

AMENDED AGENDA

POLICY AND RESOURCES COMMITTEE MEETING



Date: Wednesday 29 July 2015
Time: 6.30 pm
Venue: Town Hall, High Street,
Maidstone

Membership:

Councillors Mrs Blackmore, Brice, Chittenden,
Cox, Garland, Mrs Joy, McKay,
McLoughlin, Munford, Naghi, Ross,
Round, Sargeant, Mrs Stockell and
Mrs Wilson (Chairman)

Page No.

1. Apologies for Absence
2. Notification of Substitute Members
3. Urgent Items
4. Notification of Visiting Members
5. Date of Adjourned Meeting - 5 August 2015

Continued Over/:

Issued on 27 July 2015

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact CAROLINE MATTHEWS on 01622 602743**. To find out more about the work of the Committee, please visit www.maidstone.gov.uk

**Alison Broom, Chief Executive, Maidstone Borough Council,
Maidstone House, King Street, Maidstone Kent ME15 6JQ**

6. Disclosures by Members and Officers
7. Disclosures of Lobbying
8. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
9. Minutes of the meeting held on 24 June 2015
10. Presentation of Petitions (if any)
11. Questions and Answer Session for members of the public
12. Report of the Head of Policy and Communications - Annual Governance Statement 2014/15 and Local Code of Corporate Governance
13. Report of the Head of Policy and Communications - Customer Feedback Report- Quarter 4 and End of Year 2014/2015
14. Report of the Head of Policy and Communications - Equality Objectives
15. Report of the Head of Revenues and Benefits - Irrecoverable Business Rates
16. Report of the Communications Manager - Maidstone Borough Council Annual Report
17. **Report of the Communications Manager - Revised Appendix to Maidstone Borough Council Annual Report** **1 - 16**
18. **Report of the Head of Finance & Resources - Revenue & Capital Outturn 2014/15** **17 - 27**
19. **Report of the Head of Finance and Resources - Medium Term Financial Strategy 2016/17 Onwards** **28 - 68**
20. PART II

To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.

**Head of
Schedule 12 A
and Brief
Description**

- | | |
|--|---|
| 21. Report of the Property & Procurement Manager - Bus Shelters | Para 3 – Info re financial/business affairs |
| 22. Report of the Property & Procurement Manager - Maidstone Gateway | Para 3 – Info re financial/business affairs |

23.	Report of the Property & Procurement Manager - Office Accommodation Strategy	Para 3 – Info re financial/business affairs	
24.	Report of the Chief Executive – Proposed Senior Officer Leadership Arrangements	Para 1 – Info re individual	
25.	Report of the Chief Executive - Proposed Senior Officer Leadership Arrangements - Revised Appendix A	Para 1 – Info re individual	69



Annual Report

April 2014 – March 2015



PUTTING PEOPLE FIRST



Introduction from the Leader of the Council

This report sets out what we have achieved from April 2014 to March 2015 to deliver our Strategic Plan priorities to 2015. We also want to highlight some of the key activities for the coming year as we embark on a new five year strategic plan until 2020. We have refreshed our vision for the borough and focused our priorities concentrating on eight action areas to make Maidstone Borough an attractive place for all with a successful economy.



There is no doubt that the local plan remains an important area for the council's attention during 2015-16. We will reflect on what people have told us so far as we set out parameters for development, and the good growth necessary to meet the borough's housing and employment needs up to 2031. It must provide for sustainable development that respects the character and heritage of Maidstone Borough and we will also work to provide another 1,000 affordable homes for local people over the next five years.

Infrastructure, and transport in particular, will be the key to a successful local plan. The borough council is working with infrastructure providers, including Kent County Council, and has already carried out traffic modelling to plan for necessary development. Next year work will start on improvements to traffic flows over the bridges in Maidstone. The disruption during the works will be worthwhile as waiting times are estimated to reduce by 20% in peak hours. Other improvements are planned including alternatives to the car such as new cycle ways.

The character and heritage of our borough will be preserved and protected by our new green and blue infrastructure strategy. Continuing work to improve our parks and spaces will include an adventure zone at Mote Park and the new visitor centre at Cobtree Park.

The environment and cleanliness of the borough will be improved with work on a low emission strategy to improve air quality and more renewable energy installations on our buildings. We will campaign against litter and improve street cleaning, with satisfaction measured by residents and we will improve recycling with a target to recycle 60% of waste by 2019

Maidstone town centre improvements will continue as we invite contributions to a new town centre vision and action plan.

Your views are important if we are to ensure that Maidstone Borough remains vibrant and prosperous with an excellent environment where people can realise their

aspirations. Towards the end of 2015 we will carry out another residents' survey to find out what people think about the borough and the council's services. See page 15 of this report for an idea of what people said the last time we asked them about these issues.

As government funding continues to reduce we will continue to strive to make our services more efficient and customer focused. We will work with partners to make the best use of public money and to provide services jointly with others. We will look to make the council more commercial, providing new services and investing in commercial opportunities.

This will all be achieved through a new committee system, with most strategic decisions taken by four service committees, of nine or 15 councillors, and with Chairmen and Vice Chairmen of different political groups.

With buy-in from all the political groups on the council I believe the new system will retain the benefit of timely decision making under the former cabinet system but with the added advantage that all councillors will now have the opportunity to be fully involved in policy formulation and decision making. Because the new system will involve all councillors in decision making, it will be more democratic, inclusive and transparent, and that has got to be better for everyone.

Fran Wilson
Leader of the Council

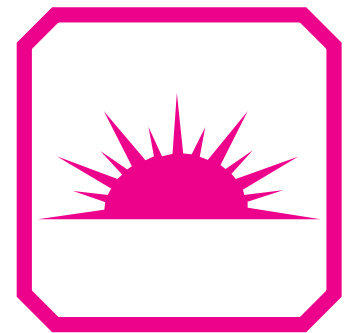
'Continuing work to improve our parks and spaces will include an adventure zone at Mote Park'



What we achieved - Great Opportunity

Outcomes by 2015

- A transport network that supports the local economy, with a focus on the delivery of an integrated transport strategy in conjunction with Kent County Council.
- A growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy, with a focus on the following areas;
 - Creating the right planning environment
 - Developing key infrastructure
 - Business expansion
 - Inward investment
 - Developing stronger business relationships
 - Tackling worklessness



Key Achievements in 2014 - 15

- Supported 300 'troubled' families with help and advice to enter or re- enter employment through the Maidstone Families Matter partnership.

'Secured £15million of Single Local Growth Funding for transport improvements in the Borough'





- Secured £15million of Single Local Growth Funding for transport improvements in the Borough such as the Bridge Gyratory system in Maidstone.
- Established the Maidstone Economic Business Partnership as an independent industry led voice of business.
- Helped people find work and work experience, organising jobs fairs and work experience coffee mornings in partnership with Job Centre Plus.
- Established the Engage programme supporting 30 disadvantaged young people (aged 18-24 years) into training and sustained employment in partnership with JobCentre Plus and Tomorrow's People.
- Access to Finance: Worked with KCC and the West Kent Partnership to ensure that the borough was included in this 0% Loan Fund and was represented on the decision making body. The fund is now closed and Maidstone based businesses won 46% of the budget.
- The new Leader Rural Development Programme was approved. Around £250,000 of grants will be available to rural communities each year. All of Maidstone's rural areas and Mote Park were eligible for the first time.
- Launched a new fully responsive Visitmaidstone.com tourism website, getting 20-30,000 visits a month.
- Prepared and consulted on initial designs for the next phase of Maidstone's town centre public realm improvement project.
- Consulted on the draft Maidstone Borough Local Plan, meeting parish councils, residents' groups and other local groups, to get comments to shape the next draft.
- Established four multi-agency task and finish groups to address problems with transport, health, education, and waste water, sewerage and flooding.
- Helped parish councils prepare neighbourhood plans, designating 12 neighbourhood plan areas and progressing others.



What we achieved - Great Place



Outcomes by 2015

- Decent, affordable housing in the right places across a range of tenures, with a focus on:
 - Developing sustainable communities
 - Increasing choice and improving the quality of life for vulnerable people
 - Improving existing homes
 - Improving access to housing and working to prevent homelessness and rough sleeping in Maidstone.
- Continues to be a clean and attractive environment for people who live in and visit the borough by;
 - Implementing new waste management arrangements
 - Implementing a new cleansing model
 - Reducing the Council's energy consumption
 - Implementing an Air Quality Action Plan.
- Residents are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced, focusing on key areas; early intervention work with young children and their families to tackle disadvantage and undertaking work to help families who have multiple needs.

Key achievements in 2014-15

- Provided money advice training to 180 community wardens and others and prevented a scam, saving one local resident £20,000.
- Encouraged 43 residents to switch their energy providers, saving them on average £217.50 per household through the Maidstone Big Switch.
- Worked with housing providers and the Homes & Communities Agency to deliver 1,100 new affordable homes over the past five years - 163 last year.
- Purchased Aylesbury House and Magnolia House, Maidstone to provide 20 better quality homes for homeless people.
- Approved 134 grants for adaptations to support people with disabilities to live independently within their own home.
- Looked after 256 families in temporary accommodation for a total of 12,688 nights.
- Helped 620 families find affordable homes.

- Appointed a Housing Outreach Officer in partnership with Porchlight charity, to help Maidstone's street homeless find the right support and housing.
- Grant aided improvements to 129 homes which will now be available for social housing.
- Funded programmes on Healthy Weight, Mental Health and Wellbeing, and Workplace Health initiatives.
- Fitted photovoltaic panels to Maidstone Depot to reduce the council's energy consumption.
- With YOUR help we recycled more than 50% of the borough's waste.
- Introduced weekly food waste collections to people living in flats.
- Improved street sweeping and standards of cleansing.
- Exhibited Britain's third largest Bronze Age hoard and five temporary exhibitions, including Ralph Steadman: A Retrospective, which attracted 4,000 paying visitors, at Maidstone Museum.
- Provided a new Mote Park Fellowship building staffed by volunteers in Mote Park.
- Created a new public open space at Oakwood Cemetery, Barming.
- Completed a £30,000 improvement programme at Trinity Park, Maidstone.
- Created Remembrance Square in the Lower High Street Maidstone to mark the end of the High Street improvement works, and commemorate all those who lost their lives during World War I and in subsequent conflicts.
- Completed the Sir Garrard Tyrwhitt-Drake café and visitor centre at Cobtree Park.

'Created Remembrance Square in the Lower High Street'





‘Customer focused services that residents are satisfied with’

What we achieved - Great People

Outcomes by 2015

- Customer focused services that residents are satisfied with.
- Effective, cost efficient services are delivered across the borough.



Key achievements in 2014-15

- Introduced online application forms, text messaging and emails to speed up support for people on the housing waiting list.
- Introduced payment by phone and Wi-Fi on our Park and Ride buses and phone payments for our car parks.
- Added mobile technology to speed up our response to fly-tipping and other cleansing service requests, freeing up four people to do other work. Over the next two years it will save £50,000.
- Invested in specialised temporary accommodation and improved the way we manage housing services, spending £126,000 less than it would have cost otherwise.
- Our website received more than 1million hits and we received 19,536 requests through online forms, an increase of 150% on 2013-14.
- More than 60% of payments not made by direct debit were made online or using our automated payments telephone line.
- Face to face visits to the Gateway reduced by 12% to 65,941.

Performance highlights 2014-15

Great opportunity

- Visited 178 licensed premises and 500 food premises to make sure they were safe.
- High Street Improvement Project Highly Commended in the Kent Design and Development Awards 2014.
- Supported 1,200 small businesses through the award of small business rate relief.

Great Place

- Made more than 7.5 million waste and recycling collections from households across the borough at a cost £34.17 per household, compared to £43.48 the year before.
- Collected 55,915 tonnes of household waste and recycled or composted 27,501 tonnes.
- Our commercial waste service ended the year with 255 customers and collected 92 tonnes paper and cardboard from businesses to recycle locally.
- Latest figures value Maidstone's visitor economy at £251,608,000.
- New Visit Maidstone website gets 20-30,000 hits a month.
- Maidstone Museum awarded Visit England's Quality Rose Marque for the quality of visitor welcome and Trip Advisor's Certificate of Excellence for consistently good reviews.
- 50% of all Kent Schools have visited Maidstone Museum.
- Four Maidstone parks have Green Flag status and Mote Park has a Trip Advisor 'Certificate of Excellence'.
- More than 1 million people visited Mote Park in 2014 and it was voted the nation's second favourite park.
- A record 750,000+ people visited Maidstone Leisure Centre in 2014 and it received an 'Excellent' rating in Quest benchmark for second consecutive year.
- Kent Life Farm attraction at Cobtree won the customer service category in the Museum & Heritage Awards for Excellence 2015.

Great People





- Collected 98.4% of the council tax due within the financial year.
- Reduced deprivation through the award of discretionary housing payments to 500 vulnerable households.
- Processed benefit claims for low income households in an average of 8 days, with 85% of customers satisfied or very satisfied with the service.

Financial Summary

The council is committed to providing value for money services and has a responsive approach to the level of council tax needed to deliver the priorities set out in the strategic plan. In recent years it has set small increases in council tax, below Consumer Price Index inflation levels. The council will remain flexible on the level of increase in future years in order to set a balanced budget.

A full statement of our accounts is available on our website www.maidstone.gov.uk/council/finance-and-performance/annual-accounts. For more information about the council's accounts contact Paul Holland – paulholland@maidstone.gov.uk.





Our Income

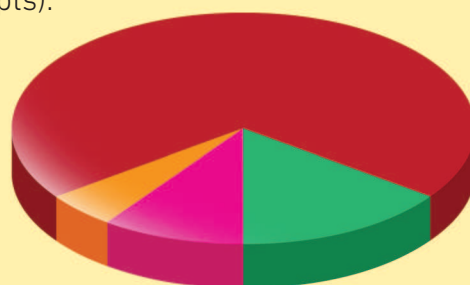
-  Government funding – £56,098,162
-  Business Rates – £2,559,708
-  Council Tax – £12,867,600
-  Fees and charges – £13,989,891



Your Council Tax

Out of every council tax pound that we collect 70p goes to Kent County Council, 15p goes to Maidstone Borough Council, 10p to Kent Police and Crime Commissioner, and 5p to Kent Fire and Rescue (excluding parish council precepts).

-  Kent County Council – 70p
-  Kent Police and Crime Commissioner – 10p
-  Maidstone Borough Council – 15p
-  Kent Fire and Rescue – 5p



Capital Investment

Last year we spent £4,741,596 on capital projects such as property, vehicles and equipment, and on grants to build new subsidised housing and to renovate existing properties.

Property Purchases	£2,659,700
Housing Grants	£739,151
Commercial Projects	£363,163
Corporate Property	£121,072
IT Software & Hardware	£181,199
Vehicle Purchases	£283,665
Other Capital Schemes	£393,646

Our Spending

£2,615,853 Car Parking & Public Transport		£537,652 Licensing	
£1,064,135 Cemetery & Crematorium Total		£9,858,385 Other Corporate Services	
£1,825,530 Community Safety & Development		£2,340,042 Parks & Open Spaces	
£1,999,754 Culture & Tourism		£3,837,351 Planning & Building Control	
£1,215,880 Democracy		£49,243,390 Revenues & Benefits	
£940,960 Economic Regeneration & Employment		£533,326 Sport & Recreation	
£1,474,538 Environmental Services		£1,757,166 Street Cleansing	
£2,529,077 Housing		£3,519,322 Waste Collection & Disposal	

Our Vision, Mission and Priorities to 2020

OUR VISION

That our residents live in decent homes, enjoy good health and a pleasant environment, with a successful economy that is supported by reliable transport networks.

OUR MISSION

Putting People First.

OUR PRIORITIES

Keeping Maidstone Borough an attractive place for all

Securing a successful economy for Maidstone Borough

ACTION AREAS

Providing a clean and safe environment

Encouraging good health and wellbeing

Respecting the character of our Borough

Ensuring there are good leisure and cultural attractions

Enhancing the appeal of the town centre for everyone

Securing improvements to the transport infrastructure of our Borough

Promoting a range of employment opportunities and skills required across our Borough

Planning for sufficient homes to meet our Borough's needs

More information about our priorities can be found in our Strategic Plan which can be downloaded from www.maidstone.gov.uk/council/strategies,-plans-and-policies.



Achieving our priorities 2015-20

- **Keeping Maidstone Borough an attractive place for all**
- **Securing a successful economy for Maidstone Borough**

Action areas: Outcomes for 2015-16

Providing a clean and safe environment

- Consult on a Low Emission Strategy to reduce emissions in the borough.
- Recycle 60% of waste by 2019 with new incentives for householders to recycle, recycling street cleansing waste, and reuse and waste reduction initiatives.
- Improve street cleaning standards, measured by customer satisfaction and local environmental quality surveys.
- Run litter awareness campaigns with school age children and young adults utilising 50% of the surplus generated from the litter enforcement activity.
- Roll out a programme of renewable energy installations across the Council's buildings.

Encouraging good health and wellbeing

- Work will start on a new cycle path linking Aylesford to Barming.
- We will consult on a Green and Blue Infrastructure Strategy.

Respecting the character of our borough

- We will progress the Maidstone Borough Local Plan towards "Publication" consultation and submission for public examination in 2016.

Ensuring there are good leisure and cultural attractions

- A new visitor centre at Cobtree Manor Park.
- Work will start on the introduction of an Adventure Zone at Mote Park.
- A new fully responsive website will be delivered for Maidstone Museum and Bently Art Gallery.
- Work will commence on delivering the action plan for the new Destination Management Plan for the Borough.
- We will develop a Cultural Strategy for the Borough linking our cultural and heritage assets to our Economic Development Strategy, Destination Management Plan and Town Centre Vision.



Enhancing the appeal of the town centre for everyone

- We will develop a new Town Centre Vision and Action Plan.
- Work will be finished on improvements to the High Level Bridge at Maidstone East.
- We will introduce a Farmers Market at Jubilee Square.
- We will replace the Historic Interpretation Panels.

Securing improvements to the transport infrastructure of our borough

- We will consult on an Integrated Transport Strategy.
- We will commence work to deliver the Bridge Gyratory Widening project in partnership with Kent County Council.
- We will commence work to design, consult and if approved, implement the Cycle Path project along the river Medway between Aylesford and Barming Bridge.

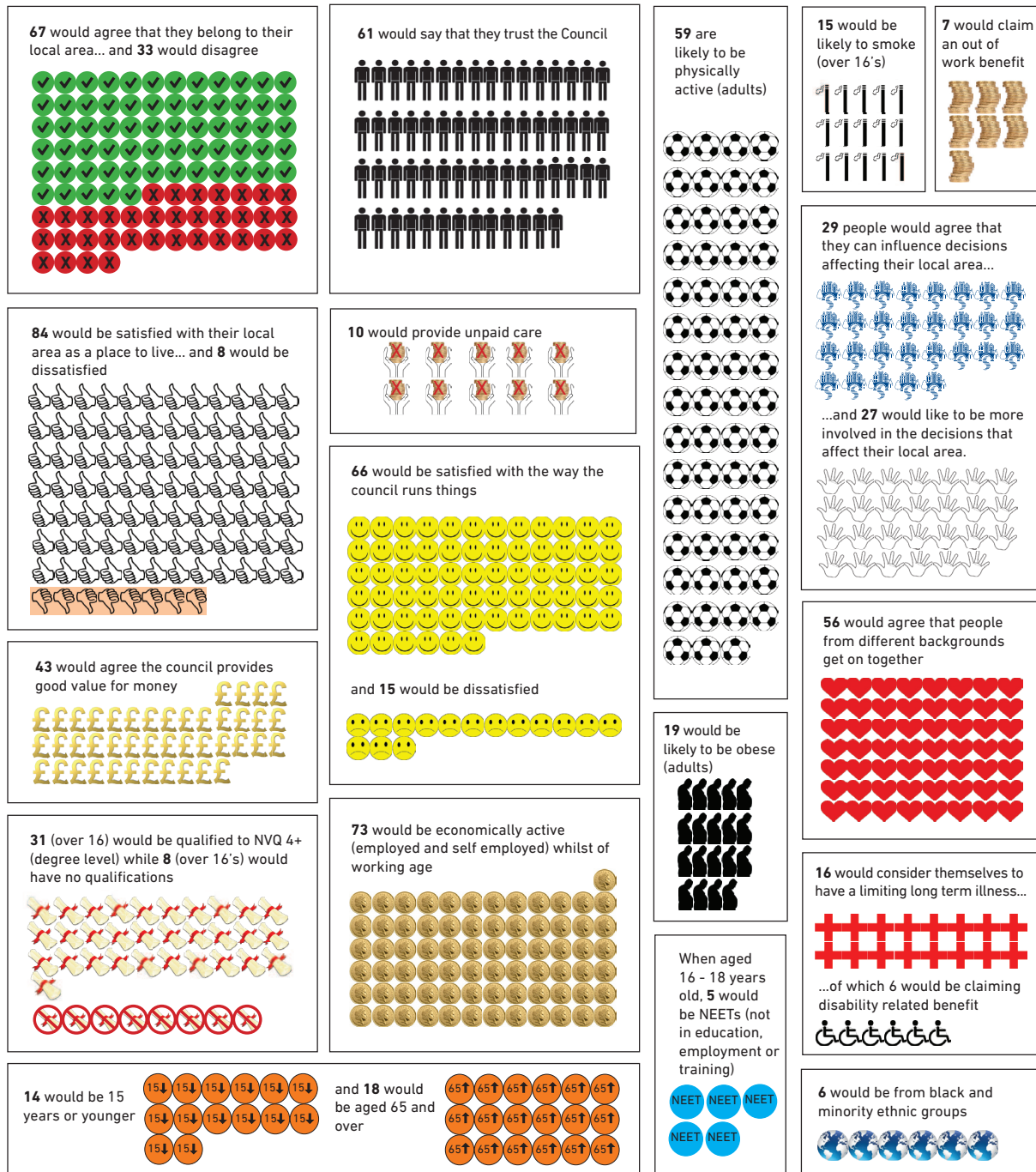
Promoting a range of employment opportunities and skills across our borough

- Open a new Enterprise Hub in the Gateway Terrace at Maidstone House.
- Deliver a new business website incorporating a skills exchange hub and information on starting, growing and locating your business in the Borough.
- Work will start on delivering the action plan behind the Council's new Economic Development Strategy.

Planning for sufficient homes to meet the Borough's needs

- Provide 1,000 new affordable homes over the next five years.

If there were only 100 people in the borough of Maidstone...



Contact Details

Visit us at Maidstone Gateway, King Street, Maidstone
ME15 6AW – Mondays, 9am – 5.30pm and Tuesdays –
Fridays: 9am – 4.30pm

Visit our information centre at Maidstone Museum, St
Faith's Street, Maidstone ME14 1LH – Mondays – Saturdays
10am – 5pm.

Visit our website at www.maidstone.gov.uk

Main Switchboard 01622 602200

Emergency after hours calls are routed to Kent County
Council via our main switchboard number 01622 602000

Use our 24hr Automated Payments Line 01622 602544 for
paying council tax and parking fines.

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Agenda Item 18

Policy & Resources Committee

29 July 2015

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Revenue & Capital Outturn 2014-15

Final Decision-Maker	Policy and Resources Committee
Lead Director or Head of Service	Director of Regeneration & Communities
Lead Officer and Report Author	Head of Finance & Resources / Chief Accountant
Classification	Non-exempt
Wards affected	All

This report makes the following recommendations to the final decision-maker:

1. Note the provisional outturn for revenue and capital for the 2014-15 financial year.
2. Note the carry forward of grant funding from 2014-15 to 2015-16, as detailed in Appendix II.
3. Agree the provisional funding of capital expenditure in 2014-15 as set out in paragraph 4.3.3.

This report relates to the following corporate priorities:

The revenue and capital budgets provide resources for all of the objectives of the council.

Timetable

<i>Meeting</i>	<i>Date</i>
Policy and Resources Committee	29 July 2015

Revenue & Capital Outturn 2014-15

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides detail on the revenue and capital outturn figures for 2014-15 and provides some initial consideration of the impact of these figures on the Council's future financial planning.
 - 1.2 The report also provides the committee with outturn figures on treasury management and other balance sheet items.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 The purpose of this report is to facilitate good financial management. It presents outturn figures for revenue and capital expenditure to provide clarity about the council's financial position and enable the committee to consider any issues or risks arising in the current or future financial years.
 - 2.2 The medium term financial strategy and the strategic plan will undergo a full review during 2015-16 for the forthcoming five year period 2016-17 to 2020-21. The strategy will continue to identify the impact of the government's fiscal plans and their effect on local government. Current assumptions are that the government's general support to local government through revenue support grant will be removed completely by 2020.
 - 2.3 A provisional report on the proposed use of the potential revenue underspend was taken to Cabinet on 14 April 2015. The proposals agreed at that meeting totalling £400,000 can all be met from the 2014/15 underspend.
 - 2.4 In addition to this, the committee is asked to note carry forward of unspent grants detailed in Appendix II. These amounts have been carried forward into 2015/16 and will be utilised to fulfil the purpose for which funding was awarded during the forthcoming year.
 - 2.5 The revenue outturn does not allow further carry forward requests to be approved and officers have been advised that this report does not propose approval of further carry forward requests over those set out above.
-

3. AVAILABLE OPTIONS

- 3.1 Providing this outturn information to the Policy and Resources Committee at this time facilitates good financial management and aids consideration of issues within the current financial year which helps to inform future budget strategy. The committee could choose to defer this report until the outturn position has been finalised on conclusion of the external audit in September 2015.

- 3.2 This is not recommended as early review of the outturn information is considered to facilitate good financial management.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 Impact on future financial planning

- 4.1.1 The council has ended 2014-15 with a minor adverse variance on the revenue account of £0.02m, which can be comfortably met from balances. A small number of service areas have ended the year with significant adverse variances, and these have all received a higher level of focus during the year. Actions taken in these service areas during 2014/15 will mean a reduced or removed pressure on future budgets.
- 4.1.2 In summary, the year end position is a result of previously agreed proposals for the use of the projected under-spend, which were detailed within the report to Cabinet on 14 April 2015.
- 4.1.3 The capital programme has remained within the expected levels detailed within quarterly monitoring reports during 2014-15 and is fully funded.
- 4.1.4 By the end of 2015-16 general balances are expected to be £5.2m, which is £2.9m above the working limit previously set by Cabinet in February 2015. Some of this resources has been provisionally allocated by previous decisions of the Cabinet and the unallocated available balance is £1.5m.
- 4.1.5 The level of collection of Council Tax and Non-Domestic Rates is considered to be at an acceptable level and an adequate provision exists to cover bad debt and the predicted level of current and future appeals in relation to business rates for 2014-15 and prior years.
- 4.1.6 Considered together, these factors have enabled the council to begin 2015-16 on a financially sound basis with the ability to carefully consider options for the most appropriate actions to ensure an effective Medium Term Financial Strategy for the period 2016-17 to 2020-21.

4.2 Revenue

- 4.2.1 Appendix I summarises the variances by portfolio. The major reasons for the variances are detailed in the following paragraphs by portfolio to reflect the council's governance arrangements for the 2014-15 financial year:
- 4.2.2 The Leader's portfolio shows a positive variance of £0.46m. This has largely resulted from additional grants received during the year in anticipation of new financial burdens arising from changes in legislation, and lower than budgeted audit fees.
- 4.2.3 The Community and Leisure Services portfolio is reporting a favourable variance of £0.02m. However, within this portfolio, there are adverse variances arising from unmet income and savings targets within the Mote Park

and CCTV budgets, and favourable variances arising from unspent grant funding.

- 4.2.4 The Corporate Services portfolio is reporting a positive variance of £1.4m resulting grant funding which is planned to be spent in subsequent years.
- 4.2.5 The Economic and Commercial Development portfolio is reporting an adverse variance of £0.09m, resulting from lower than expected income and unexpected maintenance costs within the museum budget.
- 4.2.6 The Environment portfolio is reporting an overall adverse variance of £0.4m. Within this portfolio, the following significant variances have contributed to this:
- The bed and breakfast budget has continued to show a substantial overspend, as reported throughout the year as part of quarterly budget monitoring. The use of Aylesbury House has helped to address this issue but does not fully compensate for the additional expenditure, and the service ended the year with an overspend of £0.4m.
 - Also reported throughout the year is the unmet income target for the crematorium. This service ended the year with an overspend of £0.08m, which is thought to have resulted from exceptional income levels during the previous year due to the closure of Medway Crematorium for refurbishment.
 - Income from green waste bin hire has continued to exceed the budget, with this service ending the year with a net positive variance of £0.2m.
- 4.2.7 The Planning, Transport and Development portfolio has ended the year with a net positive variance of £0.5m, which has largely resulted from the following factors which have been reported previously as part of quarterly monitoring:
- Development control income has continued to exceed the budgeted figure, with a positive variance of £0.2m at the end of 2014/15.
 - Income from on and off street parking has also continued to exceed targets, with a combined variance totalling £0.3m from these services. However, it should be noted that this income is ring fenced so this does not represent a general underspend.

4.3 Capital

- 4.3.1 Attached at Appendix III is a summary of capital spend against the revised estimate. The current estimate reflects slippage totalling £12.9m agreed by Cabinet during the course of the year.
- 4.3.2 Schemes identified in Appendix III by an asterisk (*) are funded or partly funded from specific resources such as s106 or external contribution and not from the Council's own capital resources.

- 4.3.3 Expenditure of £5.4m outlined in Appendix III can be funded entirely from available capital resources. Proposed funding is summarised in the following table:

Resources	£
Capital Receipts	1,155,915
Capital Grants & Contributions (incl. s106)	1,320,718
Support from revenue budgets	2,924,667
TOTAL	5,401,300

- 4.3.4 This proposal is based on the principle of using the most flexible resources last, meaning that grants and capital receipts are used in preference to revenue support.
- 4.3.5 The Council has approved prudential borrowing of up to £6m for the acquisition of commercial assets but not for general capital expenditure. It is possible for the Council to borrow its own revenue resources and repay the loan at a later date when it becomes more advantageous to borrow from the market. This year the Council has acquired one such asset and could have borrowed from its own or external resources to finance the acquisition. Careful consideration of the options has led to the conclusion that borrowing is not necessary at this time. This is because the resources that would be used to facilitate internal borrowing are already set aside for capital expenditure in future years and are not revenue balances intended for later revenue expenditure. This means the direct use of the resources to finance the acquisition will have an identical impact to internal borrowing on the future capital programme.
- 4.3.6 It is recommended that the committee consider and approve the provisional financing of the capital programme as set out in the table at 4.3.3. The consequence of the recommended financing is detailed in paragraph 4.3.7 below.
- 4.3.7 In line with the policy of using capital resources first, some of the resources identified from revenue budgets to finance capital expenditure will not be required until 2015-16 or later years creating a revenue variance. This represents a resource that is essential to the financing of the future capital programme and last year the Council agreed to the creation of an earmarked reserve to manage this resource. The balance of unused revenue financing has been transferred to this reserve.

4.4 Balance Sheet

- 4.4.1 The provisional outturn figures have an impact on various elements of the Balance Sheet and these are summarised as follows:

Capital Receipts

- 4.4.2 The provisional outturn figures show cash backed capital receipts, net of costs of £1.12m. This is greater than estimated and is largely a consequence of additional receipts from Golding Homes' Right-to-Buy sales.

Collection Fund

- 4.4.3 At the end of the financial year the target collection rate was met for council tax and narrowly missed for non-domestic rates. At this time it is predicted that there will be surplus of £3.16m on the collection fund for 2014-15. This surplus will be formally shared between preceptors during 2016-17. The collection rates, compared to target, are as follows:

Collection Rates	Target %	Actual %
NNDR	97.80	97.68
Council Tax	98.40	98.40

- 4.4.4 The council entered into a business rates pool with Kent County Council for 2014-15, in order to minimise the levy payment due to central government and thereby maximise local retention of business rates growth. For 2014-15, the total benefit of pool membership is estimated to be £0.48m, which will be shared as follows:

Kent County Council share – 30%	£144,119
Maidstone Borough Council share – 30%	£144,119
Kent Pool Growth Fund – 30%	£144,119
Contingency – 10%	£48,040
Total	£480,397

Investments

- 4.4.5 The Treasury Management Strategy 2015-16 agreed by Council in February 2015 anticipated year end investments of approximately £22.4m for the 2014-15 financial year. Actual investments at 31 March 2015 totalled £21.0m. This minor change to the level of investments will have no impact on the strategy or the revenue account during the course of 2015-16. Daily monitoring of cash-flow has confirmed that the prudential indicators that council set for 2014-15 have been complied with.

Fixed Assets

- 4.4.6 The capital investment achieved in 2014-15 resulted in investment in the Council's property portfolio of £2.33m. Other spending in this area has been in areas such as support for social housing, renovation grants, etc which do not contribute to the Authority's asset base and have been written off, through the revenue account, as revenue expenditure funded from capital under statute.

Useable capital receipts

- 4.4.7 As a result of the level of capital investment and the level of capital receipts received in 2014-15, the level of useable capital receipts at 31 March 2015 is £0.15m (2013/14 £0.19m).

Balances

- 4.4.8 The overall level of balances at 31 March 2015 is expected to be £15.29m, compared to £15.44m at 31 March 2014. This includes earmarked reserves of £8.28m. After allowing for the commitment to carry forward capital resources, and the previously agreed use of the underspend to support corporate priorities, the provisional level of uncommitted balances is £5.2m. This means balances will be above the minimum level of working balances of £2.3m along with other resources, provisionally allocated but not committed, of £2.9m.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Not applicable.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The outturn information provided in this report has been reflected in the initial consideration of the medium term financial strategy for 2016/17 onwards, which is reported elsewhere on this agenda.
- 6.2 Once approved by this committee the financing of capital expenditure will be formalised in the statement of accounts currently being audited by the Council's External Auditor, Grant Thornton.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications
Impact on Corporate Priorities	The financial resources spent in 2014-15 and reported here reflect a focus on corporate priorities. Any under spend will be carried forward in accordance with those corporate priorities and previous commitments.
Risk Management	At this stage the financial analysis is provisional and contains some estimated values. Monthly financial monitoring by officers and quarterly by the Policy and Resources committee and will improve the accuracy of the provisional figures. These figures are produced to a timetable for the completion of the Statement of Accounts and all essential work is complete at this stage.
Financial	This report relates to overall financial position of the council. Specific implications are detailed within the body of the report.

Staffing	N/A
Legal	Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. This report is considered support the council in fulfilling this obligation.
Equality Impact Needs Assessment	N/A
Environmental/Sustainable Development	N/A
Community Safety	N/A
Human Rights Act	N/A
Procurement	N/A
Asset Management	N/A

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Summary provisional revenue outturn
- Appendix II: Schedule of grants to be carried forward
- Appendix III: Summary provisional capital outturn

9. BACKGROUND PAPERS

MAIDSTONE BOROUGH COUNCIL
POLICY & RESOURCES COMMITTEE
REVENUE OUTTURN 2014/15

Cabinet Member	2014/15			
	Original Estimate	Revised Estimate	Actual Expenditure	Variance
	£	£	£	£
Leader of the Council	1,583,230	1,534,630	1,074,595	460,035
Community & Leisure Services	4,542,390	4,971,150	4,948,412	22,738
Corporate Services	2,235,390	658,260	1,088,175	- 429,915
Economic & Commercial Development	2,332,600	2,594,080	2,686,412	- 92,332
Environment	8,538,900	8,097,390	8,525,066	- 427,676
Planning, Transport & Development	2,000,320	3,231,940	2,775,826	456,114
Use of Balances	- 2,116,080	- 1,970,700	- 1,959,593	- 11,107
Total	19,116,750	19,116,750	19,138,893	- 22,143

Request for Carry Forward of Revenue Resources from 2014-15 to 2015-16				Grant Funding
Revised Estimate 2014-15	Actual Spend 2014-15	Carry Forward Requested	Grant Details	Justification
£	£	£		
6,220	0	6,220	ACE museums and schools	Carry forward requested due to staff changes and the ongoing requirement to fund resources, materials and supplies. There is also an ongoing need to provide school workshops and engage with schools
35,400	525	34,875	Supporting People funded	This grant was provided by KCC for the purpose of providing rent deposits for people leaving supported accommodation. The budget belongs to KCC but is administered by district council housing option teams.
14,545	0	14,545	New growth point	Carry forward request is to fund the initial salary costs of the Economic Development Team, as previously agreed.
24,000		24,000	Contribution from Golding Homes, MBC, Sport England for the ASPIRE project	Grant relates to 3 year project funded by Sport England and partners to commission youth diversionary activities across the Maidstone borough.
26 2,880	510	2,370	Disability Sports Club	Grant provided to support delivery of DMAX sports club. Carry forward of remaining funds requested to top up shortfall from income.
33,400	11,730	21,670	KCC Commissioning for Prevention Grant	Underspend on grant in 2014/15, request to carry forward for commissioning intentions in 2015/16
30,000	17,680	12,320	Public Health Grant - £10,000 & £20,000 from other councils	Underspend due to Workplace Health worker starting mid way through the financial year.
45,000	30,000	15,000	Armed Forces Covenant Grant	Grant is final payment of 2 year funding to support Youth Diversionary Activities up to 31 December 2015.
1,750	180	1,570	KCC High Street Bus Safety DVD	Carry forward requested for bus safety DVD to be commissioned at the end of April/beginning of May 2015
33,000	0	30,000	Air quality grant- KCC & Medway	This is ring fenced grant funding from KCC to fund an air quality based project. The project will shortly be carried out but was not ready in time for the end of the 2014/15 financial year hence the need to carry this sum forward.
67,360	0	67,360	Troubled families	This grant is to be used over the length of the project and was not intended to be an annual budget.
90,680	30,680	60,000	IER Grant	This is the remaining unspent Individual Electoral Registration grant to be utilised during 2015/16.
0	51,710	51,710	Severe Weather Recovery Scheme	Remaining funding for severe weather recovery scheme to be utilised for ongoing flood prevention projects.

341,640

MAIDSTONE BOROUGH COUNCIL
POLICY & RESOURCES COMMITTEE
PROVISIONAL OUTTURN 2014/15

Capital Programme 2014/15 by Cabinet Member to 31st March 2015

Capital Programme Heading	Current Estimate 2014/15 £	Actual to March 2015 £	Budget Remaining £	
CCTV Control Room	26,150	25,000	1,150	
Continued Improvements to Play Areas	76,080	51,836	24,244	
Green Space Strategy	12,000	2,305	9,695	
Museum Carbon Management Scheme	27,350	37,645	-10,295	
HAC Contract Capital Works	3,160	1,500	1,660	
Small Scale Capital Works Programme	7,540		7,540	
Housing Grants	1,106,340	739,151	367,189	
Support for Social Housing	894,500	54,000	840,500	
Vacant Property Acquisition	329,090	328,646	444	
Stilebridge Lane Sewage Treatment Works	76,600	26,248	50,352	
Gypsy Site Improvements	32,000	9,532	22,468	
Museum - Creation of Usable Office Space		13,660	-13,660	
Refurbishment of Chillington House		301,503	-301,503	*
Open Spaces Contributions		152,204	-152,204	*
Cobtree Manor Estate		296,250	-296,250	*
War Memorial Works		21,340	-21,340	
COMMUNITY & LEISURE SERVICES	2,590,810	2,060,820	529,990	
King Street Multi-storey Car Park	60,660	60,682	-22	
Park Wood Industrial Estate Environmental Imps	42,030	4,500	37,530	
Asset Management / Corporate Property	130,890	121,072	9,818	
Software / PC Replacement	195,170	181,199	13,971	
Commercial Projects - Depot RE Panels		61,660	-61,660	
Electoral Registration - Printer		9,998	-9,998	*
CORPORATE SERVICES	428,750	439,111	-10,361	
High Street Regeneration	77,150	77,156	-6	
Enterprise Hub	12,510	12,484	26	
Acquisition of Commercial Assets	2,422,230	2,331,054	91,176	
High Level Bridge		179,912	-179,912	*
ECONOMIC & COMMERCIAL DEVELOPMENT	2,511,890	2,600,606	-88,716	
Land Drainage/Improvement to Ditches & Watercourses	8,800	3,815	4,985	
Crematorium Access	21,190	13,283	7,907	
Fleet Vehicle Acquisition		283,665	-283,665	**
ENVIRONMENT	29,990	300,763	-270,773	
TOTAL	5,561,440	5,401,300	160,140	

* - These works are either wholly or partly funded by external contributions or from Section 106 Agreement monies.

** - Vehicle acquisitions were funded from monies previously set aside and the proceeds of vehicle sales.

Policy and Resources Committee

29 July 2015

Is the final decision on the recommendations in this report to be made at this meeting?

No

Medium Term Financial Strategy 2016/17 Onwards

Final Decision-Maker	Council: 2 March 2016
Lead Director or Head of Service	Zena Cooke, Director of Regeneration and Communities
Lead Officer and Report Author	Paul Riley, Head of Finance & Resources
Classification	Non-exempt
Wards affected	All wards

This report makes the following recommendations to this committee:

1. That, for planning purposes, a council tax increase of 1.99% is agreed for the development of the medium term financial strategy;
2. That the officer recommended strategic revenue projection given at Appendix C is agreed for submission to all service committees for their consideration and response back to this committee on the factors outlined;
3. That the current capital programme be advanced by one year as set out at Appendix D and agreed for planning purposes.
4. That all service committees be requested to consider possible submission for the future capital programme;

This report relates to the following corporate priorities:

The medium term financial strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan.

Timetable

Meeting:	Date:
Policy & Resources Committee	29 July 2015
All service committees	1 – 15 September 2015
Policy & Resources Committee	23 September 2015
Policy & Resources Committee	16 December 2015
All service committees	5 – 19 January 2016
Policy & Resources Committee	24 February 2016
Council	2 March 2016

Medium Term Financial Strategy 2016/17 Onwards

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

Purpose

- 1.1 This report allows the committee to consider the medium term financial strategy (MTFS) for 2016/17 onwards along with developments and emerging issues that will affect the revenue budget and capital programme for that period.
- 1.2 The report seeks the committee's views on a draft set of assumptions that will be used to set the MTFS for planning purposes. The draft assumptions for the MTFS are considered in the context of the strategic plan as currently published and may later be reviewed in light of any amendments to the strategic plan for 2016/17.
- 1.3 The draft assumptions confirmed by this meeting will be used to submit reports to each of the service committees individually for their consideration and to seek their proposals for balancing the budget. The results of these considerations will then be aggregated into a further single report to this committee. Following completion of that process the agreed strategy will be used for public consultation in the autumn.
- 1.4 The ultimate objective is to set a balanced budget and agree a level of council tax for 2016/17 at the Council meeting on 2 March 2016.

Executive Summary

- 1.5 The report considers the revenue and capital strategies for the development of a budget for 2016/17 onwards.
- 1.6 Firstly it looks at the factors influencing the revenue budget:

Factor	Paragraph
Resources:	
Revenue Support Grant	4.3
Retained business rates	4.9
Business rates growth	4.12
Council Tax	4.19
Fees & charges	4.28
Pressures:	
Employee costs	4.30
Single tier pensions	4.37
Contracts	4.42
Pension backfunding	4.45
Housing benefit administration	4.48
Economic development	4.51

- 1.7 From the analysis the report recommends one set of options for the development of a strategic level revenue budget for planning purposes.
 - 1.8 From paragraph 4.58 onwards the report considers options for the capital programme, concluding that no changes should be made until responses have been received from service committees to the proposals agreed at this committee.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 The MTFS is actually two documents that make up a five year rolling strategy, which is reviewed and updated annually as an important element of the development of the budget. Ultimately it is approved by Council.
- 2.2 One document sets out the revenue spending plans of the council and availability of revenue resources. The other sets out the capital programme by considering its sustainability, affordability and prudence. Both state the criteria by which decisions in relation to the development of the annual budget are to be made. This report reviews the MTFS and considers options for the development of a five year strategic revenue projection and a five year capital programme.
- 2.3 The strategic revenue projection is a model used to concisely predict the effect of major local and national factors on the future revenue budget by identifying high level issues that will have an influence on the budget planning process and the objective of achieving a balanced revenue budget.
- 2.4 Since the approval of the current MTFS by Council on 25 February 2015 there has been an election and an emergency budget by the new government. It was predicted, when considering last year's MTFS and budget, that the general election would not mean immediate changes to the planned austerity measures impacting on local government for 2015/16. This was confirmed by the Chancellor of the Exchequer in his emergency budget speech on 8 July 2015.
- 2.5 Despite the lack of immediate impact on local government from the emergency budget, the future plans of the government in relation to its austerity programme have been strengthened. It can be expected that the Council will see additional pressure in 2016/17 and later years due to greater reductions in government funding than those predicted when the Council agreed the current MTFS. What is not clear is how any impacts will have an effect on the council's budget. This is because the revenue support grant, which is a major tool used by central government to adjust local government funding, is already predicted to end during this parliament.
- 2.6 This year is the second year of the Kent Business Rates Pool. The success of the pool in 2014/15 has meant that membership of the pool has grown. The original pool membership was two authorities: this council pooling with Kent County Council. For the current year this has grown to include Kent and Medway Fire and Rescue and nine of the eleven remaining districts. The two districts not currently in the pool are Sevenoaks District Council and

Dartford Borough Council. Current and past results of the pooling arrangement are dealt with later in this report.

- 2.7 The current capital programme is financed predominantly by the council's New Homes Bonus receipts. At this time the government has recommitted to the new homes bonus programme but is considering a full review of its success. The current levels of funding for the capital programme are already based upon a cautious prediction of future receipts to reflect the potential risks of the review.
- 2.8 Attached as **APPENDIX A** to this report is the summary revenue budget for 2015/16 which was agreed by Council on 25 February 2015. The Appendix shows the summary budget by priority as this demonstrates a clear link between the strategic plan and the resources available to deliver the council's priorities. The budget was developed, reported and agreed prior to the change to the current committee system and does not provide an analysis of the resources by committee. Detailed in the table below is the summary information set out by service committee.

Committee	Net Budget 2015/16 £,000
Policy & Resources	4,604
Communities, Housing & Environment	8,580
Heritage, Culture & Leisure	1,793
Strategic Planning, Sustainability & Transport	0
Use of Balances & Reserves	5,156
	20,133

Table 1: 2015/16 budget analysed by service committee

It should be noted that Strategic Planning, Sustainability & Transport generates sufficient locally derived income to fund the services delegated to it by the Council. In addition the use of balances and reserves reflects the expected call on reserves to finance the capital programme.

- 2.9 Appendix A also provides details of the revenue outturn for 2014/15. A detailed analysis is set out in a separate report elsewhere on this agenda. It can be noted that the under-spend at 31 March 2015 enabled the funding of £400,000 worth of specific projects as agreed by Cabinet in April 2015. In addition the resources that were received as grant for specific schemes, which had not been spent in year, have been carried over into 2015/16 leaving a small deficit on the year's budget which will need to be resourced from balances. Again the analysis given in Appendix A is by priority, the committee analysis is tabled below:

Committee	Estimate £	Actual £	Variance £
Policy & Resources	11,664,440	10,749,096	915,344
Communities, Housing & Environment	8,816,010	9,165,320	-349,310
Heritage, Culture & Leisure	590,710	682,171	-91,461
Strategic Planning, Sustainability & Transport	113,730	-228,634	342,364
Use of Balances & Reserves	-2,068,140	-1,229,060	-839,080
	19,116,750	19,138,893	-22,143

Table 2: 2014/15 outturn compared to budget, analysed by service committee.

- 2.10 As can be seen from table 2 the underspend is not consistently delivered by all committees with Policy & Resources and Strategic Planning, Sustainability & Transport committees reporting an under-spend and Communities, Housing & Environment and Heritage, Culture & Leisure committees both reporting an over-spend. This presents a further difficulty for these two committees as they will need to identify a way to bring their budget and actual expenditure into balance in ways that support the council's strategic objectives.
- 2.11 The major area of pressure for the Communities, Housing & Environment Committee is the homelessness temporary accommodation budget. For 2015/16 the Council agreed a net increase in the budget for this service of £160,000. Taken together with the full year effect of the two property acquisitions, now in use for homelessness, this may resolve the issue in the current year although the number of cases continues to increase. Careful monitoring will be essential to ensure that this is the case and that pressure on the budget is mitigated.
- 2.12 The major areas of pressure for the Heritage, Culture & Leisure Committee are the Museum service and the Parks & Open Spaces service. For the Museum, where there has been a continual and worsening over-spend for many years, officers have completed a zero based budgeting exercise which will be reported to the committee to assist with its deliberations on the most appropriate way forward. For the Parks and Open Spaces service the committee is currently considering chargeable activities in Mote Park that, if the business case is delivered, will support and enhance the service while also providing a contribution to the MTFS.
- 2.13 Attached at **APPENDIX B**, for information, are the current medium term financial strategies as agreed for revenue and capital expenditure. On the recommendation of the Corporate Services Overview and Scrutiny Committee in 2012/13 the medium term financial strategy was divided into two separate documents to give greater prominence to the capital strategy.
- 2.14 The detail given in this report and the timetable of meetings set out on the cover to this report will all contribute to the creation of a revised MTFS for 2016/17 onwards which will be considered by this committee later in the cycle of meetings.
-

3. AVAILABLE OPTIONS

- 3.1 A number of factors that influence the annual budget and the MTFS are not yet known. Consideration could be given to waiting for the information before taking decisions on the issues raised in this report. A significant unknown factor at this time is the level of central government funding for 2016/17. This information will not be available until the annual finance settlement is announced in December 2015. This will be too late to commence budget planning and consultation. In order to achieve a balance budget, a satisfactory level of council tax and to understand the future financial risk facing the organisation it would be appropriate for the committee to take planning decisions at this time rather than await improved information.

- 3.2 For each element of the strategic revenue projection there are a number of options. Each element and its options are dealt with separately in section 4 of this report: 'Preferred Option and Reasons for Recommendation'. The result of the analysis gives the committee a range of possible outcomes from which a strategic revenue projection that reflects the committee's risk appetite can be agreed.
- 3.3 Due to the limited options for funding the capital programme the committee is recommended to increment the current programme by one year and make no further changes at this time.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 **APPENDIX C** to this report sets out three strategic revenue projections. These projections use the following levels of assumption:
- a) **Adverse:** Lowest predictable levels of resources and highest budget pressures.
 - b) **Recommended:** Officer expected levels of resources and budget pressures.
 - c) **Favourable:** Highest predictable levels of resources and lowest budget pressures.
- 4.2 The elements of the strategic revenue projection are set out below and the options that create the three levels of assumption are set out for each.

STRATEGIC REVENUE PROJECTION AND REVENUE MTFS

Revenue support grant

- 4.3 On 4 February 2015 the Department for Communities and Local Government notified the council of the final figure for revenue support grant in 2015/16. In previous years the government has used this notification to provide local authorities with indicative figures for the following year's settlement. Despite the government recognising the need for local authorities to have some stability in terms of future funding levels, the information relating to 2016/17 was not provided this year.
- 4.4 The revenue support grant for 2015/16 is £2.267m and this is £1.007m less than the sum received in 2014/15.
- 4.5 The strategic revenue projection for 2015/16 was developed on the basis of an assumption that by 2019/20 the current revenue support grant paid to the Council would no longer be received. The option proposed was to reduce the grant in instalments on an annual basis until it reached zero in 2019/20.
- 4.6 The Chancellor of the Exchequer's speech introducing the emergency budget on 8 July 2015 detailed a more significant austerity plan than previously envisaged. The plan requires targeted levels of reduction identical to those experienced during the last parliament under the coalition government. At the same time he reported that the government has

extended the date by which its plan would reach an annual surplus by one year. This reflects a response by the government to concerns, expressed by stakeholders, regarding the impact of the welfare reforms required. It is unlikely that funding for local government will gain from the amended timetable.

- 4.7 Current assumptions are that, when local government is notified of the draft finance settlement in December 2015, the figures could include additional reductions not assumed at the time of the 2015/16 settlement. The level to which those reductions will affect the strategic revenue projection can only be through the timing of the reduction as the strategy already assumes complete removal of revenue support grant by 2019/20.
- 4.8** For the adverse option model of the strategic revenue projection an assumption that the revenue support grant will disappear one year earlier than previously expected has been made. This is to reflect the possibility of the government taking direct action to further reduce funding to local authorities. Other models assume a continuance of current reductions through to 2019/20. The levels of revenue support grant already remaining is small and the gain to the government from increasing the pace of reduction is unlikely to have a significant impact on their planned outcome.

Retained business rates

- 4.9 The system of local retention of business rates came into effect in April 2013. Under this system local government retains 50% of all business rates collected, however this is on a national level and not at an individual local authority level. For this Council the total business rates collected is in excess of £58m meaning local retention could be as high as £29m. Due to the inclusion of an initial assessment of need into the 2013/14 settlement the locally retained element in many district councils is significantly lower than this, with the excess being paid as a tariff to central government. This is the case for this council and the locally retained element is approximately 5%. For 2015/16 the figures are as follows:

Authority	£,000	Share
Kent County Council	5,267	= 9%
Kent and Medway Fire and Rescue	585	= 1%
Maidstone Borough Council	2,959	= 40% adjusted for need to 5%
	8,811	
Total business rates due	58,525	
Percentage retained "locally"	15%	

Table 4: Shares of retained business rates using 2015/16 NNDR1 return data

It should be noted that police authorities receive all of their funding nationally.

- 4.10 As part of the annual assessment of locally retained business rates the Council's needs baseline grows by the uplift in the business rates multiplier. In recent years the government has restricted the amount of the increase that is charged to businesses to 2% of the previous year's charge rather

than the statutory increase equivalent to the increase in the retail price index.

- 4.11 The system of locally retained business rates was developed by this government as a response to the complexity of the formula grant calculation used prior to its introduction. It is unlikely that the government would make major changes to the system at this time as an imminent review is planned (see paragraph 4.16a). All three models assume an annual increase of 2% in the needs baseline retained business rates.

Business rates growth and the Kent Business Rates Pool

- 4.12 Under the system of local business rates retention the Council can enter into a pooling arrangement with other local authorities. This is beneficial where one or more of the local authorities receive a top-up from the government's redistribution mechanism. This is the case for both Kent County Council and Kent and Medway Fire and Rescue.
- 4.13 As a member of the pool the council has the ability to retain more of the income from growth in business rates than it otherwise would because it is sheltered by the top-up received by Kent County Council. Under the specific agreement reached for 2014/15 the additional benefit was shared with Kent County Council. The shares and their value based on the growth in 2014/15 are set out below:

SHARE BY PURPOSE		£
Maidstone Borough Council's MTFS	30%	144,119
Kent County Council's MTFS	30%	144,119
Growth Fund	30%	144,119
Contingency	10%	48,040
	100%	480,397

Table 5: Shares of the Kent Business Rates pool 2014/15

- 4.14 Both authorities received 30% of the gain for personal use within their MTFS. The third 30% is held in a fund for business growth and use of the fund is by mutual agreement. The final 10% is held against losses arising from the risks of entering the pool. The major risk is the fact that government support is not available to members of a pool and should business rates reduce for one member of the pool they would be able to call initially on the contingency before obtaining direct support from other members.
- 4.15 The 30% retained by this council and the 30% in the growth fund have been allocated, by agreement, to the delivery of the economic development strategy. The planned use of the 2014/15 resources in 2015/16 were considered by this committee in June 2015.
- 4.16 Business rates growth assumptions are set in the current strategic revenue projection at £1.2m based on the initial estimate for 2015/16. It is not proposed to amend the estimate at this time however a number of potential matters could occur that may affect the estimate. These are set out below:

- a. Government reviews: The government is planning two actions during this term. Firstly a revaluation of business rates, the results of which could have an effect on the level of appeals for which the council must make provision and pay for if successful. Secondly a review of the business rates system which may lead to changes in the levels of retained income.
- b. Appeals: The process of appeals is outside of the control and influence of the council however all appeals approved by the government's valuation office will result in a need to make a backdated refund to businesses.
- c. Greater risk of financial loss: in 2014/15 this council was the only council contributing resources and the only council at risk of loss in relation to the pool. The 2015/16 pool includes 10 authorities that contribute and are at risk of loss.
 - i. If the council sees significant business rates loss during the year there is a risk that it could not be financially supported by the pool this risk is the same as the council took in 2014/15.
 - ii. If another authority saw significant business rates loss during the year the pool agreement will not allow the council to be worse off than if it were outside of the pool. The maximum risk to the council is therefore the growth retained because the council is a member of the pool. (i.e. the resources set out in the table 5 at 4.13)

4.17 While there is a risk of loss of this income the Council has in the past assumed that this level of funding will be taken to reserves and utilised the following year. This is the case with the use of 2014/15 retained growth from the business rates pool, which has been used in 2015/16 to aid achievement of the objectives of the economic development strategy. This means no spending decisions are taken in advance of receipt of the funds.

4.18 All three models are based upon the same level of retained growth as this has no direct impact on the MTFS or the strategic revenue projection. This lack of impact is due to the inbuilt delay in making spending decisions as explained in paragraph 4.17 above. There is therefore a low level of risk to the MTFS.

Council Tax Levels

4.19 Total Council Tax is a product of the tax base and the level of tax set by Council. The tax base is a value derived from the number of chargeable residential properties within the borough and their band, which is based on valuation ranges, adjusted by all discounts and exemptions. The tax base for 2015/16 was set at 56974.3.

Tax Base:

4.20 A current review of the tax base as at 1 July 2015 shows that there has been a 0.5% increase since the tax base for 2015/16 was originally set in October 2014.

4.21 The net increase in dwellings is 440 units but this has been impacted by increased single person discount and increased local council tax discount levels, creating the net 0.5% growth figure. Longer term risks relating to the provision of local council tax discount exists. Based upon the current knowledge of government's welfare reforms the benefit cap and increased levels of rent for some affordable housing tenants may mean that a higher level of council tax discount would need to be granted as this is calculated after all other benefits have been taken into account. The following assumption is possible:

- a. High level predictions of demand for local council tax discount: This could increase the cost of the discount by 6%. This level of increase would reduce the tax base by approximately 378 units effectively negating all growth to date in the current year.

4.22 The level at which planning assumptions have been set in previous years is 0.5% and the actual movement to date suggests this remains a viable assumption for future years. However this represents an increase in the number of dwellings within the borough of 440 which is below the long term assumptions made in the draft local plan. Future options could include consideration of higher levels of growth in the tax base from the following assumptions:

- a. Full year effect of current data: The increase identified in the tax base as at 1 July 2015 represents the increase over a period of 9 months this would be only 75% of a full year effect. If growth in dwellings and increased demand for discounts is consistent throughout the year then the tax base growth by October 2015 could be 0.7%.
- b. Medium term housing need: The longer term need, evidenced in the draft local plan, suggests a higher level assumption would be possible. Prior to recent problems with the economy the movement in the tax base was nearer to 1% or 650 dwellings per annum. It is possible that the

Increase in charge:

4.23 The level of council tax increase for 2016/17 is a decision that will be made at Council on 2 March 2016 based on a recommendation made by this committee. At this time a decision on the increase in council tax is solely for planning purposes and to enable the necessary public consultation on the Council's budget and MTFS.

4.24 The current MTFS states that:

'The Council must consider the need to set a balanced budget that enables it to provide the services required by its customers. The significant risks facing the future financial stability of the Council have been considered along with the strategic revenue projection's assessment of the future reductions in resource levels that have been predicted to follow the next spending review. The strategy assumes an annual Council Tax increase of 1.99% in order to improve resource stability over the period.'

- 4.25 In considering this issue the committee should recognise the need to set a level of council tax commensurate with the level of service provision and to avoid the use of short term decisions that risks the council's medium term liquidity and financial resilience. A recommended increase is an issue for a future meeting. At this time the committee should set an increase as a planning assumption. The increase approved for the previous year is a suitable level for a planning assumption.
- 4.26 For many years the council's ability to increase the level of council tax has been limited firstly by a cap and more recently by the need to hold a referendum for increases over a government set limit. The government limit has been set at 2% for the past few years. The council set an increase of 1.99% for the current year.
- 4.27 For planning purposes it is recommended that in all options the council tax be increased by 1.99% per annum from an increase in the charge and 0.5% per annum from tax base growth, this provides a 2.49% increase in council tax income.

Local income from fees and charges

- 4.28 The council has a policy that guides officers and councillors to set the appropriate level of fees and charges based on demand, affordability and external factors. This does not consider the needs of the MTFS with the exception of the suggestion that charges should be maximised within the policy.
- 4.29 For planning purposes it is recommended that in all options no increase in locally determined fees and charges be assumed until after initial consideration by the service committees of fees and charges for their services.
- 4.30 The council has approved a commercialisation strategy which has set a target for net income gained from new and enhanced activities of £1m over the five year period from 2015/16 to 2019/20.
- 4.31 In the current MTFS this target was incorporated into the strategic revenue projection. In a committee system, where the delivery of each proposal will be the responsibility of an individual service committee, this target has been removed from the strategic revenue projection but will form part of the objective of each service committee when considering the level of income it can achieve.

Budget Pressures

Employee costs

- 4.32 In the emergency budget the Chancellor of the Exchequer announced actions that will have an impact on the employee costs of the council. The two main issues impacting the council are:

- a) Funding for a 1% annual increase in public sector pay over the period of the current parliament; and
 - b) An increase in the living wage to £9 per hour by 2020. This included an increase to £7.20 in 2016/17.
- 4.33 The current strategic revenue projection assumes annual employee costs of 1.5%. This incorporates incremental increases following the mid-year performance appraisals. Where increments are agreed these can be as high as 4% and are paid from 1 October each year. On average the effect on employee costs arising from the incremental increases is 0.5% as not every employee is due to receive or achieves an incremental increase at review.
- 4.34 The 1.5% assumption therefore covers potential incremental increases and allows the council to reflect the national proposal for public sector pay. The committee should note that local pay arrangements exist for staff and the council is not bound by the 1% increase specified in the emergency budget.
- 4.35 The increase in the living wage will not have an immediate impact of the council's employee costs as a living wage of £7.20 per hour by 2016/17 is covered by the current salary scale. Longer term the increase of £9 per hour is greater than an annual increase of 1% and will impact on the MTFS by 2017/18.
- 4.36 In addition to the national issues set out above there are additional local issues:
- a) **Pay policy:** The Council has an agreed pay policy that defines a relationship between the highest point on each pay grade and median pay for the sector in the south east (excluding London). The Head of the Human Resources Shared Service is required to complete an analysis to ensure that pay at the top of each grade is a reasonable fit for the measures set out in the policy.
 - b) **Staffing shortages:** Due to the high demand for some professional staff in the current market a number of recent vacancies have failed to attract suitable candidates. In a small number of cases enhanced remuneration packages have been agreed to obtain suitable staff. It is likely that such enhancements will be required in the future.
- 4.37 Prior to completing the analysis required it is impossible to directly measure the implications of changes under the pay policy on future employee costs. A measure of likely cost can be taken from the last realignment of the salary scale following a pay policy review. On that occasion the adjustment increased employee costs by 3%. It is unlikely that adjustments will be required to all pay points on the scale and members may wish to consider
- 4.38 At the level of an individual employee vacancy the need for enhanced remuneration is evidenced by the results of the employment process. The policy requires evidence of an effective recruitment exercise that resulted in no suitable applicants to enable a manager to consider an enhancement to salary before attempting a further recruitment exercise. The current policy is to require the service to identify funding from within the service budget to

pay such enhancements. A pressure that would affect the MTFS would only be recognised if there was a systemic need to consider such enhancements.

- 4.39 For the adverse option model of the strategic revenue projection an additional cost equivalent to 3% of pay has been included. That model therefore incorporates a total employee cost increase of 4.5% in 2016/17 only. This provides an immediate budget for a pay policy review that would need to incorporate changes to the living wage as required.
- 4.40 The recommended option model of the strategic revenue projection provides for an additional annual increase of 0.2% above that previously planned, which is an annual uplift of 1.7%. This allows for a model that will pay an increase to all staff while allowing a small sum to be made available for any pay policy realignment. This assumes a less than 1% pay award allowing an annual sum to progress any realignment that is required. If no realignment is necessary then 1.2% is available for the pay award. This option assumes that any pay enhancement costs would be met from current service budgets and incorporates funding for the living wage increases.
- 4.41 The favourable option model assume a 1.5% increase in employee costs on the basis that a greater increase is unaffordable and should only occur where real need is identified and local savings can generate resources. This would deliver an annual increase of less than 1% for most grades excluding the living wage.

Single tier pensions

- 4.42 From the commencement of the tax year 2016/17 the government is changing the state pension arrangement. As set out in previous budgets the intention is to pay a single tier pension to all contributors.
- 4.43 At present the council's employees benefit from contributions to the local government pension scheme. Employees are therefore contracted out of some national insurance contributions.
- 4.44 Under the new arrangements this will not be the case and both employees and employers in the public sector will need to make increased national insurance contributions.
- 4.45 It is currently estimated that the council's additional contribution would be £275,000. This is a calculated figure based on the current employee establishment and is therefore used in all three models of the strategic revenue projection.

Contractual commitments

- 4.46 The council has a number of contractual arrangements such as the waste collection arrangements and the building maintenance contract. These contracts all have specific arrangements for annual uplift linked to relevant indices such as the consumer price index.
- 4.47 Additional costs arising from these contractual increases are factored into the strategic revenue projection on an annual basis. The indices used as

estimates reflect either the actual index for the previous increase or an index based on the guidance of the service manager concerned.

- 4.48 As these increases are based on past experience and professional expertise they are used in all three models of the strategic revenue projection.

Backfunded pensions

- 4.49 The financial year 2016/17 is the third and final year of the current triennial valuation of the pension fund. At the last triennial valuation the Council agreed that the additional backfunding contribution required by the valuation would be funded by an annual increase of £50,000 in the base budget. The remainder of the increase was taken from balances.
- 4.50 This decision meant that by the time of the next valuation, in 2017/18, a base budget of £1.475m would exist against a current charge of £1.558m. Given the expected future improvement in the economy by 2017/18 this sum was considered to be sufficient as a baseline for the next triennial review. The outcome of this assumption will not be certain until late in 2016 when the next triennial valuation will commence.
- 4.51 All three models assume the £50,000 planned increase for 2016/17 and therefore a contribution from balances in 2016/17. In addition the following assumptions have been made for 2017/18:
- a) For the adverse option model of the strategic revenue projection the assumption made is that the value of the council's pension fund has worsened not improved and an increase over the £1.558m estimate is required. The model adds an addition £200,000 to the 2016/17 budget of £1.475m so that 2017/18 will have a base budget of £1.675m
 - b) Based on the stability of interest rates and the continually low rate of inflation over the three year period since the last valuation, the recommended option model of the strategic revenue projection assumes a need to reach the valuer's current valuation of £1.558m this is £83,000 more than the current budget. This additional increase is required in 2017/18.

Housing benefit administration grant

- 4.52 This council was amongst the first in Kent to introduce the first stage of the universal credit roll out. This system replaces many welfare benefits with a single system and effects the way in which housing benefit will be awarded in the future. The first stage has little effect upon the council's benefits claimants as it affects only single persons in specific circumstances.
- 4.53 Longer term there will be an impact and the government has already commenced reductions in the level of administration grant. These reductions continue will over the next few years as fraud investigation is centralised under the department for works and pensions and the number of claimants that fall within the universal credit system increases.

- 4.54 The three models all make varying assumptions regarding reductions in administration grant. The adverse model assumes immediate loss of £300,000. The recommended model assumes the gradual loss of the same £300,000 over the next three years and the favourable model assumes no loss for 2016/17 then a £300,000 reduction over two years 2017/18 and 2018.

Staffing levels within Economic Development

- 4.55 The economic development service within the council has a key role to play in delivering some of the council's strategic objectives in relation to employment, skills and regeneration. Previously, the council has recognised that the service is under resourced if it is to deliver the objectives effectively.
- 4.56 Over the past two years the council has utilised the balance of the growth point grant funding to employ three additional members of staff and has, over the three year period ending 31 March 2017, increased funding within the services base budget to cover the salary costs once the balance of the growth point grant is depleted. For 2016/17 the final funding of £30,000 is required.
- 4.57 This is a previously agreed pressure and is used in all three models of the strategic revenue projection.

Summary of strategic revenue projections

- 4.58 The three strategic revenue projections given at Appendix C result in identical resource levels by 2020/21 as all three are based on similar medium term assumptions, varying only over the short term. This is because accurate medium term information is not available.
- 4.59 In providing local government with resource and policy information it is rare that central government consider further than the current information plus one year. This results in a lack of stability in budget planning in the medium term. This issue has long been debated by local government and is linked to the new devolution plans of central government. At this time it is unlikely that these plans will affect this council but a consequence may be greater awareness of central government's long term plans leading to greater accuracy in medium term financial planning.
- 4.60 The three strategic revenue projections provide the committee with information relating to the potential budget pressure for each year. This allows the required level of saving and efficiency to be calculated. This is shown in the detail in Appendix C and tabled for the three options below:

Year	Adverse £,000	Recommended £,000	Favourable £,000
2016/17	2,581	1,632	1,482
2017/18	769	791	708
2018/19	643	713	713
2019/20	56	526	476
2010/21	53	103	53

Total	4,102	3,765	3,432
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Table 6: Savings and efficiency requirements from strategic revenue projections

- 4.61 Savings of between £3.4 and £4.1m are required during the period of the MTFS if one of the three models is selected. The immediate savings target to deliver a balanced budget for 2016/17 is between £1.5m and £2.6m.

CAPITAL PROGRAMME, FUNDING AND CAPITAL MTFS

- 4.62 At this time the capital programme is limited in its scope. This is due to the limitations on resources and the previously stated objective of the council to resource infrastructure work required by the local plan and infrastructure delivery plan.
- 4.63 In order to present an affordable and objective basis to plan the future capital programme, the current capital programme has been incremented by one year. This programme is set out at **APPENDIX D** and includes a further year, 2020/21, based on a continuation of the current programme of funding. The only additional resources identified are an additional year of receipts from New Homes Bonus and a forward projection of possible community infrastructure levy receipts.
- 4.64 It is necessary for the committee itself to consider the prioritised use of the resources within its service areas. One example being the use of the resources set aside for commercial projects. It will be necessary for the committee to consider options in full at its next meeting. It is also appropriate for the service committees to put forward proposals for capital schemes following their consideration of the budget.
- 4.65 Schemes and priorities identified by all committees would be evaluated in accordance with the current MTFS criteria and following final approval from this committee held awaiting the identification of capital resources.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 This report is the commencement stage of the development of the MTFS and the budget for 2016/17. From this report information will be provided to each service committee for consideration and referral back to this committee. Once a strategic revenue projection and MTFS has been approved in draft, public consultation will commence.
- 5.2 This committee's final opportunity to consider the MTFS and feedback from consultation and other committees' views will be the meeting in February 2016.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 This decision will be discussed with the chairman and vice-chairman of each service committee at their agenda planning meeting in order to prepare for a report on the current situation and proposals for the future.

- 6.2 Briefing sessions will be held with all interested members and officers at a service committee level during August 2015 so that discussions from these briefing sessions can be incorporated into each service committee report in September 2015.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	It is the purpose of the MTFS to allocate resources to the priorities in the strategic plan, including the allocation of resources to other plans and strategies developed to achieve those outcomes.	Head of Finance & Resources
Risk Management	<p>Matching resources to priorities in the context of the significant pressure on the Council's resources is a major strategic risk. The MTFS is improved each year to enhance its resilience and effectiveness. The MTFS is considered by this committee, all service committees, the Audit Governance & Standards Committee and Council.</p> <p>Specific budget risks and opportunities are identified in the main body of the report, especially the consideration of the factors in the strategic revenue projection. The selection of the most appropriate strategic revenue projection and the continued monitoring of the factors included will help mitigate these risks</p>	Head of Finance & Resources
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences from the recommendations in this report.	Head of Finance & Resources
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Head of Finance & Resources

Legal	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Head of Finance & Resources
Equality Impact Needs Assessment	<p>The report sets out a policy that will have a positive impact as it will enhance the lives of all members of the community through the provision of resources to core services. In addition it will affect particular groups within the community.</p> <p>It will achieve this through the focus of resources into areas of need as identified in the Council's strategic priorities.</p>	Head of Finance & Resources
Environmental/Sustainable Development		
Community Safety		
Human Rights Act		
Procurement		
Asset Management	Resources available for asset management are contained within the strategic revenue projections set out in this report.	Head of Finance & Resources

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A - Summary Budget 2015/16 and Outturn 2014/15
- Appendix B - Medium Term Financial Strategy 2015/16 Onwards
- Appendix C - Strategic Revenue Projection 2016/17 Onwards (Options)
- Appendix D - Capital Programme 2015/16 Onwards

9. BACKGROUND PAPERS

None

MAIDSTONE BOROUGH COUNCIL
POLICY & RESOURCES COMMITTEE
REVENUE OUTTURN 2014/15 AND ESTIMATE 2015/16

Service Analysis	2014/15			2015/16 Estimate
	Revised Estimate	Actual Expenditure	Variance	
	£	£	£	£
Providing A Clean & Safe Environment	3,825,280	3,668,260	157,020	3,858,740
Encouraging Good Health & Wellbeing	1,569,500	2,271,568	- 702,068	1,446,910
Respecting the Character of Our Borough	853,670	886,802	- 33,132	757,130
Ensuring there are Good Leisure & Cultural Attractions	1,591,880	1,665,360	- 73,480	1,498,540
Enhancing the Appeal of the Town Centre for Everyone	15,000	8,500	6,500	15,000
Securing Improvements to the Transport Infrastructure of our Borough	615,920	461,704	154,216	635,600
Promoting a Range of Employment Opportunities & Skills Required across our Borough	374,960	350,606	24,354	251,620
Planning For Sufficient Homes To Meet Our Borough's Needs	1,292,290	1,241,350	50,940	791,240
Trading Accounts	- 3,366,460	- 3,443,382	76,922	- 3,551,960
Central & Democratic Services	14,412,850	13,257,185	1,155,665	9,274,890
Total Service Spending	21,184,890	20,367,953	816,937	14,977,710
Allowance For General Under Spend	- 97,440		- 97,440	- 250,000
Net Service Spending	21,087,450	20,367,953	719,497	14,727,710
Transfers to/from Balances	- 1,970,700	- 1,229,060	- 741,640	- 30,000
Transfers to/from Earmarked Reserves				5,435,750
Budget Requirement	19,116,750	19,138,893	- 22,143	20,133,460

**MEDIUM TERM FINANCIAL STRATEGY
REVENUE 2015/16 ONWARDS**

Index	Page
Introduction	1
Expenditure	2
Funding	4
Balances & Earmarked Reserves	7
Efficiency	8
Consultation	9
Risk Management	10

1. INTRODUCTION

- 1.1 This financial strategy form one of two strategies that aim to support the Council's corporate objectives as identified in the strategic plan 2015 - 2020. Whilst achieving this, major issues relating to resources and facing the Council in the medium term are considered where they relate to the day to day revenue activities of the Council. For issues relating to the capital programme see the strategy regarding capital.
- 1.2 Set out in the document is the revenue spending plan of the Council at a high level. The success of this plan will depend upon the resources available to the Council and the approach taken to ensure that those resources are aligned with corporate objectives and are being controlled in a way that ensures long-term stability. This is achieved through the development of the plan over a five year period.
- 1.3 Recent years have seen significant change in resources and responsibilities in the public sector. This has had a major impact on the Council's strategy that includes plans to develop ways to mitigate the risks relating to the retention of business rates. In addition the Council has developed a strategy that will focus on the opportunities available to the Council to act more commercially and generate income from appropriate assets.
- 1.4 Although this document is developed for the medium term with an outlook of five years, the Council reviews the strategy on an annual basis for the following period in order to reflect changes in circumstances which impact upon the strategy. The review is completed to coincide with the annual review of the strategic plan to enable Members and Officers to ensure changes are appropriately reflected in both documents through links to the strategic plan key outcomes.
- 1.5 This year the Council has amended its budget documentation to better link with the strategic plan by summarising the budget by the priorities listed in the strategic plan. In addition, production of this strategy, the revised budget statement and the balanced budget it facilitates support the key outcomes of the strategic plan in their own right.
- 1.6 The Council consults with a wide range of stakeholders and partners during the development period and give serious consideration to their views and responses.

2. EXPENDITURE

- 2.1 This financial strategy adopts a high-level review of the corporate objectives and budget pressures over the five-year period. This approach ensures a focus on factors that may influence the Council's stated aim to maintain working balances and ensure that they are used for specific and special activities and not to balance the budget. The strategic revenue projection assumes that the level of balances will be maintained, over the five year period, at or above the working level set annually by Cabinet.
- 2.2 Detailed proposals for dealing with financial pressures and service demand are set out in the priority based budgets in the full revenue estimate. The major pressures assumed in the strategy are set out below:

2.2.1 Pay and price inflation:

The strategic revenue projection considers the allocation for pay inflation on an annual basis. The increase must allow for any staff pay award, incremental increases earned through competence appraisal and increases in employer contributions such as national insurance or current pension costs.

Other costs are increased by a suitable inflation index balanced with the objectives of the strategy. Large elements of this cost will be tied to conditions of contracts which will specify the annual increase necessary, other costs will increase by the annual increase in an inflation index such as the consumer price index. The strategy may intentionally use levels of increase lower than these indices to enhance general efficiencies.

Table 1 below details the factors used for each year of the current strategy.

Inflation Indices	2015/16	2016/17	2017/18	2018/19	2019/20
	%	%	%	%	%
Pay Inflation	1.5	1.5	2.0	2.0	2.0
Energy (Average)	2.1	2.1	2.1	2.1	2.1
Business Rates	2.0	2.0	2.0	2.0	2.0
Contractual Commitments	3.0	3.0	3.0	3.0	3.0
Other Cost Increases	0.0	0.0	0.0	0.0	0.0
Growth £,000	471.0	476.0	435.0	527.0	456.0

[Table 1: Pay & price Indices]

2.2.2 Corporate objectives and key priorities:

In addition to these inflationary pressures the Council will develop and implement improvements to the corporate objectives identified in the strategic plan and, where significant, any local objectives identified in service plans. This may place additional pressure on the revenue budget.

The financial projection will also provide, where necessary, resources for national statutory responsibilities where these are to be provided locally.

Table 2 below identifies the links between the financial projection and key objectives.

Strategic Issue	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Single Tier Pension Arrangments		275			
Economic Development Staffing	30	30			
Economic Development Strategy	266				
Business Support Provision	868				
Housing Temporary Accommodation	160				
Future Pressures				50	50

[Table 2: Strategic Issues, links to other documents]

3. **FUNDING**

3.1 During the period since the spending review in 2010 the Government has completed a review of local Government finance and revised the system of formula grant and national non-domestic rates. From 1 April 2013 a system that enables the retention of part of the business rates collected by the Council brought significant risk to the level of funding available to the Council from revenue support grant and business rates.

3.2 The SRP assumes that the Council will make every effort to maximise resources this includes retained business rates, council tax yields and locally derived income.

- In order to maximise potential income from business rates growth the Council has developed a business rates pool in partnership with Kent County Council. The pool will enter its second year in 2015/16 increasing to cover the majority of Kent Councils and the strategy estimates significant income from this source;
- In order to maximise yield from council tax the council has increased its fraud work and is involved in the development of Kent wide fraud arrangements;
- In order to maximise its locally derived income the Council has introduced some commercial activities and is developing more.

3.3 Other grants and funding from government and public sector organisations is reducing and the Council does not place long term reliance on this source of income. Where the financial projection includes the use of fixed term grant or other time limited income sources the relevant Cabinet Member and senior officer are responsible for preparing and acting on suitable exit strategies at the end of the fixed term.

3.4 Government Grant:

Under the current system the finance settlement for 2015/16 is rolled forward from the previous year's settlement after adjustments only for new government initiatives and policy. The Government has confirmed the level of revenue support grant and the business rates baseline need for 2015/16 and indicative figures have been provided for 2015/16, these are given in Table 3 below. The grant continues to reduce from the levels received in prior years.

The Chancellor of the Exchequer confirmed in his Autumn Statement 2014 that reductions in Government funding will continue for the forthcoming parliament following the 2015 election. Reductions, greater than those experienced by local Government since 2010, are currently predicted during the next parliament.

Other grants received from the Government are similarly under threat

from the effects of the Government's strategy to reduce public sector expenditure. The strategy will assume future grant aid is likely to be at risk and will assume cash frozen values where no information to the contrary is available.

3.5 Retained Business Rates

As a result of the local government finance review which commenced in 2010, the Council now retains a part of the business rates it collects locally. In providing for the retention in this way the Government has passed on to the Council the risk related to the overall levels of business rates collected. Using a system of baseline funding levels, support for significant reductions and sharing of any increase the system ensures gains and losses that are experienced by the Council are limited but not negated.

The baseline funding level for this Council is £2.9m in 2015/16, which is a 2% increase over the previous year. Expected levels of income would provide the Council with significantly more income than that at £4.1m. This is a consequence of growth within the business rates system and the protective benefits of being a member of the Kent Business Rates Pool.

There remain significant risks to the Council:

- a) The business rates figure is estimated, based on the known factors and current records as at 31 December 2014. The prediction of the events that will occur between April 2015 and March 2016 is difficult and the system has only operated one year nine months providing little historic knowledge or trends on which to base future projections.
- b) The system requires the Council to reimburse successful rating appeals including backdated refunds to before the current system existed.

The strategy recommends that business rates growth is not utilised within year. This enables final confirmation after the values have been confirmed at the year end. The strategy also assumes resources to maintain a provision against loss will be retained from the overall business rates income.

3.6 Council Tax

The Council has a responsive approach to the level of Council Tax and will set this at an appropriate level commensurate with the needs of the strategic plan. In recent years it has set a small increase below CPI inflation levels and remains flexible on the level of increase for future years. The increase is set by the Council's ability to otherwise set a balanced budget.

The Council must consider the need to set a balanced budget that enables it to provide the services required by its customers. The significant risks facing the future financial stability of the Council have been considered along with the strategic revenue projection's assessment of the future reductions in resource levels that have been predicted to follow the next spending review. The strategy assumes an annual Council Tax increase of 1.99% in order to improve resource stability over the period.

In addition the Council has considered the levels of exemptions from Council Tax, for which it has flexibility, with the intention of improving the yield from Council Tax other than through the increase in the charge. This has meant local reductions in the period or level of some exemptions available in the borough.

3.7 Fees & Charges

The Council has a policy on the development of fees and charges that fall within its control. This policy ensures that an evaluation of market forces and links to either the strategic plan or service plans are drivers of change in price. This means that any increases in this funding source will be identified through each portfolio's detailed budget preparation work.

For 2014/15 all fees and charges collected by the Council were considered by Cabinet and a range of increases were set in line with the policy statement. Although the increase in each charge was considered and set appropriately for its individual circumstance, the overall position created a 1% increase in expected income.

The tables 3 and 4 below show the expected level of resources for each year of the strategy and any pressures that will affect the level income or its collection.

Strategic Issue	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Revenue Support Grant	2,267	1,463	922	420	-
Retained Business Rates	2,959	3,018	3,078	3,140	3,203
Business Rates Growth	1,176	1,186	1,196	1,206	1,216
Council Tax	13,731	13,765	14,109	14,462	14,824
Other Income (incl. Fees & Charges)	14,214	14,414	14,614	14,814	15,014

[Table 3: Resource and income levels]

Strategic Issue	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Loss Of Administration Grant	150		100		

[Table 4: Strategic Issues, links to other documents]

4. **BALANCES & EARMARKED RESERVES**

- 4.1 The Council holds a series of balances and reserves in order to provide financial stability and protection from unforeseen circumstances or events. In setting the level of these balances and reserves an assessment is made of the potential risks and opportunities that could reduce or enhance those balances.
- 4.2 Revenue balances at 1 April 2014 totalled £13.51m and it is estimated that this balance will be £4.52m by 31 March 2015.
- 4.3 The major items reducing the balance are approved budget carry forwards of £7.62m from 2013/14 resources into 2014/15 for prior agreed purposes and a reserve of £0.83m set aside to resource the known deficit on the business rates at 31 March 2014.
- 4.4 The Government's intention is to continue to reduce resources available to local Government and the Council will continue to set a balanced budget by identifying savings and efficiencies. As far as possible this will be completed as need arises but it may continue to be successfully completed in advance. While the Council does not expect underspends as significant as those seen in 2011/12 it will plan for the potential to underspend from savings delivered in advance of identified need.
- 4.5 During the development of this strategy Cabinet considered a recommendation from the Council's external auditor regarding the maintenance of earmarked reserves and agreed that in four circumstances this would be appropriate. The estimated value of earmarked reserves for each year end is set out below.

Reserve	31/03/2014 £,000	31/03/2015 £,000	31/03/2016 £,000
Capital Support	10256	7773	3847
Local Plan	540	0	320
Business Rates Reserve	0	0	868
Trading Accounts	179	179	179

[Table 5: Earmarked Reserves]

- 4.6 Excluding these earmarked reserves general balances are estimated to be at £4.5m by 31 March 2016 and allocations also exist of a further £1.4m identified by purpose.

	31/03/2014	31/03/2015	30/03/2016
Balances	£,000	£,000	£,000
Unallocated General Fund	13,508	4,520	4,470
Asset Replacement	167	167	167
Planning Management	-	200	200
Commercialisation	500	500	500
Invest to Save	542	582	582
Grand Totals	14,717	5,969	5,919

[Table 6: General Balances]

5. Efficiency

- 5.1 The Council's strategic plan recognises value for money as underpinning the delivery of its priorities. This theme runs through service plans and by this the Council's approach to efficiency is integrated in to all decision making.
- 5.2 The Council uses a number of measures to identify locations to achieve efficiency and gauge success. These include:
- a) Peer review and peer challenge.
 - b) Benchmarking to measure unit cost and performance, comparing these over time and across similar councils throughout the country.
 - c) Other benchmarking exercises undertaken by local managers to challenge service delivery in their own area.
 - d) The identification of efficiency targets that match the Council's need over the period of this medium term financial strategy.
- 5.3 Efficiency proposals are carefully measured for effect upon capacity, acceptable levels of service, quality standards, and the potential of shared service provision. All efficiency proposals consider the effect of fixed costs and the effect on the base financial standing of the Council and the opportunity for reinvestment of gains into priority services or toward achievement of corporate objectives.
- 5.4 The adoption of efficiency and VFM as part of this strategy helps to ensure that the strategic revenue projection will remain within available resources.
- 5.5 The strategic revenue projection identifies the need for savings to make a balanced budget, which must be considered in line with the development of efficiency savings. Table 7 below details the required saving for each year, based on the factors used in the financial projection, and the percentage of net revenue spend the given saving represents.

Strategic Projection	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Annual Savings Target	652	1282	462	454	291
Percentage of Net Revenue Expenditure	3.1%	6.2%	2.3%	2.3%	1.5%

[Table 7: Annual savings requirement]

- 5.6 The Council has required the savings target to be met in the medium term and at this time proposals are in place to provide efficiency and savings to support the requirement through to 2016/17. The Council is continuing to develop long term proposals to ensure the future risk is mitigated at the earliest time.

6. CONSULTATION

- 6.1 The Council has a co-ordinated approach to consultation on the budget process. To this end a programme has been proposed that ensures the focus of annual consultations avoids the review of similar themes and builds a body of opinion.
- 6.2 The Council consults annually on this strategy and the proposed budget for the forthcoming year. The intention of the consultation is to both inform and be informed by local residents, businesses and stakeholders.
- 6.3 In recent years the consultation has considered the level of Council tax increase acceptable and the service areas where reductions should occur, the elasticity of demand for services provided by the Council with a related fee and for this strategy the consultation focused on the long term factors faced by the Council due to the current economic climate and the relative importance residents place on a range of discretionary services provided by the Council.
- 6.4 For 2015/16 the Council produced a new strategic plan and consultation matched the budget to the strategic priorities.

7. RISK MANAGEMENT

- 7.1 In outlining the resources available to the Council and the focus of those resources on the strategic priorities, this strategy must consider the barriers to achieving the resource levels assumed by the budget.
- 7.2 A full risk assessment of the strategy has been completed and forms part of the operational risk assessment of the services provided by the Head of Finance and Customer services.
- 7.3 Twelve major risk areas have been identified and action plans have been developed for each. The twelve areas are as follows:
- 1) The level of balances;
 - 2) Inflation allowances;
 - 3) National strategy;
 - 4) Limitations on Council Tax increases;
 - 5) Fees and charges;
 - 6) Commercial Activity;
 - 7) Capital financing;
 - 8) Horizon scanning;
 - 9) Delivery of efficiency;
 - 10) Collection Fund, collection rates;
 - 11) Business Rates pooling;
 - 12) Medium Term Strategy.

MEDIUM TERM FINANCIAL STRATEGY

CAPITAL 2015/16 ONWARDS

Index	Page
Introduction	1
Programme	2
Funding	4

1. INTRODUCTION

- 1.1 This financial strategy forms one of two financial strategies that aim to support the Council's corporate objectives as identified in the strategic plan 2015 – 2020. Whilst achieving this, major issues relating to resources and facing the Council in the medium term are considered where they relate to the capital programme. For issues relating to the Council's day to day activities see the strategy regarding revenue.
- 1.2 Set out in this document is an overview of the capital plans of the Council and the criteria by which such plans are developed and approved. The success of the programme is dependent upon the Council's ability to generate the resources required and ###
- 1.3 Although this document is developed for the medium term with an outlook of five years, the Council reviews the programme on an ongoing basis and consider its effectiveness formally each quarter. Changes are linked to the priorities of the strategic plan through the process of scheme approval as set out in this document.
- 1.4 This strategy is in compliance with the guidance set out in the Prudential Code. This code of practice is published by the Chartered Institute of Public Finance and Accountancy and covers the full range of capital planning. Compliance with the code is a statutory requirement and the Council's MTFS has been developed to ensure compliance. In summary the relevant objectives of the code are:
 - a) To ensure within a clear framework that capital expenditure plans are affordable, prudent and sustainable;
 - b) That treasury management decisions are taken in accordance with good professional practice;
 - c) That local strategic planning, asset management planning and proper option appraisal are supported; and
 - d) To provide a clear and transparent framework to ensure accountability.

2. PROGRAMME

- 2.1 The strategy for the capital programme requires consideration at two levels, the overall programme and the scheme specifics.
- 2.2 The overall programme is considered in terms of the prudential borrowing principles of sustainability, affordability and prudence. At the overall programme level the relative priority of schemes, as they enhance the provision of corporate or service based objectives is also considered.
- 2.3 The inclusion of specific capital schemes within the overall programme requires an assessment, at the scheme specifics level, that is based on affordability in revenue and capital terms, including the whole life cost, project timeline and risk assessment.
- 2.4 Schemes will be assessed using three approaches:
 - a) Where schemes fit within a specific strategy and resources are available for that strategy within the capital programme the scheme would be subject to appraisal and prioritisation against the objectives of that strategy and approved by the relevant cabinet Member;
 - b) Where schemes can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must be presented to the Property Investment Advisory Panel. These proposals will receive final approval from the Property Investment Cabinet Committee;
 - c) Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed the budget working group of the Strategic Leadership & Corporate Services Overview and Scrutiny Committee considers schemes against the priorities below.
- 2.5 Prioritisation of schemes will occur in the following order:
 - a) For statutory reasons;
 - b) Fully or partly self-funded schemes with a focus on priority outcomes;
 - c) Other schemes with a focus on priority outcomes;
 - d) Maintenance / Improvement of property portfolio not linked to priority outcomes;
 - e) Other non-priority schemes with a significant funding gearing.

APPENDIX B

- 2.6 The Council sees significant need for capital investment in the future. Not only those schemes currently in the capital programme but the infrastructure schemes required for the housing and business growth that is required to meet the needs of the growing population of the borough. In the main it is expected that those schemes will be funded directly from the benefits gained from development however viability assessments of expected development suggests that there will be a funding gap. The Council must prepare itself to support that infrastructure need in order to deliver its strategic priorities.
- 2.7 In addition the Council is constantly focused on the need for efficiency in the use of resources and the delivery of services. It is aware of the need to diversify the sources of income obtained outside of the reducing support from central Government. One aspect of this is to take a commercial approach to the provision of services that have displayed increased demand and higher cost over the last five years. As this may require capital investment the Council has agreed to allow borrowing to achieve this objective subject to:
- A business case and successful implementation of savings that cover the cost of borrowing; and
 - Ensuring the principles set out in 1.4 and 3.4 are met.
- 2.8 The programme for the period 2014/15 to 2018/19 currently focuses on a series of projects providing investment in the property assets and core funding for affordable housing and the commencement of the commercial approach to services. At this time Council is developing its response to infrastructure need as set out in 3.5 and this is included in the capital programme at the level of scheme type.
- 2.9 The capital programme is a five year programme and Table 1 below summarises the programme by portfolio:

TABLE 1: SUMMARY CAPITAL PROGRAMME.

Estimate 2014/15 £	CAPITAL PROGRAMME SUMMARY	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
	PORTFOLIO					
3,363,510	COMMUNITY & LEISURE	2,093,000	1,930,000	1,940,000	1,940,000	1,350,000
450,880	CORPORATE SERVICES	350,000	350,000	350,000	350,000	350,000
3,376,210	ECONOMIC & COMMERCIAL DEVELOPMENT	4,335,370	3,120,370	0	0	0
47,490	ENVIRONMENT	0	0	0	0	0
223,200	PLANNING, TRANSPORT & DEVELOPMENT	50,000	6,323,720	1,930,360	1,930,360	3,041,130
7,461,290	GRAND TOTAL - ALL PORTFOLIOS	6,828,370	11,724,090	4,220,360	4,220,360	4,741,130

3. FUNDING

- 3.1 The medium term financial strategy takes a flexible approach to funding the capital programme, as resources from capital receipts have become uncertain the Council has provided support to maintain core asset management programmes. In addition priority schemes commence only when funding is available.
- 3.2 The Council's main source of funding for the capital programme over recent years has been from new homes bonus. The funding stream is identifiable in value over a period of six years but has an uncertain future. As a prudent use of this money the Council has supported its capital programme and not the deferral of financial savings required in the revenue budget.
- 3.3 In the past the programme benefited from major receipts from the sale of assets. The Council no longer holds many surplus assets of significant value that are surplus to operational need. As a result, the funding from capital receipts has reduced to the sale of small assets that can be identified as surplus.
- 3.4 In 2012/13 the Council approved the use of prudential borrowing for the following activities:
- a) acquisition of commercial property;
 - b) acquisition of property to alleviate homelessness; and
 - c) action to enable stalled development to progress
- 3.5 Use of prudential borrowing is subject to an approved business case that evidences a benefit above that required to repay any debt over the life of the commercial activity. The additional benefit may be financial or non-financial but must directly or indirectly supports the objectives of the strategic plan.
- 3.6 The programme now includes an assessment of likely receipts from developer contributions. These may arise in future from the community infrastructure levy or at present from section 106 agreements with developers.
- 3.7 Due to the uncertainty of future funding it is essential that the Council maintains the principle of prior funding of schemes. Although commitment to a scheme is given by its inclusion in the programme, this strategy requires that funding is identified in advance of formal commencement of work. The quarterly monitoring of the capital

APPENDIX B

programme enables Cabinet to take effective decisions based on current levels of funding before major projects commence.

3.8 Table 2 below identifies the current funding assumptions:

TABLE 2: CAPITAL PROGRAMME FUNDING

Estimate 2014/15 £	CAPITAL PROGRAMME SUMMARY	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
	RESOURCES					
10,256,210	REVENUE CONTRIBUTION	3,826,280	3,117,000	2,899,800	2,899,800	1,926,000
450,000	CAPITAL GRANTS	450,000	450,000	450,000	450,000	450,000
702,720	CAPITAL RECEIPTS	0	0	0	0	0
0	PRUDENTIAL BORROWING	2,451,490	3,548,510	0	0	0
0	DEVELOPER CONTRIBUTIONS	0	761,540	870,560	870,560	2,365,130
11,408,930	GRAND TOTAL - ALL RESOURCES	6,727,770	7,877,050	4,220,360	4,220,360	4,741,130

ADVERSE RESOURCE ASSUMPTIONS

**BUDGET STRATEGY 2016/17 ONWARDS
REVISED STRATEGIC REVENUE PROJECTION**

2015/16 £,000		2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
AVAILABLE FINANCE						
2,267	REVENUE SUPPORT GRANT	1,134	582	0	0	0
2,959	RETAINED BUSINESS RATES	3,018	3,078	3,140	3,203	3,267
1,176	BUSINESS RATES GROWTH AND POOL	1,186	1,196	1,206	1,216	1,226
6,402		5,338	4,856	4,346	4,419	4,493
302	COLLECTION FUND ADJUSTMENT					
13,429	COUNCIL TAX	13,765	14,109	14,462	14,824	15,193
20,133	BUDGET REQUIREMENT	19,103	18,965	18,808	19,243	19,686
14,214	OTHER INCOME	14,214	14,214	14,214	14,214	14,214
34,347	TOTAL RESOURCES AVAILABLE	33,317	33,179	33,022	33,457	33,900

EXPECTED SERVICE SPEND						
33,054	CURRENT SPEND	34,347	33,317	33,179	33,022	33,457
	INFLATION INCREASES					
421	PAY AND INFLATION INCREASES	896	431	436	441	446
	NATIONAL INITIATIVES					
150	LOSS OF ADMINISTRATION GRANT	300				
50	PENSION DEFICIT FUNDING	50	200			
	SINGLE TIER PENSION ARRANGMENTS	275				
	LOCAL PRIORITIES					
30	ECONOMIC DEVELOPMENT STAFFING	30				
266	ECONOMIC DEVELOPMENT STRATEGY					
868	BUSINESS SUPPORT PROVISION					
160	HOUSING TEMPORARY ACCOMMODATION					
	MINOR INITIATIVES					
	GROWTH PROVISION			50	50	50
34,999	TOTAL PREDICTED REQUIREMENT	35,898	33,948	33,665	33,513	33,953

652	ANNUAL SAVINGS TARGET	2,581	769	643	56	53
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RECOMMENDED RESOURCE ASSUMPTIONS

**BUDGET STRATEGY 2015/16 ONWARDS
REVISED STRATEGIC REVENUE PROJECTION**

2015/16 £,000		2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
AVAILABLE FINANCE						
2,267	REVENUE SUPPORT GRANT	1,463	922	420	0	0
2,959	RETAINED BUSINESS RATES	3,018	3,078	3,140	3,203	3,267
1,176	BUSINESS RATES GROWTH AND POOL	1,186	1,196	1,206	1,216	1,226
6,402		5,667	5,196	4,766	4,419	4,493
302	COLLECTION FUND ADJUSTMENT					
13,429	COUNCIL TAX	13,765	14,109	14,462	14,824	15,193
20,133	BUDGET REQUIREMENT	19,432	19,305	19,228	19,243	19,686
14,214	OTHER INCOME	14,214	14,214	14,214	14,214	14,214
34,347	TOTAL RESOURCES AVAILABLE	33,646	33,519	33,442	33,457	33,900

EXPECTED SERVICE SPEND						
33,054	CURRENT SPEND	34,347	33,646	33,519	33,442	33,457
	INFLATION INCREASES					
421	PAY AND INFLATION INCREASES	476	481	486	491	496
	NATIONAL INITIATIVES					
150	LOSS OF ADMINISTRATION GRANT	100	100	100		
50	PENSION DEFICIT FUNDING	50	83			
	SINGLE TIER PENSION ARRANGMENTS	275				
	LOCAL PRIORITIES					
30	ECONOMIC DEVELOPMENT STAFFING	30				
266	ECONOMIC DEVELOPMENT STRATEGY					
868	BUSINESS SUPPORT PROVISION					
160	HOUSING TEMPORARY ACCOMMODATION					
	MINOR INITIATIVES					
	GROWTH PROVISION			50	50	50
34,999	TOTAL PREDICTED REQUIREMENT	35,278	34,310	34,155	33,983	34,003

652	ANNUAL SAVINGS TARGET	1,632	791	713	526	103
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FAVOURABLE RESOURCE ASSUMPTIONS

**BUDGET STRATEGY 2015/16 ONWARDS
REVISED STRATEGIC REVENUE PROJECTION**

2015/16 £,000		2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
AVAILABLE FINANCE						
2,267	REVENUE SUPPORT GRANT	1,463	922	420	0	0
2,959	RETAINED BUSINESS RATES	3,018	3,078	3,140	3,203	3,267
1,176	BUSINESS RATES GROWTH AND POOL	1,186	1,196	1,206	1,216	1,226
6,402		5,667	5,196	4,766	4,419	4,493
302	COLLECTION FUND ADJUSTMENT					
13,429	COUNCIL TAX	13,765	14,109	14,462	14,824	15,193
20,133	BUDGET REQUIREMENT	19,432	19,305	19,228	19,243	19,686
14,214	OTHER INCOME	14,214	14,214	14,214	14,214	14,214
34,347	TOTAL RESOURCES AVAILABLE	33,646	33,519	33,442	33,457	33,900

EXPECTED SERVICE SPEND						
33,054	CURRENT SPEND	34,347	33,646	33,519	33,442	33,457
	INFLATION INCREASES					
421	PAY AND INFLATION INCREASES	426	431	436	441	446
	NATIONAL INITIATIVES					
150	LOSS OF ADMINISTRATION GRANT		150	150		
50	PENSION DEFICIT FUNDING	50				
	SINGLE TIER PENSION ARRANGMENTS	275				
	LOCAL PRIORITIES					
30	ECONOMIC DEVELOPMENT STAFFING	30				
266	ECONOMIC DEVELOPMENT STRATEGY					
868	BUSINESS SUPPORT PROVISION					
160	HOUSING TEMPORARY ACCOMMODATION					
	MINOR INITIATIVES					
	GROWTH PROVISION			50	50	50
34,999	TOTAL PREDICTED REQUIREMENT	35,128	34,227	34,155	33,933	33,953

652	ANNUAL SAVINGS TARGET	1,482	708	713	476	53
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MAIDSTONE BOROUGH COUNCIL

POLICY RESOURCES COMMITTEE

SUMMARY

DRAFT CAPITAL PROGRAMME

Estimate 2014/15 £	CAPITAL PROGRAMME SUMMARY	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
EXPENDITURE						
1,100	PROVIDING A CLEAN & SAFE ENVIRONMENT	0	0	0	0	0
10,600	ENCOURAGING GOOD HEALTH & WELLBEING	0	0	0	0	0
849,750	ENSURING THERE ARE GOOD LEISURE AND CULTURAL ATTRACTIONS	580,000	590,000	0	0	0
334,470	ENHANCING THE APPEAL OF THE TOWN CENTRE FOR EVERYONE	434,680	597,730	500,000	250,000	0
554,900	SECURING IMPROVEMENTS TO THE TRANSPORT INFRASTRUCTURE OF OUR BOROUGH	5,389,040	1,332,630	1,731,550	1,341,300	2,571,030
687,500	PROMOTING A RANGE OF EMPLOYMENT OPPORTUNITIES & SKILLS REQUIRED ACROSS OUR BOROUGH	0	0	0	0	0
3,566,800	PLANNING FOR SUFFICIENT HOMES TO MEET OUR BOROUGH'S NEEDS	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
4,036,900	TRADING ACCOUNTS	3,120,370	0	0	0	0
373,700	CORPORATE & DEMOCRATIC SERVICES	350,000	350,000	350,000	350,000	350,000
10,415,720	GRAND TOTAL - ALL PORTFOLIOS	11,224,090	4,220,360	3,931,550	3,291,300	4,271,030
RESOURCES						
9,811,720	EARMARKED RESERVES	4,774,090	3,008,820	2,720,010	1,970,740	1,455,900
450,000	CAPITAL GRANTS	450,000	450,000	450,000	450,000	450,000
154,000	CAPITAL RECEIPTS	0	0	0	0	0
0	PRUDENTIAL BORROWING	6,000,000	0	0	0	0
0	DEVELOPER CONTRIBUTIONS	0	761,540	761,540	870,560	2,365,130
10,415,720	GRAND TOTAL - ALL RESOURCES	11,224,090	4,220,360	3,931,550	3,291,300	4,271,030

Estimate 2014/15 £	NET FUNDING	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
10,415,720	RESOURCES AVAILABLE (CUMMULATIVE)	11,224,090	4,220,360	3,931,550	3,291,300	4,271,030
10,415,720	RESOURCES REQUIRED	11,224,090	4,220,360	3,931,550	3,291,300	4,271,030
0	BALANCE CARRIED FORWARD	0	0	0	0	0

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