

POLICY AND RESOURCES COMMITTEE MEETING

Date: Wednesday 9 February 2022
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership:

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

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.

AGENDA

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Issued on Tuesday 1 February 2022

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

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INFORMATION FOR THE PUBLIC

In order to ask a question at this meeting, please call **01622 602899** or email committee@maidstone.gov.uk by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Monday 7 February 2022). 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.

In order to make a statement in relation to an item on the agenda, please call **01622 602899** or email committee@maidstone.gov.uk by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Monday 7 February 2022). You will need to tell us which agenda item you wish to speak on.

If you require this information in an alternative format please contact us, call **01622 602899** or email committee@maidstone.gov.uk.

To find out more about the work of the Committee, please visit www.maidstone.gov.uk.

Please note that the decision arising from Minute 133 was taken as a result of the call-in process and cannot be called in.

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

MINUTES OF THE MEETING HELD ON WEDNESDAY 19 JANUARY 2022

Present: Councillors Mrs Blackmore, Brice, Burton (Chairman), Cooke, Cox, English, Harper, Khadka, Kimmance, Munford, Parfitt-Reid, Perry, Purle and Round

Also Present: Councillors Clark, Cooper, Mortimer, Robertson and M Rose

125. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Ring and de Wiggondene-Sheppard.

126. **NOTIFICATION OF SUBSTITUTE MEMBERS**

Councillor Purle was present as a Substitute Member for Councillor Ring.

127. **URGENT ITEMS**

The Chairman informed the Committee that he had accepted an urgent update to Item 9 – Park & Ride Service – Call-In, which provided additional information for the Committee to consider.

128. **NOTIFICATION OF VISITING MEMBERS**

Councillors Cooper and M Rose were present as Visiting Members for Item 9 – Park & Ride Service – Call-In.

Councillors Clark, Mortimer and Robertson were present for the debate on Item 9 – Park & Ride Service – Call-In, as the Members that had signed the call-in referral form.

129. **DISCLOSURES BY MEMBERS AND OFFICERS**

There were no disclosures by Members or Officers.

130. **DISCLOSURES OF LOBBYING**

All Committee Members had been lobbied on Item 9 – Park & Ride Service – Call-In.

131. EXEMPT ITEMS

The Chairman informed the Committee that except for the legal advice contained within the restricted papers, consent had been given from the relevant parties to discuss the information in open session.

RESOLVED: That at least in the first instance the Committee remain in open session, unless any Member of the Committee wished to refer to the legal advice contained within Item 9 – Park & Ride Service – Call-In.

132. PRESENTATION OF PETITIONS

Councillor Mortimer introduced the petition received and highlighted the number of signatories from across the Borough.

RESOLVED: That the petition be considered during the Committee's consideration of Item 9 – Park & Ride Service – Call-In.

133. PARK & RIDE SERVICE - CALL-IN

The Director of Regeneration and Place introduced the report and referenced the original report and subsequent decision made following its presentation to the Strategic planning and Infrastructure (SPI) Committee on 7 December 2021. Officers had recommended that the initial subsidy requested be agreed, however an increased amount had been requested by the Operator prior to the issue's consideration which could not be met through Covid-19 relief monies in their entirety.

The Operator had formally served notice to the Council that the Park and Ride Service would end on 19 February 2022, due to the significant impact of the Covid-19 pandemic on the service's viability which was further affected by the recent Omicron variant of Coronavirus. The urgent update, which contained further information on the usage and the uncertainty of the financial support required by the Operator, was referenced.

Councillor Cooper addressed the Committee as the Chairman of the SPI Committee and outlined the contributing factors to the original decision made, which was that no further subsidy be provided.

The Councillors that had signed the call-in referral form were invited to address the Committee and outlined the content of the petition.

Several Members reiterated the benefit of the service to all residents and that an equality impact assessment had not yet been conducted. It was felt that further public consultation should have taken place before the operator's request for further financial support was initially considered by the SPI Committee. As the Government's guidance to 'Work from Home' had been withdrawn as part of the continued recovery from Covid-19, it was possible that the number of service users would increase.

There were concerns expressed that the service's end would negatively impact air quality, the achievement of the Council's carbon neutrality target, congestion and the ongoing Local Plan Review.

In response to questions, the Director of Regeneration and Place reiterated that formal notice was served to the Council and that no other potential operators had been contacted. The Chief Executive confirmed that the Council's staff were able to use the service for work purposes, but that alternative methods to assist staff no longer able to use the facility, would be considered in the future if required. The Council's commitment to carbon reduction was emphasised.

During the debate, it was felt that individuals were unlikely to return to the office full-time due to the benefits of home working, which would prevent the service from recovering fully. Given the consistent decline in service users alongside the likelihood that the operator required additional medium-to-long term financial support, the service was felt to be nonviable. The Committee were of the view that in the circumstances the service's continued provision would not deliver value for money for local residents and taxpayers across the borough.

The importance of promoting adequate provision of local commercial bus services was referenced. Officers were encouraged to consider alternative options for the park and ride sites, as included within the decision made by the SPI Committee.

RESOLVED: That the original Strategic Planning and Infrastructure Committee decision be endorsed.

Note: Councillor Parfitt-Reid left the meeting between 7.33 p.m. to 7.36 p.m.

134. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

135. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

136. EXEMPT APPENDICES (A-D) TO ITEM 9 - PARK & RIDE SERVICE - CALL-IN

RESOLVED: That the item be considered alongside Item 9 – Park & Ride Service – Call-In.

137. DURATION OF MEETING

6.30 p.m. to 8.04 p.m.

Agenda Item 9

Should you wish to refer any decisions contained in these minutes to **Council**, please submit a Decision Referral Form, signed by **five** Councillors, to **the Mayor** by: **8 February 2022**

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

MINUTES OF THE MEETING HELD ON WEDNESDAY 19 JANUARY 2022

Present: Councillors Mrs Blackmore, Brice, Burton (Chairman), Cooke, Cox, English, Harper, Khadka, Kimmance, Munford, Parfitt-Reid, Perry, Purle and Round

138. ADJOURNMENT OF MEETING

The meeting commenced at 8.04 p.m. and then adjourned until 8.14 p.m. for a short break, following the preceding extraordinary meeting of the Committee.

139. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Ring and de Wiggondene-Sheppard.

140. NOTIFICATION OF SUBSTITUTE MEMBERS

Councillor Purle was present as Substitute for Councillor Ring.

141. URGENT ITEMS

There were no urgent items.

142. CHANGE TO THE ORDER OF BUSINESS

The Chairman advised that he intended to take Item 17 – Public Sector-Led Garden Community Update be taken after Item 12 – Committee Work Programme, to facilitate the public speaker in attendance.

Item 13 – Medium term Financial Strategy and Budget Proposals would be taken after Item 15 – Fees and Charges 2022-23, in order to fully consider the other financial items on the agenda before considering the Medium-Term Financial Strategy Items.

143. NOTIFICATION OF VISITING MEMBERS

There were no visiting members.

144. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

145. DISCLOSURES OF LOBBYING

The Committee had been lobbied on Item 17 – Public Sector-Led Garden Community Update.

Councillors Blackmore, Brice and Harper had also been lobbied on Item 18 - Affordable Housing Delivery by the Council.

146. EXEMPT ITEMS

RESOLVED: That Item 20 – Temporary Car Park to serve Maidstone Innovation Centre, be taken in private due to the possible disclosure of exempt information.

147. MINUTES (PART I) OF THE MEETING HELD ON 24 NOVEMBER 2021

RESOLVED: That the Minutes (Parts I and II) of the Meeting held on 24 November 2021 be agreed as a correct record and signed.

148. PRESENTATION OF PETITIONS

There were no petitions.

149. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were two questions from Members of the Public.

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

'Can you explain why the community engagement event being planned for the proposed Heathlands development is being held at the Maidstone Innovation Centre in Weaving, ten miles away from the centre of Lenham?'

The Chairman responded to the question.

Ms Hammond asked the following supplementary question:

'There is plenty of room at the Lenham Community Centre and it has lots of access. If the Council's plan is so great, then why is this Council so scared to stand behind their plan and face the community in Lenham at the Lenham Community Centre?'

The Chairman responded to the supplementary question.

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

'The last time this Committee was given an opportunity to take a formal decision on the Council-led Heathlands Garden Community was 24 March 2021. Can you confirm when this Committee will next be given an

opportunity to take a formal decision on the continued investment and progression or otherwise of this project?’

The Chairman responded to the 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 1:51:56 to 1:56:15 of the recording.

To access the webcast, please use the link below:

[Policy and Resources Committee Meeting - 19 January 2022 - YouTube](#)

150. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There was one question from a Member to the Chairman.

Question from Councillor Paul Harper to the Chairman of the Policy and Resources Committee

"Can the Chair please encourage all members of this committee to wear face coverings when attending meetings of his committee. This is both a public health issue with Omicron, but also one of Community Leadership. As the Policy and Resources Committee, we require our supporting staff to wear face covering at all meetings of Maidstone Borough Council. To make staff do one thing and then to do another would smack of hypocrisy. At last week's Strategic Planning and Infrastructure Committee only 2 Councillors wore a mask. As Councillors and Community Leaders we need to take a lead and by the simple measure of wearing masks in Committee Meetings shows we are doing what we can to encourage good public health. We only have to see how in Government, the current furore over breaking regulations means that national leadership during a health crisis is weakened and it is our responsibility to give a good lead to the communities of Maidstone"

The Chairman responded to the 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 1:56:22 to 1:58:50 of the recording.

To access the webcast, please use the link below:

[Policy and Resources Committee Meeting - 19 January 2022 - YouTube](#)

151. COMMITTEE WORK PROGRAMME

RESOLVED: That the Committee Work Programme be noted.

152. PUBLIC SECTOR-LED GARDEN COMMUNITY UPDATE

Prior to the report's introduction Mr Steve Heely addressed the Committee on behalf of the Save Our Heathlands Action Group.

The Director of Regeneration and Place introduced the report and stated that option agreements for over 30% of the land needed had been signed between Homes England and the landowners. The location and date of the proposed public engagement exercises would be confirmed in the near future.

The Local Planning Authority (LPA) had requested further evidence on the proposed development, which included the potential achievement of nutrient neutrality, the extraction of minerals to dovetail with new development on the site and a supplementary planning document.

Reference was made to the railway transport options as outlined in the report, with reassurance given that it was standard practice for all options to be outlined and considered; there was however evidence to support a commercially viable railway station in Heathlands with no changes to the existing stations. Homes England had commissioned the preparation of a further detailed strategic outline business case to be submitted to the LPA.

The Committee would be considering a town planning strategy document for the site in the future.

Several Members felt that further information on the proposal and the progress made, particularly in relation to the options agreements and the potential railway station, should be provided to the Committee in the near future.

The importance and standing of Homes England as the Council's partner for the proposal was reiterated.

RESOLVED: That the report be noted.

153. COUNCIL TAX BASE 2022-23 & COLLECTION FUND ADJUSTMENT

The Head of Finance introduced the report and outlined the contributing factors to the calculation of the Council Tax base for the 2022-23 financial year, which totalled 65, 896.22. The proposals had been informed by recent data collections alongside in-year monitoring.

The Council Tax Base figure represented a strong growth of 3.69%, which was partly due to the borough's strong housing growth between October 2020-21 alongside the prudent estimates made during the consideration of the 2021-22 council tax base arising from the financial uncertainty caused by the Covid-19 pandemic.

The risks associated with both a too high and too low council tax base were outlined, and the appendices to the reports were highlighted. The Council Tax surplus for 2022-23 was £2.1 million, of which £318,000 represented the Council's share.

The Head of Finance confirmed that the 2022-23 estimated collection allowance for non-collection had been reduced to reflect the Council's financial recovery from Covid-19.

RESOLVED: That

1. In accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by the Authority as its Council Tax Base for the year 2022-23 will be 65,896.22;
2. In accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by the Authority as the Council Tax Base for each parish area for the year 2022-23 will be as identified in Appendix 2 to the report; and
3. The 2021-22 Council Tax projections and proposed distribution detailed in Appendix 3 to the report be agreed.

Note: Councillor English left the meeting between 8.45 p.m. to 8.47 p.m.

154. FEES AND CHARGES 2022-23

The Head of Finance introduced the report and noted that the setting of Fees and Charges was part of the Council's budget setting process. The reviewed charges were contained within Appendix 1 to the report.

The fees and charges proposed within the remit of the Committee related to legal services only. The increase was due to an expected rise in staffing costs and to ensure a consistent charge across the Mid-Kent Legal Partnership. It was highlighted that the projected income budgets, as outlined in the report, should be treated as indicative and subject to change.

The fees and charges considered by the Council's other service Committees were attached in appendices 3-5 to the report.

Having endorsed the Strategic Planning and Infrastructure (SPI) Committee decision relating to the Park and Ride, the Committee expressed concern over the impact of the increased price of parking season tickets as agreed by the SPI Committee. The Chief Executive advised that whilst the Committee was responsible for overseeing the decisions made by the service committees on the topic, any changes to parking season ticket prices could have implications for parking policy. It was therefore appropriate that SPI be asked to consider the concerns raised by the Committee, particularly any impact on parking policy.

In response to questions, the Head of Finance confirmed that the increase in pest control charges was to recover the contractor's increased service cost. The estimated income for the use of sports pitches across 2022-23 remained the same as the estimated income for the current financial year, despite an increase in the fees charged, as the income generated this year had been less than originally anticipated.

RESOLVED: That

1. The proposed discretionary fees and charges set out in Appendix 1 to the report be agreed;
2. The expected statutory fees and charges set out in Appendix 1 to the report, be noted;
3. The overall change in fees and charges attached within Appendices 3-5 to the report, be noted; and
4. In light of the earlier decision in relation to the Park and Ride, reference be made back to the Strategic Planning and Infrastructure Committee to give consideration to policy implications of the decision in relation to parking season tickets, as included within Appendix 5 to the report.

Note: The Committee expressed its thanks to the Head of Finance for the work she had undertaken and wished her the best in her future endeavours.

155. MEDIUM TERM FINANCIAL STRATEGY AND BUDGET PROPOSALS

The Director of Finance and Business Improvement introduced the report which included the revenue budget proposals for the services within the Committee's remit. The additional funding provided to the Council through the Local Government Finance Settlement was referenced, alongside the significant financial pressures arising from high inflation rates and the achievement of the Council's strategic priorities.

It was likely that the Council would achieve a balanced budget across the 2021-22 financial year, with a small surplus expected. The final projections in relation to the Medium-Term Financial Strategy would be presented to the Committee at its February meeting.

The Committee expressed support for the work undertaken and the impact of high inflation was noted.

RESOLVED: That

1. The revenue budget proposals for services within the remit of the Committee, as set out in Appendix A to the report, be agreed; and
2. The revenue budget proposals for services within the remit of the other Service Committee, as set out in Appendix B to the report, be noted.

156. MEDIUM TERM FINANCIAL STRATEGY – CAPITAL PROGRAMME

The Director of Finance and Business Improvement introduced the report and stated that the proposals represented a significant increase in the cost of the capital programme over the next five years. The existing

capital programme totalled £130 million, with the proposed affordable housing programme to cost £82 million and the re-provision of leisure facilities to cost in the region of £30 million once the existing contract ended.

The requirement for any capital scheme to be sustainable, through either the returns generated through individual schemes or through revenue budget provisions to pay repay the borrowing undertaken and interest fees generated, were highlighted.

The affordable housing programme was scheduled to take place over a 10-year period, with the £82 million included in the capital programme covering the next five years only.

RESOLVED: That

1. The Capital Strategy principles, as set out in paragraph 2.6 of the report, be agreed;
2. The Capital Funding Projection, as set out in Appendix 2 to the report, be agreed;
3. The Capital Programme 2022/23 onwards, as set out in Appendix 3 to the report, be agreed; and
4. In agreeing recommendations two and three above, a prudential borrowing limit of £216.585 million be set over the period of the programme which will be recommended to Council as part of the Treasury Management Strategy 2022/23.

Note: Councillor English left the meeting between 9.24 p.m. and 9.26 p.m. and did not vote on the item.

157. AFFORDABLE HOUSING DELIVERY BY THE COUNCIL

The Director of Regeneration and Place introduced the report resulting from the '1000 Homes Initiative'. The proposed scheme would require the net investment of £200 million over a minimum 10-year period, taking place alongside the continued investment into the private rental sector and sale of housing properties.

It was highlighted that affordable housing was often provided through the use of Section 106 monies by registered providers. It was recommended that the Council focus on homes intended for affordable rent, being capped at the Local Housing Allowance, with a focus on town centre sites to align with the Council's ongoing development of the Town Centre Strategy.

The risks associated with the proposal were briefly outlined, alongside the importance of securing land opportunities, when possible, due to the lack of Council owned land and properties available for the initiative.

A further report on the initiative's corporate structure implications would be presented to the Committee at a later date.

In response to questions, the Director of Regeneration and Place confirmed that the proposed modest acquisition of Section 106 stock from developers would allow the Council to secure affordable housing properties that might otherwise be lost. Options for creating a Maidstone Housing Investment Fund had been included in the report to highlight the operational considerations in entering into the Affordable Housing market and to maximise the processes' transparency. It was suggested that the Council's assets would be subject to ongoing review for potential inclusion into the programme as it progressed, with the affordable homes delivered contributing to the government mandated housing needs figure.

In response to the consideration of whether to exclude certain sites from the proposal, the Director of Regeneration and Place advised that it would be difficult to rule out specific locations before the scheme's commencement.

The Committee expressed support for the proposal and noted the ambitious scope of and risks associated with the scheme. The importance of recognising further opportunities as the scheme progressed, such as partnership working, were highlighted.

RESOLVED:

That the following be noted:

1. The proposed capital spend of circa £200 million, net of any grant to build a portfolio of 1,000 Affordable Homes over the ten-year period commencing 1 April 2022 with individual schemes subject to approval by the Committee;
2. The preliminary officer advice and legal advice, provided as exempt Appendix 1 to the report, on the possible and likely corporate structure arrangements within which an affordable housing portfolio could be held once it passes 200 homes and that a further report on this matter, for decision, would be brought back to the Committee during the next financial year;
3. A bid for grant to Homes England via the Continuous Market Engagement route would be made in the coming months but subject to a further detailed decision by the Committee to approve any grant Funding Agreement offered by Homes England;
4. The Affordable Homes programme is proposed to be supplemented by further additional capital spend of circa £46.5 million in Private Rented Sector Housing, to build a further 200 such homes over the five-year period commencing 1 April 2022, with individual schemes subject to approval by the Committee;

5. The proposed Affordable Homes and Private Rented Sector programmes will be supplemented by investment in circa 60 Market Sale homes, via joint venture arrangements with incumbent scheme contractors, with individual schemes subject to approval by the Committee. As the capital programme for approval, proposed exposure will be capital spend of circa £22 million over the programme period;

That:

6. The scheme target hurdle rates for Affordable Housing and Private Rented Sector investments as being a positive Net Present Value and Internal Rate of Return of 4%, and that there will be cognisance of the challenges in respect of the likely cost/value ratio on some schemes, be agreed. The hurdles rates will be kept under review by the Director of Finance and Business Improvement and any changes will be dealt with through reporting on the capital strategy;
7. The likely viability gap per Affordable Housing homes developed which will equate to circa £1.7 million per 100 homes built, and that provision will be made by the Committee elsewhere in the Council's Medium-Term Financial Strategy to meet the viability shortfall, i.e. the creation of a Maidstone Housing Investment Fund, be noted;
8. All the Affordable Housing would be let as Affordable Rented Homes, with rents set at 80% of the prevailing market rent but capped at the Local Housing Allowance, be agreed;
9. The overall Development Strategy as set out in paragraphs 2.49 to 2.58 of the report, be agreed; and
10. The Affordable Homes delivery project be identified as a significant strategic project, within which all the decisions on the project be taken by the Committee.

Note: Councillor Purle left the meeting at 9.45 p.m.

158. EXEMPT APPENDIX 1 (AFFORDABLE HOUSING DELIVERY BY THE COUNCIL) - LEGAL ADVICE ON CORPORATE STRUCTURE OPTIONS.

RESOLVED: That Item 19 – Exempt Appendix 1 (Affordable Housing Delivery by the Council) – Legal advice on corporate structure options, be considered alongside Item 18 – Affordable Housing Delivery by the Council.

159. LONG MEETING

RESOLVED: That the meeting continue to 11 p.m. if required.

160. EXCLUSION OF THE PUBLIC FROM THE MEETING

RESOLVED: That the public be excluded from the meeting for the following items of business because of the likely disclosure of exempt information for the reason specified, having applied the public interest test:

Head of Schedule 12A and Brief Description

Item 20 – Temporary Car Park to serve Maidstone Innovation Centre	Paragraph 3 - Information relating to the financial or business affairs of an individual (including the authority holding that information)
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161. TEMPORARY CAR PARK TO SERVE MAIDSTONE INNOVATION CENTRE

The Head of Regeneration and Economic Development introduced the report and stated that additional car-parking facilities were required at Maidstone Innovation Centre. The carpark would be of a temporary nature.

The Innovation Centre had opened in December 2021 and the funding required was outlined.

The Committee expressed support for the proposal.

RESOLVED: That

1. An agreed sum be added to the capital programme to fund the costs of providing a temporary car park serving the Maidstone Innovation Zone;
2. The estimated costs and repayment plan set out in paragraph 2.10 of the report be agreed;
3. Delegated authority be given to the Head of Regeneration and Economic Development to undertake a procurement process for professional services and appoint these contracts in line with the Contract Procedure Rules and to submit a planning application for the car park;
4. Delegated authority be given to the Director of Finance and Business Improvement to award the contract to the successful bidder for the construction of the Temporary Car Park in line with the Contract Procedure Rules; and
5. Delegated authority be given to the Head of Mid Kent Legal Services to enter into contracts and any other necessary agreements for the construction of the Temporary Car Park.

162. MINUTES (PART II) OF THE MEETING HELD ON 24 NOVEMBER 2021

RESOLVED: That the Minutes (Part II) of the Meeting held on 24 November 2021 be considered alongside Item 8 – Minutes (Part I) of the Meeting held on 24 November 2021.

163. DURATION OF MEETING

6.30 p.m. to 10.25 p.m.

Note: The committee adjourned for a short break between 8.04 p.m. to 8.14 p.m.

Should you wish to refer any decisions contained in these minutes to Council, please submit a Decision Referral Form, signed by **five** Councillors, to **the Mayor** by: 8 February 2022.

Please note that as this decision was urgent it has already been implemented.

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY 24 JANUARY 2022

Present: Councillors Mrs Blackmore, Burton (Chairman),
Cooke, Cox, Khadka, Kimmance, Munford, Parfitt-
Reid, Perry, Purle, Round and S Webb

164. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Brice, English, Harper, Ring and de Wiggondene-Sheppard.

165. **NOTIFICATION OF SUBSTITUTE MEMBERS**

Councillor Purle was present as Substitute Member for Councillor Ring.

Councillor S Webb was present as Substitute Member for Councillor Brice.

166. **URGENT ITEMS**

The meeting had been convened urgently to discuss the urgent item of business, Item 8 – Property Acquisition.

167. **NOTIFICATION OF VISITING MEMBERS**

There were no Visiting Members.

168. **DISCLOSURES BY MEMBERS AND OFFICERS**

There were no disclosures by Members or Officers.

169. **DISCLOSURES OF LOBBYING**

There were no disclosures of lobbying.

170. **EXEMPT ITEMS**

RESOLVED: That Item 8 – Property Acquisition be taken in private due to the possible disclosure of exempt information.

171. **EXCLUSION OF THE PUBLIC FROM THE MEETING**

RESOLVED: That the public be excluded from the meeting for the following item of business because of the likely disclosure of exempt

information for the reasons specified, having applied the public interest test:

Head of Schedule 12A and Brief Description

Item 8 – Property Acquisition	Paragraph 3 – Information relating to the financial or business affairs of an Individual (including the authority holding that information)
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172. PROPERTY ACQUISITION

The Interim Housing Acquisitions Consultant introduced the report and outlined the proposal and associated costs, alongside the site's history.

The Committee expressed support for the proposal, which was felt to be for the betterment of the area. The risks associated were noted.

RESOLVED: That

1. The purchase of the site for an agreed amount be authorised;
2. Delegated authority be granted to the Director of Finance and Business Improvement to finalise negotiations for Maidstone Borough Council to purchase the agreed site from the landowner for the agreed sum (inclusive of any VAT) with specific provisions and take all such action including, but not limited to any related appointment and entering into all such deeds, agreements and documents which may be required to facilitate the purchase of the site;
3. Delegated authority be granted to the Director of Regeneration and Place in consultation with the Chairman and Vice-Chairman of the Committee to submit a Planning application in respect of the redevelopment of the site at a maximum cost of an agreed amount for the preferred schemes as detailed in the report and to deal with all associated planning matters;
4. Delegated authority be granted to the Head of Mid Kent Legal Services to negotiate and complete the necessary deeds agreement and all documents arising from or ancillary to the purchase of the site, the procurement and appointment of contractors and consultants and the planning application on the terms as agreed by either the Director of Finance and Business Improvement or the Director of Regeneration and Place in accordance with their delegations;
5. Post planning decision the Director of Regeneration and Place will bring forward for approval to the Committee, a detailed project delivery and investment plan, prior to the development itself commencing;

6. Officers be requested to continue to explore further opportunities for land assembly; and
7. Once matters are concluded a report be brought to the Communities, Housing and Environment Committee on actions to address the community protection and anti-social behaviour issues concerning the site.

173. DURATION OF MEETING

6.30 p.m. to 7.17 p.m.

Agenda Item 11

Please note that as the decision relating to Minute 8 was taken urgently and has been implemented, therefore there is no call-in period.

MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

MINUTES OF THE URGENT MEETING HELD ON MONDAY 20 JULY 2020

Present: Councillors Burton, M Burton, Chappell-Tay, Clark, Cox(Chairman), English, Garten, Mrs Gooch, Joy, McKay, Mortimer, Newton, Purle, Round and Springett

Also Present: Councillor Kimmance

1. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Blackmore, Harvey and Perry.

2. **NOTIFICATION OF SUBSTITUTE MEMBERS**

It was noted that the following members were present as substitute members:

- Councillor D Burton for Councillor Perry
- Councillor Garten for Councillor Blackmore
- Councillor Joy for Councillor Harvey

3. **URGENT ITEMS**

The meeting had been called to consider item 8 – Property Acquisition – which need to be considered urgently in order to have an offer accepted on a property before it went to auction.

4. **NOTIFICATION OF VISITING MEMBERS**

It was noted that Councillor Kimmance was present as a Visiting Member for Item 8 – Property Acquisition.

5. **DISCLOSURES BY MEMBERS AND OFFICERS**

There were no disclosures by Members or Officers.

6. **DISCLOSURES OF LOBBYING**

There were no disclosures of lobbying.

7. **EXEMPT ITEMS**

RESOLVED: That Item 8 – Property Acquisition be taken in private for the reasons specified.

8. PROPERTY ACQUISITION

The Director of Finance and Business Improvement presented the report to the Committee setting out the proposed purchase. The purchase would represent both a return on investment and be in accordance with the Council's strategic plan, specifically on supporting economic development within the Borough. The matter had been brought to Committee urgently as a purchase price had been agreed with the seller and it would be pulled from auction on 21 July 2020 if the Committee agreed the recommendations.

Questions were raised by the committee on the completeness of the business case presented, the required investment in the units, information about vacancies, the need to repair the roof and whether this type of investment was compatible with Government guidance on Council investments.

In response, the Director of Finance and Business Improvement provided detailed responses and outlined the work that had been undertaken to this point. Further clarification on the financial information and the opportunities provided to the Council from the proposal was given.

It was requested that a report setting out the investment plans for the units be presented to a future meeting of the Committee, to provide further reassurance.

It was noted that by going through auction there would be buyers' fees and no guarantee of a better price.

RESOLVED: That it be agreed that:

1. The long leasehold interest in the proposed site, as shown outlined in red on the plan attached to the report of the Director of Finance and Business Improvement be purchased for an agreed amount;
2. Delegated Authority be given to the Director of Finance and Business Improvement to conclude negotiations with the leaseholder;
3. The Head of Mid Kent Legal Services be authorised to complete the purchase on the terms as agreed by the Director of Finance and Business Improvement and to negotiate and to complete all necessary agreements and deeds arising from or ancillary to the purchase; and
4. That subject to the deal being completed a further report outlining a fresh business case for the investment in the Units be submitted to the Committee.

Note: Councillors D Burton and Garten requested that their dissent from the decision be recorded.

9. DURATION OF MEETING

10 a.m. to 11.38 a.m.

2021/22 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Review of EOI Returns - Archbishops Palace	P&R	23-Mar-22	Officer Update		Mark Green	Mark Green/Deborah Turner
Proposed Town Centre Strategy - Scoping Paper	P&R	23-Mar-22	Officer Update	Yes	Alison Broom	Phil Coyne/Charlotte Yarnold
Granada House Update	P&R	23-Mar-22	Officer Update		William Cornall	Andrew Connors
Public Sector Led Garden Community Update	P&R	23-Mar-22	Officer Update	Yes	William Cornall	William Cornall
Update on Lockmeadow Complex	P&R	23-Mar-22	Officer Update		Mark Green	Alexa Kirstingwoods
Maidstone House Strategy	P&R	23-Mar-22	Officer Update		Mark Green	Mark Green
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
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 16

POLICY AND RESOURCES COMMITTEE	9 February 2022
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PUBLIC SECTOR-LED GARDEN COMMUNITY UPDATE

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

Executive Summary

The purpose of this report is to inform the Committee that there are no substantial updates since the January meeting. Officers from both the Council and Homes England continue to focus upon matters relating to land assembly and the production of further technical reports to be provided to the Local Planning Authority. 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

Meeting	Date
Policy and Resources Committee	9 th February 2022

PUBLIC SECTOR-LED GARDEN COMMUNITY UPDATE

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <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
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <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

Risk Management	See section 4.	Director of Regeneration & Place
Financial	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 £634,672.	Section 151 Officer & Finance Team
Staffing	We will deliver the recommendations with our current staffing.	Director of Regeneration & Place
Legal	There are no legal implications arising from this report as it is for noting only.	Interim Head of Legal Partnership
Privacy and Data Protection	No impact identified	Policy and Information Team
Equalities	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 Communities Officer
Public Health	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
Crime and Disorder	The recommendation will not have a negative impact on Crime and Disorder.	Head of Service or Manager
Procurement	N/A.	Head of Service & Section 151 Officer
Biodiversity and Climate Change	The revised masterplan brief seeks a biodiversity net gain within the area defined by the proposed redline.	Head of Policy Communications & Governance Biodiversity and Climate Change Manager

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 Members of the Committee may wish to review the various technical reports that were produced and / or commissioned by the Homes England / Council promotor partnership, that were submitted to, and subsequently published by, the Local Planning Authority in the Autumn of 2021. The link is as follows:

<https://drive.google.com/drive/folders/19ACdzrDLNcEKza0R8LFFQoX6Az1IsK5?usp=sharing>

3. AVAILABLE OPTIONS

3.1 This report is for noting.

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

4.2 The first three risks (bold) have diminished because of the progress that has been made, particularly in respect of entering into the collaboration agreement with Homes England, the scheme securing “draft allocation” status in the Maidstone Local Plan Review, and the fact that there is now a smaller landowner pool, with several land parcels now under Option.

4.3 Further risks that had since been added 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.

4.4 The first of these newer risks (bold) is subsiding given the progress made with the land Options. The next emerging risk of significance is that:

- The Heathlands proposal is not supported by the (to be) appointed Local Plan Inspector.

4.5 The Council and Homes England now have plenty of time to work with Homes England's professional teams to produce further technical evidence to give the project the best chance of being supported by the examiner.

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 remaining 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 Reg 19 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.

7. REPORT APPENDICES

7.1 None

8. BACKGROUND PAPERS

8.1 None.

Policy and Resources Committee	9 February 2022
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Biodiversity and Climate Change Action Plan Update

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Georgia Hawkes, Head of Transformation and Property
Lead Officer and Report Author	James Wilderspin, Biodiversity and Climate Change Manager
Classification	Public
Wards affected	All

Executive Summary
<p>The Policy and Resources Committee adopted the Biodiversity and Climate Change Action Plan on 21st October 2020. This report is an update of the status and implementation of the Action Plan, which includes:</p> <ul style="list-style-type: none"> The annual review and update of the Action Plan itself (Appendix 1); The budget allocations and specific project costs for the implementation of the Action Plan 2021-2022 (Appendix 2); A breakdown of each action’s status (Appendix 3); and The key indicators to monitor performance against the Action Plan (Appendix 4).
Purpose of Report
To update Committee on progress made on delivery of the Biodiversity and Climate Change Action Plan.

This report makes the following recommendations to this Committee:
<ol style="list-style-type: none"> 1. That the Policy and Resources Committee notes the progress made towards delivery of the Biodiversity and Climate Change Action Plan, including identification of key performance indicators and allocation of budget against projects to deliver the agreed actions. 2. That the Policy and Resources Committee agrees the changes to the Biodiversity and Climate Change Action Plan and makes a decision to allocate responsibility to review the Action Plan on an annual basis to the Biodiversity and Climate Change Manager in consultation with the Policy and Resources Committee Chairman. 3. That the Policy and Resources Committee note that further financial resources will be needed beyond 2022 to deliver the council’s biodiversity and climate change ambitions.

Timetable	
Meeting	Date
Corporate Leadership Team	18 January 2021

Biodiversity and Climate Change Action Plan Update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will materially improve the Council's ability to achieve (i) Embracing Growth and Enabling Infrastructure (ii) Safe, Clean and Green (iii) Homes and Communities (iv) A Thriving Place.	Head of Transformation and Property
Cross Cutting Objectives	The report recommendations support the achievement of the Biodiversity and Environmental Sustainability and supports respected cross cutting issues including respecting nature and heritage, reducing inequalities through engagement and public wellbeing through access to open and green spaces, and ensuring Biodiversity and Environmental Sustainability is respected.	Head of Transformation and Property
Risk Management	Please refer to paragraph 5.1 of the report.	Head of Transformation and Property
Financial	£1million funding has already been allocated to the implementation of the Biodiversity and Climate Change Action Plan and this report updates on the allocations of the budget and requests further funding be allocated to ensure the Action Plan can continue to be implemented beyond 2022. Additional bids for external funding to help achieve the aims of the strategy will also be sought at every opportunity.	Senior Finance Manager (Client)
Staffing	We will deliver the recommendations with our current staffing.	[Head of Service]
Legal	There are no legal implications associated with the recommendations set out in the report which is to note the update on the action plan and not for decision. The Natural Environment and Rural Communities Act 2006 by virtue of Section 40 places a duty on local authorities to have regard to the conservation of biodiversity in exercising their functions. The	Interim Team Leader (Contentious and Corporate Governance)

	duty is an integral part of policy and decision making in relation to all the council functions, services and actions of the Council.	
Privacy and Data Protection	There are no impacts on Privacy and Data Protection identified as a result of the report and recommendation.	Policy and Information Team
Equalities	A high-level Equality Impact Assessment has been carried out on the Action Plan and further assessments and inclusive measures will be made for relevant projects and will be intrinsic to the Biodiversity and Climate Engagement Strategy.	Equalities & Communities Officer
Public Health	We recognise that implementing the biodiversity and climate change action plan will have a positive impact on population health or that of individuals.	[Public Health Officer]
Crime and Disorder	There are no Crime and Disorder issues to Note.	[Head of Service or Manager]
Procurement	There will be significant ongoing procurement implications arising from implementation of the Action Plan to upgrade and decarbonise the MBC estate and fleet, seek renewable energy projects and enhance woodland and wetland areas of the borough. Biodiversity and climate change will also be a procurement consideration for all future procurement activities to decrease and support decarbonisation of all MBC contractors and suppliers.	[Head of Service & Section 151 Officer]
Biodiversity and Climate Change	This report strengthens the council's position, through a review/update, budget allocation, and commencement of projects set out in the Biodiversity and Climate Change Action Plan to achieve Net Zero in keeping with the Council's commitment by 2030 and increase and sustain biodiversity across the Borough.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 The Policy and Resources Committee adopted the Biodiversity and Climate Change Action Plan on 21st October 2020. This report provides a progress update of the implementation of the Action Plan as of the end of 2021 and highlights the updates and minor changes from the first annual review of the Action Plan itself (**Appendix 1**). This report also sets out the budget allocations for the implementation of the Action Plan so far (**Appendix 2**) and provides a breakdown of each action status to give a more detailed update on progress per action (**Appendix 3**). Finally, this report outlines the primary key performance indicators to monitor progress of the action plans implementation (**Appendix 4**).

Action Plan Annual Review

- 2.2 The Biodiversity and Climate Change Action Plan is set to be reviewed on an annual basis to ensure that new policies, national Government initiatives, and changes in technologies and practices are updated in tandem with its implementation. This will both help the council to review, and if necessary, update its priorities and performance indicators towards achieving Net Zero by 2030, and also to ensure the council can seek new opportunities, funds and initiatives and incorporate innovation into the Action Plan implementation.
- 2.3 Maidstone Borough Council's Biodiversity and Climate Change Strategy and [Action Plan](#) scored a 72% or joint 25th place in UK out of 325 councils who have declared a climate emergency according to Climate Emergency UK's [campaign](#). Recognition of MBC's commitment and the robustness of the Action Plan is valuable, as it raises MBC's profile on these important topics and shows the council to be a strategic leader. It is vital to continually review and update the Action Plan and to ensure Actions are tangible and deliverable.
- 2.4 A detailed review of the Action Plan has been carried out on all nine key themes and corresponding actions. The reviewed and updated Action Plan has not made any major changes and the plan retains all the same key themes, structure, and actions, with the addition of supplementary information and minor wording changes only. Some additions have been made to the Action Plan to ensure it meets soon to be standardised criteria and comparable objectives for local authorities across the UK. Additions to the Action Plan include key information and definitions of 'Net Zero', 'Climate Adaptation and Resilience', detailed targets per year on carbon reductions, and updates to the status of each action.
- 2.5 A table detailing all change and updated to the Action Plan can be found in Appendix 1 attached with this report. With Policy and Resources Committee noting, the minor changes and updates to the Action Plan will be made to the council's website and the public facing action plan will be uploaded.

Budget Allocations of Implementing the Action Plan

- 2.6 A £1million budget is currently assigned to the Biodiversity and Climate Change Action Plan. Numerous projects have commenced and/or have been

scoped to meet the objectives of the Action Plan. A detailed overview of the costs already incurred and the remaining budget allocations for projects being implemented in 2022 can be found in Appendix 2 attached with this report. Each project corresponds to particular actions and commitments made by the council, with budget allocations to implement the action.

- 2.7 Please note that additional adequate capital funding is allocated as part of the Budget Report to allow the Council to continue to implement the Biodiversity and Climate Change Action Plan beyond 2022. Local authorities are in a key position to influence behaviour change, lead by example and support communities and business reach the UK's Net Zero and biodiversity commitments. Adequate funding and urgency is needed not only to make savings in the long term through transitioning away from fossil fuels and investment in renewables, but also to ensure the council's actions are proportionate to the biodiversity and climate emergency the council declared in April 2019.
- 2.8 In the wake of COP26 in November 2021, proportionate allocation of additional budget will demonstrate Maidstone Borough Council's ongoing commitment in urgently preparing for and mitigating the impacts of climate change and biodiversity loss. As Biodiversity and Climate Change are cross cutting issues, adequate funding and commitment from the council will also ensure that economic, environmental, social and cultural prosperity increase in keeping with Maidstone's vision and Strategic Plan.

Status of Actions

- 2.9 Appendix 3 attached with this report, gives a detailed status of each action in the Biodiversity and Climate Change Action Plan by theme. In summary:
- Five (5) actions have been completed (Green);
 - Fifty-seven (57) actions are ongoing, being implemented, or are not yet due to commence (Green);
 - Five (5) actions have been delayed, primarily due to setbacks caused by COVID19 (Amber); and
 - One (1) action cannot be completed as stated, this being Action 1.9 regarding new taxi licensing policy to reduce the number of taxis using fossil fuels, which is unable to be completed due to licensing committee not agreeing to pass the policy based on concerns raised by the taxi trade (red).
- 2.10 Strong working relationships have been formed, or strengthened, with departments within the council as well as delivery partners to enable the council to monitor and deliver the action plan and take advantage of opportunities presented by external funding, technology and national policy. The Status of the actions will continue to be monitored in line with newly established Key Performance Indicators and through a regular review process from the staff member responsible and the Biodiversity and Climate Change Manger. The status of the actions will continue to be presented to P&R Committee on a biannual basis, and key achievements will be highlighted throughout the year.

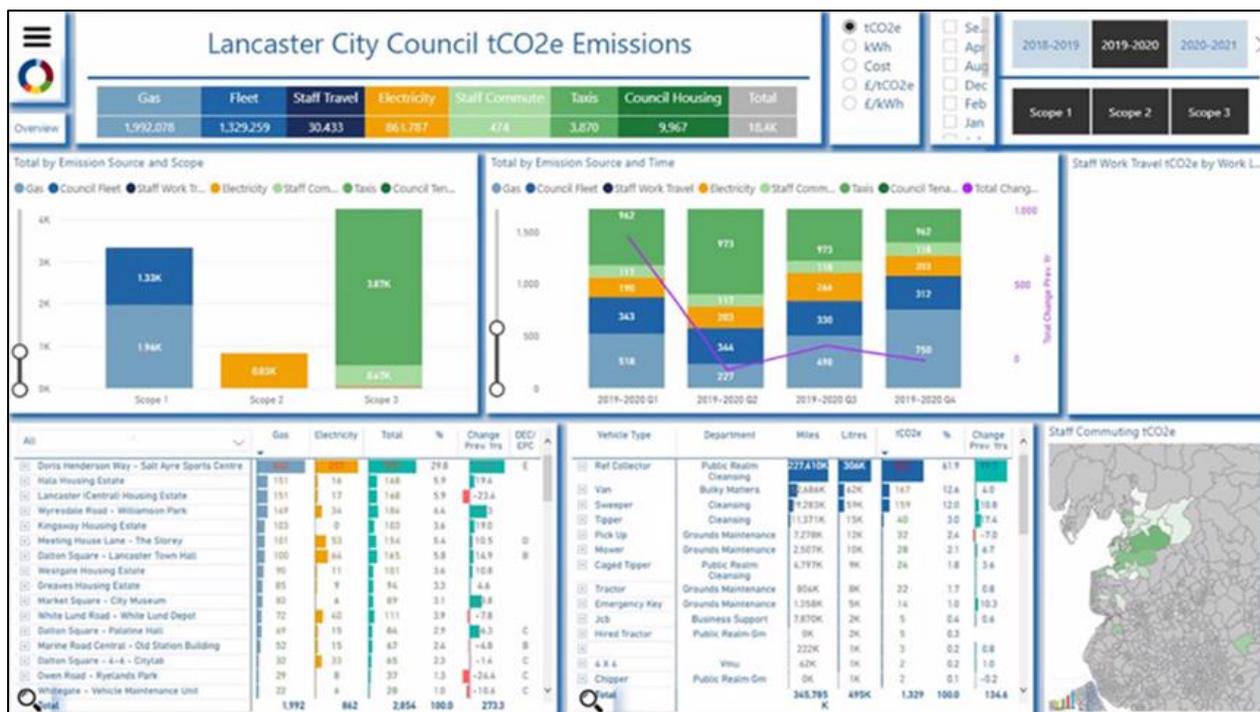
Key Performance Indicators

2.11 Performance Indicators are critical signifiers of progress toward the council's commitment to Net Zero by 2030 and Biodiversity recovery strategy. An Indicator framework has been developed for the Biodiversity and Climate Change Action Plan that incorporated specific measures of progress for each action and aligns with Strategic Planning existing indicators. Where possible indicators have also been aligned with national Government and Kent County Council indicators. The purpose of the indicators is to provide a focus for strategic and operational improvement to the Biodiversity and Climate Change Action Plan, create an analytical basis for decision making and prioritisation, and ensure the council is monitoring its progress toward its climate and biodiversity commitments.

2.12 There are two main overarching indicators that will be used to show MBC's overall progress, namely:

1. Reduction in Carbon Emission (tonnes of CO2 equivalent) primarily monitored from the MBC estate and fleet; and
2. Increase in Carbon Sequestration, measured in terms of number of trees planted and area of rewilding and wetlands restored.

Currently internal data improvements are required before these two overarching indicators can be accurately measured and reported. Firstly, MBC building's energy meters are in need of upgrading to give more accurate real time energy usage data – new automated meters are planned to be installed in 2022. Secondly, through improved fuel consumption data from the newly installed Fleet Telematics software. Once the data quality is improved and automated, a dashboard system will be devised based on an exemplary dashboard system established by Lancaster City Council (Figure example below). The dashboard will show MBC's current carbon emissions, annual reduction targets, number of trees planted, land allocated to natural recovery, and amount of carbon sequestered or avoided by projects being implemented. The dashboard can also be developed to be a transparent public facing tool - pending a decision by P&R committee later into its development.



2.13 A full comprehensive indicator framework has been created with 80 indicators covering every theme and action of the Biodiversity and Climate Change Action Plan. These indicators will primarily be used for internal monitoring purposes and will be reported on periodically to members and departments. Of these, eight Key Performance Indicators have been identified as priority measurements of progress that will feed into the dashboard system. Appendix 4 attached with this report, details the eight key indicators, the definitions, baseline source comparison, targets (if applicable), measures and frequency of performance checks.

3. AVAILABLE OPTIONS

- 3.1 Note changes and update to the Action Plan following the first annual review.
- 3.2 Make decision to delegate Annual Review Process of the Action Plan to the Biodiversity and Climate Change Manager to make changes in consultation with the Policy and Resources Committee Chairman.
- 3.3 Note the status of all the action plan actions, the Key Performance Indicators and funding that has been allocated to projects.
- 3.4 Note that additional capital funding is required to continue to implement the Biodiversity and Climate Change Action Plan.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 *Note changes and updates to the action plan* – The reviewed and updated Action Plan has not made any major changes and the plan retains all the

same key themes, structure, and actions, with the addition of supplementary information and minor wording changes only.

- 4.2 *Agree for delegation of the Annual Review Process to be given to the Biodiversity and Climate Change Manager in consultation with the Policy and Resources Committee Chairman – As new policies, national Government initiatives, and changes in technologies and practices arise it is important to update the MBC Biodiversity and Climate Change Action Plan accordingly and regularly. Delegating this task to the Biodiversity and Climate Change Manager will ensure that MBC utilise the latest information and research, seek new opportunities, funds and initiatives and incorporate innovation into carrying out the Action Plan.*
 - 4.3 *Note the status of all the action plan actions, the Key Performance Indicators and funding that has been allocated to projects – This is to ensure that the implementation, monitoring and budget allocation for the Biodiversity and Climate Change Action Plan is proportionate and that progress is being accomplished.*
 - 4.4 *Note that additional capital funding is required to continue to implement the Biodiversity and Climate Change Action Plan - Adequate funding and urgency is needed not only to save the council costs in the long term through transitioning away from fossil fuels and investment in renewables, but also to ensure the council's actions are proportionate to the biodiversity and climate emergency MBC declared in April 2019.*
-

5. RISK

- 5.1 This report is presented for information only and has no risk management implications.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 None
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 With the noting of the reviewed Action Plan, the MBC website will be updated with the latest version of the Action Plan.
 - 7.2 The Action Plan will continue to be reviewed on an annual basis in consultation with the Policy and Resources Committee Chairman.
 - 7.3 The Committee will continue to be updated every six months on the status of the Action Plan, outcomes of the projects and progress against the indicators.
-

8. REPORT APPENDICES

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

- Appendix 1: Table of Changes and Updates made to the Biodiversity and Climate Change Action Plan
- Appendix 2: Budget allocations for the implementation of the Action Plan
- Appendix 3: A breakdown of each action's status
- Appendix 4: Eight Key Performance indicators to monitor performance against the Action Plan

Appendix 1: Table of Minor Changes and Updates to the Biodiversity and Climate Change Action Plan

The Biodiversity and Climate Change Action Plan is set to be reviewed on an annual basis to ensure that new policies, national Government initiatives, and changes in technologies and practices are updated in tandem with its implementation. This will both help the council to review, and if necessary, update its priorities and performance indicators towards achieving Net Zero by 2030, and also to ensure the council can seek new opportunities, funds and initiatives and incorporate new innovation into carrying out the actions.

The updated Action Plan retains the same key themes, structure, and actions, with the addition of supplementary information and updates of the status of actions throughout the document. Improvements and additions have been made to the Action Plan to ensure it meets soon to be standardised criteria and comparable objectives for local authorities across the UK. Some wording has also been rephrased or added however the action’s objective remain the same.

The table has been made using the layout of the Action Plan, and following committee noting, the following changes will be updated on the MBC website. All changes are highlighted in green.

Original Text	Changes Made / Updates	Reason for Changes / Updates
<i>No text on implementation, oversight, indicators, annual review included in original version</i>	The implementation of the Maidstone Borough Council’s Biodiversity and Climate Change Action Plan is led by James Wilderspin, the Biodiversity and Climate Change Manager. The individual Actions in the Plan are assigned to a specific Manager(s) and/or Officer(s) from each department of the council to ensure they are monitored and completed. An indicators framework has been established for monitoring progress against each Action and Maidstone Borough Council has committed to reviewing and updating the Action Plan on an annual basis.	Inclusion of person responsible for the action plan’s oversight, monitoring and frequency of the review process is an important detail for transparency purposes.
<i>No outline of Net Zero commitment mentioned in original version</i>	Net Zero commitment Maidstone Borough Council (MBC) has committed to becoming as close to carbon neutral as possible by 2030. Carbon Neutrality also referred to as Net-Zero can be achieved	Net Zero is a important term that must be fully defined and detailed to understand the full context of the Action Plan.

Original Text	Changes Made / Updates	Reason for Changes / Updates
	<p>through reducing existing emissions and actively removing greenhouse gases. The council has committed to achieving Net-Zero for its own operations by 2030 and MBC's long-term aspiration is to become Carbon negative or a footprint less than neutral, so that the council has a net effect of removing carbon dioxide from the atmosphere rather than adding to it.</p> <p>At a borough wide scale, in accordance with national Government targets, and based on Tyndall Centre data, the council has set out carbon reduction milestones to reduce CO2 emissions by -13.4% each year across the borough to reach near to Net-Zero by 2041. However, it must be noted that the fairness of this target is contingent on many aspects and not the sole responsibility of the council due to economic factors, the private sector, the transport sector, and public behaviour change. MBC is committed to embedding the Biodiversity and Climate Change Action Plan into the council's Strategic Plan and all the council's decisions and actions, as climate resilience and biodiversity enhancement bring a multitude of co-benefits that incorporate many aspects of the councils mandate, including environmental, social, job creation, equity and social cohesion, health and wellbeing, citizen engagement, and the economy.</p>	
<i>No mention of engagement mentioned in original version</i>	Engagement	Engagement is an intrinsic part of protecting biodiversity and mitigating/adapting to climate

Original Text	Changes Made / Updates	Reason for Changes / Updates
	<p>As part of this Action Plan, MBC has developed a Biodiversity and Climate Communication and Engagement Strategy to inform and engage with the public. The engagement strategy seeks to support the local community and groups to take part and spread awareness to mitigate and adapt to the changing climate and respond to the ecological crisis.</p> <p>Climate change increases inequality, as it has a disproportional impact on low income and vulnerable groups. The foundation of the MBC engagement strategy is inclusiveness, and the council will work to ensure gender equality, Black, Asian and other ethnic minorities, youth, senior residents, faith groups, those with disabilities, and marginalised groups are included in the Biodiversity and Climate Change Action Plan and Engagement Process. Through MBC's Go Green Go Wild web platform, community groups are engaged and supported to lead on raising awareness to tackle climate change and enhance biodiversity.</p>	<p>change. The action plan must outline that the impacts of climate change will have greater impacts on minority groups, gender and lower income communities. Inclusiveness and stakeholder led approach is an important aspect of this Action Plan's implementation.</p>
<p>Page contents</p> <ul style="list-style-type: none"> • Transport • Buildings • Generating renewable energy • Reducing waste and energy • Adapting to climate change • Enhance and increase biodiversity • Making our estate carbon neutral • Implement a communications strategy 	<p>Page Contents</p> <ul style="list-style-type: none"> • Active Travel and Green Transportation • Decarbonising and Insulating Homes and Buildings • Generating Renewable Energy • Reducing Waste and Increasing Energy Efficiency • Adapting to Climate Change • Enhancing and Increasing Biodiversity 	<p>The titles of the page content and subsequent titles of each theme have been updated to be more specific to their context. For example, 'Transport' has been updated to 'Active Travel and Green Transportation' as this is more specific to the nature of the actions.</p> <p>The new titles are industry recognised technical terms that correspond to language and usage in</p>

Original Text	Changes Made / Updates	Reason for Changes / Updates
<ul style="list-style-type: none"> Decision making processes and governance 	<ul style="list-style-type: none"> Making Maidstone Borough Council's Estate Carbon Neutral Communications and Engagement Strategy Sustainable Decision-Making Processes and Governance 	the biodiversity and climate professions, while still being readily understood by a general audience.
Cost and Whom	Cost and Responsibility	Throughout the document 'whom' has been changed to 'responsibility' for clarity.
<p>1 Transport Aim: To support the shift from cars to active and mass transport and enable the transformation from fossil fuels to no tailpipe emissions.</p>	<p>Active Travel and Green Transportation Aim: To support the shift from cars to active travel, public transport and enable the transformation from fossil fuels dependency to no tailpipe emissions.</p>	Minor word changes for clarity.
1.1 Action Draft Local Plan to:	Action 1.1 Influence the Development Plan to:	Minor word changes for clarity.
1.4 Action Timescale 2021	Timescale: 2021 – delayed to 2022 due to ongoing changes in remote working patterns caused by COVID-19.	Timescale has been updated to 2022 implementation due to set backs caused by Covid19.
Action 1.5 Timescale 2021	Timescale: 2021 – delayed to 2022 due to ongoing changes in remote working patterns caused by COVID-19.	Timescale has been updated to 2022 implementation due to set backs caused by Covid19.
<p>1.7 Action Have regard to the Kent and Medway Energy and Low Emissions Strategy and the emerging policies relating to electric vehicles. Liaise with KCC, district network operators and other relevant partners. Seek grant and other forms of funding to support this. Seek and take opportunities to provide one or more charging hub.</p>	<p>Action 1.7 Building on MBC's Low Emission Strategy, Kent and Medway Energy and Low Emissions Strategy, and the emerging policies relating to electric vehicles, work with KCC, district network operators and other relevant partners to seek grants and funding to provide sufficient EV charging hubs.</p>	Slight wording changes for clarity and hyperlinks added to mentioned strategies.

Original Text	Changes Made / Updates	Reason for Changes / Updates
1.9 Action Timescale 2021	Timescale: 2021 – The new licensing policy was completed and shared with licensing committee in 2021, however the adoption of this policy was not agreed up by the licensing committee based on concerns raised by the taxi trade. MBC is currently seeking closer collaboration with the Taxi firms and scoping alternative means to encourage EV usage.	Update timescale as a completed action in 2021 and outcome
2.2 Action Timescale 2020-2021	Timescale: 2020-2023	Timescale updated as it was not sufficient time to explore district heating schemes following acceptance grant application and delay to the 'Maidstone Heat Network' project led by KCC.
3 Generating renewable energy Aim: To take every opportunity to generate renewable energy across the Borough We need to generate more electricity to support the move from fossil fuels. There are opportunities for retrofitting equipment to existing homes and businesses and requiring renewable energy generation on new developments.	Generating Renewable Energy Aim: To take every opportunity to generate renewable energy across the Borough. More sustainable electricity is needed to support the move away from fossil fuel dependency. There are opportunities for retrofitting renewable energy generating technologies to existing homes and businesses and requiring renewable energy generation as part of new developments.	Language updated for improved clarity.
4 Reducing waste and energy Aim: To reduce the amount of domestic waste created, increase the proportion re-used, recycled and composted to at least 60% by 2030 and reduce the carbon emitted from processing waste. Waste can be re-used as valuable resources and reduce energy consumed in producing new goods. Organic waste must be managed	Reducing Waste and Increasing Energy Efficiency Aim: To reduce the amount of domestic waste created, increase the proportion re-used, recycled and composted to at least 60% by 2030 and reduce the carbon emitted from processing waste. Waste can be re-used as valuable resources and reduce the energy consumed in producing new goods by supporting the circular economy.	Technical, industry understood terms added.

Original Text	Changes Made / Updates	Reason for Changes / Updates
as can release greenhouse gases as it decomposes.	Organic waste must be properly anaerobically disposed of as it can release greenhouse gases as it decomposes in landfills.	
5.4 Action Work with Medway Flood Partnership to identify and develop actions, including natural flood management, which can help to reduce flood levels.	Action 5.4 Work with Medway Flood Partnership to identify and develop actions, including natural flood management (Nature Based Solutions and Sustainable Urban Drainage), which can help to reduce flooding .	Technical, industry understood terms added.
5.6 Action Timescale 2021	Timescale: 2021 – Delayed completion to 2022	Action timescale extended.
6 Enhance and increase biodiversity Aim: To use every opportunity to protect, enhance and increase biodiversity in the borough. People experience better health when they spend time in nature. Biodiversity provides ecosystem services including clean water, clean air, rainwater absorption and flood mitigation.	Enhancing and Increasing Biodiversity Aim: To use every opportunity to respond to the ecological emergency and protect, enhance and increase biodiversity across the borough. Biodiversity provides countless ecosystem services including naturally cleaning water and air, natural pollination of crops, extreme weather mitigation, and benefits for human mental and physical well-being.	More specified aims and outcomes added.
6.2 Action	Timescale: 2021 – Completed	Action marked as completed.
6.9 Action Where feasible increase tree cover to 2/3 on our estate. Contribute to Kent aim to plant 1.5 million trees and aim towards national average tree cover of 16%. An emphasis on expansion and reconnection of existing	Action 6.9 Contribute to the KCC aim to plant 1.5 million trees in Kent by 2050 to increase canopy cover by 2% increase to 19%, of which Maidstone's proportion is to increase canopy cover from	Arbitrary target of '2/3 increase of trees on estate' taken out as this is part of general target to increase tree cover and cannot be accurately recorded on MBC estate, due to natural felling, diseases, and maintenance practices.

Original Text	Changes Made / Updates	Reason for Changes / Updates
<p>woodland (including urban woods) will define this action.</p> <p>Output Plan created to increase tree cover. Funding identified for buying, planting and maintaining additional tree cover or using systems like ELMS to pay for tree cover in strategic sites.</p> <p>Outcome Tree cover increased on our estate where feasible. Tree cover increased by 46-50 hectares in line with Kent aim.</p>	<p>16% to 18%. With an emphasis on expanding ancient forests and reconnecting of existing woodland including urban woods, greening town centres, and where feasible increase tree cover on the MBC estate land.</p> <p>Output:</p> <ul style="list-style-type: none"> • Plan and mapping to increase tree cover with additional benefits to reduce flooding, heat islands, surface water runoff, and increase biodiversity; • Launch a borough wide call for tree planting projects to seek partnerships for large scale tree planting projects; • Funding identified for purchase, planting and maintaining additional tree cover and/or utilising systems (ELMS) to pay for tree cover in strategic sites; and • Seeking low agricultural quality land, land for sale, and devising business case for large scale tree planting on purchased land. <p>Outcome:</p> <ul style="list-style-type: none"> • Tree cover increased on MBC estate land; • Maidstone's canopy proportion increased to 18%. 	<p>Additional specified out comes and outputs specified.</p> <p>In keeping with national and KCC targets, canopy cover increase percentages specified.</p>

Original Text	Changes Made / Updates	Reason for Changes / Updates
6.12 Action Timescale 2021.	Timescale: 2021 – completion of audit delayed to 2022 due to GIS technology requirements needed.	Details of delay to action given.
6.13 Action Review our non-operational land to assess potential for enhancing biodiversity including allowing community groups to take responsibility for management.	Action 6.13 Review MBC non-operational land to assess potential for enhancing biodiversity through tree planting, rewilding and wetland creation. Including partnering with community groups to take responsibility for site management.	Reworded for improved clarity.
Making our estate carbon neutral Aim: We will reduce emissions from our estate to as close to carbon neutral as possible by 2030 We emit 480 tCO ₂ e from council owned vehicles and 679 tCO ₂ e from electricity and gas in our buildings and indirectly emit 3,030 tCO ₂ e from services outsourced.	Making Maidstone Borough Council's Estate Carbon Neutral Aim: MBC will reduce emissions from our estate to as close to carbon neutral as possible by 2030. Based on findings from The Carbon Trust's Carbon Footprint 2020 Baseline Calculations, MBC's direct (Scope 1 and Scope 2) emissions are 480tCO ₂ e from council owned vehicles and 679tCO ₂ e from electricity and gas usage in buildings. Indirectly (Scope 3) MBC emitted 3,030tCO ₂ e from its outsourced services and contracts.	Additional context, terms and detail given for clarity.
7.1 Action Review commissioned Carbon Trust report on	Action 7.1	Change of wording for improved clarity and additional output added.

Original Text	Changes Made / Updates	Reason for Changes / Updates
	<p>Utilise the commissioned Carbon Trust report and 2020 baseline calculations to improve MBC's:</p> <p><i>Additional output added:</i></p> <p>Commission energy audits, building surveys and feasibility studies for each MBC building to find tangible, upgrade and retrofit options to decarbonise the MBC estate and transition to a green fleet.</p>	
<p>7.2 Action Measure our carbon footprint each year and report findings to relevant committee.</p> <p>Output The council's carbon footprint is measured and reported.</p>	<p>Action 7.2</p> <p>Measure our carbon footprint each year and report findings to relevant committees and the public.</p> <p>Outputs:</p> <ul style="list-style-type: none"> ● Improve energy data quality and management; ● Automate all relevant data into dashboard system for improved management and transparency; and ● The council's carbon footprint is measured and reported. 	<p>Additional text and outputs added to improve clarity of the action.</p>

Original Text	Changes Made / Updates	Reason for Changes / Updates
<p>7.6 Action Increase information held on leased buildings. Identify those with the highest emissions to prioritise action. Use role as a landowner (e.g. at Lockmeadow) to ensure that Council-owned sites set a high standard for carbon reduction and demonstrate how to achieve biodiversity and combat climate change.</p> <p>Output All new developments, alterations and repairs will aspire to being carbon-neutral and will aim to contribute to overall carbon reduction targets.</p>	<p>Action 7.6</p> <p>Increase data and improve data management on MBC's leased buildings. Identify assets with the highest emissions to prioritise action. Use role as a landowner (e.g. at Lockmeadow) to ensure that Council-owned sites set a high standard for carbon reduction and demonstrate how to achieve biodiversity and combat climate change.</p> <p>Output: Work with lease holders and landlords to improve data management and prioritisation. Support bid process and seek funding for upgrades and retrofits.</p>	<p>Wording changed to improve clarity of action.</p>
<p>8 Implement a communications strategy Aim: To enable residents, businesses and partner organisations to make informed decisions on climate change and biodiversity and access any funding available</p> <p>The Council will encourage and support residents and businesses to address climate change and biodiversity with us.</p>	<p>Communications and Engagement Strategy</p> <p>Aim: To enable residents, vulnerable groups, businesses and partner organisations to make informed decisions on climate change and biodiversity and access funding to build resilience to the impacts of climate change.</p> <p>The Council will encourage and support residents and businesses to address climate change and biodiversity. Key to the engagement strategy is community led and inclusive support to those most vulnerable to the climate crisis,</p>	<p>Additional context on inequality and engagement added for context.</p>

Original Text	Changes Made / Updates	Reason for Changes / Updates
	including, minority ethnic groups, persons with disabilities, under-represented or marginalised groups, and lower income communities.	
8.1 Action	<p><i>Additional text added:</i></p> <ul style="list-style-type: none"> • Climate Change through education in schools and education for the public, including adults, faith groups, seniors, youth groups, businesses and farmers; • Upskilling and green jobs; <p><i>Additional outputs added:</i></p> <ul style="list-style-type: none"> • Provide information on how to reduce, re-use and recycle waste and the circular economy; • Support local and national campaigns used to promote buying from local businesses; • Promote health and climate benefits from reductions in red meat consumption; • Create a community forum, community representation, feedback mechanisms, engagement events, and physical suggestion boxes; 	<p>Inclusion of schools, upskilling and green job creation added in line with new national targets.</p> <p>Additional engagement outputs added as these are currently being scoped.</p>

Original Text	Changes Made / Updates	Reason for Changes / Updates
	<ul style="list-style-type: none"> Join the Environment Agency's flood warning service and promote warning services using social media; and 	
<p>8.4 Action Engage with and build support from key stakeholders and the wider public on enhancing biodiversity and addressing climate change.</p> <p>Engage with relevant national days of action.</p>	<p>Action 8.4</p> <p>Engage with and build support from key stakeholders and the wider public on enhancing biodiversity and addressing climate change. Engage, highlight and support relevant events and outreach in line with national and international days of action from the Environmental Awareness calendar.</p>	<p>Additional more specific text added.</p>
<p>9 Decision making process and governance Aim: To ensure that climate change and biodiversity are part of all decisions made</p> <p>It is essential that the council works as one organisation to the shared goals of addressing biodiversity loss and climate change.</p>	<p>Sustainable Decision-Making Processes and Governance</p> <p>Aim: To ensure that climate change and biodiversity are part of all MBC decision making, good governance, and transparency.</p> <p>It is essential that the council works as one organisation to the shared goals of addressing biodiversity loss and climate change. MBC is committed to embedding the Biodiversity and Climate Change Action Plan into and as part of the council's Strategic Plan as well as all the council's decisions and actions.</p>	<p>Additional text and context added for clarity of action.</p>

Original Text	Changes Made / Updates	Reason for Changes / Updates
9.1 Action Timescale 2020-21.	Timescale: 2020-21 – Completed with ongoing training due to commence from 2022	Action updated to completed with timescale for implementation extended from 2022 onwards.
9.3 Action Timescale: 2020-21	Action 9.3 Timescale: 2020-21 – Completed	Status updated to completed.
No Text included to contact council to give feedback on the Action Plan.	If you have any questions regarding the Action Plan, or project details please email the Council's Biodiversity and Climate Change Manager, Climate & Biodiversity (MBC). The Biodiversity and Climate Change Action Plan will be reviewed and updated on an annual basis, with the status and progress of each action monitored during the course of the year against established indicators.	

Appendix 2: The List of Biodiversity and Climate Change Projects and Budget Allocations 2021-2022

A £1m budget is currently assigned to the Biodiversity and Climate Change Action Plan. Wherever possible additional funding and grants will be sought for the implementation of the Action Plan. Numerous projects have commenced and/or have been scoped to meet the objectives of the Action Plan. This table highlights only investigated and costed projects that have either been conducted or are ready for implementation in 2022. All costings are based on estimates from reputable contractors who specialise in these varying works and specialties.

The table details the projects, the corresponding actions in the Action Plan, the timeframe that the budget will be utilised, the outcome of the investment, and the amount/costs being allocated from Biodiversity and Climate Change Budget used to 'top up' pre-existing budgets within the council's other departments, fully finance projects, or combined with additional funding and grants.

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
Transport 50	Fleet Telematics (Action 7.1)	As part of reducing MBC fleet carbon and mileage management an audited of mileage and route management can be improved using telematics software installed in all MBC vehicles. The telematics has been installed to measure and reduce mileage and so emissions. Telematics can help us plan for the electric vehicle or green fleet rollout and infrastructure too as it gives good data for planning the range needed, and amount of charge we'll need to top up each night. It will also be useful once we have more electric vehicles as using them efficiently will still be important.	Instillation completed November 2021	Alongside anti-idling and vehicle sharing would give rise to 52.8 tCO2e/year saving and the potential for £21,250 savings per year. Net Zero Fleet by 2030.	Telematics equipment and software	NA	£26,000.00
	New/replacement Electric Vehicles for Depot (Action 7.1)	To support our green fleet rollout and to ensure opportunities are not missed when the Depots current vehicles is coming to the end of its service life, the Depot's planned replacement budget for vehicles will be topped up to upgrade to the vehicle type's electric equivalent. So far identified; this will include six (6) fully electric Ford Transit vans coming to market in April 2022 costing £45,000 each. This is in addition to the three (3) Renaults EVs already purchased by the depot and will double the number of EVs at the Depot in 2022.	2021 pre-ordered	Net Zero Fleet by 2030.	X 2 transits	£40,000.00 (Depot Planned Replacement Budget)	£45,000.00
			2022	Net Zero Fleet by 2030.	X 4 transits	£80,000 (Depot Planned Replacement Budget)	£90,000.00

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
51	Feasibility study at depot to ascertain EV Rollout and infrastructure requirements (Action 7.1)	The feasibility study was commissioned to recommend a phased approach to an electric vehicle replacement plan and instillation of charging points towards 2030 NetZero, while allowing the depot to remain fully operational and able to continue to deliver its vital services. The study objective is to outline the projected costs for upgrading any needed electrical infrastructure, charging points, and changes to the layout of the depot parking.	Study Completed in December 2021	Enable a completely Eclectic Fleet to be adequacy charged at the MBC Depot and operations to continue towards Net Zero by 2030.	Feasibility Study Consulting services and site survey	£0	£14,362.06
	Depot Substation (Action 7.1)	In accordance with the findings of the above detail Feasibility study the current electric infrastructure at the depot is nearly at maximum capacity, meaning additional electric vehicles being charged at site will push the limits of current electric capacity installed. An additional substation is required on the depot site, to account for the additional (40) EV chargers required and future proof the depot for transitioning to fully EV by 2030. ICP Works Indicative range is £75,000 - £115,000, including: Packaged Substation £50,000.00 Associated Civils Work £40,000.00 GRP Enclosure £4,699.00	2022	Enable a completely Eclectic Fleet to be adequacy charged at the MBC Depot and operations to continue towards Net Zero by 2030.	GRP Substation – Transformer Type TR1	Capital improvements budget	£115,000.00
	Anti-Idling Signs (Action 1.7)	In collaboration with KCC to use 31 lampposts so far, the Mid Kent Environmental Health team, have bought and fabricated Anti-Idling Signs to encourage residents to turn off their engines while waiting at school pick up points, unloading lorries and other locations with many more locations to be identified in early 2022. In addition to 14 signs to be put up in the Maidstone bus station. Lightweight 'correx' signs have been selected, which are not as robust or expensive as aluminium signs, however they have the advantage that MBC can fix the signs without the need for a contractor. Further signs are needed to continue to raise awareness across Maidstone Town Centre which is in keeping with the	2021 and 2022	Reduce idling and therefore tailpipe emissions across Maidstone, raise awareness and improve air quality.	X40 (20 of each A3, and A4) Lightweight 'correx' Anti-Idling Signs	£200.00 Mid Kent Environmental Health Budget	£200.00

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
		Biodiversity and Climate Change Action Plan to support reductions in carbon emissions from cars.					
52	MBC Buildings Decarbonisation Feasibility Study	The procurement process has commenced to find Consulting services to undertake a feasibility study that will include an energy audit and building survey of ten (10) priority MBC buildings directly managed by the council and devise a Decarbonisation Plan for each building with Carbon Reduction Trajectory to 2030 that describes how MBC can reduce energy usage, replace fossil fuel reliant systems with low carbon alternatives – particularly heating systems, improve insulation, and maximise its renewable energy production to meet the council's commitment to reach Net Zero by 2030. All recommendations will be in keeping with the grade listings of the buildings and will look to maximise renewable energy generation, EV charge points, rainwater capture and suitable retrofits.	2022	Net Zero by 2030	Decarbonisation Plans for 10 MBC priority buildings	£0 (corporate property budget)	£50,000.00 (Estimate based on similar sized building surveys and energy audits)
	Crematorium admin offices Electric Boiler and Power Supply Upgrade (Action 7.1)	The existing gas boilers came to the end of life and have been upgraded with electric boiler equivalents.	Completed November 2021	Net Zero by 2022	Electric Boiler	£2,004.85 (corporate property budget)	£7,822.14
		Instillation and works needed to upgrade the power supply connection to meet the voltage requirements of new electric heating system installed. Note: new installed capacity will be sufficient to also in future instal EV charging points.	2022	Net Zero by 2022	Upgraded Power Supply to a 100-amp three phase supply	£0 (corporate property budget)	£8,059.65
	Upgrades to MBC building's energy efficiency, heating systems, insulation, and LEDs.	Maidstone House and Link Building have three (3) gas boilers all over 10 years that need replacing with low carbon/electric equivalents. Electric Boilers and air source heat pumps are based on other similar undertakings - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study.	2022 to 2024	Net Zero by 2030	Air source heat pumps to cool as well as heat / electric boilers	£2,000.00 corporate property maintenance budget	£25,000.00 (Estimate)
		Maidstone Museum's gas boilers are coming to end of life and the West Wing is not well insulated. Costs for additional	2022 to 2024	Net Zero by 2030	Air source heat pump or CHP	£2,000.00 corporate	£30,000.00 (Estimate)

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
53	<p>Note: Cost indicated here are minimum estimates for primary heating systems to be shifted to heat pumps based on other similar works and are to be prioritised and detailed as part of the decarbonisation feasibility study. This cost do not include insulation, renewable energy and rainwater harvesting.</p> <p>(Actions 7.1 / 3.3 / 2.6)</p>	insulation and heat source pumps are based on other similar undertakings - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study and expected to be significantly higher should retrofits need to be in keeping with Grade Listing Status of building.			Upgraded fabric wall insulation / window glazing	property maintenance budget	
		The Depot's heating gas boiler is over 10 years old, and the main maintenance bay is prone to overheating. An air source heat pump instillation and point of use water heaters would solve both issues and eliminate the use of Gas at the depot - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study.	2022 to 2024	Net Zero by 2030	Air source heat pumps to cool as well as heat POU water heaters in bathrooms	£2,000.00 corporate property maintenance budget	£25,000.00 (Estimate)
		Crematorium heating system need upgrading to low carbon alternative - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study.	2022 to 2024	Net Zero by 2030	Heat pump or heat recovery options	£2,000.00 corporate property maintenance budget	£30,000.00 (Estimate)
		Town Hall has poor insulation, and the heating system is in need of an upgrade - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study and expected to be significantly higher should retrofits need to be in keeping with Grade Listing Status of building.	2022 to 2024	Net Zero by 2030	Replace with air source heat pumps / CHP Insulate loft and fabric insulation options	£2,000.00 corporate property maintenance budget	£30,000.00 (Estimate)
		Market Hall (Lockmeadow Market) uses Gas ambi-rads which require upgrading to low carbon alternatives - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study.	2022 to 2024	Net Zero by 2030	Air source heat pump	£2,000.00 corporate property maintenance budget	£30,000.00 (Estimate)

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
54		Cobtree Manor Park – Visitor’s centre uses a Gas boiler from 2015 which is in need of a low carbon replacement - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study.	2022 to 2024	Net Zero by 2030	Air/ground source heat pump	£2,000.00 corporate property maintenance budget	£19,000.00 (Estimate)
		The Archbishops Palace heating system requires a low carbon upgrade - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study and expected to be significantly higher should retrofits need to be in keeping with Grade Listing Status of building.	2022 to 2024	Net Zero by 2030	Air/water source heat pumps or CHP Aa well as PV/hydro electric generation potential	£2,000.00 corporate property maintenance budget	£30,000.00 (Estimate)
		The Archbishops Palace Gate House’s heating system requires an low carbon upgrade - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study and expected to be significantly higher should retrofits need to be in keeping with Grade Listing Status of building.	2022 to 2024	Net Zero by 2030	Air source heat pumps to cool as well as heat	£2,000.00 corporate property maintenance budget	£19,000.00 (Estimate)
		Maidstone Innovation Centre has Gas boilers and PVs fitted as of 2021, were possible options for fitting alternative heating, such heat pumps and additional solar PV generation - final costs will be determined by MBC Buildings Decarbonisation Feasibility Study.	2022 to 2024	Net Zero by 2030	ASHP, POU Water heaters, Rainwater harvesting, Expand PV. Solar thermal for water	£2,000.00 corporate property maintenance budget	£40,000.00 (Estimate)
Biodiversity	Tree Planting (All Actions from 6.1 through to 6.13 and Action 5.5)	As part of the ‘Call for Tree planting Projects’ launched in November 2021, an estimated budget of costs for subsidies and match funding has been allocated for tree planting projects throughout 2022 and 2023. Maintenance for trees is also included as part of this estimated budget, and costs will vary depending on site, species and age of appropriate trees selected per project. Note: this budget is for large scale tree	2022-2023	Towards an Increase in canopy cover by 2% in Maidstone Borough by 2050 and carbon sequestered.	60,000 saplings Note: prices will vary widely depending on the site, age of tree, suitability, and funds available	NA	£300,000.00

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
55		planting projects and is contingent proposals/partnerships on large scale areas of land.			from partner/landowner		
		Medway Valley Countryside Partnership Project proposal: On a 1.5-hectare grassland site adjacent to the River Medway near Yalding, the project proposes to maintain the existing extensive Himalayan balsam on site and plant an additional 1200 trees (species such as oak, lime and alder (where the site is wet and also ash and elm if disease resistant tree stocks are identified prior to planting). This project has side benefits of introducing riparian / flood plain tree and shrub cover to take some of the energy out of flooding flows along the Medway and is on a public footpath. The total includes after costs and maintenance volunteer groups led by MVCP for 3 years.	2022	Towards an Increase in canopy cover by 2% in Maidstone Borough by 2050. Flood flow rate reduction.	1200 saplings	NA	£7,355.00
	Tree Maintenance (Action 6.9)	New tree aftercare is needed for the saplings planted at Allington Open Space – and will be carried out by community-based volunteers with Medway Valley Countryside Partnership: eight project and volunteer management days at £250 per day. Actions include: maintenance, weeding, re-staking, mulching, re-setting protection tubes or fences.	2022	community engagement e.g. 8 days x 12 volunteers – 96 volunteer days. 1000-1200 Recently planted saplings given the best opportunity to survive establish well and flourish. MBC owned trees maintained, and carbon sequestered.	Tree aftercare and required maintenance	£0 Parks and Open Spaces	£2,000.00
High Profile Tree planting for Queens Green Canopy (Action 6.9)	The creation of seven copses across the MBC parks estate – each copse of 70 trees and shrubs – each will have 10 English oaks within the mix of other UK species. The ground preparation would be extensive in a similar style to the ‘Miyawaki method’ requiring deep ground preparations and decompaction with addition of large volume of organic matter in soil and heavy mulch. Also, the addition of mycorrhizal fungi to accelerate establishment, soil health and long-term resilience.	2022	Creating a legacy of 70 English oaks amongst a mix of UK native woodland species. All sites would have information panel to explain significance of site. Aftercare greatly reduced because of intensive and extensive ground preparation prior to	Ground Works and sapling trees	£0 Parks and Open Spaces	£17,500.00	

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
56				planting and then heavy mulching.			
	Wet Land Restoration Sites in order of priority: Mallards Way Mote Park Whatman Park (Action 6.6)	There are opportunities for 4 wetland regeneration projects as part of the MBC estate lands, to re-profile eroding banks, utilising bio-engineering solutions of living structural material ie, planted coir rolls, reed bed mats, willow spilings etc and increasing flood storage by desilting ponds to original depths as well as silt utilised to create/restore islands for wildlife and breeding birds.	2022-2023	Increased flood storage, resilient aquatic habitats, increased biomass, improved amenity & access to nature. The islands become safe refuges – undisturbed by dogs and public. Open spaces aesthetically enhanced.	Specialist knowledge and equipment for wetland restoration, all ground works.	£0 Parks and Open Spaces	£140,000.00
	Greening Maidstone Town Centre (Action 6.1)	In partnership with Kent Wildlife Trust, opportunities and locations in the Maidstone Town centre are being sought to increase greenery, tree planters, green walls, living lampposts, herb gardens, wildflowers and other biodiversity enhancing features.	2022	Greener town centre include: green corridors for insects/pollinators, pollution reduction, increased human wellbeing, reduction in climate intensified heat islands in urban centres, reducing noise pollution and enhancing the aesthetics of the town centre.	Varying infrastructure required to increase greenery, plants, seeds, trees	NA	£50,000.00
Public Engagement and raising Biodiversity Awareness and Climate Resilience	Implement the Biodiversity and Climate and Engagement Strategy with Events in keeping with the Environmental	The launch of the Biodiversity and Climate Change Public Communication and Engagement Strategy aims to inform and engage with the general public on tree planting plans and activities. This campaign will seek local community support and develop action groups to take part in awareness raising, events and education initiatives on climate and biodiversity. The strategy is inclusive, and will ensure gender equality, the inclusion of minority groups, and that appropriate	2022	Biodiversity and Climate Knowledge and awareness increased. Increase in number of groups and individuals engaged with.	Biodiversity and Climate Events	£0 Communications Team £0 from waste management	£30,000.00

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
57	Awareness Calendar 2022 (All Action from 8.1 to 8.8)	communication tools and outreach is used. In 2022 the strategy will centre around the environmental awareness calendar and seek to support local community groups with events and awareness campaign at least once per month. Ideas and suggestions include: litter picking, tree and wild flower planting, EV awareness and no drive days, cycle to school days, energy saving, circular economy, no mow may, composting, recycling and others led by community groups themselves and orchestrated through the MBC Go Green Go Wild Website.				£0 Parks and Open Spaces Some funds maybe available from post Covid-19 recovery	
	Upgrades to Go Green Go Wild Website (Action 6.3)	In accordance with Action 6.3, the Go Green Go Wild Website and award-winning scheme must be reutilised and upgraded for awareness raising and community engagement.	2022	Biodiversity and Climate Knowledge and awareness increased. Increase in number of groups and individuals engaged with.	Upgraded and managed website for community engagement and outreach	£0 Communications Team £0 Parks and Open Spaces	£10,000.00
Data Improvement, Management and Monitoring	Dashboard System (Action 7.2 and 7.5)	MBC can automate and improve data quality through the introduction of a comprehensive dashboard system that includes up to date information on MBC's energy usage / fleet fuel consumption / staff travel / trees planted vs carbon sequestered ect. The primary outcome of the dashboard system would be to monitor carbon reduction progress and continues footprint analysis on a building by building and vehicle by vehicle carbon reductions to track progress and improve data management towards net zero 2030.	2022	More accurate Carbon data, improved data management, increased transparency.	Consultant services to establish dashboard and annual software fees	NA	£10,000.00
	Automated Data input from Laser (Action 7.2)	(as part of dashboard) Laser to update data on all buildings energy usage on monthly basis and half hourly data for museums and other public buildings.	2022 Renewed on an annual basis	Improved data management.	Automated energy usage data	NA	£500.00

Theme	Project and Corresponding Action	Details	Timeframe	Outcomes	Item to be Purchased / Upgraded	Department Existing Budget Allocation	Biodiversity and Climate Change Budget amount <i>(in addition to other departments allocations)</i>
Total Budget allocated from other departments:						£142,200.85	
Total Biodiversity and Climate Change Budget Allocated:						£1,201,798.85	

Appendix 3: Biodiversity and Climate Change Action Plan Status and RAG

RAG (Red-Amber-Green) ratings, also known as ‘traffic lighting,’ are used in the table below to summarise the status of specific actions, where green denotes ‘currently being implemented or on track’, red as ‘incomplete’ and amber as ‘delayed’. The following table details, by theme, each action in the Biodiversity and Climate Change Action Plan, its responsible officer, timescale, status and RAG.

	Action	Responsibility	Timescale	Status	RAG
1.0	Transport				
59	1.1 Draft Local Plan to: <ul style="list-style-type: none"> Establish policies that enable the infrastructure required for low carbon vehicles Ensure policies encourage and enable development proposals which give priority first to pedestrian and cycle movements, both within the scheme and with its surrounding areas; and second to facilitating high quality public transport connectivity. 	Claire Weeks Mark Egerton Helen Garnett	2020-22	Started – Incorporated as part of local Plan review POLICY LPRSP14(C) – CLIMATE CHANGE includes prioritising active travel by ensuring good provision and connectivity of walking and cycling routes.	Green
	1.2 Work with KCC to develop Maidstone Integrated Transport Strategy (ITS), and Local Cycling and Walking Infrastructure Plan, as part of the Local Plan review to promote and support a modal shift to walking, cycling, public transport, and electric vehicles	Mark Egerton	2020-22	Started – Incorporated as part of local Plan review POLICY LPRSP12 – SUSTAINABLE TRANSPORT includes the provision of attractive and safe walking and cycling routes with adequate cycle parking is incorporated within the updated ITS. The borough’s walking environment, its walking routes and its public realm will be developed and improved through local plan policies, the ITS, the IDP, and through the Green and Blue Infrastructure Strategy. These strategies and documents, together with the	Green

	Action	Responsibility	Timescale	Status	RAG
				adopted Maidstone Walking and Cycling Strategy, will have the aim of increasing the proportion of trips made by walking and cycling in the borough by 2037.	
1.3	Produce a business case for the introduction of a workplace parking levy to fund active travel or public transport	James Wilderspin	2024	Not due to start	
60 1.4	<p>Develop a travel plan for council staff that sets out objectives and an action plan to encourage the shift to electric and ultra-low emission vehicles, more working from home, more sustainable travel patterns and an increase in the use of public transport and active transport modes through:</p> <ul style="list-style-type: none"> • Parking management on council premises • Discounted public transport • Fares • Pool cars • Audio and video conferencing • Car-sharing • Electric bikes • Remote and home working • Promoting fuel efficient driving techniques to all staff <p>Update travel expenses policies generally and avoid any perverse incentives. Update before any moves to new premises. Include any learning from working practices that changed due to COVID-19.</p>	Georgia Hawkes James Wilderspin	2021	Started – this action’s implementation is delayed to 2022 due to COVID19 mandated change of working habits across council personnel. However, progress has been made with several meetings with car club operators held, discount public transportation fares are currently being assessed, and electric bike schemes are being researched.	Green
1.5	Develop policies and increase remote working to reduce travelling to work and office energy needs, without a reduction in outputs or access to services. Uses any learning from new working practices adopted due to COVID 19 responses.	Georgia Hawkes Bal Sandher	2021	Started – flexible and digital working has continued to be encouraged at the council and a travel hierarchy is to be implemented in 2022. Delays to this action is due to COVID19 mandated change of working habits across council personnel	Green
1.6	Influence design and specification of any new office building to ensure infrastructure enables EVs and low-carbon energy charging infrastructure	Georgia Hawkes	2020 to when any new	Started – with the example of MBC’s new Innovation Centre, EV	Green

	Action	Responsibility	Timescale	Status	RAG
	for them and supports active travel with bike storage, lockers and showers and supports digital working.	James Wilderspin	building completed	infrastructure, bike racks, green walls have been utilised and will be used as a standard for future design specifications.	Green
1.7	Have regard to the Kent and Medway Energy and Low Emissions Strategy and its emerging policies relating to electric vehicles. Liaise with KCC, district network operators and other relevant partners. Seek grant and other forms of funding to support this. Seek and take opportunities to provide one or more charging hub.	John Littlemore Claire Weeks Alex Wells James Wilderspin	2020-30	Started – MBC is currently seeking options for larger scale roll out of EV charging stations and Parking Services team is developing an EV Strategy forthcoming in 2022	Green
1.8	Use advice from the Energy Saving Trust (EST) Local Authority Transport Service to facilitate a move to electric taxis. Liaise with relevant partners to monitor use and ensure infrastructure is provided appropriately.	Lorraine Neale James Wilderspin	2021-2030	Started – ongoing discussions and initiatives are being sought in partnership with Maidstone’s local taxi companies to increase the uptake of EVs	Green
1.9	Draft new licensing policy to reduce number of taxis using fossil fuel by more than 90% by 2030 and by 100% by 2036	John Littlemore Lorraine Neale James Wilderspin	2021	Unable to complete – unable to be completed due to licensing committee not agreeing the policy based on concerns raised by the taxi trade. BCC manager is currently scoping alternative options in partnership with the local taxi firms to seek alternatives for encouraging taxi EVs	Red
1.10	Promote workplace vehicle chargers (and current government Workplace Charging Scheme)	Chris Inwood	2020 until scheme ends	Started – several EV charging points are being scoped for the MBC Crematorium, Museum and office buildings	Green
1.11	Promote ECO stars recognition scheme to fleet operators	Chris Inwood	2020 until scheme ends	Not Started	Amber
1.12	Work with KCC to gather baseline data on the buses operating in the borough and their Euro classification. Support operators to develop their commercial networks in the borough, ensuring that the borough’s	Duncan Haynes	2020-30	Started	Green

	Action	Responsibility	Timescale	Status	RAG
	infrastructure is bus friendly. Work with the Quality Bus Partnership to identify actions to support bus companies to switch to clean technology.				
2.0	Buildings				
2.1	Support Kent County Council to explore the potential for Combined Heat and Power systems and District Heating scheme developments across the community	Rob Jarman	2020-2021	Started – the Maidstone Heat Network funding has been secured and the project will serve over 100 homes and the prison in the town by 2024. The BCC Manger is seeking to add additional buildings to network planning in 2022	Green
2.2	Promote access to schemes to residents, landlords and housing associations, for retrofitting insulation to existing homes including ECO3, LA Flex and the Green Homes Grant Scheme	Nigel Bucklow James Wilderspin	2020-30	Started – MBC has agreed terms and continues to support local housing associations apply for grants and is seeking opportunities in 2022 as part of the social housing decarbonisation fund	Green
2.3	Investigate how to support low carbon heat networks	Mark Egerton	2020-22	Started – Maidstone Heat Network Project led by KCC delayed	Green
2.4	Promote low carbon heating including government domestic and non-domestic renewable heat incentive scheme and any other suitable schemes	James Wilderspin	2020 to scheme end	Started	Green
2.5	Enforce Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015	Nigel Bucklow	2020-30	Started	Green
2.6	Promote water efficiency to residents in partnership with South East Water	James Wilderspin	2020-30	Started	Green
3.0	Generate Renewable energy				
3.1	Use Local Plan review to investigate how to encourage on-site renewables on all types of new developments	Mark Egerton	2020-22	Started – As part of local plan review POLICY LPRSP14(C) – CLIMATE CHANGE includes support the provision of renewable energy infrastructure within new development.	Green

	Action	Responsibility	Timescale	Status	RAG
				Also, POLICY LPRINF3: RENEWABLE AND LOW CARBON ENERGY SCHEMES are incorporated into local plan review process.	
3.2	Support residents, businesses and third sector to install renewable energy generation by providing information and promoting grants and savings schemes	James Wilderspin	2020-30	Started – monthly business newsletters now include green financing/grants, carbon footprints and sustainable business practices and tips	Green
3.3	Encourage and support community energy projects. Assess viability of these for carbon offsetting	James Wilderspin	2020-30	Started – the BCC manager is currently scoping options for joint renewable energy partnerships and investment options.	Green
3.0	Reducing waste and energy spent processing waste.				
4.1	Increase percentage of waste re-used recycled/composted by; <ul style="list-style-type: none"> Encouraging residents to separate food and recyclables (particularly metals and textiles), use appropriate bins and avoid contamination. Reviewing, and where possible, improving recycling facilities for flats and those with communal collections Waste and recycling guidance with as much planning weight as possible to be adopted for all new developments. Assess feasibility of weekly recycling collections 	Graham Gosden	2020-30	Started – the Biodiversity and Climate Change Engagement Strategy, which includes awareness raising on composting and recycling is rolling out in 2022, in partnership with local community groups, and will encourage widescale behaviour change to increase recycling and composting for residents.	Green
4.2	Create and implement a plan to ensure all types of waste are processed in or as close to the borough as possible	Graham Gosden	2021-23	Started	Green
4.3	Introduce recycling into the street cleansing service including offering community litter picks the opportunity to recycle the waste they collect	John Edwards	2022-22	Started	Green
4.4	Reduce fly-tipping	John Edwards	2020-25	Started	Green
4.5	Investigate options to encourage home composting and using an anaerobic digester to process the domestic food waste collected.	Graham Gosden	2021-22	Started	Green
5.0	Adapting to climate change				

	Action	Responsibility	Timescale	Status	RAG
64	5.1 Provide policy on climate change adaptation in Local Plan review, including consideration of flooding, heat and drought.	Mark Egerton James Wilderspin	2020-22	<p>Started - As part of local plan review POLICY LPRSP14(C) – CLIMATE CHANGE requires the integration of blue-green infrastructure into qualifying new development in order to mitigate urban heat islands, enhance urban biodiversity, and to contribute to reduced surface water run off through the provision of SuDS.</p> <p>Additionally, POLICY LPRQ&D 1: SUSTAINABLE DESIGN is incorporated into the local plan review process to ensure new developments mitigate climate impacts in their design.</p> <p>Strategic flood risk assessment takes account of increased risk of flooding rising from climate change</p> <p>This action is also integrated in to the forthcoming Design and Sustainability DPD</p>	Green
	5.2 Ensure Local Plan review considers level of current and future flood risk and developments are planned accordingly.	Mark Egerton	2020-22	Started	Green
	5.3 Use Severe Weather Impacts Monitoring System (SWIMS) to understand impacts of severe weather in borough. Work with Kent County Council to implement actions from the Climate Change Risk and Impact Assessment in the borough.	Uche Olufemi James Wilderspin	2020-30	Started	Green

	Action	Responsibility	Timescale	Status	RAG
5.4	Work with Medway Flood Partnership to identify and develop actions, including natural flood management, which can help to reduce flood levels.	Mark Green	2020-30	Started	Green
5.5	Work with Medway Flood Partnership to <ul style="list-style-type: none"> Develop a funding strategy to identify and secure additional resources for natural flood management. Build local communities' resilience to flooding 	Mark Green Uche Olufemi	2020-30	Started	Green
5.6	Review our arrangements around our estate, parks and recreation facilities in severe weather situations as part of business continuity management	Uche Olufemi	2021	Started – this action is currently still ongoing to 2022.	Green
5.7	Work with the Kent Resilience Forum, spatial planners and other partners to enhance adaptation and emergency planning contingencies for severe weather and other climate impacts. 'Strengthening' of power and water supply and other critical infrastructure should be a priority alongside ensuring more resilient settlements	Uche Olufemi James Wilderspin	2020-30	Started	Green
5.8 65	Support local businesses to be resilient to climate change including referring to Kent Prepared website	Chris Inwood	2021	Not Started – this action is delayed to 2022. However, through the business newsletter local business have been supported through awareness raising and the option to contact the council for advice.	Amber
6.0	Enhance and increase biodiversity				
6.1	Draft Local Plan to; <ul style="list-style-type: none"> Require biodiversity net gain within the borough. Ensure Garden Communities are an exemplar for biodiversity and deliver semi natural open space. Increase tree coverage and other wildlife habitats to allow biodiversity in new developments. Ensure that sustainable urban drainage schemes maximise biodiversity potential 	Mark Egerton	2020-2022	Started - Incorporated into Local Plan Review is: <ul style="list-style-type: none"> POLICY LPRSP14A: A minimum of 20% biodiversity net gain expected to be delivered on-site and Development proposals will be expected to demonstrate the protection of natural landscape assets including Ancient Woodland, veteran trees, hedgerows and features of biological and geological interest. 	Green

	Action	Responsibility	Timescale	Status	RAG
99				<ul style="list-style-type: none"> • Recognised garden city principles • A full suite of open space will be delivered in accordance with Policy INF1 including natural/semi natural open space • The green and blue infrastructure is considered to be of such importance that a Green and Blue Infrastructure Strategy (GBIS) has been developed as a supplementary doc during the Local Plan Review Process. A green and blue infrastructure approach represents a means to positively tackle these issues. It can offer alternative flood mitigation strategies, such as Sustainable Drainage Systems (SuDS) and the creation of water meadows. <p>Also comes under new design and sustainability DPD forthcoming</p>	
6.2	Adopt Parks and Open Space Biodiversity Action Plan ensuring it is reviewed to keep up to date with latest practices.	Andrew Williams	2021	Completed – submitted to committee for approval	Green
6.3	Support and signpost community groups on tree planting and after care	James Wilderspin	2020-30	Started – the go green go wild website has been updated, and local community groups engaged as part of the Biodiversity and Climate Change Engagement Strategy	Green

	Action	Responsibility	Timescale	Status	RAG
6.4	Work with Kent County Council to draft common position statement on biodiversity (including ensuring maintenance regimes which protect and enhance biodiversity)	Mark Egerton James Wilderspin	2020-22	Started	Green
6.5	Liaise with Kent Wildlife Trust to <ul style="list-style-type: none"> Promote relevant schemes to residents, schools and community groups to encourage them to enhance biodiversity in their gardens and grounds. Provide information on habitat development and the benefits of it to nature and ecosystem services 	James Wilderspin Andrew Williams	2020-30	Started – several projects with Kent Wildlife Trust including greening the town centre and education and outreach are currently being planned	Green
6.6	Work with Environment Agency, South East Rivers Trust, Kent Wildlife Trust and Medway Valley Countryside Partnership to enhance and expand wetland coverage in Borough (including removal of dams and culverts, achieving improvements to water quality and restoration of ponds, lakes, marshes, wet woodland and bogs)	Rob Jarman James Wilderspin	2020-30	Started – Project opportunities are in the process of being scoped to expand wetlands in the borough	Green
6.7	Work with partners to develop and implement a Nature Recovery Strategy, linking habitat restoration and creation to improve flood protection and water quality	Rob Jarman James Wilderspin	2020-30	Started	Green
6.8	Work with local farms and landowners to deliver landscape scale biodiversity initiatives – including reconnection of fragmented natural habitats, floodplain restoration, reduced chemical inputs and reintroduction of lost key stone species	Rob Jarman James Wilderspin	2020-30	Started – a partnership with the Kent Agricultural Society is being initiated to work with local farmers.	Green
6.9	Where feasible increase tree cover to 2/3 on our estate. Contribute to Kent aim to plant 1.5 million trees and aim towards national average tree cover of 16%. An emphasis on expansion and reconnection of existing woodland (including urban woods) will define this action	Rob Jarman Andrew Williams James Wilderspin	2021 -2030	Started – MBC has launched the Call for Tree Planting Projects to seek partners for widescale tree planting. In collaboration with KCC Kent Plan Tree Partnership large scale areas for tree planning and funding is being sought.	Green
6.10	Evaluate Council's Go Green Go Wild work. Amend as needed and commit ongoing funds to ensure work continues.	James Wilderspin	2021	Completed due to recommence with additional budget in 2022	Green
6.11	Ensure that all MBC land and property holdings and land subject to MBC maintenance interventions maximise value for biodiversity	Andrew Williams James Wilderspin	2020-30	Completed with new biodiversity enhancing maintenance practices	Green

	Action	Responsibility	Timescale	Status	RAG
				being implanted across MBC land and property holdings	
6.12	Audit trees on council land and create maintenance plan.	Andrew Williams James Wilderspin	2021	Started – A GIS mapping exercise has been conducted to audit the number of trees on MBC property, however this action is delayed to 2022 due to GIS technology requirements needed to complete the auditing	Green
6.13	Review our non-operational land to assess potential for enhancing biodiversity including allowing community groups to take responsibility for management	Lucy Norman James Wilderspin	2022	Started – BCC Manger currently seeking different options for non-operational land planting/wetland and community engagement	Green
7.0	Making our estate carbon neutral				
68 7.1	Review commissioned Carbon Trust report on <ul style="list-style-type: none"> Energy and water efficiency measures Travel and investment in infrastructure Onsite renewable energy generation Investigate how to fund recommendations from carbon reduction report including Public Sector Energy Efficiency Loan Scheme and options for revolving loan fund to pay for renewable energy developments that payback over time. Offset the 564 tCO2e carbon our estate will emit with the Carbon Trusts report recommendations implemented	Lucy Norman Darren Guess James Wilderspin	2020-30	Started – the procurement process has been completed to undertake a comprehensive feasibility study for decarbonising all MBC buildings. Building surveys and energy audits will be conducted in early 2022, with road maps and plans drawn out to retrofit and upgrade for decarbonising each MBC building by 2030	Green
7.2	Measure MBC carbon footprint each year and report findings to relevant committee	James Wilderspin	Annually	Started – 2021 calculations delayed to 2022 (Note: due to poor data quality the updated Carbon footprint has not been completed for 2021. MBC currently is in the process of upgrading all its buildings meters to automatic, along with instillation of fleet telematics software, updated calculations will be possible from 2022	Green

	Action	Responsibility	Timescale	Status	RAG
				with highly accurate automated data and integrated dashboard system)	
7.3	Buy 100% renewable energy for our buildings and operations where we control the supply	Lucy Norman James Wilderspin	2022	Started – Laser Energy are developing MBC roadmap to 100% renewable energy by mid-2022	Green
7.4	Work in partnership to review our portfolio to identify those homes let as temporary accommodation eligible for insulation under ECO3 funding and arrange installation. Provide top up funding for any measures not fully funded under the ECO3 to ensure all homes let as temporary accommodation are energy efficient. Investigate whether measures could be installed under the Green Homes Grant Scheme	Nigel Bucklow	2020-22	Started	Green
7.5	Incorporate energy saving principles into our office accommodation strategy. Uses any learning from new working practices adopted due to COVID19 responses.	Georgia Hawkes	2021-23	Started	Green
7.6	Increase information held on leased buildings. Identify those with highest emissions to prioritise action. Use role as a landowner (e.g. at Lockmeadow) to ensure that Council-owned sites set a high standard for carbon reduction and demonstrate how to achieve biodiversity and combat climate change.	Lucy Norman James Wilderspin	2020-30	Started	Green
7.7	Provide LED lighting in the Maidstone Borough Council car parks that have not yet been improved	Jeff Kitson James Wilderspin	2020-30	Started – 90% of MBC carparks currently utilise LED lights and is due to be 100% in 2022 as part of existing maintenance and upgrade schedule	Green
8.0	Implement a communications strategy				
8.1	Support residents to understand the changes they can make to reduce, and prepare for, climate change and enhance biodiversity including; <ul style="list-style-type: none"> • Taking advantage of financial opportunities through energy efficiency and low-carbon energy generation measures • Creating less waste and increase proportion of recycling/composting. • Using less water • Buying from local businesses 	Julie Maddocks James Wilderspin	2020-30	Started – the Biodiversity and Climate Change Engagement Strategy is being rolled out in 2022, with an event scheduled each month on different biodiversity and climate awareness and national campaigns	Green

	Action	Responsibility	Timescale	Status	RAG
	<ul style="list-style-type: none"> Reducing red meat consumption in line with Eatwell guidance Signing up to Environment Agency's flood warning service Work with KCC on joint campaigns where appropriate 				
8.2	Provide staff awareness information of biodiversity and climate change at induction, and job specific training. Each service area to have biodiversity and climate change induction, and job specific training.	James Wilderspin	2020-21	Started – delayed to 2022 due to COVID19 and to be part of engagement strategy	Green
8.3	Inform partner organisations and residents about the threats from climate change and the ways they and we can adapt to its impacts	Julie Maddocks James Wilderspin	2020-30	Started – delayed to 2022 due to COVID19 and to be part of engagement strategy	Green
8.4	Engage with and build support from key stakeholders and the wider public on enhancing biodiversity and addressing climate change. Engage with relevant national days of action	Julie Maddocks James Wilderspin	2020-30	Started - the Biodiversity and Climate Change Engagement Strategy is being rolled out in 2022, with an event scheduled each month on different biodiversity and climate awareness and national campaigns	Green
70 8.5	Support local businesses to <ul style="list-style-type: none"> Use support available to reduce their emissions and generate their own power including liaising with KCC when LoCASE funding available. Implement travel plans that promote walking, cycling and public transport. Use the Kent Prepared website to raise awareness of how to prepare for flooding 	Julie Maddocks Chris Inwood James Wilderspin	2020-30	Started – monthly business newsletters now include green financing/grants, carbon footprints and sustainable business practices and tips	Green
8.6	Liaise with Parish Councils to support their work on biodiversity and climate change	James Wilderspin	2020-30	Started – partnerships currently being sough on large scale tree planting projects	Green
8.7	Work with partners to address climate change and biodiversity effectively and sustainably	James Wilderspin	2020-30	Started	Green
8.8	Following successful legal action by Housing and Health Team regarding Category 1 Hazards of Excess cold and Building Control Team regarding buildings not built to required standard details to be sent to communications team who will draft press releases on Court cases	Nigel Bucklow Robert Wiseman Julie Maddocks	2020-30	No opportunity arisen yet	

	Action	Responsibility	Timescale	Status	RAG
9.0	Decision making process and governance				
9.1	Provide briefings and training for Councillors and Officers on climate change and biodiversity to create a culture change and ensure climate change and biodiversity are integrated into decision making	James Wilderspin	2020-21	Started – the Biodiversity and Climate Change Engagement Strategy is being rolled out in 2022, Ongoing training is due to commence from 2022	Green
9.2	Establish biodiversity and climate change overview and scrutiny committee	Angela Woodhouse	2020-21	Completed – A decision was taken to NOT put an O&S committee in place	Green
9.3	Ensure service plans consider biodiversity and addressing climate change and performance indicators are set as needed	James Wilderspin Anna Collier	2020-21	Completed	Green
9.4	Review guidance used to help managers plan their services to ensure opportunities for enhancing biodiversity and mitigating and adapting to climate change are taken	Kathryn Moore James Wilderspin	2020-21	Started – delayed to 2022	Amber
9.5	Establish criteria for investment in climate change and biodiversity and invest to save schemes. These will consider (a) relative impact in terms of carbon reduction and (b) ease of delivery, such that expenditure is focused on deliverable, affordable initiatives that maximise impact on the carbon reduction target.	Paul Holland James Wilderspin	2020-21	Started – delayed to 2022	Amber
9.6	Develop a corporate policy and approach to social value that incorporates enhancing biodiversity and reducing the council's carbon footprint through the way we design, carry out and procure our services.	Ellie Dunnet Dan Hutchins James Wilderspin	2021	Started – delayed to 2022	Amber

Appendix 4: Key Performance Indicator Framework for the Biodiversity and Climate Change Action Plan

As part of the Biodiversity and Climate Change Action Plan, the Decision-Making Processes and Governance section stipulates Action 9.3 to ‘Ensure service plans consider biodiversity and addressing climate change and performance indicators are set as needed’. The indicators outlined in this framework are for monitoring performance and progress against the Biodiversity and Climate Change Action Plan Actions and not used for target setting as these are data-led projects and subject to best practices, Government guidance, and new technologies which are all constantly changing.

A full public report outlining the progress made against MBC’s net zero target will be published on an annual basis. The key performance indicator for most projects will be the total reduction in tonnes of carbon equivalent per annum (CO2et). Please Note: many of the indicators identified in this document align with National Government and Kent County Council indicators for clear Monitoring, Evaluation and Learning (MEL) comparisons and county wide measurements. Additionally, some indicators listed are out of the Councils direct control and are used to monitor changes in public behaviour, changes in markets, and changing technologies. Other indicators are scientifically based and rely on specialised equipment or knowledge - the monitoring of these indicators are subject to budget availability. Quarterly update reports highlighting particular achievements against work packages will be highlighted to council members. Case studies, best practices and achievements will also be shared with the public by identifying the most appropriate ways to share progress with our communities.

The table of key indicators correspond to specific Actions in the Biodiversity and Climate Change Action Plan, and outlines the indicator, baseline, calculations, data sources and the frequency progress will be monitored.

Action	Indicator	Definition (How is it Calculated?)	Baseline (Value)	Target (Target Value)	Data Source (How will it be measured?)	Frequency (How often will it be measured?)	Responsible (Who will measure?)	Reporting (Where will it be reported?)	Notes
<p>72</p> <p>MBC Estate Carbon Reduction to Net Zero by 2030</p> <p>Action 7.1 and 7.2</p> <p><i>Scope 1 is direct greenhouse gas emissions from sources owned or controlled by the local authority, for example emissions from boilers. Councils have direct control over these emissions.</i></p>	<p>a. Overall Reduction in Energy (Gas/Electricity) Usage at MBC directly managed, priority buildings</p> <p>Including:</p> <ul style="list-style-type: none"> • Maidstone House and Link • Maidstone Museum • Depot • Crematorium • Town Hall • Market Hall (Lockmeadow Market) • Cobtree Manor Park Visitors Centre • Cemetery • Heather House • Carriage Museum • Archbishops Palace • Archbishops Palace Gate House • Maidstone Innovation Centre 	<p>Still to be Defined, subject to data from Laser Energy and upgrades needed to MBC meters</p> <p>Calculated in KWH and CO2e</p>	<p>Carbon Trust 2020 Report</p> <p>Council operated buildings make up a significant proportion of the Council’s footprint, together totalling 473 tCO2e, approximately 11% of total measured emissions</p>	<p>Net Zero by 2030</p>	<p>Laser automated Energy data</p> <p>Automated meter readings (pending instillation in 2022)</p> <p>Energy Bills and Costs</p>	<p>Monthly building averages</p> <p>Quarterly CO2e comparisons</p> <p>Annual Carbon Footprint</p>	<p>Laser Energy</p> <p>Update to MBC dashboard will be automated</p> <p>Overall responsibility MBC Biodiversity and Climate Change Manager</p>	<p>Options: Data compiled in database by Laser and shared monthly or automated into dashboard system¹</p> <p>A Public automated dashboard will be available on the MBC website with corresponding CO2 reductions</p> <p>Annual report</p>	<p>Inputs:</p> <ul style="list-style-type: none"> • Feasibility Study to Decarbonise Buildings • Upgrades to Building heating and insulation <p>Activities:</p> <ul style="list-style-type: none"> • Staff training on energy efficiency <p>Short-term Outcomes:</p> <ul style="list-style-type: none"> • Savings in energy and costs • Change in energy usage • Reductions in co2 <p>Long-term Outcomes:</p> <ul style="list-style-type: none"> • Net Zero by 2030

¹ Internally the use of the Local Government Association (LGA) Carbon Calculator using monthly gas/electricity readings cannot be completed due to incomplete and manually recorded data records of energy/electricity readings from MBC buildings. Recommended to upgrade all buildings meters to automatic so that data can be collected live. Live automated data would enable much closer analysis of daily energy usage which would help pinpoint inefficient electrical devices and maybe useful in public buildings such as the museum to reduce energy usage at certain times of day when less people are at the museum.

Action	Indicator	Definition (How is it Calculated?)	Baseline (Value)	Target (Target Value)	Data Source (How will it be measured?)	Frequency (How often will it be measured?)	Responsible (Who will measure?)	Reporting (Where will it be reported?)	Notes
<p>2. Buy 100% renewable energy for our buildings and operations where we control the supply</p> <p>Action 7.3</p> <p><i>Scope 2 accounts for emissions of purchased electricity consumed by the local authority. Councils can impact their Scope 2 emissions by choosing to purchase low carbon electricity.</i></p>	Percentage shift and proportion of MBC estate on renewable energy supply	Percentage of energy supplied by renewable sources	<p>Fuel mix for MBC estate 1 April 2020 to 31 March 2021</p> <p>Renewable 31.9% Coal: 4.2% Natural Gas: 52.6% Nuclear 6.9% Other 4.4%</p> <p>CO2 emissions 227g/kWh</p> <p>Radioactive waste: 0.0005 g/kWh</p>	100% renewable energy 2023	Npower and National Grid	Annually	Laser Energy	Annual report	<p>Inputs:</p> <ul style="list-style-type: none"> Laser to devise road map to 100% renewable options Change of suppliers maybe required
<p>3. MBC Fleet Carbon Reduction</p> <p>73</p> <p>Action 7.1</p> <p><i>Scope 1 is direct greenhouse gas emissions from sources owned or controlled by the local authority, for example emissions from vehicles. Councils have direct control over these emissions.</i></p>	a. Reduction in CO2e from MBC directly operated Fleet	<p>Decrease in litres of petrol diesel</p> <p>Decrease in millage</p>	<p>Carbon Trust 2020 Report</p> <p>fuel consumption totalling 480 tCO2e, accounting for approximately 11% of the Council's footprint</p>	Net Zero by 2030	<p>Telematics Data</p> <p>Depot fuel usage data / milage per vehicle</p>	Monthly	<p>Depot Manager</p> <p>Environment & Public Realm Team</p>	<p>Annual Report</p> <p>Annual Carbon Footprint</p> <p>Public facing Dashboard</p>	<p>Inputs:</p> <ul style="list-style-type: none"> Feasibility Study completed November 2021 New Sub-Station to increase Depot electricity capacity for full EV fleet
	b. Increase in number of Electric Vehicles operated by MBC	<p>Measures of cost effectiveness</p> <p>Reduction in fossil fuels</p> <p>Fuels Costs saved</p>	<p>Carbon Trust 2020 Report</p> <p>Fuel consumption totalling 480 tCO2e</p>	<p>Net Zero by 2030</p> <p>Green Fleet by 2030</p>	<p>Depot vehicle list</p> <p>Depot fuel usage data / milage per vehicle</p>	Biannually	<p>Depot Manger</p> <p>Environment & Public Realm Team</p>	Annual Report	
<p>4. Borough Wide Carbon Reductions</p> <p>Actions 2.1 through to 2.6</p>	a. Improvement in Borough wide Air Quality	Improvement in Air Pollution Banding Value	Kent State of the Environment Report: Air Quality Update 2020	Net Zero by 2050	<p>Air Quality Index (AQI)</p> <p>Allied Quality Assurance Publications (AQAP)</p>	Quarterly	Senior Scientific Officer	<p>Annual Report</p> <p>Low Emission Strategy Update</p>	<p>Inputs:</p> <ul style="list-style-type: none"> Launch Anti-idling campaign 2022
	b. Number of Borough Electric Vehicle Charging Points	Increase of Number of Borough Electric Vehicle Charging Points		Net Zero by 2050	<p>Parking services</p> <p>Zap Map</p>	Annually	Biodiversity and climate change Manager	<p>Annual Report</p> <p>EV strategy 2022</p>	

Action	Indicator	Definition <i>(How is it Calculated?)</i>	Baseline <i>(Value)</i>	Target <i>(Target Value)</i>	Data Source <i>(How will it be measured?)</i>	Frequency <i>(How often will it be measured?)</i>	Responsible <i>(Who will measure?)</i>	Reporting <i>(Where will it be reported?)</i>	Notes
5. Adaptation to Climate Change Actions 5.1 through to 5.8	a. Sustainable Policies adopted as part of local plan review	Number of sustainable standards, climate aware and biodiversity enhancing practices adopted in Local Plan 2024	Local Plan 2020	NA	Local Plan 2024	Annually	Biodiversity and climate change Manager	Annual Report	
74 6. Enhance and Increase Biodiversity ² Actions 6.1 through to 6.13	a. Increase in Forest area as a proportion of total land area ³ and Protected, restored existing trees, hedgerow and woodland, whilst increasing the county's tree cover with the right trees in the right places, which supports the recovery of wildlife, delivers natural climate solutions and enriches people's lives	Increase in number of trees planted Number of trees approximate within 1000 taking into account 30% die back rate	Maidstone has 16% forest coverage 2021 Area: 39,342 ha Maidstone is 10.5% of Kent Kent is 373,476ha UK is 24,853,526ha Kent is 1.54% of the UK. Kents' share of Govt/CCC 30,000ha pa target is 453 ha pa Kent 2050 canopy cover target a 2% increase to 19%, Kent is 373,600 ha, 2% is 7,472 ha Planting at 453 ha pa; 16 years to hit our 2% ACC target of 7,472 ha 453 ha pa is approx. 700,000 trees pa. (1,500 trees per ha) Kent tree target: 1.5mil, planting at 1,000-1,500 trees p ha, is at least 1,000 ha – 1,500 ha up to 453ha per annum across Kent and maintain that rate for 16-17 years until 2050.	KCC members opportunity; target 350 trees per division/ward, over 4-year term; 28,350 trees Queens Green Canopy Project a tree for every child in care (1700) A tree for every staff at MBC Kent 2050 canopy cover target a 2% increase to 19% MBC estate Tree coverage: 2/3 of owned asset suitable land	MBC KCC	Annually	Biodiversity and climate change Manager Parks and Open Spaces Team Woodland Trust	Annual Report	
	b. Percentage of forest cover loss	Proportion of forest cover/green field sites land change for development	Maidstone has 16% forest coverage 2021 Greenfield/agriculture land change baseline to be established	NA	GIS mapping	Annually	Biodiversity and climate change Manager	Annual Report	

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/926056/England_biodiversity_indicators_2020_REVISED.pdf and <https://www.gov.uk/government/statistical-data-sets/env09-england-biodiversity-indicators>

³ Indicator in keeping with POST-2020 GLOBAL BIODIVERSITY FRAMEWORK <https://www.cbd.int/doc/c/82d2/ceb/13ebbf343d79abb69ae2119a/sbstta-24-03-add1-en.pdf>

Action	Indicator	Definition <i>(How is it Calculated?)</i>	Baseline <i>(Value)</i>	Target <i>(Target Value)</i>	Data Source <i>(How will it be measured?)</i>	Frequency <i>(How often will it be measured?)</i>	Responsible <i>(Who will measure?)</i>	Reporting <i>(Where will it be reported?)</i>	Notes
	c. Increase in Community projects engaged (tree/rewild/wetland ect)	Number of community group projects supported £ subsidies, grants given	Baseline to be established	NA	MBC records	Annually	Biodiversity and climate change Manager	Annual Report	
	d. Quantity of CO2 sequestered	CO ₂ Equiv (kT) Sequestered annually in trees, wetlands, peat, rewilding ect	Baseline to be established	Net Zero by 2030	MBC records	Annually	Biodiversity and climate change Manager	Annual Report Public facing dashboard	
7. Public Awareness and Engagement on Climate and Biodiversity issues Actions 8.1 through to 8.8 75	Increase in engagement events Increase in number of public engaging on climate and biodiversity issues	Number of Volunteers, Attendees to MBC engagement events Coverage of formal processes for ensuring that women, local communities and youth are engaged	NA	One event per month minimum facilitated by MBC directly	MBC records	Annually	Biodiversity and climate change Manager	Annual Report Public facing dashboard	
8. MBC Procurement reduction in Carbon by suppliers and contracts <i>Scope 3 includes indirect emissions from wider supply chains (often reaching international jurisdictions), emissions from the use of local authority services, contracted out services and investments. Councils will have a strong influence over some of these emissions (eg contracted out services and investments) and less over others. (See Cheshire East case study in the Procurement & Commissioning section for more details.)</i> Action 9.6	a. Number of policies / standards enacted to reduce carbon in MBC contracts	Number of sustainable procurement policies adopted Number of contracts with sustainable standard included as standard Decrease in CO ₂ e from suppliers and contractors employed by MBC	NA	NA	MBC	Annually	Procurement team	Internal monitoring Annual Report	

Agenda Item 18

POLICY & RESOURCES

9 February 2022

Digital Strategy 2022-25

Final Decision-Maker	POLICY & RESOURCES
Lead Head of Service	Mark Green – Director of Finance and Business Improvement
Lead Officer and Report Author	Georgia Hawkes – Head of Transformation and Property
Classification	Public
Wards affected	All

Executive Summary

This report presents and recommends adoption of the draft Digital Strategy 2022-25. The Digital Strategy contains workstreams covering digital within the council, improving services for residents and businesses and improving digital inclusion.

Purpose of Report

Decision – for Committee to consider the draft Digital Strategy 2022-25.

This report makes the following recommendations to this Committee:

1. The draft Digital Strategy 2022-25 is adopted.

Timetable

Meeting	Date
Policy and Resources	9 February 2022

Digital Strategy 2022-25

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Becoming a digital Council and helping our residents become digitally included will contribute to the achievement of all the Council's corporate priorities, as well as ensuring the Council designs and delivers excellent and value for money services to customers	Head of Transformation and Property
Cross Cutting Objectives	<p>The Digital Strategy particularly supports the achievement of the following cross-cutting objectives:</p> <ul style="list-style-type: none"> • Deprivation and Social Mobility is Improved – the strategy contains a workstream on digital inclusion. Digital exclusion is linked with deprivation and financial exclusion • Biodiversity and Environmental Sustainability is respected – the strategy supports the Council's carbon reduction ambitions 	Head of Transformation and Property
Risk Management	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.	Head of Transformation and Property
Financial	The proposals set out in the recommendation are all within already approved budgetary headings and so no new funding for implementation is sought at this time.	Section 151 Officer & Finance Team
Staffing	We will deliver the recommendations with our current staffing.	Head of Transformation and Property

Legal	<ul style="list-style-type: none"> No specific legal implications are identified. Under Section 3 of the Local Government Act 1999 local authorities have a duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The Council's Digital Strategy demonstrates compliance with the statutory duty. Under the current Constitutional arrangements, the Policy and Resources Committee is responsible for all policy matters not otherwise allocated to any other committee or to Council as part of the policy framework. As such it is for the Policy and Resources Committee to adopt the draft Digital Strategy 2022-25. Under the proposed Constitutional arrangements, updates to the Digital Strategy 2022-25 will likely go to the Cabinet. 	Interim Team Leader (Contentious and Corporate Governance)
Privacy and Data Protection	<ul style="list-style-type: none"> Accepting the recommendations will increase the volume of data held by the Council. We will hold that data in line with our retention schedules. 	Policy and Information Team
Equalities	<p>We recognise the recommendations may have varying impacts on different communities within Maidstone. We have completed a separate equalities impact assessment shown at Appendix 2 and have ensured that no group who have protected characteristics should be disadvantaged. In fact, the workstream on digital inclusion should have a positive impact those who are older and who have a disability, as these groups are nationally recognised as being more likely to be digitally excluded.</p>	Equalities & Communities Officer

Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Head of Transformation and Property
Crime and Disorder	No impact	Head of Transformation and Property
Procurement	The strategy contains an action to offer more support to officers when procuring ICT systems. Some actions in the strategy may require procurement of expertise or systems, which will be undertaken in in line with the Council's procurement rules.	Head of Transformation and Property
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and are; <ul style="list-style-type: none"> • This aligns with action 7.5 of the Biodiversity and Climate Change Action Plan: Incorporate energy saving principles into our office accommodation strategy. Use any learning from new working practices adopted due to Covid-19 responses. • It also supports carbon reduction in our ICT supply chain. 	Biodiversity & Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 The Council has had digital strategies or similar since 2011. The previous digital strategy covered the period 2018-21, so it is timely for a new strategy to be adopted for the next 3 years. Excellent progress has been made during the last decade, but the digital landscape continues to change – what was cutting edge 2 or 3 years ago may now be outdated - and there continues to be more to do to build on previous successes. There also remains more to do to ensure everyone can be digitally included, and the Council is working in partnership with Kent County Council to tackle digital exclusion in the borough.
- 2.2 During the period of the previous strategy – 2018-21 – the Council delivered some important digital projects and was able to move from a primarily office-based way of working to almost full homeworking for office-based staff overnight. Some examples of the achievements delivered are listed in the draft strategy, and the following are of particular note:

- Meeting the required accessibility standards for our main council website and being the first public sector organisation to obtain a score of 100 for accessibility from SOCITM in 2021
- Implementing Skype for business for all our people – staff and members
- Making use of information using Oneview, so that we were able to predict who was likely to become homeless and intervene early to prevent this – of the group the team worked with, less than 1% became homeless, compared with 40% of the group the team were unable to contact due to a lack of capacity.

2.3 The draft strategy proposes the following vision:

We will be an agile and data driven council, using the best of modern digital design, technology and ways of working to deliver excellent user-centred services that make a difference to the lives of our residents.

2.4 The vision will be achieved by progressing 5 different workstreams which are led by different officers across the organisation, with the Head of Transformation and Property providing programme oversight as the lead senior officer for the overall strategy. The workstreams and responsible officers are as follows:

- Workstream 1: Provide simple, accessible, end-to-end services that are easy to use and based around users' needs – *Gary Hunter, Transformation and Digital Services Manager*
- Workstream 2: Giving our people the tools they need to do their jobs – *Tony Bullock, ICT Programme Manager*
- Workstream 3: Making data work for us – *Anna Collier, Corporate Insight, Communities and Governance Manager*
- Workstream 4: Digital inclusion – *Angela Woodhouse, Head of Policy, Communications and Governance*
- Workstream 5: Creating a digital culture across the council – *Georgia Hawkes, Head of Transformation and Property*

2.5 The draft digital strategy document does not attempt to make an exhaustive list of all work that will be carried out under each of the workstreams – it is important that we are more agile than that and respond to threats and opportunities as they arise – but instead gives a high level framework and flavour of the sorts of actions and projects that will be required over the next 3 years to deliver the digital vision.

2.6 The digital strategy will be refreshed annually and will be taken to Cabinet for agreement along with a progress report covering work completed and performance on the envisaged benefits.

3. AVAILABLE OPTIONS

- 3.1 Option 1 - Adopt the Digital Strategy 2022-25 – this would mean the digital vision was agreed and work would continue on each of the workstreams to deliver the outcomes and benefits set out in the strategy.
- 3.2 Option 2 - Do not adopt the Digital Strategy 2022-25 – some actions in the strategy would not be carried out. Some work contained within in the various workstreams would continue, but without a guiding vision and the structure to ensure benefits are realised.
- 3.3 Option 3 – Adopt an amended version of the Digital Strategy 2022-25 – the strategy could be adopted in part. For example, one or more workstreams could be excluded from the final agreed version.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Option 1 – adopt the Digital Strategy 2022-25 is recommended as the strategy and the work required to deliver it has been designed to involve the right officers from across the Council to ensure the Council continues to build on its digital successes and works in partnership to ensure those who are digitally excluded or at risk of being digitally excluded get the support they need. If the strategy is not adopted (option 2) or an amended version is adopted (option 3) important work will not be delivered and the Council will not deliver the range or level of benefits for residents and for staff and members envisaged in the strategy.

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. The strategy itself is inherently about minimising threats of not adopting a more digital approach and enhancing opportunities to improve ways of working for staff and members and the delivery of services to customers.
- 5.2 The key risks associated with the strategy and steps that will be taken to mitigate them are:

Risk	Mitigation
The Council works at risk with untested technologies which fail to deliver as envisaged, causing a lack of return on financial and time investment	The Council generally adopts an approach of being a fast follower, learning from others who have already implemented new systems and ways of working to ensure less risk and a greater likelihood of success, whilst still taking advantage of the benefits of new technology in a timely way. On projects working more at the cutting edge, the Council uses smaller pilots to limit the risk and test the viability of solutions and evaluating this before looking to roll out on a larger scale. These

	projects are overseen by the Digital and Transformation Board, chaired by the Chief Executive.
Customers cannot access the services they need when they need them	Workstream 1 seeks to develop services that are as accessible and user-friendly as possible, both online and through other channels. For example, the project on voice automation will allow people to call and get the answers to common questions 24/7, not just when our offices are open. Workstream 4 tackles digital inclusion, working with partners to support those who struggle to get online for various reasons.
The strategy, or key parts of it, is not delivered due to time or financial pressures	The strategy is set up to be delivered as a programme, with technical experts leading each workstream that fits with their normal area of work, overseen by the Head of Transformation and Property. The different workstreams ensure the work is spread across the council at a manageable level and the best people are leading on different areas of the strategy. The oversight of the Head of Transformation and Property will ensure that risks and issues are identified early and mitigated well, and that benefits are identified and measured.
The council will use or share data inappropriately	The Council has robust processes in place around data security. The lead officer for workstream 3 – making data work for us – is the Corporate Insight, Communities and Governance Manager, who is also the Council’s Deputy Data Protection Officer and so has a full understanding of the implications and processes of using and sharing data.

5.3 We are satisfied that the risks associated with adoption of the strategy and those that require management to mitigate the threat of not delivering the digital vision are within the Council’s risk appetite and will be managed as per the Policy.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 None.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 Should Committee decide to adopt the strategy, the workstream leads will continue to deliver the planned projects, which include incorporating increasing awareness of the digital vision and building digital into the culture of the organisation.

8. REPORT APPENDICES

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

- Appendix 1: Digital Strategy 2022-25 (draft)
 - Appendix 2: Equalities impact assessment
-

9. BACKGROUND PAPERS

None.

Maidstone Borough Council Digital Strategy 2022-2025

About the Digital Strategy

We want the Borough of Maidstone to be a vibrant, prosperous, urban and rural community at the heart of Kent, where everyone can realise their potential.

This vision is set out in our [strategic plan](#) and our digital strategy supports the achievement of that vision and the whole Council's goals, by re-imagining how we design, deliver and operate our services in the internet age. It explains what we're going to do to make Maidstone a truly digital council and borough over the next three years and beyond.

Digital is not just about delivering a list of activities or implementing new technology. As much as anything digital is a mindset. It's about being user-centred and adaptive and is an enabler of everything the Council is doing.

The strategy builds on our commitment to the [Local Digital Declaration](#), creating an environment of flexibility, creativity and innovation so our people can thrive and provide excellent user centred services to the public. It also explains how we will support the Borough of Maidstone, its residents and businesses to realise the full benefits of the internet age.

What we aim to achieve

If we successfully deliver this strategy over the next three years, we will have achieved:

- A fundamentally better customer experience of interacting with the Council. People will be able to get what they want, the first time they try, and not need multiple touch points to do simple tasks
- A better understanding of our residents, through the better use of joined-up data, using modern technology to join data sets and get insights which allow us to continuously improve our services and make better decisions.
- Happier, more productive staff, working flexibly, who are equipped with all the technology they need to do their jobs and work from anywhere
- More efficient processes that optimise technology to give customers what they need quickly and free up staff time from low value repetitive tasks
- A reduction in digital exclusion – more people getting the support they need

- A positive impact on our climate commitment

What we mean by Digital

The word digital is understood and interpreted in lots of ways. We use this definition in the public sector to describe what we mean by digital:

“Digital means applying the culture, processes, business models & technologies of the internet era to respond to people’s raised expectations”

Tom Loosemore – Co-founder of the Government Digital Service

Good practice and guidance

We have used these central government resources to inform our digital priorities and the way we organise and deliver digital projects.

- [Technology Code of Practice](#)
- [Government Service Standard](#)
- [Governance principles for agile service delivery](#)
- [Government Functional Standard](#)
- [Local Digital Declaration](#)

Where are we now?

The Council is already relatively advanced in its digital journey. Our first digital strategy was published all the way back in 2011, and was then built on and combined with the concept of introducing customer-centred digital-first design across all customer-facing services, in our transformative Customer Service Improvement Strategy 2013-16. This was then followed by our [2018-2021 Digital Strategy](#).

Face to face enquiries have fallen 99% since 2013, with calls to the contact centre reducing 60% in the same period. This has been made possible by improving services generally and meeting customer demand for high quality digital services. In 2020 there were 2.4m visits to the Council's website maidstone.gov.uk, where we provide more than 100 online services for people to self-serve 24/7; around 192,000 online transactions were completed in 2021. The ten most popular online services have a digital take up of more than 80%.

Our ability to pivot and respond to the Coronavirus pandemic, delivering new services rapidly through the use of agile methods and shifting to almost full homeworking overnight were just some of the positives in a difficult and challenging period. This has been possible because of the work completed during our previous [Digital Strategy for 2018-2021](#) which includes:

- Signing the [Local Digital Declaration](#), a public pledge along with hundreds of other councils to meet high standards for our technology and digital services and adopt digital culture and ways of working
- Creating a Digital and Transformation board, chaired by the Chief Executive to ensure digital transformation, data and technology decisions are made at a high level by the right people from across the Council
- Meeting the required accessibility standards for our main Council website and being the first public sector organisation to obtain a score of 100 for website accessibility from SOCITM in 2021
- Introducing an in-house self-scan document submission service for our customers
- Implementing Skype for business for all our people – staff and members
- Using techniques and toolkits to increase capability for agile project delivery and user-centred service design
- Converting the process for garden waste subscribers away from paper invoices to digital-first, ensuring all subscribers were registered and could easily pay their subscription, and any bins that were no longer required by households were collected for re-use.

- Designing a number of processes at pace to support the work of the Council's community hub, which helped those who needed assistance during the pandemic, being agile and changing these in the face of the very fluid environment in which the Council was working
- Continuously improving the ability of staff to be able to access the network seamlessly, just as if they were in the office, throughout the COVID-19 pandemic
- Increasing the use of business intelligence through Microsoft Power BI, building dashboards so teams can access real time information to understand service performance and use this to make key decisions on service design and provision
- Making use of information using Oneview, so that we were able to predict who was likely to become homeless and intervene early to prevent this – of the group of households at risk of becoming homeless the team worked with, less than 1% became homeless, compared with 40% of the households the team were unable to contact due to a lack of capacity.

Vision, Workstreams, Principles and Approach to delivery

Vision and workstreams

We will be an agile and data driven Council, using the best of modern digital design, technology and ways of working to deliver excellent user-centred services that make a difference to the lives of our residents.

We will achieve this through 5 workstreams led by different officers across the Council. The Head of Transformation and Property will act as the overall senior lead for the whole strategy and programme of work. The workstreams and lead officers are as follows:

Workstream 1: Provide simple, accessible, end-to-end services that are easy to use and based around users' needs - Transformation and Digital Services Manager

Workstream 2: Giving our people the tools they need to do their jobs - ICT Programme Manager

Workstream 3: Making data work for us - Corporate Insight, Communities and Governance Manager

Workstream 4: Digital inclusion - Head of Policy, Communications and Governance

Workstream 5: Creating a digital culture across the Council – Head of Transformation and Property

The digital landscape changes quickly, and digital strategy documents can date even faster. Therefore, this strategy sets out a high level framework for where we're going and how we'll move forwards over the next few years.

Our Principles and approach to delivery

The following principles will guide all of our digital, data and technology transformation work as we deliver across our 5 workstreams.

1. A continuous focus on meeting user needs

We exist to meet the needs of our users. Service transformation will focus on meeting the needs of our residents, particularly those who are most vulnerable. We will use research and data to better understand needs in our borough and will use this to build

and develop products and services to meet those needs. We will design services that take into account all users of a service, including our internal teams, but the end user - our customers - will always be our top priority.

We make sure our digital services are accessible to all users, including those with disabilities, and work to improve our digital inclusion and not leave anyone behind. We will test all services to make sure they are simple and intuitive, and support those who are unable or unwilling to go online.

2. Being data-led and basing our decisions on evidence

We will use the data we hold better. We will share better internally and share with partners and more openly where appropriate. Better use of data will support every aspect of our digital strategy. We will base our decisions on the insight gained through activities such as user research, service performance metrics, user feedback and other available evidence. We will prioritise projects and interventions based on evidence of what will deliver the best outcomes for users and best support the Council's medium term financial strategy.

3. Continuous development and improvement of our services and products

The needs and expectations of our customers and our staff change over time. No service or product is ever perfect; there are always improvements that can be made. We will embed the concept of continuous improvement into our work as much as our resources allow, putting working products into the hands of users early so we can test how well they work, providing us with the insight needed to improve them over time. We won't be afraid to experiment and fail, delete things that don't work, learn from them and try new approaches

4. Fast and effective agile project delivery

We learned a lot from having to design new services and deliver projects at pace during the pandemic. We will expand the use of agile project delivery and techniques, maximising collaborative working with staff and customers, delivering products in several iterations or incremental steps, as well as making sure the right people at the right level are available to make decisions in a timely fashion and waiting for decisions does not slow down delivery. This will ensure that benefits from a project begin to be released throughout the process rather than just at the end.

5. Working in the open

In line with our commitments in the Local Digital Declaration, we will aim to work as openly as we can on all our projects. This means we make key digital and transformation decisions corporately rather than in silos and tell our people internally

about what we are doing and engage with them about digital improvements. Externally we will learn from others and what has worked elsewhere and we will share our ideas widely to get feedback and suggestions. Where we can, we will share code, learning and other products we create, enabling others to benefit from our efforts. This helps us to do better work, as it creates a much bigger community around what we are doing than just an internal audience.

“A truly digital Council will be more connected and integrated, using digital to reimagine service delivery that is user-centric and meets users’ needs – with citizens, communities and businesses reaping the benefits.”

Council of the Future: A digital guide for Councillors – Tech UK 2018

Workstream 1: Provide simple, accessible, end-to-end services that are easy to use and based around users' needs

People expect Council services to be online, easy to find and simple to use on the device of their choice. Services should be digital by default, and meet the highest accessibility standards, with support through traditional channels for those unable or unwilling to use them.

We will design services around the needs of the user and not just the back office. We will do the hard work as part of designing the process to make it simple so customers only do the minimum necessary to achieve the outcome they need in the most cost-effective way possible.

We must be channel agnostic, understanding that being digital extends beyond a set of online processes on a website, to ensure people can access our services through the channel of their choice.

People will increasingly access information and services on platforms other than maidstone.gov.uk. This might be directly through search engines or voice assistants. We want to make sure that we structure our content so it can be accessed through those different channels.

The intended outcomes for this workstream are:

- More services are online with more residents and businesses choosing to use them.
- Services are simple, seamless and end to end, and designed around users' needs so they get what they want first time and without multiple touch points or needing to ask for help
- The Council's website is always available and the information on there is accurate, up to date and easy to find
- Our online services and information are easier to find and use and meet the highest accessibility standards.
- Our services are value for money and available through a wider range of channels that better reflect customer expectation and latest technology innovations
- We provide greater value for money services by taking advantage of more shared or open-source government platforms and products

To achieve this we will:

- Improve the availability of maidstone.gov.uk and sub-domains by moving them to the cloud
- Introduce ways of further improving the accessibility of maidstone.gov.uk and the Council's other websites

- Introduce methods of increasing the accuracy of maidstone.gov.uk contents including the use of automated, time-based prompts for content review
- Take opportunities, like the re-procurement of a major contract or the launch of a round of funding from central government, to improve end to end digital services, working with partners as required
- Build on our Agile and Service Design methods to include Product Management principles to enable continuous development throughout the lifecycle of our digital products and services
- Use data and insights to create a prioritised action list to improve the usability of our existing digital services, focusing initially on any areas of poor resident experience
- Explore different channels for customer contact, including web chat, automated web chat and voice assistants to ensure we are ready to use them when necessary to meet the changing needs of residents
- Explore using structured data markup schema.org to improve and expand the availability of services and information beyond maidstone.gov.uk, making content available directly in other platforms such as search engine results and google assistant
- Harness the power of automation in customer services delivery, including voice automation, to reduce the administrative burden and improve services to customers
- Set out the roadmap to adopting and expanding the use of more shared and open-source platforms and systems, including LocalGov Drupal, Gov Notify and GovPay
- Review how to make the best use of customer accounts to improve the customer experience
- Continue to reduce the use of paper, postage and unstructured emails in our interactions with customers
- Ensure that any new technologies, including artificial intelligence and process automation, are incorporated into processes in the right way, through end-to-end service design.

Workstream 2: Giving our people the tools they need to do their jobs

We have worked hard on giving our people – members and staff – the kit, IT systems and processes they need to work effectively from anywhere. We now want to build on our successes by getting systems to connect where required, building tools for storage, collaboration and business intelligence through the roll out of Microsoft 365, as well as ensuring that our people have the right devices for their jobs. We also want to ensure that our technology infrastructure supports our zero carbon ambitions.

Much of what is planned is covered in the ICT Strategy 2019-2024, which sets out how Mid-Kent ICT can support all partner authorities, including Maidstone, to deliver their digital ambitions.

The intended outcomes for this workstream are:

- Our people can work effectively from anywhere, having the systems and secure access they need to do their jobs
- Our people have the appropriate devices to perform their roles effectively.
- Colleagues can collaborate and co-author documents, avoiding duplication and delays associated with multiple copies of the same document.
- Our people can get the information they need about the Council and will interact with digitally with us and with each other
- Data is organised so that it can be used easily to enhance corporate and team knowledge of service performance
- Our systems integrate and are enablers of process change that removes unnecessary manual intervention
- Our cloud-hosting services use renewable energy to support our zero carbon ambitions

To achieve this we will:

- Move away from personal home drives and shared document folders, instead using Teams, OneDrive and SharePoint to create, manage, share and secure data and documents
- Simplify remote access to applications and data that remains in our on-site data centre.
- Implement a mobile working platform to support effective field working for all teams that need this.
- Review applications, roles and processes to pick the right device for the job and the person.
- Replace the remote access system with a new version that presents Windows 10 on any device from any location.
- Review the use of the intranet alongside enterprise social tools like Yammer, looking at how best to store and disseminate information about the Council and seeking opportunities to engage better with our people, and for them to engage better with each other
- Utilise methods like a data warehouse to organise and store data in a way that is easily accessible to business intelligence tools.
- Identify opportunities for and pilot the use of automation and artificial intelligence, learning lessons for initial projects and rolling this out further if successful
- Use application programming interfaces (APIs) and automation tools to join process steps from customer contact through to the back office and field workers on mobile devices.
- Move documents into Microsoft 365: the Microsoft cloud will be using 100% renewable energy from 2025.
- Assess the green credentials of our current suppliers' cloud arrangements and introduce a cloud first approach to procurement so that Software as a Service (SaaS) options are evaluated with zero-carbon in mind rather than just cost
- Ensure members can easily access email and documents securely from their devices by rolling out Microsoft Outlook and Teams and providing guidance on how best to use these applications

Workstream 3: Making data work for us

Data is hugely important to us, the information that we gather as part of our daily business, enables us to understand our past performance and current position, but also plan for the future. Data helps us understand our local area and make important decisions that will improve the lives of our local communities.

We are committed to being open and transparent about how we work, our decision-making processes and the services we provide. Making more data available will enable residents and businesses to access information about their area, their community, and the services they access.

We recognise that our departments often work in silos of data, which means that opportunities for insight can often be missed because the data is hard to analyse, isn't shared within the Council and or with other public services, or isn't unavailable to us.

The better the data we have the more chance we have in ensuring that services are more targeted and effective, that we allocate resources to where they will have the biggest impact, we save officer time in front and back-office processes, and to provide insight into the issues affecting our local area.

The COVID-19 pandemic has meant we are having to make harder decisions at a time when we are unclear of the full impact on our communities. It has also given us the opportunity to be more agile in the way we work as a Council and with data, and we have been able to swiftly develop new skills and demonstrate how essential working with partners to share data is to making informed decisions.

Whatever actions we take moving forward we are committed to always ensuring; data protection principles guide our actions; the data is secure, well organised and fit for purpose and the right people with the right skills are involved.

The intended outcomes for this workstream are:

- Every team has the real time information needed to effectively plan and deliver services, set out in a way that makes it easy to understand and use
- Our data is freely available for anyone to use, whenever this is possible
- We engage with our residents better
- Our people are empowered to share data within and outside the organisation where we can legally do this
- We understand our residents and whole customer base and are able to report and draw on this information to make informed decisions

- We use the better information we have to make design services around our users that are more personalised, streamlined and efficient
- The burden for staff of dealing with information requests is reduced

To achieve this we will:

- Design an open data website and deliver a programme of work to publish more data
- Undertake a dashboard development programme, working with every team to set up dashboards containing the information they need
- Review the performance management framework
- Ensure that information and record management is at the heart of Microsoft 365 migration project
- Work with key partners on opportunities to collect and share data with service improvement and data protection in mind
- Review how we deliver analytics across the organisation to ensure we are making the best use of our resources
- Build on the work done using predictive analytics to prevent people becoming homeless, exploring where this can be used in other areas to benefit residents and businesses

Workstream 4: Digital inclusion

Large parts of the digital strategy are focused on how the Council operates and makes greater use of digital technology and new ways of working to deliver modern user centered services to the residents and businesses of the Borough. But there is also a vital role for the Council in facilitating improvements within the Borough and in people's lives through digital technology and better use of data.

This is increasingly important as we seek to support the borough and its residents and businesses in recovery from the COVID-19 pandemic, as well as ongoing challenges from rapid growth and the climate crisis.

Anecdotal evidence from our community and voluntary sector partners suggests that much of the challenge for residents locally is not only financial barriers to access digital services (i.e. pay as you go phones, no access to free internet) but also confidence in using and accessing digital services for services that residents see as official or important. They may, for example, be confident using facebook online but not so confident when it comes to paying bills or filling out forms to request services, preferring to do these on paper.

Through analysis of census returns by ward, we know that Shepway and Parkwood had the lowest percentage of online returns, suggesting that people in these areas are more likely to be digitally excluded or lack confidence online. We will use this sort of information to target digital inclusions interventions and help to where it is most needed and will have the biggest benefit.

The intended outcomes for this workstream are:

- Data is used to proactively predict where interventions can have a positive impact
- All residents and businesses have access to decent broadband
- Residents are confident/have the right skills and support to access and use digital services.

To achieve this we will:

- Use available data to understand the extent of digital exclusion in Maidstone following the impact of Covid-19 and to map the existing provision of access and support.

- Continue our work across the borough with third sector and community groups and charities to ensure people can access training and resources easily for example through our network and the community resilience fund.
- Deliver the following actions as set out in our Economic Development Strategy:
 - Ensure that local residents – in particular young people - can access skills and employability support including specific opportunities for re-training, business start-up, and developing digital/e-commerce competencies
 - Work with Kent County Council (KCC) to ensure the roll out of high quality digital connectivity across the Borough’s rural communities to facilitate access to home working, e-commerce and learning opportunities, particularly as virtual working and learning becomes a part of the ‘new normal’ following Covid-19
 - Pilot a digital inclusion programme in Maidstone to engage people with community-based learning, offering digital skills as part of a package of support based on an individual’s need)
- Take an evidence-based approach to supporting the KCC Digital Strategy on Digital Inclusion (i.e. through supporting its assessment of Maidstone’s needs with our own intelligence, Census data, LSOAs, complimentary projects that could support sustainability of funding opportunities). Funding (via KCC) is available for a number of projects that dovetail with our own ambitions
- Involve the Councillor access to services members group to keep a watching brief on digital inclusion and be the sounding board for the digital inclusion workstream

Workstream 5: Creating a digital culture across the Council

Digital is more than just technology or even having central digital and IT teams who work to improve systems and processes. Digital is about people as much as technology. It is both a corporate culture and an individual mindset, giving the ability for everyone to incorporate technology into their daily roles and take value from it and creating the conditions for genuine organisational transformation to occur.

It is important that all our people have a digital mindset and that the Council has a digital culture. We have a good track record in this and we are seeking to build on our progress to further embed digital leadership and user-focussed thinking, as well as giving our people the knowledge and skills they need to make the best use of new and existing systems.

We will continue to learn from others and will share our learning across the Mid-Kent Service partnership and in the wider public sector and digital community.

The intended outcomes for this workstream are:

- We have a visible and shared organisational vision of digital and what it takes to be a digital Council
- Our shared ICT team and Maidstone-only Transformation and Digital teams work together and with individual services to deliver true digital change
- The principles of the Local Digital Declaration are fully integrated into our decision making around systems and digital issues
- Our people have the digital skills, knowledge and confidence they need to do their jobs
- All of our staff understand services don't stay still, and constantly look for opportunities to improve service delivery
- Our senior managers are fully committed to and personify a digital mindset

To achieve this we will:

- Ensure digital is reflected in our current review of organisational culture
- Make sure communication and training is a key part of our roll-out of Microsoft 365
- Strengthen our guidance and support for teams when they procure ICT systems

- Work in the open across the Council to ensure all teams understand the improvements and innovation going on across the Council and how this could benefit their services
- Improve senior manager understanding of the Local Digital Declaration
- Identify, train and upskill a number of officers across the organisation, allowing them to support colleagues with IT systems and how to get the best out of the technology available to them
- Roll out refresher training on user-focussed service design
- Create and constantly review a roadmap of corporate technology and digital projects so our people can easily understand what is coming up and what this means for them

How we'll measure progress and success

We have listed the outcomes we want to delivery under each of the 5 workstreams. These outcomes should deliver the following benefits, which we will measure to track progress towards delivery of our digital vision.

- Higher percentage of total demand met through digital self-service, both overall and for each Council service.
- Increased capacity in the customer services team by reducing the number of customer enquiries that have to be answered by staff
- Reduced failure demand across the Council, meaning customers have to contact the Council less to report things that go wrong or to chase for progress updates
- Reduced officer time spent on back office processing, through better systems integration and automation
- Reduced paper usage, helping to meet the Council's climate commitments
- Improved customer services for those looking for the most common services, indicated by customer satisfaction
- Reduced Council carbon footprint from better use of technology and greener cloud-hosting
- Improved public opinion on how easy it is to access our services
- Happy, productive staff who have the right technology, measured by those who say they have the tools they need to do their job

Title: Digital Strategy 2022-25

Lead Officer: Georgia Hawkes

Date Completed: 13/01/22

Stage 1: Equality Impact Assessment

<p>1. What are the main aims purpose and outcomes of the Policy and how do these fit with the wider aims of the organization?</p>
<p>The digital strategy aims to move the council forward in its digital journey, which includes giving people the right digital tools to do their jobs, making the best use of information to design, monitor and improve services, designing customer-focussed and accessible services, creating a digital culture and knowledge in the council, and working with partners to tackle digital exclusion in our communities.</p>
<p>2. How do these aims affect our duty to:</p> <ul style="list-style-type: none">• Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the act.• Advance equality of opportunity between people who share a protected characteristic and those who do not.• Foster good relations between people who share a protected characteristic and those who do not.
<p>The strategy's objectives around digital inclusion will help those with protected characteristics who are more likely to be internet non-users or infrequent users (older people, those with disabilities) to have the same opportunities to interact and use online services as others. The workstream on information will help the council design better services and intervene earlier to improve outcomes for our residents. The service design workstream will ensure that everyone, will be able to easily access the council services they need.</p>
<p>3. What aspects of the policy including how it is delivered or accessed could contribute to inequality?</p>
<p>No part of the strategy should contribute to inequality. Whilst we will design services to be digital by default, other routes, mainly phone, will remain for those who cannot or do not want to use digital services.</p>

4. Will the policy have an impact (positive or negative) upon the lives of people, including particular communities and groups who have protected characteristics ? What evidence do you have for this?

The policy will not have a negative impact on groups who have protected characteristics. In fact, in some cases it should have positive impact, particularly through the work on digital inclusion.

If the answer to the second question has identified potential impacts and you have answered yes to any of the remaining questions then you should carry out a full EQIA set out as stage 2 below.

POLICY AND RESOURCES COMMITTEE

9 February 2022

Church Road, Otham Review

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Angela Woodhouse, Head of Policy, Communications and Governance
Lead Officer and Report Author	Angela Woodhouse, Head of Policy, Communications and Governance
Classification	Public
Wards affected	All

Executive Summary

The report at Appendix A sets out the findings of the review into the Church Road, Otham case following a request from Policy and Resources Committee for an independent review to identify the lessons to be learnt. Democracy and General Purposes Committee considered the report on 23 November 2021. Their recommendations are included within this report.

Purpose of Report

Decision

This report makes the following recommendations to this Committee:

Note the findings and approve the following actions:

- a) That external planning training on the officer role and role of statutory objectors is provided to Councillors appointed to Planning Committee and the Planning Referral body as part of the annual Councillor development programme.
- b) The Member development programme include training on the Local Plan and its significance.
- c) Councillors be encouraged to attend meetings of the SPI Committee on the Local Plan as well as all briefings on the plan and the planning policy team include all groups in briefings.
- d) More information be provided to the public on the planning process and how objections are considered starting with additional information on the Council's website.
- e) An annual training event be held as part of the Councillor training programme run by an external agency such as PAS on the planning process, objections and how they are weighted and considered to aid councillors in ward work.

Timetable	
<i>Meeting</i>	<i>Date</i>
Policy and Resources Committee	3 February 2021
Democracy and General Purposes Committee	10 March 2021
Democracy and General Purposes Committee	23 November 2021
Policy and Resources Committee	9 February 2022

Church Road, Otham Review

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>The report recommendation supports the achievement of the objectives by seeking to review and improve Council decision making.</p>	Angela Woodhouse, Head of Policy, Communications and Governance
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The report recommendation supports the achievement of the cross cutting objectives by seeking to review and improve Council decision making.</p>	Angela Woodhouse, Head of Policy, Communications and Governance
Risk Management	Set out in the risk section at paragraph 5.1 of the report.	Angela Woodhouse, Head of Policy, Communications and Governance
Financial	The proposals set out in the recommendation need no new funding for implementation, the additional training proposed can be met within the existing member training funding.	Section 151 Officer & Finance Team
Staffing	We will deliver the recommendations with our current staffing.	Angela Woodhouse,

		Head of Policy, Communications and Governance
Legal	The Council have power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of their functions under s111 of the Local Government Act 1972. A review seeking to improve Council decision making would be within this remit.	Interim Deputy Head of Legal Partnership.
Privacy and Data Protection	No impact	Corporate Insight, Communities and Governance Team
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment.	Equalities and Communities Officer
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	No impact.	Angela Woodhouse, Head of Policy, Communications and Governance
Procurement	No impact.	Angela Woodhouse, Head of Policy, Communications and Governance
Biodiversity and Climate Change	No impact.	Angela Woodhouse, Head of Policy, Communications and Governance

2. INTRODUCTION AND BACKGROUND

- 2.1 The Policy and Resources Committee on the 3rd of February 2021 met to consider challenging the outcome of an appeal against refusal of planning consent and an associated non-determination appeal concerning a site in Church Road Otham where the Planning Inspector decided that the proposed development should be approved.

2.2 As a result it was agreed that:

"Lessons be learned from the experience of the Church Road application; and that the terms of reference and lines of enquiry be suggested and presented to the Democracy and General Purposes Committee for consideration."

2.3 The Democracy and General Purposes Committee agreed the key lines of enquiry and scope of the review at its meeting on 10 March 2021 following a request from this Committee. An external advisor was appointed to assist the Head of Policy, Communications and Governance with the review. The external advisor, a former Head of Planning, has assisted with the report production and recommendations, having reviewed the evidence and guided the approach taken.

2.4 As part of the review a survey was carried out of all current members who had been involved in the process, the results of which are attached at Appendix B for information. A number of officers were interviewed including officers from Planning and Mid Kent Legal Services. Telephone interviews were also conducted with four councillors including the former Chairs of Policy and Resources and Planning Committees.

2.5 The report attached at Appendix A was presented to the Democracy and General Purposes Committee on 23 November 2021. The minute of the discussion is attached at Appendix C. The Democracy and General Purposes Committee's conclusion on the report was that only recommendation d) to improve information available to the public could be approved. As is evident from the debate Councillors expressed a variety of concerns about the issue and did not accept all of the report's findings.

3. AVAILABLE OPTIONS

3.1 The report at Appendix A was commissioned as an independent report and is presented for consideration of the findings and recommendations. The Committee has several options available:

1. Accept all or any of the Recommendations
 2. Reject all the Recommendations
 3. Accept recommendation d) as per the direction given by Democracy and General Purposes Committee
 4. Request additional action
-

4. PREFERRED OPTION

- 4.1 As expressed at the Democracy and General Purposes Committee meeting in November many Councillors are very experienced and have a great deal of knowledge of planning. The recommendations in the report seek to bolster this knowledge and training for all Councillors. This extends to include matters of individual roles and responsibilities, as well as the statutory and regulatory frameworks within which the system operates.
- 4.2 In addition, Councillor and public engagement at all stages of the planning process could potentially be strengthened, and more information made available on the Council website, particularly in matters which are high-profile or locally contentious.
- 4.3 The recommendations proposed should assist in providing a greater overall understanding of the planning system and in how applications should be considered.
- 4.4 The report at Appendix A includes a set of recommendations. The Committee is asked to consider and approve all the recommendations as per Option 1 above on the basis that they all have merit and would enhance the planning process.
-

5. RISK

- 5.1 The purpose of the review was to identify lessons learnt and improvements which should mitigate risk in respect of future planning decisions.
-

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Democracy and General Purposes Committee were consulted on the scope of the review following other Councillors' input in March of this year. The minute concerning their consideration of the final report is attached at Appendix C.
- 6.2 The review includes feedback from various stakeholders as agreed with Councillors.
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Any actions approved will be taken forward by officers.
-

8. REPORT APPENDICES

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

- Appendix A: Review into Church Road Otham
 - Appendix B: Councillor Survey Results
 - Appendix C: Minute of Democracy and General Purposes Committee
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9. BACKGROUND PAPERS

Planning Committee 24 October 2019:

- 19/501600/OUT Land West Of Church Road, Otham, Kent, ME15 8SB

Planning Committee on 28 May 2020:

- 19/501600/OUT - Land West Of Church Road, Otham, Kent, ME15 8SB
- 19/506182/FULL - Land West Of Church Road, Otham, Kent, ME15 8SB

Planning Committee 25 June 2020:

- 19/501600/OUT & 19/506182/FULL - Land West Of Church Road, Otham, Kent

Planning Referral Body 13 July 2020:

- Planning Applications 19/501600/OUT & 19/506182/FULL - Land West of Church Road, Otham, Kent, ME15 8SB

Policy and Resources Committee 3 February 2021:

- Review of Planning Inspectorate Decisions – Church Road, Otham

Church Road, Otham Review

1. Introduction

- 1.1. This review was commissioned by the Policy and Resources Committee on the 3rd of February 2021:

"Lessons be learned from the experience of the Church Road application; and that the terms of reference and lines of enquiry be suggested and presented to the Democracy and General Purposes Committee for consideration."

- 1.2 The scope for the review was developed to explore the concerns of Councillors with a view to any lessons and recommendations for change being applied to improve processes in the future. Care has been taken not to stray outside of the concerns relating to this case into a broad review of the planning process.
- 1.3 The key lines of enquiry and approach to this review were agreed by Democracy and General Purposes Committee as set out below:

Lines of enquiry:

- Whether Officer advice to Members was appropriate (throughout the process).
 - Whether the Local Plan site criteria were adhered to at all stages of the planning process regarding this site.
 - The understanding and consideration of the objectors concerns.
 - Should consideration have been given to applying 'Grampian conditions' in this case.
 - The significance of Statutory Consultee objections (mainly Highways) and the evidence needed to counteract this.
 - Whether ward member involvement was sufficient and any improvements that need to be made.
 - The transparency of the process.
 - And from the above the lessons learned and what measures are needed to stop a similar situation arising.
- 1.4 As part of the review several Councillors who were involved in making the decisions have been interviewed, a survey was sent to those Councillors still on the Council who were on the Planning Committee, the Planning Referrals Body and the Ward Councillor and interviews were carried out

with Legal and Planning Officers with questions based on the lines of enquiry.

- 1.5 I was also assisted during the course of the review by an independent planning expert Mr Raymond Crawford a Planning Consultant working with the Planning Advisory Service and former Head of Development Management.

2 **Timeline**

- The outline application was originally reported to Planning Committee on 24 October 2019 where officers recommended approval as set out in the report.
- Planning Committee deferred consideration of the application for the following reasons:

1. That consideration of this application be deferred for further discussions to:

- *Seek to remove the proposed car park for the Church from the scheme;*
- *Seek to (a) amend the Parameter Plan to provide a greater amount of wooded open space at the southern end of the site to protect the Ancient Woodland and create a sustainable open space and (b) to amend conditions 4 and 7 to require woodland planting to restore and protect the Ancient Woodland and enhance the landscaping around the Church;*
- *Seek to resolve the outstanding issues relating to improvements to the Willington Street/Deringwood Drive junction;*
- *Give further consideration to the impact of the development on the Spot Lane junction and possible mitigation;*
- *Investigate the potential widening of Church Road to the south of the site where this would not involve the loss of Ancient Woodland; Seek to optimise the amount of renewable energy generated on site (to avoid use of fossil fuel heating); and*
- *Seek further clarification of the surface water drainage scheme and how it can be satisfactorily accommodated within the development layout.*

2. That the Ward Member, Downswood and Otham Parish Councils and the Chairman, Vice-Chairman and Political Group Spokespersons of the Planning Committee are to be involved in these discussions.

- The outline application was reported back to Planning Committee on 28 May 2020 along with the full application. Contrary to the recommendation of the Head of Planning and Development, the Committee voted to refuse both applications for 3 reasons:

Ground 1 On Both Applications (Severe Traffic Congestion & Air Quality)

1. The proposal will result in severe traffic congestion on local road networks (Deringwood Drive, Spot Lane, Mallards Way and Madginford Road) and the increase in traffic will adversely affect residents to the point that air pollution is beyond what is reasonable for the Council to accept contrary to Policies H1(8) criteria 9, DM1 and DM6 of the Maidstone Borough Local Plan 2017.

Ground 2 On Both Applications (Highway Safety on Church Road to the South of the Site)

2. The proposal will result in worsening safety issues on Church Road to the south of the site which has not been addressed and due to the constraints of the road likely will never be able to be addressed contrary to policy DM1.

Ground 3 On Both Applications (Harm to the Setting of Listed Buildings)

Outline

3. The proposal will adversely affect the settings of the Grade I listed Church and other listed buildings contrary to Policies SP18 and DM4 of the Maidstone Borough Local Plan 2017 where the development will not be protecting or enhancing the characteristics, distinctiveness, diversity and quality of the heritage assets.

Full

3. The proposal will adversely affect the settings of the Grade I listed Church and Grade II listed Church House contrary to Policies SP18 and DM4 of the Maidstone Borough Local Plan 2017 due to the visual effect of the whole development in both long and short-term views and the development will not be protecting or enhancing the characteristics, distinctiveness, diversity and quality of the heritage assets.

- In the view of the Head of Planning and Development, in consultation with the Legal officer present, those reasons would not be sustainable at appeal and would more likely than not cause significant costs to be incurred. Therefore, in accordance with the constitution, the decisions of the Planning Committee were deferred to its next meeting on 25 June 2020.
- The applicant lodged an appeal for non-determination with the Planning Inspectorate (PINS) on 11 June 2020 for the outline application which means that the decision on the application sat with PINS and not the Council. Any decision made by Members on this application was now to inform PINS what decision the Council would have made.

- At the Committee meeting on 25 June 2020 Members resolved to refuse (or in the case of the outline indicate it would have refused) both applications for the following two reasons:
 1. ***Whilst mitigating increased traffic congestion on Deringwood Drive, the proposed improvements to the Deringwood Drive and Willington Street junction will result in severe traffic congestion on Willington Street contrary to policy DM21 of the Maidstone Borough Local Plan 2017 and Paragraphs 108 and 109 of the National Planning Policy Framework.***
 2. ***The proposal will result in worsening safety issues on Church Road to the south of the site which have not been addressed and due to the constraints of the road are likely to not be addressed by the application proposals and the mitigation proposed is not sufficient to overcome the safety concerns contrary to policy DM1 of the Maidstone Borough Local Plan 2017 and Paragraphs 108 and 109 of the National Planning Policy Framework.***
- The Head of Planning and Development on the advice of the Legal Officer present and in consultation with the Chairman, referred both applications to the Policy and Resources Committee as the Planning Referral Body for determination.
- The Policy and Resources Committee convened as the Planning Referral Body on 13 July 2020 and resolved that permission be refused for the same reasons given at the Planning Committee contrary to the recommendation of the Head of Planning and Development.
- The Inquiry was held by the Planning Inspectorate on 23-27 November 2020 and 30 November 2020. With the Planning Appeal decisions made on 7 January 2021. The Inspector found that:
 - Whilst there would be an impact on congestion that this would not constitute a conflict with Policy DM21 of the Local Plan. Furthermore, the potential congestion that would be caused to Willington Street would not be of an extent that can be considered to constitute a severe residual impact in the context of paragraph 109 of the NPPF.
 - That the proposed developments would not demonstrably cause worsening safety issues on Church Road to the south of the site. Consequently, the proposals would not have a material detrimental effect on the safe and efficient operation of the highway network in the vicinity of the appeal site. As such there would be no conflict with the relevant policies contained within the Local Plan.

The Planning Inspector made the following decisions:

Appeal A

1. The appeal is allowed, and outline planning permission is granted for up to 440 residential dwellings, with associated access, infrastructure, drainage, landscaping, and open space. Access to be considered in detail and all other matters reserved for future consideration at Land West of Church Road, Otham, Kent ME15 8SB in accordance with the terms of the application, Ref 19/501600/OUT, dated 27 March 2019, subject to the conditions set out in the attached schedule.

Appeal B

2. The appeal is allowed and planning permission is granted for residential development for 421 dwellings with associated access, infrastructure, drainage, open space and landscaping at Land West of Church Road, Otham, Kent ME15 8SB in accordance with the terms of the application, Ref 19/506182/FULL dated 6 December 2019, subject to the conditions set out in the attached schedule.

Application for costs

3. At the Inquiry an application for costs was made by Bellway Homes Limited against Maidstone Borough Council in relation to both appeals. That application is the subject of a separate Decision.
- On 7 January 2021 the cost decision was issued allowing for a partial award of costs against the Council.
 - Policy and Resources Committee on 20 January 2021 agreed a motion for a legal opinion to be obtained regarding whether there was a prospect of the Council successfully challenging the Inspector's decision concerning the two planning appeals relating to land west of Church Road, Otham in the High Court.
 - On 3 February 2021 the Policy and Resources Committee met and considered that advice and it was agreed that legal proceedings against the inspector's decisions would not be pursued. The Committee did request a review of the whole process to identify any lessons for the future, resulting in this report.

3. Findings based on Key Lines of Enquiry

Whether Officer advice to Members was appropriate (throughout the process)

- 3.1 The Member survey and interviews carried out with Councillors has identified that there are mixed views on the role of planning officers with some councillors identifying that planning officers should have given more weight to the objections raised by the highways authority and done more to support the committee in its objections and others stating that the advice was professional and appropriate throughout.
- 3.2 There appears to be some confusion as to the role of planning officers in assisting the Committee when formulating grounds for refusal – which go against their own recommendation and professional judgement. Officers who are chartered town planners are subject to the Royal Town Planning Institute (RTPI) Code of Professional Conduct, the RTPI code of conduct is clear in respect of this within the section on independent professional judgement that:
- "11. Members must exercise fearlessly and impartially their independent professional judgement to the best of their skill and understanding.*
- 12. Members must not make or subscribe to any statements or reports which are contrary to their own bona fide professional opinions, nor knowingly enter into any contract or agreement which requires them to do so."*
- 3.3 The Planning Officer was clear on how the highways objections had been considered and set this out verbally and in his reports to the planning committee, see the later section on statutory objections.
- 3.4 The Head of Mid Kent Legal Services Partnership identified that the guidance to Members at committee meetings was that refusal would expose the Council to a high likelihood of legal challenge because the grounds to be relied upon were not as robust as the grounds to be relied upon for the application to be approved. The position of Officers is to ensure that the best interests of the Council are maintained and to ensure that the Council discharges its statutory duties appropriately and lawfully. The Planning Committee indicated that the application be refused based on particular grounds, in particular the highway objections. To protect the Council, the Planning and Legal Officers advised the Planning Committee and assisted with the formulation of grounds of refusal to avoid the Council being exposed to significant risk.
- 3.5 Officers in this case have given correct advice which was later supported by two different external Counsel's advice and ultimately proved to be correct as evidenced by the decision by the Planning Inspector. From the evidence available I believe they acted in accordance with their codes and statutory

obligations. The opinions expressed by Councillors demonstrate the challenge of the Planning Officer role when dealing with a contentious site with strong public opposition and objections from the Highways Authority that as found at appeal lacked the evidence to be substantiated.

Recommendation

- a) That external planning training on the officer role and role of statutory consultees is provided to Councillors appointed to Planning Committee and the Planning Referral body as part of the annual Councillor development programme

Whether the Local Plan site criteria were adhered to at all stages of the planning process regarding this site

- 3.6 Church Road, Otham is one of five sites set out in Strategic Policy 3 of the Local Plan for a south east strategic development location. The specific policy H1(8) allocates the site for 440 homes and requires inter alia strategic highway improvements to the local road network (notably Sutton Road and Willington Street) as well as site specific improvements. Allocation of this site was considered by Maidstone Borough Council through the Local Plan making process including being fully considered at the Examination in public; although not supported by all Councillors it was formally adopted as a site allocation by this council through a decision of Full Council and forms part of the Local Plan adopted in 2017.
- 3.7 The Inspector's decision is clear that the schemes are not in contravention of the Local Plan as taken from the appeal decision report:

"Whilst there would be an impact on congestion that this would not constitute a conflict with Policy DM21 of the Local Plan."

"I do not consider that the proposed developments would demonstrably cause worsening safety issues on Church Road to the south of the site to the extent that both these appeals should be dismissed. In light of this conclusion, I do not consider that there would be conflict with Policy DM1 of the Local Plan."
- 3.8 The reports to the Planning Committee for outline permission and the full application included detail on compliance with the Local Plan.
- 3.9 Feedback from Councillors in interviews and in response to the survey indicated that there appears to be doubt in some Members' minds as to whether this site should ever have been included in the local plan and the implications of that inclusion.
- 3.10 There were also some concerns expressed by Councillors at Committee meetings that the Local Plan was out of date. This also came out in the survey responses:

"As explained above the Officers appeared to be too committed to decisions taken in the Local Plan which were now five years old"

The Inspector's appeal decision report at para 16 identifies that:

"In adopting the Plan that provided for the allocation of the appeal site, the Council were aware of the impact of development on the local highway network. No substantive evidence was provided in the Inquiry to identify what is different in terms of envisaged traffic flows in 2020 from when the Council decided that the site was suitable for up to 440 dwellings in 2017."

And at para 28:

"The main parties agree that the Council can demonstrate a 5 year supply of land for housing.¹ This being the case, none of the relevant policies in the recently adopted development plan can be considered as being out-of-date. Paragraph 11 (d) of the NPPF is therefore not engaged."

The Local Plan was adopted in 2017, it is a forward looking document setting out plans for the Borough up to 2031. As the Inspector points out, the policies could not be regarded as out of date at the time of the decision. The plan would only become out of date if there was a significant change in national policy set out in the National Planning Policy Framework or as a new Local Plan neared adoption.

- 3.11 Following the adoption of the last Local Plan and prior to the current Local Plan review starting, a review was undertaken with Councillors on the lessons learnt. These lessons informed the Local Plan Review and has resulted in a different spatial strategy. It is apparent from the member responses and the dialogue at committee meetings further training and involvement of all Councillors in the local plan process would be beneficial.

Recommendations

- b) The Member development programme include training on the Local Plan and its significance.
- c) Councillors be encouraged to attend meetings of the SPI Committee on the Local Plan as well as all briefings on the plan and the planning policy team include all political groups in briefings.

The understanding and consideration of the objectors' concerns

- 3.12 At each stage of committee consideration objectors' concerns were reported and considered as evidenced in the reports to Planning Committee. On 24 October 2019 objections were included in the report from:

- Statutory consultees
- Otham Parish Council
- Downswood Parish Council
- Bearsted Parish Council
- Local residents (399 – representations)
- Councillors - the ward councillor Cllr Newton and Councillor McKay.

The reports submitted to Planning Committee following the deferral from October on 28 May 2020 included further objections from a range of local representatives including parish councils, resident's associations, county councillors, and residents, representations were also read out from various objectors and visiting members also gave their representations.

3.13 It was identified from interviews with Councillors that training for all Councillors not just planning committee members would aid those wishing to object to planning applications and promote a greater understanding of the process for how objectors' concerns are considered. The Planning Officer identified that a large volume of objections does not result in greater weight given and objections are considered based on material planning considerations.

"A material planning consideration is one which is relevant to making the planning decision in question (e.g. whether to grant or refuse an application for planning permission).

*The scope of what can constitute a material consideration is very wide and so the courts often do not indicate what cannot be a material consideration. However, in general they have taken the view that planning is concerned with land use in the public interest, so that the protection of purely private interests such as the impact of a development on the value of a neighbouring property or loss of private rights to light could not be material considerations."*¹

3.14 The planning reports and committee meetings demonstrate that objections were considered. Most Councillors who responded to this matter via a survey or interview confirmed they felt they had been fully considered.

3.15 In this case the role of the Highways Authority and their objection, this has greatly affected the decisions made and this is explored later in the report.

3.16 When considering objections, the former Planning Committee Chairman identified that it would be beneficial if more members beyond those on the planning committee had planning training particularly to aid them in their ward councillor role. It is evident that the Council should provide more information to the public and councillors on the planning process and in particular the consideration and weight given to objections.

¹ <https://www.gov.uk/guidance/determining-a-planning-application#how-decisions-on-applications>

Recommendations:

- d) More information be provided to the public on the planning process and how objections are considered starting with additional information on the Council's website.
- e) An annual training event be held as part of the Councillor training programme run by an external agency such as PAS on the planning process, objections and how they are weighted and considered to aid councillors in ward work.

Should consideration have been given to applying 'Grampian conditions' in this case.

*"This expression derives from the decision in Grampian Regional Council v City of Aberdeen (1984) and in essence it provides that a condition precluding the implementation of development permitted by a planning permission until some step has been taken is valid."*²

3.17 The argument for Grampian conditions is closely linked to the reasons for refusal and was suggested to overcome the concerns raised by the Highways Authority. The Planning Officer advised that in this case Councillors may have been seeking to put in place conditions relating to highways improvements that must be in place prior to development commencing, however, Grampian conditions must be reasonable. In the case of this site the highways improvements required were not the responsibility of the developer or in their control so a Grampian condition would not have been reasonable.

3.18 Paragraph 55 of the National Planning Policy Framework makes clear that planning conditions should be kept to a minimum, and only used where they satisfy the following tests:

- Necessary;
- Relevant to planning;
- Relevant to the development to be permitted;
- Enforceable;
- Precise; and
- Reasonable in all other respects.

3.19 In this case it's a question of what is the absolute minimum that is required that is "relevant to the development to be permitted" and would therefore be considered reasonable. In this instance the Inspector was of the view that the improvements that were included were sufficient to address the issues resulting from the development. A Grampian condition cannot be used to address pre-existing situations or to deal with possible future developments. The Community Infrastructure Levy enables authorities to

² <https://www.planningofficers.org.uk/uploads/news/UseOfGrampianConditions.pdf>

properly develop infrastructure in a planned way, rather than relying on piecemeal site by site works.

3.20 While the Inspector's conclusion was that proposed improvements were sufficient it should be noted that some junction improvements related to the appeal have been made the subject of a Grampian condition.

3.21 I do not believe that the type of Grampian conditions potentially sought in relation to highways improvements would have been reasonable in this case as they are outside of the developers control and include other strategic site improvements which sits with the Highways Authority to deliver.

The significance of Statutory Consultee objections (mainly Highways) and the evidence needed to counteract this.

3.22 Councillors identified that they believe planning officers should have given more weight to the Highways Authority's objection see quote from councillor survey below:

"There was insufficient support from our Officers when it became clear that Members wanted to accept the advice of KCC (Highways) and refuse the application on solely highways grounds rather than accept their advice and grant permission contrary to the advice of KCC (Highways). Our Officers should have been prepared to provide what I would call 'alternative advice' to Members on how they could proceed to refuse the application on highway grounds as recommended by KCC (Highways)."

3.23 The Planning Officer has identified that they give considerable weight to objections raised by statutory consultees and to depart from that objection would require compelling reasons. They have demonstrated this in their reports to committee. The first report to committee outlined the objections from the Highways authority (KCC) and his professional opinion that whilst objections had been raised these were not supported:

"Essentially, the Highways Authority does not consider that the junction and public transport improvements outlined in the Local Plan, and to which monies have been secured, are sufficient to mitigate the impact of the development. This is the same position that was taken under the previous planning applications and at the Local Plan Inquiry by the Highways Authority. So this argument has been tested through planning applications and importantly through an Examination in Public... the mitigation measures are considered sound and are within the adopted Local Plan. On this basis, it is considered that the Highway Authorities objection is not reasonable grounds to refuse planning permission and could not be defended at appeal."

3.24 This advice was correct as independently corroborated and confirmed by the Inspector's decisions.

- 3.25 In the interviews with Councillors and Officers a view has been expressed that it is unusual for the Highways Authority to raise objections and this added additional weight to the objections for Councillors. From reviewing the webcast for planning committee meetings, it is clear some Councillors present identified that as a statutory consultee the objections from KCC must be upheld going against the officer advice. The Planning Officer in his introduction on the outline planning application report in reference to the reasons for deferral stated: "I would reiterate refusal on grounds of congestion on the A229 and A274 and Willington street would be unreasonable and inconsistent as the impact on the south east local plan Maidstone sites including this site has recently been deemed acceptable by the council subject to monies towards mitigation under other planning applications where we assessed cumulative impacts and importantly also by the local planning inspector." Then in response to a question from a planning committee member on overriding a statutory consultee's objection, the officer responded: "in terms of statutory consultees we must give their objections or their views considerable weight but that doesn't mean you can't come to a different view as long as you give clear reasons for doing that." And further "our view is that with a roughly 14% over capacity junction, that is not severe impact and I think that the main point is this goes back to the south east sites, where we accepted, planning committee accepted, officers accepted less than two years ago that sites were granted along the Sutton road within those traffic assessments this site was included so we accepted the cumulative impact of all those sites on the A274, A229 and Willington street was acceptable so we're advising it would be unreasonable now to reach a different view. Councillor Eves referred to that being a number of years ago, well the traffic assessments actually look forward, they go up to 2029 in this application, so it does go into the future, we're basically saying we do not consider it to be severe it is the same position we have consistently taken, and we think there is sufficient grounds for that and to disagree with Highways as the statutory consultee in this case."
- 3.26 The highways objections eventually formed the basis of the decisions for refusal that were considered at Appeal. The Planning Committee Chairman identified that in his opinion the objection from KCC was worth testing as new local issues were raised. However, KCC failed to provide the local evidence needed to substantiate their objections as evidenced in the report and decision of the planning inspector. The Council should reflect on the position it was placed in

"The appeal schemes do not propose anything different to the form of development required by Policy H1(8) of the Local Plan in respect of the location, quantum or the position of the access. Other than the effect on traffic flows that was predicted to occur as a consequence of the development of the SEMSDL sites, no evidence was presented by the Council (i.e. KCC) to suggest that there has been a fundamental change in the traffic data or highway conditions in the Borough since the Local Plan was adopted only three years ago when the traffic implications of the SEMSDL for the plan period to 2031 were comprehensively assessed."

Revised highways modelling was provided for the appeals, however Kent County Council did not quantify or identify a threshold at which impact was severe.

3.27 In considering the lessons learnt from this aspect of the case it is worth referencing the RTPI code again. I have reached the conclusion that there needs to be training on this aspect of the code and also the role of statutory consultees:

“11. Members must exercise fearlessly and impartially their independent professional judgement to the best of their skill and understanding.

12. Members must not make or subscribe to any statements or reports which are contrary to their own bona fide professional opinions, nor knowingly enter into any contract or agreement which requires them to do so.”

Recommendation

- a) That external planning training on the officer role and role of statutory consultees is provided to Councillors appointed to Planning Committee and the Planning Referral body as part of the annual Councillor development programme

Whether ward member involvement was sufficient and any improvements that need to be made.

3.28 Having considered the evidence and spoken to planning officers the usual processes were followed in respect of this. The ward member has taken every opportunity available to present and make known their concerns with the application, including at the appeal stage. Having been contacted by Cllr Newton as part of this review he continues to express concerns particularly about the heritage aspects of the site.

3.29 In the planning application process the roles of Ward Councillors and Committee Members are quite distinct. A Ward Member is free to advocate on behalf of the views of their residents, whatever they may be. When determining an application, Committee Members are bound by planning law, and can only consider material planning considerations, and adopted policy. The same applies to a Planning Inspector at appeal. In this instance it seems to me that Committee Members and the Inspector considered the representations made by the Ward Member as far as they were able.

The Transparency of the Process

"Planning decisions are based on balancing competing interests and making an informed judgement against a local and national policy framework in the wider public interest. Planning affects people's lives and land and property

interests, particularly the financial value of landholdings, and the quality of their settings. Opposing views are often strongly held by those involved. Whilst councillors must take account of these views, they should not favour any person, company, group, or locality, or appear to be doing so. Decisions need to be taken in the wider public interest on what can be controversial proposals.”³

3.30 I cannot identify any inappropriate conduct in respect of transparency. Increased training and public information about planning would help promote transparency in a very technical legislatively bound process. The Planning Advisory Service have developed advice for Councillors and Officers making planning decisions which is quoted above, it would be beneficial to include this in the training given to members and a link in guidance for new councillors.

4. Lessons Learnt

Statutory Objectors

4.1 The views submitted by the Highways Authority were accepted despite officers’ advice that the conclusions reached by the Highways authority were unreasonable. Several factors influenced this including the weight of public objection and the rare instances where the Highways Authority object on planning applications. It should also be noted that the risk and cost of agreeing with the objections sat with Maidstone Borough Council not Kent County Council.

Planning Officer and Planning Committee Roles

4.2 During this process there were misplaced expectations in relation to the Planning Officer’s role and that of the Committee when making planning decisions that are against the recommended action.

4.3 Greater understanding of the planning system for all councillors would be beneficial.

Local Plan

4.4 From reviewing the evidence, meetings, and the comments on the survey there was a lack of understanding of the Local Plan, this can be seen in the assertion that the traffic modelling must be out of date as it was completed for the Local Plan agreed in 2017. Coupled with the lack of understanding is a lack of involvement by all Councillors in the development of the Local Plan.

“It is vital that sufficient care is taken with selecting sites for the Local plan, that officers work as closely and as openly as possible with members, KCC and other consultees including parishes, to make sure

³ <https://local.gov.uk/publications/probity-planning-advice-councillors-and-officers-making-planning-decisions>

everyone understands their obligations and legal requirements”

“Members have to fully understand and accept the legal status of the local plan: it is the basis upon which we consider applications. You can't just change the goal posts after a couple of years. If a site is in the Plan, that is it, there is no going back. This is fundamental to planning training and is the simple principle that was ignored in consideration of this application.”

-As taken from the Member survey

Quality of Advice and Support

- 4.5 Events have shown that the officer and external counsel advice was sound in relation to this decision. For the officers concerned this involved giving professional advice which contradicted the wishes of some Councillors and the importance of speaking truth to power should not be underestimated.
- 4.6 It is also worth referencing again the requirement for both Planning and Legal Officers’ to comply with codes of practice and professional standards. This case led to some behaviours that directly challenged those officers outside of the standards expected. The constitution in Part 4.3 Protocol on Councillor/Officer Relationships sets out within the Officer role at 4.4 “officers have various roles depending on their job. These include giving professional or technical advice, undertaking professional, technical or other jobs and managing other officers.” Furthermore at 4.9 “As well as following the officers’ code of conduct at part 4.6 of the constitution, an officer may also be subject to the rules and codes of conduct of her/her own particular profession.” The Council also has in place a code of conduct for Councillors which states a number of general obligations expected of Councillors in relation to behaviour when in office.
- 4.7 In summary the Councillor / Officer Protocol requires officers to provide technical guidance to Members and for Members to make decisions on an informed basis to avoid compromising the Council’s position. On occasions the technical/legal guidance may be contrary to the councillor desired outcome. However, the Council is obliged to comply with legal requirements, failing which significant costs will be incurred in responding to Legal challenges.

5 Conclusions

- 5.1 The overriding conclusion I have drawn is that there is clear scope for a more comprehensive programme of training for all Councillors on matters relating to planning and planning applications. This extends to include matters of individual roles and responsibilities, as well as the statutory and regulatory frameworks within which the system operates.
- 5.2 Councillor and public engagement at all stages of the planning process could potentially be strengthened, and more information made available on the Council website, particularly in matters which are high-profile or locally contentious.

- 5.3 Officers, and the role they play in advising Committee, are regulated by their codes of conduct. They have a very limited ability to 'assist' Councillors in formulating reasons which go against their professional judgment or opinion.
- 5.4 The recommendations proposed in the main body of the report should assist in providing a greater understanding of the planning system and in how applications should be considered.

Church Road Otham – Planning Review – Member Feedback

The survey was sent out to current Councillors who had participated in the process as committee members and to the ward Councillor.

A total of seven feedback responses were received.

- Three from Members of Planning Committee.
- Three from Policy & Resources Committee (acting as the Planning Referral Committee).
- One from a member that was on both committees.

Planning Committee Only Questions

Question: As a planning committee member what went well with how this application was processed, what could have been improved? – 3 responses.

Nothing went well with this application. It should never had to go to 3 committees before finally going to appeal. This site should never have been included in the 2017 Local Plan which was one of the reasons that it was impossible to overturn.

A lot of pressure was put on Members. Officers put too much emphasis on the Local Plan and did not take into account that a lot had happened since.

The Officers' reports were as comprehensive as ever and reflected their sincere professional advice on the planning issues concerned. The key difficulty was that Members were not prepared to accept their advice in relation to the highway implications of the application where KCC (Highways), our Statutory highway advisors, had provided advice contrary to that of our own Officers. In the light of Members' feelings on these highways issues, our Officers should have been prepared to help Members draft reasons for refusal based on the advice of KCC (Highways) rather than refusing to help by insisting that their highways advice was correct and that KCC (Highways) advice was wrong. It is for Members to decide whether to go with the advice of our own Officers or that of KCC (Highways).

Question: Do you understand your role as a planning committee member and the role of planning officers? Do you have any concerns about this? – 4 responses.

I do understand the differing roles. I do think that the planning officers need to take much more notice of local residents views when it comes to Highways issues as the residents have to deal with the eventual outcome if the decision goes against their views.

Yes; we generally work well together and there is a very good relationship. But this case felt different there was, as stated above, a lot of pressure for Members too agree this application despite the strongly held views and local knowledge of Members.

I think that I fully understand the roles of Officers and Members. I have no concerns about their roles except in relation to what I say in Q7.

Yes I understand my role and that of the planning officers.

Question: Was there sufficient support from officers throughout the process? If no at what points and how could it be improved? – 4 responses

I think that the officers should have given far more weight to the highways issues at the beginning of the planning process and liaised with KCC highways to ensure that this development did not go ahead.

Church Road Otham – Planning Review – Member Feedback

As previously stated I believe we have a good working relationship. But in this case the Officers seemed committed to getting the application approved, which meant that defending the application at appeal more difficult. The Officers seemed to be too committed to the Inspector's decision in the Local Plan and not taking into account what had taken place since as well as the position of Kent Highways.

There was insufficient support from our Officers when it became clear that Members wanted to accept the advice of KCC (Highways) and refuse the application on solely highways grounds rather than accept their advice and grant permission contrary to the advice of KCC (Highways). Our Officers should have been prepared to provide what I would call 'alternative advice' to Members on how they could proceed to refuse the application on highway grounds as recommended by KCC (Highways). At Planning Committee meetings when James Bailey sees that Members are moving towards not accepting his advice on an application, he uses the following words to provide 'alternative advice': 'If Members want to go down that route, I would recommend'. Sometimes this 'alternative advice' convinces Members that his initial advice is correct; sometimes it convinces them that it was not and they proceed to make a decision contrary to his initial advice. The key issue is that 'alternative advice' is provided and it is then up to Members to decide which advice to take. This did not happen with the Church Road application when Officers stuck rigidly to their initial advice and refused to supply 'alterative advice' to Members.

We were well supported

Referral Committee Only Questions

Question: Did you understand your role when acting as the planning referral body? - 4 responses.

Yes

Yes

yes

Yes; I am a Member of Policy and Resources Committee but as I am also a member of the Planning Committee I did not take part.

Question: Do you understand your role as a member of the planning referral body and the role of planning officers? Do you have any concerns about this? – 4 responses.

Yes

Having served on the referral committee before I feel I had the skills to inform my decision.

yes. I have no concerns. The roles are clear, distinct and separate

I am concerned at the way this is used. I believe two meetings of the Planning Committee should have been enough. The Planning Committee is a statutory committee and I believe having a referral body made up of Members who are less expert undermines its authority.

Question: Did the advice and support from Officers meet your expectations, if not please explain how

Yes

Yes

Yes. Officers are paid professionals employed by the Council. Their role is to provide members with professional, unbiased advice and to respond to any questions with honesty, factually, and in the light of their professional opinion and experience.

Not in this case, as explained above.

Church Road Otham – Planning Review – Member Feedback

Question: What went well? What could have been improved? – 4 responses
It seemed ok
Overall the process went well. Not sure how improvements could be made considering the protocols we have to work under.
The Council's processes and procedures were carried out properly. Officers were professional at all times. Members of the Planning Committee needed - their understanding of the legal status of the Local Plan improved - their obligation to adhere to / abide by the Local plan to be improved
It did not go well. The positions became rather adversarial. As explained above the Officers appeared to be too committed to decisions taken in the Local Plan which were now five years old.

Do you think the process was transparent, if no how could it have been improved? – 4 responses
Yes
Yes
Yes it was as transparent as it could be in the circumstances
Yes

Planning Committee & Referral Committee Questions

Question: Do you believe you have a good knowledge and understanding of the Local Plan and associated documents and how that applied to this application? – 7 responses
Fairly good.
Reasonable
Yes
yes
Yes
Yes.
Yes. There was also a great deal of discussion/debate during all the Planning Committee meetings held to decide this application. I also have a very well thumbed copy of the current Local Plan to which I refer for guidance.

Was there effective communication between Councillors and Officers and vice versa regarding the application? – 7 responses
I do not know the answer to this question.
Reasonable
I was happy with the communication.
Yes as far as I was concerned.
There was. a lot of discussion but Officers seemed to be committed to achieving approval.
I don't think there was effective communication between Officers and Members at Planning Committee meetings - otherwise we would not be where we are now. As I was just a Planning Committee member, I do not know what communication would have gone on 'behind the scenes'.
Yes

What did you think of the advice given by statutory consultees? -7 responses

Church Road Otham – Planning Review – Member Feedback

I think that KCC should have been far more forceful in their opinion and that more supporting evidence should have been obtained by them in order to have strong and relevant reasons for this application to be turned down by the inspector at appeal.
Biased towards approval, but not surprised
We have to expect statutory consultees opinion this professional advice
The advice given by KCC Highways was inappropriate, misleading, and inconsistent with their views when the site was first put in the Local Plan. They went off at a tangent, introducing opinions that were not strictly relevant to the actual requirements/policies stated in the Local plan
We agreed with Kent Highways who were the experts. Unfortunately the Inspector didn't.
Their advice was sound.
On the whole advice given by statutory bodies was constructive. I do think that perhaps, hindsight being a wonderful thing, we should have placed more emphasis on some of they concerns raised.

Question: Do you feel you understood the objectors concerns and that these were taken into account? – 7 responses

I understood their concerns but on the matter of Highways they were not taken into account.
Yes
I understood these concerns as I do on other matters and these are always taken into account.
Yes, I fully understood and deeply sympathised with the objectors
I totally understood the objectors' concerns but I don't think they were properly taken into account, especially by the Inspector.
I understood the objectors' concerns and considered that they were all fully taken into account.
I read all the objectors correspondence and understood their concerns and these were argued/debated thoroughly at committee.

What lessons should we learn from this application? – 7 response

Make sure that any site put into the local plan is scrutinised to the last degree and that any highways objections are really taken seriously and upheld at inspection.
Spend more time and listen
I do feel 'we' (officers & members) carried out the process the best we could and by the book. Every application such as this is very difficult for everyone to grasp including the public perception of procedures. We can only work with the tools we are given under the law as it currently stands.

Church Road Otham – Planning Review – Member Feedback

1. There was nothing wrong with the application itself. It was well thought through and fully complied with the requirements set out in the Local Plan. Unfortunately it was in the wrong location but that was not the applicants fault, it was our fault. This site should never have been put in the Local Plan in the first place. At that time, we were all under pressure to meet the housing need, Highways were being grossly unhelpful, Members were screaming not to have development in their back yard. We were lucky to get the plan adopted at full council, and some members moan to this day that they don't agree with it.
2. It is vital that sufficient care is taken with selecting sites for the Local plan, that officers work as closely and as openly as possible with members, KCC and other consultees including parishes, to make sure everyone understands their obligations and legal requirements
3. Members have to fully understand and accept the legal status of the local plan: it is the basis upon which we consider applications. You can't just change the goal posts after a couple of years. If a site is in the Plan, that is it, there is no going back. This is fundamental to planning training and is the simple principle that was ignored in consideration of this application.

We should be very sparing in the use of the Planning Referrals Committee. In fact I would ask that this is looked at again. Members of this Committee are not in a better position to contradict the views of the Planning Committee. Officers need to understand better local issues like this which are very sensitive, especially where there are clearly major traffic issues and sensitivity regarding heritage buildings.

That Officers should be prepared to provide 'alternative advice' to Members whenever their initial advice is unacceptable to them. This 'alternative advice' may convince Members that the Officers' initial advice is, in fact, correct or convince them it was not. Whatever; it is for Members to decide.

I honestly think more time could have been devoted to assimilating our evidence when the application was deferred and thereafter when it was refused. Given some of the Inspectors comments following the appeal perhaps we should have strengthened the evidence we provided to defend the Planning Committee's decision This may have resulted in a more favourable outcome for MBC and our residents

Further Comments – 3 responses

We "got into this mess" because members of the planning committee, in their ignorance and in determination to defend their locality come what may, thought they could change the provisions of the Local Plan. Future Planning Training must make it abundantly clear that unless something significant happens, the Local Plan must be adhered to. Also, material consideration must be Planning issues, and not to rely solely on Highway issues because we are not the Highway Authority. I rue the day this application got permission by the Inspector - but legally we had no leg to stand on by refusing it. This must not happen again with the Local plan Review. Let this be a stark reminder.

Both reasons for refusal used wording provided by KCC (Highways). An Appeal against this decision was allowed by the Planning Inspectorate. The Inspector disagreed with one reason for refusal but made no award of costs in relation to it. He did, however, make an award of costs in relation to the second reason of refusal due to KCC (Highways) being unable to substantiate it because it had done no traffic modelling for the application site since the preparation of the MBLP (2017) - some 4-5 years previously. It, therefore, seems to me that KCC (Highways) is morally obliged to contribute significantly to the costs that MBC has been required to pay to the applicants. btime of the c eht e s rea

Church Road Otham – Planning Review – Member Feedback

On reflection I question the suitability of including this site in the current Local Plan given its location and the ongoing problems there will be with the road network.

MAIDSTONE BOROUGH COUNCIL

DEMOCRACY AND GENERAL PURPOSES COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY 23 NOVEMBER 2021

Present: Councillors Mrs Blackmore, Cooke, Cooper, English, Kimmance, Perry, Purle (Chairman) and M Rose

Also Present: Councillors Brindle, Harper, Newton, Spooner and Springett

70. **CHURCH ROAD, OTHAM REVIEW**

The Head of Policy, Communications and Governance introduced the report which had been requested by the Policy and Resources Committee to identify lessons learnt in relation to the refusal of the planning application at Church Road, Otham. The lines of enquiry set by this Committee had been followed, and assistance provided by an independent expert.

The Monitoring Officer explained that planning and legal officers work to their professional code of conduct and should not be expected to change their professional view in order to agree with Members' opinions. Members were entitled to take a different view to officers after full consideration of the matters before them and officers could assist Members with drafting where they could see arguable sustainable grounds for a position, but otherwise it was for Members to come to a decision. It was stated that care must be taken to comply with the Member Code of Conduct to not compromise the integrity of officers.

The Committee expressed that the Highways Authority, Kent County Council (KCC), as a statutory consultee provided evidence to them which the committee had weighed against conflicting advice from Planning Officers. The highways evidence was considered to have added weight because KCC seldom raise such objections. There was significant local concern and pressure to refuse the application, and Members felt that the highways objections should be tested on the evidence. Members considered that they had taken their decision in knowledge of the facts and it was felt that experienced Planning Committee Members did not need further training as recommended.

It was acknowledged that it would be beneficial for members of the public to be provided with more information on the planning process and how objections were considered.

In passing their resolution it was noted that the review would be reported to Policy and Resources Committee alongside the views of the Committee.

RESOLVED: That the report not be accepted, with the exception of recommendation d) that more information be provided to the public on the planning process and how objections are considered, with additional information to be added to the Council's website.

POLICY & RESOURCES COMMITTEE

9 February 2022

3rd Quarter Finance, Performance and Risk Monitoring Report 2021/22

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	Mark Green, Director of Business Improvement
Lead Officer and Report Authors	Paul Holland, Senior Finance Manager (Client) Carly Benville, Senior Business Analyst Alison Blake, Audit Manager Anna Collier, Corporate Insight, Communities and Governance Manager
Classification	Public
Wards affected	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 31st December 2021 (Quarter 3). 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.

Budget Monitoring

At the Quarter 3 stage, the Council has incurred net expenditure of £4.771m against a profiled budget of £8.303m, representing an underspend of £3.533m. For the services reporting directly to PRC, net expenditure of £0.331m has been incurred against a profiled budget of £2.669m, representing an underspend of £2.337m. 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 3 is an underspend of £0.207m.

With regard to capital, at the Quarter 3 stage, the Council has incurred overall expenditure of £17.899m against a budget allocation within the Capital Programme

of £33.629m. Expenditure for services reporting directly to PRC of £11.701m has been incurred against the budget of £20.384m.

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.

Recovery & Renewal Update

In October the Committee agreed a range of actions for spending under Recovery and Renewal, with updates provided alongside the quarterly performance and budget report. Progress against actions can be seen at Appendix 4. Positively substantial progress has been made across all the whole action plan.

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 31st December 2021.

This report makes the following Recommendations to the Committee:

1. That the Revenue position as at the end of Quarter 3 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 3 be noted.
3. That the Performance position as at Quarter 3, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.
4. That the Risk Update, attached at Appendix 3 be noted.
5. That the Recovery & Renewal Update, attached at Appendix 4 be noted.

Timetable

<i>Meeting</i>	<i>Date</i>
Policy & Resources Committee	9 February 2022

3rd Quarter Financial Update & Performance Monitoring Report 2021/22

CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p>Impact on Corporate Priorities</p>	<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>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>
<p>Cross Cutting Objectives</p>	<p>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.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>
<p>Risk Management</p>	<p>This is addressed in Section 3 of this report.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>

Issue	Implications	Sign-off
Financial	<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)
Staffing	<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)
Legal	<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>	Interim Team Leader (Contentious and Corporate Governance)

Issue	Implications	Sign-off
Privacy and Data Protection	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
Equalities	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
Public Health	The performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	There are no specific issues arising.	Director of Finance and Business Improvement (Section 151 Officer)
Procurement	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)
Biodiversity & Climate Change	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) an update covering corporate risks, and an update on the Recovery & Renewal Plan.

- 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.
- 1.4 Also attached at **Appendix 4** is an update on the actions taken to date with regards to the Recovery & Renewal Plan agreed previously by this Committee. It should be noted that there are a couple of actions where action is not yet due, and this has been highlighted. The action 'Invest in industrial and warehouse premises to help de risk new employment sites coming forward' hasn't been able to progress due to no premises becoming available and 'Capacity to develop projects and bids to take advantage of new funding opportunities' hasn't been able to progress yet as the Levelling Up and the UK Shared Prosperity Fund have yet to be announced by the Government.

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, Corporate Risks and the Recovery & Renewal update at the end of December 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.

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.

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".

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The Quarter 3 Budget & Performance Monitoring reports are being considered by the relevant Service Committees during February and March 2022, 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 some 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: Third Quarter Budget Monitoring 2021/22
 - Appendix 2: Third Quarter Performance Monitoring 2021/22
 - Appendix 3: Third Quarter Corporate Risks Update 2021/22
 - Appendix 4: Recovery & Renewal Update
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8. BACKGROUND PAPERS

None.

Third Quarter Financial Update 2021/22

Policy & Resources Committee

9th February 2022

Lead Officer: Mark Green

143 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 31 December 2021, covering activity for both the Council as a whole and this committee's revenue and capital accounts for the first three quarters of 2021/22. The budgets in this report are the revised estimates for 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.

The third 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 3 are as follows:

Part B: Revenue Budget – Q3 2021/22

- At the Quarter 3 stage, the Council has incurred net expenditure of £4.771m against a profiled budget of £8.303m, representing an underspend of £3.533m.
- For the services reporting directly to PRC, net expenditure of £0.331m has been incurred against a profiled budget of £2.669m, representing an underspend of £2.337m. 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 £0.207m.

Part C: Capital Budget – Q3 2021/22

- At the Quarter 3 stage, the Council has incurred overall expenditure of £17.899m against a budget allocation within the Capital Programme of £33.629m.
- Expenditure for services reporting directly to PRC of £11.701m has been incurred against the budget of £20.384m.

Part D: Local Tax Collection 2021/22

- Adjusted target collection rates have been missed for both Council Tax and 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 31st March 2021.
- Balances as at 30th 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 first three quarters of 2021/22 was £406,351. Rent arrears as at 31st December totaled £9,397.

Part B

Third Quarter Revenue Budget 2021/22



B1) Revenue Budget: Council

B1.1 At the Quarter 3 stage, the Council has incurred net expenditure of £4.771m against a profiled budget of £8.303m, representing an underspend of £3.533m. The budget figures are now the revised estimates for 2021/22.

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

Table 1: Net Expenditure 2021/22 (@ 3rd Quarter): Analysis by COMMITTEE

Committee	Full Year Budget	To 31 December 2021	Actual	Variance	Year End Forecast	Year End Variance
	£000	£000	£000	£000	£000	£000
Policy & Resources	10,471	2,669	331	2,338	10,656	-185
Strategic Planning and Infrastructure	-206	-69	-513	445	-591	385
Communities, Housing & Environment	8,130	4,555	3,795	761	7,831	299
Economic Regeneration & Leisure	1,300	1,147	1,158	-11	1,591	-291
Net Revenue Expenditure	19,695	8,303	4,771	3,533	19,488	207

Table 2: Net Expenditure 2021/22 (@ 3rd Quarter): Analysis by PRIORITY

Priority	Full Year Budget	To 31 December 2021	Actual	Variance	Year End Forecast	Year End Variance
	£000	£000	£000	£000	£000	£000
Safe, Clean and Green	6,365	4,693	4,060	633	6,222	143
Homes and Communities	973	-700	-877	177	957	16
Thriving Place	1,239	1,126	1,191	-65	1,497	-258
Embracing Growth and Enabling Infrastructure	-114	0	-513	513	-591	477
Central & Democratic	11,232	3,184	910	2,275	11,403	-171
Net Revenue Expenditure	19,695	8,303	4,771	3,533	19,488	207

Table 3: Net Expenditure 2021/22 (@ 3rd Quarter): Analysis by SUBJECTIVE SPEND

Subjective	Full Year Budget	To 31 December 2021	Actual	Variance	Year End Forecast	Year End Variance
	£000	£000	£000	£000	£000	£000
Employees	22,318	16,733	16,537	196	22,308	10
Premises	5,864	4,900	4,390	510	5,335	529
Transport	689	495	366	129	689	0
Supplies & Services	15,245	7,244	6,071	1,173	15,026	218
Agency	6,296	4,577	4,632	-56	6,385	-89
Transfer Payments	38,206	25,772	25,547	227	38,206	0
Asset Rents	1,173	0	0	0	1,173	0
Income	-70,096	-51,418	-52,772	1,355	-69,634	-462
Net Revenue Expenditure	19,695	8,303	4,771	3,533	19,488	207

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 3. 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 (@ 3rd Quarter 2021/22)

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31st December 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Lockmeadow	165	124	118	6	97	68
Lockmeadow Complex	-1,389	-1,617	-1,492	-125	-1,489	100
Civic Occasions	43	40	35	6	43	0
Members Allowances	397	297	272	26	397	0
Members Facilities	25	19	-21	40	25	0
Contingency	-423	-614	-2,374	1,760	-423	0
Performance & Development	13	11	9	2	13	0
Press & Public Relations	21	12	-9	22	21	0
Corporate Management	601	75	130	-56	601	0
Unapportionable Central Overheads	1,459	1,069	1,012	57	1,384	75
Council Tax Collection	55	43	34	10	55	0
Council Tax Collection - Non Pooled	-357	43	55	-13	-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	7	7	0	-234	0
MBC- BID	1	-3	-16	13	1	0
Registration Of Electors	50	34	75	-40	93	-43
Elections	295	112	132	-20	295	0
KCC Elections	0	0	0	0	0	0
PCC Elections	0	0	0	0	0	0
Emergency Centre	24	19	24	-5	24	0
Medway Conservancy	126	126	126	-0	126	0
External Interest Payable	2,263	0	10	-10	2,263	0
Interest & Investment Income	-100	-75	-37	-38	-50	-50
Palace Gatehouse	-8	-6	-17	11	-8	0
Archbishops Palace	-100	-72	-72	-0	-100	0
Parkwood Industrial Estate	-285	-212	-223	11	-285	0
Industrial Starter Units	-17	-11	-36	25	-17	0
Parkwood Equilibrium Units	-78	-57	-91	34	-108	30
Sundry Corporate Properties	-524	-393	-56	-337	-84	-440
Phoenix Park Units	-218	-164	-218	55	-248	30
Granada House - Commercial	-94	-102	-95	-7	-94	0
MPH Residential Properties	-833	-625	-470	-155	-500	-333
Heronden Road Units	-149	-113	-176	63	-149	0
Boxmend Industrial Estate	-96	-72	-59	-14	-96	0

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31st December 2021 £000	Actual £000	Variance £000	Forecast 31 March 2022 £000	Forecast Variance 31 March 2022 £000
Wren Industrial Estate	-118	-97	-112	15	-118	0
Pensions Fund Management	1,757	0	0	0	1,757	0
Non Service Related Government Grants	-3,995	-2,996	-3,013	16	-3,995	0
Rent Allowances	-112	-66	-394	328	-112	0
Non HRA Rent Rebates	-9	651	707	-56	-9	0
Discretionary Housing Payments	-2	167	175	-8	-2	0
Housing Benefits Administration	-354	-275	-258	-17	-354	0
Democratic Services Section	202	152	134	18	202	0
Mayoral & Civic Services Section	115	86	79	8	115	0
Chief Executive	184	138	139	-1	184	0
Communications Section	195	147	139	8	195	0
Policy & Information Section	365	274	234	40	326	39
Head of Policy and Communications	125	93	83	10	125	0
Revenues Section	515	478	464	14	515	0
Registration Services Section	92	69	58	11	92	0
Benefits Section	486	443	445	-2	486	0
Fraud Section	39	32	32	0	39	0
Mid Kent Audit Partnership	227	175	52	123	227	0
Director of Finance & Business Improvement	144	108	106	3	144	0
Accountancy Section	730	559	523	36	682	48
Legal Services Section	483	363	415	-52	572	-89
Director of Regeneration & Place	143	108	112	-5	143	0
Procurement Section	110	-11	23	-34	144	-34
Property & Projects Section	494	367	355	12	494	0
Corporate Support Section	270	203	197	6	270	0
Improvement Section	360	270	268	2	360	0
Executive Support Section	108	81	95	-13	108	0
Head of Commissioning and Business Improvement	138	109	92	17	138	0
Mid Kent ICT Services	551	413	409	4	551	0
GIS Section	119	89	88	2	119	0
Customer Services Section	647	478	454	25	647	0
Director of Mid Kent Services	45	11	8	3	45	0
Mid Kent HR Services Section	405	304	228	76	330	75
MBC HR Services Section	91	68	31	37	41	50
Head of Revenues & Benefits	72	67	71	-3	72	0
Revenues & Benefits Business Support	99	94	92	3	99	0
Dartford HR Services Section	-13	-10	-10	0	-13	0
IT Support for Revenues and Benefits	29	25	26	-0	29	0
Emergency Planning & Resilience	27	13	7	6	27	0
Salary Slippage	-261	-196	0	-196	0	-261
Town Hall	116	89	70	19	116	0
South Maidstone Depot	188	151	186	-35	188	0
The Link	106	128	61	67	46	60
Maidstone House	1,052	976	511	465	602	450
Museum Buildings	278	228	190	38	238	40
I.T. Operational Services	650	475	449	25	650	0
Central Telephones	15	11	5	7	15	0
Apprentices Programme	75	37	18	19	75	0
Internal Printing	-5	-1	6	-8	-5	0
Debt Recovery Service	-35	7	-5	12	-35	0
Debt Recovery MBC Profit Share	-73	-55	-61	6	-73	0
General Balances	-1,110	-1,110	-1,071	-38	-1,110	0
Earmarked Balances	4,811	1,004	1,004	0	4,811	0
Appropriation Account	1,173	0	0	0	1,173	0
Pensions Fund Appropriation	-1,757	0	0	0	-1,757	0
Total	10,151	2,669	332	2,338	10,656	-185

B2.2 The table shows that, at the Quarter 3 stage, for the services reporting directly to PRC, net expenditure of £0.331m has been incurred against a profiled budget of £2.669m, representing an underspend of £2.337m. 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 3 is an underspend of £0.207m.

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 3.

Table 5: PRC Variances (@ 3rd Quarter 2021/22)

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Policy & Resources Committee	£000		
Lockmeadow – The repairs and maintenance budget is unlikely to be spent this year.	6		68
Lockmeadow Complex – Whilst income for service charges is expected to be down and there are vacant units this is expected to be offset by income from the food hall (which is not budgeted for) and the rental provision for vacant units.		-125	100
Contingency - 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.	1,760		0
Corporate Management – The current variance relates to the costs of a scanning project. The funding for this will be identified by the end of the year.		-55	0
Unapportionable Central Overheads - Payments in respect of pensions back funding are lower than estimated.	57		75
Interest & Investment Income - Interest rates continue to be lower than forecast and are projected to stay low for the remainder of the year.		-37	-50
Sundry Corporate Properties – There is an income target of £0.440m in the Medium-Term Financial Strategy from the acquisition of new properties. The purchase of Maidstone House has been completed , savings from which more than offset the variance on this cost centre.		-335	-190
MPH Residential Properties - 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.		-155	-333
Rent Allowances & Non-HRA Rent Rebates - 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.	271		0
Legal Services – This is the recharge from the legal partnership. The overspend is mainly down to additional work that wasn't budgeted for. There is a proposal to increase the budget in future years.		-52	-89
The Link – Following the purchase of Maidstone House there will be no rental payment due for Q4 now.	67		60
Maidstone House – Following the purchase of Maidstone House there will be no rental payment due for Q4 now, and there is also unbudgeted rental income from the 4 th floor.	464		450

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 (@ 3rd Quarter 2021/22)

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Strategic Planning & Infrastructure Committee	£000		
PLANNING SERVICES			
Building Regulations Chargeable - 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.	69		83
Development Control (Majors) - The number of major applications remains low and is not expected to improve significantly for the remainder of the year.		-88	-120
Development Control (Minors) - 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.	171		223

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 31st December 2021.

Opening Balance 01/04/2021	Spending April - December 2021	Forecast Spending January - March 2022	Forecast Spending Balance 31/03/2022
£'s	£'s	£'s	£'s
416,912	445,627	326,120	-354,836

Table 6a, Local Plan Review budget (Q3, 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 £355,000 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
Strategic Planning & Infrastructure Committee	£000		
PARKING SERVICES			
On Street Parking – 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.	76		80
Pay & Display Car Parks - The adverse variance is due to a continuing reduction from income. Short Stay car parks are over budget for the Q3 with Long Stay and Lockmeadow under budget, although Lockmeadow income has improved slightly at the end of Q3. There is no evidence that long stay income will improve with the continuation of home working. Season ticket income has also been affected.		-50	-75
Off Street Parking (Enforcement) - PCN income is higher than forecast due to a higher number of notices that have been issued.	67		75

Table 7: CHE Variances (@ 3rd Quarter 2021/22)

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Communities, Housing & Environment Committee	£000		
Parks & Open Spaces – The plan is to use the current underspend for number of items. These include funding for agency staff covering sickness absence, some works that need to be undertaken and a tree survey.	50		10
Crematorium - 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.	60		30
Street Cleansing – The underspend is a consequence of staff vacancies that have now been filled, so the variance should not change significantly by the end of the year.	47		50
Public Health (Obesity) – The underspend is due to a number of unused grants that will be carried forward at the end of the year.	32		108
Homelessness Prevention - 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.	37		107

Table 8: ERL Variances (@ 3rd Quarter 2021/22)

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000		
Leisure Centre - 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 at this stage we are not expecting to receive any of these payments.		-150	-200
Mote Park Adventure Zone - The variance is a provision that was raised in 2020/21 for the management fee the payment of which has been delayed due to Covid-19 issues.	57		0
Innovation Centre – this is a profiling issue with the budget for the new building which will be corrected. There is not expected to be any significant variance at the end of the year.	56		0
Market – Income continues to be down on the budget. A small growth bid and a forecast increase in demand is expected to correct the position for 2022/23.		-61	-65

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 3 are presented in Table 9 below. These were all temporary virements.

Table 9: Virements (@ 3rd Quarter 2021/22)

Description	From	To	Value £	Perm/Temp*
Capital Contribution for the Cremator Alignment	CA20 (Crematorium)	YC10 E036 (Revenue Funding for Capital - Temporary Funding)	64,410	Temporary
AQ Management Area/Action Plan Refresh	YA10 Y110 (In-Year Contribution to/from Balances)	CL20 (Pollution Control - General)	20,000	Temporary
Additional Funding for Economic Development Strategy Report	YA11 (Business Rates Growth Earmarked Balances)	EN40 (Economic Development - Promotion & Marketing)	3,200	Temporary
Financial Contribution to Thames Gateway & Kent Partnership	YA11 (Business Rates Growth Earmarked Balances)	EN40 (Economic Development - Promotion & Marketing)	20,750	Temporary
Move Homelessness Grants to Reserve	PN20 (Homelessness Prevention)	YA11 (Earmarked Reserves)	124,880	Temporary
Fund Honorarium - Dec 21 - Mar 22	AC11 (Community Halls - Heather House)	SN25 (Property & Projects Section)	1,260	Temporary
BRP Funding for Springboard Quarterly Contribution	YA11 (Business Rates Growth Earmarked Balances)	EN40 (Economic Development - Promotion & Marketing)	850	Temporary
BRP Funding for Destination Management Plan	YA11 (Business Rates Growth Earmarked Balances)	AG10 (Tourism)	1,100	Temporary
BRP Funding for Maidstone Mela	YA11 (Business Rates Growth Earmarked Balances)	AA45 (Festivals & Events)	5,000	Temporary
Temporary Funding for the Innovation Centre Operation	YA11 (Business Rates Growth Earmarked Balances)	EL23/SE23 (Innovation Centre [Section])	188,450	Temporary
Fund Various LPR Costs	GC10 (Contingency)	EE10 (Planning Policy)	167,660	Temporary
Policy & Information and Executive Support Section Restructure	GA13 (Member's Facilities)	SG22 (Policy & Information)	12,060	Permanent
			609,620	

Part C

Third 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) for the remainder of the financial year
- C1.2 The 2021/22 element of the Capital Programme (including unused resources brought forward from 2020/21) has a budget of £33.629m. At the Quarter 3 stage, capital expenditure of £17.899m had been incurred, with budget remaining of £15.730m. The budget figures are now the revised estimates for 2021/22.

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 3 stage is presented in Table 10 below.
- C2.2 At the Quarter 3 stage, expenditure of £11.701m has been incurred against a revised budget of £20.384m million for PRC. This leaves a remaining budget of £8.684m.

Table 10: Capital Expenditure (@ 3rd Quarter 2021/22)

	Revised Estimate 2021/22 £000	Actual to December 2021 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2022/23 £000
Communities, Housing & Environment						
Housing - Disabled Facilities Grants Funding	1,017	535	481	250	785	231
Temporary Accommodation	3,008	9	2,998	1,000	1,009	1,998
Brunswick Street	233	230	3		230	3
Union Street	217		217			217
Springfield Mill	2,045	1,888	157	157	2,045	0
Private Rented Sector Housing Programme	1,125	56	1,069	250	306	819
1,000 Homes Affordable Housing Programme	750	651	99	99	750	
Acquisitions Officer - Social Housing Delivery P/ship	160	150	10	10	160	
Granada House Refurbishment Works	20	13	7	7	20	
Street Scene Investment	50	21	29	29	50	
Flood Action Plan	244		244	75	75	169
Electric Operational Vehicles	84		84	84	84	
Vehicle Telematics & Camera Systems	35		35	35	35	
Rent & Housing Management IT System	19	8	11	11	19	0
Installation of Public Water Fountains	15		15	15	15	
Crematorium & Cemetery Development Plan	378	171	207	207	378	0
Continued Improvements to Play Areas	200		200	50	50	150
Parks Improvements	149	7	142	50	57	92
Gypsy & Traveller Sites Refurbishment	50	35	15	15	50	0
Total	9,798	3,776	6,022	2,344	6,120	3,679
Economic Regeneration & Leisure						
Mote Park Visitor Centre	1,233	622	611	611	1,233	
Mote Park Lake - Dam Works	622	88	534	50	138	484
Mall Bus Station Redevelopment	1,056	1,358	-302		1,358	-302
Total	2,910	2,068	843	661	2,729	182
Policy & Resources						
Corporate Property Acquisitions	11,809	7,032	4,777	4,777	11,809	0
Kent Medical Campus - Innovation Centre	3,000	2,515	485		2,515	485
Lockmeadow Ongoing Investment	932	1,146	-214		1,146	-214
Garden Community	1,613	125	1,488	0	125	1,488
Asset Management / Corporate Property	1,653	389	1,264	200	589	1,064
Biodiversity & Climate Change	100		100	25	25	75
Feasibility Studies	162	55	107	25	80	82
Digital Projects	25		25	25	25	
Software / PC Replacement	342	182	160	160	342	
Fleet Vehicle Replacement Programme	748	257	491	150	407	341
Total	20,384	11,701	8,684	5,362	17,063	3,322
Strategic Planning & Infrastructure						
Bridges Gyrotory Scheme	86	7	80	25	32	55
Total	86	7	80	25	32	55
Section 106 Contributions	450	348	102	100	448	2
TOTAL	33,629	17,899	15,730	8,492	26,391	7,239

C3) Capital Budget Variances (@ 3rd Quarter 2021/22)

Policy and Resources Committee

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

Corporate Property Acquisitions -

The major acquisition was the purchase of Maidstone House in December 2021. Further acquisitions are anticipated in the final quarter.

Lockmeadow Ongoing Investment – The overspend relates to £0.130m professional fees that were not accounted for in the original project budget, along with an additional cost of £70,000 for ducting works in the food hall that were only found to be needed once the project was under way. The £0.200m overspend will be taken from the budget for further works in 2022/23 and beyond.

Garden Community – The scheme is progressing and is the subject of a separate report elsewhere on this agenda.

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:

Temporary Accommodation – This is the funding for the latest phase of property acquisitions to provide accommodation for temporarily homeless families and persons. There have been no acquisitions to date, but a number are anticipated during the fourth quarter.

Private Rented Sector Housing and 1,000 Homes 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 quarter once schemes have progressed further and new ones are potentially secured.

Economic Regeneration and Leisure Committee

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

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

Third 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 (Q3 2021/22)

Description	Target Q3 2021/22	Actual Q3 2021/22
Council Tax	82.42%	81.94%
Business Rates	81.03%	79.06%

- D2.2 Targets have been adjusted in light of what is considered to be collectible. The amount of Council Tax collected has marginally missed the target for December
- 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 £53,720.96 in unpaid business rates debt. The debts relate to two businesses, and details of the steps taken to recover the unpaid amounts have been provided in the table below:

Business Name	Outstanding Debt (incl costs)	Reason for Write Off	Action Taken
QSR (Restaurants) Ltd	£37,547.86	Dissolved	Debt had been passed to the enforcement agent, but the company was dissolved on 22.6.21 as advised by Companies House. The former Director has been chased and the last payment made was on 4.11.19.
Victorias Cabaret Club Ltd	£16,173.10	Liquidation	The company went into liquidation on 28.5.20 and advice has indicated that there will be no dividend for unsecured creditors.

Table 13: Irrecoverable business rates, Quarter 3

D4.2 As there is no prospect of collecting the outstanding amounts from the ratepayers, 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 3 2021/22

	Balance at 1 April 2021	Forecast movement in 2021/22	Estimated Balance at 31 March 2022
	£000		
General Fund			
Unallocated balance	9,196	0	9,196
Sub-total	9,196	0	9,196
Earmarked Reserves			
Local Plan	200	-200	0
Neighbourhood Plans	96	0	96
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
Sub-total	24,234	-16,327	7,907
Total General Fund Balances	33,430	-16,327	17,103
Total excluding collection fund deficits	18,691	-2,970	15,721

Table 14: General Fund and Earmarked Balances at Q3 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 24th 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 31st December 2021, the Council's Advisors, Link Asset Services, reported:

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
- The MPC increased the rate due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates.
- On 10th December we learnt of the disappointing 0.1% m/m rise in GDP in October which suggested that economic growth had already slowed even before the Omicron variant was discovered in late November.
- On 15th December we had the CPI inflation figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).
- The Bank of England increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a "modest tightening" in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. "Modest" seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times in 2022 to 0.75% or 1.00%.

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	20.12.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged until it raised it from 0.10% to 0.25% at the MPC meeting of 16th December 2021.

In December 2021, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020. The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.

The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron. We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.

Gilt yields. Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Our forecasts show a steady, but slow, rise in both Bank Rate and PWLB rates during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

F4) Council Investments

The council held investments totaling £16.16m at the start of the year, this has now risen to £55.59m at 31st December 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 (3rd 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			0.20%	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	2,300,000			0.01%	6 Months	£5,000,000
Santander Bank Plc	Call account	5,000,000			0.55%	6 Months	£5,000,000
HSBC Bank Plc	Call account	5,000,000			0.05%	6 Months	£5,000,000
Aberdeen Standard Liquidity Fund Sterling Fund	Money Market Fund	10,000,000			0.05%		£10,000,000
CCLA Public Sector Deposit Fund	Money Market Fund	10,000,000			0.08%		£10,000,000
Federated Hermes Short-Term Sterling Prime Fund	Money Market Fund	7,290,000			0.03%		£10,000,000
Landesbank Hessen Thuringen Girozentrale	Fixed Term Deposit	2,000,000	26/10/2021	26/04/2021	0.43%	6 Months	£5,000,000
Landesbank Hessen Thuringen Girozentrale	Fixed Term Deposit	3,000,000	30/12/2021	30/01/2022	0.18%	6 Months	£5,000,000
Goldman Sachs International Bank	Fixed Term Deposit	3,000,000	15/10/2021	14/04/2021	0.37%	6 Months	£5,000,000
Total Investments		55,590,000					

Investment income to 31st December 2021 totals £37k against a budget of £75k 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 instruments yield lower rates than longer term investments.

F4) Council Borrowing

- The Council held external borrowing amounting to £11m on 31st March 2021, all with Local Authorities. Total borrowing as at 31st December 2021 was £9m with details of these shown at Table 15 below. The Council are looking to spread refinancing and interest rate risk with a mixture of short term borrowing and long term borrowing. PWLB rates have been very competitive, so the Council have borrowed £5m through locking in these long term rates.

Table 15: Council Borrowing (2nd Quarter 2021/22)

Counterparty	Type of Institution	Principal £	Start Date	Maturity Date	Interest Rate
Middlesbrough Teeside Pension Fund	Local Authority	4,000,000	20/08/2021	19/08/2022	0.08%
Public Works Loans Board	Central Government	2,000,000	11/11/2021	11/11/2071	1.73%
Public Works Loans Board	Central Government	3,000,000	30/12/2021	30/12/2071	1.56%
Total Loans		9,000,000			

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 third quarter of 2021/22 totals £406,351 (2020/21 £121,512) This represents rent collected, less running costs, maintenance costs and recharges for staff time.
- G2.3 As at 31 December 2021, rent arrears were estimated at £9,397. £5,500 of this total relates to a former tenant and possession of the property has been regained. 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 3 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	Q3 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Number of new Council Tax Support (CTS) applications received	559				N/A
Total number of live Council Tax Support (CTS) cases as of the end of the quarter	9,524				N/A

The Council's Financial position

Performance Indicator	Q3 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Percentage of Non-domestic Rates Collected (BV 010)	79.06%	81.03%			
Percentage of Council Tax collected (BV 009)	81.94%	82.42%			

The Way We Work

Performance Indicator	Q3 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Total cost of renting Maidstone House in the period	£365,140.70				
Total running costs of Maidstone House in the period	£16,698.07				

The "**Percentage of Non-domestic Rates Collected**" indicator achieved an outcome of 79.06% in Q3, against the target of 81.03%, missing its target by less than 10%. The Revenues manager notes that, despite continuing to miss target each month, the deficit between the outcome and the target has narrowed significantly since September 2021.

The collections throughout the year have been affected by the Expended Retail Discount (EDR) that was offered to rate payers in the retail, leisure, and hospitality sectors. As the phased removal of the EDR over the year took place, the cashflow has increased, with December's gap versus target being the lowest so far this year.

The "**Percentage of Council Tax collected**" indicator achieved an outcome of 81.94% in Q3, against target of 82.42%, missing its target by less than 10%. The Revenues Manager notes that recovery at Court has recommenced in November, albeit the team have excluded those low-income households who claim Council Tax Support. Almost 2,000 liability orders were granted in November's court allowing for post-court enforcement to commence for the first time since the start of the pandemic. Support for low-income households is being explored through the team's financial inclusion projects.

Notes

It should be noted that the indicator monitoring "**Total cost of renting Maidstone House in the period**" will cease to be monitored from next quarter (Q4) following the recent requisition of a long-term lease on Maidstone House. There is no longer a rental payment due in relation to the occupation of the building, which covers the main premise of this indicator.

Q3 2021/22 KPIs across service Committees that were missed by more than 10%

Performance Indicator	Q3 2021/22				
	Value	Target	Status	Short Trend	Long Trend
Footfall in the Town Centre	2,603,185	3,314,196			
Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS] (average October - December)	3.8%	1.95%			
Number of youths unemployed (18-24) (December 2021)	650	373			

Economy

The "**Footfall in Town Centre**" KPI achieved an outcome of 2,603,185 against a target of 3,314,196, missing its target by more than 10%. When comparing it to last quarter, the footfall has increased from 2,535,553, and when comparing it to the same quarter last year, the footfall count has increased by 52.6%.

The Economic Development team note that footfall in the Town Centre continues to be affected by Covid-19. Figures for November and December were affected by the lack of customer confidence in the face of the Omicron variant, and from The Government's latest advice, asking people to work from home once again.

The "**Number of youths unemployed (18-24)**" KPI achieved a figure of 650 against a target of 373 in December 2021. The target of 373 is taken from an average monthly number of youths employed in 2019/20 (pre-pandemic). Unemployment in youths continues to fall slowly every month. The number of youths unemployed in December 2021 is 36.6% lower than the number of youths unemployed in December 2020. However, it is still significantly higher than the pre-pandemic figure of 400 (December 2019).

The “**Percentage of unemployed people in Maidstone (out of work benefits)**” KPI achieve an average figure of 3.8% for October to December 2021, against an average target of 1.95%. Unemployment rates in Maidstone have continued to fall in Q3 and are lower than the rates for the same period last year. Performance for this indicator continues to improve and moves more towards its pre-pandemic levels. For comparison, October, November, and December 2019 rates were 1.9%, 2.0% and 2.0% respectively.

Third Quarter Risk Update 2021/22

February 2022
Policy & Resources Committee
Report Author: Alison Blake

Maidstone Borough Council

Introduction

Risk management is managing the **effect of uncertainties on our objectives** and is a key principle of corporate governance. Risk management's 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 November 2021.

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 **16** 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	NEW Construction Costs / Insolvency	20	✓		✓	✓
4	Environmental damage	16		✓	✓	✓
5	Housing pressures increasing	16	✓		✓	
6	Major unforeseen emergency	15	✓	✓	✓	✓
7	UPDATED IT security failure	12	✓	✓	✓	✓
8	Not fulfilling residential property responsibilities	12	✓		✓	
9	Major contractor failure	12	✓	✓	✓	✓
10	Governance changes	12	✓	✓	✓	✓
11	UPDATED Covid-19: Restrictions to Council operations	12	✓	✓	✓	
12	Ability to access / leverage new funding	9	✓	✓	✓	✓
13	Reduced effectiveness of relationships with strategic partners	9	✓	✓	✓	✓
14	Resilience of the voluntary & community sector	9		✓	✓	
15	Loss of workforce cohesion and talent	9	✓	✓	✓	✓
16	Covid-19: Community & business recovery	8	✓	✓	✓	✓

Our Priorities

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

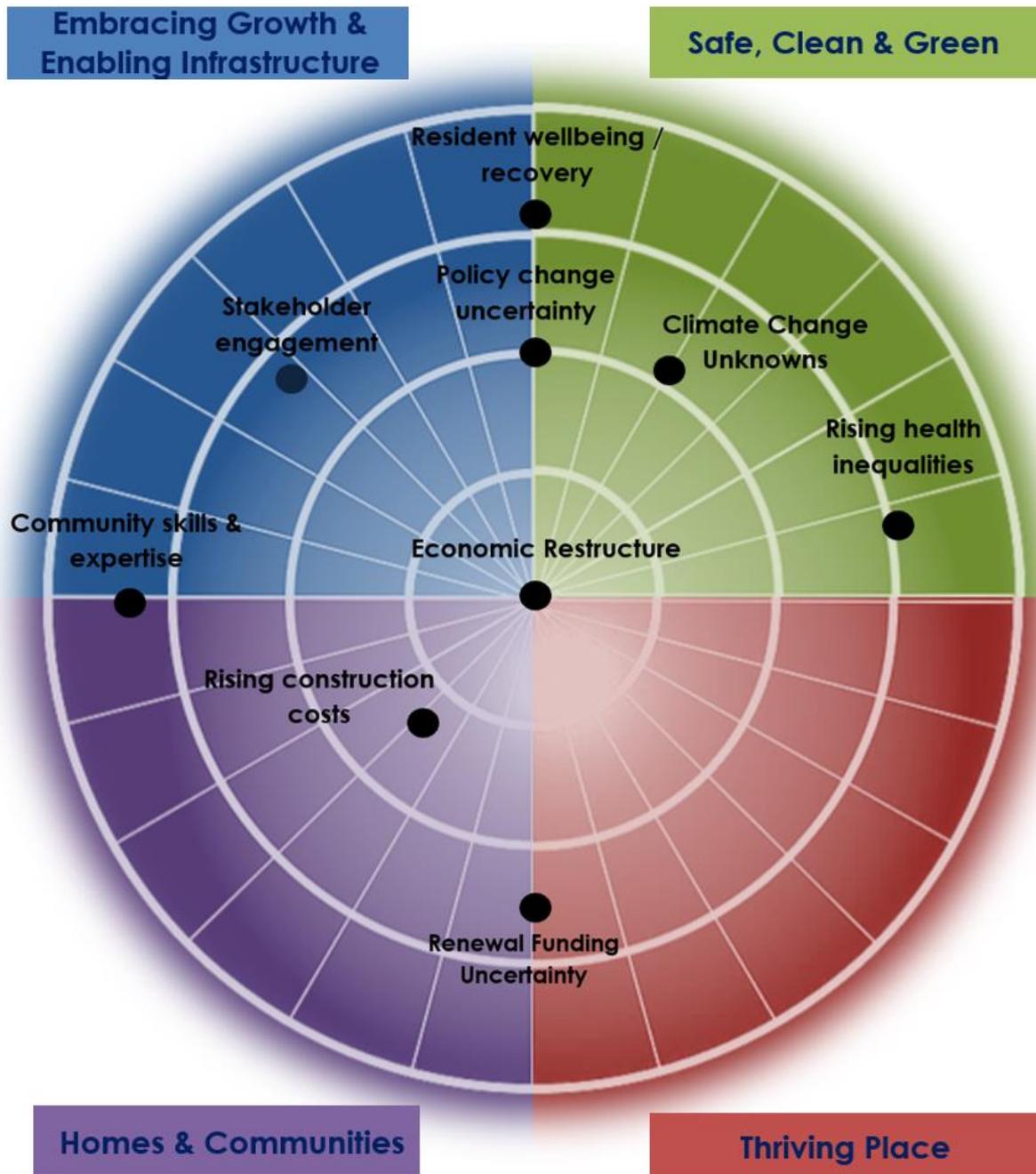
How we rate our risks (see appendix 3B for definitions)

Catastrophic	Major	Moderate	Minor	Minimal
				

External threats (horizon scanning)

Our horizon scanning process identifies external threats over which we have no direct control or ability to manage the impact on delivery of our priorities. 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 report. The diagram summarises the external threats aligned to each of our priorities with those closest to the centre being those likely to happen soonest.



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

- **Economic Restructure** – 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. This will be reconsidered as part of the next CLT update following the addition of a new corporate risk in this area.
- **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 2021. Since then, risks have been routinely reviewed with a focus on updating high-level (red / black) risks quarterly.

At the last update we reported **19** risks identified as being scored 12 and above for their current rating and this has increased slightly to **20**. The number of high-level risks after further action is taken (the mitigated rating) reduces to **7**.

The table and matrices below show the total number of risks on the Maidstone and Shared Services risk registers as at January 2022 and the profile of these risks:

Risk Severity	Total Number of Risks		
	Current Rating NOVEMBER '21	Current Rating JANUARY '22	Mitigated Rating JANUARY '22
BLACK	1	1	-
RED	18	19	7
AMBER	100	100	92
GREEN	26	31	49
BLUE	9	2	5
TOTAL	154	153	153

Current Risk Rating (Jan '22)

Impact	5	1	6			
	4	6	20	7	7	1
	3	7	24	36	5	
	2	1	17	10	3	
	1	1		1		
		1	2	3	4	5
		Likelihood				

From the above you can see that the overall number of risks have **decreased** slightly (from 154 to 153). The operational risk register will be reviewed in its entirety as part of the JCAD rollout to ensure that all the risks on the operational risk register remain relevant.

There remains 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		
Risk <i>Infrastructure improvement to road, rail, public transport, cycling, community & social infrastructure and broadband fail to take place due to lack of investment or change to government priorities.</i>	Existing Controls <ul style="list-style-type: none"> • Work with KCC on Broadband, • Continue to work with KCC, Network Rail and Helen Grant MP to secure Thameslink services and further improvements • KCC Transport Planner working for and assisting MBC • Maidstone Strategic Infrastructure Working Group in place and includes delivery of improvements to Loose Road corridor • Ongoing agenda item in RED • Manager supervision and regular 121's 		Risk Response <ul style="list-style-type: none"> • Continue to monitor what will replace the SE Rail franchise • Dedicated officer will be appointed to deliver the Integrated Transport Strategy, until then, CIL/S106 team and planning policy officers advise • Making Maidstone More Active project to identify sports facility requirements across the Borough • 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
	Risk review: April 2022	Risk direction over time: 	Score: 14 x L3

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:** The JCAD software build is almost complete and we await the release of the latest version of the software before we roll it out across the Council. An implementation plan will be taken to Wider Leadership Team for discussion ahead of the JCAD rollout.
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.

Work is also underway to develop the 2022-23 risk management work programme. This will be included in the annual risk management report to Audit, Governance and Standards Committee in March 2022.

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 **16** 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)
<p>General and localised economic pressure leads to contraction in retail sector, limiting the appeal of Maidstone town centre threatening social cohesion and business rates income.</p>	William Cornall	<ul style="list-style-type: none"> Working with Key stakeholders including One Maidstone to safely reopen the High Street. Regular network meetings with town centre retailers Town Centre strategic advisory board Public realm improvement work Supporting One Maidstone Business Improvement District Acquisition of key property (Royal Mail / Grenada House) Work commissioned to promote Maidstone as business destination Planning Guidelines documents have now been approved by SPI for the Five town Centre Opportunity sites Active management of Lockmeadow to enhance the local economy Support delivered to the sector through Business Rates grants and assistance grants Town Centre Opportunity guidance published and actively being used 	(5 x 5) 25	<ul style="list-style-type: none"> Taking advantage of opportunities to support infrastructure investment Consider a targeted programme of place promotion campaign activities Development of a Town Centre strategy to guide the reallocation of land uses within the Town Centre (including retail) A programme of town centre events and activities is now in place funded through covid response monies. 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. 	(4 x 5) 20
<p>General financial uncertainty, 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.</p>	Mark Green	<ul style="list-style-type: none"> Agreed work programmes in transformation and commissioning Budget monitoring in place MTFS in place and monitored Scenario planning in budget setting Strategies for maintaining income (e.g. pricing policies and proactive management of property portfolio) Holding reserves to mitigate impact of financial restrictions Robust risk assessment of new business opportunities 	(4 x 5) 20	<ul style="list-style-type: none"> Currently updating MTFS to reflect impact of Covid-19 and longer-term issues of slower economic growth Lobbying to avoid unfavourable financial changes to government funding Cost recovery through bidding for additional government support for one-off costs and strategic investments Identifying measures to address future budget gaps 	(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)
<p>Inflation continues to rise and a significant economic event (e.g. further pandemic impacts, BREXIT, supply chain issues) causes significant changes in construction costs which may also result in a contractor insolvency, as they are generally locked into delivering schemes at a fixed price, and so need to manage their exposure to rising costs in their supply chain. For the Council, this leads to a narrowing gap between build price and end of property values, increased costs to the Council and a possible time lag in delivery of 1000 affordable new homes, owing to a lack of capacity in the construction sector.</p>	<p>William Cornall</p>	<ul style="list-style-type: none"> • Use of "off-site" and other Modern Methods of Construction where possible to ensure schemes are delivered efficiently • Designing buildable efficient schemes • Financial stability and overall exposure checks for contractor • Performance bonds and quality monitoring • Realistically set financial scheme approval hurdle rates 	<p>(4 x 5) 20</p>	<ul style="list-style-type: none"> • Exploration of suitable contractor frameworks to access. • Managing exposure levels to different contractors as the programme gathers momentum. • Delaying the letting of key contracts if tendering does not yield VFM proposals that are financially robust. 	<p>(4 x 4) 16</p>
<p>Increased effects from climate change or reduction in air quality causes environmental damage reducing residents' quality of life and increasing risks from adverse weather events</p>	<p>Georgia Hawkes</p>	<ul style="list-style-type: none"> • Biodiversity and Climate Change Strategy and action plan in place • Air Quality Action Plan in place • Emergency planning arrangements • Parks strategy • Budget available to deliver actions • Communication / engagement strategy for adverse weather events • Member of the Kent Climate Change Network • Permanent Biodiversity and Climate Change officer in post 	<p>(4 x 4) 16</p>	<ul style="list-style-type: none"> • Implement the Carbon trust report actions to get our estate to carbon neutral by 2030 • Implementation of the BD&CC strategy action plan • Review of our own estate in line with ambition to be carbon neutral by 2030. • Policy and resources committee to provide governance for delivery and oversight of BD&CC Strategy 	<p>(4 x 4) 16</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>The broader housing crisis leads to housing pressures increasing on the Council, affecting both costs associated with homelessness and ability to meet wider housing needs in the borough.</p> <p>186</p>	William Cornall	<ul style="list-style-type: none"> • Homelessness prevention team in place with increased resource • Access to our own housing stock to use for temporary accommodation & market rented housing (within Maidstone Property Holdings) • Closer working with private sector & housing associations • Key policies are in place: Temporary Accommodation Strategy • Implementation of Housing Management Team • CHE approval in place for MBC to develop up to 250 affordable homes of its own • We work closely with the voluntary sector and community partners • Home Finders scheme in place and supported through Government funding • Affordable Housing supplementary guidance adopted in Summer 2020 	(4 x 4) 16	<ul style="list-style-type: none"> • Continued progress towards the temporary accommodation acquisition programme funded through the MBC capital programme • 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. • Leader of Council ambition to build 1000 new Council homes as soon as possible and plans to meet this aspiration are being developed • 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 • 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. 	(3 x 4) 12
<p>Major unforeseen emergency with national / international impact (e.g. new pandemic, environmental disaster)</p>	Alison Broom	<ul style="list-style-type: none"> • Strong existing emergency planning framework • Active engagement with Local Resilience Forum • Flexible, committed and appropriately trained workforce • Quarterly oversight & monitoring through the Emergency Planning Group (EPG) • Some financial reserves • Good partnership working as demonstrated during Covid-19 pandemic • Continued update to Business Continuity Plans and arrangements • Ongoing considerations of financial reserves which have been increased 	(5 x 3) 15	<ul style="list-style-type: none"> • Plan for dealing with different types of major emergencies • Review and update of the Council's IT Disaster Recovery arrangements and Business Continuity Plans • Embedding arrangements over the quarterly review of emergency threats and risks through the EPG including horizon scanning and early warnings • Recovery and renewal funding allocated to strengthen work on community resilience 	(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)
<p>Amended Covid-19: Frequent changes to restrictions over a prolonged period impact on our organisational stability and our ability to deliver services consistently.</p>	Alison Broom	<ul style="list-style-type: none"> Strong existing business continuity planning arrangements Emergency response plans have been made Covid secure Learning from current pandemic has been captured Risk assessments in place for all Council buildings 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 Arrangements in place to accommodate hybrid and agile working with ongoing review to reflect current covid-19 rates Flexible / remote working arrangements in place, embedded and regularly reviewed Regular internal communications with all staff Embedded performance monitoring and reporting 	<p>(3 x 4) 12</p>	<ul style="list-style-type: none"> Ongoing review and development of new ways of working because of Covid-19 Culture change research and discovery with our staff is underway to support new ways of working Staff Survey underway (closes 27 February) Consideration of the Council's Digital Strategy (2022-25) for adoption by P&R Benefits arising from the wider Microsoft 365 project 	<p>(3 x 9) 9</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">187</p> <p>Amended Security breach or system weakness leading to IT network failure results in wide-spread system unavailability, increased legal and financial liability and reputational damage.</p>	Steve McGinnes	<ul style="list-style-type: none"> Regular backup programmes External testing of IT security by specialists –resulting findings and actions are implemented and tested ICT policies & staff training, including disaster recovery plan Mandatory cyber security training was rolled out and completed CLT monitoring of performance indicators, including ICT incidents Nessus scanning software reporting daily on system vulnerabilities New firewall tested and installed Ongoing programme of awareness raising through Cyber events, training, and tests Ongoing programme of IT campaigns including phishing IT Business Continuity Plan which prioritises the systems that need to be bought back online. 	<p>(4 x 3) 12</p>	<ul style="list-style-type: none"> IT infrastructure replacement programme being considered to ensure that IT equipment is fit for purpose Cyber Security Incident BC Exercise to be undertaken in the first quarter of 2022 Business Impact Assessments to be reviewed and updated by the end of January 2022 Update the bulk messaging system to ensure adequate communication lines available. 	<p>(3 x 3) 9</p>

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

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Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>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.</p>	Angela Woodhouse	<ul style="list-style-type: none"> Existing governance structure will remain in place until the change is complete, including the constitution and committee structure Monitoring Officer in place to oversee Council activities and provide advice Code of Conduct Timeline agreed for the Local Government Boundary Commission review and work overseen by the Director of Finance and Business Improvement 	(4 x 3) 12	<ul style="list-style-type: none"> Recruit an additional officer into Democratic Services to help deliver projects Appoint an external legal advisor to help draft the new constitution Purchase software to facilitate consultation on ward boundaries 	(3 x 2) 6
<p>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.</p>	Mark Green	<ul style="list-style-type: none"> Access to professional networks to identify opportunities for funding Experienced officer capacity Good relationships with funding partners, e.g. Homes England 	(3 x 3) 9	<ul style="list-style-type: none"> Investment of one-off resources for putting together funding bids 	(3 x 3) 9
<p>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.</p>	Alison Broom	<ul style="list-style-type: none"> KCC partnership arrangements through the strategic board The Community Safety Partnership with the Police and other key parties The West Kent Elected Members Forum with local health authorities Survey of all voluntary and community sector to understand changes in community need and demand for services Good integration with County-wide networks 	(3 x 3) 9	<ul style="list-style-type: none"> Strengthen processes for continued horizon scanning with partners to understand changes in priorities and formulate an overview of all key partners explore Maidstone Anchor Institution Network 	(3 x 3) 9

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Resilience of the voluntary & community sector</p> <p>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.</p>	Alison Broom	<ul style="list-style-type: none"> • Commitments obtained to establish an architecture to support the voluntary and community sector and provide funding. 	(3 x 3) 9	<ul style="list-style-type: none"> • Establish a community sector forum • Funding to provide support for volunteering • Funding to equip Trinity Foyer to become a Community Hub • Funding for the Love Where You Live & Get Involved project • Agreed Financial Inclusive Strategy • A Community Resilience Fund that groups can bid for funding from • Agreed part funding with the Citizens Advice Bureau for a Debt Management post 	(3 x 2) 6
<p>NEW Difficulties in recruiting and retaining the right skills and adapting to hybrid working leads to a loss of workforce cohesion and talent. This results in a loss of productivity.</p>	Steve McGinnes	<ul style="list-style-type: none"> • Workforce strategy monitoring & reporting • Training & development programme (including hybrid working skills) • Occupational health, employee support and HSE Stress Survey • Recruitment process that includes ability to adjust pay and market supplement for hard to recruit jobs • Rewards package reviewed regularly • Commissioning specialist external support as required • Online onboarding of new staff • Use of ClearReview to encourage continuous conversations and clear objectives • Hybrid Policy and service review of hybrid working arrangements 	(3 x 3) 9	<ul style="list-style-type: none"> • External market salary benchmarking • Use of SmartPath to offer additional support to managers • Appoint specialist consultant to advise on culture change • Engagement survey for all staff the output from which will create an action plan for the Council 	(2 x 3) 6

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Covid-19: Inability to support the response and recovery from Covid for the community and local businesses</p>	<p>Alison Broom</p>	<ul style="list-style-type: none"> • Active engagement with Local Resilience Forum • Continued engagement with community groups and volunteers • Continuing engagement with local public health officers to ensure rapid response • Support model for residents and businesses is well embedded • Funding has been provided to the Council and agreed programme of projects in place • Core officer group established for recovery • Joint working with partners through the Inclusion Board & Maidstone Economic Business Partnership • Strategic approach to engagement with voluntary sector agreed by Communities Housing and Environment Committee in November 2020 and funding in place • Continued scanning of horizon with respect to changes to legislation, regulations, and guidance 	<p>(4 x 2) 8</p>	<ul style="list-style-type: none"> • Implementation, development and strengthening of the agreed strategic approach to engagement with community groups • Completion and monitoring of action plan themes for recovery 	<p>(4 x 2) 8</p>

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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
Catastrophic (5)	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
Major (4)	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)
Moderate (3)	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)
Minor (2)	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)
Minimal (1)	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
Almost Certain (5)	90% +	Without action is likely to occur; frequent similar occurrences in local government / Council history
Probable (4)	60% - 90%	Strong possibility; similar occurrences known often in local government / Council history
Possible (3)	40% - 60%	Might occur; similar occurrences experienced in local government / Council history
Unlikely (2)	10% - 40%	Not expected; rare but no unheard of occurrence in local government / Council history
Rare (1)	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>RISK 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"> • Setting business aims and objectives • Service planning • Target setting • Partnerships & projects • Options appraisal <p>Establish the risk owner.</p> <p>Document in the risk register.</p>	<p>Combination of the impact and likelihood of an event (the CURRENT RISK).</p> <p>Impact score is the highest from the different categories.</p> <p>Establish your key existing controls and whether they are managing the impact and/or likelihood of the risk.</p> <p>Scores can be depicted in the risk matrix:</p> <table border="1" data-bbox="656 842 1124 1193"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Black</td> <td>Black</td> </tr> <tr> <td>4</td> <td>Green</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Black</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Blue</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Blue</td> <td>Blue</td> <td>Green</td> <td>Green</td> <td>Yellow</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	Yellow	Yellow	Red	Black	Black	4	Green	Yellow	Red	Red	Black	3	Green	Yellow	Yellow	Red	Red	2	Blue	Green	Yellow	Yellow	Yellow	1	Blue	Blue	Green	Green	Yellow			1	2	3	4	5			Impact					<p>Black – Above our <i>tolerance</i>, immediate action and reporting to directors.</p> <p>Red – Outer limit of our <i>appetite</i>, immediate action.</p> <p>Amber – Medium risk, review existing controls.</p> <p>Green – Low risk, limited action, include in plans.</p> <p>Blue – Minimal risk, no action but annual review.</p> <p>Risk Response – 4Ts</p> <ul style="list-style-type: none"> • Treat (i.e. apply controls) • Tolerate (i.e. accept risk) • Transfer (e.g. insurance / partnership) • Terminate (i.e. stop activity) <p>After your response; where does the risk score now? (the MITIGATED RISK)</p>	<p>Completed risk registers returned to Mid Kent Audit.</p> <ul style="list-style-type: none"> • Corporate Leadership Team monthly monitoring of black risks. Quarterly reporting of all high level (black and red) risks. • 6-monthly reporting to Wider Leadership Team. • Risk registers sent quarterly to directors and heads of service. • 6-monthly monitoring at Policy & Resources Committee. • Annual monitoring of process by Audit, Governance & Standards Committee. <p>Mid Kent Audit facilitate the review and update of risk actions (as per your risk register) during the year for and high-level (red / black) risks.</p>
Likelihood	5		Yellow	Yellow	Red	Black	Black																																									
	4		Green	Yellow	Red	Red	Black																																									
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		1	2	3	4	5																																										
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Recovery and Renewal Progress Update

A Vibrant Economy					
Action	Agreed funding	Target Start	Target End	Expected Success	Progress at January 2022
MidKent College Skills Hub	£60,000 Recovery Fund	Sep-21	TBC	Provision of a town centre venue to provide accessible training, careers advice, and employability support for all residents. Courses delivered to a range of participants including book-keeping and computerised accounting, skills development online courses, essential digital skills, certified work skills programmes, food hygiene and employability workshops and support. Courses delivered to a range of participants including bookkeeping and computerised accounting, skills development online courses, essential digital skills, certified work skills programmes, food hygiene and employability workshop and support. With space for ten participants to be physically present in the hub it is envisaged that 208 people would be able to take advantage of the hub for courses and support over 26 weeks.	An SLA is in place between MBC and Mid Kent College. A unit has been identified in the Mall. A budget and programme agreed and partners approached. The Unit will need fitting out and a plan is currently in development. Estimated opening date April 2022. With space for ten participants to be physically present in the hub it is envisaged that 416 people would be able to take advantage of the hub for courses and support over 52 weeks.
Invest in industrial and warehouse premises to help de risk new	Capital Programme funding	Sep-21	N/A	Projects are identified to invest in and Maidstone is seen and delivers its promise of being open for business, businesses can expand and locate to the Borough.	None identified to date

A Vibrant Economy					
Action	Agreed funding	Target Start	Target End	Expected Success	Progress at January 2022
employment sites coming forward					
Vibrant Visitor Economy	£32,000 Business Rates Pool	Jul-21	Jul-23	Maidstone has an enhanced arts and culture offer with increased visitors to key attractions and an increase in footfall in the town centre.	The job is currently being advertised.
Capacity to develop projects and bids to take advantage of new funding opportunities	£45,000 Recovery Fund	Sep-21	Sep-25	Successful bids and projects completed that meet our priorities.	Levelling Up and the UK Shared Prosperity Fund have yet to be announced by the Government. This is expected in Spring 2022.
Transform the Town Centre through the development and delivery of a town centre strategy.	£175,680 Recovery Fund	Sep-21	TBC	Town Centre Strategy in place by 1 March 2023, projects may begin prior to this. Maidstone town centre becomes a centre of excellence for urban sustainability with a strong focus around arts, culture, leisure and visitor economy creating a place where people want to live, feel safe and which prides itself upon being a town centre which is relevant to all of the Borough's residents and to which all of the borough's residents can relate.	Report taken to Service Committees for input to the strategy and scope of work during November 2021 cycle. Work underway the establishment of early projects and resource requirements. Further report to Policy & Resources Committee in March 2022 to seek final agreement to the scope of the Town Centre Strategy, priority/under-pinning workstreams/projects and key associated elements such as governance and engagement'.

Resilient Communities					
Action	Agreed funding	Target Start	Target End	Success	Progress at January 2022
Establish Community Compact	n/a	May-21	n/a	Partnership in place between the community and voluntary sector and the council. Joint projects completed and greater resilience	Joint meeting was held with Involve Kent and VCS in July 2021 to consider Community Compact, Originally envisaged as a document, the engagement with the VCS via forums, consultation and events, plus the publication of the Civil Society Consultation has moved this original concept forward and MBC's role is facilitatory and the compact is its commitment to the VCS. It is likely that this commitment will be formally developed and established through a market-place event with the VCS in Maidstone. MBC represented on KCC and District Council VCS Forum established in November 2021.
Support and Encourage Volunteering in the Borough.	£25,000 Recovery Fund	Jun-21	Oct-22	Increase in the number of volunteers, volunteering in the Borough and as a consequence more community initiatives delivered. Work with involve to develop an indicator	Website pages have been developed and updated with guidance on Volunteering. Research has been undertaken on our local offer which includes online platforms for advertising opportunities and Kent's Lord Lieutenant's Office is working in partnership with Kent Volunteers. A Joint Meeting was held with Involve Kent and VCS provided qualitative feedback on volunteering, there is ongoing work with Community Groups to help access the need. Work has recently begun work on benchmarking offer with CIPFA nearest neighbours, Evaluating internal policies and use of volunteers. Team have sought expert advice/training on best practice from APSE. The next steps – to complete the research to date and develop options ready to take 'to market'.

Resilient Communities					
Action	Agreed funding	Target Start	Target End	Success	Progress at January 2022
Online Community Participation	£15,000 Recovery Fund	Sep-21		Online tool in place and used to successfully engage with the public on projects and initiatives.	The team have evaluated several platforms, narrowing down to two which meet the needs of the wider Council, stakeholders from across the Council met to establish which provider would best meet the need. Feedback informed final choice. Purchase to be completed by end of the month
Community Resilience Fund	£150,000 Recovery Fund	Oct-21	Oct-24	30 projects delivered by a variety of community and voluntary sector groups and organisations.	To date we have had 14 applications, adding up to bids for £26,858. The first wave closes on 11 February. There have been a wide variety of applicants from Scout and gardening groups to charities supporting the homeless.
Equip Trinity Foyer to be a Community Hub	£30,000 Recovery Fund	Jun-21	Oct-21	New community hub delivered for all housing and related support services in Trinity Foyer	<p>The funding is being used to ensure digital inclusion and a multi-media training equipment are installed and embedded in the functions of our new Community Hub at Trinity. The specific digital aspects are being implemented by a local Audio-Visual contractor. We are currently working on developing our timetable of activities and learning support for those individuals most excluded from the job market and on the peripheral of societal activities. Our two new Homelessness Navigators have commenced in the role and working towards maximising digital inclusion.</p> <p>The handover of Trinity has been delayed due to unexpected refurbishment issues arising – handover now predicted to be in March. All the digital inclusion equipment will be in situation at the same time.</p>

Resilient Communities					
Action	Agreed funding	Target Start	Target End	Success	Progress at January 2022
Financial Inclusion Strategy and Actions	£34,320 Recovery Fund			The number and value of unclaimed benefits that residents are supported to claim A reduction in the number of households in financial crisis or at risk of moving into crisis Increased take up of debt advice services by households with problem debt A reduction in the number of households identified as being in a repeated pattern of Council Tax debt The number of low-income households supported with energy efficiency measures The number of low-income households supported to access a more appropriate tariff	A dedicated welfare support officer has been recruited and started on the 17 th January. Immediate priority is to complete the campaign to increase the take up of Pension Credit among low-income households and develop stronger links within the advice sector.
Love Where You Live and Get Involved.	£35,000 Recovery Fund	Sep-21	Sep-22	8 community environmental projects delivered. Civic Pride increased as measured by the Resident's Survey. Baseline the number of participants in the project.	Work has begun setting out the objectives and Criteria for the community environmental projects with a plan for launching the scheme with Ward Members, Community Groups and with the local Press next month.

The Way we Work					
Action	Agreed funding	Target Start	Target End	Success	Progress at January 2022
Increase HR capacity to facilitate agile working and new ways of working	£50,000 Recovery Fund	Oct-21	Oct-22	Better understanding from staff on impact of changes to organisation culture Actions taken to meet future workforce requirements.	To further support the work on culture change, consultants from RedQuadrant have been appointed and will be working with us on this project. In December, the project kick-off meeting for the Culture Change Project took place with RedQuadrant. The work will consist of three streams of activity. The first stream focuses on leading culture change with culture specialists working with our Wider Leadership Team. The outcomes of this work will result in our leader's role modelling the desired behaviours and ensuring symbols of culture reflect and enable the desired culture. The second stream brings together representation of the whole system to enable us to capture and share many of the changes that have already happened due to Covid which we want to encourage and sustain. The third stream, is focussed on identifying, recognising and building upon those people and interventions that are already positively impacting our culture and ensuring that we celebrate and encourage others to participate. Over the next six months we will be supported by RedQuadrant to ensure the positive impacts of this work which will set us up with new ways of working and interactions that will support our on-going cultural success.
Embedding new ways of working and ensuring the office is fit for purpose	£50,000 Recovery Fund £40,000 Capital Programme	Oct-23		Flexible office space that supports the new ways of working with the right technology and facilities.	There is currently work on culture currently being undertaken in HR which is being funded as part of this plan and reported on separately. The additional transformation resource will assist in delivering any changes required as a result of this work. Therefore, this funding will start to be spent until 2022/23. Some additional work is required for supporting 365, So funding is required for programme support in the IT team: £15k is a cost for each of the 3 partners for

The Way we Work					
Action	Agreed funding	Target Start	Target End	Success	Progress at January 2022
					consultancy support for the roll out of Microsoft 365. This will begin to be spent from April 2022.
Ensure staff have the right equipment (office and home) to enable new ways of working	Capital Programme	Oct-21		Staff able to effectively work anywhere	<p>The service has completed an audit of ICT provision within Maidstone House to ensure that every workstation has the necessary equipment and installed video conferencing equipment in 2 meeting rooms to support virtual meetings.</p> <p>The piloting of different equipment within the planning team has been conducted to promote and support wider mobile / paperless working.</p>

Responding to Increased Demands arising from COVID-19					
Action	Agreed funding	Target Start	Target End	Success	Progress at January 2022
Planning Development Control fixed term post	£35,000 Recovery Fund	ASAP		Backlog resolved and staff able to meet demands on the service	A contractor has in place since mid- October helping process both other and minor applications. This will continue until the end of the financial year when the expected the money allocated will be used up.
Planning Enforcement fixed term post	£35,000 Recovery Fund	ASAP	Mar-22	Backlog resolved and staff able to meet demands on the service	The fixed term post be changed to a consultant post given the difficulties in recruiting at a senior officer level. A consultant senior enforcement officer has been in post since mid-October-21 and funding is in place to continue this until the end of the financial year when the budget will be used up.
Increased capacity in Heritage and Landscape	£70,000 Recovery Fund	ASAP		Backlog resolved and staff able to meet demands on the service	The process is in place to recruit to several posts in HLD. One of which is for the appointment of a new fixed term (1 year) Landscape Conditions Implementation Officer post. The contract for the part-time Principal Conservation Officer post (2 days per week) comes to an end at the end of March 2022 and the post will be re-advertised as another 1-year fixed term contract. Additionally, a specialist contractor is about to be appointed for 4 months to help clear the backlog of tree applications. Funding will need to be carried forward to 2022/23 to accommodate these arrangements.
Increased capacity within Data Analytics to provide support for recovery and renewal projects	£50,000 Recovery Fund	Jul-22	Jul-23	18 dashboards in place by 2023	Action not yet due - post due to be recruited in summer

Responding to Increased Demands arising from COVID-19					
Action	Agreed funding	Target Start	Target End	Success	Progress at January 2022
Business Grant Distribution	£30,000 New Burdens Funding	ongoing		Maidstone continues to be the business capital of Kent	Two additional staff have been recruited to support the Maidstone Business Boost programme, with 67 discretionary awards made to date totalling just over £1 million
Revenues and Benefits – Citizens Advice Maidstone Post	£18,000 Contain Outbreak Management Fund	Aug-21		Residents with debt problems are assisted to maximise income, reduce debt by claiming the benefits they are entitled to	A service level agreement has been entered with the Citizens Advice Bureau who pro-actively contact 40 low-income households who are experiencing with debt issues.

**Policy and Resources
Committee**

9 February 2022

**Medium Term Financial Strategy and Budget Proposals
2022/23**

Final Decision-Maker	Council
Lead Head of Service/Lead Director	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

This report represents the final stage in this Committee’s consideration of the budget for 2022/23. It brings together revenue and capital budget proposals for 2022/23, including a proposed level of Council Tax, so that a balanced budget may be recommended to Council on 23rd February 2022. The budget proposals are consistent with the draft Medium Term Financial Strategy considered by this Committee on 24th November 2021. The budget proposals have been considered by Service Committees and their comments have been reflected in the latest proposals included within this report.

The report also deals with the proposed capital programme 2022/23 to 2026/27 and the Council’s level of reserves.

This report makes the following recommendations to this Committee:

It is recommended that the Committee:

1. Notes the outcomes of consideration of budget proposals by the Service Committees;
2. Agrees the Budget Growth and Savings Proposals set out in Appendix A;
3. Agrees that the first £1 million of 2022/23 New Homes Bonus be allocated for strategic policy and planmaking, with the balance transferred to a Housing Investment Fund, to be used to subsidise the Council’s Affordable Housing programme;
4. Agrees the updated Strategic Revenue Projection set out in Appendix B;
5. Agrees a £5.40 increase in Band D Council Tax for 2022/23 for recommendation to Council;
6. Agrees the Revised Estimates for 2021/22 and the Budget Estimates for 2022/23 set out in Appendix C for recommendation to Council;
7. Agrees the Capital Programme set out at Appendix D for recommendation to Council;

8. Agrees the Treasury Management Strategy, Investment Strategy and Capital Strategy set out in Appendix E for recommendation to Council;
9. Notes that the projected level of General Fund balances in Appendix F is in excess of the agreed minimum level of £4 million;
10. Agrees the updated Medium Term Financial Strategy set out in Appendix G;
11. Recommends to Council the appropriate matters for decision to set a balanced budget for 2022/23 and the necessary level of Council Tax in accordance with the Local Government Finance Act 1992 and the Localism Act 2011 including the decisions made above.

Timetable	
<i>Meeting</i>	<i>Date</i>
Policy and Resources Committee	9 February 2022
Council	23 February 2022

Medium Term Financial Strategy and Budget Proposals

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Cross Cutting Objectives	The MTFS and the budget support the cross-cutting objectives in the same way that they support the Council's other strategic priorities.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	<p>Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. The Medium Term Financial Strategy demonstrates the Council's commitment to fulfilling its duties under the Act.</p> <p>The Council is required to set a council tax by the 11 March in any year and has a statutory obligation to set a balanced budget. The budget requirements and basic amount of Council Tax must be calculated in accordance with the requirements of sections 31A and 31B to the Local Government Finance Act</p>	Interim Deputy Head of Legal Partnership.

	<p>1992 (as amended by sections 73-79 of the Localism Act 2011).</p> <p>The Council is required to determine whether the basic amount of council tax is excessive as prescribed in regulations - section 52ZB of the 1992 Act as inserted under Schedule 5 to the Localism Act 2011. The Council is required to hold a referendum of all registered electors in the borough if the prescribed requirements regarding whether the increase is excessive are met.</p> <p>Approval of the budget is a matter reserved for full Council upon recommendation by Policy and Resources Committee on budget and policy matters.</p>	
Privacy and Data Protection	<p>Privacy and Data Protection is considered as part of the development of new budget proposals. There are no specific implications arising from this report.</p>	<p>Policy and Information Team</p>
Equalities	<p>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, an evidence-based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations will be sought.</p>	<p>Equalities and Corporate Policy Officer</p>
Public Health	<p>The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.</p>	<p>Public Health Officer</p>
Crime and Disorder	<p>The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.</p>	<p>Section 151 Officer & Finance Team</p>
Procurement	<p>The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.</p>	<p>Section 151 Officer & Finance Team</p>
Biodiversity and Climate Change	<p>The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.</p>	<p>Section 151 Officer & Finance Team</p>

2. INTRODUCTION AND BACKGROUND

2.1 This section sets out revenue and capital budget proposals for 2022/23 as follows:

- Background
- Local Government Finance Settlement 2022/23
- Feedback from Service Committees on budget proposals
- Updates to budget proposals
- Updates to Strategic Revenue Projection
- Revenue Estimates
- Capital Programme
- Treasury Management Strategy
- Balances / Earmarked Reserves

Background

2.2 At its meeting on 24 November 2021, this Committee considered an updated Medium Term Financial Strategy (MTFS) for the next five years. The MTFS sets out in financial terms how the Strategic Plan will be delivered, given the resources available, and reflects new priority initiatives including a Town Centre Strategy and the commitment to invest in 1,000 new affordable homes.

1.3 The financial projections underlying the MTFS were prepared under three different scenarios – adverse, neutral and favourable. All three scenarios assumed that budget proposals for future years which have already been agreed by Council will be delivered, and that Council Tax is increased by 2% in 2022/23. A further scenario has also now been considered that will incorporate the risk of inflation remaining at its current rate of around 5%.

Local Government Finance Settlement 2022/23

1.4 The Provisional Local Government Finance Settlement for 2022/23 was announced on 16 December 2021. This confirmed several of the key assumptions incorporated in the MTFS.

- The Council Tax referendum limit will be 2%.
- The existing Business Rates regime will remain in place. Whilst the business rates multiplier will be frozen for ratepayers, local authorities will be compensated for the consequent loss of an inflationary increase.
- There will be no negative Revenue Support Grant.

1.5 In addition, of the £1.5 billion increased funding previously announced in the Spending Review for local authorities, £822 million will be distributed directly to local authorities in the form of a new Services Grant. Maidstone will receive £225,000 in Services Grant.

1.6 There will be a new round of New Homes Bonus (NHB) payments in 2022/23, but payments will be made on the basis of two years' growth in housing numbers rather than three as in 2021/22. In Maidstone's case, because of the high number of housing completions in the borough last year, New Homes Bonus will nevertheless increase from £3.8 million in

2021/22 to £4.2 million in 2022/23. However, other authorities have seen significant reductions, so to prevent those authorities seeing an overall reduction in their Core Spending Power, the government is using the Lower Tier Services Grant (LTSG) to cushion the impact. Maidstone will receive an LTSG of £146,000.

- 2.3 The outcome of the Local Government Finance Settlement was favourable for the Council, but offsetting this favourable impact has been the net effect of the budget proposals for 2022/23 and subsequent years, which would lead to net revenue growth of £324,000 in 2022/23. Details are set out in Appendix A. Furthermore, in order to absorb potential additional inflation of 2%, an extra £800,000 has been added to the corporate contingency budget. The overall outcome for the Council's strategic revenue projections of these and other pressures is that the projected budget surplus reported in November of £755,000 has been fully absorbed to give a much smaller surplus of £8,000. The Strategic Revenue Projection is shown at Appendix B.
- 2.4 The Strategic Revenue Projection shows a deficit in future years. There are a large number of uncertainties about the future position, notably the impact of the expected reshaping of local government funding arrangements in 2023/24. Developments will be monitored carefully and steps taken in good time to refine the budget strategy accordingly.

Feedback from Service Committees on Budget Proposals

- 2.5 Strategic Planning and Infrastructure Committee (12 January 2021)

The Committee expressed concerns that the £55,000 saving from deleting vacant posts in planning policy should remain within the planning service to allow for the recruitment of additional staff which were felt to be required. It was noted that the positions had been vacant long-term and that the funding was being used to facilitate an external consultant rather than remaining unused; its removal in the budget proposal for 2022/23 was a housekeeping exercise.

It was felt that the Policy and Resources Committee should further consider the use of the £55,000 for additional staffing posts in its overall consideration of the Medium-Term Financial Strategy.

- 2.6 Policy and Resources Committee (19 January 2022)

The revenue budget proposals for services within the remit of the Committee were agreed.

- 2.7 Economic Regeneration and Leisure Committee (18 January 2022)

The position on museum savings was noted and the need for a more realistic budget for the market acknowledged. Generally members were content and the revenue budget proposals for services within the remit of the Committee were agreed.

2.8 Communities, Housing and Environment Committee (1 February 2022)

An update will be provided at tonight's meeting.

Updates to budget proposals

Restructure to support delivery of Council strategies

2.9 A proposed growth figure of £94,000 was incorporated for this item in the report to Policy and Resources Committee on 19 January 2022. Further work has now been carried out on the scope of the management restructure required, and this is described in a separate report on this evening's agenda. The proposals now put forward would lead to net budget growth of £175,000. Included within the structure are four new posts in Planning.

2.10 The £55,000 saving relating to vacant posts in Planning Policy, considered by the Strategic Planning and Infrastructure Committee at its meeting on 9 January 2022, is being used to contribute to the costs of these posts and has therefore been removed from the service-level budget savings shown in Appendix A for Strategic Planning and Infrastructure Committee.

Other updates to Strategic Revenue Projection

Council Tax

2.11 Policy and Resources Committee agreed at its meeting on 19 January 2022 that the Council Tax Base for 2022/23 would be 65,896.22. This is in line with the increase in the Council Tax Base assumed in the MTFs. The agreed Council Tax Base will yield total Council Tax income of £18,207,125 if Band D Council Tax is increased by 2% (£5.40), as set out in the agreed Medium Term Financial Strategy.

2.12 Taking into account possible increases in precepts from other organisations, the overall level of Band D Council Tax is likely to be as follows:

	% change from last year	£
Kent County Council	2.0	1,287.99
Kent County Council Social Care Precept	1.0	173.25
Kent Police and Crime Commissioner	4.6	228.15
Kent Fire and Rescue Service	2.0	82.44
Maidstone Borough Council	2.0	276.30
ANNUAL CHARGE FOR 2022/23	3.0	£2,048.13

2.13 The Council Tax base report to Policy and Resources Committee on 19 January 2022 projected a surplus of £319,000 in total for current year (2021/22) collections, which will be credited to the General Fund in 2022/23. This amount is after an adjustment to spread the abnormal deficit suffered in 2021/22 across three years, as prescribed by legislation. This surplus is £24,000 less than originally projected.

Business Rates

- 2.14 The Business Rates income estimate for 2022/23 is based on the recently completed NNDR1 return that has to be provided to the Department of Housing Communities and Local Government each January.
- 2.15 The Business Rates baseline, ie the notional amount of business rates due to the Council, after payments to preceptors and the government's tariff, excluding any growth, is £3.528 million, as set out in the Provisional Local Government Finance Settlement. As described above, the government has increased the Business Rates baseline by inflation even though business rate payers will not face an increase. This is worth an additional £30,000 compared with the amount anticipated in the MTFS.
- 2.16 The NNDR1 return indicates that, as in previous years, business rates will be higher than the baseline, owing to growth in excess of inflation over the years since the baseline was set in 2013/14. Maidstone's share of this projected growth amounts to £1.6 million, which is £1.1 million more than assumed in the MTFS. The significant increase arises primarily because of the retail, leisure and hospitality relief which the government will provide to business rate payers. This relief, which is granted by the Council but with compensation from the government in the form of S31 grant, allows income which would otherwise have been at risk to be guaranteed from the Council's perspective.
- 2.17 Overall, the projection for business rates income is based on the existing methodology, with appropriate allowances for bad debts and business rates appeals. However, there is a risk that more businesses will appeal their assessments on the basis of a material change in circumstances following the Covid-19 pandemic, which could have the effect of reducing business rates growth or even eliminating it altogether.
- 2.18 Kent County Council and eight of the Kent districts continue to pool their business rates growth, which has the effect of reducing the levy on business rates growth that would otherwise be payable to central government. As previously agreed by Council, Maidstone's 30% share of the saving on the levy is ringfenced for investment in the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. Neither of these amounts are reflected in the Strategic Revenue Projection, as they have been earmarked for specific purposes.
- 2.19 As set out above, there is a risk that business rates appeals will have an impact on business rates growth or even eliminate it altogether. Whilst business rates pool proceeds have therefore been earmarked for specific purposes, no specific spending commitments should be made until there is more certainty about the likely outcome.
- 2.20 As with Council Tax income, an adjustment is made in respect of the deficit arising in 2021/22. This is £367,000 greater than projected in November, after releasing a reserve of £1.381 million set aside to cover abnormal loss of income arising from the Covid-19 pandemic.

Unringfenced government grant

- 2.21 As announced in the Local Government Finance Settlement, unringfenced government grant will be received in 2022/23 comprising New Homes Bonus (£4.2 million), Services Grant (£225,000) and Lower Tier Services Grant (£165,000). These are unringfenced revenue grants that may be deployed by the Council at its discretion, so the default position is that they are included within the Council's revenue resources along with Council Tax and Business Rates.
- 2.22 The Council has however previously ringfenced New Homes Bonus payments for capital expenditure. With effect from 2022/23, it is now proposed that the first £1 million of New Homes Bonus be allocated for strategic policy and planmaking. The balance, ie £3.2 million in 2022/23, will be transferred to a Housing Investment Fund, which will be used to subsidise the Council's Affordable Housing programme.
- 2.23 The Services Grant and Lower Tier Services Grant will be deployed as part of revenue resources to offset expenditure pressures and thus ensure a balanced budget.

Fees and Charges

- 2.24 The level of fees and charges made by each Service Area were considered by Service Committees at their meetings in December 2021. The combined effect of changes in fees and charges has been incorporated in the projections in Appendix B. The latest projection is £158,000 less than in the MTFS.

Inflation

- 2.25 For the purpose of the draft Medium Term Financial Strategy presented to the committee in November 2021, it was assumed that the government's target rate of inflation is 2% would be achieved over the medium term, so the default inflation assumption for general expenditure in the draft MTFS was 2%. The detailed inflation assumption however recognised that contract price inflation, being index-linked, would be higher, and that staff pay increases would average 3% to allow for increments. In addition, a general provision for inflation of £500,000 was built into the projections.
- 2.26 The committee expressed its concern that these projections did not adequately address the risk of continuing high inflation, so a further contingency of £800,000, representing approximately 2% of gross revenue expenditure, has now been built into the Strategic Revenue Projections for 2022/23.

Revenue costs of capital programme

- 2.27 A review of the budget provision for the revenue costs of the capital programme, ie financing costs and Minimum Revenue Provision, in the light of the 5-year capital programme proposals, indicates that the budget does not need to be increased for 2022/23. It will increase in subsequent years in line with the expansion of the capital programme.

Summary

2.28 In summary, the impact of the above changes to the Strategic Revenue Projection for 2022/23, as compared with the position shown in the draft Medium Term Financial Strategy as considered by this Committee on 24 November 2021, is as follows:

	£000	£000
Projected budget surplus for 2022/23 as per draft MTFs presented to P & R Committee 24.11.2021		755
<u>Add:</u>		
Services Grant		225
Lower Tier Services Grant		146
Business Rates:		
- Additional retained rates arising from Local Government Finance Settlement	30	
	528	
- Additional growth	<u>-367</u>	
- Collection Fund adjustment		191
Adjustment to current spend		7
<u>Less:</u>		
Increase corporate contingency to cover inflation risk		-800
Net impact of budget proposals - see Appendix A		-324
Reduction in forecast for other income		-158
Council Tax:		
- Adjustment to reflect actual Band D charge	3	
- Reduction in surplus for current year collections	<u>-24</u>	
		-21
Adjustment to forecast for pay, NI and inflation		-13
Updated budget surplus for 2022/23 – see Appendix B		8

2.29 In summary, the surplus of £755,000 envisaged in the MTFs has been absorbed by the requirement to provide for higher inflation and the net impact of budget proposals. After taking account of other adjustments, the net effect is that there is a small surplus of £8,000.

2.30 The updated Strategic Revenue Projections indicate that there will be a budget gap in 2023/24 and subsequent years. 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, and this deficit will increase over the remaining term of the MTFs.

Revenue Estimates

- 2.31 Attached at Appendix C is a summary of the revenue budget for 2022/23, based on the assumptions above. The summary shows the Original Estimate 2021/22 as approved by Council in February 2021; the Revised Estimate 2021/22 calculated as part of the budget development work completed this year; and the Estimate for 2022/23 based upon the details set out in this report. The Estimate for 2022/23 is analysed between gross expenditure, income and net expenditure, so that Members may see clearly how income generated by the Council contributes towards expenditure budgets.
- 2.32 Appendix C presents the Committee with the budget structured in line with the relevant Service Committees and separately structured in line with the strategic priorities set out in the Strategic Plan.
- 2.33 The Revised Estimate 2021/22 shown in Appendix C totals £19,694,840. This figure is net of all income with the exception of the use of balances and the council tax requirement.
- 2.34 The Estimate for 2022/23 shown in Appendix C totals £23,164,060. This incorporates all the items discussed above. The figure is net of all income with the exception of Council Tax and Business Rates income. It excludes precepts.

Capital Programme

- 2.35 A draft Capital Programme was reported to Committee at its meeting on 19 January 2022. The Capital Programme totals £234 million over five years. This represents a significant expansion of the programme, owing mainly to a further £82 million for the Affordable Housing Programme and an indicative item of £30 million for the re-provision of leisure facilities at the end of the current Serco contract. Details are set out Appendix D.

Treasury Management Strategy

- 2.36 The framework for funding the capital programme and the Council's activities generally is set out in the Treasury Management Strategy. The Council has adopted CIPFA's Code of Practice for Treasury Management in Public Services, which requires the Council to produce three linked strategy documents: a Treasury Management Strategy, an Investment Strategy and a Capital Strategy. These are included as Appendix E and have already been considered by the Audit, Governance and Standards Committee at its meeting on 18th January 2022.
- 2.37 In summary, the Treasury Management Strategy envisages that the capital programme will be funded by borrowing, as permitted subject to the guidance set out in the Prudential Code. In 2012 the Council approved in principle the use of prudential borrowing. The proposals set out in this report indicate a need for up to £201 million of prudential borrowing over the lifetime of the capital programme. The revenue costs of this borrowing are reflected in the Strategic Revenue Projections.

- 2.38 Currently, borrowing is available at rates of interest which remain very low in comparison with recent history. The assumptions made about the cost of borrowing in the Capital Strategy need to be viewed in this light, and the impact of higher interest costs in the future considered.
- 2.39 Measures to mitigate the risk of higher borrowing costs in the future are constrained by the fact that the Prudential Code does not permit borrowing in advance of need, and loans through the Public Works Loan Board are provided immediately on application, rather than at a specified future date. This limits the opportunities for 'locking in' current interest rates. However, the Treasury Management Strategy envisages the procurement of forward borrowing from non-government lenders and this is currently under active consideration.

Balances / Earmarked Reserves

- 2.40 Attached at Appendix F is a statement of general fund balances and details of earmarked reserves. The earmarked reserves incorporate a capital reserve that includes all of the retained New Homes Bonus and other revenue support to the capital programme available from previous years.
- 2.41 Unallocated General fund balances are estimated to be £9,196,000 by 31 March 2023. In considering the level of reserves that should be maintained the Committee should consider the minimum below which the Committee cannot approve the use of balances without agreement by the Council. It was agreed by Council at its meeting on 24 February 2021 that the minimum level of balances be increased to £4 million in light of the heightened level of risk highlighted by the Covid-19 pandemic.
- 2.42 It can be seen that the level of reserves is comfortably in excess of the minimum level of £4 million.

Medium Term Financial Strategy

- 2.43 Attached as Appendix G is the Medium Term Financial Strategy, updated to reflect the latest position as described in this report.
- 2.44 The financial projection that complements the Medium Term Financial Strategy is the Strategic Revenue Projection given at Appendix B. The financial projection considers the need for growth and savings over the period of the Medium Term Financial Strategy and incorporates assumptions about inflation and changes in local and national initiatives.
- 2.45 The financial projection that complements the Capital Medium Term Financial Strategy Statement is the capital programme given at Appendix E.
- 2.46 The Strategy may require amendment following Committee's consideration of this report or following consideration by Council on 23rd February 2022. The final versions will be published as part of the budget documents on the Council's website following the Council meeting.

3 AVAILABLE OPTIONS

- 3.1 **Option 1:** To not recommend a budget or recommend a budget that is not balanced to Council.
- 3.2 The Council is statutorily required to set a balanced budget in time for the new financial year and in time for council tax billing to be achieved. If the Committee were to decide not to recommend a budget or recommend a budget that was not balanced Council would not be able to accept the proposal. A budget would need to be set and this would happen without the information or guidance from this Committee's work over the past year.
- 3.3 **Option 2:** The Committee could amend the budget set out in this report but would need to take care that the final recommendation to Council is a balanced budget.
- 3.4 The Director of Finance and Business Improvement (section 151 Officer) must provide confirmation to Council that "the budget calculations are based upon robust estimates and that the level of reserves is sufficient for the purposes of the budget exercise". Care must be taken in amending the budget set out in this report so that the Director of Finance and Business Improvement is able to make the necessary confirmation.
- 3.5 **Option 3:** the Committee recommend the budget set out in this report, including the proposed council tax charge.
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4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Option 3 is the preferred option.
-

5 RISKS

- 5.1 The Council's MTFS is subject to a high degree of risk and certainty. 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 of its meetings.
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6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Policy and Resources Committee received an initial report on the MTFS at its meeting on 21 July 2021 and has subsequently received further reports on the development of the budget for 2022/23.

- 6.2 A Residents' Survey was carried out in Autumn 2021 to obtain their views on the issues to be considered when setting a budget. The findings were reported to Service Committees in November and December 2020.
- 6.3 Detailed budget proposals were considered by individual Service Committees. The outcomes of this consultation are set out in this report at paragraphs 2.5 to 2.8.

7 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The timetable for setting the budget for 2022/23 is set out below.

<i>Date</i>	<i>Meeting</i>	<i>Action</i>
9 February 2022	Policy and Resources Committee	Agree 2022/23 budget proposals for recommendation to Council
23 February 2022	Council	Approve 2022/23 budget

8 REPORT APPENDICES

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

- Appendix A: Budget Savings Proposals 2022/23 to 2024/25
- Appendix B: Strategic Revenue Projection 2022/23 to 2026/27
- Appendix C: Revised Estimates for 2021/22 and Draft Budget Estimates for 2022/23
- Appendix D: Capital Programme 2022/23 to 2026/27
- Appendix E: Treasury Management Strategy, Investment Strategy and Capital Strategy
- Appendix F: Statement of General Fund Balances and Earmarked Reserves
- Appendix G: Updated Medium Term Financial Strategy 2022/23 to 2026/27

9 BACKGROUND PAPERS

There are no background papers.

Revenue Budget Proposals 2022/23 - 2026/27

Service	Proposal	22/23	23/24	24/25	Total
		£000	£000	£000	£000
All	Review of structure to enable delivery of strategic priorities	175			175
Democratic & Electoral Services	Additional staff resources	76			76
Corporate Governance, Communities and	Resource data analytic function to report real time data monitoring and data analytics		35		35
Biodiversity & Climate Change	Additional staff resource to support community engagement	35			35
Corporate Property	Office accommodation savings	-150	-125	-125	-400
Housing & Regeneration	New Maidstone Property Holdings developments		-42	-152	-194
All	Service improvements and restructuring		-120		-120
All	Green Travel - changes to essential user and lease car allowance	-20	-20	-20	-60
Elections	Whole Council elections			-60	-60
Corporate Property	Service improvements		-25	-25	-50
Legal Services	Increased usage	130			130
Emergency Planning and Resilience	Emergency Planning and Resilience Manager - now full-time	35			35
Other shared services	Various savings	-43	-20		-63
OVERALL CHANGE IN BUDGET (£000)		238	-317	-382	-461

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

Revenue Budget Proposals 2022/23 - 2026/27

Service	Proposal	22/23	23/24	24/25	Total
		£000	£000	£000	£000
Street Scene	Public toilets tender new contract	105			105
Community Protection	Two additional roles	60			60
Housing	Better use of external grant funding	-150			-150
Housing	Capital investment to reduce cost of TA	-50	-75		-125
Community Protection	Review of CCTV budgets	-5	-4		-9
OVERALL CHANGE IN BUDGET (£000)		-40	-79	0	-119

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

Revenue Budget Proposals 2022/23 - 2026/27

Service	Proposal	22/23	23/24	24/25	Total
		£000	£000	£000	£000
Regeneration and Economic	Arts and Culture officer and Operational Budget	99			99
Market	Reduce market income budget	12			12
Mote Park Café	Adjust income target		-30		-30
Museum	Reduction in running costs	-14			-14
OVERALL CHANGE IN BUDGET (£000)		97	-30	0	67

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

Revenue Budget Proposals 2022/23 - 2026/27

Service	Proposal	22/23	23/24	24/25	Total
		£000	£000	£000	£000
Planning	Increase in staff resource for other planning applications and enforcement	80			80
Land Charges	Migration of land charges register to HMLR	-6	-22	103	75
Parking Services	Reduction in Operations Support re the management of security of Park & Ride	-26			-26
Planning	Neighbourhood Grant	-20			-20
OVERALL CHANGE IN BUDGET (£000)		28	-22	103	109
GRAND TOTAL (ALL COMMITTEES) (£000)		324	-448	-279	-403

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

REVENUE ESTIMATE 2022/23 to 2026/27
STRATEGIC REVENUE PROJECTION - NEUTRAL SCENARIO
2% COUNCIL TAX INCREASE

2021/22 £000		2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
17,216	COUNCIL TAX	18,207	18,848	19,511	20,198
3,430	RETAINED BUSINESS RATES	3,528	3,599	3,671	3,744
	SERVICES GRANT	225			
	LOWER TIER SERVICES GRANT	146			
620	BUSINESS RATES GROWTH	1,692	1,200	1,400	1,600
-114	COLLECTION FUND ADJUSTMENT (COUNCIL TAX)	319	-164		
-13,243	COLLECTION FUND ADJUSTMENT (BUSINESS RATES)	-952	-585		
11,786	SECTION 31 GRANT				
19,695	PROJECTED NET BUDGET	23,164	22,897	24,582	25,542
21,924	OTHER INCOME	21,335	21,732	22,370	22,953
-3,186	FORECAST CHANGE IN INCOME	398	637	583	1,037
84	SALES FEES & CHARGES COMPENSATION				
38,517	TOTAL RESOURCES AVAILABLE	44,896	45,267	47,535	49,533
42,996	CURRENT SPEND	41,888	44,913	46,051	48,354
	INFLATION & CONTRACT INCREASES				
850	PAY, NI & INFLATION INCREASES	1,287	1,186	1,205	1,244
	EXTERNAL BUDGET PRESSURES				
40	PENSION DEFICIT FUNDING	40	150	150	150
	LOCAL PRIORITIES				
-10	ADDITIONAL GROWTH AGREED BY P&R				
	OTHER SERVICE PRESSURES				
221	PROVISION FOR MAJOR CONTRACTS		1,000		
-1,589	REVENUE COSTS OF CAPITAL PROGRAMME			1,177	1,825
	CONTINGENCY FOR FUTURE PRESSURES	500			
50	GENERAL GROWTH PROVISION	50	50	50	50
	CONTINGENCY-INFLATION	800	-800		
42,559	TOTAL PREDICTED REQUIREMENT	44,564	46,499	48,633	51,623
-4,042	SURPLUS / (SAVINGS REQUIRED)	332	-1,232	-1,098	-2,091
2,142	PROPOSED SAVINGS / (GROWTH)	-324	448	279	0
-2,541	SURPLUS / (DEFICIT)	8	-784	-819	-2,091

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES**REVISED ESTIMATE 2021/22 AND ESTIMATE 2022/23****COMMITTEE SUMMARY**

Cost Centre/Service	Original Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Policy & Resources	7,223,280	7,039,050	8,935,090
Strategic Planning & Infrastructure	-508,250	-373,320	-343,470
Communities, Housing & Environment	8,182,870	8,129,650	8,756,340
Economic Regeneration & Leisure	979,500	1,282,710	1,149,910
	15,877,400	16,078,090	18,497,870
Invest to Save Contributions	10,000	0	0
Transfers to Reserves	3,807,440	3,616,750	4,666,190
Net Revenue Expenditure	19,694,840	19,694,840	23,164,060

POLICY & RESOURCES COMMITTEE

	Original Approved Estimate 2021/22	Revised Estimate 2021/22	Estimate 2022/23 (Expenditure)	Estimate 2022/23 (Income)	Estimate 2022/23
Cost Centre/Service	£	£	£	£	£
Contingency	287,110	-241,160	1,287,110	0	1,287,110
Unapportionable Central Overheads	1,459,050	1,459,050	1,499,050		1,499,050
Non Service Related Government Grants	-3,995,240	-3,995,240		-4,216,190	-4,216,190
Appropriation Account	1,106,340	1,173,010	1,781,780		1,781,780
Pensions Fund Appropriation	0	0	0		0
Balances, Pensions & Appropriation	-1,142,740	-1,604,340	4,567,940	-4,216,190	351,750
Council Tax Collection	55,050	55,050	94,700	-38,190	56,510
Council Tax Collection - Non Pooled	-357,010	-357,010	66,920	-423,340	-356,420
Council Tax Benefits Administration	-152,120	-152,120		-152,120	-152,120
NNDR Collection	1,520	1,520	2,750	-1,220	1,530
NNDR Collection - Non Pooled	-233,920	-233,920	15,600	-249,230	-233,630
MBC- BID	670	670	17,930	-17,260	670
Registration Of Electors	49,860	50,000	53,410	-2,390	51,020
Elections	143,310	291,130	147,980	-440	147,540
External Interest Payable	2,262,550	2,262,550	2,262,550		2,262,550
Interest & Investment Income	-100,000	-100,000		-100,000	-100,000
Central Services to the Public	1,669,910	1,817,870	2,661,840	-984,190	1,677,650
Lockmeadow	0	165,240	315,950	-148,870	167,080
Lockmeadow Complex	0	-1,389,160	1,110,630	-2,490,630	-1,380,000
Palace Gatehouse	-7,300	-7,500	4,500	-12,000	-7,500
Archbishops Palace	-95,320	-75,150	44,170	-141,280	-97,110
Parkwood Industrial Estate	-277,540	-284,940	4,370	-291,410	-287,040
Industrial Starter Units	-12,510	-17,180	29,620	-46,120	-16,500
Parkwood Equilibrium Units	-65,200	-77,560	46,930	-123,600	-76,670
Sundry Corporate Properties	-552,080	-506,760	44,050	-280,640	-236,590
Phoenix Park Units	-193,590	-178,400	34,470	-250,470	-216,000
Granada House - Commercial	-94,640	-94,480	37,300	-130,530	-93,230
MPH Residential Properties	-837,060	-833,120	18,610	-848,750	-830,140
Heronenden Road Units	-151,420	-149,140	15,320	-162,990	-147,670
Boxmend Industrial Estate	-87,010	-96,370	18,650	-113,790	-95,140
Lockmeadow	-72,300	0	0	0	0
NEW Lockmeadow Complex	-1,081,490	0	0	0	0
Wren Industrial Estate	-128,280	-117,920	61,660	-181,810	-120,150
Commercial Investments	-3,655,740	-3,662,440	1,786,230	-5,222,890	-3,436,660
Performance & Development	13,140	12,590	11,930		11,930
Corporate Projects	6,200	0	50,000		50,000
Press & Public Relations	24,670	21,240	21,570	0	21,570
Corporate Management	600,520	600,520	476,770		476,770
Corporate Management	644,530	634,350	560,270	0	560,270
Democratic Services Section	189,110	202,340	264,770	-1,790	262,980
Mayoral & Civic Services Section	115,780	115,100	117,730		117,730
Chief Executive	183,830	183,690	188,160		188,160
Communications Section	188,470	192,580	198,910	-390	198,520
Policy & Information Section	239,810	363,170	395,400	0	395,400
Head of Policy and Communications	113,730	129,050	116,420		116,420
Registration Services Section	114,640	92,400	95,830		95,830
Director of Finance & Business Improvement	145,170	144,430	148,110		148,110
Accountancy Section	725,970	730,140	842,240	-23,420	818,820
Director of Regeneration & Place	144,170	143,430	148,250	-1,150	147,100
Procurement Section	109,750	109,750	126,530	-13,360	113,170
Property & Projects Section	469,380	503,690	571,640	-5,700	565,940
Corporate Support Section	245,860	270,480	283,260		283,260
Improvement Section	350,180	360,300	400,850	-26,010	374,840
Executive Support Section	172,690	108,470	91,250		91,250
Head of Commissioning and Business Improve	107,190	138,440	109,840		109,840
Customer Services Section	686,610	646,700	680,350	0	680,350
Emergency Planning & Resilience	25,740	26,930	65,120	0	65,120
Salary Slippage	-248,930	-261,010	-284,570		-284,570
Corporate Support Services	4,079,150	4,200,080	4,560,090	-71,820	4,488,270
Civic Occasions	42,750	42,900	44,010		44,010
Members Allowances	396,290	396,560	408,000		408,000
Members Facilities	29,610	25,050	17,870	0	17,870
Democratic Representation	468,650	464,510	469,880	0	469,880
Emergency Centre	26,040	23,890	22,040		22,040
Emergency Planning	26,040	23,890	22,040	0	22,040
Housing Benefits Administration	-353,730	-353,730	28,790	-368,240	-339,450
Housing Benefit Administration	-353,730	-353,730	28,790	-368,240	-339,450
Medway Conservancy	126,080	126,080	127,990		127,990
Levies	126,080	126,080	127,990	0	127,990
Maidstone House Floors 1,2,3&4	0	0	324,820	-127,850	196,970
Town Hall	109,620	115,930	122,310	-1,500	120,810
South Maidstone Depot	152,350	188,040	170,630		170,630
The Link	98,560	105,530	384,360	-264,420	119,940
Maidstone House	1,082,570	1,052,020	371,770	-97,060	274,710
Museum Buildings	295,540	278,290	253,900	-1,110	252,790
Office Accommodation	1,738,640	1,739,810	1,627,790	-491,940	1,135,850
Rent Allowances	-124,720	-115,330	33,398,340	-33,513,670	-115,330
Non HRA Rent Rebates	-10,770	-8,760	867,370	-876,130	-8,760
Discretionary Housing Payments	1,450	1,450	226,200	-224,750	1,450
Rent Rebates	-134,040	-122,640	34,491,910	-34,614,550	-122,640
Revenues Section	509,820	515,170	917,180	-385,850	531,330
Benefits Section	490,090	485,620	794,670	-287,280	507,390
Fraud Section	30,720	39,110	236,490	-204,570	31,920

POLICY & RESOURCES COMMITTEE

	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Cost Centre/Service					
Mid Kent Audit Partnership	232,510	227,220	676,250	-464,590	211,660
Legal Services Section	483,100	483,100	699,140	-71,280	627,860
Mid Kent ICT Services	550,860	550,690	1,608,040	-1,034,200	573,840
GIS Section	116,400	118,830	200,940	-78,720	122,220
Director of Mid Kent Services	45,850	45,450	145,090	-96,720	48,370
Mid Kent HR Services Section	389,780	404,940	656,720	-257,220	399,500
MBC HR Services Section	177,100	90,800	172,560	-2,130	170,430
Head of Revenues & Benefits	72,680	71,780	117,850	-41,140	76,710
Revenues & Benefits Business Support	87,670	98,750	351,750	-243,080	108,670
Dartford HR Services Section	-23,460	-13,240	54,750	-68,430	-13,680
IT Support for Revenues and Benefits	39,600	29,490	42,990	-17,310	25,680
I.T. Operational Services	582,680	650,460	624,630		624,630
Central Telephones	15,210	15,210	15,510		15,510
Shared Services	3,800,610	3,813,380	7,314,560	-3,252,520	4,062,040
Apprentices Programme	50,160	75,140	51,300		51,300
Internal Printing	-4,630	-4,630	53,340	-56,920	-3,580
Debt Recovery Service	-16,510	-35,160	882,850	-897,000	-14,150
Debt Recovery MBC Profit Share	-73,100	-73,120		-95,470	-95,470
Trading Accounts	-44,080	-37,770	987,490	-1,049,390	-61,900
Policy & Resources	7,223,280	7,039,050	59,206,820	-50,271,730	8,935,090

POLICY & RESOURCES COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor	966,730	964,920	1,181,560
Allowances	392,000	392,000	403,760
Benefits	37,434,600	34,504,080	34,491,910
Employee Direct	9,351,840	9,362,170	9,709,410
Employee Other	1,549,540	1,736,620	2,008,220
Equipment & Furniture	906,650	990,220	943,830
Fees & Charges	-850,040	-812,610	-960,610
General Insurances	13,930	14,320	14,630
Grants & Contributions Paid	2,380,340	2,380,690	2,364,780
Grants & Contributions Received	-45,604,360	-44,167,180	-42,773,690
Income Other	-1,117,760	-1,831,530	-1,921,490
Information & Communication	4,470	45,160	21,290
Leasing & Capital Charges	1,110,640	1,175,210	1,783,800
Premises Other	1,745,600	1,791,720	1,882,100
Printing & Stationery	131,390	164,030	122,760
Professional Services	465,690	1,454,450	1,417,670
Rent	-4,365,320	-4,974,120	-4,615,940
Repairs & Maintenance	552,160	846,830	696,580
Security & Protection	40,140	40,140	40,940
Subsistence & Training	178,290	133,240	186,340
Supplies & Services Other	1,309,810	2,202,380	1,289,260
Utilities	468,340	469,840	502,540
Vehicle & Transport	158,600	156,470	145,440
Policy & Resources	7,223,280	7,039,050	8,935,090

STRATEGIC PLANNING & INFRASTRUCTURE COMMITTEE

Cost Centre/Service	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Building Regulations Chargeable	-346,920	-346,920	7,380	-361,670	-354,290
Building Control	-990	-990		-990	-990
Street Naming & Numbering	-73,350	-73,350		-73,350	-73,350
Building Control	-421,260	-421,260	7,380	-436,010	-428,630
Land Charges	-264,950	-264,960	25,710	-290,400	-264,690
Central Services to the Public	-264,950	-264,960	25,710	-290,400	-264,690
Spatial Policy Planning Section	421,770	440,050	452,660		452,660
Head of Planning and Development	110,760	110,280	113,410		113,410
Development Management Enforcement Section	185,030	-2,300	-2,220		-2,220
Building Surveying Section	446,150	442,030	457,530		457,530
Heritage Landscape and Design Section	209,240	205,750	212,950		212,950
CIL Management Section	45,210	61,200	94,260	-30,000	64,260
Development Management Section – Majors	282,700	287,540	298,260		298,260
Development Management Section – Others	683,040	858,450	971,580		971,580
Parking Services Section	341,700	317,450	458,860	-134,710	324,150
Salary Slippage	-85,050	-91,680	-97,490		-97,490
Corporate Support Services	2,640,550	2,628,770	2,959,800	-164,710	2,795,090
Development Control Advice	-237,940	-252,940	35,300	-292,700	-257,400
Development Control Appeals	129,260	129,260	131,850		131,850
Development Control Majors	-511,020	-511,020	21,680	-532,320	-510,640
Development Control - Other	-640,500	-640,500	6,370	-646,790	-640,420
Development Control Enforcement	69,840	69,840	71,240		71,240
Development Control	-1,190,360	-1,205,360	266,440	-1,471,810	-1,205,370
Environment Improvements	6,440	6,960	6,960	0	6,960
Name Plates & Notices	19,060	19,060	19,440		19,440
Network & Traffic Management	25,500	26,020	26,400	0	26,400
On Street Parking	-322,450	-322,250	427,650	-738,050	-310,400
Residents Parking	-206,700	-204,530	58,560	-261,280	-202,720
Pay & Display Car Parks	-1,239,320	-1,187,740	621,080	-1,801,750	-1,180,670
Non Paying Car Parks	16,690	14,500	14,860	-10	14,850
Off Street Parking - Enforcement	-114,230	-117,850	164,680	-276,690	-112,010
Mote Park Pay & Display	-186,020	-185,840	47,980	-233,380	-185,400
Sandling Road Car Park	3,280	3,230	55,000	-55,000	0
Parking Services	-2,048,750	-2,000,480	1,389,810	-3,366,160	-1,976,350
Planning Policy	200,000	310,940	200,000	0	200,000
Neighbourhood Planning	0	0	0	-20,000	-20,000
Conservation	-11,210	-11,390	4,210	-15,600	-11,390
Planning Policy	188,790	299,550	204,210	-35,600	168,610
Former Park & Ride Sites	162,390	160,450	137,160		137,160
Other Transport Services	-4,530	-4,480	31,790	-36,110	-4,320
Public Transport	157,860	155,970	168,950	-36,110	132,840
Mid Kent Planning Support Service	313,850	314,690	528,970	-204,340	324,630
Mid Kent Local Land Charges Section	90,520	93,740	218,800	-134,800	84,000
Shared Services	404,370	408,430	747,770	-339,140	408,630
Strategic Planning & Infrastructure	-508,250	-373,320	5,796,470	-6,139,940	-343,470

STRATEGIC PLANNING & INFRASTRUCTURE COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor	576,690	576,460	459,810
Employee Direct	3,226,100	3,218,890	3,339,570
Employee Other	97,580	125,260	142,260
Equipment & Furniture	91,640	100,390	93,210
Fees & Charges	-5,477,730	-5,482,170	-5,397,300
General Insurances	16,400	17,060	17,210
Grants & Contributions Paid	19,380	19,380	19,670
Grants & Contributions Received	-426,400	-569,401	-489,770
Income Other	-178,650	-245,390	-245,820
Information & Communications	190	190	190
Premises Other	341,410	345,970	352,650
Printing & Stationery	30,490	32,670	30,820
Professional Services	502,430	621,181	498,360
Rent	-7,170	-7,050	-7,050
Repairs & Maintenance	203,890	257,960	231,660
Security & Protection	76,850	102,900	79,200
Subsistence & Training	2,690	4,050	2,690
Supplies & Services Other	292,250	394,230	416,770
Utilities	16,870	27,780	29,350
Vehicle & Transport	86,840	86,320	83,050
Strategic Planning & Infrastructure	-508,250	-373,320	-343,470

COMMUNITIES, HOUSING & ENVIRONMENT COMMITTEE

Cost Centre/Service	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Cemetery	64,930	62,750	207,430	-139,380	68,050
National Assistance Act	-400	-400	2,200	-2,610	-410
Crematorium	-838,930	-898,230	508,010	-1,357,780	-849,770
Bereavement Services	-774,400	-835,880	717,640	-1,499,770	-782,130
Grants	165,950	165,950	165,950		165,950
Delegated Grants	2,140	2,140	2,140		2,140
Parish Services	129,880	134,490	144,490		144,490
Central Services to the Public	297,970	302,580	312,580	0	312,580
Community Hub	0	0	0	0	0
Community Development	0	0	0	0	0
Community Safety	28,420	28,420	29,030	0	29,030
PCC Grant - Building Safer Communities	0	0	31,880	-31,880	0
C C T V	77,250	77,310	72,680		72,680
Community Safety	105,670	105,730	133,590	-31,880	101,710
Head of Environment and Public Realm	110,340	109,780	114,060		114,060
Bereavement Services Section	254,960	261,210	262,470		262,470
Community Partnerships & Resilience Section	390,910	395,570	464,020	0	464,020
Licensing Section	114,320	114,560	117,790		117,790
Environmental Protection Section	272,240	272,240	280,410		280,410
Food and Safety Section	266,720	266,720	274,720		274,720
Depot Services Section	801,360	875,730	930,080	-42,560	887,520
Biodiversity & Climate Change	61,780	62,000	98,480		98,480
Head of Housing & Community Services	111,200	110,620	113,750		113,750
Homechoice Section	216,280	216,780	274,900	-52,080	222,820
Housing & Inclusion Section	416,710	417,150	1,005,560	-730,460	275,100
Housing & Health Section	273,820	273,390	563,410	-282,010	281,400
Housing Management	273,370	284,280	413,120	-126,980	286,140
Homelessness Outreach	3,930	5,950	301,080	-297,320	3,760
Salary Slippage	-151,110	-193,750	-190,280		-190,280
Corporate Support Services	3,416,830	3,472,230	5,023,570	-1,531,410	3,492,160
Drainage	32,400	32,400	32,440		32,440
Climate change	0	26,000	0		0
Flood Defences & Land Drainage	32,400	58,400	32,440	0	32,440
Homeless Temporary Accommodation	397,520	327,520	457,850	-170,470	287,380
Homelessness Prevention	191,900	55,420	191,020	0	191,020
Predictive Analysis and Preventing Homelessness	0	0	0	0	0
Aylesbury House	14,940	28,060	116,090	-69,140	46,950
Magnolia House	7,730	-1,460	52,970	-49,910	3,060
St Martins House	60	4,060	12,300	-12,240	60
Marsham Street	60,650	60,650	166,960	-104,220	62,740
Sundry Temporary Accommodation (TA) Properties	3,210	-13,960	72,090	-84,430	-12,340
2 Bed Property - Temporary Accommodation	-57,140	-16,850	105,060	-137,760	-32,700
3 Bed Property - Temporary Accommodation	-35,820	-71,450	76,530	-147,180	-70,650
4 bed Property - Temporary Accommodation	-670	9,520	51,130	-40,990	10,140
1 Bed Property- Temporary Accommodation	3,190	3,150	9,120	-5,920	3,200
Supported Accommodation	-27,600	0	0	0	0
The Trinity Foyer	0	20,680	20,850		20,850
Chillington House	0	-5,720	10,640	-16,250	-5,610
Homelessness	557,970	399,620	1,342,610	-838,510	504,100
Housing Register & Allocations	10,820	13,820	14,090		14,090
Housing Advice	10,820	13,820	14,090	0	14,090
General Fund Residential Properties	-101,350	-77,470	12,330	-89,450	-77,120
Strategic Housing Role	14,610	11,610	11,840	0	11,840
Housing Strategy	-86,740	-65,860	24,170	-89,450	-65,280
Parks & Open Spaces	995,740	965,070	1,113,150	-136,550	976,600
Playground Maintenance & Improvements	138,520	147,800	144,010		144,010
Parks Pavilions	36,740	44,850	45,630	-10	45,620
Mote Park	257,240	249,390	273,230	-16,570	256,660
Parks & Open Spaces Leisure Activities	17,180	-1,600		-1,600	-1,600
Mote Park Leisure Activities	-37,710	-18,930		-18,930	-18,930
Allotments	13,120	13,210	13,480		13,480
Open Spaces	1,420,830	1,399,790	1,589,500	-173,660	1,415,840
Marden Caravan Site (Stilebridge Lane)	19,330	19,390	49,800	-30,340	19,460
Ulcombe Caravan Site (Water Lane)	6,590	6,640	46,680	-40,000	6,680
Other Council Properties	25,920	26,030	96,480	-70,340	26,140
Private Sector Renewal	-47,160	-47,160	2,900	-50,000	-47,100
HMO Licensing	-20,380	-20,380		-20,380	-20,380
Private Sector Housing Renewal	-67,540	-67,540	2,900	-70,380	-67,480
Public Health - Obesity	0	0	0	0	0
Public Health - Misc Services	0	0	0	0	0
Public Health	0	0	0	0	0
Recycling Collection	713,310	745,260	2,385,310	-1,473,330	911,980
Recycling	713,310	745,260	2,385,310	-1,473,330	911,980
Licences	-5,300	-5,300	24,300	-28,890	-4,590
Licensing Statutory	-62,650	-62,650	81,030	-141,320	-60,290
Licensing Non Chargeable	7,870	7,870	8,110		8,110
Dog Control	30,480	28,200	32,600	-3,900	28,700
Health Improvement Programme	9,520	9,520	9,710		9,710

COMMUNITIES, HOUSING & ENVIRONMENT COMMITTEE

Cost Centre/Service	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Pollution Control - General	12,230	32,600	23,460	-10,100	13,360
Contaminated Land	580	580	1,100	-500	600
Waste Crime	38,870	37,740	109,250	-67,560	41,690
Food Hygiene	9,310	9,310	12,630	-3,070	9,560
Sampling	3,580	3,580	3,650		3,650
Occupational Health & Safety	-6,450	-6,450		-6,450	-6,450
Infectious Disease Control	1,150	1,140	1,170		1,170
Noise Control	1,210	1,210	1,210		1,210
Pest Control	-11,840	-11,840	160	-12,000	-11,840
Public Conveniences	197,210	207,540	312,870		312,870
Licensing - Hackney & Private Hire	-61,200	-61,200	80,050	-139,120	-59,070
Regulatory Services	164,570	191,850	701,300	-412,910	288,390
Street Cleansing	1,142,830	1,141,850	1,211,610	-20,700	1,190,910
Street Cleansing	1,142,830	1,141,850	1,211,610	-20,700	1,190,910
Commercial Waste Services	-55,700	-55,540	201,340	-251,170	-49,830
Trade Waste	-55,700	-55,540	201,340	-251,170	-49,830
Fleet Workshop & Management	244,990	225,950	232,570		232,570
MBS Support Crew	-59,990	-58,610	115,390	-173,320	-57,930
Grounds Maintenance - Commercial	-152,030	-140,560	162,590	-293,010	-130,420
Trading Accounts	32,970	26,780	510,550	-466,330	44,220
Household Waste Collection	1,245,160	1,270,530	1,557,970	-171,470	1,386,500
Waste Collection	1,245,160	1,270,530	1,557,970	-171,470	1,386,500
Communities, Housing & Environment	8,182,870	8,129,650	15,857,650	-7,101,310	8,756,340

COMMUNITIES HOUSING & ENVIRONMENT COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor	4,412,300	4,478,850	4,895,870
Employee Direct	5,811,780	6,281,200	6,472,290
Employee Other	-22,650	370,330	290,490
Equipment & Furniture	415,090	461,570	444,150
Fees & Charges	-3,054,050	-3,101,200	-3,094,200
General Insurances	14,420	14,940	15,150
Grants & Contributions Paid	334,470	333,920	344,190
Grants & Contributions Received	-741,300	-3,275,410	-1,528,910
Income Other	-1,406,960	-1,570,980	-1,527,830
Information & Communications	49,790	37,910	46,200
Leasing & Capital Charges	20,010	20,010	20,010
Premises Other	471,510	483,800	494,110
Printing & Stationery	16,900	16,900	17,220
Professional Services	942,020	936,490	782,780
Rent	-1,035,820	-950,370	-950,370
Repairs & Maintenance	762,600	817,170	801,150
Security & Protection	78,470	78,470	80,040
Subsistence & Training	200	35,240	100
Supplies & Services Other	569,890	2,085,030	576,150
Utilities	168,600	171,970	183,760
Vehicle & Transport	375,600	403,810	393,990
Communities, Housing & Environment	8,182,870	8,129,650	8,756,340

ECONOMIC REGENERATION & LEISURE COMMITTEE

	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Cost Centre/Service					
Sandling Road Site	26,290	24,100	29,380		29,380
Innovation Centre	0	-14,050	275,900	-451,810	-175,910
Town Centre Management Sponsorship	0	11,450	0		0
Business Terrace	81,890	82,280	179,490	-95,050	84,440
Business Terrace Expansion (Phase 3)	-10,540	-10,480	187,580	-196,860	-9,280
Business Support	97,640	93,300	672,350	-743,720	-71,370
Leisure Services Section	55,620	55,970	101,600	-44,240	57,360
Cultural Services Section	370,910	413,180	479,050		479,050
Visitor Economy Section	116,960	118,100	120,210		120,210
Economic Development Section	177,210	222,030	195,910	-13,900	182,010
Market Section	86,600	86,440	89,920		89,920
Head of Regeneration and Economic Development	97,010	92,720	100,450	-1,540	98,910
Innovation Centre Section	-2,950	200,710	257,230	-60,490	196,740
Salary Slippage	-30,210	-33,730	-26,710		-26,710
Corporate Support Services	871,150	1,155,420	1,317,660	-120,170	1,197,490
Cultural Development Arts	11,840	9,950	10,720		10,720
Museum	14,340	20,180	94,070	-73,670	20,400
Carriage Museum	4,190	3,610	5,570	-1,600	3,970
Museum-Grant Funded Activities	0	10	0	0	0
Hazlitt Arts Centre	292,470	291,760	298,530		298,530
Festivals and Events	-25,070	-25,070	5,050	-30,020	-24,970
Culture & Heritage	297,770	300,440	413,940	-105,290	308,650
Market	-55,530	-38,420	132,100	-155,890	-23,790
Economic Dev - Promotion & Marketing	1,480	36,620	5,340	-3,500	1,840
Economic Development	-54,050	-1,800	137,440	-159,390	-21,950
Mote Park Adventure Zone	-71,800	-71,530	6,450	-78,000	-71,550
Mote Park Cafe	-32,830	-36,020	7,780	-40,030	-32,250
Maintenance of Closed Churchyards	11,000	1,500	10,500		10,500
Open Spaces	-93,630	-106,050	24,730	-118,030	-93,300
Lettable Halls	-3,510	-3,470	7,450	-10,900	-3,450
Community Halls	76,020	59,330	66,340	-16,710	49,630
Leisure Centre	-176,130	-176,130	21,880	-200,000	-178,120
Cobtree Golf Course	-35,000	-35,000		-35,000	-35,000
Recreation & Sport	-138,620	-155,270	95,670	-262,610	-166,940
Tourism	17,940	17,940	34,050	-15,450	18,600
Museum Shop	-18,700	-21,270	11,630	-32,900	-21,270
Tourism	-760	-3,330	45,680	-48,350	-2,670
Economic Regeneration & Leisure	979,500	1,282,710	2,707,470	-1,557,560	1,149,910

ECONOMIC REGENERATION & LEISURE COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor	278,350	276,190	295,460
Employee Direct	1,194,710	1,128,020	1,034,920
Employee Other	-179,250	42,850	108,610
Equipment & Furniture	31,870	27,130	35,100
Fees & Charges	-481,510	-461,310	-639,110
General Insurances	37,540	39,640	39,800
Grants & Contributions Paid	17,840	20,840	18,120
Grants & Contributions Received	-60,490	-340,570	-285,820
Income Other	-616,610	-560,550	-598,320
Information & Communications	40,050	44,210	65,960
Premises Other	340,780	377,380	406,220
Printing & Stationery	6,920	7,900	11,060
Professional Services	12,860	48,870	26,430
Rent	-34,310	-34,310	-34,310
Repairs & Maintenance	142,160	155,700	170,330
Security & Protection	0	3,660	3,750
Subsistence & Training	810	7,910	810
Supplies & Services Other	165,260	364,990	313,540
Utilities	62,800	113,990	159,290
Vehicle & Transport	19,720	20,170	18,070
Economic Regeneration & Leisure	979,500	1,282,710	1,149,910

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES**REVISED ESTIMATE 2021/22 AND ESTIMATE 2022/23****PRIORITY SUMMARY**

Cost Centre/Service	Original Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Safe, Clean and Green	6,270,940	6,364,610	6,975,710
Homes and Communities	1,085,450	973,080	963,230
Thriving Place	1,103,340	1,422,480	1,269,920
Embracing Growth and Enabling Infrastructure	-423,200	-281,640	-245,980
Central and Democratic	7,840,870	7,599,560	9,534,990
	15,877,400	16,078,090	18,497,870
Invest to Save Contributions	10,000	0	0
Transfers to Reserves	3,807,440	3,616,750	4,666,190
Net Revenue Expenditure	19,694,840	19,694,840	23,164,060

SAFE, CLEAN & GREEN

Cost Centre/Service	Original Approved Estimate 2021/22	Revised Estimate 2021/22	Estimate 2022/23 (Expenditure)	Estimate 2022/23 (Income)	Estimate 2022/23
	£	£	£	£	£
Mote Park Adventure Zone	-71,800	-71,530	6,450	-78,000	-71,550
Parks & Open Spaces	995,740	965,070	1,113,150	-136,550	976,600
Playground Maintenance & Improvements	138,520	147,800	144,010		144,010
Parks Pavilions	36,740	44,850	45,630	-10	45,620
Mote Park	257,240	249,390	273,230	-16,570	256,660
Mote Park Cafe	-32,830	-36,020	7,780	-40,030	-32,250
Parks & Open Spaces Leisure Activities	17,180	-1,600		-1,600	-1,600
Mote Park Leisure Activities	-37,710	-18,930		-18,930	-18,930
Allotments	13,120	13,210	13,480		13,480
Cemetery	64,930	62,750	207,430	-139,380	68,050
National Assistance Act	-400	-400	2,200	-2,610	-410
Crematorium	-838,930	-898,230	508,010	-1,357,780	-849,770
Maintenance of Closed Churchyards	11,000	1,500	10,500		10,500
Community Safety	28,420	28,420	29,030	0	29,030
PCC Grant - Building Safer Communities	0	0	31,880	-31,880	0
C C T V	77,250	77,310	72,680		72,680
Drainage	32,400	32,400	32,440		32,440
Licences	-5,300	-5,300	24,300	-28,890	-4,590
Licensing Statutory	-62,650	-62,650	81,030	-141,320	-60,290
Licensing Non Chargeable	7,870	7,870	8,110	0	8,110
Dog Control	30,480	28,200	32,600	-3,900	28,700
Health Improvement Programme	9,520	9,520	9,710		9,710
Pollution Control - General	12,230	32,600	23,460	-10,100	13,360
Contaminated Land	580	580	1,100	-500	600
Waste Crime	38,870	37,740	109,250	-67,560	41,690
Food Hygiene	9,310	9,310	12,630	-3,070	9,560
Sampling	3,580	3,580	3,650		3,650
Occupational Health & Safety	-6,450	-6,450		-6,450	-6,450
Infectious Disease Control	1,150	1,140	1,170		1,170
Noise Control	1,210	1,210	1,210		1,210
Pest Control	-11,840	-11,840	160	-12,000	-11,840
Public Conveniences	197,210	207,540	312,870		312,870
Licensing - Hackney & Private Hire	-61,200	-61,200	80,050	-139,120	-59,070
Street Cleansing	1,142,830	1,141,850	1,211,610	-20,700	1,190,910
Household Waste Collection	1,245,160	1,270,530	1,557,970	-171,470	1,386,500
Commercial Waste Services	-55,700	-55,540	201,340	-251,170	-49,830
Recycling Collection	713,310	745,260	2,385,310	-1,473,330	911,980
Climate change	0	26,000	0		0
Medway Conservancy	126,080	126,080	127,990		127,990
Head of Environment and Public Realm	110,340	109,780	114,060		114,060
Bereavement Services Section	254,960	261,210	262,470		262,470
Community Partnerships & Resilience Section	390,910	395,570	464,020	0	464,020
Licensing Section	114,320	114,560	117,790		117,790
Environmental Protection Section	272,240	272,240	280,410		280,410
Food and Safety Section	266,720	266,720	274,720		274,720
Depot Services Section	801,360	875,730	930,080	-42,560	887,520
Fleet Workshop & Management	244,990	225,950	232,570		232,570
MBS Support Crew	-59,990	-58,610	115,390	-173,320	-57,930
Grounds Maintenance - Commercial	-152,030	-140,560	162,590	-293,010	-130,420
Safe, Clean & Green	6,270,940	6,364,610	11,637,520	-4,661,810	6,975,710

SAFE, CLEAN & GREEN - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor	4,411,970	4,478,850	4,895,870
Employee Direct	3,944,980	4,012,950	4,093,600
Employee Other	50,660	113,390	172,540
Equipment & Furniture	377,470	408,400	389,930
Fees & Charges	-2,963,330	-3,010,480	-3,003,480
General Insurances	20,410	21,200	21,390
Grants & Contributions Paid	26,380	24,220	24,350
Grants & Contributions Received	-31,250	-144,490	-31,880
Income Other	-1,521,930	-1,615,830	-1,600,830
Information & Communications	33,000	28,520	29,080
Leasing & Capital Charges	20,010	20,010	20,010
Premises Other	253,600	249,710	256,800
Printing & Stationery	16,750	16,750	17,070
Professional Services	246,200	239,820	243,140
Rent	-23,340	-25,620	-25,620
Repairs & Maintenance	445,910	446,590	443,070
Security & Protection	22,370	22,370	22,820
Subsistence & Training	200	26,510	100
Supplies & Services Other	359,980	467,640	413,100
Utilities	244,040	239,040	249,460
Vehicle & Transport	336,860	345,060	345,190
Safe, Clean & Green	6,270,940	6,364,610	6,975,710

HOMES & COMMUNITIES

Cost Centre/Service	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Grants	165,950	165,950	165,950		165,950
Delegated Grants	2,140	2,140	2,140		2,140
Parish Services	129,880	134,490	144,490		144,490
MPH Residential Properties	-837,060	-833,120	18,610	-848,750	-830,140
General Fund Residential Properties	-101,350	-77,470	12,330	-89,450	-77,120
Strategic Housing Role	14,610	11,610	11,840	0	11,840
Housing Register & Allocations	10,820	13,820	14,090		14,090
Private Sector Renewal	-47,160	-47,160	2,900	-50,000	-47,100
HMO Licensing	-20,380	-20,380		-20,380	-20,380
Homeless Temporary Accommodation	397,520	327,520	457,850	-170,470	287,380
Homelessness Prevention	191,900	55,420	191,020	0	191,020
Aylesbury House	14,940	28,060	116,090	-69,140	46,950
Magnolia House	7,730	-1,460	52,970	-49,910	3,060
St Martins House	60	4,060	12,300	-12,240	60
Marsham Street	60,650	60,650	166,960	-104,220	62,740
Sundry Temporary Accommodation (TA) Properties	3,210	-13,960	72,090	-84,430	-12,340
2 Bed Property - Temporary Accommodation	-57,140	-16,850	105,060	-137,760	-32,700
3 Bed Property - Temporary Accommodation	-35,820	-71,450	76,530	-147,180	-70,650
4 bed Property - Temporary Accommodation	-670	9,520	51,130	-40,990	10,140
1 Bed Property- Temporary Accommodation	3,190	3,150	9,120	-5,920	3,200
Supported Accommodation	-27,600	0	0	0	0
The Trinity Foyer	0	20,680	20,850		20,850
Chillington House	0	-5,720	10,640	-16,250	-5,610
Marden Caravan Site (Stilebridge Lane)	19,330	19,390	49,800	-30,340	19,460
Ulcombe Caravan Site (Water Lane)	6,590	6,640	46,680	-40,000	6,680
Homechoice Section	216,280	216,780	274,900	-52,080	222,820
Housing & Inclusion Section	416,710	417,150	1,005,560	-730,460	275,100
Housing & Health Section	273,820	273,390	563,410	-282,010	281,400
Housing Management	273,370	284,280	413,120	-126,980	286,140
Homelessness Outreach	3,930	5,950	301,080	-297,320	3,760
Homes & Communities	1,085,450	973,080	4,369,510	-3,406,280	963,230

HOMES & COMMUNITIES - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor	330	0	0
Employee Direct	1,930,750	2,317,770	2,442,470
Employee Other	-154,660	233,020	36,710
Equipment & Furniture	37,520	53,070	54,120
Fees & Charges	-90,720	-90,720	-90,720
General Insurances	150	150	150
Grants & Contributions Paid	307,650	309,260	319,390
Grants & Contributions Received	-710,050	-3,130,920	-1,497,030
Income Other	-3,060	-73,180	-45,030
Information & Communications	16,790	9,390	17,120
Premises Other	225,770	250,400	256,870
Printing & Stationery	150	150	150
Professional Services	695,820	696,670	539,640
Rent	-1,855,920	-1,773,500	-1,773,500
Repairs & Maintenance	333,410	375,410	375,410
Security & Protection	56,100	56,100	57,220
Subsistence & Training	0	8,730	0
Supplies & Services Other	209,330	1,616,810	162,460
Utilities	50,640	59,010	62,290
Vehicle & Transport	35,450	55,460	45,510
Homes & Communities	1,085,450	973,080	963,230

THRIVING PLACE

Cost Centre/Service	Original Approved Estimate 2021/22	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Cultural Development Arts	11,840	9,950	10,720		10,720
Museum	14,340	20,180	94,070	-73,670	20,400
Carriage Museum	4,190	3,610	5,570	-1,600	3,970
Hazlitt Arts Centre	292,470	291,760	298,530		298,530
Festivals and Events	-25,070	-25,070	5,050	-30,020	-24,970
Lettable Halls	-3,510	-3,470	7,450	-10,900	-3,450
Community Halls	76,020	59,330	66,340	-16,710	49,630
Leisure Centre	-176,130	-176,130	21,880	-200,000	-178,120
Cobtree Golf Course	-35,000	-35,000		-35,000	-35,000
Tourism	17,940	17,940	34,050	-15,450	18,600
Museum Shop	-18,700	-21,270	11,630	-32,900	-21,270
Sandling Road Site	26,290	24,100	29,380		29,380
Innovation Centre	0	-14,050	275,900	-451,810	-175,910
Town Centre Management Sponsorship	0	11,450	0		0
Business Terrace	81,890	82,280	179,490	-95,050	84,440
Business Terrace Expansion (Phase 3)	-10,540	-10,480	187,580	-196,860	-9,280
Market	-55,530	-38,420	132,100	-155,890	-23,790
Economic Dev - Promotion & Marketing	1,480	36,620	5,340	-3,500	1,840
Leisure Services Section	55,620	55,970	101,600	-44,240	57,360
Cultural Services Section	370,910	413,180	479,050		479,050
Visitor Economy Section	116,960	118,100	120,210		120,210
Economic Development Section	177,210	222,030	195,910	-13,900	182,010
Market Section	86,600	86,440	89,920		89,920
Head of Regeneration and Economic Development	97,010	92,720	100,450	-1,540	98,910
Innovation Centre Section	-2,950	200,710	257,230	-60,490	196,740
Thriving Place	1,103,340	1,422,480	2,709,450	-1,439,530	1,269,920

THRIVING PLACE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22	Revised Estimate 2021/22	Estimate 2022/23
	£	£	£
Agency & Contractor	278,350	276,190	295,460
Employee Direct	1,234,840	1,168,150	1,066,530
Employee Other	-189,170	36,450	103,710
Equipment & Furniture	31,870	27,130	35,100
Fees & Charges	-481,510	-461,310	-639,110
General Insurances	31,340	33,170	33,350
Grants & Contributions Paid	17,840	20,840	18,120
Grants & Contributions Received	-60,490	-340,570	-285,820
Income Other	-498,580	-442,520	-480,290
Information & Communications	40,050	44,210	65,960
Premises Other	339,300	375,890	404,460
Printing & Stationery	6,920	7,900	11,060
Professional Services	12,860	48,870	26,430
Rent	-34,310	-34,310	-34,310
Repairs & Maintenance	125,440	151,680	153,810
Security & Protection	0	3,660	3,750
Subsistence & Training	810	7,910	810
Supplies & Services Other	165,260	364,990	313,540
Utilities	62,800	113,990	159,290
Vehicle & Transport	19,720	20,170	18,070
Thriving Place	1,103,340	1,422,490	1,269,920

EMBRACING GROWTH & ENABLING INFRASTRUCTURE

Cost Centre/Service	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
Building Regulations Chargeable	-346,920	-346,920	7,380	-361,670	-354,290
Building Control	-990	-990		-990	-990
Street Naming & Numbering	-73,350	-73,350		-73,350	-73,350
Development Control Advice	-237,940	-252,940	35,300	-292,700	-257,400
Development Control Appeals	129,260	129,260	131,850		131,850
Development Control Majors	-511,020	-511,020	21,680	-532,320	-510,640
Development Control - Other	-640,500	-640,500	6,370	-646,790	-640,420
Development Control Enforcement	69,840	69,840	71,240		71,240
Planning Policy	200,000	310,940	200,000	0	200,000
Neighbourhood Planning	0	0	0	-20,000	-20,000
Conservation	-11,210	-11,390	4,210	-15,600	-11,390
Land Charges	-264,950	-264,960	25,710	-290,400	-264,690
Environment Improvements	6,440	6,960	6,960	0	6,960
Name Plates & Notices	19,060	19,060	19,440		19,440
On Street Parking	-322,450	-322,250	427,650	-738,050	-310,400
Residents Parking	-206,700	-204,530	58,560	-261,280	-202,720
Pay & Display Car Parks	-1,239,320	-1,187,740	621,080	-1,801,750	-1,180,670
Non Paying Car Parks	16,690	14,500	14,860	-10	14,850
Off Street Parking - Enforcement	-114,230	-117,850	164,680	-276,690	-112,010
Mote Park Pay & Display	-186,020	-185,840	47,980	-233,380	-185,400
Sandling Road Car Park	3,280	3,230	55,000	-55,000	0
Former Park & Ride Sites	162,390	160,450	137,160		137,160
Other Transport Services	-4,530	-4,480	31,790	-36,110	-4,320
Spatial Policy Planning Section	421,770	440,050	452,660		452,660
Head of Planning and Development	110,760	110,280	113,410		113,410
Development Management Enforcement Section	185,030	-2,300	-2,220		-2,220
Building Surveying Section	446,150	442,030	457,530		457,530
Mid Kent Planning Support Service	313,850	314,690	528,970	-204,340	324,630
Heritage Landscape and Design Section	209,240	205,750	212,950		212,950
CIL Management Section	45,210	61,200	94,260	-30,000	64,260
Mid Kent Local Land Charges Section	90,520	93,740	218,800	-134,800	84,000
Development Management Section – Majors	282,700	287,540	298,260		298,260
Development Management Section – Others	683,040	858,450	971,580		971,580
Parking Services Section	341,700	317,450	458,860	-134,710	324,150
Embracing Growth & Enabling Infrastructure	-423,200	-281,640	5,893,960	-6,139,940	-245,980

GROWTH & INFRASTRUCTURE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor Allowances	576,690	576,460	459,810
Benefits			
Employee Direct	3,339,050	3,331,840	3,454,940
Employee Other	69,680	103,990	124,380
Equipment & Furniture	91,640	100,390	93,210
Fees & Charges	-5,477,730	-5,482,170	-5,397,300
General Insurances	16,400	17,060	17,210
Grants & Contributions Paid	19,380	19,380	19,670
Grants & Contributions Received	-426,400	-569,401	-489,770
Income Other	-178,650	-245,390	-245,820
Information & Communications	190	190	190
Leasing & Capital Charges			
Premises Other	341,410	345,970	352,650
Printing & Stationery	30,490	32,670	30,820
Professional Services	502,430	621,181	498,360
Rent	-7,170	-7,050	-7,050
Repairs & Maintenance	203,890	257,960	231,660
Security & Protection	76,850	102,900	79,200
Subsistence & Training	2,690	4,050	2,690
Supplies & Services Other	292,250	394,230	416,770
Utilities	16,870	27,780	29,350
Vehicle & Transport	86,840	86,320	83,050
Growth & Infrastructure	-423,200	-281,640	-245,980

CENTRAL & DEMOCRATIC

Cost Centre/Service	Original	Revised	Estimate	Estimate	Estimate
	Approved Estimate 2021/22	Estimate 2021/22	2022/23 (Expenditure)	2022/23 (Income)	2022/23
	£	£	£	£	£
Lockmeadow	0	165,240	315,950	-148,870	167,080
Lockmeadow Complex	0	-1,389,160	1,110,630	-2,490,630	-1,380,000
Maidstone House Floors 1,2,3&4	0	0	324,820	-127,850	196,970
Civic Occasions	42,750	42,900	44,010		44,010
Members Allowances	396,290	396,560	408,000		408,000
Members Facilities	29,610	25,050	17,870	0	17,870
Contingency	287,110	-241,160	1,287,110	0	1,287,110
Performance & Development	13,140	12,590	11,930		11,930
Corporate Projects	6,200	0	50,000		50,000
Press & Public Relations	24,670	21,240	21,570	0	21,570
Corporate Management	600,520	600,520	476,770		476,770
Unapportionable Central Overheads	1,459,050	1,459,050	1,499,050		1,499,050
Council Tax Collection	55,050	55,050	94,700	-38,190	56,510
Council Tax Collection - Non Pooled	-357,010	-357,010	66,920	-423,340	-356,420
Council Tax Benefits Administration	-152,120	-152,120		-152,120	-152,120
NNDR Collection	1,520	1,520	2,750	-1,220	1,530
NNDR Collection - Non Pooled	-233,920	-233,920	15,600	-249,230	-233,630
MBC- BID	670	670	17,930	-17,260	670
Registration Of Electors	49,860	50,000	53,410	-2,390	51,020
Elections	143,310	291,130	147,980	-440	147,540
Emergency Centre	26,040	23,890	22,040		22,040
External Interest Payable	2,262,550	2,262,550	2,262,550		2,262,550
Interest & Investment Income	-100,000	-100,000		-100,000	-100,000
Palace Gatehouse	-7,300	-7,500	4,500	-12,000	-7,500
Archbishops Palace	-95,320	-75,150	44,170	-141,280	-97,110
Parkwood Industrial Estate	-277,540	-284,940	4,370	-291,410	-287,040
Industrial Starter Units	-12,510	-17,180	29,620	-46,120	-16,500
Parkwood Equilibrium Units	-65,200	-77,560	46,930	-123,600	-76,670
Sundry Corporate Properties	-552,080	-506,760	44,050	-280,640	-236,590
Phoenix Park Units	-193,590	-178,400	34,470	-250,470	-216,000
Granada House - Commercial	-94,640	-94,480	37,300	-130,530	-93,230
Heronenden Road Units	-151,420	-149,140	15,320	-162,990	-147,670
Boxmend Industrial Estate	-87,010	-96,370	18,650	-113,790	-95,140
Lockmeadow	-72,300	0	0	0	0
NEW Lockmeadow Complex	-1,081,490	0	0	0	0
Wren Industrial Estate	-128,280	-117,920	61,660	-181,810	-120,150
Non Service Related Government Grants	-3,995,240	-3,995,240		-4,216,190	-4,216,190
Rent Allowances	-124,720	-115,330	33,398,340	-33,513,670	-115,330
Non HRA Rent Rebates	-10,770	-8,760	867,370	-876,130	-8,760
Discretionary Housing Payments	1,450	1,450	226,200	-224,750	1,450
Housing Benefits Administration	-353,730	-353,730	28,790	-368,240	-339,450
Democratic Services Section	189,110	202,340	264,770	-1,790	262,980
Mayoral & Civic Services Section	115,780	115,100	117,730		117,730
Chief Executive	183,830	183,690	188,160		188,160
Communications Section	188,470	192,580	198,910	-390	198,520
Policy & Information Section	239,810	363,170	395,400	0	395,400
Head of Policy and Communications	113,730	129,050	116,420		116,420
Biodiversity & Climate Change	61,780	62,000	98,480		98,480
Revenues Section	509,820	515,170	917,180	-385,850	531,330
Registration Services Section	114,640	92,400	95,830		95,830
Head of Housing & Community Services	111,200	110,620	113,750		113,750
Benefits Section	490,090	485,620	794,670	-287,280	507,390
Fraud Section	30,720	39,110	236,490	-204,570	31,920
Mid Kent Audit Partnership	232,510	227,220	676,250	-464,590	211,660
Director of Finance & Business Improvement	145,170	144,430	148,110		148,110
Accountancy Section	725,970	730,140	842,240	-23,420	818,820
Legal Services Section	483,100	483,100	699,140	-71,280	627,860
Director of Regeneration & Place	144,170	143,430	148,250	-1,150	147,100
Procurement Section	109,750	109,750	126,530	-13,360	113,170
Property & Projects Section	469,380	503,690	571,640	-5,700	565,940
Corporate Support Section	245,860	270,480	283,260		283,260
Improvement Section	350,180	360,300	400,850	-26,010	374,840
Executive Support Section	172,690	108,470	91,250		91,250
Head of Commissioning and Business Improvement	107,190	138,440	109,840		109,840
Mid Kent ICT Services	550,860	550,690	1,608,040	-1,034,200	573,840
GIS Section	116,400	118,830	200,940	-78,720	122,220
Customer Services Section	686,610	646,700	680,350	0	680,350
Director of Mid Kent Services	45,850	45,450	145,090	-96,720	48,370
Mid Kent HR Services Section	389,780	404,940	656,720	-257,220	399,500
MBC HR Services Section	177,100	90,800	172,560	-2,130	170,430
Head of Revenues & Benefits	72,680	71,780	117,850	-41,140	76,710
Revenues & Benefits Business Support	87,670	98,750	351,750	-243,080	108,670
Dartford HR Services Section	-23,460	-13,240	54,750	-68,430	-13,680
IT Support for Revenues and Benefits	39,600	29,490	42,990	-17,310	25,680
Emergency Planning & Resilience	25,740	26,930	65,120	0	65,120
Salary Slippage 1PR	-248,930	-261,010	-284,570		-284,570
Salary Slippage 2SPI	-85,050	-91,680	-97,490		-97,490
Salary Slippage 3CHE	-151,110	-193,750	-190,280		-190,280
Salary Slippage 4ERL	-30,210	-33,730	-26,710		-26,710
Town Hall	109,620	115,930	122,310	-1,500	120,810
South Maidstone Depot	152,350	188,040	170,630		170,630

CENTRAL & DEMOCRATIC

Cost Centre/Service	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 (Expenditure) £	Estimate 2022/23 (Income) £	Estimate 2022/23 £
The Link	98,560	105,530	384,360	-264,420	119,940
Maidstone House	1,082,570	1,052,020	371,770	-97,060	274,710
Museum Buildings	295,540	278,290	253,900	-1,110	252,790
I.T. Operational Services	582,680	650,460	624,630		624,630
Central Telephones	15,210	15,210	15,510		15,510
Apprentices Programme	50,160	75,140	51,300		51,300
Internal Printing	-4,630	-4,630	53,340	-56,920	-3,580
Debt Recovery Service	-16,510	-35,160	882,850	-897,000	-14,150
Debt Recovery MBC Profit Share	-73,100	-73,120		-95,470	-95,470
Appropriation Account	1,106,340	1,173,010	1,806,230		1,781,780
Pensions Fund Appropriation	0	0	0		0
Central & Democratic	7,840,870	7,599,550	58,982,420	-49,422,980	9,534,990

CENTRAL & DEMOCRATIC - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2021/22 £	Revised Estimate 2021/22 £	Estimate 2022/23 £
Agency & Contractor	966,730	964,920	1,181,560
Allowances	392,000	392,000	403,760
Benefits	37,434,600	34,504,080	34,491,910
Employee Direct	9,134,810	9,159,570	9,498,650
Employee Other	1,668,710	1,788,210	2,112,240
Equipment & Furniture	906,750	990,320	943,930
Fees & Charges	-850,040	-812,610	-960,610
General Insurances	13,990	14,380	14,690
Grants & Contributions Paid	2,380,780	2,381,130	2,365,230
Grants & Contributions Received	-45,604,360	-44,167,180	-42,773,690
Income Other	-1,117,760	-1,831,530	-1,921,490
Information & Communications	4,470	45,160	21,290
Leasing & Capital Charges	1,110,640	1,175,210	1,783,800
Premises Other	1,739,220	1,776,900	1,864,300
Printing & Stationery	131,390	164,030	122,760
Professional Services	465,690	1,454,450	1,417,670
Rent	-3,521,880	-4,125,370	-3,767,190
Repairs & Maintenance	552,160	846,020	695,770
Security & Protection	40,140	40,140	40,940
Subsistence & Training	178,290	133,240	186,340
Supplies & Services Other	1,310,390	2,202,960	1,289,850
Utilities	342,260	343,760	374,550
Vehicle & Transport	161,890	159,760	148,730
Central & Democratic Core	7,840,870	7,599,550	9,534,990

	Projected Budget 2021/22	Five Year Plan					Total 21/22 to 25/26
		2022/23	2023/24	2024/25	2025/26	2026/27	
	£000	£000	£000	£000	£000	£000	£000
Housing - Disabled Facilities Grants Funding	1,017	1,500	800	800	800	800	4,700
Temporary Accommodation	3,008	1,560					1,560
Brunswick Street	233						
Union Street	217						
Springfield Mill - Phase 1							
Springfield Mill - Phase 2	2,045	200					200
Private Rented Sector Housing Programme	1,125	2,316	4,632	11,579	11,579	16,211	46,317
Affordable Housing Programme - Trinity Place		500					500
1,000 Homes Affordable Housing Programme	750	5,679	11,358	28,396	28,396	39,754	113,582
Market Sale Housing Programme - Costs of Scheme		515	5,682	5,682	5,167	5,167	22,213
Market Sale Housing Programme - Receipts				-1,853	-12,400	-12,400	-26,653
Acquisitions Officer - Social Housing Delivery P/ship	160	160	160	160	160	160	800
Granada House Refurbishment Works	20	980	1,000				1,980
Street Scene Investment	50	50	50	50	50	50	250
Flood Action Plan	244	200	200	200	150		750
Electric Operational Vehicles	84						
Vehicle Telematics & Camera Systems	35						
Rent & Housing Management IT System	19						
Installation of Public Water Fountains	15						
Crematorium & Cemetery Development Plan	378						
Continued Improvements to Play Areas	200						
Parks Improvements	149	50	50	50	50	50	250
Gypsy & Traveller Sites Refurbishment	50	1,900					1,900
Waste Crime Team - Additional Resources		25					25
Section 106 funded works - Open Spaces		400	400	400	400	400	2,000
Sub-total Communities, Housing & Environment	9,798	16,035	24,332	45,464	34,352	50,192	170,374
Mote Park Visitor Centre & Estate Services	1,233	1,543					1,543
Mote Park Lake - Dam Works	672						
Mall Bus Station Redevelopment	1,006						
Museum Development Plan		389					389
Leisure Provision		100	100	500	14,300	15,000	30,000
Cobtree Golf Course New Clubhouse		4	111	333			449
Tennis Courts Upgrade		20					20
Riverside Walk Works		250	250				500
Sub-total Economic Regeneration & Leisure	2,910	2,306	461	833	14,300	15,000	32,901
Corporate Property Acquisitions	11,809	2,500	2,500	2,500	2,500	2,500	12,500
Kent Medical Campus - Innovation Centre	3,000	250					250
Lockmeadow Ongoing Investment	932	500	1,300				1,800
Garden Community	1,613	200	200	200	200	200	1,000
Infrastructure Delivery		1,000	1,000	1,000	1,000	1,000	5,000
Asset Management / Corporate Property	1,653	175	175	175	175	175	875
Other Property Works		980					980
Biodiversity & Climate Change	100	1,400		500	500	500	2,900
Feasibility Studies	162	50	50	50	50	50	250
Digital Projects	25	25	25	25	25	25	125
Software / PC Replacement	342	200	200	200	200	200	1,000
Maidstone House Works		1,000					1,000
Automation Projects		200					200
New Ways of Working - Make the Office Fit		40					40
Archbishop's Palace		400	400				800
Fleet Vehicle Replacement Programme	748	149	456	457	270	96	1,428
Sub-total Policy & Resources	20,384	9,069	6,306	5,107	4,920	4,746	30,148
Bridges Gyrotory Scheme	86	120					120
Sub-total Strategic Planning & Infrastructure	86	120					120
TOTAL	33,179	27,530	31,099	51,404	53,572	69,938	233,543

Treasury Management Strategy Statement

Minimum Revenue Provision Policy
Statement and Annual Investment
Strategy

2022/23

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1.INTRODUCTION

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address ESG issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to TMP1 to address ESG policy within the treasury management risk framework;
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report. However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether they feel it is relevant to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).

- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

- c. An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

A quarterly update on the Council's treasury management position is also provided as part of the budget monitoring reports presented to Policy & Resources Committee.

1.3 Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;

- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training has been planned for Members prior to the Audit Governance and Standards Committee meeting on the 17th January 2022. The Council's Treasury Advisors, Link Asset Services, will be providing this training with reference to this Strategy.

Staff regularly attend training courses, seminars and conferences provided by the Council's Treasury Consultants and CIPFA. Relevant staff are also encouraged to study professional qualifications delivered by CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Staff training needs are assessed regularly both as part of the appraisal process and when the responsibilities of individual members of staff change.

1.5 Treasury management consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2026/27

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure and financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
33.179	27.530	31.099	51.404	53.572	69.738

The Council does not currently have any investments in property that are considered to be purely commercial in nature. Acquisitions are limited to properties situated within the borough, with the intention of supporting the local community, housing and regeneration objectives rather than for the exclusive purpose of generating profits. All property investments are therefore classified as general fund capital projects and are included within the above figures.

The Council may potentially lend money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. However, there are no future plans to do this.

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments. This include the financial obligation to Serco Pasia for the leisure Centre.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Capital grants	3.364	1.500	0.800	0.800	0.800	0.800
Capital reserves	0.000	0.000	0.000	0.000	0.000	0.000
Revenue	3.884	3.216	0.373	0.373	0.373	0.373
Net financing need for the year	25.931	22.814	29.926	50.231	52.399	68.565

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £2.01m relating to Serco Pasia within the CFR.

The Council is asked to approve the CFR projections below:

£m	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Capital Financing Requirement						
Total CFR	75.093	95.983	123.121	169.786	217.459	280.414
Movement in CFR	25.582	20.890	27.138	46.666	47.673	62.956

Movement in CFR represented by						
Net financing need for the year	25.931	22.814	29.926	50.231	52.399	68.565
Less MRP/VRP and other financing movements	-0.349	-1.924	-2.788	-3.565	-4.726	-5.609
Movement in CFR	25.582	20.890	27.138	46.666	47.673	62.956

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. The Council is recommended to approve the following MRP Statement

For capital expenditure incurred before 1.4.08 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former DLUHC regulations.

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)

These options provide for a reduction in the borrowing need over approximately the asset's life. Building asset life is estimated to be 50 years, refurbishment works are over 10 years and the Mote Park Dam works over 25 years. Most other projects are over 5 years.

Repayments included in annual PFI, or finance leases are applied as MRP. MRP on the Serco Pasia Financial Commitment is based on the life of the contract.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall borrowing portfolio as at 31st December 2021 is shown below.

Date	Ref	Lender	Amount £m	Rate %	Start	End
20/08/2021	078	Middlesbrough Teeside Pension Fund	4.000	0.08	20/08/2021	19/08/2022
11/11/2021	080	Public Works Loans Board	2.000	1.73	11/11/2021	11/11/2071
30/12/2021	081	Public Works Loans Board	3.000	1.56	30/12/2021	30/12/2071
		TOTAL	9.000			

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
External Debt						
Debt at 1 April	11.000	26.602	47.187	73.550	118.849	165.163
Expected change in Debt	15.582	20.554	26.335	45.586	46.623	61.906
Other long-term liabilities (OLTL)	2.010	1.473	0.905	0.309	0.000	0.000
Expected change in OLTL	-0.517	-0.537	-0.568	-0.596	-0.309	0.000
Actual gross debt at 31 March	28.075	48.092	73.859	118.849	165.163	227.069
The Capital Financing Requirement	75.093	95.983	123.121	169.786	217.459	280.414
Under / (over) borrowing	47.018	47.891	49.262	50.938	52.296	53.346

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance and Business Improvement reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Ext Borrowing	30.582	57.136	83.471	129.056	175.679	237.585
Other LT Liab	2.010	1.473	0.905	0.309	0.000	0.000
Total	32.592	58.609	84.376	129.365	175.679	237.585

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

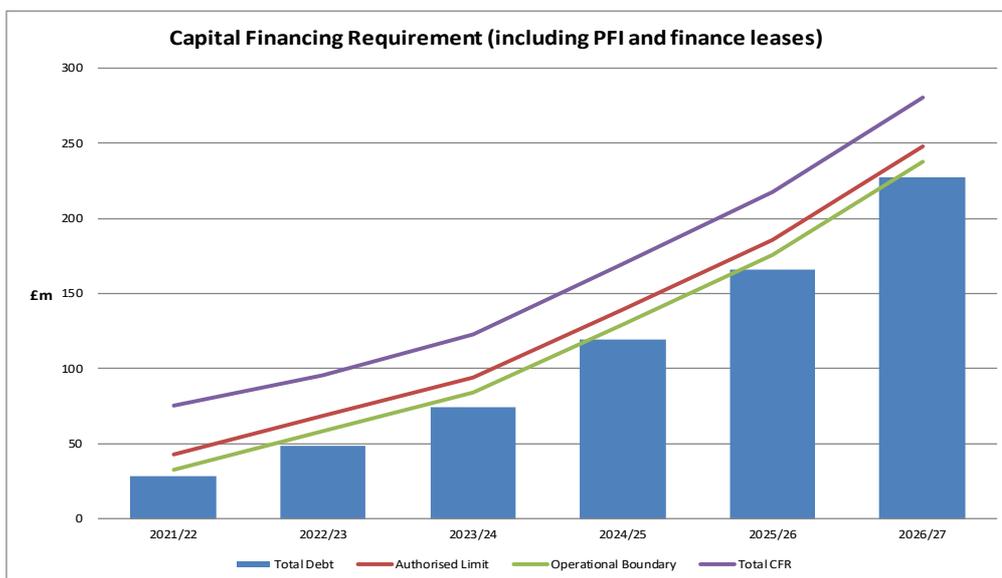
Authorised Limit for External Debt

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Ext Borrowing	40.582	67.136	93.471	139.056	185.679	247.585
Other LT Liab	2.010	1.473	0.905	0.309	0.000	0.000
Total	42.592	68.609	94.376	139.365	185.679	247.585

The graph below forecasts the Council’s debt profile, Operational Boundary and Authorised Limit remains below its CFR.

PRUDENTIAL INDICATORS GRAPH

CAPITAL FINANCING REQUIREMENT including PFI and finance leases						
	Est	Est	Est	Est	Est	Est
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
GF CFR	75.1	96.0	123.1	169.8	217.5	280.4
Total CFR	75.1	96.0	123.1	169.8	217.5	280.4
External Borrowing	26.6	47.1	73.5	119.1	165.7	227.6
Other long term liabilities	2.0	1.5	0.9	0.3	0.0	0.0
Total Debt	28.6	48.6	74.4	119.4	165.7	227.6
Authorised Limit	42.6	68.6	94.4	139.4	185.7	247.6
Operational Boundary	32.6	58.6	84.4	129.4	175.7	237.6



3.3 Prospects for 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. Link provided the following forecasts on 20th December 2021. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	20.12.21													
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Additional notes by Link on this forecast table: -

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged until the recent meeting in December 2021.

Our forecast for Bank Rate includes four increases, one in quarter 2 of 2022 to 0.50%, then quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

Significant risks to the forecasts

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.
- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, resulting in further national lockdowns or severe regional restrictions.
- **The Monetary Policy Committee** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.

- **The Government** acts too quickly to cut expenditure to balance the national budget.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **German general election** in September 2021. Germany faces months of uncertainty while a new coalition government is cobbled together after the indecisive result of the election. Once that coalition is formed, Angela Merkel's tenure as Chancellor will end and will leave a hole in overall EU leadership.
- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.
- **Major stock markets** e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- **Geopolitical risks**, for example in Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

We are not expecting Bank Rate to go up fast after the initial rate rise; our view is that the supply potential of the economy has not taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, 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 spike up to 5%. We are, therefore, forecasting four increases in Bank Rate over the forecast period to March 2025, ending at 1.25%. However, we are far from confident that these forecasts will not need changing within a relatively short timeframe for the following reasons: -

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.

- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.
- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.
- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit. Link Group Interest Rate Forecast
- In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is. It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

Gilt yields. Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Our forecasts show a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period. While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison. US treasury yields. During the first part of the year, US President Biden's, and the Democratic party's, determination to push through a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the \$900bn support package already passed in December 2020. This was then followed by additional Democratic ambition to spend \$1trn on infrastructure, which has just been passed by both houses, and an even larger sum on an American families plan over the next decade; this is still caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus was happening at a time when: -

1. A fast vaccination programme had enabled a rapid opening up of the economy during 2021.
2. The economy was growing strongly during the first half of 2021 although it has weakened overall during the second half.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021. It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its recent December meeting with an aggressive response to damp inflation down during 2022 and 2023. At its 3rd November Fed meeting, the Fed decided to make a start on tapering its \$120bn per month of QE purchases so that they ended next June. However, at its 15th December meeting it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that Treasury yields will rise over the taper period, all other things being equal. It also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting

round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more “risky” assets i.e., equities, or the safe haven of government bonds. The overall longer-run trend is for gilt yields and PWLB rates to rise.

There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

Our forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia / China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.

- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

The Director of Finance & Business Improvement may look to procure forward borrowing terms ahead of requiring funding for the capital programme. This is to lock into preferential rates in case of future rate rises.

Any decisions will be reported to the Audit, Governance and Standards Committee at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

Due to the recent reduction in longer term borrowing rates, the Council has been looking to transfer its short term borrowing into longer term through the PWLB. These rates will be monitored throughout the year in case of changes to interest rates and/or the Council's financial situation.

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the

objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved sources of long- and short-term borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills		●
	●	
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

4 ANNUAL INVESTMENT STRATEGY

4.1 Current Investment Portfolio

The overall investment portfolio as at 31st December 2021 is shown below.

Counterparty	Type of Investment	Principal £	Start Date	Maturity Date	Rate of Return
Handelsbanken	Call account	5,000,000			0.20%
Goldman Sachs International Bank	Call account	2,000,000			0.23%
Lloyds Bank Plc	Call account	1,000,000			0.05%
Lloyds Bank Plc	Call account	2,300,000			0.01%
Santander Bank Plc	Call account	5,000,000			0.55%
HSBC Bank Plc	Call account	5,000,000			0.05%
Aberdeen Standard Liquidity Fund Sterling Fund	Money Market Fund	10,000,000			0.05%
CCLA Public Sector Depost Fund	Money Market Fund	10,000,000			0.08%
Federated Hermes Short-Term Sterling Prime Fund	Money Market Fund	7,290,000			0.03%
Landesbank Hessen Thuringen Girozentrale	Fixed Term Deposit	2,000,000	26/10/2021	26/04/2022	0.43%
Landesbank Hessen Thuringen Girozentrale	Fixed Term Deposit	3,000,000	30/12/2021	30/01/2022	0.18%
Goldman Sachs International Bank	Fixed Term Deposit	3,000,000	15/10/2021	14/04/2022	0.37%
Total Investments		55,590,000			

4.2 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.3.
 6. **Transaction limits** are set for each type of investment in 4.3.
 7. This authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
 8. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.4).
 9. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
 10. All investments will be denominated in **sterling**.
 11. As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.3 Creditworthiness policy

This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;

- CDS spreads that may give early warning of changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, as well as

information on any external support for banks to help support its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money Limit	Transaction limit	Time Limit
Banks *	yellow	£8m	£8m	5yrs
Banks	purple	£7m	£7m	2 yrs
Banks	orange	£5m	£5m	1 yr
Banks – part nationalised	blue	£5m	£5m	1 yr
Banks	red	£5m	£5m	6 mths
Banks	green	£3m	£3m	100 days
Banks	No colour	Not to be used	£0m	
Other institutions limit	-	£m	£3m	5yrs
DMADF	UK sovereign rating	unlimited	£5m	6 months
Local authorities	n/a	£8m	£8m	5yrs
Housing associations	Colour bands	£8m	£8m	As per colour band
	Fund rating**	Money Limit	Transaction limit	Time Limit
Money Market Funds CNAV	AAA	£10m	£10m	liquid
Money Market Funds LVNAV	AAA	£10m	£10m	liquid
Money Market Funds VNAV	AAA	£10m	£10m	liquid

Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£8m	£8m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£8m	£8m	liquid

** Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt –see appendix 5.4.*

*** Please note: "fund" ratings are different to individual counterparty ratings, coming under either specific "MMF" or "Bond Fund" rating criteria.*

Creditworthiness.

Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

4.4 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 10% of the total treasury management investment portfolio.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will

be added to, or deducted from, by officers should ratings change in accordance with this policy.

c) **Other limits.** In addition:

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

The Council's current account with Lloyds Bank is not included within the limits above. The reason for this is that the Council cannot control the income levels that are deposited through its operational bank account, which are likely to be less than investment balances. The Council does ensure that the current account balance is brought to a minimum at the start of each morning.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for a first increase in Bank Rate in December 2021 though there is a high risk that it could be delayed until quarter 1 or 2 of 2022.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows.:

Average earnings in each year	Now	Previously
2022/23	0.50%	0.25%
2023/24	0.75%	0.50%
2024/25	1.00%	0.50%

2025/26	1.25%	1.00%
Long term later years	2.00%	2.00%

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Principal Invested for more than 364 Days

2022/23	2023/24	2024/25	2025/26	2026/27
£m	£m	£m	£m	£m
2.000	2.000	2.000	2.000	2.000

4.5 Investment performance / risk benchmarking

This Council uses an investment benchmark to assess the security of institutions it deposits funds with against an average score which is based on the creditworthiness of the institution. This is reported as part of the Council's Performance Indicators to Policy & Resources Committee each quarter.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.7 External fund managers

£13.3m of the Council's funds is externally managed within Money Market Funds with following institutions:

- Goldman Sachs Asset Management International
- Aberdeen Standard Investments
- Federated Investors (UK) LLP
- CCLA – The Public Sector Deposit Fund

The Council's external fund managers will comply with the Annual Investment Strategy. The agreements between the Council and the fund managers additionally stipulate guidelines on duration and other limits in order to contain and control risk.

The Council fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Council is provided with a suite of regular reporting from its manager.

5 TM STRATEGY APPENDICES

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022/23 – 2024/25

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.1 Capital expenditure

2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
33.179	27.530	31.099	51.404	53.572	69.738

5.1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Interest Paid £000	118	508	1,009	2,057	3,223	4,770
Interest Received £000	-46	-60	-80	-100	-100	-100
Net Revenue Exp £000	19,695	22,625	21,664	23,328	24,270	25,238
%	0.37	1.98	4.29	8.39	12.87	18.51

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Cost of Borrowing	0.072	0.448	0.929	1.957	3.123	4.670

The estimates of financing costs include current commitments and the proposals in this budget report.

5.1.3 Maturity structure of borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

	Upper Limit %	Lower Limit %
Under 12 months	44	0
12 months to under 24 months	100	0
24 months to under 5 years	100	0
5 years to under 10 years	100	0
10 years and within 20 years	100	0
20 years and within 30 years	100	0
30 years and within 40 years	100	0
40 years and within 50 years	56	0

5.1.4. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 INTEREST RATE FORECASTS 2021-2025

Please see 3.3 of this report.

5.3 ECONOMIC BACKGROUND

COVID-19 vaccines.

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This has dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that this mutation is very fast spreading with the potential for total case numbers to double every two to three days, although it possibly may not cause so much severe illness as previous mutations. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations. There is now a race on between how quickly boosters can be given to limit the spread of Omicron, and how quickly will hospitals fill up and potentially be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working, similar to the pingdemic in July. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid. However, the biggest impact on growth would come from another lockdown if that happened. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- In December, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3rd February.
- With inflation expected to peak at around 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5th May, the release date for its Quarterly Monetary Policy Report.

- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next down-turn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid remains a major potential downside threat in all three years as we ARE likely to get further mutations.
- How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?
- Purchases of gilts under QE ended in December. Note that when Bank Rate reaches 0.50%, the MPC has said it will start running down its stock of QE.

MPC MEETING 16^H DECEMBER 2021

- The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.
- The MPC disappointed financial markets by not raising Bank Rate at its November meeting. Until Omicron burst on the scene, most forecasters, therefore, viewed a Bank Rate increase as being near certain at this December meeting due to the way that inflationary pressures have been comprehensively building in both producer and consumer prices, and in wage rates. However, at the November meeting, the MPC decided it wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was, therefore, to wait until statistics were available to show how the economy had fared at this time.
- **On 10th December we learnt of the disappointing 0.1% m/m rise in GDP** in October which suggested that economic growth had already slowed to a crawl even before the Omicron variant was discovered in late November. Early evidence suggests growth in November might have been marginally better. Nonetheless, at such low rates of growth, the government's "Plan B" COVID-19 restrictions could cause the economy to contract in December.
- **On 14th December, the labour market statistics** for the three months to October and the single month of October were released. The fallout after the furlough scheme was smaller and shorter than the Bank of England had feared. The single-month data were more informative and showed that LFS employment fell by 240,000,

unemployment increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this didn't last long as unemployment was falling again by the end of October. What's more, the 49,700 fall in the claimant count and the 257,000 rise in the PAYE measure of company payrolls suggests that the labour market strengthened again in November. The other side of the coin was a further rise in the number of vacancies from 1.182m to a record 1.219m in the three months to November which suggests that the supply of labour is struggling to keep up with demand, although the single-month figure for November fell for the first time since February, from 1.307m to 1.227m.

- These figures by themselves, would probably have been enough to give the MPC the assurance that it could press ahead to raise Bank Rate at this December meeting. However, the advent of Omicron potentially threw a spanner into the works as it poses a major headwind to the economy which, of itself, will help to cool the economy. The financial markets, therefore, swung round to expecting no change in Bank Rate.
- **On 15th December we had the CPI inflation** figure for November which spiked up further from 4.2% to 5.1%, confirming again how inflationary pressures have been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).
- **Other elements of inflation are also transitory** e.g., prices of goods being forced up by supply shortages, and shortages of shipping containers due to ports being clogged have caused huge increases in shipping costs. But these issues are likely to clear during 2022, and then prices will subside back to more normal levels. Gas prices and electricity prices will also fall back once winter is passed and demand for these falls away.
- Although it is possible that the Government could step in with some **fiscal support for the economy**, the huge cost of such support to date is likely to pose a barrier to incurring further major economy wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas). The Government may well, therefore, effectively leave it to the MPC, and to monetary policy, to support economic growth – but at a time when the threat posed by rising inflation is near to peaking!
- This is the adverse set of factors against which the MPC had to decide on Bank Rate. For the second month in a row, the MPC blind-sided financial markets, this time with a **surprise increase in Bank Rate from 0.10% to 0.25%**. What's more, the hawkish tone of comments indicated that the MPC is now concerned that inflationary pressures are indeed building and need concerted action by the MPC to counter. This indicates that there will be more increases to come

with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat, especially after the CPI figure hit a 10-year high this week. The MPC commented that “there has been significant upside news” and that “there were some signs of greater persistence in domestic costs and price pressures”.

- On the other hand, it did also comment that “**the Omicron variant is likely to weigh on near-term activity**”. But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now “these conditions had been met”. It also appeared more worried about the possible boost to inflation from Omicron itself. It said that “the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation”. It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning “global price pressures might persist for longer”. (Recent news is that the largest port in the world in China has come down with an Omicron outbreak which is not only affecting the port but also factories in the region.)
- On top of that, there were no references this month to inflation being expected to be below the **2% target in two years’ time**, which at November’s meeting the MPC referenced to suggest the markets had gone too far in expecting interest rates to rise to over 1.00% by the end of the year.
- These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank retained its guidance that only a “**modest tightening**” in policy will be required, it cannot be thinking that it will need to increase interest rates that much more. A typical policy tightening cycle has usually involved rates rising by 0.25% four times in a year. “Modest” seems slower than that. As such, the Bank could be thinking about raising interest rates two or three times next year to 0.75% or 1.00%.
- In as much as a considerable part of the inflationary pressures at the current time are indeed **transitory**, and will naturally subside, and since economic growth is likely to be weak over the next few months, this would appear to indicate that this tightening cycle is likely to be comparatively short.
- As for the timing of the next increase in Bank Rate, the MPC dropped the comment from November’s statement that Bank Rate would be raised “in the coming months”. That may imply another rise is unlikely at the next meeting in February and that May is more likely. However, much could depend on how adversely, or not, the economy is affected by Omicron in the run up to the next meeting on 3rd February. Once 0.50% is reached, the Bank would act to start

shrinking its stock of QE, (gilts purchased by the Bank would not be replaced when they mature).

- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
 - Raising Bank Rate as "the active instrument in most circumstances".
 - Raising Bank Rate to 0.50% before starting on reducing its holdings.
 - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 - Once Bank Rate had risen to at least 1%, it would start selling its holdings.

- **US.** Shortages of goods and intermediate goods like semi-conductors, have been fuelling increases in prices and reducing economic growth potential. In November, **CPI inflation hit a near 40-year record level of 6.8%** but with energy prices then falling sharply, this is probably the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decades high.
- **Shortages of labour** have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.
- Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the **Fed's meeting of 15th December** would take aggressive action against inflation. Accordingly, the rate of tapering of monthly \$120bn QE purchases announced at its November 3rd meeting, was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts. What was also significant was that this month the Fed dropped its description of the current level of inflation as being "transitory" and instead referred to "elevated levels" of inflation: the statement also dropped most of the language around the flexible average inflation target, with inflation now described as having exceeded 2 percent "for some time". It did not see

Omicron as being a major impediment to the need to take action now to curtail the level of inflationary pressures that have built up, although Fed officials did note that it has the potential to exacerbate supply chain problems and add to price pressures.

See also comments in paragraph 3.3 under PWLB rates and gilt yields.

- **EU.** The slow roll out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.
- **November's inflation figures** breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022, in line with the ECB's latest projection.
- **ECB tapering.** The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.
- The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.
- The EU has entered into a **period of political uncertainty** where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In

addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

- **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.
- However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally so as to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will probably leave the heavy lifting in supporting growth to fiscal stimulus by central and local government.
- Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.
- **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.
- The Bank of Japan is continuing its **very loose monetary policy** but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election,

brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

- **WORLD GROWTH.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.
- **SUPPLY SHORTAGES.** The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

5.4 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of 25% will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	yellow	£8m	6 months (max. is set by the DMO*)
UK Government gilts	yellow	£8m	5 years
UK Government Treasury bills	yellow	£8m	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	yellow	£8m	5 years
Money Market Funds CNAV	AAA	£10m	Liquid
Money Market Funds LNAV	AAA	£10m	Liquid
Money Market Funds VNAV	AAA	£10m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£8m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£8m	Liquid

Local authorities	yellow	£5m	5 years
Term deposits with housing associations	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£8m	

* DMO – is the Debt Management Office of HM Treasury

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – housing associations	--	In-house
Term deposits – banks and building societies **	Green	In-house
Term deposits – banks and building societies **	Green	Fund Managers

Term deposits with nationalised banks, banks and building societies

	Minimum Credit Criteria	Use	*** Max % of total investments	Max. maturity period
UK part nationalised banks	Red	In-house	--	6 months
UK part nationalised banks	UK sovereign rating or * Short-term ___, Long-term ___, Sovereign rating	Fund Managers	--	
Banks part nationalised by high credit rated (sovereign rating) countries – non-UK	Sovereign rating or * Short-term ___, Long-term ___, Sovereign rating	In-house and Fund Managers		

Collateralised deposit (see note 2)	UK sovereign rating	In-house and Fund Managers
UK Government Gilts	UK sovereign rating	In-house buy and hold and Fund Managers
Bonds issued by multilateral development banks	A-	In-house buy and hold and Fund Managers
Bonds issued by a financial institution which is explicitly guaranteed by the UK Government e.g., National Rail	UK sovereign rating	In-house buy and hold and Fund Managers
Sovereign bond issues (other than the UK govt)	A-	In-house buy and hold and Fund Managers
Treasury Bills	UK sovereign rating	In house and Fund Managers

Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs): -		
1a. Money Market Funds (CNAV)	AAA	In-house and Fund Managers
1b. Money Market Funds (LVNAV)	AAA	In-house and Fund Managers
1c. Money Market Funds (VNAV)	AAA	In-house and Fund Managers
2a. Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	In-house and Fund Managers

2b. Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	In-house and Fund Managers
3. Bond Funds	AAA	In-house and Fund Managers
4. Gilt Funds	UK sovereign rating	In-house and Fund Managers

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: A maximum of 20% will be held in aggregate in non-specified investment

1. Maturities of ANY period

	Minimum Credit Criteria	Use
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Purple	In-house
Certificates of deposit issued by banks and building societies	Purple	In-house
Commercial paper other	Purple	In-house and Fund Managers
Corporate bonds	Purple	In-house and Fund Managers
Floating rate notes	Purple	In house and Fund Managers
Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs)		
Corporate bond fund	Purple	In house and Fund Managers
Multi Asset Income Fund, property	Purple	In house and Fund Managers

Use of external fund managers – It is the Council’s policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories and are contractually committed to keep to the Council’s investment strategy. The fund managers the Council currently engages with are for Money Market Funds and Enhanced Cash Funds.

The Council fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Council is provided with a suite of regular reporting from its manager. This includes Daily Fund Reports and access to the Money Market Portal.

5.5 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

5.6 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Audit Governance & Standards Committee/ Policy & Resources Committee /Full Council

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit Governance & Standards Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.7 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

- *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

Investment Strategy

Maidstone Borough Council
2022/23

Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government and focuses on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £10m and £55m during the 2022/23 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2022/23 for treasury management investments and borrowing are covered in a separate document, the Treasury Management Strategy Statement 2022/23.

Service Investments: Loans

Contribution: The Council lends money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. The Council has made loans to Kent Savers for £25k in 2017/18 which is repayable in 2027/28 at an interest rate of 1% and an interest free loan of £60,000 to One Maidstone CIC Limited which is to be repaid in 2022/23. A loan to Cobtree Manor Estates Trust towards the construction of the new car park which had been agreed in 2019/20 for an amount of £323,000 repayment over 5 years at an annual interest rate of 3%. Balance outstanding as at 31st December 2021 is £151,350. A further loan was given to Capital & Regional for the refurbishment works to the bus station in 2021/22. This was for the amount of £178,000 which will be fully repaid in 2022/23.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2021 actual			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0.000	0.000	0.000	1.000
Local businesses	0.202	0.000	0.202	0.062
Local charities	0.205	0.000	0.205	0.140
TOTAL	0.407	0.000	0.407	1.202

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2020/21 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans by assessing the borrower's ability to repay the loan, based on past financial performance. This is monitored over the period of the loan in line with the agreed repayment terms.

Commercial Investments: Property

Contribution: The Council does not currently have any investments in property that are considered to be purely commercial in nature. Acquisitions are limited to properties situated within the borough, with the intention of supporting the local community, housing and regeneration objectives rather than for the exclusive purpose of generating profits. All property investments are therefore classified as general fund capital projects.

Third Party Loan Commitments and Financial Guarantees

The Authority has contractually committed to repay the loan on behalf of Serco Paisa for works to the leisure Centre which has a balance as at 31st March 2022 of £1.473m. The loan will be repaid in 2024/25.

Capacity, Skills and Culture

Elected members and statutory officers: The Section 151 Officer has ultimate decision making powers on investment decisions and has a number of key officers with the necessary skills to assess such projects, including the

Corporate Property Manager, Head of Finance, as well as the use of external consultants.

Each project is evaluated on its affordability and prudence to bear additional future revenue cost associated with each investment. It is established if the use of new or existing revenue resources to finance capital investment over competing needs for revenue expenditure and the scope for capital investment to generate future revenue savings or income, taking into account the risks associated with each proposal.

Commercial deals: The Section 151 Officer is involved with all decision making for capital projects and is aware of the core principles of the prudential framework in regard to the following:

- *service objectives, eg strategic planning for the authority*
- *stewardship of assets, eg asset management planning*
- *value for money, eg option appraisal*
- *prudence and sustainability, eg implications for external debt and whole life costing*
- *affordability, eg implications for council tax*
- *practicality, eg achievability of the forward plan.*

Corporate governance: The investment strategy is reviewed by Audit, Governance and Standards Committee prior to approval by full Council. Investment opportunities will be considered on a case by case basis with reference to the strategy, and a mid-year report will be provided during the year to ensure that the strategy remains fit for purpose.

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 2: Total investment exposure in £millions

Total investment exposure	31.03.2021 Actual (£m)	31.03.2022 Forecast (£m)	31.03.2023 Forecast (£m)
Treasury management investments	16.160	14.230	10.000
Service investments: Loans	0.407	0.395	1.062
TOTAL INVESTMENTS	16.567	14.625	11.062
Commitments to lend (Serco Loan – Leisure Centre)	2.010	1.473	0.905
TOTAL EXPOSURE	18.577	16.098	11.967

How investments are funded: Government guidance is that these indicators should include how investments are funded. All Service Investment have to date been funded through useable reserves and income received in advance of expenditure.

Investments funded by borrowing which form part of the Council’s capital programme are not included within this and details of these are included within the Capital Strategy.

**MAIDSTONE BOROUGH COUNCIL
CAPITAL STRATEGY 2022/23**

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1. INTRODUCTION

- 1.1. CIPFA's Prudential Code, which governs the Council's capital investment and borrowing, requires councils to have a Capital Strategy. This document should provide a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with a description of how associated risk is managed and the implications for future financial sustainability.
- 1.2. Accordingly, the Capital Strategy articulates in a single place a number of strategies and policies that the Council already addresses elsewhere: it is an overarching document linking the Strategic Plan, the Medium-Term Financial Strategy, the Treasury Management Strategy and the Asset Management Plan.
- 1.3. The strategy focuses upon the long-term ambition of the Council for its local area, residents and business, and is aligned with the Strategic Plan in this regard. It is not purely a financial document but a whole organisation approach setting out how investment will support the delivery of the Council's strategic goals.

2. CAPITAL EXPENDITURE AND LINKS TO OTHER CORPORATE STRATEGIES

Strategic Plan

- 2.1. Capital expenditure at Maidstone Borough Council plays a vital part in the Council's Strategic Plan, since long term investment is required to deliver many of the objectives of the plan.
- 2.2. The current Strategic Plan went through a thorough process of discussion and refinement over the period June – October 2018 and was approved by Council on 12 December 2018. It sets out four objectives, as follows:
 - Embracing Growth and Enabling Infrastructure.
 - Homes and Communities.
 - A Thriving Place.
 - Safe, Clean and Green.

The ways in which capital expenditure can support these priorities are described below.

Embracing Growth and Enabling Infrastructure

The Council has a vital role in leading and shaping our borough as it grows. This means being proactive in policy and master planning for key sites in the borough, and where appropriate, investing directly ourselves.

Separate objectives, set out below, address specifically the development of new housing, and other investments intended to make Maidstone a thriving place. In order to enable these developments to take place, investment in infrastructure will be needed. In general, infrastructure schemes are funded from the benefits gained from the development. To address any potential funding gap, the Council will enable infrastructure spending, to the extent that it meets our strategic priorities.

Accordingly, £5 million has been set aside within the current capital programme to contribute towards provision of local infrastructure, and to indicate our intention to invest to unlock development and attract matching funding.

A further £10m has been earmarked for the acquisition of property, allowing for the Council to invest in business premises within the borough where appropriate, enabling the speculative acquisition of employment property in support of the Economic Development Strategy.

Homes and Communities

The Strategic Plan seeks to make Maidstone a place where people love to live and can afford to live. This means a range of different types of homes, including affordable housing.

We aim, and are required by law, to address homelessness and rough sleeping. The Council has invested in temporary accommodation for

homeless families, thereby ensuring a good standard of accommodation and providing a more cost effective solution than is offered by the private sector. The Council plans to deliver 1,000 affordable new homes over the next 5 years at an estimated cost of £110m.

The Council also works with Kent County Council Social Services to deliver adaptations and facilities to enable disabled people to remain at home. This work forms part of the capital programme, although it is funded directly by central government grant. £4 million has been provided in the capital programme for Disabled Facilities Grants.

A Thriving Place

The Strategic Plan seeks to make Maidstone a borough that is open for business, attractive for visitors and is an enjoyable and prosperous place to live for our residents. This can be achieved through investment in the County town and rural service centres.

There are a number of ways in which the Council will take the lead, including working with partners and through direct investment ourselves. The Council has a successful track record of acquiring property within the borough to support wider regeneration objectives. These acquisitions both generate a return that supports the viability of the investment and contribute to making Maidstone a thriving place. We will continue to seek good quality investment opportunities which deliver value and support our strategic goals.

Where appropriate, we will seek to achieve the necessary scale of investment by identifying joint venture partners. The amount available for direct investment by Maidstone Council is governed by the overall size of the capital programme, but we will adopt a flexible approach within this constraint in order to take advantage of investment opportunities that meet our criteria.

Specific projects that will contribute to a Thriving Place include Maidstone East, where the Council is working to redevelop a key site next to the railway station, ongoing investment in leisure and entertainment at Lockmeadow, (£1.8m), and delivery of the museum development plan at a cost of £0.4m.

In 2021, the Council delivered the Innovation Centre at Kent Medical Campus, after securing grant funding of £10.5 to match the Council's own investment. This facility will support growing businesses in the life science, healthcare and med tech sectors and ongoing investment in car parking facilities is planned for completion in 2022.

Longer term, provision has been made for a £30m investment in leisure in preparation for the expiry of the current contract with Serco for Maidstone Leisure Centre.

The Council has already made a significant investment in improving the public realm in the Town Centre, including working with partners to deliver improvements to the bus station in 2021.

Safe, Clean and Green

The Council seeks to protect and where possible enhance our environment and to make sure our parks, green spaces, streets and public areas are of a high quality.

Recent investment has included a further development of our flagship local park, Mote Park. Construction is under way for a new Visitor Centre which is hoped to be completed within spring 2022 at a cost of £2.8m. Mote Park Lake is effectively a reservoir and works were undertaken in the summer of 2020 due to the risk of the lake overtopping the dam at its western end this was at a cost of £1.7m.

The floods of winter 2013/14 highlighted the risks faced by the borough generally. Maidstone Borough Council is part of the Medway Flood Partnership, which includes the Environment Agency and Kent County Council. The Partnership plans to spend at least £19 million over the next five years in the Medway catchment area, of which Maidstone is contributing £750,000.

Medium-Term Financial Strategy

- 2.3. 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 adopted a Strategic Plan for the period 2021 - 2045 in December 2018; this has been refreshed annually since. In February 2021 the specific areas of focus for the five year period from 2021/22 to 2025/26 were updated to reflect the significant change in context arising from the Covid19 public health emergency. The Strategic Plan now operates alongside the Council's Recovery and Renewal strategy, which will focus on addressing the impacts of Covid-19 within the borough, and investing in opportunities which have emerged from the pandemic, such as technology to support new ways of working.
- 2.4. The overall context for the MTFS is one where the Council is increasingly dependent on locally generated resources, whether from Council Tax or a range of other income streams, including parking income, planning fees and the Council's property portfolio. COVID-19 has led to a massive increase in public expenditure and has had an impact on income streams. Even though there has been some recovery, with some areas recovering more quickly than others. The MTFS supports the Council's need to become financially self-sufficient.
- 2.5. In drawing up the capital programme, there is therefore a focus on schemes that both meet strategic priorities and are self-funding. Specifically:

Property investment will build on the Council's existing property portfolio and assumes that we will continue to expand the portfolio, where appropriate, subject to identifying viable opportunities which support regeneration and economic development, as outlined within the Economic Development Strategy and the Local Plan.

- the Housing Development and Regeneration Investment Plan provides for the Council to develop housing ourselves, thereby addressing the need for new affordable homes in the borough as well as generating long term revenue returns through developing homes for market rent.
- 2.6. Below is a table of the latest draft capital programme which is due to be discussed at Policy and Resources Committee on 22nd January 2022.

A copy of the Council's medium Term Financial Strategy can be found in the link below:

[Medium Term Financial Strategy 22-23 to 25-26](#)

Treasury Management Strategy

- 2.7. The Treasury Management Strategy sets out how the Council manages its investments and cash flows, including banking, money market and capital market transactions, and how optimum performance is assured whilst managing the risks associated with these activities.
- 2.8. The specific aspects of the Treasury Management Strategy that are relevant here are how it addresses the Council's capital expenditure plans and how borrowing needs are met. Capital expenditure is funded from the internal resources, borrowing and third party contributions such as Section 106 and Community Infrastructure Levy (CIL) payments on new developments. The Council allocates some internal resources to fund capital expenditure, including revenue funding and internal borrowing, but following the purchase of the Lockmeadow Leisure Complex, it has been necessary to borrow externally. Long term borrowing costs have been budgeted for within the MTFs, although borrowing was initially short term in nature, for liquidity purposes. The Council has recently taken out long-term loans with the PWLB, and whilst rates are currently at historically lows, the Council are looking to offset short-term borrowing with secure long term funding. This strategy provides greater certainty over longer term capital financing costs.
- 2.9. The current local authority funding regime does not set cash limits for borrowing. However, borrowing must be sustainable in terms of the Council's ability to fund interest payments and ultimately repayment of capital.
- 2.10. Further details are set out in Section 4.

Asset Management Plan

- 2.11. The longer term maintenance of the Council's capital assets is addressed by the Council's Asset Management Plan. The Asset Management Plan ensures that the Council's assets, as a resource, support the delivery of the Council's objectives by:-

- Providing a suitable standard of accommodation for services including those shared with other authorities
- Maintaining property assets and ensuring that they continue to represent an appropriate investment for the Council
- Providing an asset management service to the property holding company
- Meeting the needs of the local community by maintaining assets in parks and open spaces and other community assets
- Safeguarding local heritage through ownership and preservation of historic and scheduled ancient monuments.

The current capital programme includes a provision of £4.3 million for Corporate Property Improvements and improvements to the offices of Maidstone House, based on the requirements of the Asset Management Plan.

The Asset Management Strategy is currently under review.

3. GOVERNANCE FRAMEWORK

Background

- 3.1. Capital expenditure proposals are developed in response to the Council's strategic priorities, as described in the previous section. Individual schemes are incorporated in the capital programme, which is included within the Council's Medium Term Financial Strategy.
- 3.2. The MTFS states that capital schemes will be reviewed and developed so that investment is focused on strategic priorities. The MTFS is updated on an annual basis, as part of the annual budget cycle.
- 3.3. Subsequent to preparation of the MTFS and its approval by Council each year, capital estimates form part of the annual budget that is submitted to Council for approval.

Developing capital expenditure proposals

- 3.4. The development of capital expenditure proposals follows certain core principles for the inclusion of schemes within the capital programme. Schemes may be included in the capital programme if they fall within one of the four following categories:
 - (i) Required for statutory reasons, eg to ensure that Council property meets health and safety requirements;
 - (ii) Self-funding schemes focused on Strategic Plan priority outcomes;
 - (iii) Other schemes focused on Strategic Plan priority outcomes; and
 - (iv) Other priority schemes which will attract significant external funding.

- 3.5. All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code and the following locally set principles:
- (a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, such as the Asset Management Plan, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant service committee.
 - (b) Where schemes require the use of prudential borrowing, a business case must first be prepared setting out the viability and justification in terms of necessity or contribution to the delivery of strategic goals
- 3.6. Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed, they may still be included within the programme if they fall within one of the four categories set out above.
- 3.7. If, following all considerations, there are a number of approved schemes that cannot be accommodated within the current programme, a prioritised list of schemes that can be added to the programme as future resources permit will be created and approved by Policy and Resources Committee, thus allowing officers to focus funding efforts on delivering schemes that are next in priority order.
- 3.8. The MTFS requires the Council to identify actual funding before commencement of schemes. Accordingly, while schemes may be prioritised for the programme, ultimately commencement of any individual scheme can only occur once all the necessary resources have been identified and secured.
- 3.9. The MTFS principles require that the Council will maximise the resources available to finance capital expenditure, in line with the requirements of the Prudential Code, through:
- (a) The use of external grants and contributions, subject to maintaining a focus on the priority outcomes of its own strategies;
 - (b) Opportunities to obtain receipts from asset sales as identified in the Asset Management Plan and approved for sale by Policy and Resources Committee;
 - (c) The approval of prudential borrowing when the following criteria also apply to the schemes funded by this method:
 - i. financial viability of the schemes can be clearly evidenced;
 - ii. the outcome returns economic value commensurate to the cost incurred by borrowing to fund the schemes;
 - iii. after covering the cost of funding, a further benefit accrues to the Council that directly or indirectly supports the objectives of the strategic plan or the medium term financial strategy.

- (d) The use of residual New Homes Bonus for capital purposes (after a £1m topslice to support the revenue budget), in line with the Council's strategic plan priorities;
 - (e) The implementation of a community infrastructure levy (CIL) and the management of its use, along with other developer contributions (S106), to deliver the objectives of the infrastructure delivery plan.
- 3.10. Service managers submit proposals to include projects in the Council's capital programme. Bids are collated by Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). Each Committee appraises the proposals with reference to corporate priorities set out in the strategic plan. Policy & Resources Committee recommends the capital programme which is then presented to Council in March each year.
- 3.11. Prior to any capital commitment being entered into, a detailed report setting out a full project appraisal and detailed financial projections is considered by the relevant service committee.
- 3.12. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). Further details are set out in section 4 of the Capital Strategy.

Performance Monitoring

- 3.13. 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 corporate projects to be reported quarterly to a Corporate Projects Board.
- 3.14. The delivery of the capital programme and emerging schemes are also subject to oversight by the Strategic Capital Investment Board, which meets regularly throughout the year. Membership of the board includes the Chief Executive (Chair), Director of Finance and Business Improvement, Director of Regeneration and Place, Monitoring Officer, Head of Finance, Head of Regeneration and Economic Development and Head of Commissioning and Business Improvement.
- 3.15. Financial monitoring of capital projects is addressed by the Council's Financial Procedure Rules. Individual Member Service Committees receive quarterly reports on capital expenditure for the services for which they are responsible.

Capitalisation

- 3.16. Accounting principles govern what counts as capital expenditure. Broadly, it must yield benefits to the Council and the services it provides, for a

period of more than one year. This excludes expenditure on routine repairs and maintenance of non-current assets which are charged directly to service revenue accounts.

- 3.17. The Council has adopted a minimum threshold of £10,000 for capitalisation.

Asset Disposals

- 3.18. The Council's policy for asset disposals is set out in a policy adopted by Policy and Resources Committee at its meeting on 25th July 2017.

- 3.19. The policy distinguishes between the following categories.

- Operational Property held and used by the Council for the direct delivery of services for which it has either a statutory or discretionary responsibility. Assets may be disposed of if they have reached the end of their economic or useful life.
- Investment Property held by the Council for revenue generation purposes, which should be assessed by its potential for improved rates of return by either better asset management, or disposal and re-investment of the receipt.
- Community assets such as open space. The Council will not usually dispose of areas of parks or other areas which are classed as public open space.

- 3.20. Certain schemes within the capital programme are partially funded through sale of some of the completed asset(s) to partner organisations. In this case, the capital scheme value is shown net of these receipts in the capital programme, as the receipt is ringfenced for this purpose.

4. FINANCING THE CAPITAL PROGRAMME

- 4.1. 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. Maidstone Borough Council has so far not borrowed to fund its capital programme, instead relying primarily on New Homes Bonus to fund the capital programme. Borrowing is however likely to be required in future.

Financing Requirement

All capital expenditure must be financed, either from external sources (government grants, including New Homes Bonus, and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and other long-term liabilities). The planned financing of the expenditure set out in Table 1 is as follows:

Table 1: Capital Programme 2022/23 to 2026/27

FIVE YEAR CAPITAL PROGRAMME 2022/23 - 2026/27	Five Year Plan						Total 22/23 to 26/27 £000
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	£000	£000	£000	£000	£000	£000	
Housing - Disabled Facilities Grants Funding	1,017	1,500	800	800	800	800	4,700
Temporary Accommodation	3,008	1,560					1,560
Brunswick Street	233						
Union Street	217						
Springfield Mill - Phase 1 & 2	2,045	200					200
Private Rented Sector Housing Programme	1,125	2,316	4,632	11,579	11,579	16,211	46,317
Affordable Housing Programme	750	6,694	17,040	32,225	21,163	32,521	109,642
Acquisitions Officer - Social Housing Delivery P/ship	160	160	160	160	160	160	800
Granada House Refurbishment Works	20	980	1,000				1,980
Street Scene Investment	50	50	50	50	50	50	250
Flood Action Plan	244	200	200	200	150		750
Electric Operational Vehicles	84						
Vehicle Telematics & Camera Systems	35						
Rent & Housing Management IT System	19						
Installation of Public Water Fountains	15						
Crematorium & Cemetery Development Plan	378						
Continued Improvements to Play Areas	200						
Parks Improvements	149	50	50	50	50	50	250
Gypsy & Traveller Sites Refurbishment	50	1,900					1,900
Waste Crime Team - Additional Resources		25					25
Sub-total Communities, Housing & Environment	9,798	15,635	23,932	45,064	33,952	49,792	168,374
Mote Park Visitor Centre	1,233	1,543					1,543
Mote Park Lake - Dam Works	672						
Mall Bus Station Redevelopment	1,006						
Museum Development Plan		389					389
Leisure Provision		100	100	500	14,300	15,000	30,000
Cobtree Golf Course New Clubhouse		4	111	333			449
Tennis Courts Upgrade		20					20
Riverside Walk Works		250	250				500
Section 106 funded works - Open Spaces		400	400	400	400	400	2,000
Sub-total Economic Regeneration & Leisure	2,910	2,706	861	1,233	14,700	15,400	34,901

FIVE YEAR CAPITAL PROGRAMME 2022/23 - 2026/27	Five Year Plan						Total 22/23 to 26/27 £000
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	£000	£000	£000	£000	£000	£000	
Corporate Property Acquisitions	11,809	2,500	2,500	2,500	2,500	2,500	12,500
Kent Medical Campus - Innovation Centre	3,000	250					250
Lockmeadow Ongoing Investment	932	500	1,300				1,800
Garden Community	1,613	200	200	200	200	200	1,000
Infrastructure Delivery		1,000	1,000	1,000	1,000	1,000	5,000
Asset Management / Corporate Property	1,653	175	175	175	175	175	875
Other Property Works		980					980
Biodiversity & Climate Change	100	1,400		500	500	500	2,900
Feasibility Studies	162	50	50	50	50	50	250
Digital Projects	25	25	25	25	25	25	125
Software / PC Replacement	342	200	200	200	200		800
Maidstone House Works		1,000					1,000
Automation Projects		200					200
New Ways of Working - Make the Office Fit for Purpose		40					40
Archbishop's Palace		400	400				800
Fleet Vehicle Replacement Programme	748	149	456	457	270	96	1,428
Sub-total Policy & Resources	20,384	9,069	6,306	5,107	4,920	4,546	29,948
Bridges Gyrotory Scheme	86	120					120
Sub-total Strategic Planning & Infrastructure	86	120					120
TOTAL	33,179	27,530	31,099	51,404	53,572	69,738	233,343

Table 2: Capital Financing

	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	Total £000
External sources	3,713	1,950	1,250	1,250	1,250	1,250	10,663
Own resources - incl Internal borrowing	13,884	5,026	3,514	4,568	5,699	6,582	39,275
External Borrowing	15,582	20,554	26,335	45,586	46,623	61,906	216,585
TOTAL	33,179	27,530	31,099	51,404	53,572	69,738	266,522

- 4.2. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue, which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is set out below; no assumptions have been made here about capital receipts.

Table 3: Replacement of debt finance

	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000	Total £000
MRP	889	1,474	2,338	3,115	4,276	5,159	17,253
Capital receipts	0	0	0	0	0	0	0
TOTAL	889	1,474	2,338	3,115	4,276	5,159	17,253

- 4.3. The Council's full minimum revenue provision statement is included within the Treasury Management Strategy.
- 4.4. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £190.6m over the next 5 years. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing

	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Brought forward	49,511	75,093	95,983	123,121	169,786	217,459
Capital Expenditure	33,179	27,530	31,099	51,404	53,572	69,738
External funding	-3,713	-1,950	-1,250	-1,250	-1,250	-1,250
Own resources	-2,995	-3,216	-373	-373	-373	-373
MRP	-889	-1,474	-2,338	-3,115	-4,276	-5,159
TOTAL CFR	75,093	95,983	123,121	169,786	217,459	280,414

Borrowing Strategy

- 4.5. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, so the Council will seek to strike a balance between cheap short-term loans (currently available at around 0.5%) and long-term fixed rate loans where the future cost is known but higher (currently 1.4 to 1.75%).
- 4.6. Projected levels of the Council's total outstanding debt (which comprises borrowing and other long-term liabilities) are shown below, compared with the capital financing requirement.

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.03.22 forecast £000	31.03.23 budget £000	31.03.24 budget £000	31.03.25 budget £000	31.03.26 budget £000	31.03.27 budget £000
Debt (excl.PFI & leases)	26,582	47,136	73,471	119,056	165,679	227,585
Capital Financing Requirement	75,093	95,983	123,121	169,786	217,459	280,414

- 4.7. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 5, the Council expects to comply with this in the medium term.
- 4.8. Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances will be fully utilised to fund the capital programme. Actual debt in reality is likely to be lower due to slippage within the capital programme.

Table 6: Borrowing and the Liability Benchmark

	31.03.22 forecast £000	31.03.23 budget £000	31.03.24 budget £000	31.03.25 budget £000	31.03.26 budget £000	31.03.27 budget £000
Outstanding borrowing	26,582	47,136	73,471	119,056	165,679	227,585
Liability benchmark	12,345	37,136	67,471	113,056	159,679	221,585

- 4.9. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary

Authorised Limit

	31.03.22 forecast £m	31.03.23 budget £m	31.03.24 budget £m	31.03.25 budget £m	31.03.26 budget £m	31.03.27 budget £m
Borrowing	40.582	67.136	93.471	139.056	185.679	247.585
Other Long Term Liabilities	2.010	1.473	0.905	0.309	0.000	0.000
Total	42.592	68.609	94.376	139.37	185.68	247.58

Operational Boundary

	31.03.22 forecast £m	31.03.23 budget £m	31.03.24 budget £m	31.03.25 budget £m	31.03.26 budget £m	31.03.27 budget £m
Borrowing	30.582	57.136	83.471	129.056	175.679	237.585
Other Long Term Liabilities	2.010	1.473	0.905	0.309	0.000	0.000
Total	32.592	58.609	84.376	129.37	175.68	237.58

- 4.10. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 4.11. The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the short term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury Management Investments

	31.03.22 forecast £000	31.03.23 budget £000	31.03.24 budget £000	31.03.25 budget £000	31.03.26 budget £000	31.03.27 budget £000
Short-term investments	14,237	8,000	4,000	4,000	4,000	4,000
Longer-term investments	0	2,000	2,000	2,000	2,000	2,000
Total	14,237	10,000	6,000	6,000	6,000	6,000

4.12. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and Business Improvement and staff, who must act in line with the treasury management strategy approved by council. Quarterly reports on treasury management activity are included within the budget monitoring reports which are presented to the council Policy & Resources Committee with the half yearly and annual reviews which are scrutinised by Audit, Governance and Standards Committee then recommending to Full council. The Audit, Governance and Standards Committee is responsible for scrutinising treasury management decisions.

Revenue Budget Implications

4.13. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. Full budget provision is made for capital financing costs within the Council's revenue budgets. This is based on estimates derived from the capital programme, and projected 50 year borrowing costs.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
Financing costs (£m)	0.072	0.448	0.929	1.957	3.123	4.670
Proportion of net revenue stream (%)	0.365	1.982	4.287	8.390	12.867	18.506

4.14. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend beyond 5 years into the future. The Director of Finance and Business Improvement is satisfied that the proposed capital programme is prudent, affordable and sustainable.

5. OTHER LONG TERM LIABILITIES

5.1. This section deals with other long term liabilities to which the Council has committed itself in order to secure capital investment. The Council has no Private Finance Initiative Schemes, but the following scheme is a similar contract as it is defined as a service concession arrangement.

5.2. The Council entered into an agreement during 2009/10 with Serco, the managing contractor of Maidstone Leisure Centre, to undertake a major refurbishment of the centre. Under the terms of the agreement Serco have initially funded the cost of the works through a loan, and the Council are then repaying this loan over a 15 year term, by equal monthly instalments. The principal element of this loan is reflected on the Council's Balance Sheet, and will be written down annually by the amount of principal repaid. Interest paid on the loan is charged to revenue.

Investments for Service Purposes

- 5.3. The Council can make investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth, Charities and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to provide value for money to the tax payer.
- 5.4. Decisions on service investments are made by the relevant service manager in consultation with the Director of Finance and Business Improvement and relevant committee (where appropriate) and must meet the criteria and limits laid down in the investment strategy. Most loans are capital expenditure and purchases will therefore also be approved as part of the capital programme.

6. KNOWLEDGE AND SKILLS

- 6.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Director of Finance and Business improvement is a qualified accountant with over 15 years' experience in local government, the Corporate Property Manager and the team are experienced in Property Management and the Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury), and ACCA.
- 6.2. The Council also employs Link Asset Services for Treasury Management advice, who support with the provision of training to members.
- 6.3. Decisions on service investments are made by the relevant service manager in consultation with the Director of Finance and Business Improvement and relevant committee (where appropriate) and must meet the criteria and limits laid down in the investment strategy. Most loans are capital expenditure and purchases will therefore also be approved as part of the capital programme.

7. RISK MANAGEMENT

- 7.1. The capital programme forms an increasingly important part of the Council's strategy for delivering its overall priorities. Accordingly, it is of fundamental importance that the associated risks are managed actively. The Council has a comprehensive risk management framework, through which risk in relation to capital investment is managed at all levels.

Corporate

- 7.2. Corporate risks are identified and reported on a quarterly basis to the Corporate Leadership Team and Policy and Resources Committee. Risks are owned by named Directors and controls developed to mitigate risk. Risks at this level may be generic, relating to a number of capital projects, although it is possible that a single capital project could pose a corporate risk.

Financial

- 7.3. A Budget risk register 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.
- 7.4. Typically, risks in this area would relate to funding of the capital programme and over/underspending on individual capital projects.
- 7.5. For all risks shown on the Budget Risk Register, appropriate controls have been identified and their effectiveness is monitored on a regular basis.

Service

- 7.6. Individual service areas maintain risk registers, with identified risk owners and details of controls to mitigate risk.

Project

- 7.7. The Council's project management framework requires managers to maintain risk registers at a project level.

**Maidstone Borough Council
Medium Term Financial Strategy 2022/23**

**Estimate of General Fund Balances
and Earmarked Reserves to 31 March 2023**

	Unallocated General Fund	Earmarked Reserves	Grand Total
	£,000	£,000	£,000
Balance as at 31st March 2021	9,196	24,057	33,253
Movement in balances during 2021/22		-17,226	-17,226
Estimated Balance as at 31 March 2022	9,196	6,831	16,027
Expected movement during 2022/23		-775	-775
Estimated Balance as at 31 March 2023	9,196	6,056	15,252

Estimate of Earmarked Reserves to 31 March 2023

	31/03/21	Transfers in 2021/22	Transfers out 2021/22	Est. Balance at 31/3/22	Transfers in 2022/23	Transfers out 2022/23	Est. Balance at 31/3/23
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Local Plan Review	0	140	-140	0	1,000	-1,000	0
Neighbourhood Planning	96	0	0	96	0	-20	76
Planning Appeals	286	0	0	286	0	0	286
Civil Parking Enforcement	169	0	0	169	0	-50	119
Homelessness Prevention & TA Reserve	773	125		898	0		898
Business Rates Earmarked Balances	3,789	698	-3,154	1,333	1,014	-89	2,258
Trading Accounts	30	0	-30	0	0		0
Future Capital Expenditure	1,131	3,856	-4,987	0	3,216	-3,216	0
Contingency for future funding pressures	969	0	0	969	500	0	1,469
Covid-19 Response & Recovery	0	860	-160	700	0	-700	0
Funding for Future Collection Fund Deficits	14,737	0	-13,357	1,380	0	-1,380	0
Commercial Risk	500	0	0	500	0	0	500
Invest to save	500	0	0	500	0	-50	450
Resources carried forward from 2020/21	1,077	0	-1,077	0	0	0	0
Total	24,057	5,679	-22,905	6,831	5,730	-6,505	6,056

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

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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 Local Government Finance Settlement, announced in December 2021, only covers 2022/23. 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 were considered by members at Service Committee meetings in January 2022, and other updates.

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.

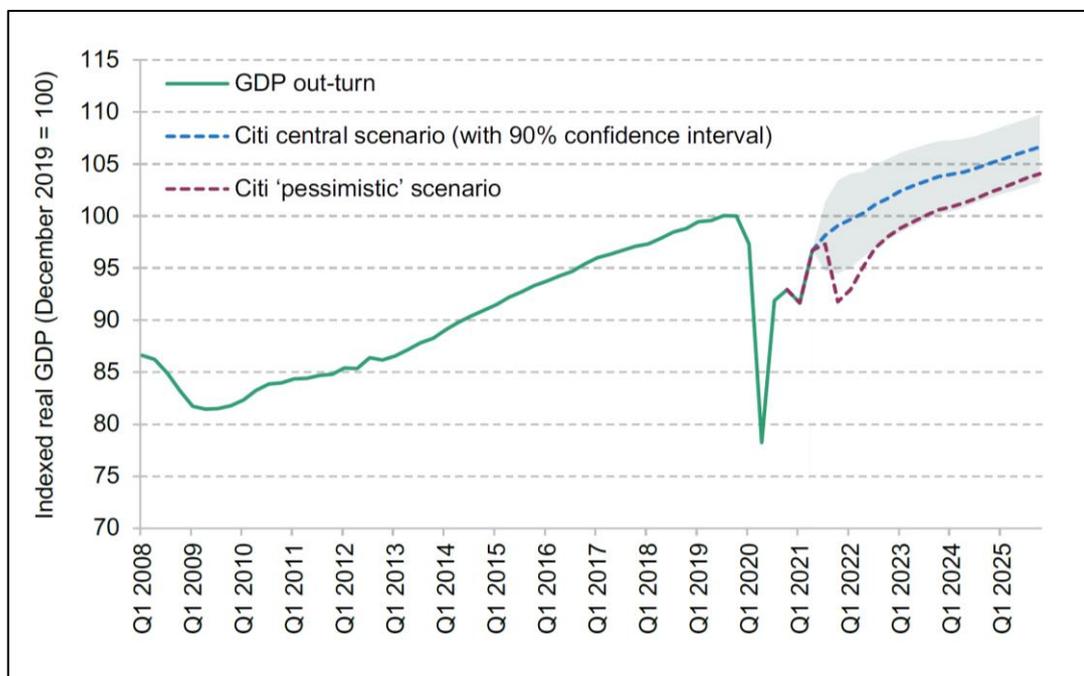
- 2.7 The overall funding envelope within which these priorities must be delivered remains broadly unchanged for 2022/23, meaning that savings will be required in some areas in order to fund growth in others, as well as to meet the savings already identified and agreed in earlier MTFS and budget setting 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.

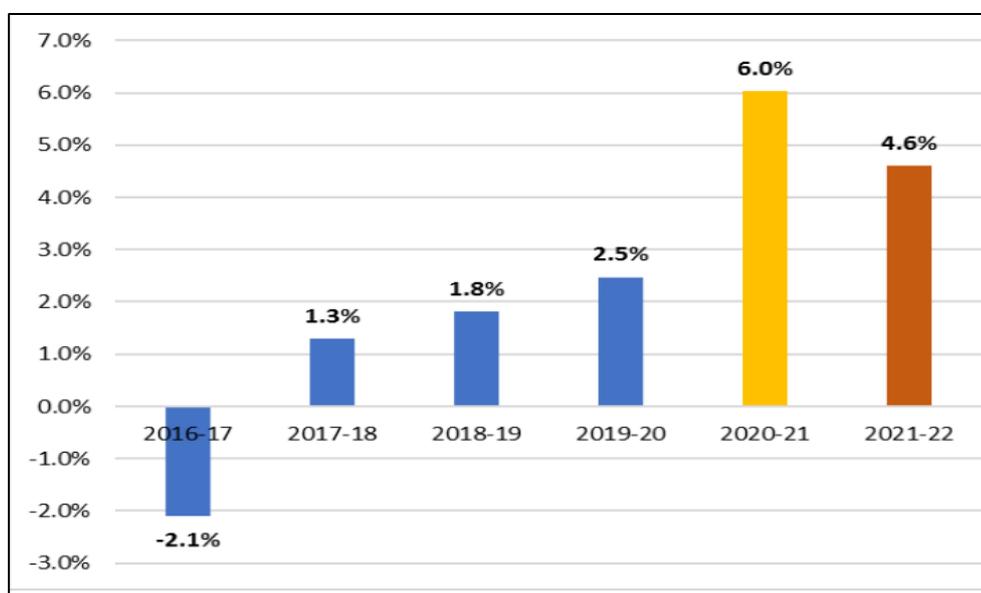
Public Finances

- 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 meant for individual authorities were announced in the Local Government Finance Settlement in December 2021. A potential issue for Maidstone was that an 'across the board' increase in funding for Councils could have used 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 would therefore have been used to reverse negative RSG, giving no benefit to the Council. In the event, the original 2013/14 needs assessment was used to allocate additional resources to Councils, in the form of a Services Grant.

- 3.13 Although the Spending Review covered three years (2022/23 to 2024/25), this has only translated into a one-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 this has only translated into a one-year settlement.

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 CIPFA¹:

- 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:

¹ 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.

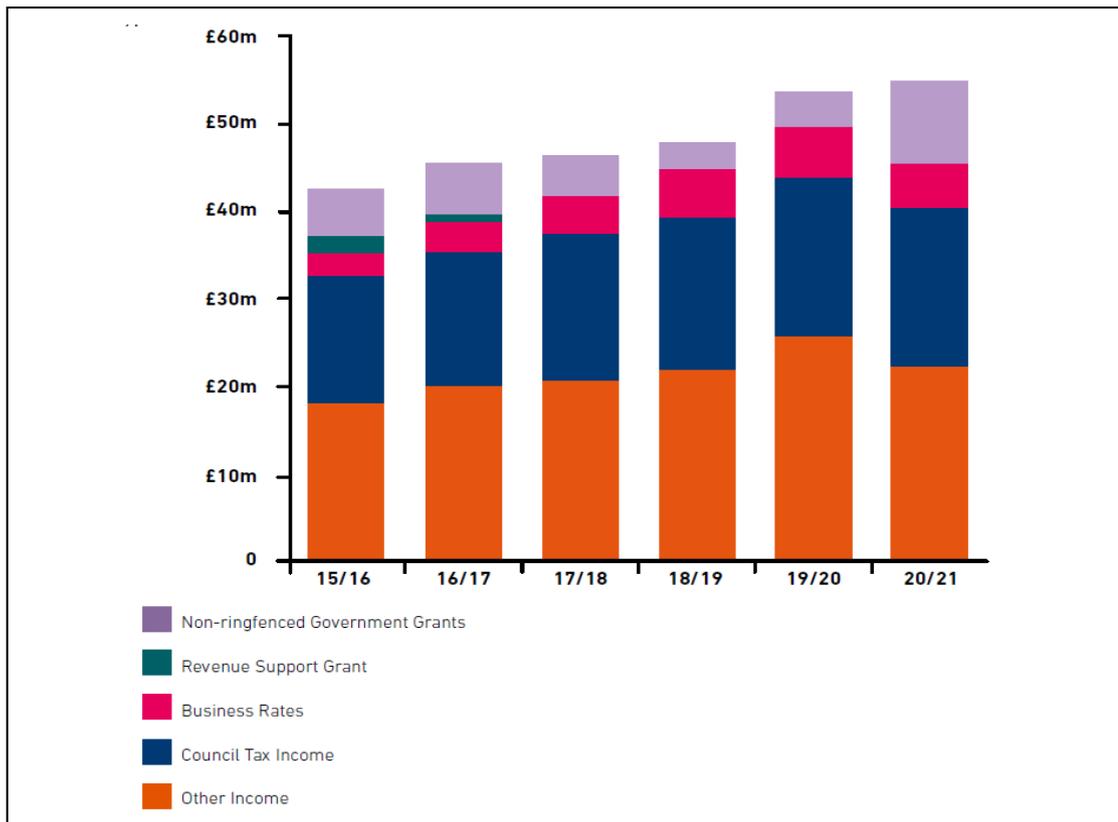
Conclusion

- 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 (December 2021) running at 4.8%. The Bank of England expects it to peak in Spring 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.

Given the impact of higher rates in the short term, an additional provision of £500,000 has been built into the Strategic Revenue Projections for 2022/23 plus a further £800,000, representing approximately 2% of the Council's total annual expenditure. In this way the Council will have built in a substantial contingency without necessarily committing itself to paying higher prices at an individual service budget level.

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 in the base case projections, before allowing for additional contingencies, 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.
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 these figures do not incorporate growth to reflect the new pressures described in the previous section. Proposals for the relevant budget changes were considered by members at Service Committees in January 2022 and are summarised in the subsequent reports to Policy and Resources Committee and Council.

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
TOTAL	49,011	27,870	17,681	19,608	14,553	128,723

- 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 24th February 2020 and will be refreshed in February 2022.
- 8.10 The existing capital programme was approved by Council at its budget meeting on 24th 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 was 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 with members took place in January 2022 on the detailed budget proposals. Individual Service Committees considered 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
09.02.22	Final draft to Policy & Resources Committee	Updates to reflect Local Government Finance Settlement and other developments.

Policy and Resources Committee	9 February 2022
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Employment Sub-Committee

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Angela Woodhouse, Head of Policy, Communications and Governance
Lead Officer and Report Author	Ryan O’Connell, Democratic and Electoral Services Manager.
Classification	Public
Wards affected	All

Executive Summary

This report sets up the Employment Sub-Committee to short list applicants and conduct interviews for a new Director.

Purpose of Report

Decision

This report makes the following recommendations to this Committee:

1. That the Employment Sub-Committee be appointed to conduct interviews for a new Director; and

2. That the Sub-Committee’s membership be politically balanced with the membership in accordance with the wishes of Group Leaders.

Timetable

Meeting	Date
Policy and Resources Committee	9 February 2022

Employment Sub-Committee

1. INTRODUCTION AND BACKGROUND

1.1 The constitution sets out that Policy and Resources Committee has responsibility for the following function:

To consider the applications received for the posts of Chief Executive and Directors and to compile a short list for interview and subsequently to interview and make appointments (in the case of the Chief Executive any appointment is subject to confirmation by the full Council)

And that this will be discharged through a Sub-Committee of 5 Councillors.

1.2 The political balance for a Sub-Committee of 5 Members is 3 Conservative Group Members, 1 Liberal Democrat Group Member and 1 Member from either the Maidstone Group or the Independent Group. It has been agreed with the relevant Group Leaders that the Maidstone Group would have the seat.

1.3 Group Leaders have confirmed their current wishes as follows:

Members

Conservative	Liberal Democrat	Maidstone Group
Burton	Khadka	Cox
Parfitt-Reid		
Perry		

1.4 Substitute members will be the relevant group members of P&R who are not already appointed as members of the sub-committee.

1.5 The Committee should be aware that as the Director position is the Director of Mid-Kent Services there will be the involvement of officers and Members from partner authorities in the appointment process.

1.6 The current timetable for the appointment process is as follows:

Role	Closing Date	Longlisting	Technical Interviews (via Teams)	Shortlisting	Final Interviews (in person)
Director of MKS	20/02/22	w/c 21/02/22	w/c 28/02/22	w/c 07/03/22	w/c 14/03/2022

2. AVAILABLE OPTIONS

- 2.1 The Committee need to appoint a Sub-Committee in order to discharge the responsibility set out in the Constitution. Available options are limited, though in addition to the recommendation set out the Committee could agree that a Sub-Committee that isn't politically balanced is preferable. However, one Member voting against that proposal would see it fall.
-

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The preferred option is to appoint a politically balanced 5 Member Sub-Committee in accordance with Group Leaders' wishes.
-

4. RISK

- 4.1 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. Risks relate to operational issues caused by the delay in appointing a director or conducting an ineffective appointment process.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Group Leaders were consulted on the membership and seats on the Sub-Committee. The outcomes are represented in the recommendations.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The next step will be to agree dates and times for the Sub-Committee to meet. The meetings will be held during the day as per previous years, as they are for the carrying out of interviews and will be part II meetings.
-

7. REPORT APPENDICES

None

8. BACKGROUND PAPERS

None

Agenda Item 23

Policy and Resources Committee

9 February 2022

Appraisal Sub-Committee

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Angela Woodhouse, Head of Policy, Communications and Governance
Lead Officer and Report Author	Ryan O'Connell, Democratic and Electoral Services Manager.
Classification	Public
Wards affected	All

Executive Summary

This report sets up the Appraisal Sub-Committee to carry out the annual appraisal for the Chief Executive and Directors.

Purpose of Report

Decision

This report makes the following recommendations to this Committee:

1. That the Appraisal Sub-Committee be appointed to carry out the Annual Appraisal process for the Chief Executive and Directors; and
2. That the Sub-Committee's membership be politically balanced with the membership in accordance with the wishes of Group Leaders

Timetable

Meeting	Date
Policy and Resources Committee	9 February 2022

Appraisal Sub-Committee

1. INTRODUCTION AND BACKGROUND

1.1 The constitution sets out that Policy and Resources Committee has responsibility for the following function:

To review annually the performance of the Chief Executive and Directors, to agree targets for the coming financial year, and agree any corrective action which may be required relating to the previous financial year

And that this will be discharged through a Sub-Committee of 5 Councillors.

1.2 The political balance for a Sub-Committee of 5 Members is 3 Conservative Group Members, 1 Liberal Democrat Group Member and 1 Member from either the Maidstone Group or the Independent Group. It has been agreed with the relevant Group Leaders that the Maidstone Group would have the seat.

1.3 Group Leaders have confirmed their current wishes as follows:

Members

Conservative	Liberal Democrat	Maidstone Group
Burton	English	Cox
Parfitt-Reid		
Perry		

1.4 Substitute members will be the relevant group members of P&R who are not already appointed as members of the sub-committee.

2. AVAILABLE OPTIONS

2.1 The Committee need to appoint a Sub-Committee in order to discharge the responsibility set out in the Constitution. Available options are limited, though in addition to the recommendation set out the Committee could agree that a Sub-Committee that isn't politically balanced is preferable. However, one Member voting against that proposal would see it fall.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 The preferred option is to appoint a politically balanced 5 Member Sub-Committee in accordance with Group Leader's wishes.

4. RISK

4.1 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. Risks include those arising from an ineffective appraisal process for the Chief Executive and Directors.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Group Leaders were consulted on the membership and seats on the Sub-Committee. The outcomes are represented in the recommendations.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The next step will be to agree dates and times for the Sub-Committee to meet. The meetings will be held during the day as per previous years, as they are for the carrying out of appraisals and will be part II meetings.
-

7. REPORT APPENDICES

None

8. BACKGROUND PAPERS

None

**Policy and Resources
Committee**

9th February 2022

Maidstone Borough Council – Proposed Senior Management Structure

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Alison Broom – Chief Executive
Lead Officer and Report Author	Alison Broom – Chief Executive Contributions from the Corporate Leadership Team – Directors of Regeneration and Place, Finance and Business Improvement and Mid Kent Services.
Classification	Public
Wards affected	All

Executive Summary

The purpose of this report is to propose changes in the senior management structure of the council in response to the cumulative impact of incremental changes already made since the structure was implemented in 2016, more recent significant changes in our operating environment arising in part from the pandemic but also government policy including for Levelling Up and a variety of decisions made by the council’s committees over the last 12 months which together significantly impact on the skills, experience, expertise and capacity required of the organisation in order to lead delivery of the outcomes identified.

Purpose of Report

Decision

This report makes the following recommendations to this Committee:

1. The Committee agrees the proposed senior management structure for the council presented in section 2.4 and 2.5 of the report and which is described in **Appendix 2.**

Timetable

Meeting	Date
Policy and Resources Committee	9 th February 2022

Maidstone Borough Council – Proposed Senior Management Structure

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>Accepting the recommendations will materially improve the Council's ability to achieve its strategic objectives</p>	Chief Executive
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>Accepting the recommendations will materially improve the Council's ability to achieve its strategic objectives including the cross-cutting objectives</p>	Chief Executive
Risk Management	Refer to section 5 of the report.	Chief Executive
Financial	Accepting the recommendations will demand net additional spending of 175k which is included as a growth item within the budget proposals for 2022/23.	Section 151 Officer & Finance Team
Staffing	The proposals in this report have significant staffing implications. Any changes agreed will be implemented by means of the Council's established organisational change procedures.	Chief Executive
Legal	Under the Local Government Act 1972 section 112 the Council may generally appoint	Interim Deputy Head

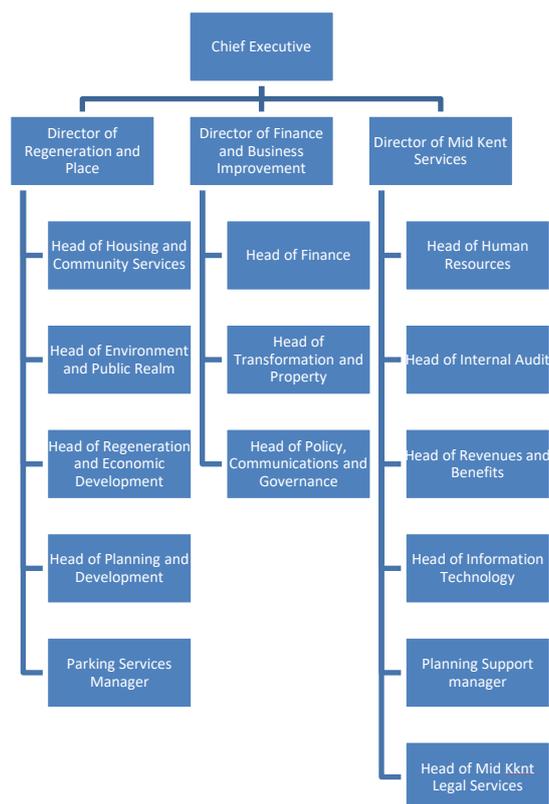
	<p>whatever officers it considers necessary for the proper discharge of its duties.</p> <p>The Chief Executive has set out in this report the proposed way the local authority's staff is organised to align with priorities on the way in which the authority's functions are discharged.</p> <p>The report proposes senior management structure change.</p> <p>The Constitution and the Council Scheme of Delegations must be amended to capture changes once approved.</p> <p>Subject to the agreement of this Committee that changes to the senior management structure be made the council's organisational change procedure includes specific provisions for formal consultation with the staff affected.</p>	of Legal Partnership
Privacy and Data Protection	No impact identified.	Chief Executive
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Equalities And Communities Officer
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	Accepting the recommendations will not impact on Crime and Disorder or services to address this.	Head of Service or Manager
Procurement	No procurement is needed to deliver the recommendations in this report	Head of Service & Section 151 Officer
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and there are no implications for biodiversity and climate change.	Biodiversity and Climate Change Officer

2. INTRODUCTION AND BACKGROUND

- 2.1. The Council's ambitions are set out in our Strategic Plan 2019-2045. The way in which the vision, priorities and cross cutting objectives are achieved is regularly reviewed and developed taking into account, amongst other things, progress towards the key outcomes, changes in context and our

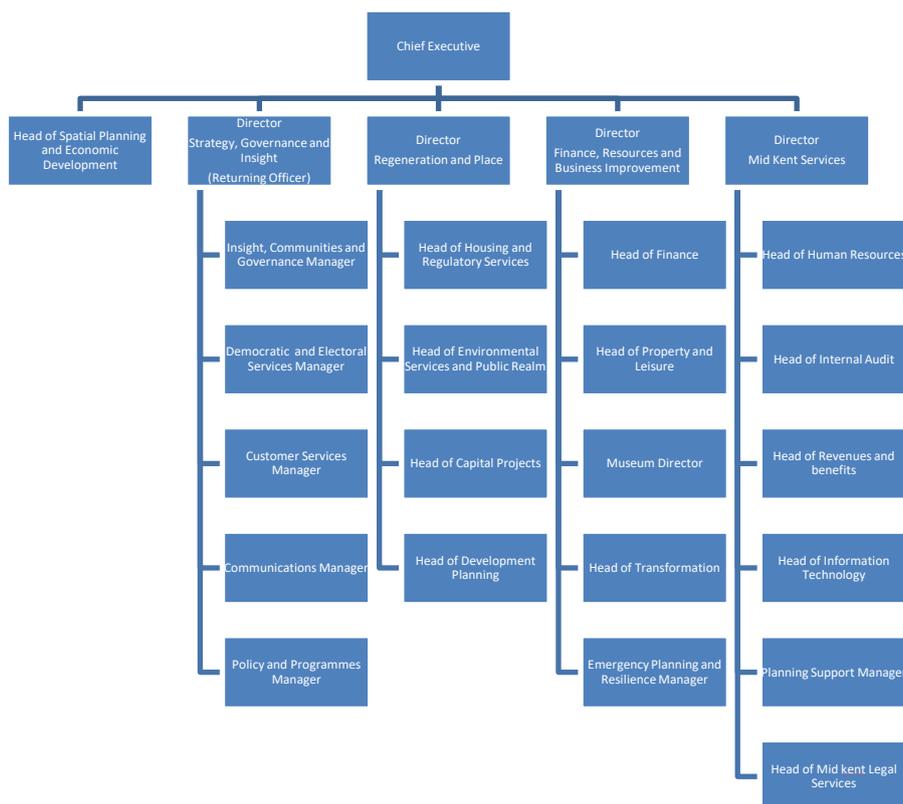
operating environment, decisions to change the way objectives are achieved and alternative choices in the use of resources. Our vision is for Maidstone to be a vibrant, prosperous, urban and rural community at the heart of Kent where everyone can realise their potential. The Council has four core priorities: Embracing Growth and Enabling Infrastructure, Safe Clean and Green, A Thriving Place and Homes and Communities. **Appendix 1** sets out a summary of the agreed position in terms of the outcomes aspired to and what the council will place importance on for the period 2021-6. These refreshed areas of focus, which take into account the impact of the pandemic, were agreed by the council in February 2021 and differ significantly in some respects from those in place pre-pandemic. New areas of focus were agreed placing fresh emphasis on delivering the refreshed Economic Development Strategy to enable recovery from the covid19 pandemic, achieving a sustainable and vibrant leisure and cultural offer for the borough and working with community groups and parish councils to develop more sustainable community resilience and to encourage pride in our borough.

- 2.2. The purpose of this report is to propose changes in the senior management structure of the council in response to the cumulative impact of incremental changes already made since the structure was implemented in 2016, more recent significant changes in our operating environment arising in part from the pandemic but also government policy including for Levelling Up and a variety of decisions made by the council's committees over the last 12 months which together significantly impact on the skills, experience, expertise and capacity required of the organisation in order to lead delivery of the outcomes identified. This report does not comprehensively cover the detail of proposed changes to the capacity of teams within the council. More detailed proposals are contained within the report on the 2022/3 budget proposals elsewhere on this agenda.
- 2.3. The current senior management organisational structure is set out below. The total cost is approximately £1.8 million, of which approximately £300K is recovered through charges to Mid Kent Services partners.



2.4 Current head of service responsibilities, key changes since this structure was introduced in 2016 and consequent proposals for future head of service roles are set out in the table in **Appendix 2** and captured in the organisational structure diagram below.

2.5 Broadly it is proposed to increase the number of senior managers by one in net terms (although the content of several of the roles changes significantly), to change the configuration of the senior leadership team by changing the reporting line management for the lead for Strategy, Insight and Governance, who takes on a range of statutory responsibilities and becomes a member of the corporate leadership team, and to introduce additional resources for development of corporate policy, capital projects, spatial planning and planning enforcement.



2.6 Since 2016 change has impacted on all the head of service current roles resulting in incremental adjustments to responsibilities through agreement with the incumbent post holders or refresh of job descriptions when staff have left; this has been achieved within resources agreed through the annual budget setting cycle. This is in accordance with the responsibilities and boundaries of flexibility for the Head of Paid Service. However, over the past 12 months decisions have been made and ambitions identified which cumulatively mean that it would be beneficial to change the senior management structure and capacity to improve our ability to deliver the council’s strategic plan in the way desired.

2.7 The most impactful decisions include those flowing from Full Council on 29th September 2021, where the Leader of the Council set out an ambition for the authority to build and own 1,000 affordable homes in the shortest possible time frame. In January 2022 the Policy and Resources Committee considered recommendations for how this could be achieved in practice and agreed a development strategy. It recognised that this would require a net capital investment of £200m over a ten-year period. The Committee also recognised that its affordable homes programme would be supplemented by both further capital spend to deliver private rented sector (PRS) housing and investment in a modest number of market sale homes. This approach will enable mixed tenure developments to achieve place making objectives and the potential for generating resources to provide some of the subsidy required to deliver affordable homes.

2.8 The Committee also agreed the council’s future capital strategy investment programme focussed on the expenditure that will occur in the next 5 years.

This included provision for investment in affordable housing of £113.6m over the period net of any grant receipts from the likes of Homes England necessary to deliver the programme. It was also agreed to invest £46.3m in private rented accommodation, £4.4m in market housing and £2m in upgrading accommodation at Granada House. Taken together this represents a very significant increase in capital investment in housing.

- 2.9 Delivery of this ambition, while exciting, is complex and challenging. It will require focus, skills, expertise and capacity. It is therefore proposed to create a role at Head of Service level to lead this work alongside the delivery of regeneration projects led by the Council, including for Maidstone East, and any other capital construction projects identified by the council from time to time where delivery will be undertaken by the authority. This post would report to the Director of Regeneration and Place who will also continue to have the lead role in terms of MBC's contribution to the delivery of the Heathlands Garden Community.
- 2.10 In addition, for governance reasons it has been necessary to separate the responsibility for Spatial Strategy including the Local Plan Review from responsibility for the public sector led garden community at Heathlands. This has been achieved through the appointment of an Interim Director for the Local Plan who reports to the Chief Executive. This arrangement will continue for as long as necessary with line management being resumed by the Director for Regeneration and Place only when circumstances change to make this acceptable in governance terms. With what we know now the earliest that this could occur is 2023. For reasons set out in Appendix B, it is proposed to plan for future in-house expertise and capacity for spatial planning at Head of Service level to succeed our interim director. To increase capacity for land use planning overall it is proposed to establish two roles – one to lead on spatial aspects (with the addition of economic development) and one on development management. There will be consequential changes in organisational structure and resources within these functions. This will result in a net increase of base budget resources for spatial planning and the addition of a programme manager to support both the Local Plan Review and Town Centre Strategy work streams. Subject to other 2022/23 budget decisions concerning the allocation of New Homes Bonus it is proposed to supplement this service with investment of around £1m in 2022/23 – in addition to funding already agreed to be provided from reserves (for a Design and Sustainability DPD) and the recovery and renewal fund for town centre strategy development. It will also be necessary to remodel some roles and responsibilities within development management amongst other things this will create resources for a principal planning officer to lead planning enforcement; the 2022/3 budget report elsewhere on this agenda also considers growth in funding for front-line development management teams.
- 2.11 A new post of Policy and Programmes Manager will be created, reporting to the Director of Strategic Governance and Insight, to address the requirement for greater capacity for corporate policy development. The responsibilities of this role will complement those for spatial planning and economic development policy, which as described in the previous paragraph will now fall to the new Head of Spatial Planning and Economic Development

and enable support for other service areas where strategy and policy development is needed periodically.

2.12 With respect to Economic Development and Regeneration, in September 2021 the Economic Regeneration and Regeneration Committee agreed the council's Economic Development Strategy which sets out a vision and initial five-year action plan to enable Maidstone to achieve its economic growth potential over the period to 2030; the five priorities are open for business, a greener more productive economy, a thriving rural economy, inclusive growth and destination Maidstone Town Centre. In October 2021 the Policy and Resources Committee acknowledged the scope of work required to produce a town centre strategy and one-off resources were agreed (drawn from the council's recovery and renewal funding) for the first phase of work needed to achieve the objective of re-imagining Maidstone's town centre as a vibrant, mixed-use destination with a welcoming economy befitting a modern county town. Given the synergy with the Local Plan this work will be led by the Interim Director for the Local Plan and subsequently the proposed Head of Spatial Planning and Economic Development.

2.13 There are no changes proposed here with respect to Mid Kent Services. Two potential changes are being explored currently with oversight from the MKS Executive and Member Boards. These are for the expansion of the current two-way shared revenues and benefits service (Maidstone and Tunbridge Wells) to include Swale and scoping of the potential for a shared transformation and digital service between Maidstone and Swale. Decision making reports will be brought forward in a timely way if required. A post of 'Head of Transformation' is shown provisionally in the structure chart at paragraph 1.5 pending a decision on these developments.

2.14 In terms of the financial impacts of these proposed changes a number of posts will be deleted – these are

- Head of Policy, Communications and Governance
- Head of Planning and Development
- Head of Transformation and Property
- Head of Regeneration and Economic Development
- Development Manager

A number of posts will be created – these are

- Director of Strategy, Governance and Insight
- Head of Spatial Planning and Economic Development
- Head of Development Planning
- Head of Property and Leisure
- Head of Capital Projects
- Policy and Programmes Manager
- Housing and Development Project Managers x 2
- Programme Manager
- Planning Enforcement (Principal Planning Officer)

2.15 It is proposed to fund the housing and development project manager costs substantially through capitalisation (80%) and fund the programme manager post (which will primarily support the spatial planning and

economic development team's work on the local plan and town centre strategy) substantially from New Homes Bonus (80%). There will be some minor adjustments to the spatial planning staff base budget; in net terms investment in staffing this service will increase through extra capacity at head of service level and programme management resources. The net financial impact is to increase the revenue cost of the organisation by £175,000.

2.16 The estimates of cost for new roles are based on an informed assessment of existing and likely grades although a formal process has yet to be conducted. Resources available for 2022/3 are sufficient to accommodate this increase in cost as set out in the report on budget proposals elsewhere on your agenda.

2.17 In addition to the proposals set out in this report a pay and grading benchmarking piece of work has been commissioned for the whole authority. The purpose is to inform consideration of where to position the council in terms of pay and reward to remain competitive in the market and to address any issues arising from anomalies in the grading structure and equal pay analysis. This will inform the precise detail of grades and reward for our Head of Service roles. The majority will need to be formally evaluated before any organisational change process can commence. Provision for any consequential modest additional costs has been made in the proposed contingency budget for 2022/23 (considered elsewhere on the agenda).

3. AVAILABLE OPTIONS

3.1 Option 1 Do Nothing

3.2 Option 2 Agree the proposed senior management structure set out in this report.

3.3 Option 3 The Committee could identify alternative changes the current structure

3.4 Option 4 The Committee could identify amendments to the proposed senior management structure

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 Option 2 is the preferred option as it will allow the council to implement more effective arrangements than those currently in place for the delivery of key priorities for the reasons set out in the body of the report and **Appendix 2**.

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.
- 5.2 Making organisational change of this scale i.e., multiple concurrent changes in roles and responsibilities for Heads of Service, who are key leaders and managers in the delivery of the council's ambitions, carries substantial risk. It is possible that the proposed change will impact on morale and potentially result in decisions to leave the authority. There is potential to mitigate for this through careful planning, preparation and engagement. Nevertheless, there will remain unavoidable short-term risks arising from the consumption of time and energy in planning for and making the changes proposed and from any challenges in recruitment and internal changes in staffing arrangements. Application of the council's organisational change procedure will mitigate for any administrative/procedural risk. For the longer term the risks of making the proposed changes are within the council's risk appetite parameters.
- 5.3 The risk of maintaining the status quo is significant in terms of being less effective with respect to having the right people, in the right place with the right skills.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The proposals set out in this report respond to decisions of council committees concerning the Strategic Plan areas of focus for 2021-26 and specific initiatives to achieve the council's priorities. Informal discussion has been undertaken by the Corporate Leadership Team with the Heads of Service most significantly impacted by these proposals. Informal discussion has been undertaken by the Chief Executive with the Leader of the Council and Chairs and Vice Chairs of the council's service committees. This has provided valuable insight and the proposals have in some cases been refined to reflect this informal feedback
- 6.2 Subject to the agreement of this Committee that changes to the senior management structure be made the council's organisational change procedure includes specific provisions for formal consultation with the staff affected.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Communication with staff affected will take place in accordance with the council's organisational change procedure. Communication with the wider organisation will take place through our established channels including the managers' Forum and our regular news bulletin "Inside MBC".
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8. REPORT APPENDICES

Appendix 1: Strategic Plan – Core Priorities

Appendix 2: Summary of current and proposed Head of Service roles

9. BACKGROUND PAPERS

None

Embracing Growth and Enabling Infrastructure

We want Maidstone Borough to work for the people who live, visit and work; now and in the future. We want a Borough where there is a variety of jobs, housing need is met and infrastructure is in place to meet the growing needs of our residents and economy. We also want to ensure we lead and shape our place as it grows, including leading master planning and investing to bring about high quality housing and jobs in the Borough.

Our Outcomes by 2045

- 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

Between 2021-26 we will place particular importance on:

- Engaging with our communities on the Local Plan review 
- The Council will take a proactive role in creating and consider investing in new places 
- Expanding the Council's role in the delivery of affordable and market rent housing including the provision for the Gypsy and Traveller community 
- Working with partners to get infrastructure planned, funded and delivered 
- Intervening where necessary in the market, to deliver key employment sites 



As of 2017 we had
167,700 people
living in the Borough

Our population is forecast to grow by
24.3%
between 2016 and 2036

From 2011/12-2017/18 a total of
5,291 new homes
have been built in the Borough



Better transport systems was the **second highest priority** for our residents



In 2018 the average home broadband speed is around **46.2Mbps**, up from **36.2Mbps** in 2017. We do recognise that in the rural areas there are substantial problems with broadband.



In 2017/18 the **employment rate** was **78.5%** (83,400 people) up from the same period in the previous year by 3.9%

Safe, Clean and Green

We will keep Maidstone an attractive and clean place for all. Maidstone is a safe place to live and we want our residents to feel safe. We want to protect and where possible enhance our environment and make sure our parks, green spaces, streets and public areas are high quality by ensuring they are looked after, well managed and respected.

Our Outcomes by 2045

- People feel safe and are safe
- A Borough that is recognised as clean and well cared for by everyone
- An environmentally attractive and sustainable Borough
- Everyone has access to high quality parks and green spaces

Between 2021-26 we will place particular importance on:

- Taking action against those who do not respect our public spaces, streets, green spaces and parks 
- Improving community safety by working with our partners to make people less vulnerable to crime 
- Maintain resident satisfaction with the cleanliness of the Borough 
- Implementation of the Biodiversity and Climate Change Strategy and Action Plan 

Over **50%** of the Borough's waste is recycled 

The town centre and its immediate surrounds have been designated as an **Air Quality Management Area**

Overall, **70.5%** of respondents were **very or fairly satisfied** with their local area as a place to live 

Just over **40%** of residents use amenity green space once a week 

of residents feel safe in their own home, but **93%** 22% don't feel safe walking in their local area at night 

Maidstone has **30 large parks**, four of which are Green Flag parks and **80 Neighbourhood greenspaces** 

369

Homes and Communities

We want to have a place that people love and where they can afford to live. This means ensuring that there is a good balance of different types of homes, including affordable housing. We will have safe and desirable homes that enable good health and wellbeing for our communities. We will address homelessness and rough sleeping to move people into settled accommodation. We will work with our partners to improve the quality of community services and facilities including for health care and community activities. Residents will be encouraged and supported to volunteer and play a full part in their communities.

Our Outcomes by 2045

- A diverse range of community activities is encouraged
- Existing housing is safe, desirable and promotes good health and well-being
- Homelessness and rough sleeping are prevented
- Community facilities and services in the right place at the right time to support communities

Between 2021-26 we will place particular importance on:

- Reducing rough sleeping in a sustainable way 
- Reducing the use of temporary accommodation for homeless families 
- Improving housing through use of our statutory powers to promote good health and wellbeing 
- Working with the Integrated Care Partnership to identify opportunities to reduce health inequalities in the borough 

In 2018 we provided emergency accommodation for in excess of **30 people** sleeping rough



On average people could expect to pay **9 times their annual earnings** on purchasing a home in 2018 compared to 7 times in 2007



Only **22%** of residents agree their neighbourhood is a place where homes are affordable **370**

Three of our wards rank in the **top 10%** for deprivation in Kent.

A Thriving Place

Maidstone is a Borough that is open for business, attractive for visitors and is an enjoyable and prosperous place to live for our residents. Maidstone is the Business Capital of Kent; we will continue to grow our local economy with high employment, good local jobs and thriving local businesses. We want our town and village centres to thrive and be fit for the future. We will lead investment in the County town and rural service centres through our regeneration projects and working with partners. We are proud of our heritage and will continue to grow our leisure and cultural offer.

Our Outcomes by 2045:

- A vibrant leisure and culture offer, enjoyed by residents and attractive to visitors
- Our town and village centres are fit for the future
- Skills levels and earning potential of our residents are raised
- Local commercial and inward investment is increased

Between 2021-26 we will place particular importance on:

- Deliver key actions for the refreshed Economic Development Strategy focussing on actions to enable economic recovery from the Covid-19 pandemic 
- Deliver a sustainable and vibrant leisure and cultural offer across the Borough 
- Working with community groups and parish councils, to develop more sustainable community resilience and to encourage pride in our Borough 
- Promote inward investment in the Borough to ensure a diverse employment and business offer 
- Working with partners to redevelop the Maidstone East site and modernise the bus station in the County Town 
- Developing and delivering plans for the five opportunity sites in the town centre and the Staplehurst regeneration project 
- Working with parishes and community groups on neighbourhood plans 



Maidstone has the **biggest economy** of all the Kent districts



We attract over **4.5 million visits** a year with over **£284 million spend** in the local economy.

45% of residents view the economy as **thriving** or on the way up

1160 more businesses have started up or located to the Borough since 2010 **371**

Unemployment (job seeker allowance claimants) is **1.1%** (Nov 2018)

Appendix 2

Summary of current and proposed Head of Service roles

Current Responsibilities	Key changes since 2016	Proposed Future arrangements
Head of Housing and Community Services		
<p>Homechoice and the housing register, homelessness prevention, relief duties and outreach for rough sleepers, accommodation management, community protection, public health and licensing</p> <p>The Head of Service is also a Director for Maidstone Property Holdings</p>	<p>Introduction of the Homelessness Reduction Act in 2017 and contemporaneous increased housing need.</p> <p>Investment in technology to assist earlier intervention and prevention of homelessness, temporary accommodation to assist with managing down net costs and proactive outreach to intervene more effectively in support of rough sleepers.</p> <p>Aspiration expressed via the Communities Housing and Environment Committee for increased activity for community protection and enforcement. Resources to respond to this will be considered as part of the 2022/3 budget.</p> <p>Lead role for voluntary and community sector engagement and associated commissioning/funding transferred to the head of Policy, Communications and Governance in 2021 reflecting experience gained during the pandemic.</p>	<p>Retain the post rename Head of Housing and Regulatory Services and expand operational capacity for accommodation management as new MBC housing for private rented and affordable rent comes on stream (in line with decisions taken by the Policy and Resources Committee in January 2022) and community protection (subject to decisions on the 2022/3 revenue budget)</p>
Head of Environment and Public Realm		
<p>Waste management and collection, street scene including cleansing, parks and open spaces, grounds maintenance, our transport fleet and bereavement services</p>	<p>Parks and Open spaces responsibility transferred to this role.</p> <p>Introduction of commercial services for business waste collection and grounds maintenance.</p> <p>Partnership arrangements for transport fleet maintenance</p> <p>Reletting of the waste collection contract to take place in 2024</p>	<p>Retain the post and expand the span of control by adding parking services; this service is part of managing the street scene effectively and so fits well with those already within the Head of Service portfolio.</p>
Head of Regeneration and Economic Development		
<p>Economic development, regeneration projects, the Business Terrace and Innovation Centre, capital projects for housing delivery, leisure and culture facilities including Maidstone Leisure Centre, the</p>	<p>Increased requirements and expectations for delivery of the Economic Development Strategy 2030 (agreed by ERL in September 2021) including town centre strategy (initial scope agreed by P&R in October 2021); significantly increased requirements to enable delivery of housing capital investment programme (agreed by P&R in January 2022) and regeneration opportunity site delivery (eg Maidstone East); potential</p>	<p>Delete this post and create/amend other roles in response to capacity needed to deliver the key priorities as follows</p> <p>Head of Service for Capital Projects</p>

Hazlitt and Maidstone Museum and the visitor economy including events.	opportunities to bid for Levelling Up and other Prosperity capital funding which requires bis ready schemes; aspiration from ERL Committee to deliver transformation of current leisure and culture facilities and integrate management, development and promotion of the leisure portfolio to include the recently acquired Lockmeadow complex	Head of Service for Spatial Planning and Economic Development Head of Service for Property and Leisure
Head of Planning and Development		
Building control, development management including planning enforcement, spatial planning, heritage, landscape and trees services and management of resources associated with the Community Infrastructure Levy and S106 contributions.	Temporary separation of spatial planning responsibility at director level for governance reasons. Significant use of consultancy support to achieve the technical requirements and deliver volume of work required for the Local Plan Review mitigating risks around the five-year housing land supply and housing delivery test Aspirations to accelerate delivery of DPDs and SPDs, more effective management of the IDP and greater drive for implementation of infrastructure investment including that enabled by S106 and CIL contributions. Increased demand and expectations for planning enforcement, protection of trees and development management. Resources to respond to this will be considered as part of the 2022/3 budget	Delete this post and create two roles Head of Development Planning Head of Spatial Planning and Economic Development
Head of Finance		
Financial management and accountancy for MBC, Mid Kent Services and the Kent Business Rates Pool and the client for procurement services provided through a partnership with Tunbridge Wells council	Changes in accountancy standard operating procedures The addition of client responsibility for procurement	Retain the post unchanged
Head of Transformation and Property		
Corporate property, the Lockmeadow complex, transformation and Digital services, emergency planning	Various acquisitions/developments have significantly expanded the council's property portfolio including Lockmeadow, Maidstone House and the Innovation Centre Aspiration to integrate management, development and promotion of the leisure asset portfolio to include the recently	Delete this post and create a new role Head of Property and Leisure

<p>and corporate health and safety, biodiversity and climate change</p>	<p>acquired Lockmeadow complex and soon to be completed Mote Park facility Potential opportunity to collaborate with Swale BC for a shared transformation and digital service to improve quality and resilience Higher profile for biodiversity and climate change work.</p>	<p>In the short term it is proposed to put a transitional arrangement in place to enable the current Head of Service to lead work on both scoping a potential shared transformation and digital service and organisational design for integrating leisure and culture services with temporary additional support for the council's operational and commercial property portfolio. Biodiversity and climate change transfers to Strategy, Governance and Insight</p>
<p>Head of Policy, Communications and Governance</p>		
<p>Corporate strategy development and insight (data, performance monitoring and analytics), information governance (also being the council's statutory data protection officer), community services including public engagement, customer services, communications and democratic services and elections (including deputy returning officer).</p>	<p>Significant legislative changes for data collection, storage, management and public access rights including the Data Protection Act 2018 (UK GDPR), Local Government Transparency Code (2015) and amendments to Privacy and Electronic Communications Regulations and Regulatory Investigatory Powers Act Development of capability and expertise for data collection (including public engagement), use and analytics to improve evidence for strategy and policy development and tools for service prioritisation and performance management Increased support to other Heads of Service for strategy development Development of community support services during the pandemic and additional responsibilities to ensure sustainable future arrangements as agreed by the CHE Committee in November 2020 including support for Volunteering in the Borough. Online Community Participation platform, administration of various Covid community funds, MBC Community Resilience Fund and roll out of the Household support grant</p>	<p>Retain the role and rename Strategy, Governance and Insight</p> <p>Add statutory responsibilities for ERO, RO and Senior Information Risk Owner</p> <p>Increase responsibility for corporate policy development to complement responsibility for developing the Council's Strategic Plan areas of focus and action plans; this to include the Biodiversity and Climate Change officer(s)</p> <p>Change reporting line to Chief Executive and include postholder in the Corporate Leadership Team to contribute corporate policy, public engagement, customer insight and governance expertise.</p>

	<p>Changes to governance arrangements; executive model for decision making (agreed by Council May 2021) all out elections (agreed by Council in December 2021), and arising from the Local Government Boundary review</p> <p>Future need for greater resilience in statutory roles as electoral registration officer and returning officer (currently held by CEO)</p> <p>Aspiration for quicker more extensive corporate policy development – current examples include for the nighttime economy, community facilities</p>	<p>Review title following from pay and grading work currently being conducted</p>
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Agenda Item 25

By virtue of paragraph(s) 1,3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 1,3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 26

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 27

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 28

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of the Local Government Act 1972.

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