

# POLICY AND RESOURCES COMMITTEE MEETING

Date: Wednesday 24 November 2021  
Time: 6.30 pm  
Venue: Town Hall, High Street, Maidstone

## Membership:

Councillors Mrs Blackmore, Brice, Burton (Chairman), Cooke, Cox, English, Harper, Hastie, Khadka, Kimmance, Munford, Parfitt-Reid, Perry (Vice-Chairman), Mrs Ring and Round

*The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.*

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## **AGENDA**

Page No.

1. Apologies for Absence
2. Notification of Substitute Members
3. Urgent Items
4. Notification of Visiting Members
5. Disclosures by Members and Officers
6. Disclosures of Lobbying
7. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
8. Minutes of the Meeting held on 20 October 2021 1 - 9
9. Presentation of Petitions (if any)
10. Questions and answer session for members of the public (if any)
11. Questions from Members to the Chairman (if any)
12. Committee Work Programme 10 - 11
13. Report of the Communities, Housing and Environment Committee Meeting held on 2 November 2021 - Purchase and Repair, Temporary Accommodation and Acquisition 12 - 13

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**Issued on Tuesday 16 November 2021**

**Continued Over/:**

*Alison Broom*

**Alison Broom, Chief Executive**

14. Public Sector-Led Garden Community Update	14 - 18
15. Council Tax Reduction Scheme 2022-2023	19 - 24
16. Medium Term Financial Strategy	25 - 86
17. 2nd Quarter Finance, Performance and Risk Monitoring Report	87 - 144
18. Phase 5 Purchase & Repair Temporary Accommodation Acquisition	145 - 151

## INFORMATION FOR THE PUBLIC

In order to ask a question at this meeting, please call **01622 602899** or email [committee@maidstone.gov.uk](mailto:committee@maidstone.gov.uk) by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Monday 22 November 2021). You will need to provide the full text in writing.

If your question is accepted, you will be provided with instructions as to how you can access the meeting.

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## **MAIDSTONE BOROUGH COUNCIL**

### **POLICY AND RESOURCES COMMITTEE**

#### **MINUTES OF THE MEETING HELD ON WEDNESDAY 20 OCTOBER 2021**

**Present:** Councillors Mrs Blackmore, Brice, Burton (Chairman), Cooke, Cox, English, Harper, Joy, Kimmance, Munford, Parfitt-Reid, Perry and Mrs Ring

**Also Present:** Councillor M Rose

81. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Hastie, Khadka and Round.

82. **NOTIFICATION OF SUBSTITUTE MEMBERS**

Councillor Joy was present as Substitute for Councillor Khadka.

83. **URGENT ITEMS**

There were no urgent items, however additional nominations had been received for Item 13 – Appointment to the One Maidstone BID Advisory Board.

84. **NOTIFICATION OF VISITING MEMBERS**

Councillor M Rose was present as a Visiting Member for Item 18 – Archbishops Palace – Public Consultation and Item 19 – Flood Risk Alleviation.

85. **DISCLOSURES BY MEMBERS AND OFFICERS**

Councillor Harper stated that he was the Council's representative for the Citizens Advice Bureau, in relation to Item 16 – Recovery and Renewal Action Plan.

86. **DISCLOSURES OF LOBBYING**

Councillors Mrs Blackmore, Brice, Burton, Cooke, Cox, English, Harper, Kimmance, Munford, Parfitt-Reid and Perry had been lobbied on Item 14 – Public Sector-Led Garden Community Update.

Councillors Burton, Cooke, Cox, English, Harper, Kimmance and Perry had been lobbied on Item 18 – Archbishops Palace – Public Consultation.

Councillor Perry had been lobbied on Item 19 – Flood Risk Alleviation – Update.

87. EXEMPT ITEMS

**RESOLVED:** That all items be taken in public, unless any Member of the Committee wished to refer to Item 20 – Minutes (Part II) of the Meeting held on 15 September 2021 and Item 21 – Exempt Appendix (Item 15) – Cost Comparison Table.

88. MINUTES OF THE MEETING HELD ON 15 SEPTEMBER 2021

**RESOLVED:** That the Minutes (Parts I and II) of the Meeting held on 15 September 2021 be agreed as a correct record and signed.

89. PRESENTATION OF PETITIONS

There were no petitions.

90. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were two questions from members of the public.

Question from Mr Steve Heeley to the Chairman of the Policy and Resources Committee

*At the last P&R meeting on 9th September when I asked about progress with getting option agreements signed for land in relation to the Heathlands proposal, you blamed the delay on lawyers' holidays and said that they were due to be signed "very, very imminently". It is surprising therefore that this meeting's update report states that landowners and their agents didn't even receive the draft option agreements until 4th October. Obviously, each of our definitions of 'imminent' are wildly different. The report now claims that 'the majority of these agreements will have been entered into by the end of this month'. How confident are you that this latest estimated milestone will be met?*

Mr Heeley asked the following supplementary question:

*'If you don't meet the agreements by the end of this month and landowners aren't willing to sign your options agreement are you going to be threatening compulsory purchase?'*

The Chairman responded to the supplementary question.

Question from Ms Kate Hammond to the Chairman of the Policy and Resources Committee

*The long-awaited Heathlands masterplan was finally published as part of the Local Plan Review evidence base on 24th September some six months on from when lawyers acting for SOHL repeated their demand for land to be removed that belonged to small landowners or face further legal action. Residents are pleased that MBC have finally seen sense and removed land that they did not have any authority over. Many Lenham*

*Heath residents have been deeply upset and made ill by the rogue actions of this Council. How will you be compensating them for this ordeal?*

The Chairman responded to the question and provided further clarification to Ms Hammond when requested.

Ms Hammond asked the following supplementary question:

*'Will you offer an apology to residents when their land was included without their consent?'*

The Chairman responded to the supplementary question.

The full responses were recorded on the webcast and made available to view on the Maidstone Borough Council website. The question-and-answer session took place between minutes 11:55 to 16:20 of the recording.

To access the webcast, please use the link below:

[Policy and Resources Committee - 20 October 2021 - YouTube](#)

91. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

92. COMMITTEE WORK PROGRAMME

The Committee informed that a Property Acquisition item would be presented at the November 2021 meeting.

A report on the Council's proposed '1000 homes' commitment would be presented at the earliest opportunity. The Communities, Housing and Environment Committee would be considering the potential for the re-use of disposed household items in the near future.

**RESOLVED:** That the amended Committee Work Programme be noted.

93. APPOINTMENT TO THE ONE MAIDSTONE BID ADVISORY BOARD

The nominations received from Councillors Brice, Garten and Kimmance were considered.

**RESOLVED:** That Councillors Brice and Kimmance be appointed to the One Maidstone BID Advisory Board effective from 25 October 2021, for a period of one year.

94. PUBLIC SECTOR-LED GARDEN COMMUNITY UPDATE

The Director of Regeneration and Place introduced the report and referenced the partnership between Homes England and the Council. The options agreements would be finalised between the former and the principal landowners in the near future.

The Heathlands Garden Community Proposal had been included in the Regulation 19 'draft for submission' documents stage of the Local Plan Review, with the subsequent public consultation to take place between 29 October 2021 to 12 December 2021. As the land promoters, the Council and Homes England would be undertaking further public engagement exercises with 'We are Fabrick'. The proposal would continue to be developed in response to that engagement and the public responses to the Regulation 19 public consultation. A pre-briefing would be arranged for the local Ward and Parish Councillors before the engagement exercises commenced.

The Council and Homes England would be preparing the Town Planning Strategy, as part of the collaboration agreement in place, to be presented to the Committee in the last quarter of the financial year.

In response to questions the Director of Regeneration and Place confirmed that Homes England were leading on the appointment of an external consultant to further develop the business case submitted to Network Rail. The latter had sent the Council a 'Letter of Content', with further work necessary to find a suitable option.

**RESOLVED:** That the report be noted.

Note: Due to the technical difficulties experienced during the introduction of this item, the Officer's introduction was made publicly available on the Council's website.

These difficulties took place between 6.53 p.m. to 6.57 p.m.

Councillor Brice temporarily left the meeting between 6.58 p.m. to 6.59 p.m.

95. PROPOSED REFURBISHMENT OF THE COUNCIL OWNED STILEBRIDGE LANE & WATER LANE G&T SITES

The Director of Regeneration and Place introduced the report and noted that the revised scope and cost of the project had been re-presented to and endorsed by the Communities, Housing and Environment Committee on 5 October 2021.

In response to questions, the Director of Regeneration and Place stated that the advice given by FFT was appropriate, but that after further research traditional construction methods would achieve the best value for money. The project's increased scope was attributed to the drainage infrastructure, greater dilapidation of the site than expected and constraints within the construction industry. It was confirmed that the Council would enter into a fixed price contract with the chosen contractor, with the risk of a price increase low due to the short construction period of under 24 weeks.

There had been significant communication between Kent County Council (KCC) as the sites' manager, the Council and representatives of the Gypsy

and Traveller Council to prepare for the works commencement alongside the measures in place for residents whilst they occurred. The scheme would be overseen internally by the Housing Client Team, with the works to be signed off in interim periods by FFT, acting as Contract Administrator and overall Project Manager. The informal aspiration to transfer the sites to KCC was reiterated, as no transfer would occur without the necessary works completion.

The Committee expressed support for the proposed works and reiterated that the sites' current conditions were unsuitable and should be improved, alongside the Council's obligations as the landlord.

The increased cost was noted and it was felt that oversight of the project through the Chairman and Vice-Chairman of the CHE Committee was required, as that Committee was responsible for the overall project.

**RESOLVED:** That

1. The budget for the project within the capital programme be increased from £1million to £1.9million, with the balance coming from the affordable housing capital expenditure budget; and
2. Oversight of the project and any potential cost movement be managed by the Director of Regeneration and Place in consultation with the Chairman and Vice-Chairman of the Communities, Housing and Environment Committee.

96. RECOVERY AND RENEWAL ACTION PLAN

The Chief Executive introduced the report and referenced the feedback received from the Council's other Service Committees after consideration of the actions within their respective remits.

The previous feedback received from the Committee had been reflected in the increased funding for the Town Centre Strategy in the 2021-2022 financial year. The additional funds required would be considered as part of the Medium-Term Financial Strategy and budget setting process for 2022-23 and onwards. The funding for the 'Way we Work' action had been reduced but still allowed for continued investment alongside Tunbridge Wells and Swale Borough Councils to provide improved technology and extended training opportunities for staff.

Specific attention was drawn to the Economic Regeneration and Leisure (ERL) Committee feedback, as it was requested that the funding for the Mid-Kent College Skills Hub be doubled to £60,000 alongside the implementation of regular monitoring arrangements. The requested Riverside Lights project had not been included as it was due to be further considered by the ERL Committee and if agreed would need to be financed through alternative means of capital funding.

In response to questions, the Head of Policy, Communications and Governance stated that the quarterly Key Performance Indicators for the

ERL Committee could not be provided monthly as they derived from external sources. The importance of data analytics through the ongoing creation of live dashboards was reiterated, to enable all Councillors to access up-to-date information with ease.

The Chief Executive clarified that the Community Resilience Fund would allow for community groups to submit bids for funding. Local Ward Members were encouraged to partake in the process through informing residents of the scheme and providing insight to the relevant Council officers. The 'Love Where You Live' action would allow the Council to be proactive in encouraging the creation of community groups across the borough, where there were no existing groups, for the betterment of local areas.

The Committee expressed support for the ambitious nature and scope of the Recovery and Renewal Plan and reiterated the importance of providing a Town Centre Strategy that, whilst strategic in nature, provided for and was supported by local people.

In response to questions, the Chief Executive stated that the Committee could be updated on any significant issues or actions as necessary, through the quarterly performance updates presented to the Committee.

**RESOLVED:** That the Recovery and Renewal Action Plan and the associated costs, shown in Appendices A and B to the report respectively, be approved.

#### 97. EQUALITIES OBJECTIVES AND ACTION PLAN - UPDATE

The Senior Policy and Communities Officer introduced the report and noted that since significant progress had been made as outlined in Appendix 1 to the report.

The strengthened relationship between the Council and the community and voluntary sectors was highlighted, due to the co-operative work undertaken to provide support to residents during the Covid-19 pandemic. The Rough Sleeping initiative implemented by the housing team continued to support approximately 360 households and had been extended until March 2022.

To further understand the impacts of the pandemic and the requirements of the borough, extensive consultation exercises had been undertaken; 23 in 2020-2021 of which 14 were for the public and stakeholders. 15 consultations had taken place so far in 2021-2022.

The Access to Services review conducted by members of the Communities, Housing and Environment Committee, and the review of Maidstone Museums' collections and creation of a community panel was noted.

The Heart of Kent Hospice (HOKH) Elmer Trail had taken place in the Summer of 2021, with a steering group created between officers of the



former and the Council, to progress the work required on the Council's 'Compassionate Borough' status, as agreed by the Committee in January 2020.

The Learning and Development package provided to the Council's staff was highlighted, which included regular sessions on maintaining mental health and wellbeing and the introduction of mental health first aiders.

In response to questions, the Head of Policy, Communications and Governance confirmed that the Councillor training budget could be used to provide Mental Health First Aider training to Councillors.

The Committee expressed support for the work undertaken and reiterated the importance of being able to effectively engage and communicate with all residents, alongside the provision of widely accessible resources. The significance of the Compassionate Community Awards was noted.

**RESOLVED:** That the progress made on the Equalities Objectives and Action Plan as shown in Appendix 1 to the report, be noted.

#### 98. ARCHBISHOP'S PALACE - PUBLIC CONSULTATION

The Interim Strategic Property Consultant introduced the report and noted that the public consultation on the proposed future use of Archbishop's Palace was open until the 31 October 2021. The consultation had been advertised on the Council's website and social media, with posters and flyers provided at venues with high footfall.

The results received had given a good indication of the public's preferred option, with the six options included in the consultation outlined. An additional 38 responses had been received since the report's publication with further responses expected before the consultation's end. The consultation allowed respondents to suggest alternative uses for consideration.

In response to questions, the Director of Finance and Business Improvement confirmed that the Committee would be able to provide feedback on the Expressions of Interest (EOI) received, which would be passed to the organisations that had submitted the EOIs.

Several Members of the Committee felt that the results of the public consultation should have been presented after the consultation's end, as many individuals and organisations had not yet submitted a response. The importance of responses from organisations that represented the Community were highlighted.

During the debate, the historical significance of the building and its contribution to the local community and cultural and economic prosperity of the town centre was highlighted. However, the importance of a commercially viable option to support its continued use and maintenance was reiterated.

**RESOLVED:** That

1. The outcomes of the consultation be noted;
2. Officers will incorporate the results of the consultation when inviting Expressions of Interest from developers and consultants to carry out the Stage 1 project work at Archbishop Palace, be noted; and
3. A full report of the consultation responses be presented to the Committee as part of the Expressions of Interest presented in January 2022.

99. **FLOOD RISK ALLEVIATION - UPDATE**

The Director of Finance and Business Improvement introduced the report and referenced the instances of flooding as outlined in the report. Progress continued on the Medway Street Flood Barrier and the works to Mote Park Dam were nearing completion; only the regeneration of two sluice gates remained, to provide increased resilience against potential flooding, to commence on the 2 November 2021 and be completed by Christmas 2021.

A natural wetland in Staplehurst was proposed to absorb any flood waters before it reached the river Beult and caused flooding downstream, with further details provided in Appendix B to the report. The scheme would be financed in the main by the Environment Agency, with a £13,000 contribution requested from the Council.

In response to questions, the Director of Finance and Business Improvement confirmed that glass flood barriers had been implemented elsewhere and that further details of those schemes could be provided to the Committee. The Countryside Stewardship grant was highlighted.

The Committee expressed support for the natural flood measure proposed, which could only be achieved due to the landowner's consent. There were concerns however that further measures were needed to achieve a cumulative affect across Staplehurst and wider areas of the borough and that the local Ward Member(s) should be consulted on any future proposals, to increase stakeholder and resident engagement in the process.

Several Members highlighted other flood risk areas that should be investigated where possible, such as flooding in the town centre and that arising from new developments.

**RESOLVED:** That

1. The progress with flood management initiatives delivered by the Council as part of the Medway Flood Partnership, be noted;

2. £13,352 be allocated for the Natural Flood Management scheme as described in paragraph 2.17 of the report and appendix b to the report, subject to confirmation of match funding; and
3. The request for better consultation with Ward Members and other affected parties on future schemes, be noted.

100. MINUTES (PART II) OF THE MEETING HELD ON 15 SEPTEMBER 2021

**RESOLVED:** That the Minutes (Part II) of the Meeting held on 15 September 2021 be considered alongside Item 8 – Minutes of the Meeting held on 15 September 2021.

101. DURATION OF MEETING

6.30 p.m. to 9.32 p.m.

## 2021/22 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Fees and Charges 2022/23	P&R	15-Dec-21	Governance	No	Mark Green	Ellie Dunnet
MTFS Update	P&R	15-Dec-21	Governance	No	Mark Green	Ellie Dunnet
Public Sector Led Garden Community Update	P&R	15-Dec-21	Officer Update	Yes	William Cornall	William Cornall
Review of EOI Returns - Archbishops Palace	P&R	19-Jan-22	Officer Update		Mark Green	Mark Green/Deborah Turner
Update Report on Biodiversity and Climate Change Action Plan	P&R	19-Jan-22	Officer Update	Yes	Georgia Hawkes	TBC
Collection Fund adjustment 2021/22 and Council Tax Base 2022/23	P&R	19-Jan-22	Governance	No	Mark Green	Ellie Dunnet
Medium Term Financial Strategy - Capital Programme 2022/23 - 2026/27	P&R	19-Jan-22	Governance	Yes	Mark Green	Ellie Dunnet
Medium Term Financial Strategy & Budget Proposals 2022/23 - 2026/27	P&R	19-Jan-22	Governance	Yes	Mark Green	Ellie Dunnet
Public Sector Led Garden Community Update	P&R	19-Jan-22	Officer Update	Yes	William Cornall	William Cornall
Proposed Town Centre Strategy - Scoping Paper	P&R	19-Jan-22	Officer Update	Yes	Alison Broom	Phil Coyne/Charlotte Yarnold
1000 Homes' Initiative	P&R	19-Jan-22	Officer Update	?	U/K	U/K
Digital Strategy	P&R	19-Jan-22	Strategy Update	Yes	Georgia Hawkes	Gary Hunter
Granada House Update	P&R	09-Feb-22	Officer Update		William Cornall	Andrew Connors
Public Sector Led Garden Community Update	P&R	09-Feb-22	Officer Update	Yes	William Cornall	William Cornall
Medium Term Financial Strategy & Budget Proposals 2022/23 - Final	P&R	09-Feb-22	Governance	No	Mark Green	Ellie Dunnet

## 2021/22 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Q3 Budget, Performance and Risk Monitoring 2021/22	P&R	09-Feb-22	Officer Update	No	Mark Green	Ellie Dunnet
Public Sector Led Garden Community Update	P&R	23-Mar-22	Officer Update	Yes	William Cornall	William Cornall
Public Sector Led Garden Community Update	P&R	20-Apr-22	Officer Update	Yes	William Cornall	William Cornall
Recovery and Renewal Strategy Update	P&R	20-Apr-22	Officer Update	Yes	Alison Broom	Angela Woodhouse
Proposed Maidstone Town Centre Strategy - Feedback Report	P&R	Feb/March	Officer Update	Yes	Alison Broom	Philip Coyne
Asset Management Strategy	P&R	TBC	Strategy Update	Yes	Mark Green	Georgia Hawkes
Commissioning and Procurement Strategy	P&R	TBC	Strategy Update	Yes	Mark Green	Georgia Hawkes

# Agenda Item 13

## **MAIDSTONE BOROUGH COUNCIL**

### **POLICY AND RESOURCES COMMITTEE**

**24 NOVEMBER 2021**

#### **REPORT OF THE COMMUNITIES, HOUSING AND ENVIRONMENT COMMITTEE MEETING HELD ON 2 NOVEMBER 2021**

#### **PHASE 5 PURCHASE & REPAIR TEMPORARY ACCOMMODATION ACQUISITION**

##### **Issue for Decision**

The Temporary Accommodation Strategy, introduced in December 2016 and reviewed in December 2017, recommended that the council purchase properties on the open market to use as Temporary Accommodation. The Purchase & Repair Programme was established to implement the Strategy. The success of phases 1, 2, 3 and 4 has increased the Council's portfolio by 46 units. These properties are used to provide temporary accommodation for homeless households and rough sleepers.

The Communities, Housing and Environment Committee (CHE) agreed to source further properties for temporary accommodation to meet the additional demand, using the approved budget of £2,526,000 for 21/22 and surplus of £481,570 carried forward from previously approved capital budget. This provides a total budget for phase 5 of the Purchase & Repair Programme of £3,007,570.

It was recommended that each property being considered for purchase would continue to be approved on a case-by-case basis (in consultation with the Chair of the Committee) and would be in accordance with the relevant temporary accommodation standards and acceptance criteria. Ward Councillors will also continue to be notified of the Council's intention to purchase any property that falls within their ward.

##### **Recommendation Made**

That delegated authority be given to the Director of Finance and Business Improvement to purchase properties for use as temporary accommodation up to the total value of £3,007,570 in consultation with the Chair of Policy and Resources.

##### **Reasons for Recommendation**

The CHE Committee agreed to continue with the Purchase & Repair Program into phase 5, to increase the Council's portfolio of Temporary Accommodation properties with additional 1 – 4-bedroom units within the agreed budget of £3,007,570. This will ensure that further properties are sourced increasing the Council's portfolio of Temporary Accommodation in the most cost-effective manner.

**Alternatives Considered and Why Not Recommended**

To do nothing. Officers do not purchase any further properties however this would present an increased financial risk to the Council in providing nightly paid accommodation.

**Background Documents**

None

**Appendices**

None

# Agenda Item 14

## **POLICY AND RESOURCES     24 NOVEMBER 2021 COMMITTEE**

### **PUBLIC SECTOR-LED GARDEN COMMUNITY UPDATE**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	William Cornall, Director of Regeneration & Place
<b>Report Author</b>	William Cornall, Director of Regeneration & Place
<b>Wards affected</b>	All, but in particular Harrietsham & Lenham and Headcorn Wards.
<b>Classification</b>	Public

#### **Executive Summary**

The proposal was last considered by this Committee on 20<sup>th</sup> October 2021. The purpose of this report is to update the Committee on the progress of the Heathlands Garden Community proposition. As in the case of previous reports to this Committee, the contents of this report relate to the Council's position as a potential property owner/developer and not as Local Planning Authority (LPA).

#### **Purpose of Report**

To provide this Committee with an update on progress with respect to the Heathlands Garden Community proposition.

#### **This report makes the following recommendations to this Committee:**

1. That this Committee notes the report.

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	24 <sup>th</sup> November 2021



## PUBLIC SECTOR-LED GARDEN COMMUNITY UPDATE

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>Continuing with the development of the Heathlands Garden Community proposition will materially improve the Council's ability to achieve all the corporate priorities.</p>	Director of Regeneration & Place
<b>Cross Cutting Objectives</b>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The Heathlands Garden Community proposition supports the achievement of all the cross-cutting objectives.</p> <p>Through delivering much needed homes to include 40% affordable housing. The emerging masterplan is landscape led with up to 50% of the total proposed as green space. Led by the ambitions set out in the Strategic Plan the Council can ensure that the design principles of development where it is the master planner reflect the commitment to reduce health inequalities amongst other things.</p>	Director of Regeneration & Place

<b>Risk Management</b>	See section 4.	Director of Regeneration & Place
<b>Financial</b>	Investment in the Garden Community forms part of the Council's five-year capital programme and budgetary provision exists for the expenditure described in the report and the plans outlined here.  Spend to date on the project by the Council is £631,496.00.	Section 151 Officer & Finance Team
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	Director of Regeneration & Place
<b>Legal</b>	There are no legal implications arising from this report as it is for noting only.	Principal Solicitor – Commercial
<b>Privacy and Data Protection</b>	No impact identified	Policy and Information Team
<b>Equalities</b>	An Equalities Impact Assessment will be completed if the proposal forms part of the draft spatial strategy of the Local Plan Review at Regulation 19 stage.	Equalities and Corporate Policy
<b>Public Health</b>	We recognise that the recommendations will not negatively impact on population health or that of individuals more broadly. However, the period of uncertainty whilst the opportunity is being explored could negatively affect local residents.	Public Health Officer
<b>Crime and Disorder</b>	The recommendation will not have a negative impact on Crime and Disorder.	Head of Service or Manager
<b>Procurement</b>	N/A.	Head of Service & Section 151 Officer
<b>Biodiversity</b>	The revised masterplan brief seeks a biodiversity net gain within the area defined by the proposed redline.	Head of Policy Communications & Governance

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 The Council is pursuing this project as it is consistent with its Strategic Plan priority of “embracing growth and enabling infrastructure” and the desired outcomes within it:
- The Council leads master planning and invests in new places which are well designed.
  - Key employment sites are delivered.
  - Housing need is met including affordable housing.
  - Sufficient infrastructure is planned to meet the demands of growth.
- 2.2 This report updates this Committee concerning progress since September 2021 in respect of the following areas:
- Homes England (HE) partnership
  - Promotion of Heathlands through the Local Plan Review (LPR)
- 2.3 **Homes England (HE) Partnership.** HE has reported that all the option agreements, now in their final form for each landowner, were issued during the week commencing 4<sup>th</sup> October. The landowner’s agents have now concluded their briefing meetings with all but one of the principal landowners, this final meeting is due to take place w/c 15<sup>th</sup> November. It is envisaged that the majority of these agreements will have been entered into by the end of this month.
- 2.4 The initial community engagement work, led by “We Are Fabrick”, comprising an exhibition style briefing and some field survey work was postponed until early in the new year so as not clash with the LPA’s Regulation 19 public consultation. The Parish Council and Ward Cllrs were notified as soon as this decision was made. Regardless, the necessary preparatory work is complete, pending the finalisation of a venue and dates.
- 2.5 **Promotion of Heathlands through the Local Plan Review.** The LPA’s Regulation 19 public consultation is underway and will close on 12<sup>th</sup> December. The Council and Homes England will submit written representations on the Heathlands proposal through this process.
- 2.6 The Council and Homes England met with the LPA recently and started to explore what, if any, supporting material should be submitted to further substantiate the proposal at Examination in Public. The early indications are that the focus will be upon developing and agreeing the scope of a Supplementary Planning Document (SPD) that was proposed in the emerging Local Plan Review Policy for Heathlands.

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## **3. AVAILABLE OPTIONS**

- 3.1 This report is for noting.

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## **4. RISK**

- 4.1 When this proposal was presented to this Committee in September 2019, the likely risks were set out as follows:

- At risk consultancy expenditure.
- A period of uncertainty for the community affected.
- Possible negative perceptions of a broader role for the Council in the context of acting as master developer.
- Maintaining cohesion amongst the landowner group.

4.2 These risks have to some degree crystallised and largely remain. However, the level of cohesion amongst what is now a smaller core landowner group, remains strong.

4.3 Further risks that have since been added and remain are:

- Terms cannot be agreed with the principal landowners.
- Challenge from individuals or organisations that oppose the principle and/or the specific details of the Council's public sector-led garden community.

## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

5.1 Nothing further to report.

## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

6.1 The next steps will be:

- Homes England to enter into the finalised option agreements with the principal landowners.
- Homes England and the Council to undertake the public engagement work (acting as land promoters), with "We Are Fabrick".
- Homes England and the Council to prepare the (Town) Planning Strategy.
- Continue to develop the proposal to respond to public engagement feedback received either through the LPA's consultation or our own engagement work and to prepare to defend the proposal at the Examination in Public.
- Appoint an external consultant team to further develop the outline strategic business case for the delivery of the new railway station / halt.

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## **7. REPORT APPENDICES**

7.1 None

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## **8. BACKGROUND PAPERS**

8.1 None.

## Policy and Resources

**24 November 2021**

### Council Tax Reduction Scheme 2022-2023

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Stephen McGinnes, Director Mid Kent Services
<b>Lead Officer and Report Author</b>	Sheila Coburn, Head of Mid Kent Revenues and Benefits
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### Executive Summary

- 1.1 Each year Full Council has to approve the Council Tax Reduction Scheme for the following year.
- 1.2 Were changes to be proposed, it would be necessary for a public consultation to take place. A decision needs to allow time for this step if necessary.
- 1.3 This report makes a recommendation on the scheme to be implemented for 2022-23.

#### Purpose of Report

To recommend no changes are made to the current Council Tax Reduction Scheme. For Council to adopt the Council Tax Reduction Scheme for 2022-23.

#### This report makes the following recommendations to this Committee:

1. That Policy & Resources Committee notes the progress of the inaugural year of the income banded Council Tax Reduction Scheme.
2. That the Committee recommends to Council that no changes are made to the Council Tax Reduction Scheme for 2022-2023 for the reasons stated in this report.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Corporate Leadership Team	5 October 2021
Policy and Resources Committee	24 November 2021
Council	8 December 2021

## Council Tax Reduction Scheme 2022-2023

### 2. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. The Council needs to balance the needs of low-income households with the wider interest of local taxpayers to ensure that vulnerable residents are protected whilst providing a scheme that is affordable.	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
<b>Cross Cutting Objectives</b>	The report recommendations support the achievement of Deprivation and Social Mobility.	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
<b>Risk Management</b>	Refer to Paragraph 6 of this report	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
<b>Financial</b>	CTR reduces the amount of Council Tax that can be collected. The total cost of the scheme is met by the Council and preceptors.	Maxine Mahon, Finance Team
<b>Staffing</b>	No impact	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
<b>Legal</b>	Section 13A of the Local Government Finance Act 1992 requires the Council to adopt a Council Tax Reduction Scheme. Schedule 1A of the Act requires the Council to consider whether to revise or replace its scheme for each year. If there are changes proposed for the 2022-2023 scheme the Act contains a statutory duty to consult on a proposed scheme, with guiding principles for fair consultation set out in case law.	Jayne Bolas, Mid Kent Legal Services

	Consideration must be given to the findings of the consultation and equality impact assessment in reaching a decision. At this stage there are no direct consequences arising from the recommendation that adversely affect individuals rights and freedoms as set out in the Human Rights Act 1998. Potentially consequences could arise in the future implementation of the Scheme that would need to be evaluated at the time	
<b>Privacy and Data Protection</b>	The data will be held and processed in accordance with the data protection principles contained in Schedule 1 to the Data Protection Act 1998.	Policy and Information Team
<b>Equalities</b>	An Equalities Impact Assessment is not required as no changes are proposed to the scheme. However, a further Equalities Impact Assessment will be carried out as part of a wider review of the Scheme.	Senior Policy and Equalities Officer
<b>Public Health</b>	No impact	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
<b>Crime and Disorder</b>	No impact	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
<b>Procurement</b>	No impact	Sheila Coburn, Head of Mid Kent Revenues and Benefits Partnership
<b>Biodiversity and Climate Change</b>	There are no implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

### 3. INTRODUCTION AND BACKGROUND

- 3.1 The Council Tax Reduction Scheme (CTRS) was introduced in April 2013 as a replacement for Council Tax Benefit (CTB), a national scheme

administered on behalf of the Department for Works and Pensions (DWP).

- 3.2 Each year the scheme must be approved by Full Council.
- 3.3 Any changes to the scheme for any year have to go for public consultation before being approved.
- 3.4 Since its introduction in April 2013, our local scheme has been 'refreshed' annually for general changes in applicable amounts (primarily in relation to disability premiums) and taking into account the introduction of Universal Credit.
- 3.5 Under the Council Tax Reduction provisions, the scheme for pensioners is determined by Central Government and the scheme for working-age applicants is determined by the Council.
- 3.6 Council Tax Reduction provides financial assistance in the form of a rebate on the Council Tax bill and this generally reduced over recent years before the COVID pandemic.

2016/2017	£10,679,971
2017/2018	£10,264,000
2018/2019	£ 9,058,176
2019/2020	£ 8,652,758
2020/2021	£ 9,499,392
2021/2022	£ 9,945,451 (estimated)

- 3.7 The introduction of Universal Credit Full Service (UCFS) on 21 November 2018 brought a number of challenges to both the administration of Council Tax Reduction and also the collection of Council Tax.
- 3.8 The number of changes that customers have to Universal Credit meant there were constant amendments to Council Tax liability, meaning re-calculation of instalments, delays and the re-issuing of Council Tax bills.
- 3.9 From April 2021, a new income banded scheme was introduced which has an in-built, simplified claiming process with wide income ranges.
- 3.10 As with the previous scheme, working-age applicants, irrespective of their financial circumstances, are required to pay a minimum of 20% towards their Council Tax liability.
- 3.11 The new banded scheme means that frequent liability changes have been avoided, and revised bills are only being issued where income crosses into another earnings band.
- 3.12 This has made it less cumbersome for customers and has allowed us to convey a relatively simple eligibility message to residents.



- 3.13 Feedback from the Customer Services team and Citizens Advice has been positive with fewer enquiries being made about eligibility and understanding of the income banded scheme.
- 3.14 Table 1 shows the income banded scheme for households with no children, 1-2 children and 3 plus children:

Table 1

Band	Household size and earnings threshold			Maximum Award
	No children	1-2 children	3+ children	
Band 1	Passported/ max UC	Passported/ max UC	Passported/ max UC	80%
Band 2	Less than £316	Less than £387	Less than £441	65%
Band 3	£316-£631.99	£387-£774.99	£441-£882.99	50%
Band 4	£632-£947.99	£775-£1,162.99	£883-£1,324.99	25%
Band 5	£948-£1,263.99	£1,163-£1,550.99	£1,325-£1,766.99	10%

- 3.15 Passported in the table refers to legacy benefits (job seekers allowance, Income support, employment support allowance) for customers who have not migrated to Universal Credit.

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#### 4. AVAILABLE OPTIONS

- 4.1 Option 1 – maintain current scheme. The new income banded scheme has so far been successful but is still in its first year. To consider introducing any amendments to the scheme whilst not having completed a full year would not be advisable.
- 4.2 Option 2 – revise the current scheme. Any revisions to the scheme would at this stage be limited, difficult to identify and implement at this early stage of not having completed a full year of the new income banded scheme.

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#### 5. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 5.1 Option 1 – This is the first year of the income banded scheme and it may be advisable for a full year to be completed before considering any changes.
-

## **6. RISK**

- 6.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.
- 

## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 It is intended that a recommendation from Policy & Resources Committee on the final scheme to be implemented will be taken to Council for decision on 8 December 2021.
- 7.2 The final decision at Council will be notified to those households affected and key stakeholders.
- 

## **8. REPORT APPENDICES**

None.

## **9 BACKGROUND PAPERS**

Maidstone Council Tax Reduction Scheme 2021-22: [Maidstone S13A Scheme 202122 v6.](#)

## POLICY AND RESOURCES COMMITTEE

**24 November 2021**

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

**No**

### Medium Term Financial Strategy 2022/23-2026/27

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Chief Executive
<b>Lead Officer and Report Author</b>	Director of Finance and Business Improvement
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### Executive Summary

This report sets out a draft new Medium Term Financial Strategy (MTFS) for the Council. The new MTFS rolls forward the existing strategy to cover the five-year period 2022/23 to 2026/27 and reflects emerging budget priorities. It will now be subject to consultation with the Service Committees and will be further updated to take account of the Local Government Finance Settlement, due to be announced in December 2021, prior to final approval by this Committee and by Council in February 2022.

#### This report makes the following recommendations to this Committee:

1. That it endorses the Draft Medium Term Financial Strategy 2022/23 – 2026/27 at Appendix A, subject to further consultation and development.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	24 November 2021
Communities Housing & Environment Committee	30 November 2021
Strategic Planning & Transportation Committee	7 December 2021
Economic Regeneration & Leisure Committee	14 December 2021
Policy & Resources Committee	9 February 2022
Council	23 February 2022

# Medium Term Financial Strategy 2022/23-2026/27

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Chief Executive, Section 151 Officer & Finance Team
<b>Cross Cutting Objectives</b>	The MTFS supports the cross-cutting objectives in the same way that it supports the Council's other strategic priorities.	Chief Executive, Section 151 Officer & Finance Team
<b>Risk Management</b>	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
<b>Financial</b>	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 of the recommendations in this report.	Section 151 Officer & Finance Team
<b>Staffing</b>	The process of developing the Strategic Plan and the associated budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
<b>Legal</b>	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.	Legal Services
<b>Privacy and Data Protection</b>	Privacy and Data Protection is considered as part of the development of new budget proposals. There are no specific implications arising from this report.	Policy and Information Team
<b>Equalities</b>	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or function is developed, changed or reviewed,	Equalities and Corporate Policy Officer

	an evidence based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations will be identified.	
<b>Public Health</b>	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Public Health Officer
<b>Crime and Disorder</b>	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
<b>Procurement</b>	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
<b>Biodiversity and Climate Change</b>	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team

## 2. INTRODUCTION AND BACKGROUND

- 2.1 At its meeting of 21 July 2021 this Committee agreed the approach and timetable for the development of an updated Medium-Term Financial Strategy (MTFS) to cover the five-year period 2022 to 2027. This report provides an update on progress and sets out a draft MTFS. The MTFS remains subject to further consultation and the government's announcement of the Local Government Finance Settlement 2022/23, which is expected in December 2021.
- 2.2 The vision and priorities set out in the Council's existing Strategic Plan are clear and remain relevant. However, within the framework of the existing Strategic Plan, priority initiatives are under development, including a new Town Centre Strategy and the commitment to invest in 1,000 new affordable homes. The governance framework within which these priorities will be delivered is also due to change, with the reintroduction of a Cabinet system in 2022.
- 2.3 The draft MTFS is attached as Appendix A. It sets out in financial terms how it is intended to deliver the Strategic Plan, given the Council's capacity and capability. It builds on the existing MTFS, but reflects emerging priorities and developments in the external environment.

- 2.4 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2022/23 at the Council meeting on 23 February 2022. This report is a key step towards achieving that objective.

### **Revenue Projections**

- 2.5 The MTFS incorporates revenue projections for the five year planning period. Various potential scenarios were modelled, described as adverse, neutral and favourable. Key assumptions made in the projections are as follows.

Council Tax – It has been assumed that the government continues to set a limit of 2% to increases, above which a referendum would be required (as in 2021/22), and that the Council increases Council Tax to this limit.

Business Rates - The Business Rates baseline, which dictates the amount of business rates that local authorities may retain locally, will be increased in line with inflation in 2022/23, as part of an expected roll forward of the existing 2021/22 financial settlement.

Inflation – In the neutral scenario, the core assumption is for CPI inflation of 2% over the medium term, in line with the government's target. However, it is recognised that inflation is currently higher than this level and this will create pressures, in the short term at least.

Updated Strategic Revenue Projections are set out in Appendix B.

### **Budget Consultation**

- 2.6 As in previous years, and in line with legal requirements and good practice, a public consultation has been carried out to ascertain residents' views on what the Council's priorities for spending should be. The consultation attracted over 1,000 respondents and the results are considered to be statistically robust. A report on the outcomes is included at Appendix C. Respondents identified Environmental Enforcement, Parks & Open Spaces and Housing & Homelessness as the top priorities for additional expenditure. Members will no doubt wish to take these views into account when considering detailed budget proposals in January 2022.

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## **3. AVAILABLE OPTIONS**

- 3.1 The Committee could endorse the draft MTFS attached at Appendix A.
- 3.2 The Committee could endorse the draft MTFS, subject to any amendments that it may agree.
- 3.3 The Committee could choose not to endorse the draft MTFS.
-

#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The Committee is asked to endorse the draft MTFS as a basis for further consultation and development. Without an agreed MTFS, the Council will have no formal framework for consideration of next year's budget, and will therefore risk not being able to meet its statutory responsibility to set a balanced budget. The basis for the assumptions underlying the MTFS and the proposed Council Tax setting principle are set out in the body of this report.
- 

#### **5. RISK**

- 5.1 The Council's financial position is subject to a number of risks and to considerable uncertainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, it has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.
- 

#### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 Policy and Resources Committee reviewed the background to setting a new Medium Term Financial Strategy at its meeting on 21 July 2021.
- 6.2 The three Service Committees – Economic Regeneration & Leisure, Strategic Planning & Infrastructure and Communities, Housing & Environment – will consider the draft MTFS at their forthcoming meetings. The outcomes will be reported back to Policy & Resources Committee when it is asked to consider the MTFS again for recommendation to Council at its 9 February meeting.
- 6.3 A survey has recently concluded, in which residents were consulted on what they wish to see in the budget. This is attached as Appendix C.
- 

#### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 An outline timetable for developing the Council's Strategic Plan and the associated Medium Term Financial Strategy and budget for 2022/23 is set out below.

<b><i>Date</i></b>	<b><i>Meeting</i></b>	<b><i>Action</i></b>
24 November 2021	Policy and Resources Committee	Consider draft MTFS
November / December 2021	Service Committees	Consider draft MTFS
December 2021		Finalise detailed budget proposals for 2022/23
January 2022	Policy and Resources Committee, Service Committees	Consider 2022/23 budget proposals
9 February 2022	Policy and Resources Committee	Agree MTFS and 2022/23 budget proposals for recommendation to Council
23 February 2022	Council	Approve MTFS and 2022/23 budget

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## **8. REPORT APPENDICES**

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

- Appendix A: Draft Medium Term Financial Strategy 2022/23 – 2026/27
- Appendix B: Strategic Revenue Projection 2022/23 – 2026/27
- Appendix C: Budget Consultation Survey

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## **9. BACKGROUND PAPERS**

None.



**MAIDSTONE BOROUGH COUNCIL**  
**MEDIUM TERM FINANCIAL STRATEGY**  
**2022/23 – 2026/27**

DRAFT

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# 1. OVERVIEW AND SUMMARY OF MEDIUM TERM FINANCIAL STRATEGY

- 1.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council's Strategic Plan, agreed in December 2018, covers the period 2019 to 2045. The Strategic Plan incorporates four key objectives: embracing growth and enabling infrastructure; homes and communities; a thriving place; and safe, clean and green. Further details are set out in **Section 2**.
- 1.2 Delivering the Strategic Plan depends on the Council's financial capacity and capability. Accordingly, the MTFS considers the economic environment and the Council's own current financial position. The external environment (**Section 3**) is challenging because of uncertainty about the pace of recovery from Covid-19 and the risk of continuing high levels of inflation. In assessing the Council's current financial position (**Section 4**), attention therefore needs to be paid to its resilience, including the level of reserves that it holds.
- 1.3 Most key variables in local authority funding are determined by central government, such as the Council Tax referendum limit and the share of business rates that is retained locally. The three year Spending Review announced by the Chancellor in October 2021 set out a more favourable outcome for local government than expected but the impact at the individual authority level remains unclear. A consideration of the funding likely to be available in the future is set out in **Section 5**.
- 1.4 In view of these different elements of uncertainty, it is imperative that the MTFS both ensures Maidstone Council's continuing financial resilience and is sufficiently flexible to accommodate a range of potential scenarios. The Council has prepared financial projections under different scenarios, continuing a practice that has been followed for a number of years. Details of the assumptions made in the different scenarios are set out in **Section 6**.
- 1.5 The MTFS sets out the financial projections in **Section 7**. Various potential scenarios have been modelled, described as adverse, neutral and favourable. The table below shows projections under the neutral scenario, before taking account of budget changes, which are due to be considered by members at Service Committee meetings in January 2022.

**Table 1: MTFS Revenue Projections 2022/23 – 2026/27**

	22/23	23/24	24/25	25/26	26/27
	£m	£m	£m	£m	£m
Council Tax	18.2	18.8	19.5	20.2	20.9
Retained Business Rates	3.5	3.6	3.6	3.7	3.8
Business Rates Growth	1.2	-	0.2	0.4	0.5
Collection Fund adjustment	-0.2	-0.7	-	-	-
Budget requirement	22.7	21.7	23.3	24.3	25.2
Fees and Charges	21.9	23.3	24.5	24.9	25.4

Total Funding Available	44.6	45.0	47.8	49.2	50.6
Predicted Expenditure	43.8	47.0	48.6	49.7	50.7
Budget Surplus / Gap	0.8	-2.0	-0.8	-0.5	-0.1

In accordance with legislative requirements the Council must set a balanced budget. The MTFS sets out a proposed approach that enables the Council to do this for 2022/23.

- 1.6 The Council's strategic priorities are met not only through day-to-day revenue spending but also through capital investment. The Council has adopted a Capital Strategy, which sets out how investment will be carried out that delivers the strategic priorities, whilst remaining affordable and sustainable. As set out in **Section 8** below, funds have been set aside for capital investment, using prudential borrowing, and further funding may be available by taking advantage of opportunities to bid for external funding, eg the Levelling-Up Fund.
- 1.7 The MTFS concludes by describing the process of agreeing a budget for 2022/23, including consultation with all relevant stakeholders, in **Section 9**.

## 2. CORPORATE OBJECTIVES AND KEY PRIORITIES

2.1 The Council has a Strategic Plan which was approved by Council in December 2018. It sets out four key objectives, as follows:

- Embracing Growth and Enabling Infrastructure
- Homes and Communities
- A Thriving Place
- Safe, Clean and Green.

'Embracing growth and enabling infrastructure' recognises the Council's role in leading and shaping the borough as its economy and population grows. This means taking an active role in policy and master planning for key sites in the borough, and where appropriate, investing directly and delivering projects ourselves.

'Homes and communities' expresses the objective of making Maidstone a place where people love to live and can afford to live. This means providing a range of different types of housing, including affordable housing, and meeting our statutory obligations to address homelessness and rough sleeping. It also recognises that, as reflected in our Covid 19 recovery and renewal objectives and plans, we will work with our partners to improve the quality of community services and facilities and to encourage and support residents to volunteer and play a full part in their communities, the need for which has been accentuated by the impacts of the pandemic.

'A thriving place' is a borough that is open for business, attractive for visitors and an enjoyable and prosperous place to live for our residents. We will work to regenerate the County town and rural service centres and will continue to grow our leisure and cultural offer. Our recovery and renewal strategy responds to the challenges in achieving this priority by identifying investment opportunities, for example bringing forward employment sites and a Town Centre Strategy for renewal and rejuvenation .

A 'safe, clean and green' place is one where the environment is protected and enhanced, where parks, green spaces, streets and public areas are looked after, well-managed and respected, and where people are and feel safe.

2.2 Since the adoption of the Strategic Plan in December 2018, the objective of 'Embracing growth and enabling infrastructure' has started to be realised, for example through our work on the Innovation Centre and a new Garden Community. The Maidstone Local Plan is due to be updated and a new Town Centre Strategy will be developed, setting out a clear framework for delivery of regeneration and growth.

2.3 Amongst initiatives to help make Maidstone a 'Thriving Place' are MBC investment at Lockmeadow and on the Parkwood Industrial Estate. Preparations for the future include options appraisal for our leisure provision. We will continue to leverage the Council's borrowing power, if appropriate in conjunction with partners, to realise our ambitions for the borough.

- 2.4 Our 'Homes and Communities' aspirations are being achieved by investment in temporary accommodation and the Trinity Centre and the Leader's commitment to build 1,000 new affordable homes.
- 2.5 The objective of a 'Safe, Clean and Green' place has been emphasised by the Council's commitment to a carbon reduction target and the capital investment to help enable this to be delivered and timely preparation for new waste management arrangements.
- 2.6 Within the framework of the existing Strategic Plan, the Council is therefore prioritising:
- development of the Local Plan and related strategies and policies, in particular the Town Centre Strategy
  - continued investment to make Maidstone a thriving place
  - investment in 1,000 new affordable homes
  - measures to enable the Council's carbon reduction target to be met
  - recovery from the Covid 19 pandemic.

The governance framework within which these priorities will be delivered is due to change, with the reintroduction of a Cabinet system in 2022, which will itself have financial implications in terms of potential additional support costs.

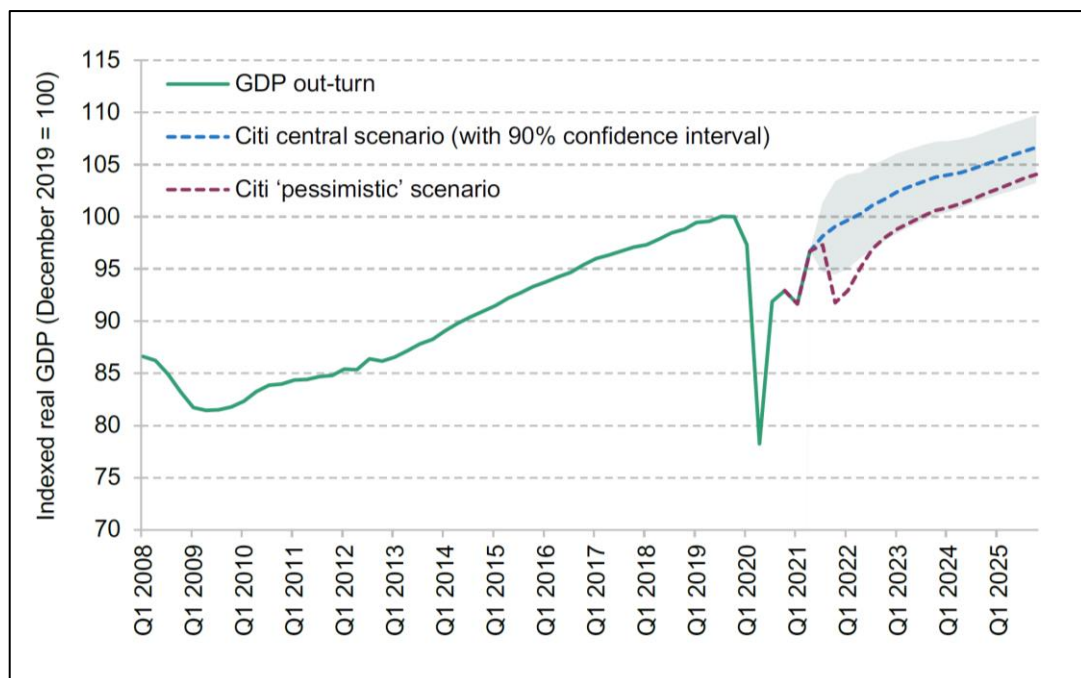
- 2.7 The overall funding envelope within which these priorities must be delivered remains broadly unchanged for 2022/23, meaning that savings will be required in some areas in order to fund growth in others, as well as to meet the savings already identified and agreed in earlier MTFS and budget setting decisions. Looking further ahead, considerable uncertainty remains about the financial position for future years, meaning that the financial strategy must remain flexible. The financial implications are set out in section 7 below.

### 3. ECONOMIC ENVIRONMENT

#### Macro outlook

- 3.1 The UK economy initially recovered strongly from the Covid recession. However, a combination of supply shortages, withdrawal of furlough and government support for businesses, and a growing reluctance to spend on the part of consumers, are all weighing down the recovery. It remains to be seen how much long-term damage Covid will do to the economy, but at present the economy remains significantly smaller than it would have been in the absence of the pandemic. This slower growth has been exacerbated by Brexit, which the ONS estimates to have led to a permanent 1% reduction in the size of the economy.

**Figure 1: Real GDP in central and pessimistic scenarios, 2008-2025**



Source: IFS Green Budget 2021

- 3.2 The recovery has been uneven, with some sectors (eg transport and storage) recovering much more quickly than others (eg retail and hospitality), which points towards a permanent adjustment in the structure of the economy.
- 3.3 Inflation is now running at 3.1% (September 2021). This is driven by a number of factors, some of which may only be transitory. For example, the cost of energy can be expected to stabilise, as can price increases caused by supply bottlenecks. However, inflation arising from wage increase expectations and the depreciation of the pound may be more difficult to eradicate.

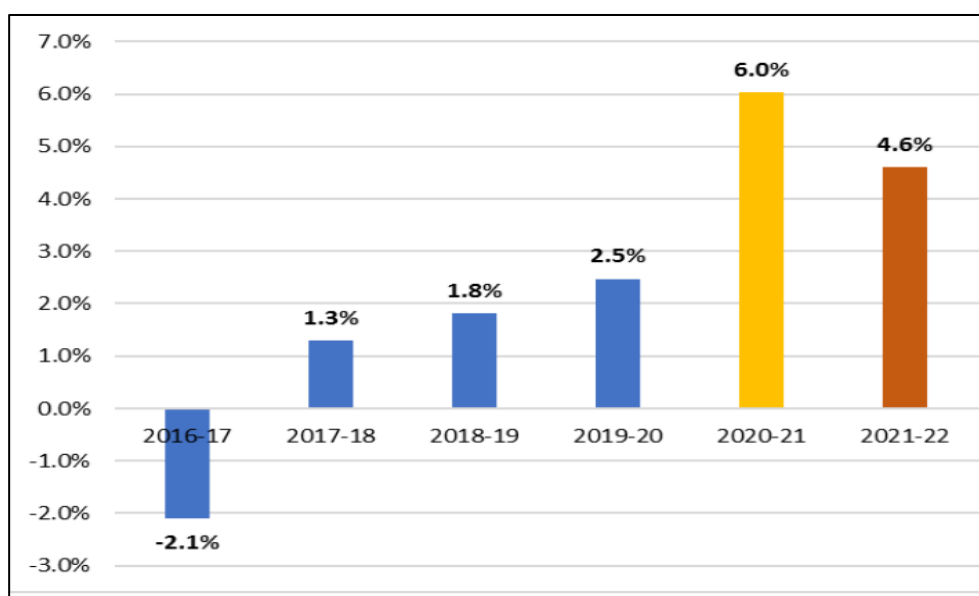
## Public Finances

- 3.4 Covid has led to a massive increase in public expenditure. The government has increased taxes to help pay for this, and seems to accept that the public sector will account for a permanently higher share of national economy for the foreseeable future. Currently it accounts for 42% of GDP, the highest level for over 50 years.
- 3.5 The increase in public expenditure has been concentrated in specific areas. Above all, health expenditure, which was already rising in proportion to total public expenditure in response to demographic trends, is expected to continue to grow more quickly than other areas of public expenditure.

## Local Government Funding

- 3.6 For many years, local government expenditure has seen steeper reductions and lower rates of growth than overall public expenditure. However, in recent years, the reduction in central government funding for local government has been mitigated by increases in locally generated sources of income, with Council Tax rising by more than the overall rate of inflation. Upper tier authorities in particular have been able to raise additional tax through a social care precept. This has allowed the government to claim that so-called 'Council spending power' has increased.

**Figure 2: Changes in Council Spending Power**



*Source: Pixel Spending Review Briefing 2021*

- 3.7 Authorities like Maidstone no longer receive unringfenced central government grant (Revenue Support Grant - RSG) and are instead largely reliant on Council Tax for their funding. The only impact of increases in central government allocations to local government is a higher share of business rates income collected locally.



- 3.8 The apparent benefit of higher Council Tax income is not felt as strongly as it could be, because the local government tax base has gradually moved out of synch with the reality of local service pressures. Council Tax continues to be based on 1991 valuations, which means that authorities in the south-east of England have seen much lower increases in income than the increase in house prices would imply. Meanwhile, Council Tax increases in more deprived areas do not provide adequate compensation for the loss of central government grant.
- 3.9 The other main element of local government funding, beside central government grant and Council Tax, is Business Rates. The 2010-15 Coalition Government transferred a notional 50% of locally-collected Business Rates income back to local government, but the requirement to adjust the amount of business rates retained between authorities, based on respective service needs, means that authorities with an active commercial sector and low perceived levels of need, like Maidstone, retain a low proportion of business rates (just 7% in Maidstone's case). It was originally intended to increase the 50% share of business rates retained locally to 75%, but the Secretary of State for the Department of Levelling Up, Homes and Communities (DLUHC) has now signalled that this is not a government priority.
- 3.10 Although local government funding is now both complex and inconsistent with good fiscal practice, central government has not addressed the issues. The lack of clarity arising was mitigated to an extent in 2015, when David Cameron's Conservative government provided some certainty for local government by announcing a four-year settlement, albeit that this incorporated a reduction in funding. However, since 2019/20, local government funding settlements have been announced on an annual basis, usually just three months before the start of the new financial year.
- 3.11 The Chancellor of the Exchequer announced a three-year Spending Review on 27 October 2021. This included assumptions about real terms growth in Council Spending Power (the government's preferred measure) over the next three years. It should be noted that the calculation of Council Spending Power assumes that local authorities will increase Council Tax by the maximum permissible without a referendum, which in Maidstone's case is a 2% increase. The term spending power should not be conflated with actual resources available.
- 3.12 Details of what the overall increase in spending power means for individual authorities remain to be announced in the Local Government Finance Settlement, which is due in December 2021. A potential issue for Maidstone is that an 'across the board' increase in funding for Councils would use the current basis of assessing funding requirements, which in 2019/20 indicated that the Council would have to pay negative Revenue Support Grant (RSG) to government, rather than receiving RSG from the government. The first element of any increase in funding could therefore simply be used to reverse negative RSG, giving no benefit to the Council.

- 3.13 Although the Spending Review covered three years (2022/23 to 2024/25), it is not clear whether this will translate into a three-year local government funding settlement.
- 3.14 The Chancellor's announcements included various capital funds (£300m grant funding to unlock brownfield sites, £1.5bn to regenerate unused land, UK Shared Prosperity Fund £2.6bn, Levelling-Up Fund £4.8bn). Access to this funding will be through a bidding process; it is not clear what the criteria will be. Reflecting its low standing in the levelling up agenda, Maidstone is a Priority 2 area.

### **Conclusion**

- 3.15 The economic recovery from Covid-19 appears to be slowing down, and is accompanied by higher levels of inflation, which it may prove difficult to eradicate. Whilst public expenditure has increased to levels not seen for many years, the main beneficiary has been the NHS rather than local government. The three-year Spending Review announced by the Chancellor in October 2021 set out a more favourable outcome for local government than expected but the impact at the individual authority level remains unclear.

## 4. CURRENT FINANCIAL POSITION

- 4.1 As a lower tier authority, Maidstone Borough Council is not subject to the extreme pressures currently faced by upper tier authorities arising in particular with respect to adults' and children's social care. It is nevertheless appropriate to assess the Council's financial resilience. There are a number of elements that contribute to financial resilience, according to CIPFA<sup>1</sup>:

- level of reserves
- quality of financial management, including use of performance information
- effective planning and implementation of capital investment
- ability to deliver budget savings if necessary
- risk management.

An assessment is set out below of how the Council performs on these measures.

### Level of Reserves

- 4.2 Maidstone Borough Council's financial position, as shown by its most recent balance sheet, is as follows (unallocated General Fund balance highlighted, previous year shown for comparative purposes).

**Table 2: Maidstone Borough Council balance sheet**

	31.3.20 £ million	31.3.21 £ million
Long term assets	158.6	163.5
Current assets	28.0	36.5
Current liabilities	-44.0	-57.3
Long term liabilities	-80.8	-96.9
Net assets	61.8	45.9
Unusable reserves	-44.6	-12.2
	17.2	33.7
Represented by:		
Unallocated General Fund balance	8.8	10.3
Earmarked balances	7.8	22.9
Capital receipts reserve	0.6	0.5
Total usable reserves	17.2	33.7

- 4.3 The main changes between the two balance sheet dates and the principal reasons are as follows:

<sup>1</sup> CIPFA Financial Management Code, Guidance Notes, p 51

#### *Increase in current liabilities*

Government grants, eg for distribution to local businesses, which have been received by the Council but not yet deployed, are accounted for as liabilities at the balance sheet date.

#### *Increase in long term liabilities*

The liability to pay employee pensions in the future is re-assessed by actuaries each year. When interest rates are low, as at present, this leads to an increased liability as the discount rate applied to the obligation is correspondingly low.

#### *Increase in earmarked balances*

The main element in the increase is a £14.7 million timing difference, arising because the Collection Fund deficit incurred in 2021/22 as a result of Covid-19 has to be accounted for in 2022/23.

#### *Decrease in unusable reserves*

This is the impact on reserves of the increased pension liability and the Collection Fund timing difference (as described above), ie an equal and opposite amount to these increases in liabilities / earmarked balances.

- 4.4 The maintenance of the unallocated general fund balance is an essential part of the Council's strategic financial planning, as this amount represents the funds available to address unforeseen financial pressures.
- 4.5 For local authorities there is no statutory minimum level of unallocated reserves. It is for each Council to take a view on the required level having regard to matters relevant to its local circumstances. CIPFA guidance issued in 2014 states that to assess the adequacy of unallocated general reserves the Chief Financial Officer should take account of the strategic, operational and financial risks facing their authority. The assessment of risks should include external risks, such as natural disasters, as well as internal risks such as the achievement of savings.
- 4.6 Maidstone Council historically set £2 million as a minimum level for unallocated reserves. In the light of the heightened risk environment facing the Council, it was agreed when setting the 2021/22 budget that this minimum should be increased to £4 million.

#### **Current Position**

- 4.7 Current indications are that the Council will deliver a balanced budget for 2021/22, allowing the level of reserves to be maintained.

#### **Financial management**

- 4.8 Financial management at Maidstone Borough Council contains a number of elements. Officers and members are fully engaged in the annual budget

setting process, which means that there is a clear understanding of financial plans and the resulting detailed budgets

- 4.9 Detailed financial reports are prepared and used on a monthly basis by managers, and on a quarterly basis by elected members, to monitor performance against the budget. Reports to members are clear, reliable and timely, enabling a clear focus on any areas of variance from the plan.
- 4.10 Financial reports are complemented by performance indicators, which are reported both at the service level to the wider leadership team, and at a corporate level to members. Member reports on performance indicators are aligned with the financial reports, so that members see a comprehensive picture of how services are performing.
- 4.11 Financial management and reporting is constantly reviewed to ensure that it is fit for purposes and meets the organisation's requirements. Quarterly financial reports to members have been redesigned over the last two years to make them more user-friendly.
- 4.12 Where variances arise, prompt action is taken to address them. Action plans are put in place at an early stage if it appears that there is likely to be a budget overspend.
- 4.13 The authority consistently receives clean external and internal audit opinions.

#### **Capital investment**

- 4.14 Capital expenditure proposals are developed in response to the Council's strategic priorities as part of the annual budget cycle. Capital investment must fall within one of the four following categories: required for statutory reasons, eg to ensure that Council property meets health and safety requirements; schemes that are self-funding and meet Strategic Plan priority outcomes; other schemes that are clearly focused on Strategic Plan priority outcomes; and other priority schemes which will attract significant external funding. All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code.
- 4.15 Member oversight is ensured, first by inclusion of schemes in the capital programme that is approved as part of the annual budget setting process. Subsequently, prior to any capital commitment being entered into, a report setting out details of the capital scheme is considered by the relevant service committee.
- 4.16 The Council has a corporate project management framework that applies to most of the projects included within the capital programme. This provides for designation of a project manager and sponsor and includes a mechanism for progress on major projects to be reported to a Strategic Capital Investment Board.
- 4.17 Financial monitoring of capital projects is incorporated within the quarterly reports to Service Committees.

### **Ability to deliver budget savings**

- 4.18 The Council has a good track record of delivering budget savings, whilst sustaining and investing in services. Savings initiatives are planned so far as possible across the five-year period of the MTFS, rather than the focus being simply on achieving whatever savings are necessary in order to balance the budget for the coming year.
- 4.19 A common criticism of local authority financial planning is that proposed savings are often over-optimistic and are not based on realistic evidence of what is achievable. The Council aims to mitigate this risk with a robust process for developing budget savings proposals:
- New and updated savings proposals are sought on a regular annual cycle, with Service Managers typically briefed on the savings remit in August/September
  - Savings proposals are then developed over a period of around two months
  - Savings proposals have to be formally documented and signed off by the Service Head who will be responsible for delivering them.
- 4.20 Once savings have been built into the budget, their achievement is monitored as part of the regular financial management process described above.

### **Risk management**

- 4.21 The Council's MTFS is subject to a high degree of risk and uncertainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.
- 4.22 The major risk areas that have been identified as potentially threatening the Medium Term Financial Strategy are as follows.
- Financial impact from resurgence of Covid-19 virus
  - Fees and Charges fail to deliver sufficient income
  - Adverse impact from changes in local government funding
  - Collection targets for Council Tax and Business Rates missed
  - Adverse financial consequences from a disorderly Brexit
  - Capital programme cannot be funded
  - Planned savings are not delivered
  - Failure to contain expenditure within agreed budgets
  - Inflation rate predictions in MTFS are inaccurate
  - Constraints on council tax increases
  - Litigation costs exceed budgeted provisions

- Commercialisation fails to deliver additional income
- Business Rates pool fails to generate sufficient growth
- Shared services fail to meet budget
- Council holds insufficient balances
- Increased complexity of government regulation.

It is recognised that this is not an exhaustive list. By reviewing risks on a regular basis, it is expected that any major new risks will be identified and appropriate mitigations developed.

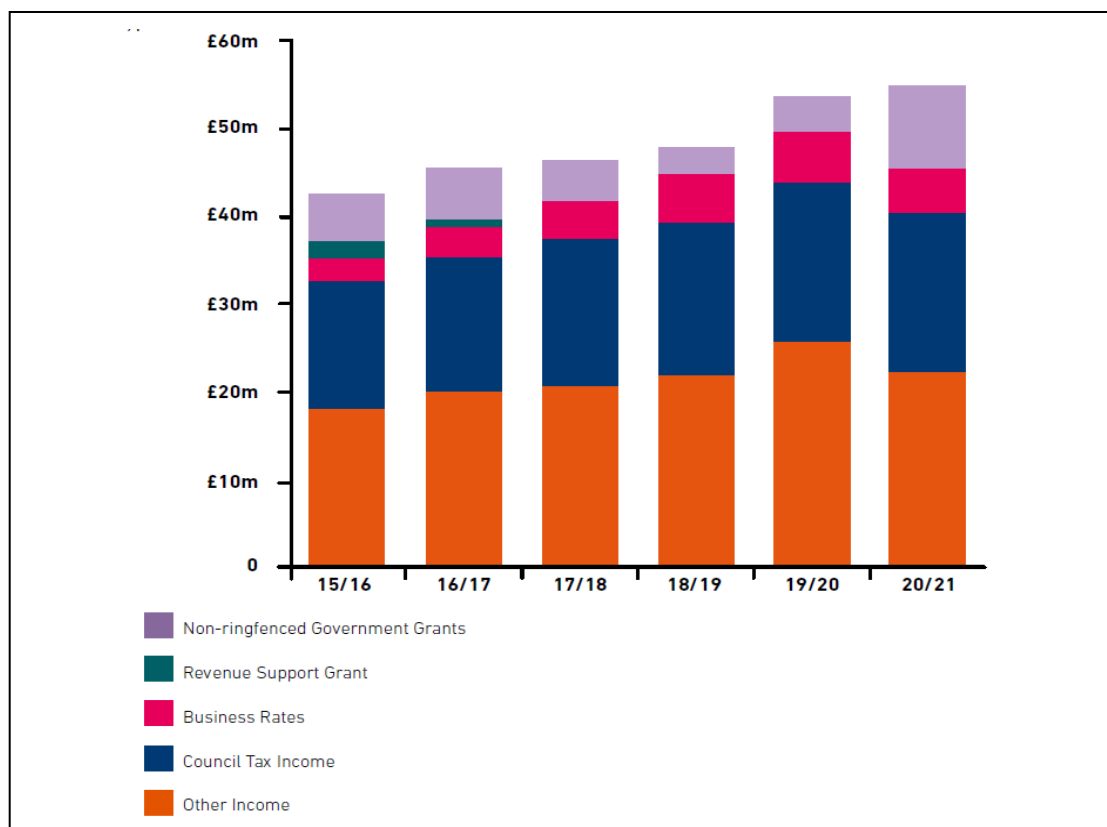
### **Conclusion**

- 4.23 When assessed against the CIPFA criteria for financial resilience, the Council can be seen to have adequate reserves in the short term and to be positioned well to manage the financial challenges it will face. The following section considers whether this position is sustainable.

## 5. AVAILABLE RESOURCES

- 5.1 The Council's main sources of income are Council Tax and self-generated income from a range of other sources, including parking, planning fees and property investments. It no longer receives direct government support in the form of Revenue Support Grant; although it collects around £60 million of business rates annually, it retains only a small proportion of this.

**Figure 3: Sources of Income (£ million)**



### Council Tax

- 5.2 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.
- 5.3 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. See table below.



**Table 3: Number of Dwellings in Maidstone**

	2017	2018	2019	2020	2021
Number of dwellings	69,633	70,843	71,917	73,125	75,034
% increase compared with previous year	1.63%	1.74%	1.52%	1.68%	2.61%

Note: Number of dwellings is reported each year based on the position shown on the valuation list in September.

- 5.4 Whilst the effect of the increased number of dwellings is to increase the Council Tax base, this is offset by the cost of reliefs for council tax payers, in particular Council Tax support, and any change in the percentage of Council Tax collected. Covid-19 has led to both an increase in the number of Council Tax support claimants and a fall in the collection rate, which is likely to offset to an extent the benefit of an increased number of dwellings. The increase in the number of households and people living in the borough also impacts on the cost of service delivery, for example refuse collection and street cleansing.
- 5.5 The level of council tax increase for 2022/23 is a decision that will be made by Council based on a recommendation made by the Policy and Resources Committee. The Council's ability to increase the level of council tax is limited by the requirement to hold a referendum for increases over a government set limit. The referendum limit for 2021/22 was the greater of 2% or £5.00 for Band D taxpayers. Council Tax was increased by the maximum possible, ie £5.31 (2%).

### **Other income**

- 5.6 Other income is an increasingly important source of funding for the Council. It includes the following sources of income:
- Parking
  - Shared services (as agreed in collaboration agreements and where MBC is the employer)
  - Commercial property
  - Planning fees
  - Cremations
  - Garden waste collection
  - Income generating activity in parks

Where fees and charges are not set by statute, we apply a policy that guides officers and councillors in setting the appropriate level based on demand, affordability and external factors. Charges should be maximised within the limits of the policy, but customer price sensitivity must be taken into account, given that in those areas where we have discretion to set fees and charges, customers are not necessarily obliged to use our services.

- 5.7 Other income, particularly parking, was seriously affected by Covid-19. Whilst the government has committed to compensating local authorities for 75% of lost income above a 5% threshold for the first quarter of 2021/22,

there has been no guarantee of ongoing support in the event that income fails to return to pre-Covid-19 levels. Commercial property income was adversely affected by the pandemic, and whilst it has now recovered, it remains potentially at risk from a resurgence.

### **Business Rates**

- 5.8 Under current funding arrangements, local government retains 50% of the business rates it collects. The aggregate amount collected by local government is redistributed between individual authorities on the basis of perceived need, so that in practice Maidstone Borough Council receives only around 7% of the business rates that it collects.
- 5.9 Prior to the 2017 General Election, the Government was preparing to move to 100% business rates retention with effect from 2020. This was subsequently reduced to 75%, but the Secretary of State has now announced that this is no longer a government priority.
- 5.10 The amount of business rates retained by individual authorities is currently based on a needs assessment that dates back to 2013/14. A reset is expected at some point, based on a 'Fair Funding Review'. The overall amounts to be allocated as part of the Fair Funding Review are yet to be determined. It is therefore difficult to predict with any degree of accuracy whether the proportion of business rates retained by Maidstone will remain the same, increase or decrease.
- 5.11 The current local government funding regime gives authorities the opportunity to pool their business rates income and retain a higher share of growth as compared with a notional baseline set in 2013/14. Maidstone has been a member of the Kent Business Rates pool since 2014/15. Its 30% share of the growth arising from membership of the pool has hitherto been allocated to a reserve which is used for specific projects that form part of the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. This has been used to support the Maidstone East development.
- 5.12 It should be noted that, when re-allocating business rates according to need, following a Fair Funding Review, the business rates baseline is likely to be reset, so all growth accumulated to that point will be reallocated between local authorities as described in paragraph 5.10 above.
- 5.13 Total projected business rates income for 2021/22, and the ways in which it is planned to deploy it, are summarised in the table below.

**Table 4: Projected Business Rates Income 2021/22**

	£000	
Business Rates baseline income	3,430	Included in base budget
Growth in excess of the baseline	620	Included in base budget
Pooling gain (MBC share)	349	Funds Economic Development projects
Pooling gain (Growth Fund)	349	Spent in consultation with KCC, eg on Maidstone East
Total	4,748	

- 5.14 These are budgeted amounts. The actual amounts received will be lower if Covid-19 continues to have an adverse impact on collection performance.

### **Revenue Support Grant**

- 5.15 Maidstone no longer benefits directly from central government support in the form of Revenue Support Grant, as it is considered to have a high level of resources and low needs. In fact, Councils in this situation were due to be penalised by the government under the previous four-year funding settlement, through a mechanism to levy a 'tariff / top-up adjustment' – effectively negative Revenue Support Grant. Maidstone was due to pay negative RSG of £1.589 million in 2019/20. However, the government faced considerable pressure to waive negative RSG and removed it in the 2019/20 and subsequent Local Government Finance Settlements.
- 5.16 Any increase in overall funding for local authorities could simply be used to reverse negative RSG for those authorities where it was payable. More generally, a needs-based distribution of funding will continue to create anomalies like negative RSG, so it cannot be assumed that the threat of an adverse impact, such as Maidstone was due to experience in 2019/20, has gone away.

### **Conclusion**

- 5.17 It can be seen that ongoing revenue resources are subject to uncertainty, owing to the economic environment and lack of clarity about the government's plans for funding local government. The previous section indicated that the Council's reserves, while adequate, do not leave it with a large amount of flexibility. This puts a premium on accurate forecasting and strong financial management.

## 6. SCENARIO PLANNING

- 6.1 Owing to uncertainty arising from the economic environment, and from the lack of clarity about what the government's plans for local government funding will mean for the Council, financial projections have been prepared for three different scenarios, as follows.

### *Favourable*

There is strong economic growth, with inflation pressures contained within the government's long term target rate of 2%. This allows the Council's external income to recover to pre-Covid levels in 2022/23 and grow strongly thereafter. New house building continues at pre-Covid levels (ie around 2% growth per annum). Cost pressures are contained, allowing scope for budget growth.

### *Neutral*

Growth is slower, with external income returning to pre-Covid levels over a period of 3-4 years. There continues to be growth in the Council Tax base, but constraints in the construction sector mean there is a slow-down for the first 2-3 years of the planning period. The Council maintains existing service levels and is able to fund inflationary increases in expenditure.

### *Adverse*

Government measures to stimulate the economy are constrained by the economy's capacity to grow and the need to keep public expenditure under control. Capacity constraints and low economic growth compared with other national economies lead to prolonged inflation in excess of the government's 2% target. As a result, there is minimal growth in Council external income and increased cost pressures lead to spending cuts in order to ensure that statutory services are maintained.

Details of key assumptions underlying each of these scenarios are set out below.

### **Council Tax**

- 6.2 It is assumed that the Council will take advantage of any flexibility offered by central government and will increase Council Tax up to the referendum limit, which is 2% in 2022/23. This is consistent with the Government's spending power assumptions.
- 6.3 The other key assumption regarding Council Tax is the change in the Council Tax base. The number of properties in Maidstone has grown by over 1.5% for the past four years. However, if there is a downturn in the economy, this rate of increase could fall. Moreover, Covid-19 is likely to reduce the amount of Council Tax collectible from each household. Assumptions are as follows:

	22/23	23/24 onwards
Favourable	2.5%	2.0%
Neutral	2.0%	1.5%
Adverse	1.5%	1.0%

## Business Rates

- 6.4 For 2022/23 the government is rolling forward the existing arrangements. Business rates are frozen for ratepayers but local authorities will be compensated with an increase in the business rates baseline to reflect inflation.
- 6.5 After 2023, the proportion of business rates retained by the authority is likely to be adjusted to reflect the findings of the Fair Funding Review. It is very difficult to predict what this will mean in practice. However, for the purposes of revenue projections, a number of assumptions have been made.
- 6.6 A further factor to be considered is the resetting of the government's business rates baseline. This represents the level above which the Council benefits from a share in business rates growth. It is likely that the government will reset the baseline in order to redistribute resources from those areas that have benefitted most from business rates growth in the years since the current system was introduced in 2013, to those areas that have had lower business rates growth. Accordingly, cumulative business rates growth has been removed from the projections for 2023/24, then is gradually reinstated from 2024/25.
- 6.7 Given these assumptions, the specific assumptions for business rates growth in each scenario are as follows:

	2022/23		2023/24 onwards	
	Baseline growth	Local growth	Baseline growth	Local growth
Favourable	5.0%	0.0%	3.0%	3.0%
Neutral	2.0%	0.0%	2.0%	2.0%
Adverse	-5.0%	-10.0%	0.0%	0.0%

## Inflation

- 6.8 CPI inflation is currently (September 2021) running at 3.1%. The Bank of England expects it to peak at around 5% in April 2022 before falling back materially in the second half of the year. For the purpose of forecasting, it is assumed that the government's target rate of inflation is 2% is achieved over the medium term in the favourable and neutral scenarios. A higher rate of 3% is assumed in the adverse scenario.

## Pay inflation

- 6.9 Pay is the Council's single biggest item of expenditure, accounting for around 50% of total costs. Although the Council sets pay rates independently of any national agreements, in practice it has to pay attention to overall public sector and local authority pay settlements, as these affect the labour market in which the Council operates. It is assumed for the first three years of the MTFS planning period that the annual increase will be 2%. An additional amount of 1% has been allowed for in pay inflation assumptions, arising from the annual cost of performance related incremental increases for staff, giving a total assumed increase of 3%.
- 6.10 Whilst the planning assumption remains a 2% pay increase, it is important that the Council continues to pay a competitive rate in order to retain and attract staff. This position is therefore under review. The Council maintains a corporate contingency budget which allows a measure of flexibility if a higher increase than 2%, or market factor supplements for in-demand roles, are required in order to keep pace with the job market.

## Fees and charges

- 6.11 Fees and charges are affected by changes both in price levels and in volume. The projections imply that the level of fees and charges will increase in line with overall inflation assumptions, to the extent that the Council is able to increase them. In practice, it is not possible to increase all fees and charges by this amount as they are set by statute. Accordingly, the actual increase in income shown in the projections is 50% of the general inflation assumption in each scenario.
- 6.12 The sensitivity of fees and charges income to overall economic factors varies across different income streams. Parking income is highly sensitive, and has been very severely affected by the Covid-19 pandemic. Other sources of income, such as income from industrial property holdings, are more stable.

## Contract costs

Costs are generally assumed to rise in line with inflation, but a composite rate is applied to take account of higher increases on contracts like waste collection where the growth in the number of households leads to a volume increase as well as an inflation increase. A relet of the waste contract in October 2023 is likely to lead to permanently higher contract costs.

- 6.13 Inflation assumptions are summarised as follows.

**Table 5: Inflation Assumptions**

	Favourable	Neutral	Adverse	Comments
General	2.00%	2.00%	3.00%	2% is the government's target inflation rate but in reality it is likely to be higher in the short term.

	Favourable	Neutral	Adverse	Comments
Employee Costs	1.00%	2.00%	3.00%	Neutral assumption is in line with the most recent pay settlement and government inflation targets
	0.50%	1.00%	1.50%	The annual cost of performance related incremental increases for staff
Contract costs	2.00% - 5.00%	2.00% - 5.00%	2.00% - 8.00%	A composite rate is applied, reflecting different pressures on individual contracts
Fees and charges - price	2.00%	2.00%	3.00%	In line with general inflation assumptions
Fees and charges - volume	2.00%	0.00%	-2.00%	Reflects overall economic conditions

The government has said that it will compensate public sector employers for the increase in employer national insurance announced earlier in 2021. However, this does not address pressures faced by employees from increased national insurance and higher prices. Pay structures will be reviewed to consider how best to mitigate these pressures within the overall spending envelope.

### **Service Spend**

- 6.14 Strategic Revenue Projections under all scenarios will take account of savings previously agreed by Council, assuming that they are still deliverable. In addition, the following potential budget pressures have been identified and will be addressed by incorporating budget growth, subject to member agreement, as part of the budget setting process.

#### *Communities and Housing*

This service area supports the corporate priority 'Housing and Communities' and specifically the objective of delivering 1,000 new affordable homes. This may require a level of revenue subsidy, which would represent budget growth.

#### *Environment & Public Realm*

A provision of £1 million has been built into the Strategic Revenue Projections to recognise the likely increase in waste collection costs arising from the forthcoming contract relet in October 2023.

#### *Heritage, Culture & Leisure*

The Serco leisure contract comes to an end in 2024. Depending on the scope of any new contract, budget growth may be required. The objective of making Maidstone Town Centre a thriving place may also require budget growth, eg to provide leisure and cultural activities in the town centre.

### *Planning Services*

In addition to core development management and spatial planning services, there is a requirement for more extensive planning policies and a Town Centre Strategy.

### *Corporate & Shared Services*

Additional expenditure is likely to be required to support the new governance structure and to meet the Council's aspirations for better quality data analysis.

- 6.15 The projections include provision for the revenue cost of the capital programme, comprising interest costs (2%) and provision for repayment of borrowing (2%).

### **Summary of Projections**

- 6.16 A summary of the financial projections under the neutral scenario is set out in section 7.



## 7. REVENUE PROJECTIONS

- 7.1 Strategic revenue projections have been prepared based on the assumptions set out above and are summarised in table 6 below for the 'neutral' scenario. Additional growth to accommodate new pressures described in the previous section, together with any offsetting savings, are still to be included in the projections.
- 7.2 In light of the many uncertainties around future funding, it is important to note that projections like these can only represent a 'best estimate' of what will happen.

**Table 6: Strategic Revenue Projections 2022/23-2026/27**

	22/23	23/24	24/25	25/26	26/27
	£m	£m	£m	£m	£m
Council Tax	18.2	18.8	19.5	20.2	20.9
Retained Business Rates	3.5	3.6	3.6	3.7	3.8
Business Rates Growth	1.2	-	0.2	0.4	0.5
Collection Fund adjustment	-0.2	-0.7	-	-	-
Budget requirement	22.7	21.7	23.3	24.3	25.2
Fees and Charges	21.9	23.3	24.5	24.9	25.4
Total Funding Available	44.6	45.0	47.8	49.2	50.6
Predicted Expenditure	43.8	47.0	48.6	49.7	50.7
Budget Surplus / (Gap)	0.8	-2.0	-0.8	-0.5	-0.1

- 7.3 The above table shows a modest surplus in 2022/23. However, the likely impact of a business rates reset and the cost of accommodating the costs of a new waste collection contract means that a deficit is projected in 2023/24. On current projections, this deficit will reduce over the remaining term of the MTFS to achieve a broadly balanced position in 2026/27. It should be noted, however, that at this stage these figures do not incorporate growth to reflect the new pressures described in the previous section. Proposals for the relevant budget changes will be considered by members at Service Committees in January 2022.

## **8. CAPITAL STRATEGY**

- 8.1 The capital programme plays a vital part in delivering the Council's strategic plan, since long term investment plays an essential role in realising our ambitions for the borough. The cost of the capital programme is spread over the lifetime of investments, so does not have such an immediate impact on the revenue budget position. However, there are revenue consequences to the capital programme. Maidstone Borough Council borrowed to fund its capital programme for the first time in 2019/20. The cost of borrowing is factored into the 2021/22 budget, along with a Minimum Revenue Provision which spreads the cost of loan repayments over the lifetime of an asset. The budgeted total revenue costs of the capital programme in 2020/21 amounted to £1.870 million.
- 8.2 Typically, local authorities fund capital expenditure by borrowing from the Public Works Loan Board, which offers rates that are usually more competitive than those available in the commercial sector. Prior to 2019/20, Maidstone Borough Council had not borrowed to fund its capital programme, instead relying primarily on New Homes Bonus to fund the capital programme. The cost of any borrowing is factored into the MTFS financial projections.
- 8.3 Public Works Loan Board funding has for several years offered local authorities a cheap source of finance, which has been used more and more extensively. The government has revised the terms of PWLB borrowing to ensure that local authorities use it only to invest in housing, infrastructure and public services. Given the Council's capital strategy, this should not prevent us accessing PWLB borrowing.
- 8.4 There has been a reduction of the period for which New Homes Bonus would be paid from six years to five in 2017/18 and then to four in 2019/20 and 2020/21. The government paid New Homes Bonus on a one-year only basis in 2021/22 and is likely to do so again in 2022/23. Under any new Local Government funding regime a new, unspecified mechanism for incentivising housebuilding is envisaged.
- 8.5 External funding is sought wherever possible and the Council has been successful in obtaining Government Land Release Funding for its housing developments and ERDF funding for the Kent Medical Campus Innovation Centre.
- 8.6 Funding is also available through developer contributions (S 106) and the Community Infrastructure Levy (CIL). The Community Infrastructure Levy was introduced in Maidstone in October 2018.
- 8.7 The current funding assumptions used in the programme are set out in the table below.

**Table 7: Capital Programme Funding**

	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	Total £000
New Homes Bonus	3,995	1,373	1,373	1,373	1,373	9,487
Capital Grants	4,064	850	850	850	850	7,464
Internal Borrowing	3,114	336	803	1,080	1,050	6,383
External Borrowing	37,838	25,311	14,655	16,305	11,280	105,389
<b>TOTAL</b>	<b>49,011</b>	<b>27,870</b>	<b>17,681</b>	<b>19,608</b>	<b>14,553</b>	<b>128,723</b>

- 8.8 The use of New Homes Bonus to fund the capital programme arises from previous Council decisions. It could alternatively be used to fund revenue expenditure and therefore address relevant growth pressures, in particular the requirement for more extensive planning policies and a Town Centre Strategy (see paragraph 6.14 above). This would have the effect of increasing the revenue cost of funding the capital programme by £40,000 per annum for every £1 million of New Homes Bonus that was deployed in this way.
- 8.9 Under CIPFA's updated Prudential Code, the Council is now required to produce a Capital Strategy, which is intended to give an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability. The existing Capital Strategy was approved by Council at its meeting on 24<sup>th</sup> February 2020 and will be refreshed in February 2022.
- 8.10 The existing capital programme was approved by Council at its budget meeting on 24<sup>th</sup> February 2021. Major schemes include the following:
- Completion of Brunswick Street and Union Street developments
  - Purchase of housing for temporary accommodation
  - Flood Action Plan
  - Mote Park Improvements
  - Further investment at the Lockmeadow Leisure Complex
  - Commercial Property Investments
  - Kent Medical Campus Innovation Centre
  - Mall Bus Station Improvements
  - Biodiversity and Climate Change.
- 8.11 A review of the schemes in the capital programme is currently under way. Proposals will be considered for new schemes to be added to the capital programme, whilst ensuring that the overall capital programme is sustainable and affordable in terms of its revenue costs.
- 8.12 In particular, the updated capital programme will reflect the Council's ambition to deliver 1,000 new affordable homes. As this implies a significant expansion of the existing capital programme, its overall affordability and the extent to which it exposes the Council to risk will be addressed in the Capital Strategy.

- 8.13 An updated capital programme will be considered by Policy and Resources Committee in January 2022 and recommended to Council for approval.

## **9. CONSULTATION AND NEXT STEPS**

- 9.1 Each year the Council carries out consultation as part of the development of the MTFS. A budget survey has been carried out and will be considered by Service Committees.
- 9.2 Consultation will be undertaken with the business community, including a presentation to the Maidstone Economic Business Partnership.
- 9.3 Consultation with members will take place in January 2022 on the detailed budget proposals. Individual Service Committees will consider the budget proposals relating to the services within their areas of responsibility.

## Document History

Date	Description	Details of changes
11.11.21	Draft to Corporate Leadership Team	
16.11.21	Draft to Policy & Resources Committee	Changes requested by CLT

**REVENUE ESTIMATE 2022/23 to 2026/27**  
**STRATEGIC REVENUE PROJECTION - NEUTRAL SCENARIO**

2021/22 £000		2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
17,216	COUNCIL TAX	18,204	18,845	19,508	20,195	20,906
3,430	RETAINED BUSINESS RATES	3,498	3,568	3,640	3,713	3,787
620	BUSINESS RATES GROWTH	1,164	0	180	362	546
-114	COLLECTION FUND ADJUSTMENT (COUNCIL TAX)	343	-164			
-13,243	COLLECTION FUND ADJUSTMENT (BUSINESS RATES)	-585	-585			
11,786	SECTION 31 GRANT					
<b>19,695</b>	<b>PROJECTED NET BUDGET</b>	<b>22,625</b>	<b>21,664</b>	<b>23,328</b>	<b>24,270</b>	<b>25,238</b>
21,924	OTHER INCOME	21,335	21,890	23,328	24,545	24,944
-3,186	FORECAST CHANGE IN INCOME	555	1,439	1,217	399	432
84	SALES FEES & CHARGES COMPENSATION					
<b>38,517</b>	<b>TOTAL RESOURCES AVAILABLE</b>	<b>44,514</b>	<b>44,992</b>	<b>47,874</b>	<b>49,214</b>	<b>50,615</b>
42,996	CURRENT SPEND	41,058	43,990	46,378	47,766	49,173
	<b>INFLATION &amp; CONTRACT INCREASES</b>					
850	PAY, NI & INFLATION INCREASES	1,274	1,186	1,205	1,244	1,285
	<b>EXTERNAL BUDGET PRESSURES</b>					
40	PENSION DEFICIT FUNDING	40	150	150	150	150
	<b>LOCAL PRIORITIES</b>					
-10	ADDITIONAL GROWTH AGREED BY P&R					
	<b>OTHER SERVICE PRESSURES</b>					
221	PROVISION FOR MAJOR CONTRACTS		1,000			
-1,589	REVENUE COSTS OF CAPITAL PROGRAMME	837	630	834	453	
50	CONTINGENCY FOR FUTURE PRESSURES	500				
	GENERAL GROWTH PROVISION	50	50	50	50	50
<b>42,559</b>	<b>TOTAL PREDICTED REQUIREMENT</b>	<b>43,759</b>	<b>47,007</b>	<b>48,617</b>	<b>49,663</b>	<b>50,658</b>
<b>-4,042</b>	<b>SURPLUS / (SAVINGS REQUIRED)</b>	<b>755</b>	<b>-2,014</b>	<b>-744</b>	<b>-449</b>	<b>-44</b>



# BUDGET SURVEY

## 2022/2023

Undertaken Autumn 2021

### ABSTRACT

The Budget Survey is undertaken on an annual basis to assist in the identification of spending priorities for the Council.

Report prepared by Corporate Insight,  
Communities and Governance Team



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## Introduction

Maidstone Council are committed to providing high quality and good value services to meet the needs of the local community.

Reductions in central government funding and the coronavirus pandemic have had a major impact on the Council's finances and will continue to do so. Looking further ahead, the financial outlook for Maidstone Borough Council (MBC) is uncertain, given the lasting impact of the pandemic and lack of information about the level of central government support in the future.

As part of that process, the Council sought to understand residents' views on where they think savings should be made and what the Council's priorities for spending should be.

## Methodology

The survey was open between 17 September and 31 October 2021. It was promoted online through the Council's website and its social media channels. Residents who signed up for consultation reminders were notified and sent an invitation to participate in the consultation. A reminder email was also sent to this group.

As an online survey is a self-selection methodology, residents are free to choose whether to participate or not. It was anticipated that returned responses would not necessarily be fully representative of the wider adult population. As a result, this report discusses the weighted results to overall responses, by demographic questions, to ensure that it more accurately matches the known profile of Maidstone Boroughs population by these characteristics.

The results have been weighted by age and gender based on the population in the ONS mid-year population estimates 2020. However, the under-representation of 18 to 34 year olds means that high weights have been applied to responses in this group. Results for this group should be treated with caution. It should also be noted that respondents from BME backgrounds are under-represented at 4.9% compared to 5.9% in the local area. The results for this group should also be treated with caution.

There were a total of 1073 responses to the survey, after weighting this reduced to 1041. Based on Maidstone's population aged 18 years and over, the overall results are accurate to  $\pm 2.54\%$  at the 90% confidence level. This means if we repeated the same survey ,100 times, 90 times out of 100 the results would be between  $\pm 2.54\%$  of the calculated response. Therefore the 'true' response could be 2.54% above or below the figures reported (i.e., a 50% agreement rate could in reality lie within the range of 47.46% to 52.54%).

**Please note that not every respondent answered every question, therefore the total number of respondents refers to the number of respondents for the question being discussed not to the survey overall.**

The data has been z-tested at the 95% confidence level. The z-test is a statistical test which determines if the percentage difference between subgroups is large enough to be statistically significant or whether the difference is likely to have occurred by chance. An equivalent test, known as a t-test has been used to assess differences in mean scores.

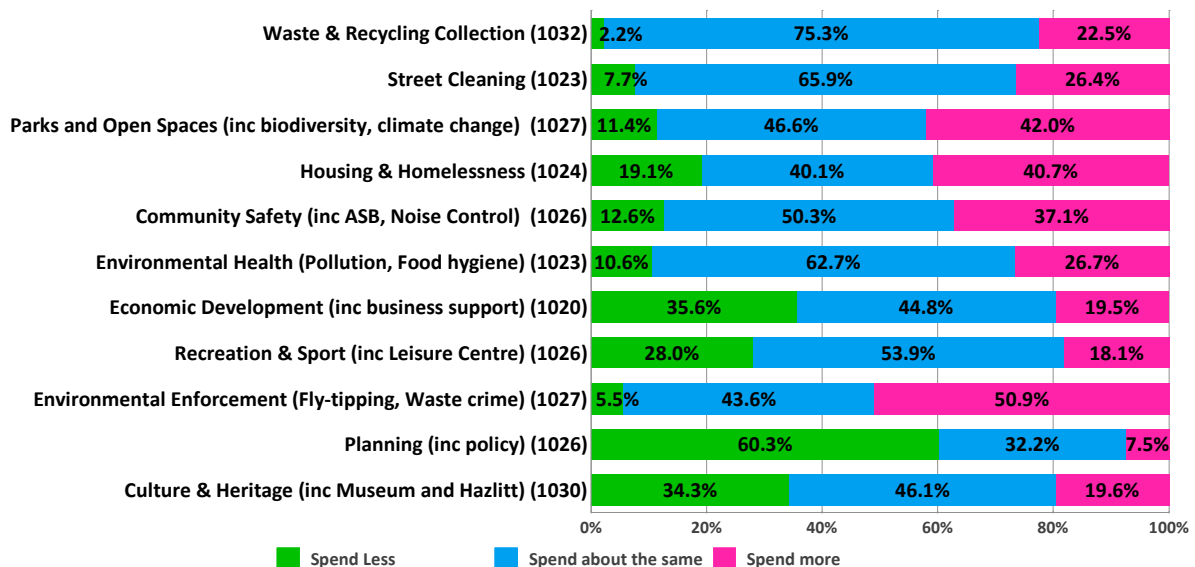
**Rounding means that some charts may not add up to 100%.**

## Findings

- Half of all respondents (50.9%) said that the Council should increase spending for Environmental Enforcement.
- Six in ten respondents (60.3%) said that the Council should reduce spending on Planning.
- Parks and Open Spaces had the second greatest proportion responding, 'spend more' and was ranked the second most important investment priority for the third year running. It was also ranked the third 'most important' service.
- Just under a quarter of respondents said there should be a Council Tax increase. The proportion responding 'no', there should not be an increase in Council Tax has increased from 60.8% in the 2021/22 Survey (undertaken Autumn 2020) to 66.0% ( $\pm 2.9\%$ ) for this year.
- A greater proportion of respondents said there should be a Council Tax increase when presented with options for incremental increase. 42.8% ( $\pm 3.0\%$ ) indicated that Council Tax should be raised by selecting a percentage increase compared to 24.6% ( $\pm 2.6\%$ ) when directly asked if Council Tax should increase.
- The proportion responding 'no increase' when asked about specific proportional increases in Council Tax has increased by 9.7 percentage points since the 2020/21 survey (undertaken in Autumn 2019).
- The top three investment priorities remain in the same order as in the 2021/22 Budget survey:
  1. Infrastructure
  2. Parks & Open Spaces
  3. Leisure & Culture
- Respondents selected Waste Collection Services, Street Cleaning and Parks & Open Spaces as the most important services. Parks and Open Spaces also featured as the second area with the greatest proportion saying 'spend more' when asked about spending approaches.
- The most common comment about the Budget and the Council's spending approaches was in relation to financial concerns. Respondents raised concerns about affording increases in Council Tax, increases in the cost of living and decreases in income.
- Since 2018, when the 2019/20 survey was undertaken, the proportion agreeing that Maidstone Council provides value for money has declined year on year. In this time, it has dropped 5.3 percentage points to the current figure of 28.1% ( $\pm 2.7\%$ ).
- Half of respondents said they were 'satisfied' with their local area as a place to live (51.0% ( $\pm 3.2\%$ )), half said they were proud of Maidstone (50.4% ( $\pm 3.0\%$ )) and just over a quarter of respondents agreed that Maidstone was a place where everyone can realise their potential (27.8% ( $\pm 2.7\%$ )).

## Spending Priorities

Survey respondents were provided with a list of services provided by Maidstone Borough Council. They were asked to indicate what approach they thought MBC should take to funding with three answer options: 'spend Less', 'spend about the same' and 'spend more'.



The top three areas where respondents said 'spend more' were:

1. Environmental Enforcement
2. Parks & Open Spaces
3. Housing & Homelessness

The top three areas where respondents answered 'spend less' were:

1. Planning
2. Economic Development
3. Culture & Heritage

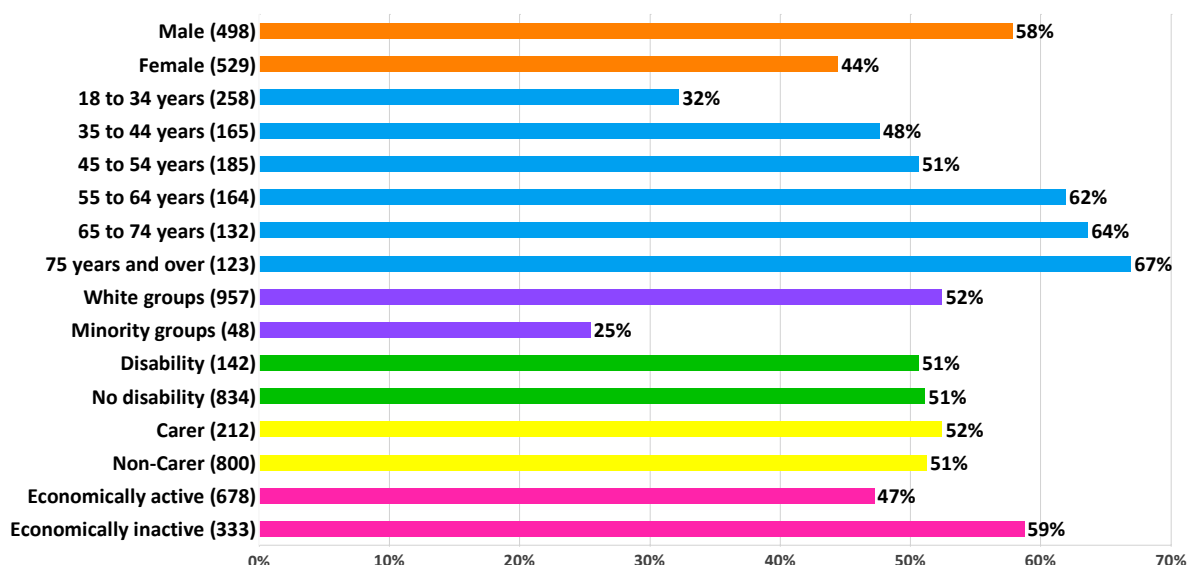
These spending areas are explored in more detail below.

### Top Three Areas – Spend More

#### Environmental Enforcement

A total of 1,027 respondents indicated a spending approach to Environmental Enforcement. The most common response was 'spend more' with 523 answering this way.

The chart below shows the proportions responding 'spend more' across the different demographic groups and the table that follows highlights any differences in response.

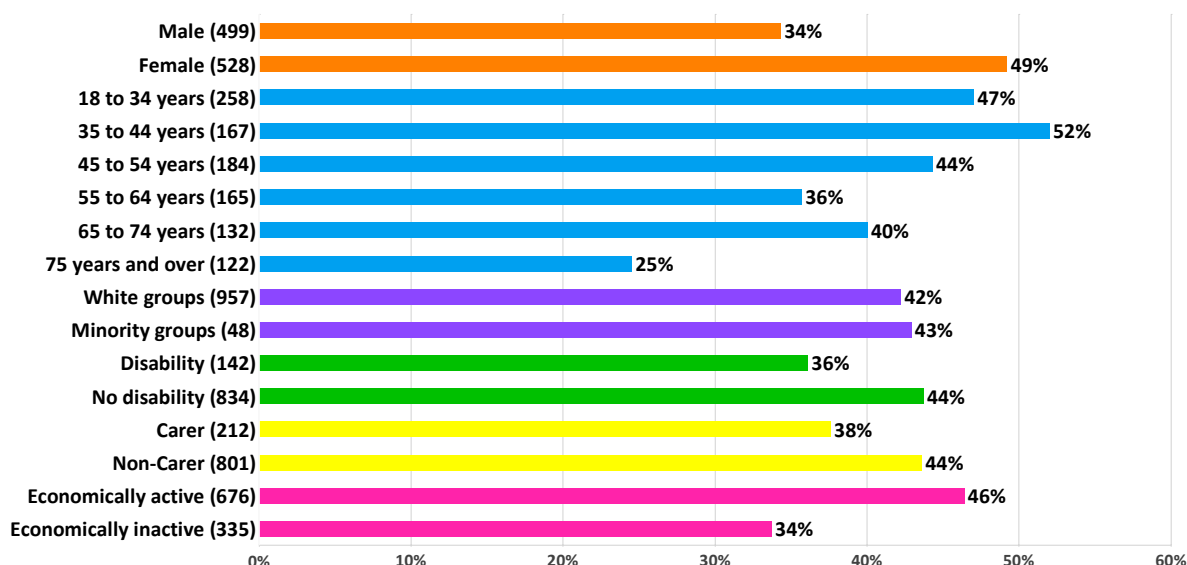


	While there was no significant difference between the proportion of male and female responders answering 'spend less', male respondents were significantly more likely to respond 'spend more' on Environmental Enforcement than female respondents. The most common answer for female responders was 'spend about the same'.
	The data shows that the proportion responding 'spend more' on Environmental Enforcement increases as age increases and is significantly lower for the 18 to 34 age group when compared to the other age groups. The most common response for those aged 18-34 was 'spend about the same', whereas the most common response for the other age groups was 'spend more'.
	There was no significant difference in the proportion of respondents from white groups and those from minority groups answering 'spend less'. Minority group respondents were significantly more likely to respond 'spend about the same' with 67.1% ( $\pm 13.2\%$ ) answering this way compared to 42.2% ( $\pm 3.1\%$ ) answering the same from white groups.
	Economically inactive respondents had a greater proportion responding, 'spend about the same' than economically inactive respondents and a lower proportion answering 'spend more'. These differences are significant however the gap is smaller than for other differences assessed between demographic groups.

## Parks & Open Spaces

A total of 1,027 respondents indicated a spending approach to Parks & Open Spaces. The most common response was 'spend about the same' with 479 answering this way.

The chart below shows the proportions responding 'spend more' across the different demographic groups and with the table highlighting any differences in response.

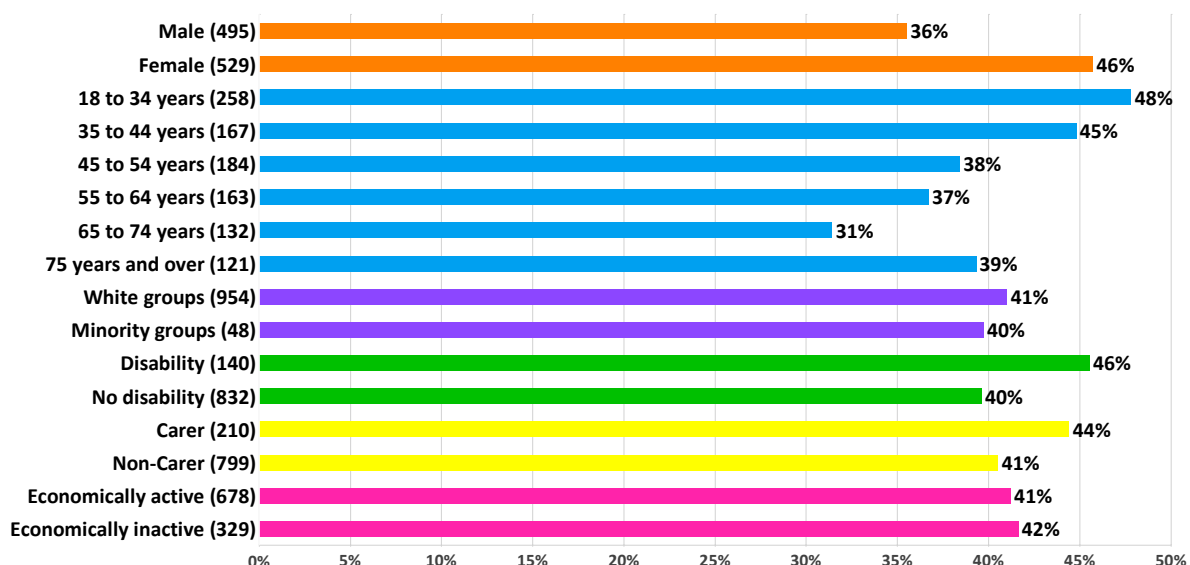





	There were significant differences in the proportions of male and female respondents selecting each answer option. The greatest difference was between the proportions responding 'spend more' with 34.3% ( $\pm 4.2\%$ ) of male respondents answered this way, compared to 49.2% ( $\pm 4.3\%$ ) of female respondents.
	There was variation across the age groups in the proportions answering 'spend less', but no trend was identified. The 75 years and over group had a significantly lower proportion responding 'spend more' compared to the other age groups. The 75 years and over group and the 55 to 64 age group had the greatest proportions responding 'spend more' at 15.0% ( $\pm 6.3\%$ ) and 15.6% ( $\pm 5.5\%$ ) respectively. The 35 to 44 years had the lowest proportion answering 'spend less' at 8.1% ( $\pm 4.1\%$ ).
	There was a significant difference in the proportion responding 'spend less' between respondents that are carers and those that are not. 15.4% ( $\pm 4.9\%$ ) of carers said there should be less spending on Parks & Open Spaces compared to 9.2% ( $\pm 2.0\%$ ) of non-carers answering the same.
	Comparable proportions of economically active and economically inactive respondents answered 'spend less'. The most common response for economically inactive respondents was 'spend about the same' at 53.6% ( $\pm 5.3\%$ ). This was significantly greater than the proportion of economically active respondents answering this way at 43.1% ( $\pm 3.7\%$ ).

## Housing & Homelessness

A total of 1024 respondents indicated a spending approach to Housing & Homelessness. The most common response was 'spend more' with 417 answering this way.

The chart below shows the proportions responding 'spend more' across the different demographic groups and with the table highlighting any differences in response.



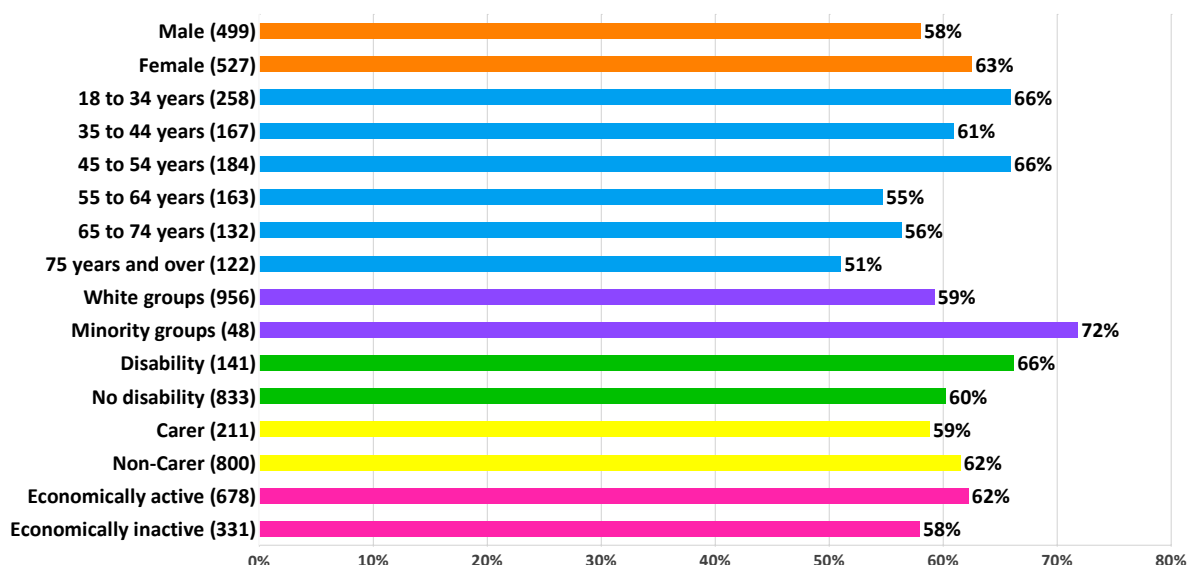
	<p>There are significant differences between how male and female respondents have answered this question. The most common response for male respondents was 'spend about the same' at 37.2% (<math>\pm 4.3\%</math>), and for female respondents it was 'spend more' with 45.7% (<math>\pm 4.2\%</math>) answering this way. The biggest difference between these groups was for the answer 'spend less', with 27.3% (<math>\pm 2.9\%</math>) of male respondents answering this way compared to 11.5% (<math>\pm 2.7\%</math>) of female respondents.</p>
	<p>There was no significant difference across the age groups in the proportions responding 'spend less'. The 65 to 74 years group had the lowest proportion responding, 'spend more' (31.4% (<math>\pm 7.9\%</math>)) and the greatest proportion responding 'spend about the same' significantly different from the proportions responding the same for the 18 to 34 years and the 35 to 44 year age groups.</p>
	<p>Non-carers had a significantly greater proportion responding 'spend less' on Housing &amp; Homelessness with 19.6% (<math>\pm 2.8\%</math>) answering this way compared to 13.5% (<math>\pm 4.6\%</math>) of carers.</p>

## Top Three Areas – Spend Less

### Planning

A total of 1026 respondents indicated a spending approach to Planning. The most common response was 'spend less' with 618 answering this way.

The chart below shows the proportions responding 'spend less' across the different demographic groups and with the table highlighting any differences in response.



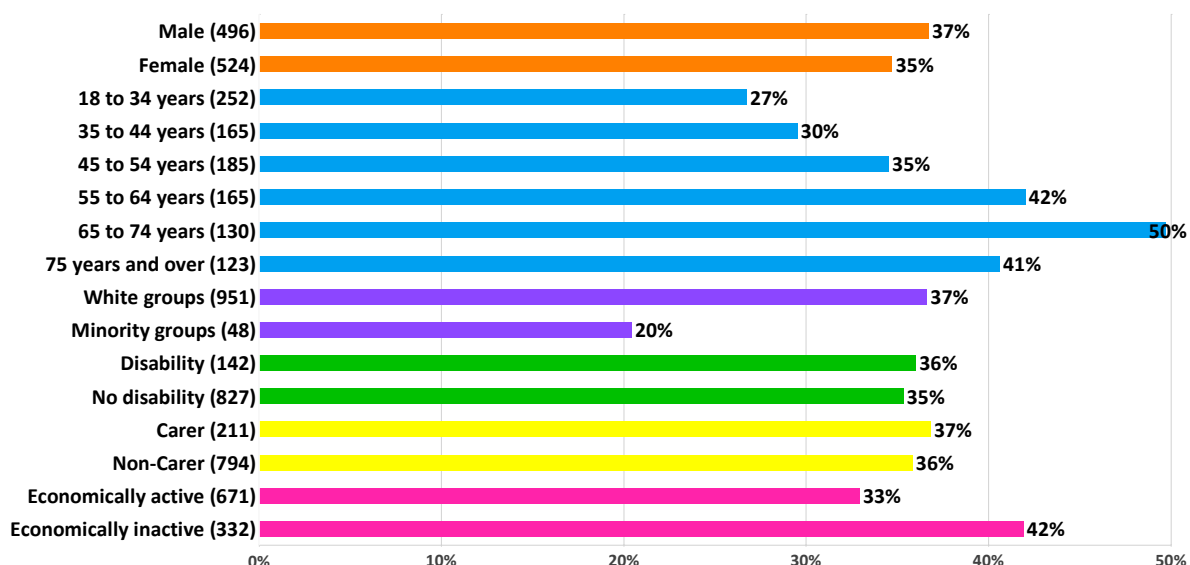
	Comparable proportions of male and female respondents answered, 'spend less' and 'spend about the same' when asked about spending approaches for Planning. 'Spend about the same' was the most common response for both sexes. 10.3% (2.7%) of Male respondents answered, 'spend more', compared to 4.9% (±1.8%) of females answering the same – this difference is significant.
	'Spend less' was the most common response across all age groups. The 18 to 34 years group had the greatest proportion responding 'spend more' at 11.2% (±3.8%), the 64 to 74 years and 75 years and over age groups had the lowest proportions responding 'spend more' at 4.8% (±3.8%).
	Respondents with a disability had a lower proportion responding 'spend more' than non-disabled respondents when asked about Planning. 3.4% (±3.0%) of disabled respondents answered this way compared to 8.3% (±1.9%) of non-disabled respondents.
	Economically inactive respondents had a greater proportion responding 'spending less' than economically active respondents at 36.9% (±5.2%) compared to 29.0% (±3.4%) respectively. Economically active respondents had a greater proportion responding 'spend more' at 8.7% (±2.1%) compared to economically inactive respondents with 5.2% (±2.4%) answering this way.




## Economic Development

A total of 1,020 respondents indicated a spending approach to Economic Development. The most common response was 'spend about the same' with 457 answering this way.

The chart below shows the proportions responding 'spend less' across the different demographic groups and with the table highlighting any differences in response.



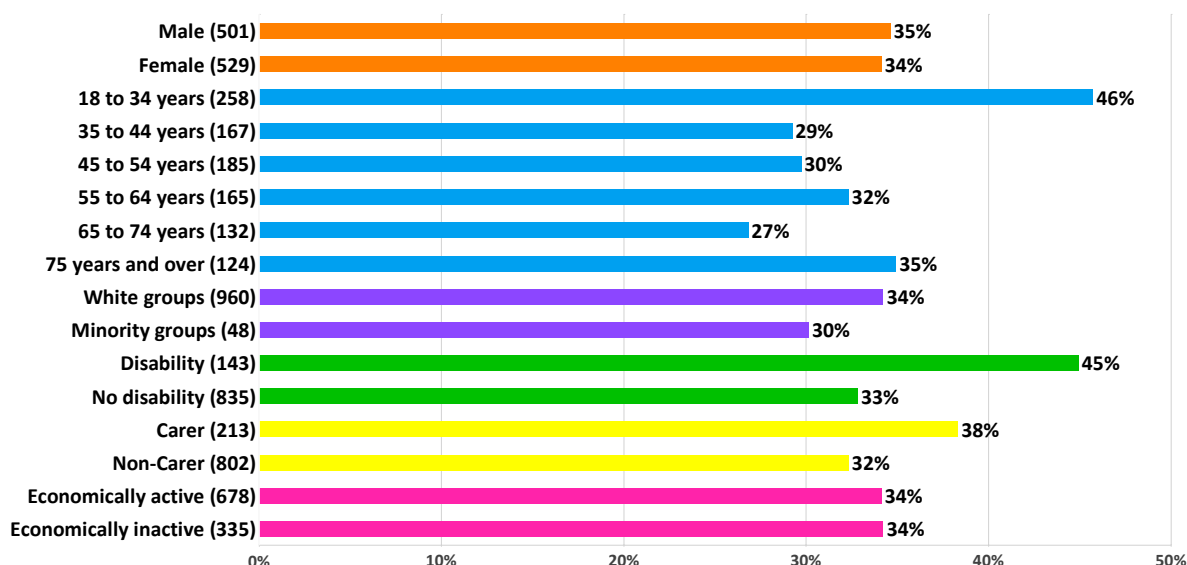


	<p>The most common response for the 64 to 74 years and the 75 years and over age groups was 'spend less'. For all other age groups the most common response was 'spend about the same'.</p> <p>The 18 to 34 age group had the greatest proportion responding 'spend more' at 24.3% (<math>\pm 5.3\%</math>). The 64 to 74 age group had the lowest proportion responding this way at 15.1% (<math>\pm 6.2\%</math>) – this difference is significant.</p>
	<p>A significantly greater proportion of respondents from white groups answered 'spend less' than respondents from minority groups. 36.6% (<math>\pm 3.1\%</math>) of white groups answered this way compared to 20.4% (<math>\pm 11.3\%</math>) of minority groups. No other significant differences were observed.</p>
	<p>A significantly greater proportion of economically inactive respondents answered 'spend less' than economically active respondents. 41.9% (<math>\pm 5.3\%</math>) of the economically inactive group answered this way compared to 32.9% (<math>\pm 3.6\%</math>) of the economically active group. No other significant differences were observed.</p>

## Culture & Heritage

A total of 1,028 respondents indicated a spending approach to Culture & Heritage. The most common response was 'spend about the same' with 475 answering this way.

The chart below shows the proportions responding 'spend less' across the different demographic groups and with the table highlighting any differences in response.



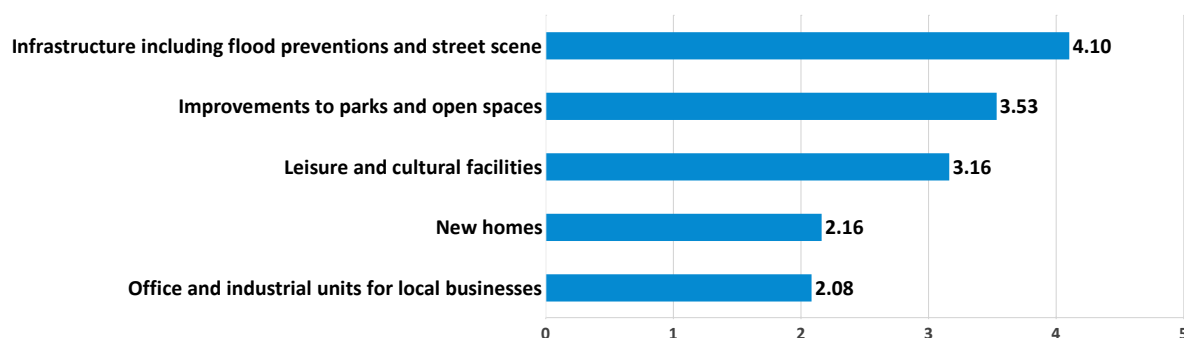
	The most common answer for the 18-34 years group was 'spend less' with 45.7% ( $\pm 6.1\%$ ) answering this way. This was significantly greater than the proportion responding this way across the other age groups. The most common response for the remaining age groups was 'spend about the same'. The 35 to 45 years group had the greatest proportion responding 'spend more' at 24.4% ( $\pm 6.5\%$ ). The 55 to 64 years and the 75 years and over groups had the lowest proportions responding this way at 14.1% - the difference here is significant.
	The most common answer for disabled respondents was 'spend less' with 44.9% ( $\pm 8.1\%$ ) answering this way. This was significantly greater than the proportion responding this way for non-disabled respondents. The most common answer for non-disabled respondents was 'spend about the same'. Respondents without a disability had a significantly greater proportion answering 'spend more' with 20.8% ( $\pm 2.8\%$ ) answering this way compared to 12.5% ( $\pm 5.4\%$ ) of disabled respondents.
	The proportion of carers and non-carers answering 'spend less' were comparable. Non-carer respondents had a significantly greater proportion answering 'spend more' on Heritage and Culture with 21.1% ( $\pm 2.8\%$ ) answering this way compared to 14.6% ( $\pm 4.7\%$ ) of carer respondents.
	The proportions responding, 'spend about the same' and 'spend more' for economically active and economically inactive respondents show significant differences. 22.6% ( $\pm 3.1\%$ ) of economically active respondents said 'spend more' compared to 14.4% ( $\pm 3.8\%$ ) of economically inactive respondents.

## Investment Priorities

Survey respondents were asked to place a list of investment programme priorities into their preferred order of importance. A total of 1,016 respondents ranked the investment priorities.

To assess this data, a weighted average has been used. The programmes placed first received 5 points and the programmes ranked last were given 1 point. These were then added together and divided by the number of respondents to give a weighted average.

Please note that not every respondent ranked each item.



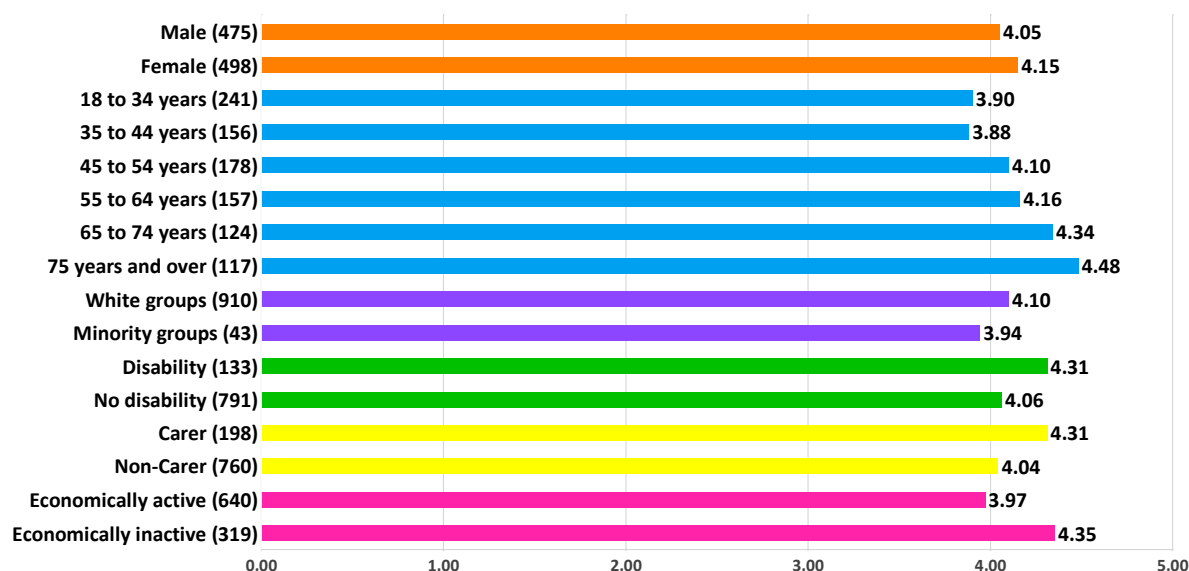
This question was asked in the 2021/22 Budget Survey, undertaken in Autumn 2020. The order of the top three programmes is unchanged. New Homes was ranked as fifth in 2021/22 but this year it has moved up a place to fourth and Office and industrial units for local businesses has dropped from fourth to fifth.

### Infrastructure including flood prevention and street scene



Overall, 510 (52.4%) respondents placed 'Infrastructure including flood prevention and street scene' as their top investment priority

In the 2021/22 Budget Survey, 467 (53.2%) respondents placed 'Infrastructure including flood preventions and street scene' as their top investment priority and in the 2020/21 Budget survey 52.2% placed this priority as first.

The following chart shows the mean score across the demographic groups for the priority 'Infrastructure including flood prevention and street scene'.



Analysis suggests a relationship between age and ranking of this priority with the proportion placing this priority first and second increasing with age. The scores for the 18 to 34 years and 35 to 44 years groups are significantly different than the scores for the 65 to 74 years and the 75 years and over group.

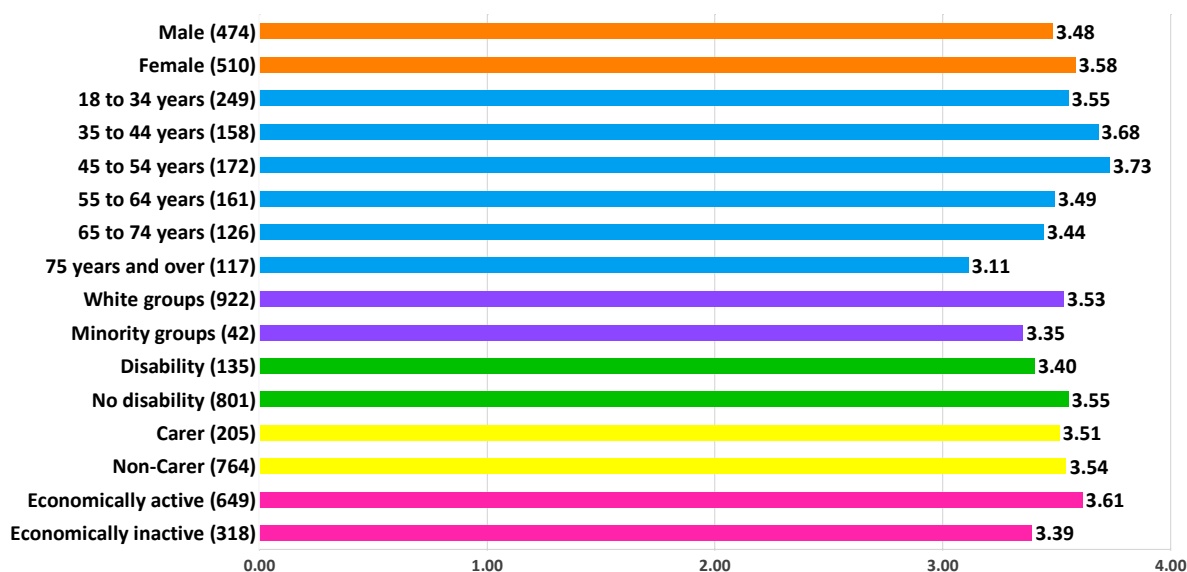
	The difference in score between carer and non-carer respondents is significant. 61.0% ( $\pm 6.8\%$ ) of carers placed this priority as first compared to 50.7% ( $\pm 3.6\%$ ) of non-carers.
	The difference in score between economically active and economically inactive respondents is significant. 61.9% ( $\pm 5.3\%$ ) of economically inactive respondents placed this priority first compared to 47.6% ( $\pm 3.9\%$ ) of economically active respondents. 13.6% ( $\pm 2.7\%$ ) of economically active respondents placed this priority as fourth or fifth, significantly greater than the proportion responding the same from the economically inactive group (6.0% ( $\pm 2.6\%$ )).



## Improvements to parks & open spaces

Overall, 212 (21.6%) respondents placed 'improvements to parks and open spaces' as their top investment priority

In the 2021/22 Budget Survey, 203 (22.9%) respondents placed 'Improvements to parks and open spaces' as their top investment priority.

The following chart shows the mean score across the demographic groups for the priority 'improvements to parks and open spaces'.



	The score for respondents aged 75 years and over is significantly lower than the scores for the age groups up to 64 years. 33.9% ( $\pm 8.5\%$ ) of the 75 years and over age group placed this priority as fourth or fifth. The 35 to 44 age group had the greatest proportion placing this priority as first at 29.9% ( $\pm 7.1\%$ ) while the 45 to 54 age group had the lowest proportion placing this in fourth or fifth at 12.2% ( $\pm 4.9\%$ ).
	The difference in score between economically active and economically inactive respondents is significant. 24.8% ( $\pm 3.3\%$ ) of the economically active placed this priority first compared to 15.1% ( $\pm 3.9\%$ ) of economically inactive respondents.

## Council Tax Changes

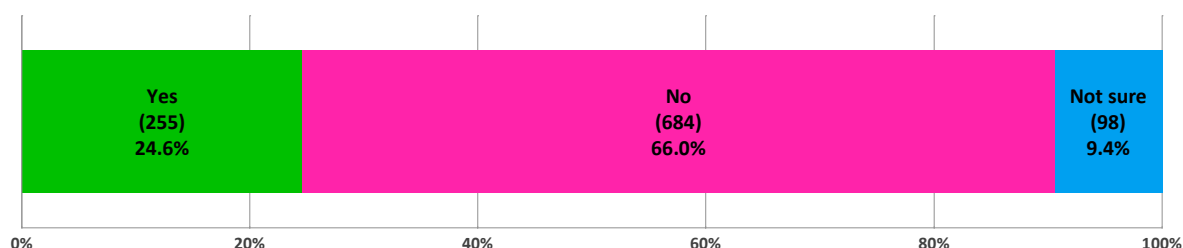
### Appetite for increase

The survey explained that the council funds a significant proportion of its spending through council tax, and that Maidstone's share of Council Tax for a Band D taxpayer is £270.90 out of a total of £1,988.63, the rest being made up of charges from Kent County Council, the Police and the Fire and Rescue Service.

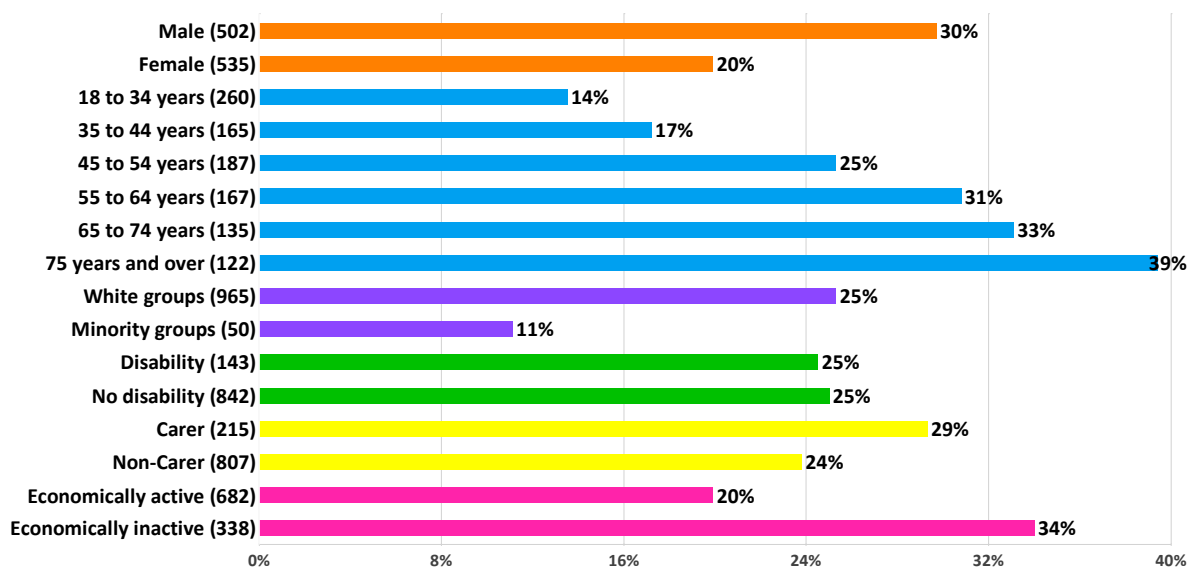
The survey asked respondents if they thought that Council Tax for 2022/23 should be increased. There were 1,037 responses to this question.






The most common response was 'no' with 684 responding this way. 24.6% ( $\pm 2.6\%$ ) of respondents said that Council Tax should increase. This question was asked in the 2021/22 Budget Consultation where 28.4% ( $\pm 2.8\%$ ) responded 'Yes'.

The proportion responding 'No' has increased from 60.8% in the 2021/22 Survey to 66.0% ( $\pm 2.9\%$ ) for this year.



The chart below shows the proportion of respondents across the different demographic groups responding 'yes'. Differences in response between demographic groups are explored in the table below.



	Male respondents had a significantly greater proportion answering 'yes' at 29.7% ( $\pm 4.0\%$ ) compared to female respondents where 19.9% ( $\pm 3.4\%$ ) answered this way). Female respondents had a significantly greater proportion responding 'not sure' compared to male respondents. The same differences were observed in the 2021/22 Budget Survey.
	Analysis shows that there is a liner relationship between this question and age. The proportions responding 'no' decreases with age and the proportion responding 'yes' increases with age. The same pattern was observed in the 2021/22 Budget Survey.
	Respondents from white groups had a significantly greater proportion answering 'yes' at 25.3% ( $\pm 2.7\%$ ) compared to respondents from minority groups where 11.1% ( $\pm 8.7\%$ ) answered this way. No other significant differences between these groups were observed and the previous Budget Survey (2021/22) did not show any significant difference between these groups.
	Non-carer respondents had a significantly greater proportion answering 'No' with 68.0% ( $\pm 3.2\%$ ) responding this way compared to 56.1% ( $\pm 6.6\%$ ) of carer respondents. Carer respondents had a significantly greater proportion responding 'not sure' compared to non-carers at 14.6% ( $\pm 4.7\%$ ) compared to 8.1% ( $\pm 1.8\%$ ).
	There were significant differences between the proportions of Economically active and Economically inactive respondents answering both positively and negatively. 73.4% ( $\pm 3.3\%$ ) of Economically active respondents answered 'No' compared to 50.6% ( $\pm 5.3\%$ ) of Economically inactive respondents.

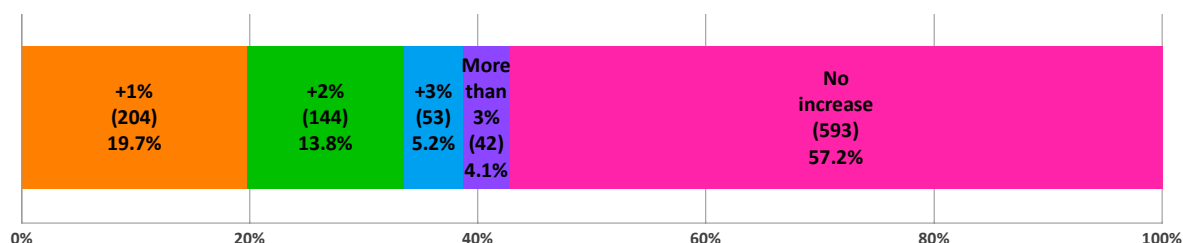
### Acceptable levels for increase

Survey respondents were asked to indicate how much more, if any, Council Tax they would be willing to pay. There were 1,037 responses to this question.

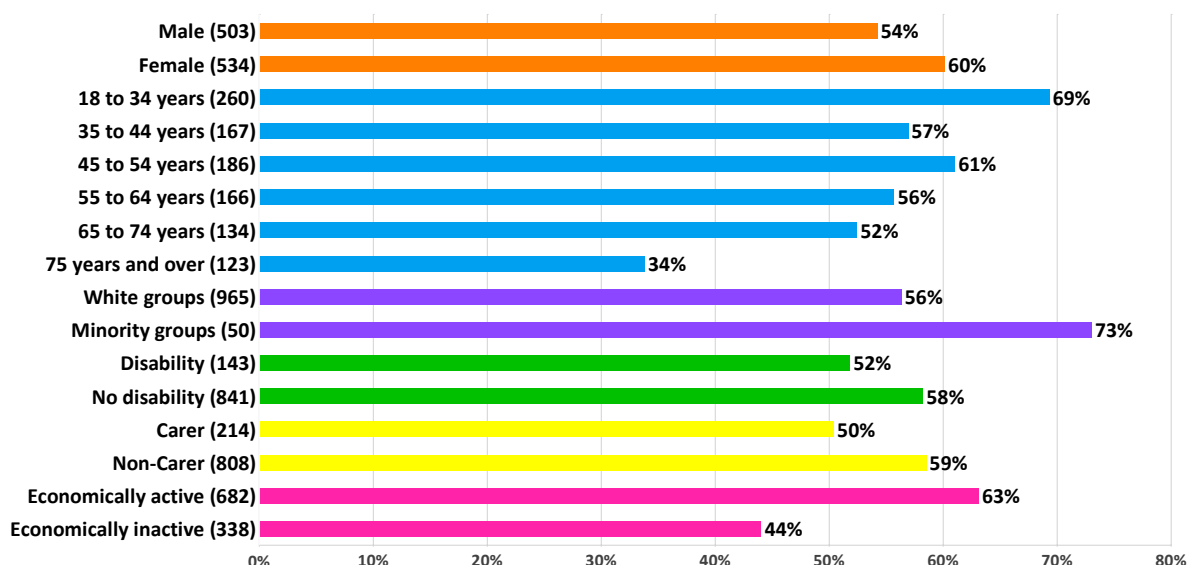
The most common response was 'no increase' with 57.2% ( $\pm 3.0\%$ ) answering this way. Overall, 42.8% ( $\pm 3.0\%$ ) indicated that Council Tax should be raised by selecting a percentage increase.

This is significantly greater than the proportion responding 'yes' to the previous, more general question.

The proportion responding 'no increase' has increased by 9.7 percentage points since 2019 when this question was asked as part of the 2019/20 Budget Survey and again in the 2020/21 Budget Survey, increasing from 47.5% to 57.2%.



The chart below shows the proportion responding 'no increase' across the different demographic groups. Differences in response between demographic groups are explored in the table below.



	Female respondents had a significantly greater proportion responding 1% increase with 25.0% ( $\pm 3.7\%$ ) selecting this response compared to male respondents with 14.1% ( $\pm 3.0\%$ ) answered this way. Male respondents had greater proportions selecting an increase over 1% compared to female respondents.
	Respondents aged 75 years and over had a significantly lower proportion responding 'no increase' compared to the other age groups. This group also had a significantly greater proportion in favour of an increase of up to 2%, at 49.3% ( $\pm 8.8\%$ ) compared to the other age groups.
	Respondents from minority groups had a significantly greater proportion responding 'no increase' compared to those from white groups. 43.7% ( $\pm 3.1\%$ ) of white group respondents selected an increase amount compared to 27.0% ( $\pm 12.4\%$ ) of respondents from minority groups.
	Carers had a greater proportion selecting a 1% increase and a lower proportion selecting 'no increase' compared to non-carer respondents. 24.9% ( $\pm 5.8\%$ ) of carers selected a 1% increase in Council Tax compared to 18.5% ( $\pm 2.7\%$ ) of non-Carers.
	Economically inactive respondents had the lowest proportion responding 'no increase' with 44.0% ( $\pm 5.3\%$ ) answering this way compared to 63.1% ( $\pm 3.6\%$ ) economically active respondents. The economically inactive group had greater proportions for all the incremental council tax increase options listed.

## Important Services

Survey respondents were asked what three services were most important to them and provided with three open text boxes to provide a response. The answers have been cleansed so that counts can be obtained (e.g., 'street cleansing', 'clean streets', 'cleanliness' and 'clean and tidy' and such terms were all amended to 'street cleaning'. However, 'Street maintenance' would not be included in the street cleaning category as it is unclear if the respondent is referring to the fabric of streets such as condition of the pavement or the cleanliness of the street).

A total of 935 respondents answered this question. Please note that not all respondents that answered this question gave three services. The word cloud below shows the top 50 responses where three or more respondents have said the same thing.

The top 15 services are shown below.



In the 2021/22 Budget Survey, the top three most important services were: Waste Collection, Parks & Open Spaces and Roads & Highways.



## Comments

Respondents to the survey were given the opportunity to make additional comments about the Council's budget and the funding of services. A total of 385 comments were received. These comments have been grouped into themes, with some comments containing multiple themes. The table below shows a summary of the comments for each of the top ten themes identified.

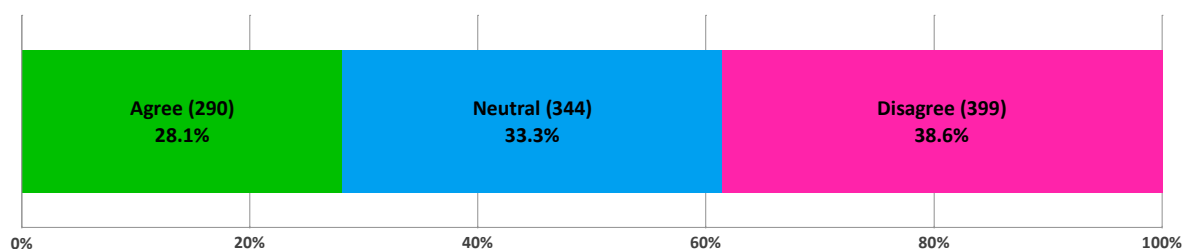
Theme	No. Comments	Summary
Finance Concerns/CT increase too high	82	<ul style="list-style-type: none"> <li>• Requests for no more increases.</li> <li>• Wages not increasing at same rate.</li> <li>• People on fixed incomes.</li> <li>• Would not be able to afford an increase.</li> <li>• Council tax is too expensive.</li> </ul>
Council/Budget Management	62	<ul style="list-style-type: none"> <li>• Spend money more wisely.</li> <li>• Don't spend money on 'vanity' projects.</li> <li>• Better contracts for services.</li> <li>• Do more for less.</li> </ul>
No improvements/ Not VFM	60	<ul style="list-style-type: none"> <li>• Delivery of services not up to standard (empty shops, street cleaning).</li> <li>• Do not feel there is value for money from the amount of Council Tax paid (rural locations and suspension of services mentioned)</li> </ul>
New Homes/ Growth/ Infrastructure	51	<ul style="list-style-type: none"> <li>• Queried why CT needs to increase since there should be more revenue received from new housing.</li> <li>• Stop building new homes.</li> <li>• No infrastructure improvements to support growth.</li> </ul>
Council Salaries	38	<ul style="list-style-type: none"> <li>• Cut staff salaries.</li> <li>• Cut Members Allowances.</li> <li>• Reduce management.</li> </ul>
Priorities	35	<ul style="list-style-type: none"> <li>• Climate change &amp; environmental issues should feature.</li> <li>• Improve town centre.</li> <li>• Localise improvements.</li> </ul>
Accepting of CT increases	23	<ul style="list-style-type: none"> <li>• Good services cost money.</li> <li>• Increase in line with inflation.</li> <li>• All living costs going up.</li> </ul>
KCC Services	16	<ul style="list-style-type: none"> <li>• Charges for tip use.</li> <li>• Condition of roads.</li> <li>• Support Social Services.</li> </ul>
Income Comment /Suggestion	15	<ul style="list-style-type: none"> <li>• Try crowd funding.</li> <li>• Increase charges for planning and licensing.</li> <li>• Increase revenue streams from enforcement activity and business development.</li> <li>• Partnership run services.</li> </ul>
Provide essential/statutory services only	12	<ul style="list-style-type: none"> <li>• Get essentials right first.</li> <li>• Find savings from non-essential services.</li> <li>• Stop all non-essential spending.</li> </ul>

## Resident feelings

### Value for Money

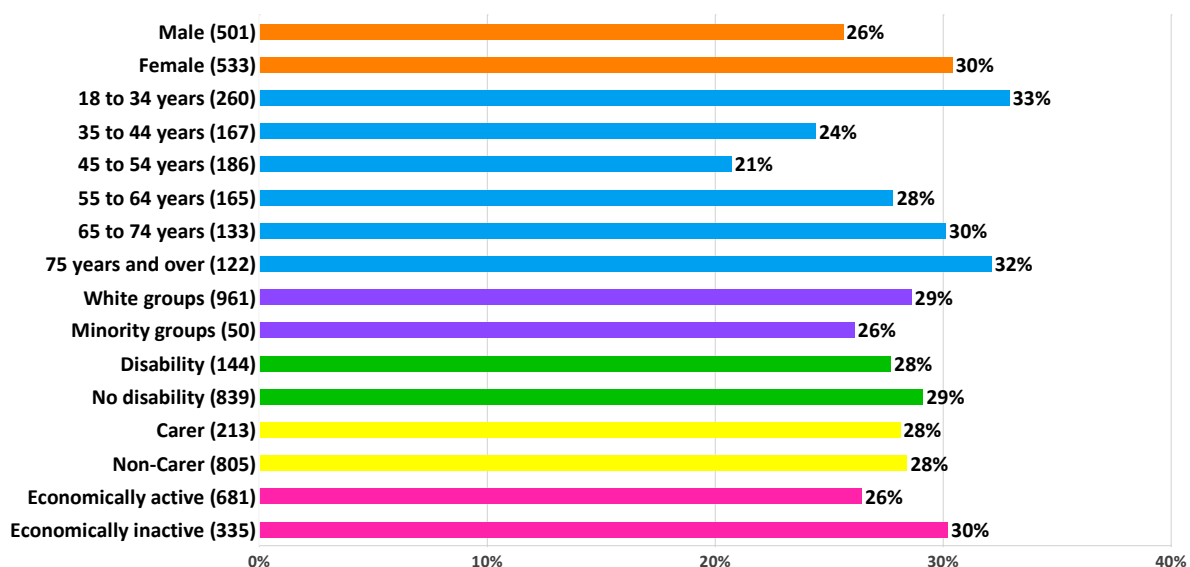
Survey respondents were asked to 'what extent do you agree or disagree that Maidstone Borough Council provides value for money'. There was a total of 1033 responses.

The most common response was 'neither agree nor disagree' with 344 responding this way. Overall, 28.1% ( $\pm 2.7\%$ ).



This question has been asked in previous Budget surveys. In the 2021/22 survey 29.3% ( $\pm 2.8\%$ ) of respondents agreed that Maidstone Borough Council provided value for money. In the 2020/21 survey 33.2% of residents agreed with this question and in the 2019/20 Budget Survey 33.4% agreed.

The chart below shows the proportions responding positively (strongly agree and agree combined).



	<p>The overall proportions answering positively are not significantly different between gender. However, female respondents had a significantly greater proportion that responded, 'strongly agree'. Male respondents had a greater proportion responding neutrally at 36.8% (<math>\pm 4.2\%</math>) compared to 30.0% (<math>3.9\pm\%</math>) of females.</p>
	<p>The 18 to 34 years group had the greatest proportions responding both positively and negatively. The data suggests that there is a liner relation between a negative response to this question, as age increases, the proportions responding negatively decreases.</p>

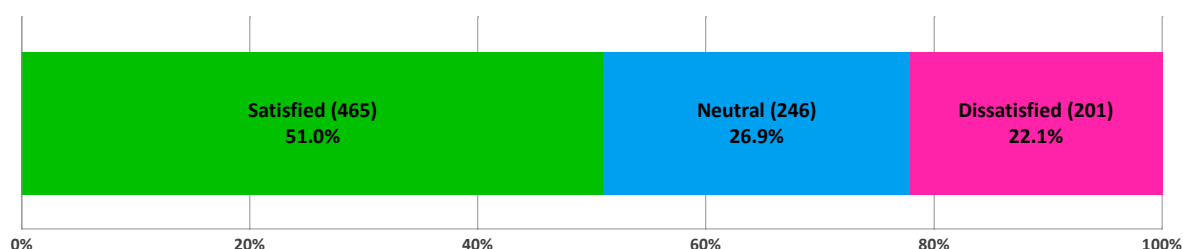


The overall proportions answering positively are not significantly different between economically active and economically inactive respondents. However, a significantly greater proportion of economically active respondents answered negatively with 43.8% ( $\pm 3.7\%$ ) answering this way compared to 28.6% ( $\pm 4.8\%$ ) of economically inactive respondents.

## Local area Satisfaction

Survey respondents were asked: 'How satisfied or dissatisfied are you with your local area as a place to live?' and given a five-point scale from 'very satisfied' to 'very dissatisfied'. There was a total of 912 respondents.

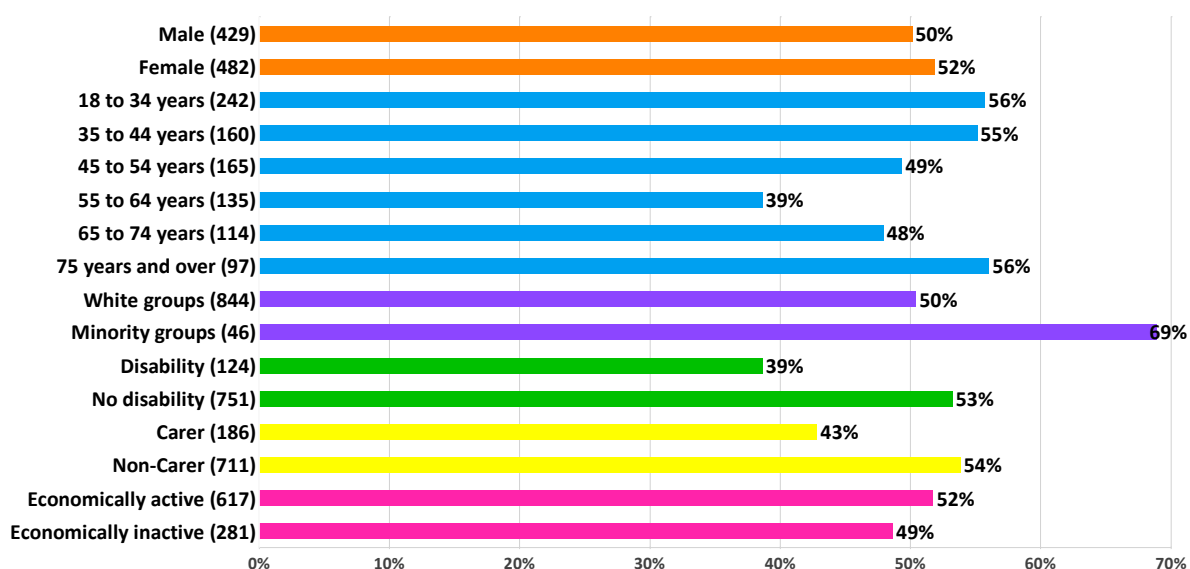
The most common response was 'fairly satisfied' with 394 answering this way. Overall, just over half of respondents said they were 'satisfied' with their local area as a place to live (51.0% ( $\pm 3.2\%$ )).








This question was last asked in the 2021/22 Budget Survey. At this time 52.2% said they were 'satisfied' and in the 2020/21 survey 53.1% were 'satisfied'.

Last year there had been a reduction in the proportion responding negatively from 28.9% in 2020/21 to 19.9% for 2021/22. This year there was a 2.2 percentage point increase in the proportion answering this way (22.1% ( $\pm 2.7\%$ )).

The chart below shows the proportion responding 'satisfied' across the demographic groups.

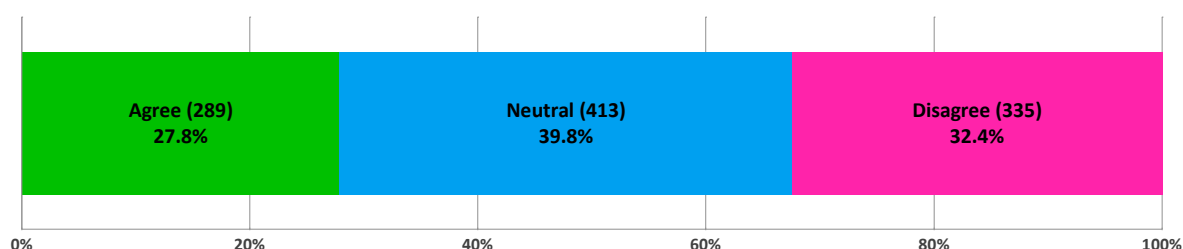


	Male respondents had a significantly greater proportion responding negatively with 25.0% ( $\pm 4.1\%$ ) answering this way compared to 19.5% ( $\pm 3.5\%$ ) of female respondents.
	The proportions responding positively from the 18 to 34 years and the 35 to 44 age groups were significantly greater than the proportion answering the same from the 55 to 64 age group. The 55 to 64 age group had the greatest proportion responding negatively at 27.3% ( $\pm 7.5\%$ ). In the 2021/22 Budget Survey the 55 to 64 age group also had the lowest proportion answering negatively.
	Minority group respondents had a significantly greater proportion responding positively with 68.9% ( $\pm 13.4\%$ ) answering this way compared to 50.4% ( $\pm 3.4\%$ ) of respondents from white groups
	Disabled respondents had a significantly greater proportion responding negatively with 29.7% ( $\pm 8.0\%$ ) answering this way compared to 20.9% ( $\pm 2.9\%$ ) of non-disabled respondents answering the same.
	Non-carer respondents had a significantly greater proportion responding to this question positively and significantly less responding negatively when compared to carer respondents. 27.6% ( $\pm 6.4\%$ ) of carer respondents answered negatively compared to 19.4% ( $\pm 2.9\%$ ) of non-carer respondents.

## Realising Potential

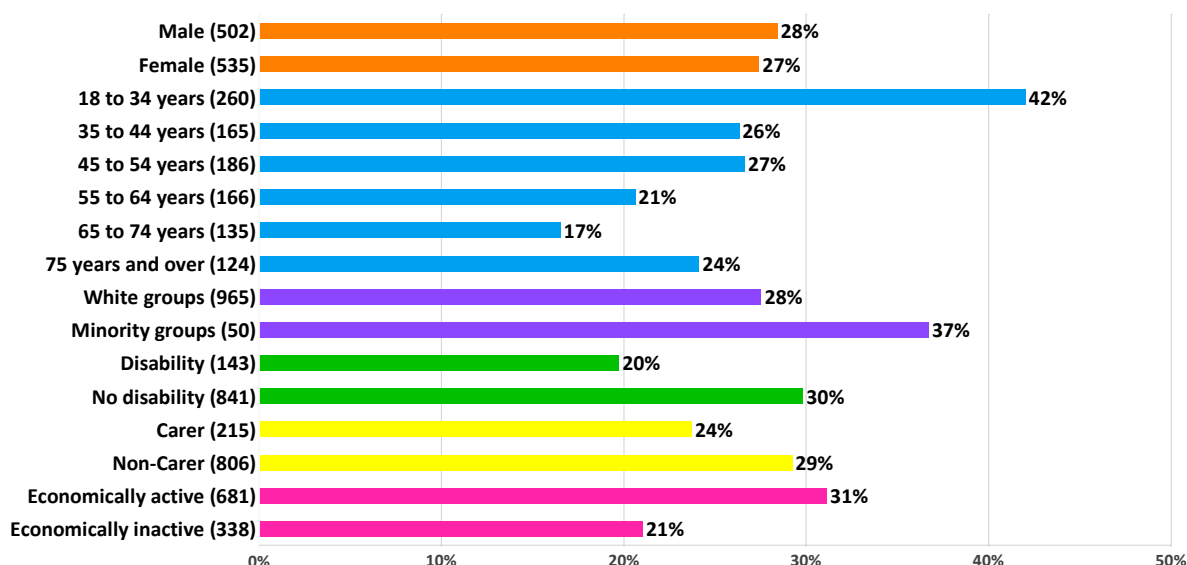
The survey asked respondents: 'To what extent do you agree or disagree that Maidstone is a place where everyone can realise their potential?'. A total of 1,037 people responded to this question.





Overall, 27.8% ( $\pm 2.7\%$ ) of respondents said that they agreed that Maidstone was a place where everyone can realise their potential. The most common response was 'neither agree nor disagree' with 39.8% ( $\pm 3.0\%$ ) responding this way.



Since the 2021/22 Survey, undertaken in Autumn 2020, the proportion of those responding negatively has increased by two percentage points (2021/22 Survey, 30.4%). The proportion responding positively has increased marginally by 0.7 percentage points (2021/22 Survey, 27.1%).

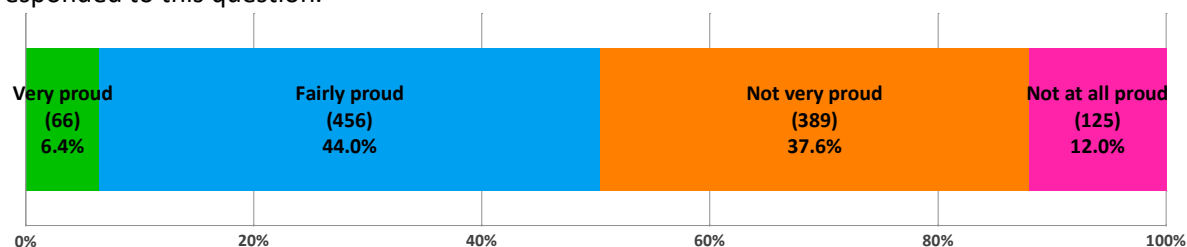
The following chart shows the proportion of those responding 'agree' across the different demographic groups.



	The 45 to 54 and the 55 to 64 age groups had the greatest proportions responding negatively at 37.3% ( $\pm 6.9\%$ ) and 40.6% ( $\pm 7.5\%$ ) respectively and the lowest proportions responding neutrally. The 75 years and over had the lowest proportion responding negatively at 25.5% ( $\pm 7.7\%$ ). The 65 to 74 age group had the greatest proportion responding neutrally at 56.9% ( $\pm 8.4\%$ ).
	Although there were no significant differences in the proportion responding positively and neutrally between respondents from minority groups and respondents from white groups, white groups had a significantly greater proportion responding negatively with 32.9% ( $\pm 3.0\%$ ) answering this way compared to 17.7% ( $\pm 10.6\%$ ) of respondents from minority groups.
	Disabled respondents had a significantly greater proportion responding negatively with 40.2% ( $\pm 8.0\%$ ) answering this way compared to 30.7% ( $\pm 3.1\%$ ) of non-disabled respondents.
	Half of economically inactive respondents responded neutrally, significantly greater than the proportion responding the same who were economically active. Economically active respondents had significantly greater proportions answering both positively and negatively.

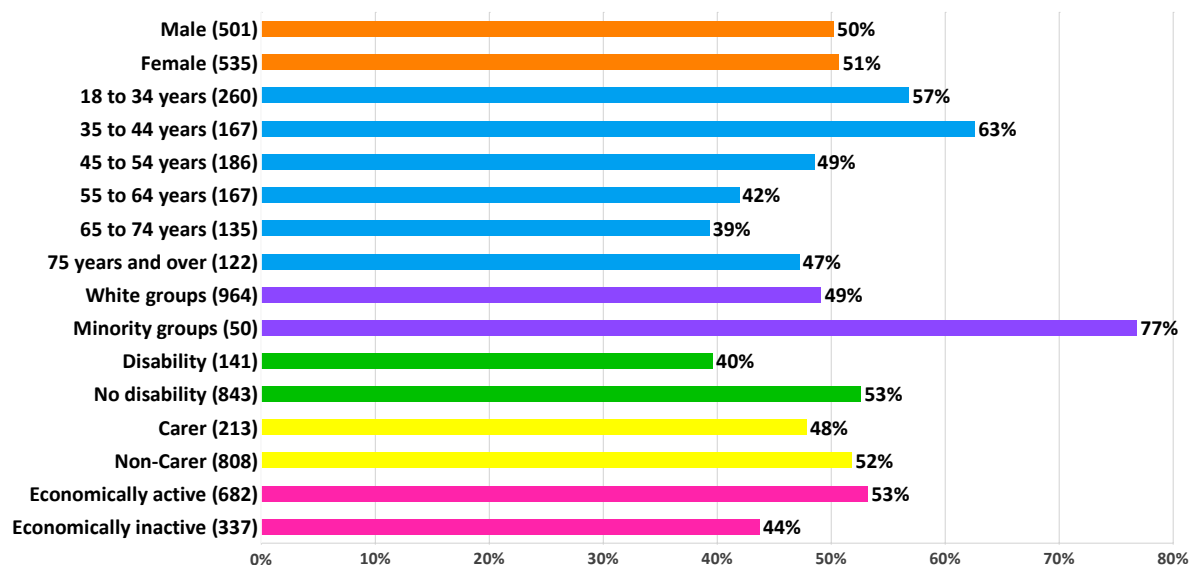
## Pride in Maidstone Borough





The survey asked respondents: 'How proud are you of Maidstone Borough?', a total of 1036 responded to this question.



Overall, 50.4% ( $\pm 3.0\%$ ) said they were either 'very proud' or 'fairly proud' of Maidstone Borough, a marginal decline from the 2021/22 Budget survey, undertaken Autumn 2020, where 51.1% ( $\pm 3.1\%$ ) answered this way. The most common response was 'fairly proud' with 456 answering this way.

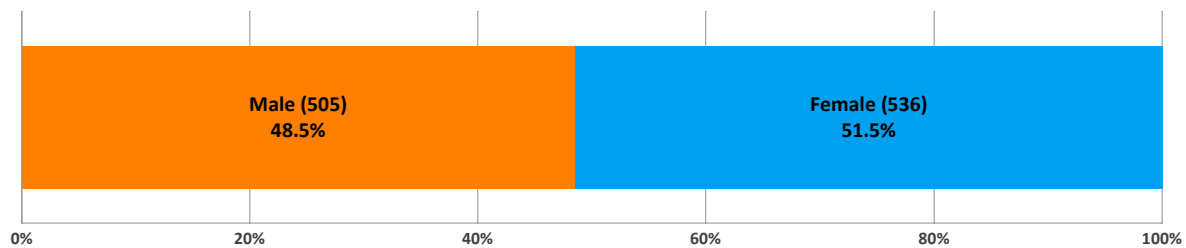
The chart below shows the proportion responding positively across the different demographic groups.



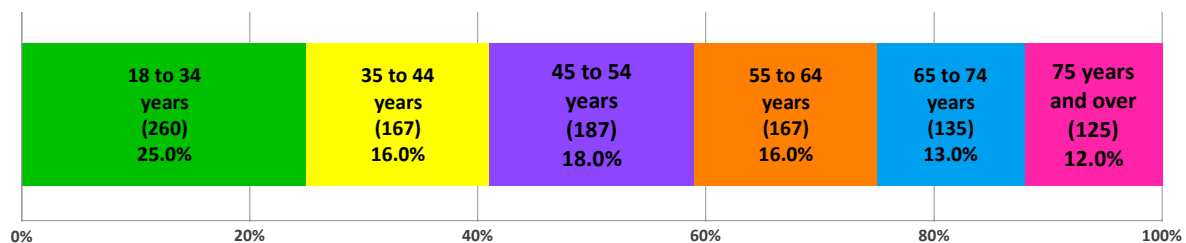
	Respondents in the 35 to 44 age group had the lowest proportion responding negatively. This result is significant when compared to the proportions responding the same from the ages groups over 45 years.
	The difference in the proportion of respondents answering positively between minority groups and white groups is significant. 50.9% ( $\pm 3.9\%$ ) of white group respondents answered negatively compared to 23.2% ( $\pm 11.8\%$ ) of minority group respondents answering the same.
	Disabled respondents had a significantly greater proportion responding negatively with 60.4% ( $\pm 8.1\%$ ) answering this way compared to 47.4% ( $\pm 3.4\%$ ) of non-disabled respondents.
	A significantly greater proportion of economically inactive respondents answered negatively with 56.3% ( $\pm 5.3\%$ ) answering this way compared to 46.8% ( $\pm 3.7\%$ ) of economically active respondents.

## Survey Demographics

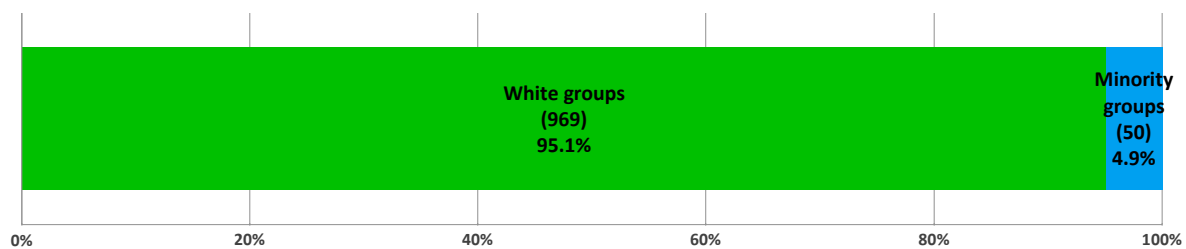
### Gender



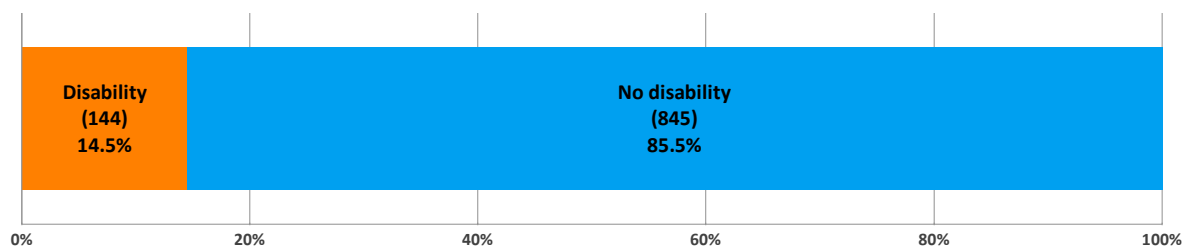
### Age



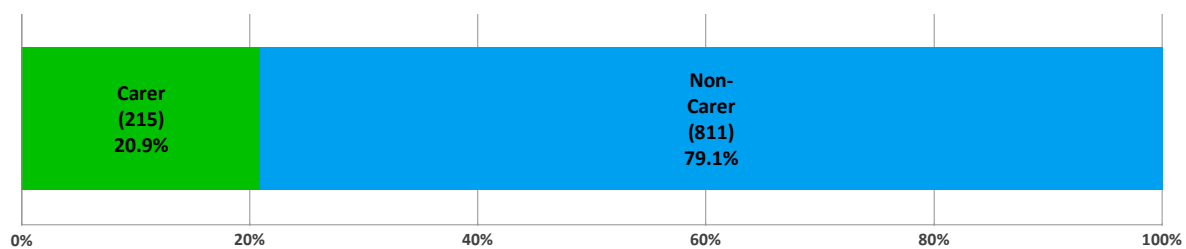
### Ethnicity



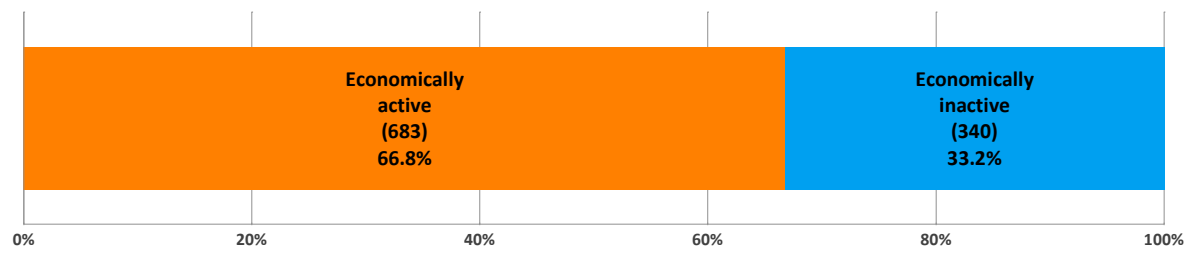
### Disability



### Carers



## Economic Activity





## POLICY & RESOURCES COMMITTEE

**24 November 2021**

### 2<sup>nd</sup> Quarter Finance, Performance and Risk Monitoring Report 2020/21

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	Mark Green, Director of Business Improvement
<b>Lead Officer and Report Authors</b>	Ellie Dunnet, Head of Finance Paul Holland, Senior Finance Manager (Client) Carly Benville, Senior Business Analyst Alison Blake, Audit Manager
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### Executive Summary

This report sets out the 2021/2022 financial and performance position for the Council, including services reporting directly into the Policy & Resources Committee (PRC) as at 30<sup>th</sup> September 2021 (Quarter 2). The primary focus is on:

- 2021/22 Revenue and Capital budgets;
- 2021/22 Key Performance Indicators (KPIs) that relate to the delivery of the Strategic Plan 2019-2045;
- Corporate Risk Register

The combined reporting of the financial and performance position enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues in their proper context, reflecting the fact that the financial and performance-related fortunes of the Council are inextricably linked. The report for this quarter has a particular focus on the impact the Covid-19 pandemic has had on the Council's financial position and performance.

#### Budget Monitoring

At the Quarter 2 stage, the Council has incurred net expenditure of £2.335m against a profiled budget of £4.500m, representing an underspend of £2.166m. For the services reporting directly to PRC, net expenditure of £0.490m has been incurred against a profiled budget of £1.711m, representing an underspend of £1.221m. The large underspends for the year to date arise mainly from timing differences, principally receipt of government grants which have not yet been spent. The projected out-turn for the Council for the year as a whole as at the end of Quarter 2 is an underspend of £0.265m.

With regard to capital, at the Quarter 2 stage, the Council has incurred overall expenditure of £7.255m against a budget allocation within the Capital Programme of

£54.600m. Expenditure for services reporting directly to PRC of £3.303m has been incurred against the budget of £22.850m.

### Performance Monitoring

A number of targets were missed due to the impact of Covid-19, although there were improvements in a number of other areas.

### Corporate Risk Update

The risk register is forward looking and seeks to capture uncertainties on the horizon, in addition to addressing key risks directly linked to the delivery of our priorities. The risk profile has been updated to reflect the impact and uncertainties resulting from Covid-19, lockdown restrictions and the challenges facing our residents and local businesses. The risk register (appendix 3) details how the Council is responding to these risks and undertaking necessary preparations and actions to reduce likelihood and impact where possible to do so.

### **Purpose of Report**

The report enables the Committee to consider and comment on the issues raised and actions being taken to address budget pressures, performance issues and corporate risks as at 30<sup>th</sup> September 2021.

### **This report makes the following Recommendations to the Committee:**

1. That the Revenue position as at the end of Quarter 2 including the actions being taken or proposed to improve the position, where significant variances have been identified, be noted.
2. That the Capital position at the end of Quarter 2 be noted.
3. That the write off of £13,887.12 in uncollectible business rates debt be approved.
4. That the Performance position as at Quarter 2, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.
5. That the Risk Update, attached at Appendix 3 be noted.

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Policy & Resources Committee	24 November 2021

## 2<sup>nd</sup> Quarter Financial Update & Performance Monitoring Report 2020/21

### CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's Medium-Term Financial Strategy which is linked to the Strategic Plan and corporate priorities.</p> <p>The Key Performance Indicators and strategic actions are part of the Council's overarching Strategic Plan 2019-45 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas.</p>	Director of Finance and Business Improvement (Section 151 Officer)
<b>Cross Cutting Objectives</b>	This report enables any links between performance and financial matters to be identified and addressed at an early stage, thereby reducing the risk of compromising the delivery of the Strategic Plan 2019-2045, including its cross-cutting objectives.	Director of Finance and Business Improvement (Section 151 Officer)
<b>Risk Management</b>	This is addressed in Section 3 of this report.	Director of Finance and Business Improvement (Section 151 Officer)

Issue	Implications	Sign-off
<b>Financial</b>	<p>Financial implications are the focus of this report through high level budget monitoring. Budget monitoring ensures that services can react quickly enough to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.</p> <p>Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes are also identified and taken into account in the Council's Medium-Term Financial Strategy and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.</p>	Senior Finance Manager (Client)
<b>Staffing</b>	<p>The budget for staffing represents a significant proportion of the direct spend of the Council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p> <p>Having a clear set of performance targets enables staff outcomes/objectives to be set and effective action plans to be put in place.</p>	Director of Finance and Business Improvement (Section 151 Officer)
<b>Legal</b>	<p>The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.</p> <p>There is no statutory duty to report regularly on the Council's performance. However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. One of the purposes of the Key Performance Indicators is to facilitate the improvement of the economy, efficiency and effectiveness of Council services. Regular reports on Council performance help to demonstrate best value and compliance with the statutory duty.</p>	Senior Lawyer Corporate Governance

Issue	Implications	Sign-off
<b>Privacy and Data Protection</b>	The performance data is held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality. There is a program for undertaking data quality audits of performance indicators.	Policy and Information Team
<b>Equalities</b>	There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change should one be identified.	Equalities and Communities Officer
<b>Public Health</b>	The performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	There are no specific issues arising.	Director of Finance and Business Improvement (Section 151 Officer)
<b>Procurement</b>	Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.	Director of Finance and Business Improvement (Section 151 Officer)
<b>Biodiversity &amp; Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and there are no implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

## 1. BACKGROUND AND INTRODUCTION

- 1.1 The Medium-Term Financial Strategy for 2021/22 to 2025/26 - including the budget for 2021/22 - was approved by full Council on 24th February 2021. This report updates the Committee on how its services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 1.2 This report also includes an update to the Committee on progress against its Key Performance Indicators (KPIs), and an update covering corporate risks.
- 1.3 Attached at **Appendix 1** is a report setting out the revenue and capital spending position at the Quarter 2 stage. Attached at **Appendix 2** is a report

setting out the position for the KPIs for the corresponding period. Attached at **Appendix 3** is a report providing an update on corporate risks, in response to the committee's previous request for regular updates on this subject.

## **2. AVAILABLE OPTIONS**

- 2.1 There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported here.

## **3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 3.1 In considering the current position on the Revenue budget, the Capital Programme, KPIs and Corporate Risks at the end of September 2021, the Committee can choose to note this information or could choose to take further action.
- 3.2 The Committee is requested to note the content of the report as no further action is necessary at this stage.

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## **4. RISK**

- 4.1 The Council agreed a balanced budget for both revenue and capital income and expenditure for 2021/22 in February 2021. This budget is set against a backdrop of limited resources and a difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Committee the best opportunity to take actions to mitigate such risks.

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## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 The KPIs update ("Performance Monitoring") is reported to service committees quarterly: Communities, Housing & Environment Committee, Economic Regeneration & Leisure Committee and the Strategic Planning & Infrastructure Committee. Each committee will receive a report on the relevant priority action areas. The report is also presented to the Policy & Resources Committee, reporting on the priority areas of "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".

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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The Quarter 2 Budget & Performance Monitoring reports are being considered by the relevant Service Committees during November and December 2021,

including this full report to the Policy & Resources Committee today.

- 6.2 Details of the discussions which take place at Service Committees regarding financial and performance management will be reported to the next Policy and Resources Committee where appropriate.
- 6.3 The Council could choose not to monitor its budget and/or the Strategic Plan and/or make alternative performance management arrangements, such as the frequency of reporting. This is not recommended as it could lead to action not being taken against financial and/or other performance during the year, and the Council failing to deliver its priorities.
- 6.4 There remains uncertainty regarding the Council's financial position beyond 2021/22, arising from the impacts of the Covid-19 crisis and the Council's role in responding to this. Future finance reports to this committee will ensure that members are kept up to date with this situation as it develops.

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## **7. REPORT APPENDICES**

- Appendix 1: Second Quarter Budget Monitoring 2021/22
- Appendix 2: Second Quarter Performance Monitoring 2021/22
- Appendix 3: Second Quarter Corporate Risks Update 2021/22

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## **8. BACKGROUND PAPERS**

None.

# Second Quarter Financial Update 2021/22

Policy & Resources Committee

24<sup>th</sup> November 2021

Lead Officer: Mark Green

Report Authors: Ellie Dunnet/Paul Holland



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## Part A

# Executive Summary & Overview

This report provides members with the financial position as at 30 September 2021, covering activity for both the Council as a whole and this committee's revenue and capital accounts for the first two quarters of 2021/22.

Members will be aware of the significant uncertainty in the 2021/22 budget estimates arising from the ongoing impact of the Covid-19 pandemic, both in relation to demands on the Council to respond and the speed of local economic recovery. Financial support from central government received during 2020/21 continues to support specific activities, and the unringfenced Covid-19 grant of £860,000 will be used to support recovery and renewal activities.

In addition, the Council has recently applied for the final round of funding under the government's sales, fees and charges compensation scheme covering income losses between April – June 2021 measured against the 2020/21 income budget. The value of this claim is estimated at £0.4m and is expected to be the final allocation of unringfenced Covid-19 funding from central government.

The second quarter monitoring report provides the forecast year end position for revenue and capital and updates the Committee on a range of other inter-related financial matters including Local Tax Collection, Reserves and Balances, Treasury Management and Maidstone Property Holdings.

The headlines for Quarter 2 are as follows:

#### Part B: Revenue Budget – Q2 2021/22

- At the Quarter 2 stage, the Council has incurred net expenditure of £2.335m against a profiled budget of £4.500m, representing an underspend of £2.165m.
- For the services reporting directly to PRC, net expenditure of £0.490m has been incurred against a profiled budget of £1.711m, representing an underspend of £1.221m. The large underspends for the year to date arise mainly from timing differences, principally receipt of government grants which have not yet been spent. The projected out-turn for the Council for the year as a whole as at the end of Quarter 2 is an underspend of £0.265m.

#### Part C: Capital Budget – Q2 2021/22

- At the Quarter 2 stage, the Council has incurred overall expenditure of £7.255m against a budget allocation within the Capital Programme of £54.600m.
- Expenditure for services reporting directly to PRC of £3.303m has been incurred against the budget of £22.850m.

#### Part D: Local Tax Collection 2021/22

- Adjusted target collection rates have been met for Council Tax but missed for Business Rates.
- It is anticipated that the Council will retain £0.35m through the Kent Business Rates Pool in 2021/22.

#### Part E: Reserves & Balances 2021/22

- The unallocated balance on the General Fund at 1 April 2021 was £9.2m. It is anticipated that balances will remain above the minimum level set by Council.

#### Part F: Treasury Management 2021/22

- The Council held short-term investments of £16.16m and had £11.0m in outstanding borrowing as at 31<sup>st</sup> March 2021.
- Balances as at 30<sup>th</sup> September 2021 are £45.19m in short-term investments and £9m of short term local authority borrowing.

#### Part G: Maidstone Property Holdings Ltd. (MPH)

- MPH net rental income for the second quarter of 2021/22 was £236,000. Rent arrears as at 30 September totalled £9,000.

## Part B

# Second Quarter Revenue Budget 2021/22

## B1) Revenue Budget: Council

B1.1 At the Quarter 2 stage, the Council has incurred net expenditure of £2.335m against a profiled budget of £4.500m, representing an underspend of £2.165m.

B1.2 Tables 1, 2 and 3 below provide further insight into the Council's income and expenditure position for Quarter 2 2021/22 by providing alternative analyses: by Committee, Priority and Subjective Heading.

**Table 1: Net Expenditure 2021/22 (@ 2<sup>nd</sup> Quarter): Analysis by COMMITTEE**

Committee	Full Year Budget	To 30 September 2021	Actual	Variance	Year End Forecast	Year End Variance
	£000	£000	£000	£000	£000	£000
Policy & Resources	10,628	1,711	490	1,221	10,826	-198
Strategic Planning and Infrastructure	-327	-11	-400	389	-687	360
Communities, Housing & Environment	8,295	2,153	1,606	546	8,055	240
Economic Regeneration & Leisure	1,099	646	638	8	1,236	-138
<b>Net Revenue Expenditure</b>	<b>19,695</b>	<b>4,500</b>	<b>2,335</b>	<b>2,165</b>	<b>19,430</b>	<b>265</b>

**Table 2: Net Expenditure 2021/22 (@ 2<sup>nd</sup> Quarter): Analysis by PRIORITY**

Priority	Full Year Budget	To 30 September 2021	Actual	Variance	Year End Forecast	Year End Variance
	£000	£000	£000	£000	£000	£000
Safe, Clean and Green	6,409	2,978	2,492	486	6,270	139
Homes and Communities	1,099	-1,219	-1,391	172	1,236	-137
Thriving Place	1,226	710	757	-47	1,416	-190
Embracing Growth and Enabling Infrastructure	-235	35	-400	435	-595	360
Central & Democratic	11,197	1,996	878	1,119	11,103	93
<b>Net Revenue Expenditure</b>	<b>19,695</b>	<b>4,500</b>	<b>2,335</b>	<b>2,165</b>	<b>19,430</b>	<b>265</b>

**Table 3: Net Expenditure 2021/22 (@ 2<sup>nd</sup> Quarter): Analysis by SUBJECTIVE SPEND**

Subjective	Full Year Budget	To 30 September 2021	Actual	Variance	Year End Forecast	Year End Variance
	£000	£000	£000	£000	£000	£000
Employees	21,636	11,094	11,009	85	21,636	0
Premises	5,953	3,736	3,517	219	5,998	-45
Transport	678	321	233	87	678	0
Supplies & Services	14,074	4,722	3,662	1,059	13,750	324
Agency	6,232	2,959	3,038	-79	6,232	0
Transfer Payments	41,314	18,823	17,986	838	41,314	0
Asset Rents	1,106	0	0	0	1,106	0
Income	-71,299	-37,154	-37,110	-45	-71,284	-15
<b>Net Revenue Expenditure</b>	<b>19,695</b>	<b>4,500</b>	<b>2,335</b>	<b>2,165</b>	<b>19,430</b>	<b>265</b>

## B2) Revenue Budget: Policy & Resources (PRC)

B2.1 Table 4 below provides a detailed summary of the budgeted net expenditure position for the services reporting directly into PRC at the end of Quarter 2. The financial figures are presented on an accruals basis (i.e. expenditure for goods and services received, but not yet paid for, is included).

**Table 4: PRC Revenue Budget: NET EXPENDITURE (@ 2<sup>nd</sup> Quarter 2021/22)**

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Civic Occasions	43	32	16	15	43	0
Members Allowances	397	198	179	19	397	0
Members Facilities	30	15	8	7	30	0
Contingency	-357	-772	-1,601	829	-357	0
Performance & Development	13	8	7	0	13	0
Corporate Projects	20	10	3	7	20	0
Press & Public Relations	21	10	19	-9	21	0
Corporate Management	601	55	79	-24	601	0
Unapportionable Central Overheads	1,459	707	680	28	1,414	45
Council Tax Collection	55	30	23	6	55	0
Council Tax Collection - Non Pooled	-357	27	52	-24	-357	0
Council Tax Benefits Administration	-152	-152	-160	7	-152	0
NNDR Collection	2	1	3	-2	2	0
NNDR Collection - Non Pooled	-234	5	66	-61	-234	0
MBC- BID	1	-10	-16	7	1	0
Registration Of Electors	50	21	43	-23	50	0
Elections	311	168	167	1	311	0
KCC Elections	0	0	-0	0	0	0
PCC Elections	0	0	0	0	0	0
Emergency Centre	24	14	20	-6	24	0
Medway Conservancy	126	63	63	-0	126	0
External Interest Payable	2,263	0	8	-8	2,263	0
Interest & Investment Income	-100	-50	-21	-29	-50	-50
Palace Gatehouse	-9	-5	-4	-0	-9	0
Archbishops Palace	-95	-39	-49	10	-95	0
Parkwood Industrial Estate	-278	-143	-149	6	-278	0
Industrial Starter Units	-16	-5	-15	10	-16	0
Parkwood Equilibrium Units	-70	-33	-53	20	-70	0
Sundry Corporate Properties	-531	-266	-42	-225	-341	-190
Phoenix Park Units	-204	-102	-119	17	-204	0
Granada House - Commercial	-95	-78	-71	-8	-95	0
MPH Residential Properties	-842	-421	-374	-47	-551	-291
Heronden Road Units	-151	-78	-90	12	-151	0
Boxmend Industrial Estate	-93	-47	-31	-16	-93	0

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Lockmeadow	165	83	-13	96	135	31
NEW Lockmeadow Complex	-1,378	-1,246	-1,102	-144	-1,378	0
Wren Industrial Estate	-128	-68	-53	-15	-128	0
Pensions Fund Management	1,688	0	0	0	1,688	0
Non Service Related Government Grants	-3,995	-1,998	-2,014	16	-3,995	0
Rent Allowances	-125	-50	-279	229	-125	0
Non HRA Rent Rebates	-11	533	447	86	-11	0
Discretionary Housing Payments	1	88	76	12	1	0
Housing Benefits Administration	-354	-183	-173	-10	-354	0
Innovation Centre Section	-3	-1	69	-70	-3	0
Democratic Services Section	191	96	89	7	191	0
Mayoral & Civic Services Section	116	58	51	7	116	0
Chief Executive	185	92	95	-3	185	0
Communications Section	189	94	90	4	189	0
Policy & Information Section	289	145	160	-15	289	0
Head of Policy and Communications	129	65	55	9	129	0
Revenues Section	515	352	326	25	515	0
Registration Services Section	93	47	40	7	93	0
Benefits Section	491	330	341	-11	491	0
Fraud Section	43	-21	-19	-2	43	0
Mid Kent Audit Partnership	233	122	36	85	233	0
Director of Finance & Business Improvement	145	73	70	2	145	0
Accountancy Section	729	377	355	22	729	0
Legal Services Section	483	243	221	22	483	0
Director of Regeneration & Place	143	72	76	-5	143	0
Procurement Section	110	-7	23	-30	110	0
Property & Projects Section	495	238	209	30	480	15
Corporate Support Section	267	134	133	1	267	0
Improvement Section	361	180	177	4	361	0
Executive Support Section	174	87	73	14	174	0
Head of Commissioning and Business Improvement	129	74	67	7	129	0
Mid Kent ICT Services	551	276	272	3	551	0
GIS Section	117	58	58	-0	117	0
Customer Services Section	653	327	307	20	653	0
Director of Mid Kent Services	46	-23	-25	1	46	0
Mid Kent HR Services Section	394	197	132	65	354	40
MBC HR Services Section	91	45	6	39	91	0
Head of Revenues & Benefits	63	51	48	3	63	0
Revenues & Benefits Business Support	107	68	75	-7	107	0
Dartford HR Services Section	-23	-12	-12	0	-23	0
IT Support for Revenues and Benefits	30	18	13	5	30	0
Emergency Planning & Resilience	28	14	-38	52	28	0
Salary Slippage 1PR	-261	-131	0	-131	-261	0
Town Hall	109	62	47	15	109	0
South Maidstone Depot	169	114	153	-40	229	-60
The Link	101	116	108	9	101	0
Maidstone House	1,170	868	619	250	908	263
Museum Buildings	243	140	125	15	243	0
I.T. Operational Services	600	298	274	24	600	0
Central Telephones	15	8	7	1	15	0
Apprentices Programme	75	25	11	14	75	0
Internal Printing	-5	-0	6	-6	-5	0
Debt Recovery Service	-17	-37	-5	-31	-17	0
Debt Recovery MBC Profit Share	-73	8	-31	39	-73	0
General Balances	-1,090	-1,090	-1,071	-18	-1,090	0
Earmarked Balances	4,906	1,143	1,143	-0	4,906	0
Invest To Save	10	0	0	0	10	0
Appropriation Account	1,106	0	0	0	1,106	0
Pensions Fund Appropriation	-1,688	0	0	0	-1,688	0
<b>Total</b>	<b>10,628</b>	<b>1,711</b>	<b>490</b>	<b>1,221</b>	<b>10,826</b>	<b>-198</b>



- B2.2 The table shows that, at the Quarter 2 stage, for the services reporting directly to PRC, net expenditure of £0.490m has been incurred against a profiled budget of £1.711m, representing an underspend of £1.221m. The large underspends for the year to date arise mainly from timing differences, principally receipt of government grants which have not yet been spent. The projected out-turn for the Council for the year as a whole as at the end of Quarter 2 is an underspend of £0.265m.

### **B3) PRC Revenue Budget: Significant Variances**

- B3.1 Within the headline figures, there are a number of both adverse and favourable net expenditure variances for individual cost centres. It is important that the implications of variances are considered at an early stage, so that contingency plans can be put in place and, if necessary, be used to inform future financial planning. Variances will be reported to each of the service committees on a quarterly basis throughout 2021/22.
- B3.2 Table 5 below highlights and provides further detail on the most significant variances at the end of Quarter 2.

**Table 5: PRC Variances (@ 2<sup>nd</sup> Quarter 2021/22)**

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
<b>Policy &amp; Resources Committee</b>	<b>£000</b>		
<b>Contingency</b> - The various grants received for Covid-19 are held in this budget, and it is anticipated that they will be utilised over the remainder of the year.	829		0
<b>Unapportionable Central Overheads</b> – Payments in respect of pensions back funding are lower than estimated.	27		45
<b>NNDR Collection</b> – The overspend is for work done on business rates reviews, but funding has now been identified for this.		-60	0
<b>Interest &amp; Investment Income</b> - Interest rates continue to be lower than forecast and are projected to stay low for the remainder of the year.		-29	-50
<b>Sundry Corporate Properties</b> - There is an income target of £0.440m in the Medium-Term Financial Strategy from the acquisition of new properties. There have not been any acquisitions yet in the current financial year but this position is expected to change.		-224	-190
<b>MPH Residential Properties</b> – The budget included a provision for a major property acquisition that is no longer proceeding, and it also appears that the income forecasts for two other properties are also too high. There is also a need to fund an Accommodation Officer post for MPH.		-46	-291
<b>Lockmeadow Complex</b> – The current variance reflects units that are currently vacant. However, the budgets are being reviewed and will be updated when the new food hall is opened.		-144	0
<b>Rent Allowances &amp; Rent Rebates</b> - The variances are due to the rent allowances/rebates awarded and the income received from the government. These are an estimated cost until the year-end subsidy claim is submitted.	315		0
<b>Innovation Centre Section</b> – The budgets are in the process of being reviewed and updated as the centre is due to open shortly, and this will deal with the current variance.		-70	0
<b>South Maidstone Depot</b> – This variance has arisen from an increased level of spend on maintenance and the servicing of equipment.		-39	-60
<b>Maidstone House</b> - This variance reflects additional income received from the sub-letting of the 4 <sup>th</sup> floor.	250		263

## B4) Other Revenue Budgets: Significant Variances

B4.1 Tables 6, 7 and 8 below highlight and provide further detail on the most significant variances.

**Table 6: SPI Variances (@ 2<sup>nd</sup> Quarter 2021/22)**

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
<b>Strategic Planning &amp; Infrastructure Committee</b>	<b>£000</b>		
<b>PLANNING SERVICES</b>			
<b>Building Regulations Chargeable</b> – The budget figure was reduced by 10% for this year, and income has been higher than expected so far, and is forecast to continue to be for the rest of the year.	67		101
<b>Development Control Advice</b> – The reduced level of income reflects a fall in the number of pre-planning agreements entered into so far this year. The position is not expected to improve.		-38	-83
<b>Development Control (Majors)</b> – The number of major applications remains low and is not expected to improve significantly for the remainder of the year.		-48	-97
<b>Development Control (Minors)</b> - The positive variance is due to a high level of income being generated coupled with the 10% decrease in income budget. The excess in income is due to a substantial increase in principally householder applications.	141		275

## Local Plan Review

B4.1 The Local Plan Review (LPR) process is an important, high profile and continuous task undertaken by the Planning Services team. The associated revenue spending profile however is cyclical and does not fit the conventional 12-month financial planning process for general revenue expenditure. Instead, spending tends to follow the five-year production period of each Local Plan with various peaks and troughs over that time period.

B4.2 The LPR process is therefore funded through an annual £200,000 revenue contribution, in addition to the existing service budget, with any remaining unspent balances at year end automatically rolled forward into the following financial year. The table below shows the available revenue resources currently allocated to fund LPR activities, and the spend as at 30<sup>th</sup> September 2021.

Opening Balance 01/04/2021 (including 2021/22 allocation)	Spending April - September 2021	Forecast Spending October - March 2022	Forecast Spending Balance 31/03/2022
£'s	£'s	£'s	£'s
374,320	324,714	288,829	-239,323

Table 6a, Local Plan Review budget (Q2, 2021/22)

B4.3 The above forecast excludes expenditure on the Town Centre Strategy, which was covered by a previous separate report to this committee.

B4.4 The residual overspend, currently estimated to be £239,000 will be funded from corporate contingency budgets, as agreed by Policy and Resources Committee on 24 March 2021.

B4.5 In addition to the resources and planned expenditure outlined above, £140,000 was allocated from the 2020/21 underspend for non-spatial planning policy development. This will be overseen by the Interim Local Plan Review Director in consultation with the Chairman and Vice-Chairman of the Strategic Planning and Infrastructure Committee. Planned expenditure on these activities has not been included within the table above.

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
<b>Strategic Planning &amp; Infrastructure Committee</b>	<b>£000</b>		
<b>PARKING SERVICES</b>			
<b>On Street Parking</b> – Penalty Charge Notice (PCN) income is higher than forecast, and there are also reduced running costs, although spend is expected to increase for the remainder of the year.	52		71
<b>Pay &amp; Display Car Parks</b> – Income levels continue to be low and with the continuation of home working are not expected to improve significantly. Lockmeadow income had recovered during Q1 but that trend has not been continued, although it is hoped that the opening of the food hall will have a positive impact.		-40	-74
<b>Off Street Parking Enforcement</b> – PCN income is higher than forecast due to a higher number of notices that have been issued.	58		71

**Table 7: CHE Variances (@ 2<sup>nd</sup> Quarter 2021/22)**

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Communities, Housing &amp; Environment Committee</b>	<b>£000</b>		
<b>Crematorium</b> – Demand for the service continues to be high. This has led to the need to realign the cremator, and surplus income is being used to fund these works.	58		58
<b>Homeless Temporary Accommodation</b> – Costs have reduced due to the increase on the Council's own properties that were specifically purchased to deal with homeless families. Use has also been made of other Council and Maidstone Property Holdings properties.	30		55
<b>Homelessness Prevention</b> – There are a number of budgets in this area that are not being fully utilised, the most significant ones being those for the guaranteed rent scheme and the homefinder scheme.	45		98
<b>Food &amp; Safety Section</b> - A number of Covid-related grants are held in this section that have yet to be spent. These are Test & Trace Support, Compliance & Enforcement and Test & Trace Door Knocking Service.	133		0

**Table 8: ERL Variances (@ 2<sup>nd</sup> Quarter 2021/22)**

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Economic Regeneration &amp; Leisure Committee</b>	<b>£000</b>		
<b>Leisure Centre</b> – As part of the management contract with Serco the council receives annual income of £0.2m. This has been on hold whilst negotiations with Serco over losses incurred during the pandemic have been taking place, but these payments are expected to resume shortly.		-102	-102
<b>Mote Park Adventure Zone</b> – This variance is a provision that was raised in 2020/21 for the management fee which has been delayed due to Covid-19 issues.	53		53
<b>Business Terrace Phase 3</b> – A number of offices remain vacant, and the Council also now has empty rates liability on some of these.		-38	-58
<b>Market</b> – Letting income for stalls and the hall have been lower than forecast for the first two quarters, but income is expected to recover to normal levels for the remainder of the year.		-52	-55

## B5) Virements

B5.1 In accordance with the Council's commitment to transparency and recognised good practice, virements (the transfer of individual budgets between objectives after the overall budget has been agreed by full Council) are reported to the Policy & Resources Committee on a quarterly basis.

B5.2 Virements may be temporary, meaning that there has been a one-off transfer of budget to fund a discrete project or purchase, or permanent, meaning that the base budget has been altered and the change will continue to be reflected in the budget for subsequent years.

B5.3 The virements made in Quarter 2 are presented in Table 9 below. These were all temporary virements.

**Table 9: Virements (@ 2<sup>nd</sup> Quarter 2021/22)**

Description	From	To	Value £	Perm/Temp*
Fund Staff Member in Community Halls	Maidstone Link/Maidstone House	Community Halls - Heather House	9,530	Temporary
Fund Economic Development Officer from Business Rates Pool	Business Rates Growth Earmarked Balances	Economic Development	25,410	Temporary
Funding for Footfall Camera Licence	Business Rates Growth Earmarked Balances	Economic Development - Promotion & Marketing	1,700	Temporary
Fund Tractivity Licence	Business Rates Growth Earmarked Balances	Town Centre Management Sponsorship	6,950	Temporary
Additional Funding for Officer Increment	Business Rates Growth Earmarked Balances	Cultural Services Section - Heritage & Culture Officer	560	Temporary
Fund Transport & Development Planner as part of JR Settlement with KCC	In Year Contributions to/from Balances	Planning Policy - Local Plan Review	18,250	Temporary
Adjust Local Land Charges Recharges Due to Salary Adjustments	Salary Slippage SPI	Mid Kent Local Land Charges Section	1,640	Permanent
Fund Increase in Cost of Waste & Recycling Contract	Contingency - Growth/Inflation Adjustments	Recycling & Household Waste Collection	61,160	Permanent
			<b>125,200</b>	

## Part C

# Second Quarter Capital Budget 2021/22

## **C1) Capital Budget: Council**

- C1.1 The overall five-year Capital Programme for 2021/22 to 2025/26 was approved by the Council on 24th February 2021. Some capital funding will now come from prudential borrowing as other sources of funding are not sufficient to cover the costs of the programme, although funding does continue to be available from the New Homes Bonus (NHB).
- C1.2 The 2021/22 element of the Capital Programme (including unused resources brought forward from 2020/21) has a revised budget of £54.600m. At the Quarter 2 stage, capital expenditure of £7.255m had been incurred, with budget remaining of £47.302m.

## **C2) Capital Budget: Policy & Resources Committee (PRC)**

- C2.1 Progress towards the delivery of the 2021/22 PRC element of the Capital Programme at the Quarter 2 stage is presented in Table 10 below.
- C2.2 At the Quarter 2 stage, expenditure of £3.303m has been incurred against an adjusted budget of £22.850m million for PRC. This leaves a remaining budget of £19.548m.



**Table 10: Capital Expenditure (@ 2<sup>nd</sup> Quarter 2021/22)**

Capital Programme Heading	Adjusted Estimate 2021/22 £000	Actual to September 2021 £000	Budget Remaining £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2022/23 £000
<b>Communities, Housing &amp; Environment</b>							
Housing - Disabled Facilities Grants Funding	1,717	333	1,384	200	300	833	884
Temporary Accommodation	3,008	6	3,002	750	2,252	3,008	-0
Brunswick Street	233	185	48	48		233	0
Union Street	217	175	42	42		217	-0
Springfield Mill - Phase 1 & 2	3,066	1,129	1,936	1,790	129	3,048	17
Granada House Extension	954	4	950			4	950
Private Rented Sector Housing Programme	12,366	34	12,331	350	50	434	11,931
Affordable Housing Programme	2,384	73	2,311	1,100		1,173	1,211
Acquisitions Officer - Social Housing Delivery P/ship	74	98	-24	49	49	196	-122
Granada House Refurbishment Works	976		976	25	25	50	926
Street Scene Investment	50	22	28	14	14	50	-0
Flood Action Plan	244		244	80	80	160	84
Electric Operational Vehicles	84		84	84		84	
Vehicle Telematics & Camera Systems	35		35	35		35	
Rent & Housing Management IT System	19	7	12	12		19	-0
Installation of Public Water Fountains	15		15		15	15	
Crematorium & Cemetery Development Plan	378	131	247	47	200	378	-0
Continued Improvements to Play Areas	200		200	100	100	200	-0
Parks Improvements	149	1	148	74	74	149	0
Gypsy & Traveller Sites Refurbishment	1,000	3	997	50	100	153	847
<b>Total</b>	<b>27,166</b>	<b>2,202</b>	<b>24,965</b>	<b>4,850</b>	<b>3,388</b>	<b>10,440</b>	<b>16,727</b>
<b>Economic Regeneration &amp; Leisure</b>							
Mote Park Visitor Centre & Estate Services Building	2,776	396	2,380	500	500	1,396	1,380
Mote Park Lake - Dam Works	672	87	584	100	50	237	434
Mall Bus Station Redevelopment	1,006	1,261	-255	23		1,284	-278
<b>Total</b>	<b>4,453</b>	<b>1,744</b>	<b>2,710</b>	<b>623</b>	<b>550</b>	<b>2,917</b>	<b>1,537</b>
<b>Policy &amp; Resources</b>							
Corporate Property Acquisitions	11,809		11,809	8,500		8,500	3,309
Kent Medical Campus - Innovation Centre	5,500	2,267	3,234	3,000	234	5,501	-0
Lockmeadow Ongoing Investment	932	523	409	409		932	0
Garden Community	232	78	154	77	77	232	0
Infrastructure Delivery	1,200		1,200				1,200
Asset Management / Corporate Property	1,653	238	1,415	150	150	538	1,115
Biodiversity & Climate Change	1,000		1,000	250	250	500	500
Feasibility Studies	162	38	124	62	62	162	0
Digital Projects	20		20			20	
Software / PC Replacement	342	160	182			160	182
<b>Total</b>	<b>22,850</b>	<b>3,303</b>	<b>19,548</b>	<b>12,448</b>	<b>773</b>	<b>16,544</b>	<b>6,307</b>
<b>Strategic Planning &amp; Infrastructure</b>							
Bridges Gyrotory Scheme	86	7	80		80	87	-0
<b>Total</b>	<b>86</b>	<b>7</b>	<b>80</b>		<b>80</b>	<b>87</b>	<b>-0</b>
Section 106 Contributions	44						
<b>TOTAL</b>	<b>54,600</b>	<b>7,255</b>	<b>47,302</b>	<b>17,921</b>	<b>4,791</b>	<b>29,987</b>	<b>24,570</b>

### C3) Capital Budget Variances (@ 2<sup>nd</sup> Quarter 2021/22)

#### **Policy and Resources Committee**

C3.1 The most (financially) notable PRC items in the table above are as follows:

Infrastructure Delivery – At this stage there are no plans to spend this budget during 2021/22.

Asset Management/Corporate Property – This is indicative spend for the year and is likely to change as further works are identified during the remainder of the year.

#### **Communities, Housing and Environment Committee**

C3.2 The most (financially) notable CHE items in the table above are as follows:

Granada House Extension and Refurbishment Works – The rooftop extension is no longer going ahead. Some of this budget may be required for the refurbishment works should the cost of the works be greater than currently anticipated. These works are not scheduled to commence until towards the end of the year.

Private Rented Sector Housing and Affordable Housing Programmes – The housing team are working on various projects which are currently at different stages. Expenditure is very much indicative at this stage and expected to increase during the last two quarters of the year once schemes have progressed further and new ones are potentially secured.

Acquisitions Officer Social Housing Delivery Partnership – The overspend is due to an extra resource being required with two acquisition officers now being in post to help deliver the housing capital programme, both of which have had contract extensions. Furthermore, the Leader of the Council has recently proposed a scaling up of the Council's investment in housing, and so this additional staffing capacity will support this ambition and will be feature in the imminent capital programme proposals for the next Medium-Term Financial Strategy.

Gypsy & Traveller Sites Refurbishment – The tenders for work have come in at £1.8m, which is significantly above the budget for the scheme. The additional funding for this work was approved by Policy & Resources Committee in October.

#### **Economic Regeneration and Leisure Committee**

C3.3 The most (financially) notable ERL items in the table above are as follows:

Mote Park Visitor Centre & Estate Services Building – Construction works are now underway, and the new centre will open in 2022.

Mote Park Lake Dam Works – This scheme is now substantially complete, although some works to a sluice gate are yet to be completed. The figures in the appendix for these works are indicative pending an update on the actual costs of these works.

Mall Bus Station Redevelopment – Tender prices for the project came back higher than had been budgeted for. Rather than try and find a cost engineering solution that may have resulted in a reduced specification it was decided to use £0.3m additional funding from the Business Rates Pilot Projects Reserve to allow the project to proceed as planned.

## Part D

# Second Quarter Local Tax Collection 2021/22

## D1) Collection Fund

- D1.1 A large proportion of the Council's income is generated through local taxation (Council Tax and Business Rates), which is accounted for through the Collection Fund.
- D1.2 Due to the risk in this area, including the risk of non-collection and the pooling arrangements in place for Business Rates growth, the Council monitors the Collection Fund very carefully.
- D1.3 There are statutory accounting arrangements in place which minimise the in-year impact of collection fund losses on the general fund revenue budget, however, losses incurred in one year must be repaid in subsequent years so there is a consequential impact on future budgets and the medium-term financial strategy.

## D2) Collection Rates & Reliefs

- D2.1 The collection rates achieved for local taxation are reported in the table below, alongside the target and the equivalent position for the previous financial year.

**Table 11: Local Tax Collection Rates (Q2 2021/22)**

Description	Target Q2 2021/22	Actual Q2 2021/22
Council Tax	54.93%	54.91%
Business Rates	56.52%	53.05%

- D2.2 Targets have been adjusted in light of what is considered to be collectible. The amount of Council Tax collected is in line with the revised targets.
- D2.3 The collection rate for business rates is still below target, although the gap is starting to close. Underperformance can be attributed to the removal of the 100% reduction for retail, hospitality and leisure ratepayers, which was replaced with a 66% reduction from July, adding £8m to the net collectible debit. During September, a large-scale re-addition (and respreading) of Expanded Discount back to the Net Collectible Debit has adversely impacted collection rates as a result of several major ratepayers choosing to opt out of the government scheme.

## D3) Kent Business Rates Pool

- D3.1 The council has continued to participate with other Kent authorities during 2021/22 in order to maximise the proportion of business rates growth it is able to retain. Forecast pooling gains for Maidstone Borough Council amount to £0.35m for 2021/22. As in previous years, this funding is allocated to spending which supports the delivery of the council's Economic Development Strategy.
- D3.2 As part of the pooling arrangements, pool members share the risks, as well as the rewards of pool membership. The eventual impact of Covid-19 on the business rates retention scheme is extremely difficult to forecast, due to the number of unknowns e.g. the impact of the removal of expanded reliefs to businesses affected by Covid-19, and the longer term impacts on local, national and global economies.

## **D4) Write-Offs**

- D4.1 The Committee is asked to approve the write off of £13,887.12 in unpaid business rates debt for JB Global Ltd (trading as Oak Furniture Land) relating to the 2020/21 financial year. This went into administration in June 2020, and there are insufficient funds for a dividend to be paid to unsecured creditors.
- D4.2 As there is no prospect of collecting the outstanding amounts from the ratepayer, it is recommended that these amounts are written off to reflect this. In accordance with the constitution, individual write offs exceeding £12,000 require the approval of Policy and Resources Committee.
- D4.3 Notwithstanding the current hiatus on recovery action for business rates, the Council takes a robust approach to recovery of Business Rates. This involves progressive action which would typically include:
- Reminder for non-payment
  - Final notice for non-payment
  - Summons for non-payment
  - Application to Magistrates Court for a Liability Order
  - Instruction of Enforcement Agent to recover
  - Bankruptcy or liquidation, where appropriate
  - Proceeding to seek committal to prison (individuals).
- D4.4 However, throughout the process the Council actively encourages contact from any business experiencing difficulty in order to negotiate arrangement for payment.
- D4.5 The Council could continue to hold these debts as outstanding, but this option is not recommended where there is no prospect of recovery as this would distort the financial position of the Council. The Council maintains a provision for bad debts, and there is sufficient resource available within this balance to cover the value of the proposed write offs

## Part E

# Reserves & Balances 2021/22

## E1) Reserves & Balances

E1.1 The combined total of the General Fund balance and Earmarked Reserves as at 1 April 2021 was £33.5 million, including £14.8 million set aside to fund future collection fund deficits. The 2020/21 external audit has now been completed and these figures reflect what is in the Statement of Accounts. The makeup of the balance, and the forecast movements during 2021/22 are presented in Table 13 below.

E1.2 The closing balance enables a minimum general fund balance of £4.0 million to be maintained, as agreed by full Council in February 2021.

**Table 13: Reserves & Balances Quarter 2 2021/22**

	Balance at 1 April 2021	Forecast movement in 2021/22	Estimated Balance at 31 March 2022
	£000		
<b>General Fund</b>			
Unallocated balance	9,196	0	9,196
<b>Sub-total</b>	<b>9,196</b>	<b>0</b>	<b>9,196</b>
<b>Earmarked Reserves</b>			
Local Plan	200	-200	0
Neighbourhood Plans	96	-30	66
Planning Appeals	286	0	286
Civil Parking Enforcement	155	-50	105
Homelessness Prevention & Temporary Accommodation	773	200	973
Business Rates Earmarked Balances	3,774	-649	3,125
Lockmeadow Complex	0	0	0
Future Funding Pressures	970	0	970
Trading Accounts	33	-33	0
Future Capital Expenditure	1,131	-1,131	0
Invest to Save Reserve	500	0	500
Commercial Risk Reserve	500	0	500
Funding for future collection fund deficits	14,739	-13,357	1,382
Resources carried forward from 2020/21 to 2021/22	1,077	-1,077	0
<b>Sub-total</b>	<b>24,234</b>	<b>-16,327</b>	<b>7,907</b>
<b>Total General Fund Balances</b>	<b>33,430</b>	<b>-16,327</b>	<b>17,103</b>
<b>Total excluding collection fund deficits</b>	<b>18,691</b>	<b>-2,970</b>	<b>15,721</b>

*Table 13: General Fund and Earmarked Balances at Q2 2021/22*

## Part F

# Treasury Management 2021/22



## F1) Introduction

- The Council has adopted and incorporated into its Financial Regulations, the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code).
- The CIPFA Code covers the principles and guidelines relating to borrowing and investment operations. On 24<sup>th</sup> February 2021, the Council approved a Treasury Management Strategy for 2021/22 that was based on this code. The strategy requires that Policy & Resources Committee should formally be informed of Treasury Management activities quarterly as part of budget monitoring.

## F2) Economic Headlines

- During the Quarter ended 30<sup>th</sup> September 2021, the Council's Advisors, Link Asset Services, reported:
  - The Monetary Policy Committee (MPC) voted unanimously, at the meeting on 24<sup>th</sup> September 2021, to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn.
  - Large increases in prices, especially gas and electricity are likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement.
  - Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September.

## F3) Interest Rates

- The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View 29.9.21										
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

- Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons:
  - Economic recovery may be running out of steam during the Summer and now into Autumn season.
  - Shortages like petrol and diesel may cause some sectors to take a hit.
  - Rising gas and electricity prices may deflate consumer spending which will cool inflation with MPC having to increase bank rate.
  - On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum.
  - There are 1.6 million people coming off furlough at the end of September; how many of those will not have jobs on 1<sup>st</sup> October and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.
  - Also, COVID issues may change which could depress economic activity.
- Gilt yields since the start of 2021, we have seen a lot of volatility and hence PWLB rates. During September, gilt yields from 5 – 50 years have steadily risen and rose further after the hawkish tone of the MPC's minutes last week. The forecasts show a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2024.

#### **F4) Council Investments**

- The council held investments totaling £16.16m at the start of the year, this has now risen to £45.19m at 30<sup>th</sup> September 2021. The reason the investment balance is at this level is due to left over business and COVID grant funding from the Government and the lower than expected Capital spend. However, grants will soon be repaid to Government and the capital programme will accelerate over the next few months, which in turn will reduce this balance.
- A full list of investments held at this time is shown at Table 14 below. All investments are held in either short term notice accounts or money market funds, to be readily available to fund the Council's liabilities, including the capital programme.

**Table 14: Short-Term Investments (2<sup>nd</sup> Quarter 2021/22)**

Counterparty	Type of Investment	Principal £	Start Date	Maturity Date	Rate of Return	MBC Credit Limits	
						Maximum Term	Maximum Deposit
Handelsbanken	Call account	5,000,000			0.10%	12 Months	£5,000,000
Goldman Sachs International Bank	Call account	2,000,000			0.23%	6 Months	£5,000,000
Lloyds Bank Plc	Call account	1,000,000			0.05%	6 Months	£5,000,000
Lloyds Bank Plc	Call account	4,000,000			0.01%	6 Months	£5,000,000
Santander Bank Plc	Call account	5,000,000			0.55%	6 Months	£5,000,000
Aberdeen Standard Liquidity Fund Sterling Fund	Money Market Fund	7,250,000			0.01%		£10,000,000
CCLA Public Sector Deposit Fund	Money Market Fund	9,970,000			0.02%		£10,000,000
Federated Hermes Short-Term Sterling Prime Fund	Money Market Fund	7,970,000			0.01%		£10,000,000
Landesbank Hessen Thuringen Girozentrale	Fixed Term Deposit	3,000,000	28/09/2021	29/10/2021	0.08%	6 Months	£5,000,000

45,190,000
------------

- Investment income to 30<sup>th</sup> September 2021 totals £21k against a budget of £50k with an average rate of 0.13%. As the interest rate table in F3 above shows, rates are at historically low levels and as the Council's Treasury Management Strategy 2021/22 states investments will be kept short term to meet liabilities, these are kept in low yielding short term instruments.

#### F4) Council Borrowing

- The Council held external borrowing amounting to £11m on 31<sup>st</sup> March 2021, all with Local Authorities, total borrowing as at 30<sup>th</sup> September 2021 was £9m. A list is shown at Table 15 below. Short term borrowing rates have been extremely low and cash has been readily available from local authorities, which has been the preferred type of borrowing to date. Interest paid on borrowing in 2021/22 has been £8k. The Council is currently looking at other borrowing options such as UK Municipal Bonds Agency, PWLB and other financial institutions. It is the Council's aim to have a mixture of short and long term borrowing in order to spread the risks associated with interest rates and refinancing. At the beginning of November a £2 million first tranche of 50 year borrowing from the PWLB was obtained.

**Table 15: Council Borrowing (2<sup>nd</sup> Quarter 2021/22)**

Counterparty	Type of Institution	Principal £	Start Date	Maturity Date	Rate of Return
Middlesbrough Teeside Pension Fund	Local Authority	4,000,000	20/08/2021	19/08/2022	0.08%
South Gloucestershire Council	Local Authority	2,000,000	30/06/2021	30/12/2021	0.05%
Bridgend County BC	Local Authority	3,000,000	30/06/2021	30/12/2021	0.05%

9,000,000
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# Part G

## Maidstone Property Holdings 2021/22



## **G1) Maidstone Property Holdings Ltd. (MPH)**





- G1.1 MPH is a wholly-owned subsidiary of the Council and was incorporated on 30th September 2016. It is primarily a vehicle for letting residential properties on assured short-hold tenancies. The company currently holds two properties on 22 year leases from the council.
- G1.2 An Internal Audit review identified that there should be a mechanism in place to enable the company to formally report to the Council. Given the current level of activity within the company is relatively low, it was decided that this would be done via the quarterly budget monitoring process (to the Policy and Resources Committee). This section of the report provides an overview of the activity and performance of the company for the year to date.
- G1.3 The MPH financial year-end was changed to 31 March, in order to align with the Council's financial reporting period. The external audit of the 2020/21 accounts is currently under way.
- G1.4 On 18th December 2019, full Council accepted the Policy and Resources Committee recommendations and formally adopted the new Articles of Association, Operational Agreement, Services Agreement and Business Plan. The Services Agreement and Operational Agreement have subsequently been signed and sealed, and the amended Articles of Association submitted to Companies House.




## **G2) MPH Headlines**

- G2.1 Since the beginning of the financial year, management of residential accommodation has transferred from an external agent to the Council's in-house accommodation team. MPH also took on the lease of 54 new flats at Tower Hill (Brunswick Street), Tylers Place (Union Street) and Springfield Place. All 54 flats have been let and tenants have moved in.
- G2.2 Net rental income up to the end of the second quarter of 2021/22 totals £236,285 (2020/21 £72,577) This represents rent collected, less running costs, maintenance costs and recharges for staff time.
- G2.3 As at 30 September 2021, rent arrears were estimated at £9,000. £5,500 of this total relates to a former tenant. Officers are working to recover the amounts outstanding and to set up payment plans with other residents to reduce further debts.
- G2.5 The Council receives income from the company through charges made for services provided, and the property lease. After these charges and other expenses, it is expected that the company will achieve a breakeven position for 2021/22.
- G2.6 As company activity increases over time, governance and reporting arrangements will be kept under review to ensure that they remain appropriate and commensurate with the scope of activity and associated risks.









## P&R: Quarter 2 Performance Report

### Key to performance ratings







RAG Rating	
	Target not achieved
	Target slightly missed (within 10%)
	Target met
	Data Only

Direction	
	Performance has improved
	Performance has been sustained
	Performance has declined
N/A	No previous data to compare









### Communities

Performance Indicator	Q2 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Number of new Council Tax Support (CTS) applications received	630				
Total number of live Council Tax Support (CTS) cases as of the end of the quarter	9,550				

### The Council's Financial position

Performance Indicator	Q2 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Percentage of Non-domestic Rates Collected (BV 010)	53.05%	56.52%			
Percentage of Council Tax collected (BV 009)	56.10%	54.93%			







### The Way We Work

Performance Indicator	Q2 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Total cost of renting Maidstone House in the period	£301,320.35				
Total running costs of Maidstone House in the period	£64,308.56				

The “**Percentage of Non – domestic Rates Collected**” indicator achieved an outcome of 53.05% in Q2, against target of 56.52%, missing its target by less than 10%. The Revenue’s Manager commented that the indicators performance is still affected by the drop from the ‘100% NNDR Rates Holiday’ granted by the Government during the pandemic, which dropped

to a 66% discount from July 2021 onwards. £8m has been added to Net Collectible Debit. It has been explained that department will need time to feed through cashflow and instalments.

## Q2 2021/22 KPIs across service Committees that were missed by more than 10%

Performance Indicator	Q2 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Footfall in the Town Centre	2,535,553	2,959,104			
Number of youths unemployed (18-24) (September 2021)	775	373			









### Economy

The "**Football in Town Centre**" KPI achieved an outcome of 2,535,553 against a target of 2,959,104, missing its target by more than 10%. As public confidence continues to grow and companies start to request that their staff work from their premises more regularly and not from home, the number of people visiting the Town Centre is starting to recover. This indicator is tracked using one fixed camera, which counts each person that walks past it. Whilst there is no hard data available to suggest what people are visiting for, we can assume that people would be travelling to work or school, shopping, dining or leisure. As these activities begin to recover, so can we assume that footfall count will improve over time.

The '**Number of youths unemployed (18-24)**' KPI achieved a figure of 775, against a target of 373, in September 2021. The target of 373 is taken from an average monthly number of youths employed in 2019/20 (pre-pandemic). The indicator saw a decline of 3.7% when comparing it to Q1. It also saw a decline of 28% when comparing it to the number of youths unemployed in September 2020. However, it is still significantly higher than the pre-pandemic figure of 365 (September 2019).

### Update from Q1

The following data was unavailable at the time of reporting the quarter one figures, but has since been provided.

Performance Indicator	Q1 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Total cost of renting Maidstone House in the period	£301,320.35				
Total running costs of Maidstone House in the period	£58,851.68				

# Second Quarter Risk Update 2021/22

November 2021  
Policy & Resources Committee  
Report Author: Alison Blake

**Maidstone Borough Council**



## Introduction

Risk management is concerned with the **impact of uncertainties on our objectives**. Effective risk management is a key principle of corporate governance and its importance is recognised explicitly in our Local Code of Governance, the Annual Governance Statement and through the Risk Management Framework. By being aware of risks, and actively seeking to manage risks to acceptable levels, we are more likely to achieve objectives, safeguard our resources and be better prepared in the event of major uncertainty.

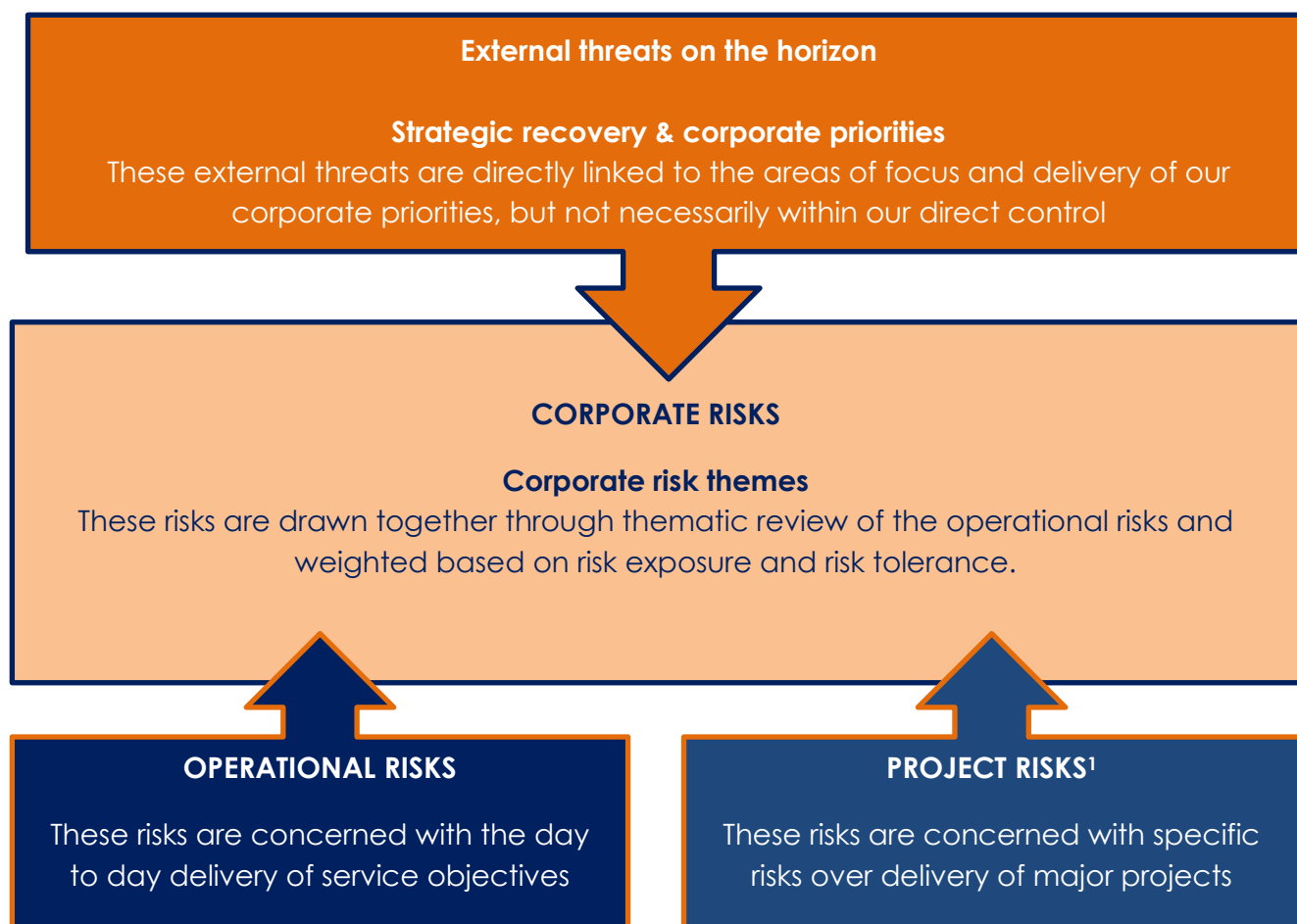
The risk management framework is the guide that sets out how the Council identifies, manages, and monitors risks. This includes the risk appetite statement, which articulates the Council's appetite for and tolerance of risk – basically how much risk the Council is comfortable with.

In summary, the risk management process for the Council can be broken down into the following key components. Appendix 3C gives a one-page summary of the risk management process.



This report provides details of the updates and changes to the corporate and operational risk landscape since the last report to Committee in September 2021.

The illustration below shows how the horizon scanning of threats links directly with our corporate and operational risk processes. By taking this approach, the Council moves closer to enterprise risk management, which seeks to better integrate risk management with service delivery, decision making and effective use of resources:



























































<sup>1</sup> Project and programme risk management is yet to be fully integrated into the risk management framework, but the aim will be for this to be incorporated in the future





## Corporate risk profile

Our corporate risks are reported to Policy & Resources Committee on a quarterly basis to ensure effective oversight and monitoring. The risks are reviewed and updated by risk owners and any related risk actions are followed up. By their very nature, corporate risks have a broader and more strategic impact, as such, they are inherently riskier (and are scored higher as a result).






The table below summarises the **14** risks on the corporate risk register. Further detail on the corporate risks, including a description of the risk and details of existing and planned key controls can be found in **Appendix 3A**.

No	Corporate risk	Current Risk	Corporate Priority			
1	Contraction in retail sector	25				
2	Financial Uncertainty	20				
3	Environmental damage	16				
4	Housing pressures increasing	16				
5	Major unforeseen emergency	15				
6	IT security failure	12				
7	Not fulfilling residential property responsibilities	12				
8	Major contractor failure	12				
9	<b>NEW:</b> Governance changes	12				
10	Covid-19: Restrictions to Council operations	9				
11	<b>NEW:</b> Ability to access / leverage new funding	9				
12	<b>NEW:</b> Reduced effectiveness of relationships with strategic partners	9				
13	<b>NEW:</b> Resilience of the voluntary & community sector	9				
14	Covid-19: Community & business recovery	8				

**Our Priorities**

 Embracing Growth & Enabling Infrastructure  
 Safe, Clean & Green  
 Homes & Communities  
 Thriving Place

**How we rate our risks** (see appendix 3B for definitions)

Catastrophic	Major	Moderate	Minor	Minimal
				

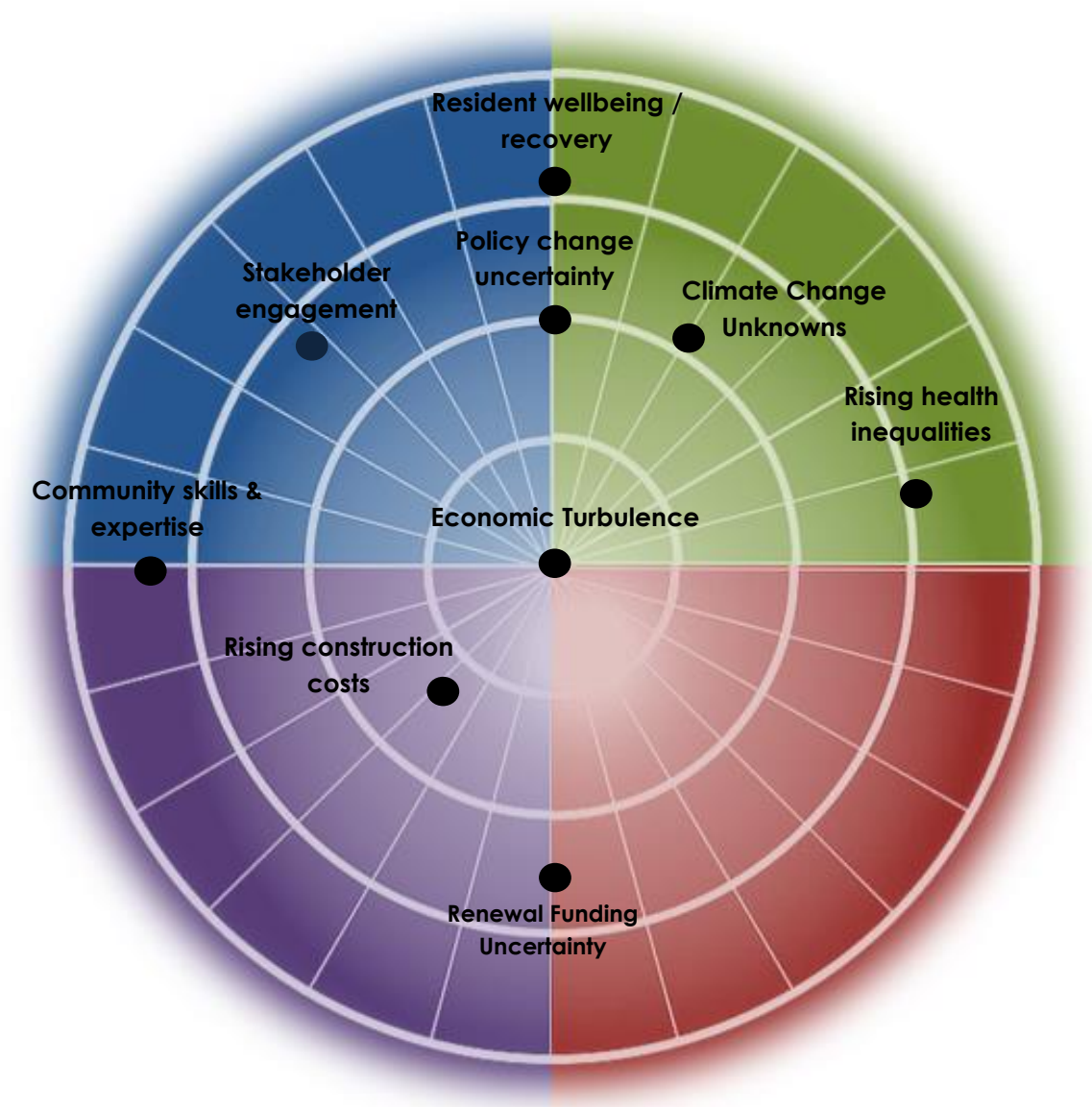
## Ongoing Updates –

A couple of updates to the corporate risk register are underway at the time of reporting. This includes the addition of a new corporate risk and the amending of an existing risk. An outline of the changes being considered is as follows:

- Discussions are underway to capture a risk around how the workforce keeps up with the pace of change around hybrid working and maintaining corporate talent.
- The **IT Security Failure** risk is being reviewed to consider whether it should be expanded to include wider network failure and the impact of that in light of long-term hybrid and remote working.

## External threats (horizon scanning)

During July 2021 Wider Leadership Team scanned the external environment for threats. This was refreshed and updated during October 2021. As external threats, we recognise that we do not have direct control over the uncertainties that we may experience, or the impact on our ability to deliver our priorities. However, it's important for us to be aware of these threats and how they develop or if they materialise. Our response to these threats will be an important factor in how we develop our strategies, policies and how we translate that into service delivery. As such, we can draw down any of these threats into our corporate risk register if (or when) the time is right. For the time being, we will keep our eye on these threats and continue to provide updates as part of the quarterly monitoring reporting.



These threats are aligned to each of the 4 corporate priorities:



The following points provide some more detail on the threats outlined in the diagram above:

- **Economic Turbulence** – uncertainty around employment rates, interest rates and inflation increases, and the affect this will have on the local economy and our own wage bill.
- **Climate change unknowns** – some of the implications of climate change are already captured within the corporate risk register. But this reflects the possibility of other as yet unknown implications from climate change.
- **Crime and disorder** – increase in anti-social behaviour and other community protection elements.
- **Policy change uncertainty** – potential for changes in legislation and other central government policy changes.
- **Renewal funding uncertainty** – ability of Maidstone BC to get funding which matches its aspirations and delivery goals.
- **Stakeholder engagement** – heightened sensitivity to Council plans leading to increased intolerance and complaints.
- **Resident Wellbeing and recovery** – potential for residents in the borough to not have long term improvements to their wellbeing
- **Rising health inequalities** – increasing inequality in access to health care provisions.
- **Rising construction costs** – unanticipated consequences from rising costs in the construction industry.
- **Community skills and expertise** – decline in diversity of skills and expertise within communities

## Operational Risks

All operational risk registers were updated between January and March 2021, the outcomes of which were reported to the Policy and Resources Committee in June. Since then, risks have been routinely reviewed with a focus on updating high-level (red / black) risks quarterly.

At the last update we reported **20** risks identified as being scored 12 and above for their current rating and this has decreased slightly to **19**. The number of high-level risks after further action is taken (the mitigated rating) reduces to **6**.

The table below shows the total number of risks on the Maidstone and Shared Services risk registers as at November 2021:

Risk Severity	Total Number of Risks		
	Current Rating AUGUST '21	Current Rating NOVEMBER '21	Mitigated Rating NOVEMBER '21
BLACK	1	1	0
RED	19	18	6
AMBER	101	100	92
GREEN	37	26	51
BLUE	1	9	5
TOTAL	158	154	154


From the table you can see that the overall number of risks have **decreased** (from 158 to 154) as the result of either the successful management of those risks or them no longer being applicable.

The table below splits the risk overs MBC and Shared Services:

	August 2021	November 2021	August 2021	November 2021
Risk Severity	MBC Current	MBC Current	MKS Current	MKS Current
BLACK	1	1	0	0
RED	12	11	7	7
AMBER	70	69	31	31
GREEN	11	11	16	15
BLUE	2	-	8	9
TOTAL	96	92	62	62

There is one high level risk with a score of **20** on the risk register. Details are included below.

## Infrastructure Improvements

Service Area: Economic Development		Ownership: John Foster	Score: 14 x L5	20
<b>Risk</b> <i>Infrastructure improvement to road, rail, public transport, cycling, community &amp; social infrastructure and broadband fail to take place due to lack of investment or change to government priorities.</i>	<b>Existing Controls</b> <ul style="list-style-type: none"> <li>• Work with KCC on Broadband,</li> <li>• Continue to work with KCC, Network Rail and Helen Grant MP to secure Thameslink services and further improvements</li> <li>• KCC Transport Planner working for and assisting MBC</li> <li>• Maidstone Strategic Infrastructure Working Group in place and includes delivery of improvements to Loose Road corridor</li> <li>• Ongoing agenda item in RED</li> <li>• Manager supervision and regular 121's</li> </ul>		<b>Risk Response</b> <ul style="list-style-type: none"> <li>• Continue to monitor what will replace the SE Rail franchise</li> <li>• Dedicated officer will be appointed to deliver the Integrated Transport Strategy, until then, CIL/S106 team and planning policy officers advise</li> <li>• Making Maidstone More Active project to identify sports facility requirements across the Borough</li> <li>• Future options for Mote Park Leisure centre to be considered by ERL during 2021 as the contract with MLT and Serco comes to an end in August 2024</li> </ul>	
	Next Risk review: Feb 2022	Risk direction over time: 	Score: 14 x L3	12



## Upcoming Work

Risk management is a continuous process, and to be valuable it must be updated and maintained. The following areas will be focussed on over the coming months:

1. **Risk Management Software:** Following a procurement exercise we have purchased risk management software called JCAD and we are in the process of building it. This will give greater functionality in updating and reporting on risks and free up time to further develop other aspects of risk.
2. **Risk Reporting:** Linked to the implementation of JCAD we will be reviewing how risk information is reported across the authority to ensure that the reports are providing the right information at the right time to officers and Members.

We have continued to receive a positive level of engagement and support from Senior Officers and Managers in the Council which enables embedded risk management process. So, we'd like to take this opportunity to thank officers for their continued work and support.

## Appendix 3A

# Corporate Risk Register

The table below sets out the current **14** corporate risks in detail. Risk owners have assessed the impact and likelihood of the risks and identified the key controls and planned actions necessary to further manage the risk to an acceptable level where possible. The **current** rating is the rating assuming existing controls are working effectively, and the **mitigated** rating is the future risk rating after planned actions are complete.

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
General and localised economic pressure leads to <b>contraction in retail sector</b> , limiting the appeal of Maidstone town centre threatening social cohesion and business rates income.	William Cornall	<ul style="list-style-type: none"> <li>Working with Key stakeholders including One Maidstone to safely reopen the High Street.</li> <li>Regular network meetings with town centre retailers</li> <li>Town Centre strategic advisory board</li> <li>Public realm improvement work</li> <li>Supporting One Maidstone Business Improvement District</li> <li>Acquisition of key property (Royal Mail / Grenada House)</li> <li>Work commissioned to promote Maidstone as business destination</li> <li>Planning Guidelines documents have now been approved by SPI for the Five town Centre Opportunity sites</li> <li>Active management of Lockmeadow to enhance the local economy</li> <li>Support delivered to the sector through Business Rates grants and assistance grants</li> <li>Town Centre Opportunity guidance published and actively being used</li> </ul>	(5 x 5) 25	<ul style="list-style-type: none"> <li>Taking advantage of opportunities to support infrastructure investment</li> <li>Consider a targeted programme of place promotion campaign activities</li> <li>Development of a Town Centre strategy to guide the reallocation of land uses within the Town Centre (including retail)</li> <li>A programme of town centre events and activities is now in place funded through covid response monies.</li> <li>The Council will soon be considering putting in place a new Article 4 Direction for the core shopping area of Maidstone town centre to retain greater control over planning in that location.</li> </ul>	(4 x 5) 20
General <b>financial uncertainty</b> , unexpected changes to government funding or failure to achieve income or savings targets places further financial restrictions on the Council resulting in difficulty maintaining standards or meeting aims.	Mark Green	<ul style="list-style-type: none"> <li>Agreed work programmes in transformation and commissioning</li> <li>Budget monitoring in place</li> <li>MTFS in place and monitored</li> <li>Scenario planning in budget setting</li> <li>Strategies for maintaining income (e.g. pricing policies and proactive management of property portfolio)</li> <li>Holding reserves to mitigate impact of financial restrictions</li> <li>Robust risk assessment of new business opportunities</li> </ul>	(4 x 5) 20	<ul style="list-style-type: none"> <li>Currently updating MTFS to reflect impact of Covid-19 and longer-term issues of slower economic growth</li> <li>Lobbying to avoid unfavourable financial changes to government funding</li> <li>Cost recovery through bidding for additional government support for one-off costs and strategic investments</li> <li>Identifying measures to address future budget gaps</li> </ul>	(4 x 4) 16



Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
Increased effects from climate change or reduction in air quality causes <b>environmental damage</b> reducing residents' quality of life and increasing risks from adverse weather events	Georgia Hawkes	<ul style="list-style-type: none"> <li>Biodiversity and Climate Change Strategy and action plan in place</li> <li>Air Quality Action Plan in place</li> <li>Emergency planning arrangements</li> <li>Parks strategy</li> <li>Budget available to deliver actions</li> <li>Communication / engagement strategy for adverse weather events</li> <li>Member of the Kent Climate Change Network</li> <li>Permanent Biodiversity and Climate Change officer in post</li> </ul>	(4 x 4) 16	<ul style="list-style-type: none"> <li>Implement the Carbon trust report actions to get our estate to carbon neutral by 2030</li> <li>Implementation of the BD&amp;CC strategy action plan</li> <li>Review of our own estate in line with ambition to be carbon neutral by 2030.</li> <li>Policy and resources committee to provide governance for delivery and oversight of BD&amp;CC Strategy</li> </ul>	(4 x 4) 16
137 <b>Major unforeseen emergency</b> with national / international impact (e.g. new pandemic, environmental disaster)	Alison Broom	<ul style="list-style-type: none"> <li>Strong existing emergency planning framework</li> <li>Active engagement with Local Resilience Forum</li> <li>Flexible, committed and appropriately trained workforce</li> <li>Quarterly oversight &amp; monitoring through the Emergency Planning Group (EPG)</li> <li>Some financial reserves</li> <li>Good partnership working as demonstrated during Covid-19 pandemic</li> <li>Continued update to Business Continuity Plans and arrangements</li> <li>Ongoing considerations of financial reserves which have been increased</li> </ul>	(5 x 3) 15	<ul style="list-style-type: none"> <li>Plan for dealing with different types of major emergencies</li> <li>Review and update of the Council's IT Disaster Recovery arrangements and Business Continuity Plans</li> <li>Embedding arrangements over the quarterly review of emergency threats and risks through the EPG including horizon scanning and early warnings</li> <li>Recovery and renewal funding allocated to strengthen work on community resilience</li> </ul>	(4 x 3) 12



Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<b>Covid-19:</b> Restrictions impact negatively on our ability to deliver core / statutory services	Alison Broom	<ul style="list-style-type: none"> <li>• Strong existing business continuity planning arrangements</li> <li>• Emergency response plans have been made Covid secure</li> <li>• Learning from current pandemic has been captured</li> <li>• Risk assessments in place for all Council buildings</li> <li>• Plans in place to enable staff who cannot work from home to work safely in our workplaces/activities including grounds maintenance, street cleansing, museum, and some office activities</li> <li>• Arrangements in place to accommodate hybrid and agile working with ongoing review to reflect current covid-19 rates</li> <li>• Flexible / remote working arrangements in place, embedded and regularly reviewed</li> <li>• Regular internal communications with all staff</li> <li>• Embedded performance monitoring and reporting</li> </ul>	(3 x 3) 9 ↓	<ul style="list-style-type: none"> <li>• Build up stocks of appropriate equipment and PPE</li> <li>• Ongoing review and development of new ways of working because of Covid-19</li> <li>• Funding in place to facilitate culture change to support new ways of working</li> <li>• Benefits arising from the wider Microsoft 365 project</li> </ul>	(3 x 2) 6 ↓
138 <b>Covid-19:</b> Inability to support the response and recovery from Covid for the community and local businesses	Alison Broom	<ul style="list-style-type: none"> <li>• Active engagement with Local Resilience Forum</li> <li>• Continued engagement with community groups and volunteers</li> <li>• Continuing engagement with local public health officers to ensure rapid response</li> <li>• Support model for residents and businesses is well embedded</li> <li>• Funding has been provided to the Council and agreed programme of projects in place</li> <li>• Core officer group established for recovery</li> <li>• Joint working with partners through the Inclusion Board &amp; Maidstone Economic Business Partnership</li> <li>• Strategic approach to engagement with voluntary sector agreed by Communities Housing and Environment Committee in November 2020 and funding in place</li> <li>• Continued scanning of horizon with respect to changes to legislation, regulations, and guidance</li> </ul>	(4 x 2) 8 ↓	<ul style="list-style-type: none"> <li>• Implementation, development and strengthening of the agreed strategic approach to engagement with community groups</li> <li>• Completion and monitoring of action plan themes for recovery</li> </ul>	(4 x 2) 8

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
Security breach or system weakness leading to <b>IT security failure</b> results in system unavailability and increased legal and financial liability.	Steve McGinnes	<ul style="list-style-type: none"> <li>Regular backup programmes</li> <li>External testing of IT security by specialists –resulting findings and actions are implemented and tested</li> <li>ICT policies &amp; staff training, including disaster recovery plan</li> <li>Mandatory cyber security training was rolled out and completed</li> <li>CLT monitoring of performance indicators, including ICT incidents</li> <li>Nessus scanning software reporting daily on system vulnerabilities</li> <li>New firewall tested and installed</li> <li>Ongoing programme of awareness raising through Cyber events, training, and tests</li> <li>Ongoing programme of IT campaigns including phishing</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>IT infrastructure replacement programme being considered to ensure that IT equipment is fit for purpose</li> </ul>	(4 x 3) 12
139  The broader housing crisis leads to <b>housing pressures increasing</b> on the Council, affecting both costs associated with homelessness and ability to meet wider housing needs in the borough.	William Cornall	<ul style="list-style-type: none"> <li>Homelessness prevention team in place with increased resource</li> <li>Access to our own housing stock to use for temporary accommodation &amp; market rented housing (within Maidstone Property Holdings)</li> <li>Closer working with private sector &amp; housing associations</li> <li>Key policies are in place: Temporary Accommodation Strategy</li> <li>Implementation of Housing Management Team</li> <li>CHE approval in place for MBC to develop up to 250 affordable homes of its own</li> <li>We work closely with the voluntary sector and community partners</li> <li>Home Finders scheme in place and supported through Government funding</li> <li>Affordable Housing supplementary guidance adopted in Summer 2020</li> </ul>	(4 x 4) 16 ↑	<ul style="list-style-type: none"> <li>Continued progress towards the temporary accommodation acquisition programme funded through the MBC capital programme</li> <li>Approval secured to provide hostel and ‘move on’ type TA in the town centre, and this new facility will be ready for occupation in December 2021.</li> <li>Leader of Council ambition to build 1000 new Council homes as soon as possible and plans to meet this aspiration are being developed</li> <li>New draft Housing Strategy has been considered by the CHE committee and is now out for public consultation with a view to it being adopted in January 2022</li> <li>The Council has acquired the Trinity Place community asset which is currently being refurbished and will provide a range of housing types for those in housing need from March 2022.</li> </ul>	(3 x 4) 12 ↑

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Insufficient awareness / expertise leads to <b>not fulfilling residential property responsibilities</b> resulting in possible health &amp; safety breaches.</p>	William Cornall	<ul style="list-style-type: none"> <li>Faithfull Farrell &amp; Timms have been retained as a critical friend to allow the new housing management function to up skill.</li> <li>West Kent Housing Association (WKHA) engaged to provide an asset management service for the whole MBC residential portfolio.</li> <li>The whole MBC residential portfolio is now being managed by a single team within Housing &amp; Communities, where previously it was split between Housing &amp; Property.</li> <li>H&amp;S KPI's are now recorded and reported through a permanent software solution.</li> <li>The H&amp;S KPI's are reported monthly to Corporate Leadership Team.</li> <li>Good level of awareness from officers around H&amp;S obligations and compliance</li> <li>Excellent levels of compliance being reported to the CLT monthly.</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>Possible due diligence review by Mid Kent Audit to advise on integrity with respect of KPI production and reporting.</li> <li>Eventual goal of real time reporting in terms of gas safety, via the WKHA contractor.</li> <li>Review of existing resources and skills underway to support the housing portfolio and management of properties.</li> <li>Policy &amp; Resources Committee has recently approved a sizable re-investment in the Council owned Gypsy &amp; Traveller site portfolio</li> </ul>	(3 x 3) 9
<p><b>Failure of a major contractor:</b> One of the Councils contractors goes into liquidation / administration</p>	Mark Green	<ul style="list-style-type: none"> <li>Regular contract monitoring and communication with contractors</li> <li>Procurement expertise made available through the Partnership with Tunbridge Wells</li> <li>Financial performance and sustainability embedded into the procurement process</li> <li>Contractor business continuity plans in place</li> <li>'Exit plan' included as a requirement in the ITT document for all relevant contracts</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>Ongoing financial performance and resilience checks of our suppliers and contractors</li> <li>Risk register work being completed for each of the Council's strategic contracts</li> </ul>	(4 x 3) 12

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<b>NEW</b> Ability to access / leverage new funding Uncertainties relating to the Council's ability to access new funding available via the Government (including Levelling Up). Securing and leveraging this funding will help to stabilise and support the delivery of our plan for renewal and recovery.	Mark Green	<ul style="list-style-type: none"> <li>Access to professional networks to identify opportunities for funding</li> <li>Experienced officer capacity</li> <li>Good relationships with funding partners, e.g. Homes England</li> </ul>	(3 x 3) 9	<ul style="list-style-type: none"> <li>Investment of one-off resources for putting together funding bids</li> </ul>	(3 x 3) 9
<b>NEW</b> Reduced effectiveness of relationships with strategic partners The Pandemic changes the priorities or commitments of our strategic partners or their capacity to work with us. This causes a dislocation with our work and increases Member pressure to highlight concerns.	Alison Broom	<ul style="list-style-type: none"> <li>KCC partnership arrangements through the strategic board</li> <li>The Community Safety Partnership with the Police and other key parties</li> <li>The West Kent Elected Members Forum with local health authorities</li> <li>Survey of all voluntary and community sector to understand changes in community need and demand for services</li> <li>Good integration with County-wide networks</li> </ul>	(3 x 3) 9	<ul style="list-style-type: none"> <li>Strengthen processes for continued horizon scanning with partners to understand changes in priorities and formulate an overview of all key partners</li> <li>explore Maidstone Anchor Institution Network</li> </ul>	(3 x 3) 9
<b>NEW</b> As a result of significant changes to the Councils' governance (including moving to executive model and the boundary review) sound governance processes may not be maintained during the change or poor processes may be introduced. Leading to delays in decision making, reputational damage or legal implications.	Angela Woodhouse	<ul style="list-style-type: none"> <li>Existing governance structure will remain in place until the change is complete, including the constitution and committee structure</li> <li>Monitoring Officer in place to oversee Council activities and provide advice</li> <li>Code of Conduct</li> <li>Timeline agreed for the Local Government Boundary Commission review and work overseen by the Director of Finance and Business Improvement</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>Recruit an additional officer into Democratic Services to help deliver projects</li> <li>Appoint an external legal advisor to help draft the new constitution</li> <li>Purchase software to facilitate consultation on ward boundaries</li> </ul>	(3 x 2) 6

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<b>NEW Resilience of the voluntary &amp; community sector</b> The pressures facing the voluntary and community sectors are unprecedented and increasing, threatening the resilience and stability of these support networks. This could result in increased financial pressures for residents of the Borough with knock-on effects for the Council.	Alison Broom	<ul style="list-style-type: none"> <li>Commitments obtained to establish an architecture to support the voluntary and community sector and provide funding.</li> </ul>	(3 x 3) 9	<ul style="list-style-type: none"> <li>Establish a community sector forum</li> <li>Funding to provide support for volunteering</li> <li>Funding to equip Trinity Foyer to become a Community Hub</li> <li>Funding for the Love Where You Live &amp; Get Involved project</li> <li>Agreed Financial Inclusive Strategy</li> <li>A Community Resilience Fund that groups can bid for funding from</li> <li>Agreed part funding with the Citizens Advice Bureau for a Debt Management post</li> </ul>	(3 x 2) 6



Risks are assessed for impact and likelihood. So that we achieve a consistent level of understanding when assessing risks, the following definitions were agreed and have been used to inform the assessment of risks on the risk register.

## RISK IMPACT

Level	Service	Reputation	H&S	Legal	Financial	Environment
<b>Catastrophic (5)</b>	Ongoing failure to provide an adequate service	Perceived as a failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend Breaches of law punishable by imprisonment	Uncontrollable financial loss or overspend over £500k	Permanent, major environmental or public health damage
<b>Major (4)</b>	Failure to deliver Council priorities Poor Service, 5+ days disruption	Significant adverse national publicity	Fails to prevent death, causes extensive permanent injuries or long term sick	Litigation expected and uncertain if defensible Breaches of law punishable by significant fines	Financial loss or overspend greater than £250k	Long term major public health or environmental incident (1+ yrs)
<b>Moderate (3)</b>	Unsatisfactory performance Service disrupted 3-5 days	Adverse national publicity of significant adverse local publicity	Fails to prevent extensive permanent injuries or long term sick	Litigation expected but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1 yr)
<b>Minor (2)</b>	Marginal reduction in performance Service disrupted 1-2 days	Minor adverse local publicity	Medical treatment required Long term injuries or sickness	Complaint or litigation possible Breaches of regulations or standards	Financial loss or overspend greater than £10k	Short term public health or environmental incident (weeks)
<b>Minimal (1)</b>	No performance reduction Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend under £10k	Environmental incident with no lasting detrimental effect

## RISK LIKELIHOOD

Level	Probability	Description
<b>Almost Certain (5)</b>	90% +	Without action is likely to occur; frequent similar occurrences in local government / Council history
<b>Probable (4)</b>	60% - 90%	Strong possibility; similar occurrences known often in local government / Council history
<b>Possible (3)</b>	40% - 60%	Might occur; similar occurrences experienced in local government / Council history
<b>Unlikely (2)</b>	10% - 40%	Not expected; rare but no unheard of occurrence in local government / Council history
<b>Rare (1)</b>	0% - 10%	Very unlikely to occur; no recent similar instances in local government / Council history

# One Page Process Summary

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Step 1 – Identify Risks	Step 2 – Evaluate Risks	Step 3 – Risk Response	Step 4 – Monitor & Review																																													
<p>Best done in groups, by those responsible for delivery objectives.</p> <p><b>RISK</b> is a <i>potential future</i> event that, if it materialises, has an <i>effect</i> on the achievement of our objectives.</p> <p>Consider both threats and opportunities.</p> <p>When to consider:</p> <ul style="list-style-type: none"><li>• Setting business aims and objectives</li><li>• Service planning</li><li>• Target setting</li><li>• Partnerships &amp; projects</li><li>• Options appraisal</li></ul> <p>Establish the <b>risk owner</b>.</p> <p>Document in the <b>risk register</b>.</p>	<p>Combination of the <b>impact</b> and <b>likelihood</b> of an event (the <b>CURRENT RISK</b>).</p> <p>Impact score is the highest from the different categories.</p> <p>Establish your <b>key existing controls</b> and whether they are managing the impact and/or likelihood of the risk.</p> <p>Scores can be depicted in the <b>risk matrix</b>:</p> <table><tr><td rowspan="5">Likelihood</td><td>5</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td></td><td></td><td colspan="5">Impact</td></tr></table>	Likelihood	5						4						3						2						1								1	2	3	4	5			Impact					<p><b>Black</b> – Above our <i>tolerance</i>, immediate action and reporting to directors.</p> <p><b>Red</b> – Outer limit of our <i>appetite</i>, immediate action.</p> <p><b>Amber</b> – Medium risk, review existing controls.</p> <p><b>Green</b> – Low risk, limited action, include in plans.</p> <p><b>Blue</b> – Minimal risk, no action but annual review.</p> <p>Risk Response – 4Ts</p> <ul style="list-style-type: none"><li>• Treat (i.e. apply controls)</li><li>• Tolerate (i.e. accept risk)</li><li>• Transfer (e.g. insurance / partnership)</li><li>• Terminate (i.e. stop activity)</li></ul> <p>After your response; where does the risk score now? (the <b>MITIGATED RISK</b>)</p>	<p>Completed risk registers returned to <b>Mid Kent Audit</b>.</p> <ul style="list-style-type: none"><li>• <b>Corporate Leadership Team</b> monthly monitoring of <b>black</b> risks. Quarterly reporting of all high level (<b>black</b> and <b>red</b>) risks.</li><li>• 6-monthly reporting to <b>Wider Leadership Team</b>.</li><li>• Risk registers sent quarterly to <b>directors</b> and <b>heads of service</b>.</li><li>• 6-monthly monitoring at <b>Policy &amp; Resources Committee</b>.</li><li>• Annual monitoring of process by <b>Audit, Governance &amp; Standards Committee</b>.</li></ul> <p>Mid Kent Audit facilitate the review and update of risk actions (as per your risk register) during the year for and high-level (<b>red</b> / <b>black</b>) risks.</p>
Likelihood	5																																															
	4																																															
	3																																															
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		1	2	3	4	5																																										
		Impact																																														

## Policy & Resources Committee

**24<sup>th</sup> November  
2021**

### **Purchase & Repair, Temporary Accommodation Acquisition (phase 5)**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	John Foster, Head of Regeneration and Place
<b>Lead Officer and Report Author</b>	Alison Elliott, Economic Development Officer
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### **Executive Summary**

There is £2,526,000 allocated within this year's capital programme for a further (5<sup>th</sup>) phase of investment in purchase and repair properties for use as Temporary Accommodation to help alleviate homelessness.

This paper sets out the number and type of accommodation to be acquired. It also proposes to supplement the existing allocation with the slippage / underspend from previous phases of the programme, totalling £481,570, to provide a total for investment of £3,007,570, to be spent during the remainder of this financial year, and possibly into 2022/23.

A report regarding this phase of the programme was taken to the last Communities, Housing and Environment Committee, where it was endorsed, but the Council's governance arrangements require that final approval is given by Policy & Resources Committee.

#### **Purpose of Report**

Decision.

#### **This report makes the following recommendations to this Committee:**

1. That the Committee note that the £481,570 underspend from previous phases of the project has been carried forward to the capital programme allocation, giving a total of £3,007,570 for investment in further properties for use as temporary accommodation
2. The Policy and Resources Committee be recommended to give delegated authority to the Director of Finance and Business Improvement, in consultation with the Chair of Policy and Resources, to purchase properties for use as temporary accommodation up to the total value of £3,007,570.
3. That the Head of Mid Kent Legal Partnership is delegated authority to negotiate and complete all necessary agreements, deeds and documents arising from or

ancillary to the purchases of such properties on terms negotiated and agreed by the Director of Finance & Business Improvement.

<b>Timetable</b>	
<b><i>Meeting</i></b>	<b><i>Date</i></b>
Policy & Resources Committee	24 November 2021

## Purchase & Repair, Temporary Accommodation Acquisition (phase 5)

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	Accepting the recommendations will materially improve the Council's ability to achieve the corporate objectives around Homes & Communities. We set out the reasons other choices will be less effective in section 3.	Head of Regeneration and Economic Development
<b>Cross Cutting Objectives</b>	By supporting those who are homeless and vulnerable to have access to appropriate accommodation, which is of a decent standard the report addresses the issues of deprivation and social mobility.	Head of Regeneration and Economic Development
<b>Risk Management</b>	Already covered in the risk.	Head of Regeneration and Economic Development
<b>Financial</b>	The proposals set out in the recommendation are all within already approved budgetary headings within the capital programme and so there is no need for new/additional funding for implementation of this project. The financial saving from investment in acquiring properties, in terms of reduced spend on nightly paid accommodation, means that borrowing for this purpose is sustainable.	Section 151 Officer & Finance Team
<b>Staffing</b>	The work towards completing any property purchases will be established using existing staff resources within the Economic Development & Regeneration Team and Mid-Kent Legal. An appointed external Surveyor and Contractor will assist with the project.	Head of Regeneration and Economic Development
<b>Legal</b>	Section 1 of the Localism Act 2011 gives local authorities a general power of competence to do anything that individuals may do.  The Local Government Act 1972, section 111(1) empowers a local authority to do	Claudette Valmond, – Interim Head of Legal Partnership

	<p>anything (whether or not involving the expenditure, borrowing, or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.</p> <p>In particular, section 120(1)(2) of the 1972 Act enables the Council to acquire land to be used for the benefit, improvement or development of their area; or for the purpose of discharging the Council's functions.</p> <p>Acting on the recommendations is within the Council's powers as set out in the above statutory provisions.</p>	
<b>Privacy and Data Protection</b>	No implications identified.	Policy and Information Team
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment. Impact assessments may be required for individual projects.	Equalities and Communities Officer
<b>Public Health</b>	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	The recommendation will have no impact on Crime and Disorder. The Community Protection Team have been consulted and mitigation has been proposed	Head of Regeneration and Economic Development
<b>Procurement</b>	Officers have waivers in place for a Contractor for works and Surveyor to continue to work on this project.	Head of Service & Section 151 Officer
<b>Biodiversity and Climate Change</b>	<p>The implications of this report on biodiversity and climate change have been considered.</p> <p>Additional properties as part of MBC's portfolio will increase the energy consumption and therefore CO2e produced by the additional properties purchased. The additional properties will be added to the decarbonisation plans currently being</p>	Biodiversity and Climate Change Officer

	<p>formulated to ensure they, along with all MBC assets, are in line with our Net Zero commitments by 2030.</p> <p>Any repairs made to the temporary accommodation, will include improvements to the buildings EPC rating and consideration to upgrade heating systems and insulation needed to reduce carbon emissions and energy bills.</p>	
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## 2. INTRODUCTION AND BACKGROUND

2.1 The Temporary Accommodation Strategy, introduced in December 2016 and reviewed in December 2017, recommended that the council purchase properties on the open market to use as Temporary Accommodation. The Purchase & Repair Programme was established to implement the Strategy.

2.2 The success achieved in providing Council owned temporary accommodation has been reported previously to the Committee since starting the programme in 2017. The success of phases 1, 2, 3 and 4 has increased the Council's portfolio by 46 units. These properties are used to provide temporary accommodation for homeless households and rough sleepers.

2.3 Properties purchased so far are:

No of Properties	No. of Beds	%
1	1	2
21	2	47
19	3	40
4	4	9
1	4 bed - HMO	2
Total 46		100

2.4 The Purchase & Repair programme provides a more cost-effective solution for the Council than nightly paid accommodation. The average cost of nightly paid accommodation is:

No. of beds	Cost per night (£)
1	35
2	40-45
3	45+
4	50+

2.5 If the Council is unable to source accommodation on the nightly paid market it is forced to use hotels, costing around £55-£120 a night depending on the family size. The number in need of housing has increased due to the removal of COVID-19 restrictions on evictions, the widening of those owed

a duty to be housed brought about by the Domestic Abuse Act, and an increase in the number of care leavers formerly accommodated by Kent County Council.

- 2.6 Purchasing and maintaining the asset is more favourable to the Council to be able to sustain control over the stock, with the net rents chargeable largely covering the cost of financing the portfolio. It also provides better accommodation for applicants, as our temporary accommodation is of good quality, self-contained and located within our Borough boundary.
  - 2.7 This report makes recommendations to source further properties for temporary accommodation to meet the additional demand, using the approved budget of £3,007,570.
  - 2.8 In November 2021 the Communities, Housing and Environment Committee approved delegated authority to be given to the Director of Regeneration and Place to determine the size and type of temporary accommodation required.
  - 2.9 Data suggests that accommodation ranging from 1 to 4-bedroom properties would best suit the Council's needs. It is therefore proposed that the budget of £3,007,570 is used to purchase approximately 10 more properties with a similar unit mix to that set out at 2.1.
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### **3. AVAILABLE OPTIONS**

- 3.1 Option 1: Continue with the Purchase & Repair Program into phase 5, to increase the Council's portfolio of Temporary Accommodation properties with additional 1 – 4-bedroom units within the agreed budget of £3,007,570.
  - 3.2 Option 2: Do nothing. Officers do not purchase any further properties, with an increased financial risk to the Council in providing nightly paid accommodation.
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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 Option 1, as stated in paragraph 3.1 above, is recommended. This will ensure that further properties are sourced increasing the Council's portfolio of Temporary Accommodation in the most cost-effective manner.
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### **5. RISK**

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.
- 5.2 If ultimately the need for the properties were to diminish in time for their intended use, they could be converted to PRS housing within Maidstone Property Holdings Limited or sold.



## **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 To date the project has been very successful and well received by Members.
- 6.2 On 2<sup>nd</sup> November 2021 officers took a report to the Communities, Housing and Environment Committee regarding this programme. The Committee fully supported and approved the delivery of a further phase 5 of this programme and the recommendations within the report.
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## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 the Council will proceed with the investment and the completion of property purchases for temporary accommodation. Each property being considered for purchase will continue to be approved on a case-by-case basis (in consultation with the Chair of the Committee) and be in accordance with the relevant temporary accommodation standards and acceptance criteria. Ward Councillors will also continue to be notified of the Council's intention to purchase any property that falls within their ward
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## **8. REPORT APPENDICES**

None.

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## **9. BACKGROUND PAPERS**

Purchase & Repair, Temporary Accommodation Acquisition (phase 5) – CHE Committee, 2<sup>nd</sup> November 2021