

# Cabinet – 22<sup>nd</sup> February 2024

## Addendum Papers

### **Agenda Item 6 – Report of the O&S Budget Scrutiny Task Group**

Please see attached a supplementary report from the Task Group.

**Agenda Item No:**

**Report To:** Cabinet

**Date of Meeting:** 22 February 2024

**Report Title:** Report of the Budget Scrutiny Task Group – Further Recommendation

**Report Author & Job Title:** Abi Sheppard  
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**Task Group Chairman:** Cllr. N Bell



**Summary:** The Overview and Scrutiny Budget Scrutiny Task Group has scrutinised the council's draft 2024/25 budget over four meetings during December and January. The Task Group made six recommendations for Cabinet to consider when making their final budget proposals to recommend to Council.

Following additional concerns raised at the overview and Scrutiny meeting on 13 February 2024, this report has been prepared highlighting a further six recommendations for consideration.

**Key Decision:** NO

**Significantly Affected Wards:** None specifically

**Recommendations:** **The Overview and Scrutiny Task Group recommends to the Cabinet that:**

- I. The Committee are unable to say at present that the draft budget is sound and achievable and in order to be, it is recommended that the Cabinet look to review the following financial risks;
  - a. The risk of changes to the interest rates during the 24/25 year affecting the

council's short-term debt.

- b. Risk to the budget resulting from the Cinema proposals.
- c. KCC Waste and Recycling annual payment loss of £272,000.
- d. The achievability of the International House savings proposed.
- e. Risks associated with Dover District's legal action over their Port Health authority.
- f. Uncertainty regarding future delivery of the monitoring centre at the level required by Members and public.

<b>Policy Overview:</b>	Under the council's Constitution, the O&S Committee has a duty to scrutinise the council's draft Revenue and Capital Budgets.
<b>Financial Implications:</b>	As noted in the report
<b>Legal Implications</b>	As Policy Overview above
<b>Equalities Impact Assessment</b>	Not required as appended to main budget report
<b>Other Material Implications:</b>	As noted in the report
<b>Exempt from Publication:</b>	<b>NO</b>
<b>Background Papers:</b>	<a href="#">Draft 2024/25 budget</a> , report to Cabinet 30 November 2023 <b>Minutes of the Budget Scrutiny Task Group meetings are included in the Appendix.</b> <b>Final Report of the Budget Scrutiny Task Group included in the meeting agenda pack.</b>
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## **Report Title: Report of the Budget Scrutiny Task Group – Further Recommendation**

### **Introduction and Background**

1. The Overview and Scrutiny Committee considered the final report of the Budget Scrutiny Task Group and recommendations at their meeting on 13 February 2024. It was noted that the recommendations made by the Task Group within the report reflected views of Members at the time when they met previously.
2. However, additional concerns were raised by Members following the Budget Scrutiny Task Group meetings in regards to whether the budget is sound and achievable at present. Therefore, this report has been prepared to outline the Committee's recent concerns, including Management Team's advice to Cabinet.

### **Report of the Chairman of the Budget Scrutiny Task Group**

3. The draft budget documents were considered by the Budget Scrutiny Task Group. These documents detailed how the council intends to fund its services and initiatives for the next municipal year.
4. Although the Task Group notes the use of reserves in the short term while further savings are brought forward and delivered, Members have since identified additional financial risks and there is concern for how these will affect the budget going forward. These concerns have been highlighted to the Cabinet for their attention when considering the draft 2024/25 budget and therefore, at present, the Task Group are unable to determine whether the budget is sound and achievable.
5. The Task Group noted the Council held a diverse property portfolio and were confident that there was low risk in this area of the budget. However, it was felt that opportunities to develop sites for industrial units should be explored in light of how well these types of development performed in the current portfolio.
6. Members agreed that there was adequate resources allocated to the Planning and Development service budget to support the ongoing preparation for the next Local Plan. Resources were also focused on meeting the performance targets determined by the statutory timescale periods set by the Government.
7. Issues at Stodmarsh continue to have a significant impact on major applications. The Task Group have identified further performance indicators to help ascertain the difference between backlog planning applications that have not been affected by Stodmarsh.

8. I would like to thank the Members of the Task Group and all of the Officers who were involved with scrutinising the 2024/25 draft budget. The Task Group acknowledge Officers for the hard work and time taken to prepare various presentations and reports. I would also like to extend thanks to the Portfolio Holders and other Members who attended the meetings.

### **Further Recommendation**

9. The Committee are unable to say at present that the draft budget is sound and achievable and in order to be, it is recommended that the Cabinet look to review the following financial risks;
  - The risk of changes to the interest rates during the 24/25 year affecting the council's short-term debt.
  - Risk to the budget resulting from the Cinema proposals.
  - KCC Waste and Recycling annual payment loss of £272,000.
  - The achievability of the International House savings proposed.
  - Risks associated with Dover District's legal action over their Port Health authority.
  - Uncertainty regarding future delivery of the monitoring centre at the level required by Members and public.

### **Management Team Response**

10. The Committee are unable to say at present that the draft budget is sound and achievable and in order to be, it is recommended that the Cabinet look to review at the financial risks tabled below.
11. By way of a general comment the debate at the Overview and Scrutiny Committee reflected much of the debate at the Medium Term Financial Plan task group and the wider reporting of the Councils financial plan and draft budget. Councils are operating in a more risky environment and reductions in funding, uncertainty on future funding and government controls over council tax levels all contribute to that environment and make it harder to manage these risks. Members may see this in a wider reporting in the sector.
12. In response to the risk environment the reserves have been reviewed and allocated to manage specific risks (see paragraph 71 onwards of the budget report) and the Council will have just over £20m in reserves and the majority of this is allocated to manage budget risks and this will be sufficient for the 2024/25 budget.
13. The council's Management Team have provided a summary of their advice to the Cabinet has this has been tabled below:

No.	Recommendation	Summary	Management Team Advice
a.	The risk of changes to the interest rates during the 24/25 year affecting the council's short term debt.	<p><u>Interest Rates</u>  It was highlighted that much of the council's debt was held in short term loans and therefore subject to changes in short term interest rates. It was felt that the council's current approach to short-term debt presented a risk to the budget for 2024/25 in light of uncertainty over short-term interest rates changes during the year.</p>	<p>In developing the 2024/25 budget the Council has allowed for an average interest rate of 5.75% for the year.</p> <p>Although it is accepted that there is risk to interest rate rises, market indicators indicate possible rate cuts to be more likely as we progress through 2024 and inflation starts to be brought under control.</p> <p>There are options to fix the current debt portfolio, although this would add pressure to the medium term financial plan that has factored in a reduction in interest rates for short term debt over the coming years. This would increase the need for further savings to be developed.</p> <p>To lock in interest rates now, would potentially mean locking in interest rates at the top of the current interest rate cycle and therefore not enable the benefit of future rate cuts.</p> <p>As interest rates fall; the Council will evaluate options for locking out longer term borrowing to reduce exposure to short term rates.</p> <p>Inflation, interest rate and pay award risk has also been reflected upon and is covered in the Revenue</p>

			<p>Budget 2024/25 report which is Item 7 on tonight's Agenda, Appendix M, point 12.</p> <p><b>Management Team note the risk to the current strategy although no changes to the 2024/25 budget or strategy are recommended.</b></p>
b.	Risk to the budget resulting from the Cinema proposals.	<p><u>Cinema Proposal</u> Following a recent member briefing regarding the Picture House Cinema proposals, Members were concerned about the financial implications of this on the 2024/25 budget and felt that further information was required to fully understand the budgetary impact of the proposals as they were still being developed.</p>	<p>This is an emerging risk that has been highlighted post overview and scrutiny budget task group.</p> <p>The known impact at the moment is that the Council will lose the rental income from the site following the ending of the lease and the contribution towards the Service Charge. This will create a pressure in 2024/25 and can be met from the Strategic Investment and Property Risk reserve that has been established for these instances.</p> <p><b>The creation of the reserve is covered from paragraph 71 in the Revenue Budget 2024/25 report which is Item 7 on tonight's Agenda. The risk was also flagged at point 14 of Appendix M within the same report.</b></p>
c.	KCC Waste and Recycling annual payment loss of £272,000	<p><u>KCC</u> Concerns were raised around the loss of the waste and recycling annual payment of £272,000 to the</p>	<p>This was previously flagged as a risk in the Draft Budget 2024/25 that was presented to Cabinet in November. However the Council was then given assurance that the sum of £272,000 would be paid before a very late reversal of the decision.</p>



		<p>Council from KCC and it was suggested that this would negatively impact the 2024/25 budget. Members felt the impact of this needed further consideration in the upcoming budget.</p>	<p>In relation to losing the existing enabling payment, it is the Council's opinion (which is supported by independent legal opinion) that under the Environmental Protection Act 1990, KCC will have a legal obligation to pay the Council Recycling Credit Payments instead which will mitigate the loss of the enabling payment.</p> <p>The Leader of the Council has written to the Leader of KCC on behalf of Ashford, Maidstone and Swale highlighting the need for either KCC to extend the agreement or honour the payment of recycling credits.</p> <p><b>Given the legal responsibility of KCC to make Recycling Credit Payments, no adjustment to the 2024/25 budget is recommended.</b></p>
d.	<p>The achievability of the International House savings proposed</p>	<p><u>International house</u> Due to the uncertain timeframe for the Council's move to International House, Members raised concern over whether the savings outlined in the 2024/25 were achievable.</p>	<p>There has been some early slippage in the timetable for moving to International House which could impact in the £250,000 of savings target that has been allowed for in the 2024/25 budget.</p> <p>As members will recall though the main driver behind the move to International House was to mitigate ongoing void space liabilities at International House, and more significantly negate the need for significant expenditure to be spent on the Civic Centre.</p>

			<p><b>One of the biggest areas of risk from the delay in moving could be the need to spend money maintaining failing systems in the Civic Centre that will have not future economic benefit.</b></p> <p><b>Costs relating to ongoing repairs and maintenance, and risk to the savings target will need to be met from operational repairs and maintenance budget, the maintenance of assets reserve, or the MTFP Risk reserve accordingly.</b></p>
e.	Risks associated with Dover District's legal action over their Port Health authority.	<p><u>Dover Port Health</u> It was noted that legal ramifications from Dover District Council's action regarding its Port Health facility posed a financial risk to the budget and the potential impact of this needed further consideration.</p>	<p>This is a position that is being monitored and it is anticipated that DEFRA will not change the plan to use Sevington as the inland border facility having spent considerable sums of money on the site and actively promoted it.</p> <p>In relation to operational costs, the Council has assurance that they will be met from government grant (or charges levied) as it has been since the early days of the scheme.</p> <p><b>This has been covered in the Revenue Budget 2024/25 report which is Item 7 on tonight's Agenda, Appendix M, Point 1.</b></p>
f.	Uncertainty regarding future delivery of the monitoring centre at the level required by Members	<p><u>Monitoring Centre</u> Members flagged that the future delivery of the</p>	<p>The remit of the Overview and Scrutiny Budget Task Group was to review the 2024/25 budget which fully funds the monitoring centre for this period.</p>

	and public.	Ashford Monitoring Centre had not yet been confirmed and therefore the impact of this on the budget was uncertain.	<p>The Task Group is highlighting the financial risks that the Council faces which have been discussed in the medium-term financial plan. This highlighted the need for the Council to make savings in the future and members will be asked to review savings proposals as they are developed balancing the statutory services that the council provides and the non-statutory services that it is desirable to provide. This is a non-statutory function so could be identified as a future saving opportunity.</p> <p>There is currently a Community Safety Task Group which is looking at the model for the delivery of Community Safety activity.</p>
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### Contact and Email

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## **Agenda Item 7 – Revenue Budget 2024/25**

Please see attached a supplementary report from the Task Group.

### **Addition to Agenda item No.7 – Revenue Budget 2024/25**

This paper provides a summary of the responses received during the 2024/25 Budget Consultation period, and a minor change within appendix G “Capital Programme.

### **Responses to the 2024/25 Budget Consultation with Stakeholders.**

The 2024/25 budget was published for consultation between 15 December 2023 to 9 February 2024 using the Councils’ social media channels and website.

Overall the Council received two (five in 2023/24) responses which are shown below, with responses provided in red italic.

### **Responses to 2024/25 Budget Consultation Exercise**

#### **Response 1**

Council tax money should be spent on improving street nameplates for example Arlington by fish Inn pub next to crusader kebab in South Ashford.

Yes it a lot of money but if improving area with decent street nameplates you might get wealth people living here more Council tax in the longer term.

Any have old buildings that are not listed should be demolished.

Try to get Netflix or Amazon or HBO, sky to the tv & film studio complex if possible and more modern area.

Demolished park mall and car park it will attract vandalism if don't waste money on it. Regeneration town centre more independent shops keep business rates down. Free or cheap car prices or first two hours are free for example.

Try and get Ashford live exhibition hall and concert and to hold west end shows hopefully plan get a reboot and a go ahead. Bring extra revenue from night entertainment economy for you. Imagine saving all that money could have this idea built it.

Stanhope needs those new houses on the old Ray Allen Centre old primary school next to it. More football complex revenue from seven sides football

pitches area get building. And new Ray Allen Centre more you invest in Stanhope up to. Regeneration more wealth people live there more you can charge.

New street lights saving money in the longer term.

Get dual carriageway of A28 started needs addressing from the Matalan to tank roundabout. Have clause with developer you must build road first before get houses. Make them resurfacing roads first before permission. Don't build on floodplains cause more issues in the longer term more money wasted.

Singleton get Regeneration with more Singleton lake cut the trees down Bruce up more money won't be need if you keep better shape. Same with Singleton shops make wealth place to live more Council tax you can get from it.

Bruce it up saving more money in the longer term.

Ashford rugby club and Ashford united get there grounds redevelopment more revenue from it new houses and more visitors more money they spent on it more Council tax you get.

### **Reply to Stakeholder**

*Thank you for taking the time to read the Council's budget consultation document and sharing your thoughts which will be considered.*

*Your comments will be anonymised and be provided as a tabled paper to the Council's meeting of the Cabinet on 22 February 2024.*

*Again thank you for your comments,*

### **Follow up**

Thank you for your reply. Much appreciated street nameplate needs replacing lo nameplates like longacre Road sign in Harverst way because totally worn. I'm not say every street nameplate needs that be replaced to expensive for council.

Do 8 in a go for example what till next financial year then

List is longacre, Arlington by fish Inn, link sign beaver green estate, oak Tree Road, Brookfield Rd street nameplates by the traffic lights as enter Knoll Lane.

Holmwood Road in beaver green estate, Cuckoo Lane sign on to Knoll Lane Stanhope sign south side.

Stanhope could do with a neighbourhood watch scheme especially flats by the post-office/morrisons.

Any drink drive knows down a street nameplate or road sign let them pay bill.

Plus and any vandalism on any send them bill they have to pay for new one.

The new houses should have solar panels on and water softener installed in new houses because it is hard water area.

If they build want build new houses they must build roads first others they don't get permission. Build on industrial estate old used one plus build on the car wash by lock n store but flats or houses there.

You need to get another company on your behalf to run Stour centre freedom leisure is very dirty with rubbish on floor hygiene is mane issues.

The Stevenson brothers rocking horses museum and cafe an farm shop should get the go ahead. The Brompton bike headquarters shouldn't build on wetlands if was a different place then yes. Try get wasp rugby club to go where amazon warehouse fell through. New police station would be good for the community.

Get started on tv and film studio complex with Netflix and HBO and other would jobs to area.

Ashford live would regeneration town centre could help night time economy with exhibition hall and concert hall and theatre to west end shows. Build a skyscraper on old home store (old B&Q store was) thank for listening

For Christmas lights turn on have a celeb Amber Davies west end star.

### **Reply to follow up**

*Further general correspondence has been had with the resident who has helped identify further road signs that are in need of repair. This is a positive response and the resident will be able to see the direct impact of this interaction as some of the signs identified do indeed need repair.*

### **Response 2**

- 1) Is there any statutory requirement for the 'economic development' department?
- 2) If not how much would it save to close this department?
- 3) Has any work been done on the cost/benefit of moving to low cost tracker funds rather than having a more extensive treasury function lending to other councils?
- 4) Has the council been calculating the risk adjusted return on its lending operations? The lending appears to be highly concentrated towards lending to other authorities. As a result you aren't really getting the benefits of diversification when managing the portfolio.

### **Reply to Stakeholder**

- 1) *Economic Development is not a statutory responsibility for a local authority.*
- 2) *For 2024/25 the controllable budget for Economic Development is forecast to be £527,620.*
- 3) *The Council does not lend to other Councils, we do borrow short term from other Councils and for a number of years this has been considerably cheaper than other lenders. In relation to the treasury function, this is only performed as a small part of one Officers Job.*
- 4) *As above we do not invest or lend to other Local Authorities, we have a strategic investment portfolio which are managed through external fund managers and done in conjunction with our Treasury Advisors. The strategic portfolio is fairly balanced in terms of exposure to different asset classes including multi asset funds, equities, and corporate property. In relation to short term cash placements, we use Money Market Funds (MMF's) which offer good overnight rates and offers diversification through many underlying assets. The treasury management positions are reported in the quarterly budget monitoring reports that are presented to Cabinet.*

## **Change within Appendix G**

The profiling of spend for the Property Company acquisitions line has changed. This has an impact on the totals within the tables included in Appendix G. The updated appendix will be published in the Budget Book. A summary of the change is shown below:-

### Original Appendix G

Capital Programme 2024/25 - 2026/27							
	Current budget £'000	Previous Exp £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Future Years £'000
Property Company Acquisitions - based on current business plan	119,355	39,055	1,700	11,600	35,000	32,000	0

### Updated Appendix G

Capital Programme 2024/25 - 2026/27							
	Current budget £'000	Previous Exp £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Future Years £'000
Property Company Acquisitions - based on current business plan	119,755	39,055	400	10,300	35,000	35,000	0

## **Agenda Item 14 – Revision to Agreed Staffing Ashford Borough Council Enforcement at Sevington Border Control Post (BCP)**

### Portfolio Holder's Views

This is an excellent report which clarifies a very complex situation. As the report says, the Inland Border Facility is a matter of great importance not only for us but nationally and represents a significant opportunity for Ashford Borough Council. I would like to thank the Director and his team for all their hard work in overcoming significant setbacks, not of their making, to staff the facility and become operational on time. They are to be congratulated on their achievement.

**Liz Wright, Portfolio Holder for Community Safety and Wellbeing**