects the Councils Capital Financing Requirement (CFR - the amount of debt the Council has, and plans to take out over the next 5 years). This liability benchmark is shown at **Appendix A**.
60. As can be seen from the graph the Council has a debt requirement of £285m, of which £144m relates to the HRA. The graph then breaks down the debt requirement into categories of debt, and the forecast repayment profile. The liability benchmark will be updated with capital plans.
61. Current investment balances, and borrowing portfolios are shown at **Appendix A**.
62. **Cabinet are asked to note the Treasury Management position.**



## **Savings to Be Identified**

63. A report was taken to Overview and Scrutiny Committee on 11 July, to update members on the current position of the saving schedule, recommended as part of the 2023/24 Budget Report, the update is provided at **Appendix B**.
64. To summarise the position, £1.6m of savings were identified, to close the budget gap, with £1.42m of these savings expected in 2023/24. While good progress is being made on these specific savings, it is likely to be an ongoing requirement to make further savings, given the current economic conditions.

## **Amendments to Fees and Charges**

65. Following the 2023/24 budget setting process there are a number of changes to fees and charges that have been identified on implementation of the charges.
66. **Members are asked to approve the revised fees and charges for Garage Rents and Print Room charges as outlined in Appendix C and Appendix D respectively.**

## **Update Report on UKSPF and REPF**

67. Ashford Borough Council has been successful in securing its' allocation of the Government's UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF).
68. The council's allocation from April 2022 to March 2025 is £1,016,512 for UKSPF and £593,508 for REPF. The expenditure within UKSPF and REPF has been agreed within the Local Investment Plan and Addendum Plan and is approved by Government. As part of the Council's governance and the UKSPF and REPF governance requirements, officers are reporting this update to Cabinet for information.
69. The document in **Appendix E** provides an update on the financial position between 2022/23 and 2023/24 as well as giving an overview of the expenditure breakdown by projects for UKSPF and REPF.
70. **Members are asked to note the update at Appendix E.**

## **Looking Forward to the 2024 to 2029 MTFP**

71. The Council is facing unprecedented financial challenges that will impact both the range and level of services provided. The Council is going to commence the Medium Term Financial Plan (MTFP) process imminently, which will establish the financial challenges facing the Council over the next five years.
72. Once the financial pressure has been quantified, difficult choices will need to be made around how the organisation tackles the pressure. There will likely be a core saving requirement running through the MTFP, as a result of inflation outstripping core funding, but also some short term pressure, as interest rates rise and fall. There will likely be a need for some long-term

savings, like those discussed in the previous section of this report, whereas one off pressures could be funded through reserves.

73. The Leader and Portfolio Holder for Prosperity and Resource is proposing a working group, to include Shadow Portfolio Holders, be established. This approach will provide a challenge to the assumptions in the MTFP, but also enable all groups to consider how the budget gap will be bridged, and take a collective responsibility in balancing the budget through the measures identified.
74. The working group will need to be established fairly quickly with indicative timescales for the developing the MTFP and progressing the full budget for 2024/25 detailed below:-
  - a. August 2023 – Develop MTFP and identify funding pressure
  - b. September 2023 – Develop proposals to bridge funding gap
  - c. October 2023 – Report to Cabinet
  - d. November 2023 – Draft 2024/25 budget to Cabinet (recommended or public consultation and Overview and Scrutiny Budget Task Group)
  - e. February 2024 Final 2024/25 Budget to Cabinet, (Council a week later).

## **Portfolio Holder's Views**

75. As anticipated, the current financial picture is very challenging, as reflected in this report. There is a currently unfunded pressures of £429,000, but also an increase in in-year reserve funding of £770,000 to manage other pressures.
76. The MTFP is in the process of being developed, and will inform short to medium term pressures facing this Council. In response to this I have proposed a MTFP working party be established, including shadow portfolio holders. This group will be tasked with ensuring the Council returns to a secure financial footing, delivering services within budget, and to the best possible standard that allows.

## **Contact and Email**

Jo Stocks – [Jo.stocks@ashford.gov.uk](mailto:Jo.stocks@ashford.gov.uk)  
Lee Foreman - [Lee.Foreman@ashford.gov.uk](mailto:Lee.Foreman@ashford.gov.uk)

## Investment Portfolio at 30 June 2023

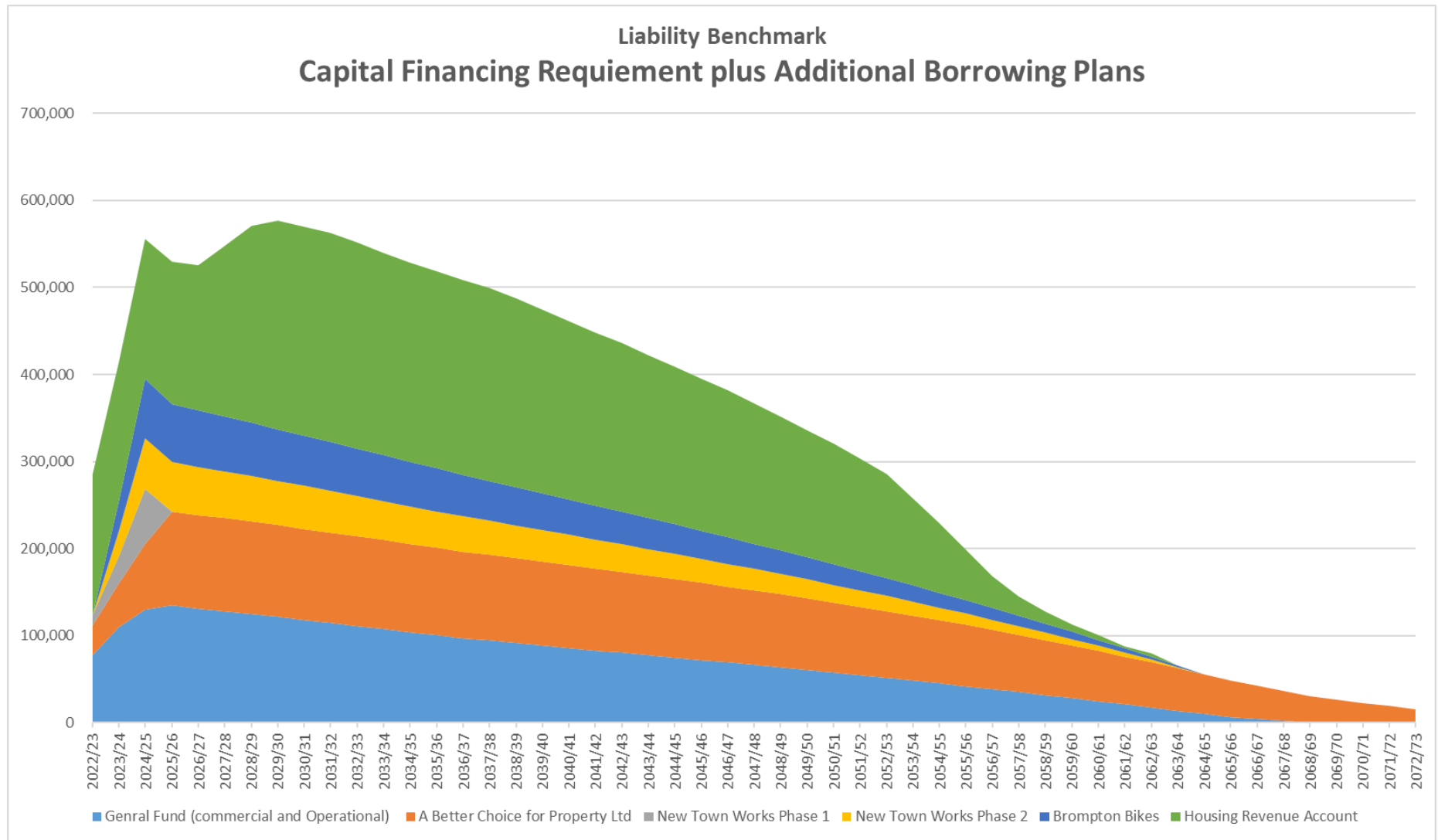
| Counter Party   | Deal Date  | Rate % | Amount £          | Fair Value £      |
|---|------------|--------|-------------------|-------------------|
| <b>Investment Accounts</b>  |            |        |                   |                   |
| Goldman Sachs   | Various    |        | 53,459            | 53,459            |
| ICD Portal - BNP  | Various    | 4.93%  | 2,214,000         | 2,214,000         |
| ICD Portal - CCLA   | Various    | 4.78%  | 2,195,000         | 2,195,000         |
| Payden Global MMF   | Various    | 2.14%  | 3,000,000         | 2,926,375         |
| <b>Total Investment Accounts</b>  |            |        | <b>7,462,459</b>  | <b>7,388,835</b>  |
| <b>Long Term Investments</b>  |            |        |                   |                   |
| <b>Property Investment</b>  |            |        |                   |                   |
| A Better Choice of Property Ltd.***   | Various    | 0.00%  | 991,907           | 2,674,623         |
| CCLA Local Authority Property Fund  | Various    | 5.07%  | 11,000,000        | 11,559,960        |
| <b>Equity Funds**</b>   |            |        |                   |                   |
| Aegon Diversified Income Fund   | 13/05/2019 | 5.80%  | 5,500,000         | 4,825,399         |
| CCLA Diversified Income Fund  | Various    | 3.02%  | 3,000,000         | 2,817,494         |
| Ninety One Diversified Income Fund  | 28/03/2019 | 4.23%  | 2,500,000         | 2,237,431         |
| Schroder Income Maximiser   | Various    | 7.52%  | 3,500,000         | 3,077,327         |
| UBS Global Income Equity Fund   | 29/07/2019 | 10.71% | 1,500,000         | 1,205,133         |
| UBS Multi Asset Income Fund   | Various    | 6.74%  | 3,000,000         | 2,233,961         |
| <b>Total Long Term Investments</b>  |            |        | <b>30,991,907</b> | <b>30,631,329</b> |
| <b>Total Investment Portfolio</b>   |            |        | <b>38,454,366</b> | <b>38,020,164</b> |
| * Money Market Fund (MMF) are AAA rated deposit facilities which have variable rates of interest but have constant net asset values. Interest rates are shown at the time of producing this report. |            |        |                   |                   |
| ** Equity funds and the Property fund have variable rates of interest and also have fluctuating capital values, the amount stated is the current fair value.  |            |        |                   |                   |
| *** A Better Choice Of Property Ltd. is a solely owned subsidiary of ABC.   |            |        |                   |                   |

## Debt Portfolio as at 30 June 2023

| Counterparty                                     | Start Date | Rate<br>% | Amount<br>£        | Maturity Date |
|--|------------|-----------|--------------------|---------------|
| <b>Temporary Borrowing</b>                       |            |           |                    |               |
| North East Derbyshire District Council           | 16/12/2022 | 3.75%     | 5,000,000          | 15/12/2023    |
| City & County of Swansea                         | 04/01/2023 | 3.80%     | 5,000,000          | 04/07/2023    |
| Tendring District Council                        | 05/01/2023 | 3.40%     | 5,000,000          | 05/07/2023    |
| Police & Crime Commissioners for Warwickshire    | 05/01/2023 | 3.65%     | 2,000,000          | 05/07/2023    |
| Oxfordshire County Council                       | 05/01/2023 | 4.00%     | 5,000,000          | 22/09/2023    |
| Somerset County Council Pension Fund             | 09/01/2023 | 4.00%     | 5,000,000          | 25/09/2023    |
| Middlesbrough Teeside PF                         | 13/01/2023 | 3.85%     | 15,000,000         | 13/07/2023    |
| Vale of White Horse District Council             | 24/01/2023 | 4.00%     | 5,000,000          | 23/01/2024    |
| Cambridgeshire & Peterborough Combined Authority | 30/01/2023 | 4.00%     | 5,000,000          | 15/12/2023    |
| Tewkesbury Borough Council                       | 30/01/2023 | 3.90%     | 2,000,000          | 31/07/2023    |
| Cambridgeshire & Peterborough Combined Authority | 23/02/2023 | 4.00%     | 5,000,000          | 24/11/2023    |
| East Sussex County Council                       | 27/03/2023 | 4.60%     | 5,000,000          | 27/09/2023    |
| South Cambridgeshire District Council            | 03/04/2023 | 4.60%     | 3,000,000          | 05/10/2023    |
| Greater Manchester Combined Authority            | 24/04/2023 | 4.25%     | 6,000,000          | 24/10/2023    |
| Warwickshire Council Council                     | 25/04/2023 | 4.40%     | 5,000,000          | 24/04/2024    |
| West Yorkshire Combined Authority                | 25/04/2023 | 4.28%     | 8,000,000          | 04/01/2024    |
| Oxfordshire County Council                       | 27/04/2023 | 4.50%     | 5,000,000          | 23/04/2024    |
| West Yorkshire Combined Authority                | 22/05/2023 | 4.40%     | 3,000,000          | 22/04/2024    |
| West Yorkshire Combined Authority                | 24/05/2023 | 4.40%     | 4,000,000          | 22/04/2024    |
| Oxfordshire County Council                       | 19/06/2023 | 4.60%     | 5,000,000          | 24/04/2024    |
| Fylde Borough Council                            | 22/06/2023 | 4.55%     | 2,000,000          | 22/03/2024    |
| Colchester City Council                          | 29/06/2023 | 5.00%     | 5,000,000          | 01/08/2023    |
| <b>Total Temporary Borrowing</b>                 |            |           | <b>110,000,000</b> |               |
| <b>Long Term Borrowing</b>                       |            |           |                    |               |
| Public Works Loan Board - HRA                    | various    | various   | 111,389,150        | various       |
| Public Works Loan Board - GF                     | 13/07/2021 | 1.56%     | 13,875,000         | 13/07/2041    |
| <b>Total Long Term Borrowing</b>                 |            |           | <b>125,264,150</b> |               |
|  |            |           |                    |               |
| <b>Grand Total Borrowing</b>                     |            |           | <b>235,264,150</b> |               |

### Detail of PWLB Loans Outstanding at 30 June 2023

| Date of Advance            | Loan Ref Number | Date of Repayment | Amount Outstanding<br>£ | Rate<br>% |
|----------------------------|-----------------|-------------------|-------------------------|-----------|
| 28/03/2012                 | 499507          | 28/03/2024        | 3,000,000               | 2.70%     |
| 28/03/2012                 | 499503          | 28/03/2025        | 3,000,000               | 2.82%     |
| 28/03/2012                 | 499505          | 28/03/2026        | 1,000,000               | 2.92%     |
| 28/03/2012                 | 499496          | 28/03/2027        | 1,000,000               | 3.01%     |
| 28/03/2012                 | 499509          | 28/03/2028        | 2,000,000               | 3.08%     |
| 28/03/2012                 | 499497          | 28/03/2029        | 2,000,000               | 3.15%     |
| 28/03/2012                 | 499510          | 28/03/2030        | 2,000,000               | 3.21%     |
| 28/03/2012                 | 499498          | 28/03/2031        | 8,000,000               | 3.26%     |
| 28/03/2012                 | 499511          | 28/03/2032        | 9,000,000               | 3.30%     |
| 28/03/2012                 | 499499          | 28/03/2033        | 10,000,000              | 3.34%     |
| 28/03/2012                 | 499512          | 28/03/2034        | 11,000,000              | 3.37%     |
| 28/03/2012                 | 499506          | 28/03/2035        | 12,000,000              | 3.40%     |
| 28/03/2012                 | 499513          | 28/03/2036        | 9,000,000               | 3.42%     |
| 28/03/2012                 | 499515          | 28/02/2037        | 16,713,000              | 3.44%     |
| 29/03/2011                 | 498502          | 29/03/2061        | 5,951,150               | 5.26%     |
| 13/07/2021                 | 374161          | 13/07/2041        | 15,725,000              | 1.56%     |
| <b>Total HRA Borrowing</b> |                 |                   | <b>111,389,150</b>      |           |
| 13/07/2021                 | 374159          | 13/07/2041        | 13,875,000              | 1.56%     |
| <b>Total GF Borrowing</b>  |                 |                   | <b>13,875,000</b>       |           |



## **Savings Plan Progress at Quarter One 2023/24**

### **Purpose of this note**

1. This note updates members on the progress that has been made on the delivery of the savings schedule that was included in the 2023/24 budget report.
2. As part of the report there was an undertaking for these savings to be reported to cabinet and budget scrutiny.
3. This report is intended to be presented to the Overview and Scrutiny Committee for their comments in advance of the budget monitoring report being presented to cabinet.

### **Background**

4. As part of the budget build process a series of budget savings were developed to achieve savings of £1.6m, to close the budget deficit gap. Savings of £200,000 were immediately identified and applied to the 2023/24 budget, and following discussions between Officers and members proposals for a further 1.4m were identified and developed into the following savings plan:-

### **Proposed Budget Savings for the 2023/24 financial year**

| Ref. | Service              | Saving                                  | £'000        | Comments  | Proposed year of delivery  |
|------|----------------------|---|--------------|---|----------------------------|
| i    | Corporate            | Management Team and wider restructure   | 300          | Based on reducing the size of MT, will require adjustments within team structures.<br><br>Upfront costs may be required                 | 2023 -£200K<br>2024 -£100k |
| ii   | Corporate            | Proposal to move to International House | 300          | Based on reducing net costs, future use of the Civic Centre not factored in (i.e. housing scheme).<br><br>Upfront costs may be required | 2023                       |
| iii  | Various              | Review of service structures            | 505          | To be reviewed, reduction in work linked to reduction in staffing   | 2023                       |
| v    | Corporate            | Administration Review                   | 150          | Review underway   | 2023                       |
| vi   | Corporate            | Enforcement Review                      | 65           | Review underway   | 2023                       |
| vii  | Policy & Performance | Reduction in Grants                     | 100          | Review underway, recommendation to retain the £3k per Councillor  | 2023                       |
|      |                      |   | <b>1,420</b> |   |                            |

5. Since the setting of the 2023/24 budget there have been further pressures to the budget including stubborn inflation, remaining higher for longer, further interest rate rises, and continued cost of living crises which is impacting services, all of which present a risk of the deficit increasing.
6. Several of the areas proposed involved different ways of delivering key services with greater collaborative working between departments. These plans often involve changes to job descriptions and will need consultation with staff. Therefore, until some of these consultation processes are complete these savings will not be discussed in granular detail.
7. Progress against saving targets is described below.

### **Management Team and Wider Restructure**

8. Directors have discussed options for delivering £300,000 savings within this section. Various options are being explored and further information will be available for the next monitoring cycle. However, it is expected that £200,000 of this target will be achieved in 2023/24.

### **Move to International House**

9. The plan for relocating Council Offices to International House is about to enter its strategic consultation phase. There will be some redesigning of the current



layout of the office floors proposed to make better use of the space and accommodate staff more efficiently. Costs for redesigning and refurbishing the three floors on International House have been drawn up and are expected to be £350,000.

10. The projected savings are currently in excess of the £300,000 pa originally identified should the move go ahead. It is anticipated that the full saving would not be achievable in 2023/24 but a part year saving could be achieved.

### **Administration Review**

11. A report was presented to Directors in February 2023 to achieve £150,000 of savings and several of the recommendations have been implemented. Savings of £97,000 involving the removal of vacant posts will be achieved in 2023/24, but where staff consultation may be needed some savings could be postponed until 2024/25.

### **Enforcement Review**

12. This review is now in its final stages and a report will be with Directors for consideration in the next few weeks. The report will detail several options to achieve the required £65,000 savings which could be phased through to 2024/25.

### **Review of Service Structures, Grants and Other Savings**

13. Budget savings of £200,000 were achieved within the 2022/23 across services and the 2023/24 budgets were amended accordingly.
14. By directly charging Project Management time to capital for specific post within the Housing Team a saving of £75,000 is achievable in 2023/24.
15. The restructure of service within Environment, Property & Recreation will achieve the savings target of £80,000. There are currently several vacant posts within this service making this target deliverable for 2023/24.
16. Within HR, Comms and Customer Services a number of vacant posts totalling £25,000 have been identified for removal from the budget. Other plans are being worked onto deliver the remainder of the savings (£55,000).
17. There is an anticipated saving of £30,000 in member allowances by removing deputy portfolio holders.
18. Further saving across all areas are currently under review. As previously stated, many contain staff savings, which need to go through the appropriate consultation process and therefore cannot be discussed in detail at present. Meetings have taken place with senior managers and although there may be some phasing in areas the previously reported savings target currently appears achievable, subject to the outcomes of the consultation process.
19. The savings described in detail above amount to £707,000, including the £200,000 already built into the budget from the previous year.
20. The remainder of the savings required will be continually monitored and reported accordingly as information becomes available and is suitable for disclosure.

## **Conclusion**

21. To date good progress is being made on delivering the savings identified which are expected to have minimal disruption to services, and have in some cases enable the streamlining of service provision.
22. The savings will be delivered partly in 2023/24, and be fully applied to the 2024/25 budget build, given the worsening economic conditions for the Council, delivery of the £1.4m is likely to be only part of a bigger savings requirement once the medium term financial plan is completed. This will result in the need for the Council to make further tough decisions on what can and cannot be delivered.

**Cabinet Amendment to Garage Fees and Charges**

1. Following Cabinet's approval of discretionary and statutory fees and charges within the budget for the 2023/24 financial year, a miscalculation has been identified in the Garage charges. The charge for Non Council Tenant Low and Non Council Tenant High should be £15.40 as opposed to £16.00, which equates to a 13% increase.
2. Members are also asked to note that the fees and charges are including VAT rather than plus VAT.
3. The tables below show the original and corrected figures highlighted.

| Garage and Parking Space Fees and Charges  |  |     |                   |                   |                   |                                     |
|--|--|-----|-------------------|-------------------|-------------------|-------------------------------------|
|  |  | Vat | Charge<br>2021/22 | Charge<br>2022/23 | Charge<br>2023/24 | Increase<br>/Decrease<br>on 2022/23 |
|  |  |     | £                 | £                 | £                 | %                                   |
| Garage and Parking Space Fees and Charges  | Council Tenant Low per week  | EX  | 11.00             | 11.50             | 13.00             | 13.04%                              |
|  | Council Tenant High per week   | EX  | 11.00             | 11.50             | 13.00             | 13.04%                              |
|  | Non Council Tenant Low (plus VAT) per week   | VT  | 13.20             | 13.80             | 16.00             | 15.94%                              |
|  | Non Council Tenant High (plus VAT) per week  | VT  | 13.20             | 13.80             | 16.00             | 15.94%                              |
|  | Charge for lock changes following loss of keys etc.  |     |                   |                   | 150.00            |                                     |
|  | Deposit for all new Garage Tenancies (new charge)  | EX  |                   | One months rent   | One months rent   |                                     |
|  | Parking Spaces (on garage sites only) per year in advance (new charge in 20/21 as we will be demolishing a number of garage sites and creating parking spaces, this will then be in place going forward) | VT  | 210.00            | 220.00            | 255.00            | 15.91%                              |
| <i>In line with the agreed Garage Commercialisation Strategy all profit of monies received for the sale of garage sites into the General Fund be allocated into the Garage budget to enable the investment for renovation and upgrade of existing let sites in order to maintain the highest level of revenue into the General Fund going forward.</i> |  |     |                   |                   |                   |                                     |

| Garage and Parking Space Fees and Charges  |  |     |                   |                   |                   |                                     |
|--|--|-----|-------------------|-------------------|-------------------|-------------------------------------|
|  |  | Vat | Charge<br>2021/22 | Charge<br>2022/23 | Charge<br>2023/24 | Increase<br>/Decrease<br>on 2022/23 |
|  |  |     | £                 | £                 | £                 | %                                   |
| Garage and Parking Space Fees and Charges  | Council Tenant Low per week  | EX  | 11.00             | 11.50             | 13.00             | 13.04%                              |
|  | Council Tenant High per week   | EX  | 11.00             | 11.50             | 13.00             | 13.04%                              |
|  | Non Council Tenant Low (including VAT) per week  | VT  | 13.20             | 13.80             | 15.60             | 13.00%                              |
|  | Non Council Tenant High (including VAT) per week   | VT  | 13.20             | 13.80             | 15.60             | 13.00%                              |
|  | Charge for lock changes following loss of keys etc.  |     |                   |                   | 150.00            |                                     |
|  | Deposit for all new Garage Tenancies (new charge)  | EX  |                   | One months rent   | One months rent   |                                     |
|  | Parking Spaces (on garage sites only) per year in advance (new charge in 20/21 as we will be demolishing a number of garage sites and creating parking spaces, this will then be in place going forward) | VT  | 210.00            | 220.00            | 255.00            | 15.91%                              |
| <i>In line with the agreed Garage Commercialisation Strategy all profit of monies received for the sale of garage sites into the General Fund be allocated into the Garage budget to enable the investment for renovation and upgrade of existing let sites in order to maintain the highest level of revenue into the General Fund going forward.</i> |  |     |                   |                   |                   |                                     |

Victoria Couper-Samways

Property Building Services &amp; Facilities Manager

## **Increase print costs to external parties**

### **Background**

1. Paper costs along with other consumables used within the Print room service have increased over the last 2 years by between 44% and 102%, but the costs we charge external parties for printing have not increased.

### **Purpose of the report**

2. Request to increase the existing print room charges by 25% to help compensate for our increased service costs. Print room charges have not been changed for a considerable period of time and were historically set for internal costs recovery.
3. Moving forward these charges will be formalised within the fees and charges section of the corporate budget book.
4. The Print room does not promote or generate much external interest and received 8,000 in 2022/23 and £5,000 in 2021/22 in income.
5. The existing external customers are Parish councils, trusts etc who will be informed of the charges which still offer incredibly good value and service.
6. Member are asked to agree the increase the fees charged to external providers.

Robin Jones – Head of IT and Digital

# Update Report on UKSPF and REPF

Update to: ABC Cabinet

Date: 27 July 2023

Ashford Borough Council has been successful in securing its' allocation of the Government's UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF). The council's allocation is £1,016,512 for UKSPF and £593,508 for REPF.

Both funds are linked to the UK Government's Levelling Up White Paper and aim to support interventions in the key themes of Communities & Place, Supporting Local Businesses and People & Skills. The funding is allocated for work between 1 April 2022 and 31 March 2025.

Ashford has received approval from the UK Government to proceed with interventions and activity identified in our Local Investment Plan (UKSPF) and Addendum Plan (REPF). The content of the Plans was drafted in consultation with the Council's Local Partnership Group (LPG), which is a body bringing together key stakeholders across the Borough. This is a requirement of UKSPF and Ashford's LPG includes the MP for Ashford, the Council's Chief Executive, the Portfolio Holder for Finance (to be reviewed following elections) and representatives from Kent Invicta Chamber of Commerce, Ashford College, Kent Police and the Council's Community Safety Unit, Ashford Volunteer Centre, Tenterden Town Council and Ashford Parish Churches. The LPG, along with the Leader of the Council, reviewed and provided support for the Local Investment Plan and Addendum Plan to be submitted to Government.

This report forms part of the monitoring and reporting regime required for UKSPF and REPF. Officers report to ABC's senior management as well as providing updates to the LPG and a quarterly report to the Department for Levelling Up, Housing and Communities (DLUHC).

## **Progress Update for Year 1 (22/23) and Year 2 (23/24)**

Due to delays from DLUHC to issue the funding allocated for Year 1 (Financial Year 2022/23), the Government has approved plans for any underspend to be rolled into Year 2 (Financial Year 2023/24). In line with our Plans the council has undertaken the activity and is progressing the work outlined in the summary table below.

To date Ashford Borough Council has spent £50,488 of its Year 1 allocation which was £123,363 (41%). This means that £72,875 will be incorporated into the UKSPF Year 2 budget. In addition to this the council's allocation for UKSPF Year 2 is £246,726 and the REPF Allocation for this year is £148,378. Therefore, across both funding streams, the Council has £467,979 which has to be spent this financial year on the activity outlined in the UKSPF Local Investment Plan and the REPF Addendum Plan. Both Plans are available publicly on the Council's website.

Summary table of UKSPF and REPF Allocations, Spend and Planned Spend.

|                          | <b>Year 1 – 2022/2023</b> | <b>Year 2 – 2023/2024</b> | <b>Year 3 – 2024/2025</b> |
|--------------------------|---------------------------|---------------------------|---------------------------|
| <b>UKSPF Allocation</b>  | £123,363                  | £246,726                  | £646,423                  |
| <b>UKSPF Rolled Over</b> | N/A                       | £72,875                   | N/A                       |
| <b>REPF Allocation</b>   | N/A                       | £148,378                  | £445,130                  |
| <b>UKSPF Spent</b>       | £50,488                   | £0                        | £0                        |
| <b>REPF Spent</b>        | N/A                       | £0                        | £0                        |
| <b>UKSPF Planned</b>     | -                         | £319,601                  | £646,423                  |
| <b>REPF Planned</b>      | -                         | £148,378                  | £445,130                  |

Summary table of UKSPF and REPF Activity for 2022-23 and 2023-24. Figures stated are for these financial years up to 31 March 2024.

## Appendix E

| Intervention                                 | Project                            | Amount  | Status             | Notes  |
|--|------------------------------------|---------|--------------------|--|
| E1 – Town Centre<br>Year 1                   | Ashford UnFramed<br>Mural Festival | £25,000 | Completed          | ABC contributed towards the creation of 18 murals in the town centre which have enhanced blank walls and improved the visibility of the town. From anecdotal comments this has supported pride in place in the town centre.  |
| E1 – Town Centre<br>Year 1                   | Hello Lampost                      | £4,410  | Completed          | ABC contributed part of the UKSPF towards a project to locate HelloLampost QR codes in the town to support engagement with residents on a range of topics.   |
| E1 – Town Centre<br>Year 2                   | Temporary Public Realm<br>Works    | £35,000 | Ongoing            | ABC is trialling the installation of temporary public furniture in parts of Bank Street and Middle Row to understand what impact changes to the public realm could have on footfall.   |
| E1 – Town Centre<br>Year 2                   | Accessibility Study                | £30,000 | Procuring          | ABC is procuring an accessibility study for the town centre to assess the public areas and some business premises across the town.   |
| E1 – Town Centre<br>Year 2                   | Town Centre Play<br>Equipment      | £18,000 | Not Started        | Officers have provisionally allocated £18,000 for installing play equipment in Ashford town centre to support footfall and the vitality of the town. This project has been delayed due to workload, however discussions are ongoing with KCC and other parties to initiate this project. |
| E2 – Community<br>Infrastructure<br>Year 2   | One You Ashford                    | £56,650 | Ongoing            | ABC had outlined in the Investment Plan that UKSPF would support the expansion of the One You shop in Park Mall. This has not been possible and so UKSPF is supporting One You's outreach programme of activity in the borough.  |
| E9 – Social Action Projects<br>Year 1        | Youth Intervention Year<br>1       | £16,560 | Completed          | ABC has commissioned a service to deliver preventative interventions for children and young people involved in or at risk of serious crime such as gang related activity. This will be delivered up to March 2025 (3 years).   |
| E9 – Social Action Projects<br>Year 2        | Youth Intervention Year<br>2       | £50,000 | Ongoing            | As above for Year 2.   |
| E11 – Capacity &<br>Infrastructure for local | Community Amenities<br>Grants      | £30,000 | Seeking<br>Cabinet | ABC set out to use UKSPF for providing grants to support improvements to community amenities in the borough. UKSPF   |

## Appendix E

|  |                                   |         |                          |  |
|--|-----------------------------------|---------|--------------------------|--|
| groups<br>Year 2   |                                   |         | Approval                 | will be used to provide grants within the Community Grants Policy for areas within the Ashford Urban Area.   |
| E17 – Development of Visitor Economy<br>Year 2             | Place & Provenance Projects       | £38,224 | Procuring                | Ashford’s Investment Plan outlined key challenges for the Visitor Economy in the borough. Officers are procuring a third party to deliver support aimed at supporting destinations and hospitality businesses as well as vineyards across the Borough.   |
| E26 – Growing Social Economy<br>Year 2                     | Social Enterprise Support         | £25,000 | Procuring                | Within the Supporting Local Businesses theme, ABC is procuring an organisation to deliver a support package to the VCSE sector, particularly supporting social enterprises.  |
| REPF 1.1 – Rural Business Support<br>Year 2                | Business Energy Efficiency Grants | £42,432 | Not Started              | With high numbers of businesses relying on oil-based energy and being off grid, ABC agreed to create a grant scheme to support energy efficiency or energy transition projects for rural businesses in the Borough.  |
| E11 - Capacity & Infrastructure for local groups<br>Year 2 | Rural Community Amenities Grants  | £37,532 | Seeking Cabinet Approval | ABC set out to use REPF for providing grants to support improvements to community amenities in the borough. REPF will be used to provide grants within the Community Grants Policy for areas outside of the Ashford Urban Area.  |
| E11 - Capacity & Infrastructure for local groups<br>Year 2 | EV Charging Point rollout         | £42,532 | Not Started              | With electric vehicles increasing in popularity and supporting the Net Zero ambitions for the Borough, there is a challenge in providing EV charging points in rural areas. Beyond the support currently available, ABC will support the provision of EV charging points in rural publicly accessible areas.                 |
| E17 – Development of Visitor Economy<br>Year 2             | Rural Place & Provenance Projects | £25,782 | Not Started              | Ashford’s Addendum Plan outlined some key challenges for the Visitor Economy and rural food and drink businesses in the Borough. Officers will procure a third party to deliver a programme aimed at supporting startup food & drink businesses, improve productivity and bridge the last mile gap for visitor destinations. |