

# ECONOMIC REGENERATION AND LEISURE POLICY ADVISORY COMMITTEE MEETING

Date: Tuesday 8 November 2022  
Time: 6.30 p.m.  
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Garten (Chairman), Hastie (Vice-Chairman), Bryant, Forecast, Fort, Mrs Gooch, Harper, Hinder and Naghi

*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.*

---

<b><u>AGENDA</u></b>	<b><u>Page No.</u></b>
1. Apologies for Absence	
2. Notification of Substitute Members	
3. Urgent Items	
4. Notification of Visiting Members	
5. Disclosures by Members and Officers	
6. Disclosures of Lobbying	
7. To consider whether any items need to be taken in private due to the possible disclosure of exempt information	
8. Minutes of the meeting held on 4 October 2022	1 - 5
9. Presentation of Petitions (if any)	
10. Question and Answer session for Local Residents (if any)	
11. Questions from Members to the Chairman (if any)	
12. Forward Plan relating to the Committee's Terms of Reference The Forward Plan for the period 1 November 2022 to 28 February 2023 can be accessed here:	6 - 8
<a href="#">Your Councillors - Maidstone Borough Council</a>	
13. Rural England Prosperity Fund Investment Plan	9 - 36

---

**Issued on 31 October 2022**

**Continued Over/:**

*Alison Broom*

**Alison Broom, Chief Executive**

14. Carriage Museum Options	37 - 48
15. Framework for Research into Demand for Extended Opening Hours at Maidstone Museum	49 - 53
16. Medium Term Financial Strategy 2023 - 2028	54 - 92
17. Second Quarter Financial Update & Performance Monitoring Report 2022/23	93 - 113

## **INFORMATION FOR THE PUBLIC**

In order to ask a question at this meeting, please call **01622 602899** or email [committee@maidstone.gov.uk](mailto:committee@maidstone.gov.uk) by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Friday 4 November 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](mailto:committee@maidstone.gov.uk) by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Friday 4 November 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](mailto:committee@maidstone.gov.uk).

To find out more about the work of the Committee, please visit [www.maidstone.gov.uk](http://www.maidstone.gov.uk).

## MAIDSTONE BOROUGH COUNCIL

### ECONOMIC REGENERATION AND LEISURE POLICY ADVISORY COMMITTEE

#### MINUTES OF THE MEETING HELD ON 4 OCTOBER 2022

##### Present:

<b>Committee Members:</b>	<b>Councillor Garten (Chairman) and Councillors Bryant, Forecast, Fort, Mrs Gooch, Hastie, Hinder, Naghi and D Wilkinson</b>
<b>Lead Members:</b>	<b>Councillors Burton (Leader of the Council) and Russell (Lead Member for Leisure and Arts)</b>

#### 33. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillor Harper and that Councillor Hastie would be late in arriving at the meeting.

#### 34. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor D Wilkinson was substituting for Councillor Harper.

#### 35. URGENT ITEMS

There were no urgent items.

#### 36. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

#### 37. DISCLOSURES BY MEMBERS AND OFFICERS

Councillor Mrs Gooch said that she was a Friend of the Maidstone Museums' Foundation.

#### 38. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

#### 39. EXEMPT ITEMS

**RESOLVED:** That the items on the agenda be taken in public unless any Member wishes to refer to exempt Appendix B to item 14 (Town Centre Strategy – Procurement of Professional Team), in which case it will be necessary to move into closed session due to the possible disclosure of exempt information.

#### 40. MINUTES OF THE MEETING HELD ON 5 JULY 2022

**RESOLVED:** That the Minutes of the meeting held on 5 July 2022 be approved as a correct record and signed.

In response to questions by a Member, it was noted that the outcome of previous resolutions relating to the former Head of Regeneration and Economic Development and improvements to the Town Centre would be reported back to the Committee in due course.

41. PRESENTATION OF PETITIONS

There were no petitions.

42. QUESTION AND ANSWER SESSION FOR LOCAL RESIDENTS

There were no questions from local residents.

43. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

44. FORWARD PLAN RELATING TO THE COMMITTEE'S TERMS OF REFERENCE

The Committee considered the Forward Plan for the period 1 September 2022 to 31 December 2022 in so far as it related to its terms of reference.

The Chairman advised Members that a further report arising from the motion at the last Council meeting relating to Museum opening hours would be added to the Forward Plan for consideration at the November meeting of the Committee.

**RESOLVED:** That the Forward Plan relating to the Committee's terms of reference, as amended, be noted.

Note: Councillor Bryant entered the meeting during consideration of this item (6.38 p.m.). She said that she had no disclosures of interest or of lobbying.

45. 1ST QUARTER FINANCIAL UPDATE & PERFORMANCE MONITORING REPORT 2022/23

Councillor Russell, the Lead Member for Leisure and Arts, introduced a report setting out the financial and performance position for the services reporting into the Committee as at 30 June 2022 (Quarter 1). It was noted that:

- In terms of the Revenue Budget, significant variances to budgeted income levels had emerged in certain areas during the first quarter of the year. There was a projected overspend of £370,000 in respect of the Innovation Centre and Lockmeadow against budgets for the year.
- Business rates were being incurred in respect of empty offices at the Innovation Centre, but new tenants were starting to move in. Occupancy had been delayed due to the Covid-19 pandemic.
- The Council was still supporting some Food Hall tenants at Lockmeadow through a difficult period of trading. It was hoped that the position would improve during the Christmas period.
- Although an overspend was predicted, a balanced budget was projected for the year, but the prospects for 2023/24 were very challenging.

- There was a projected capital overspend of around £150,000 in relation to the Mote Park Visitor Centre due to contractual delays and delays in putting in services (water and electricity etc.). This was partly offset by an underspend on the Mote Park Lake dam works.
- Performance indicators showed that footfall in the town centre and unemployment rates were still failing to achieve targets, but the situation was gradually improving.

In response to questions, the Officers explained that:

- With regard to the Mote Park Visitor Centre, practical completion of the building was expected in either late October 2022 or early November 2022. The Visitor Centre was being constructed as a “shell and core” in readiness for the business operator who would fit out the kitchen etc. It was anticipated that the facility would open to the public early in the New Year depending upon when these works were completed. The estate services’ building, office facilities and public toilets would be ready at the end of October/early November 2022.
- There were underspends in other areas of the Council which offset the projected overspend by this Committee. If that position changed it would be necessary to look at other measures to bring the budget back into balance. Additional provision of £1.3m had been made within the 2022/23 budget for the expected impact of higher inflation on the Council’s input costs and some service areas were performing better than budget. The position would be monitored closely and, if, at any stage, it appeared that an overspend was likely, measures would need to be taken to prevent that happening.
- In terms of trends in house prices, since the figures from the Office for National Statistics were usually three to four months out of line, the figures in the report did not align directly with Quarter 1. However, no long-term change in trends had been identified yet; this would start to be seen throughout the year. A graph with prices could be included in future showing the position over the last twelve months to enable comparisons to be made.

During the discussion, Members indicated that it would be useful for the Policy Advisory Committees to receive informal briefings on the preparation of the Medium-Term Financial Strategy in November 2022 and the detailed budget proposals in January 2023.

**RESOLVED:**

1. That the Revenue position as at the end of Quarter 1 for 2022/23, 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 1 be noted.
3. That the Performance position as at Quarter 1 for 2022/23, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.

Note: Councillor Hastie entered the meeting at the start of this item (6.40 p.m.). She said that she had no disclosures of interest or of lobbying.

46. TOWN CENTRE STRATEGY - PROCUREMENT OF PROFESSIONAL TEAM

Councillor Burton, the Leader of the Council, introduced a report seeking agreement to the allocation of funding for a professional team to support the Council in the preparation of the Maidstone Town Centre Strategy and delegated authority for the appointment of the preferred supplier. It was noted that delivery of the Strategy needed a wide range of expertise. The Council had established a project team but experience with other projects had demonstrated the benefits of complementing the internal team with external professional expertise to provide specialist knowledge, skills and capacity. The proposal was to select a professional team with recent expertise in delivering such a piece of work. Funding was already in place for work on and delivery of the Strategy. Since some of this funding was time-limited, it was necessary to progress the procurement process time-efficiently whilst equally ensuring good quality.

In introducing the report, the Leader of the Council advised the Committee that he was minded to amend the scope of the brief for the work particularly around improved access to the Lockmeadow area to provide flexibility.

In response to comments and questions:

The Leader of the Council explained that:

- Subject to the allocation of funding, the subsequent procurement process evaluations would emphasise quality and recent relevant experience as to what would be best for Maidstone.
- Market engagement had provided a range in the cost of the professional expertise required to produce the Town Centre Strategy and a delivery plan which varied depending on several factors. There needed to be engagement with the public and key stakeholders such as Kent County Council, Mid-Kent College, local businesses and the Police to develop ideas for the Strategy which would, for example, inform strategic planning policy.

The Director of Regeneration and Place advised the Committee that there would be a full procurement process teasing out the ideas of people in the market who would be undertaking the work. It was important not to enter this with pre-defined ideas; the brief would change realistically.

During the discussion, Members supported the proposals to secure extra expertise to progress the Town Centre Strategy to complement that of the internal team and emphasised the need to deliver the Strategy in a time-efficient manner to bring about improvements and grow the economy.

**RESOLVED TO RECOMMEND TO THE EXECUTIVE:**

1. That the existing resources contained in exempt Appendix B to the report be allocated for funding professional expertise needed for development of the Maidstone Town Centre Strategy.

2. That, following the procurement evaluation process, delegated authority be given to the Chief Executive for appointment of the professional team in consultation with the Leader (who is the Lead Member with responsibility for Economic Development).
3. That delegated authority be given to the Head of the Mid-Kent Shared Legal Service to enter into a contract with the preferred supplier.

47. DURATION OF MEETING

6.30 p.m. to 7.20 p.m.

## MAIDSTONE BOROUGH COUNCIL FORWARD PLAN FOR THE FOUR MONTH PERIOD 1 NOVEMBER 2022 TO 28 FEBRUARY 2023

This Forward Plan sets out the details of the key decisions which the Executive or Lead Members expect to take and the non-Key decisions that the Executive or Lead Members expect to take during the next four-month period. The plan will be updated weekly for the relevant period and a new plan for a new four-month period, published monthly on the last Friday of the month.

A Key Decision is defined as one which:

1. Results in the Council incurring expenditure, or making savings, of more than £250,000; or
2. Is significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough

The current members of the Executive are:

 <p><b>Councillor David Burton</b> Leader of the Council DavidBurton@maidstone.gov.uk 07590 229910</p>	 <p><b>Councillor John Perry</b> Deputy Leader and Lead Member for Corporate Services JohnPerry@Maidstone.gov.uk 07770 734741</p>	 <p><b>Councillor Lottie Parfitt-Reid</b> Lead Member for Communities and Public Engagement LottieParfittReid@Maidstone.gov.uk 07919 360000</p>	 <p><b>Councillor Martin Round</b> Lead Member for Environmental Services MartinRound@maidstone.gov.uk 07709 263447</p>
 <p><b>Councillor Simon Webb</b> Lead Member for Housing and Health SimonWebb@Maidstone.gov.uk 07878 018997</p>	 <p><b>Councillor Claudine Russell</b> Lead Member for Leisure and Arts ClaudineRussell@Maidstone.gov.uk</p>	 <p><b>Councillor Paul Cooper</b> Lead Member for Planning and Infrastructure PaulCooper@Maidstone.gov.uk 01622 244070</p>	



Anyone wishing to make representations about any of the matters listed below may do so by contacting the relevant officer listed against each decision, within the time period indicated.

Under the Access to Information Procedure Rules set out in the Council's Constitution, a Key Decision or a Part II decision may not be taken, unless it has been published on the forward plan for 28 days or it is classified as urgent:

The law and the Council's Constitution provide for urgent key and part II decisions to be made, even though they have not been included in the Forward Plan.

Copies of the Council's constitution, forward plan, reports and decisions may be inspected at the Maidstone House, King Street, Maidstone, ME15 6JQ or accessed from the Council's website: [www.maidstone.gov.uk](http://www.maidstone.gov.uk)

Members of the public are welcome to attend meetings of the Executive which are normally held at the Town Hall, High St, Maidstone, ME14 1SY. The dates and times of the meetings are published on [www.maidstone.gov.uk](http://www.maidstone.gov.uk) or you may contact the Democratic Services Team on telephone number 01622 602899 for further details.

✓

**David Burton**  
**Leader of the Council**

<b>Details of the Decision to be taken</b>	<b>Decision to be taken by</b>	<b>Lead Member</b>	<b>Expected Date of Decision</b>	<b>Key</b>	<b>Exempt</b>	<b>Proposed Consultees / Method of Consultation</b>	<b>Documents to be considered by Decision taker</b>	<b>Representations may be made to the following officer by the date stated</b>
Maidstone Leisure Centre To decide the future of Maidstone Leisure Centre	Executive	Lead Member for Leisure and Arts	21 Dec 2022	Yes	No Part exempt	Economic Regeneration and Leisure Policy Advisory Committee 6 Dec 2022	Maidstone Leisure Centre	<b>Mike Evans</b>  mikeevans@maidstone.gov.uk

∞

**Economic Regeneration and Leisure  
Policy Advisory Committee**

**8 November 2022**

## Rural England Prosperity Fund Investment Plan

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Economic Regeneration and Leisure PAC	8 November 2022
Leader	21 November 2022

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Leader
<b>Lead Director</b>	Angela Woodhouse, Director of Strategy, Insight and Governance
<b>Lead Officer and Report Author</b>	Angela Woodhouse, Director of Strategy, Insight and Governance and Anna Collier, Insight, Communities and Governance Manager
<b>Classification</b>	Public
<b>Wards affected</b>	Rural Wards

### Executive Summary

This report sets out the plan for spending the Rural England Prosperity Fund which has been allocated to the council as an addendum to the UK Shared Prosperity Fund allocated earlier this year.

### Purpose of Report

Recommendation for Decision

### This report makes the following recommendation:

1. To recommend to the Leader that the Intervention for the Rural England Prosperity Fund be approved and then submitted to Government by the Director of Strategy, Insight and Governance.
2. To recommend to the Leader whether a cap per grant (as set out at 2.18) is appropriate and at what level.

## Rural England Prosperity Fund Investment Plan

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>The investment plan proposed aligns with the council’s objectives for Homes and Communities and Safe, Clean and Green.</p>	Anna Collier, Insight, Communities and Governance Manager
<b>Cross Cutting Objectives</b>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The report recommendation supports the achievement of the cross-cutting objectives by enabling rural communities to apply for funding to improve community infrastructure whilst also contributing to our ambition to achieve net zero by 2030.</p>	Anna Collier, Insight, Communities and Governance Manager
<b>Risk Management</b>	<p>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</p>	Anna Collier, Insight, Communities and Governance Manager
<b>Financial</b>	<p>The proposals set out in the recommendation will be funded by the Council’s Rural England fund allocation. A funding breakdown is set out at 2.10.</p>	Section 151 Officer & Finance Team

<b>Staffing</b>	This fund is an addendum to the UK Shared Prosperity Fund so no money from the fund is allocated for supporting delivery as UKSPF allows for up to 4% of that fund to be spent each year supporting the delivery of local investment plans. The proposal is that work will be managed with our existing staffing with additional project management support funded through the 4% of the UKSPF allowance to be combined with other major project support	Anna Collier, Insight, Communities and Governance Manager
<b>Legal</b>	Acting on the recommendations is within the Council's powers.	Legal Team
<b>Information Governance</b>	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Anna Collier, Insight, Communities and Governance Manager
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Anna Collier, Insight, Communities and Governance Manager
<b>Public Health</b>	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Anna Collier, Insight, Communities and Governance Manager
<b>Crime and Disorder</b>	We recognise that the recommendations have the potential to have a positive impact on local communities for example through the creation or improvement of community infrastructure.	Anna Collier, Insight, Communities and Governance Manager
<b>Procurement</b>	The Council will act within the Council's financial procedure rules and the rules of the Rural England Prosperity Fund.	Anna Collier, Insight, Communities and Governance Manager
<b>Biodiversity and Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and align with the intentions of the MBC Action Plan to encourage renewable energy generation, reducing carbon, supporting EV	Biodiversity and Climate Change Manager

	infrastructure development, improving and developing green and blue space for Nature Based Solutions and community cohesion.	
--	--	--

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Council submitted its UKSPF Local Investment Plan to the Government in August 2022. The Rural Fund is a top-up to the UKSPF and is available to eligible local authorities in England. It succeeds EU funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England.
- 2.2 The Rural England Prosperity Fund (referred to as the Rural Fund) objectives sit within the UKSPF investment priorities for:
- Supporting Local Business; and
  - Community and Place
- 2.3 They also relate to two of the Levelling Up White Paper Missions:
- Mission 1 – Living standards; and
  - Mission 9 – Pride in place
- 2.4 The Rural Fund has been developed by the Government as a top-up to the UK Shared Prosperity Fund and provides capital funding to:
- support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams.
  - support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy.
- 2.5 Projects must be in a rural area. For Rural Fund purposes, rural areas are:
- towns, villages, and hamlets with populations below 10,000 and the wider countryside
  - market or 'hub towns' with populations of up to 30,000 that serve their surrounding rural areas as centres of employment and in providing services

### Interventions

- 2.6 The Government have identified a list of interventions, objectives, outputs, and outcomes attached at Appendix A. Below is information taken directly from the Rural Fund prospectus:
- "The list of interventions also provides example projects you could fund, such as grants for:
    - food processing equipment to scale up from domestic to commercial kitchens (non-farming businesses only)
    - converting farm buildings to other business uses
    - rural tourism such as investments in visitor accommodation and farm diversification for event venues

- 2.7 Investments should demonstrate value for money and additionality. We'll provide materials to help support your assessment of projects and to share best practice.
- 2.8 You should also consider how investments contribute to net zero and nature recovery objectives. These include:
- the UK's commitment to cut greenhouse gas emissions to net zero by 2050
  - wider environmental considerations, such as resilience to natural hazards the 25 Year Environment Plan commitments
  - To support green growth, think about how projects can work with the natural environment to achieve objectives. At a minimum, you need to consider the project's impact on our natural assets and nature.
  - You should prioritise projects that deliver the greatest economic, environmental, and social benefits.
- 2.9 Rural Fund projects can be part of a wider UKSPF intervention. They can provide extra funding where the objectives are the same to add value.

### Funding

- 2.10 The Council's fund allocation is £539,728 and all the funding must be capital spend delivered over two years 2023/24 and 2024/25. There is no guidance yet on how this should be profiled.
- 2.11 This fund is an addendum to the UK Shared Prosperity Fund so no money from the fund is allocated for supporting delivery as UKSPF allows for up to 4% of that fund to be spent each year supporting the delivery of local investment plans. The proposal is that work will be managed with our existing staffing with additional project management support funded through the 4% of the UKSPF allowance to be combined with other major project support.
- 2.12 To access the funding the council has been asked to provide specific additional information as an addendum to our UKSPF Local Investment Plan. The information requested includes the local context including evidence of challenges, market failures and opportunities. We will also have to set out the interventions and outcomes we have selected and explain how these meet local challenges and opportunities. The final section to be completed concerns delivery, including an indicative spending profile for the 2 years of the fund and approach to engagement with rural partners and plans for future engagement.

### Delivery

- 2.13 On reviewing the list of interventions, we have identified that the fund could be used to support and improve community infrastructure with a view to supporting our ambitions to reach net zero and reflecting that there are few funding schemes available for parishes and community groups to access.
- 2.14 The fund would be delivered by providing a grant scheme for Parishes and Community Organisations to apply for either

- grants for their village halls and community assets to improve facilities with a view to creating a greener and more sustainable community infrastructure, for example introducing Low carbon heating solutions, improving energy efficiency, insulation, renewable energy generations, nature base solutions solar panels to reduce electricity bills.
- grants to refurbish/fit out community assets so they can become multi use facilities supporting community activities.

### 2.15 Example projects from the government guidance:

Investment Priority	Intervention	Example Projects	Objectives	Indicative Outputs	Indicative Outcomes
Supporting rural communities	<p>Funding (capital grants) for investment in capacity building and infrastructure support for local civil society and community groups.</p> <p>This intervention corresponds to the UKSPF intervention E11.</p>	<p>Capital grants for provision of net zero infrastructure for rural communities and to support rural tourism activity, for example:</p> <ul style="list-style-type: none"> <li>• EV charging points</li> <li>• community energy schemes such as scaled up biomass, heat pumps or solar</li> </ul> <p>Capital grants for kitchens in community hubs which are capable of supporting food and drink entrepreneurs to get accreditation for food production.</p> <p>Funding for resilience infrastructure and nature-based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.</p>	<p>Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities. This includes:</p> <ul style="list-style-type: none"> <li>• community infrastructure</li> <li>• local green space</li> <li>• community led projects</li> </ul>	<p>Number of EV charging points</p> <p>Number of visitors or locals using charging points</p> <p>Number of community energy projects funded</p>	<p>Improved perception of facilities or amenities</p> <p>Increased users of facilities or amenities</p> <p>Improved perceived or experienced accessibility</p> <p>Number of new businesses created</p>



- 2.16 Parish councils have already been approached to identify whether there was a need for this type of fund, and the suggestion has been met very positively, with examples of projects that they would like to be considered, such as Solar Panels, EV charging points, Broadband.
- 2.17 Views have been sought from Helen Grant MP and Helen Whatley MP and our Anchor Institution partners, which include representatives from the NHS, Police, Fire Service, KCC, faith groups, Housing Associations, and the VCS, will be consulted on the 9 November.
- 2.18 A cap could be placed on the value of applications. We recognise that some projects could score very highly across the scoring criteria but may be very costly, thus limiting the number of projects that could be supported. Similar schemes such as LoCASE have a cap of £10K, however having no cap or increasing the cap will enable parishes and community schemes to do more and reflects limited alternative funding sources.
- 2.19 It is also recognised that two stage process may be helpful to allow for initial survey or feasibility work to be undertaken and then a second phase for funding of the actions identified as deliverable.
- 2.20 A draft template for grant application can be seen at Appendix B along with an example draft scoring matrix, the scoring matrix has been developed based upon achieving interventions objectives and outcomes.
- 2.21 The grant application panel will be chaired by the Leader with member and officer support.

#### Important dates

- 2.22 Dates are indicative and may be subject to change.
- 3 September 2022 - Rural Fund launch
  - 12 September 2022 - Rural Fund addendum platform launch
  - September 2022 - engagement sessions with local authorities and local partners to support the Rural Fund process
  - 3 October 2022 to 30 November 2022 - Rural Fund addendum submissions window
  - November 2022 to January 2023 - Rural Fund assessment period for government
  - January 2023 - anticipated date for approval of Rural Fund proposals
  - April 2023 - first payments expected to lead local authorities
  - April 2023 to March 2025 - funding period

---

### **3. AVAILABLE OPTIONS**

- 3.1 Having considered how the fund can have the most impact, legacy, and fairness the intervention proposed is to support rural communities via 'Funding (capital grants) for investment in capacity building and infrastructure support for local civil society and community groups', to

support and improve community infrastructure with a view to supporting our ambitions to reach net zero via the administration of a grants scheme.

- 3.2 The Policy Advisory Committee (PAC) could choose to recommend an alternative Intervention as shown at Appendix A or retain the current intervention and propose an alternative delivery method.
  - 3.3 It is important to note that if the PAC choose to do this, that any recommendation should be made with consideration of the available funds and the eligibility and spending criteria as set out at 2.10.
  - 3.4 PAC could choose to recommend a new project to be explored. Should the PAC consider this option then the timeline as set out at 2.22, should be considered as well as the requirement to engage key stakeholders.
  - 3.5 Reject Entirely, if the Committee recommends that the Council should not create an addendum to the Local Investment Plan for the delivery of the rural fund projects the Council would risk losing the allocation. If a completely new plan was proposed this would require significant work in a very short space of time, with the final deadline for submission set as 30 November 2022.
- 

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

- 4.1 Having given consideration as to how the fund can have the most impact, legacy, and fairness the intervention proposed is to Support rural communities via 'Funding (capital grants) for investment in capacity building and infrastructure support for local civil society and community groups', to support and improve community infrastructure with a view to supporting our ambitions to reach net zero via community grants.
- 

#### **5. RISK**

- 5.1 The projects selected for delivery as part of this fund will be overseen monthly by the Director of Strategy, Insight and Governance. Funding is allocated by government based on the provision of monitoring delivery, outputs and outcomes, which are reviewed at these meetings.
  - 5.2 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.
- 

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

- 6.1 PACs were consulted on the UKSPF projects in July 2022, this is a Top Up to the UKSPF Investment Plan, for the benefit of rural communities.
-

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

- 7.1 Once approved by the Leader of the Council the Director of Strategy, Insight and Governance will prepare the addendum to the UKSPF Investment Plan and submit it by the deadline of the 30 November 2022.
  - 7.2 Key officers will continue to develop the documentation and guidance ready for publication.
  - 7.3 The Director of Strategy, Insight and Governance already chairs a monthly operational programme board to monitor delivery of the UKSPF project, the delivery of the Rural Fund will be added to this meeting to monitor delivery.
  - 7.4 As with UKSPF projects it is proposed that strategic oversight is achieved through the MBC Executive and regular engagement with the MBC Anchor Institutions Group plus Maidstone MPs.
- 

## **8. REPORT APPENDICES**

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

- Appendix 1: Interventions
  - Appendix 2: Draft Application
  - Appendix 3: Draft Matrix
- 

## **9. BACKGROUND PAPERS**

UK Shared Prosperity Fund, Local Investment Plan Report July 2022 - <http://app07:9080/documents/s82663/UK%20Share%20Prosperity%20Fund%20Local%20Investment%20Plan.pdf>

## Rural England Prosperity Fund: interventions, objectives, outputs and outcomes

To access Rural Fund allocations, you must provide an additional information addendum to your UKSPF investment plan.

The addendum covers 3 areas.

1. Local context - referencing the Fund’s investment priorities: supporting rural business and supporting rural communities.
2. Interventions - select from a menu of options and explain how they respond to local context.
3. Delivery - how and when you’ll deliver the interventions you’ve selected.

Each place has flexibility to invest in activities or ‘interventions’ that support rural businesses and rural communities. These are within the context of the Fund’s aims.

Interventions are split by investment priority. Each investment priority gives details of:

- the interventions and objectives
- indicative outputs and indicative outcomes
- example projects

Review the interventions and identify activities that support Fund objectives in your area.

Investment priority	Intervention	Example projects	Objectives	Indicative outputs	Indicative outcomes
Supporting rural business	Funding (capital grants) for small scale investment in micro and small enterprises in rural areas. Including capital funding for net zero infrastructure for rural	Creation and expansion of rural leisure and tourism businesses. For example: <ul style="list-style-type: none"> <li>• creating event venues or farm tourism facilities</li> </ul>	Creating jobs and boosting community cohesion.  Increasing private sector investment in growth- enhancing activities, through	<ul style="list-style-type: none"> <li>• Number of businesses supported</li> <li>• Number of farm businesses supported</li> <li>• Number of farm diversification</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs created</li> <li>• Jobs safeguarded</li> <li>• Number of new businesses created</li> <li>• Number of businesses adopting new to the firm technologies or processes</li> </ul>

	<p>businesses, and diversification of farm businesses outside of agriculture to encourage start up, expansion or scale up of these businesses where this involves converting farm buildings into other commercial or business uses.</p>	<p>such as accommodation, wedding venues and leisure facilities</p> <ul style="list-style-type: none"> <li>• provision of facilities for pet and equines such as kennels, livery and pet health venues</li> </ul> <p>Purchase of equipment for food processing for non-farmer-owned businesses. For example:</p> <ul style="list-style-type: none"> <li>• purchasing new process and packaging machinery such as brewing equipment and onsite vending machines</li> <li>• equipping development kitchens, or modernising existing kitchen equipment for increased energy efficiency or increased productivity through automation</li> </ul>	<p>targeted support for small and medium-sized businesses to:</p> <ul style="list-style-type: none"> <li>• undertake innovation</li> <li>• adopt productivity enhancing, energy efficient and low carbon technologies and techniques</li> </ul>	<p>projects supported</p> <ul style="list-style-type: none"> <li>• Number of micro businesses supported</li> </ul>	<ul style="list-style-type: none"> <li>• Number of businesses with improved productivity</li> <li>• Number of businesses experiencing growth</li> </ul>
--	---	---	---	--	---

		<p>(Support for farmer-owned businesses is available under the <a href="#">Farming Investment Fund (FIF)</a>).</p> <p>Funding for resilience infrastructure and nature-based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.</p>			
Supporting rural business	<p>Funding (capital grants) for growing the local social economy and supporting innovation. This includes:</p> <ul style="list-style-type: none"> <li>• community businesses</li> <li>• cooperatives and social enterprises</li> <li>• research and development sites</li> </ul>	<p>Creation of multi-functional rural business hubs providing shared workspace and networking opportunities for rural businesses. For example:</p> <ul style="list-style-type: none"> <li>• flexible access to commercial kitchens</li> <li>• co-working spaces</li> <li>• business infrastructure such as broadband and</li> </ul>	<p>Creating jobs and boosting community cohesion. From capital grant support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.</p> <p>Enhancing rural visitor economy and rural leisure opportunities.</p>	<ul style="list-style-type: none"> <li>• Number of businesses supported</li> <li>• Number of farm businesses supported</li> <li>• Number of farm diversification projects supported</li> <li>• Number of micro businesses supported</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs created</li> <li>• Jobs safeguarded</li> <li>• Number of new businesses created</li> <li>• Number of businesses adopting new to the firm technologies or processes</li> <li>• Number of businesses with improved productivity</li> </ul>

	<p>This intervention corresponds to the <a href="#">UK Shared Prosperity Fund (UKSPF) intervention E26</a>.</p>	<p>electric vehicle (EV) charging points</p> <p>Establishment of rural community businesses, for example:</p> <ul style="list-style-type: none"> <li>community-owned shops (for example provision of premises)</li> <li>equipment to support the showcasing of local food and drink products such as regional information display boards</li> </ul>			<ul style="list-style-type: none"> <li>Number of businesses increasing their export capability</li> </ul>
Supporting rural business	<p>Funding (capital grants) for the development and promotion (both trade and consumer) of the visitor economy, such as:</p> <ul style="list-style-type: none"> <li>local attractions</li> <li>trails</li> <li>tourism products more generally</li> </ul>	<p>Development of local visitor trails and infrastructure to support this, such as:</p> <ul style="list-style-type: none"> <li>information boards</li> <li>visitor centres</li> </ul> <p>Grants to develop local tourist attractions.</p> <p>Development of local visitor experiences</p>	<p>Creating jobs and boosting community cohesion.</p> <p>Enhancing rural visitor economy and rural leisure opportunities.</p>	<ul style="list-style-type: none"> <li>Number of businesses supported</li> <li>Number of visitor experiences supported</li> <li>Number of farm businesses supported</li> <li>Number of micro businesses supported</li> </ul>	<ul style="list-style-type: none"> <li>Jobs created</li> <li>Jobs safeguarded</li> <li>Number of new businesses created</li> <li>Number of businesses increasing their turnover</li> </ul>

	This intervention corresponds to the <a href="#">UKSPF intervention E17.</a>	based on the local offer.			
Supporting rural communities	Funding (capital grants) for investment and support for digital infrastructure for local community facilities.  This intervention corresponds to the <a href="#">UKSPF intervention E15.</a>	Capital grants for provision of gigabit capable digital infrastructure at rural hubs for community use, for example: <ul style="list-style-type: none"> <li>village halls</li> <li>pubs</li> <li>post offices</li> </ul> (Projects must align with the government's <a href="#">Project Gigabit programme</a> ).	Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities. This includes: <ul style="list-style-type: none"> <li>community infrastructure</li> <li>local green space</li> <li>community-led projects</li> </ul>	<ul style="list-style-type: none"> <li>Number of organisations receiving grants</li> <li>Number of facilities supported, created or installed</li> </ul>	<ul style="list-style-type: none"> <li>Jobs created</li> <li>Jobs safeguarded</li> <li>Increased users of facilities or amenities</li> <li>Improved perception of facility or infrastructure project</li> <li>Improved perception of facilities or amenities</li> </ul>
Supporting rural communities	Funding (capital grants) for investment in capacity building and infrastructure support for local civil society and community groups.	Capital grants for provision of net zero infrastructure for rural communities and to support rural tourism activity, for example: <ul style="list-style-type: none"> <li>EV charging points</li> </ul>	Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical,	<ul style="list-style-type: none"> <li>Number of EV charging points</li> <li>Number of visitors or locals using charging points</li> <li>Number of community</li> </ul>	<ul style="list-style-type: none"> <li>Improved perception of facilities or amenities</li> <li>Increased users of facilities or amenities</li> </ul>



	<p>This intervention corresponds to the <a href="#">UKSPF intervention E11.</a></p>	<ul style="list-style-type: none"> <li>community energy schemes such as scaled up biomass, heat pumps or solar</li> </ul> <p>Capital grants for kitchens in community hubs which are capable of supporting food and drink entrepreneurs to get accreditation for food production.</p> <p>Funding for resilience infrastructure and nature-based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.</p>	<p>cultural and social ties and amenities. This includes:</p> <ul style="list-style-type: none"> <li>community infrastructure</li> <li>local green space</li> <li>community-led projects</li> </ul>	<p>energy projects funded</p>	<ul style="list-style-type: none"> <li>Improved perceived or experienced accessibility</li> <li>Number of new businesses created</li> </ul>
Supporting rural communities	<p>Funding (capital grants) for creation of and improvements to local rural green spaces.</p> <p>This intervention corresponds to the <a href="#">UKSPF intervention E3.</a></p>	<p>Capital grants to establish or enhance rural green and blue infrastructure including:</p> <ul style="list-style-type: none"> <li>community gardens</li> <li>green spaces</li> <li>watercourses and embankments</li> </ul>	<p>Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties</p>	<ul style="list-style-type: none"> <li>Amount of rehabilitated land or premises</li> <li>Square metres (m<sup>2</sup>) of land made wheelchair accessible or step free</li> </ul>	<ul style="list-style-type: none"> <li>Increased footfall</li> <li>Increased visitor numbers</li> <li>Increased use of cycleways or paths</li> <li>Jobs created</li> <li>Improved perception of</li> </ul>

		<ul style="list-style-type: none"> <li>• greening of streets and paths</li> <li>• incorporating natural features into wider public spaces</li> </ul>	<p>and amenities. This includes:</p> <ul style="list-style-type: none"> <li>• community infrastructure</li> <li>• local green space</li> <li>• community-led projects</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of public realm created or improved</li> <li>• Number of facilities supported or created</li> <li>• Amount of green or blue space created or improved</li> </ul>	<p>facilities or amenities</p> <ul style="list-style-type: none"> <li>• Increased users of facilities or amenities</li> <li>• Improved perceived or experienced accessibility</li> </ul>
Supporting rural communities	<p>Funding (capital grants) for existing cultural, historic and heritage institutions that make up the local cultural heritage offer.</p> <p>This intervention corresponds to the <a href="#">UKSPF intervention E4.</a></p>	<p>Capital grants to develop, restore or refurbish local natural, cultural and heritage assets and sites.</p> <p>Improving visitor experience and accessibility of these assets. For example by:</p> <ul style="list-style-type: none"> <li>• creating wheelchair accessible and step free access that goes beyond statutory requirements</li> <li>• providing all terrain wheelchairs allowing access to new areas of sites</li> </ul>	<p>Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities. This includes:</p> <ul style="list-style-type: none"> <li>• community infrastructure</li> <li>• heritage assets</li> <li>• local green space</li> </ul>	<ul style="list-style-type: none"> <li>• Number of organisations receiving financial support other than grants</li> <li>• Number of organisations receiving grants</li> <li>• Number of tourism, culture or heritage assets created or improved</li> <li>• Amount of green or blue space created or improved</li> <li>• Amount of land or premises supported</li> </ul>	<ul style="list-style-type: none"> <li>• Increased footfall</li> <li>• Increased visitor numbers</li> <li>• Increased use of cycleways or paths</li> <li>• Jobs created</li> <li>• Improved perception of facilities or amenities</li> <li>• Increased users of facilities or amenities</li> <li>• Improved perceived or experienced accessibility</li> </ul>

				<ul style="list-style-type: none"> <li>• m<sup>2</sup> of land made wheelchair accessible or step free</li> <li>• Number of facilities supported or created</li> </ul>	
Supporting rural communities	<p>Funding (capital grants) for local arts, cultural, heritage and creative activities.</p> <p>This intervention corresponds to the <a href="#">UKSPF intervention E6</a>.</p>	<p>Funding for provision of maker spaces.</p> <p>Funding for local art galleries, museums and libraries for altering premises or providing spaces for exhibitions to support displays for artists to showcase work.</p> <p>Capital grants to enable cultural, heritage and creative events and provision of venues for locally-led:</p> <ul style="list-style-type: none"> <li>• music and theatre performances</li> <li>• tours</li> <li>• author events</li> <li>• film screenings</li> </ul>	<p>Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities. This includes:</p> <ul style="list-style-type: none"> <li>• community infrastructure</li> <li>• local green space</li> <li>• community-led projects</li> </ul>	<ul style="list-style-type: none"> <li>• Number of potential entrepreneurs provided assistance to be business ready</li> <li>• Number of organisations receiving grants</li> <li>• Number of local events or activities supported</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs created</li> <li>• Jobs safeguarded</li> <li>• Increased footfall</li> <li>• Increased visitor numbers</li> <li>• Improved engagement numbers</li> <li>• Improved perception of facilities or amenities</li> <li>• Number of community-led arts, cultural, heritage and creative programmes as a result of support</li> <li>• Improved perception of events</li> </ul>

Supporting rural communities	<p>Funding (capital grants) for active travel enhancements in the local area.</p> <p>This intervention corresponds to the <a href="#">UKSPF intervention E7</a>.</p>	<p>Creation of new footpaths and cycle paths, particularly in areas of health need.</p> <p>Upgrading of existing footpaths and cycle paths, particularly in areas of health need.</p>	<p>Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities. This includes:</p> <ul style="list-style-type: none"> <li>• community infrastructure</li> <li>• local green space</li> <li>• community-led projects</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of new or improved cycleways or paths</li> <li>• Number of facilities supported or created</li> <li>• Amount of green or blue space created or improved</li> </ul>	<ul style="list-style-type: none"> <li>• Increased use of cycleways or paths</li> <li>• Improved perception of facilities or amenities</li> </ul>
Supporting rural communities	Funding (capital grants) for rural circular economy projects.	<p>Capital grants to enable setting up or enhancement of rural community-led repair cafes or mend workshops. This includes:</p> <ul style="list-style-type: none"> <li>• provision of premises</li> <li>• tools or equipment to support</li> </ul>	<p>Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities. This includes:</p> <ul style="list-style-type: none"> <li>• community infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Number of organisations receiving grants</li> <li>• Number of people reached</li> </ul>	<ul style="list-style-type: none"> <li>• Improved engagement numbers</li> <li>• Improved perception of local facilities or amenities</li> <li>• Number of community-led programmes as a result of support</li> </ul>

			<ul style="list-style-type: none"> <li>• local green space</li> <li>• community-led projects</li> </ul>		
Supporting rural communities	<p>Funding (capital grants) for impactful volunteering and social action projects to develop social and human capital in local places.</p> <p>This intervention corresponds to the <a href="#">UKSPF intervention E9</a>.</p>	<p>Capital grants to enable people to develop volunteering and social action projects locally, such as:</p> <ul style="list-style-type: none"> <li>• purchase of equipment</li> <li>• improvements to premises to enable local volunteering groups such as youth charities, carers groups or refugee support groups</li> </ul>	<p>Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and amenities. This includes:</p> <ul style="list-style-type: none"> <li>• community infrastructure</li> <li>• local green space</li> <li>• community-led projects</li> </ul>	<ul style="list-style-type: none"> <li>• Number of organisations receiving grants</li> <li>• Number of local events or activities supported</li> <li>• Number of projects supported</li> </ul>	<ul style="list-style-type: none"> <li>• Improved engagement numbers</li> <li>• Volunteering numbers as a result of support</li> </ul>

# The Rural Fund Application Form

## Contact Details

### First person's contact details

<b>Full name</b>	
<b>Telephone number</b>	
<b>Email</b>	
<b>Name of Organisation</b>	
<b>Role in organisation</b>	

### Second Person's Contact details

Please provide a second contact in case you are unavailable – this must be somebody from the same organisation as the first person listed above.

<b>Full name</b>	
<b>Telephone number</b>	
<b>Email</b>	

Role in organisation	
----------------------	--

## About your group or organisation

Please select your type of organisation.

If successful we may ask you to provide evidence such as a governing document which must be valid at the time of application or constitution.

Registered charity	
Parish Council	
Charitable incorporated organisation (CIO)	
CIC limited by guarantee ( <i>and have charitable objectives</i> )	
Community benefit society (Bencom)	
Constituted community group	
Faith group, where the activity is not promoting religion	
Small Group with no formal constitution. (Non constituted groups will be considered on a case by case basis.)	

Please supply any relevant registration or reference numbers (if available)	
---	--

## Section 1: Eligibility

The fund is only eligible for organisations meeting certain criteria which are listed below. Please select all that apply and illustrate how you meet this in the box below

- towns, villages and hamlets with populations below 10,000 and the wider countryside
- market or 'hub towns' with populations of up to 30,000 that serve their surrounding rural areas as centres of employment and in providing services

Word count: 250 words



## Section 2: Your Proposal

**1. The funding is only for Capital spend what resources do you have in place to ensure the project is delivered**

Word Count: 350 words

**2. What is the objective of the project, select all that apply**

- Increase tourism
- Increase resilience in infrastructure
- Pride in place
- Strengthen community ties
  - Protection of local biodiversity
- Reduction in carbon
- Reduction in energy
- Protect businesses and community from natural hazards

**3. Summarise your proposal – this should include what do you want to achieve, what do you aim to do and the estimated start/end dates.**

Word Count: 500 words

**4. Impact**

**4a. Please identify the estimated impact of your proposal by marking the appropriate section(s) below and provide supporting evidence in the text box.**

- Carbon reduction
- Energy reduced
- Visitor numbers increased
- Local people supported
- Jobs created

- Number of users increased
- Cost Savings

**Word Count: 500 words**

**4b. Have you engaged, worked with, had input from residents, those who currently use the facilities or business in the creation and development of the proposal?**

**YES/NO**

**If yes please outline the process and outcomes below to help illustrate the need of the project**

**4c. Are you aware of similar projects, businesses or equipment already in the area? If yes please provide brief details below**

**4d. Once completed who will have use and access to it?**

**4e. How will you monitor and assess the impact of your proposal? Please include details of any performance targets and indicators and proposed methodologies.**

Word Count: 250 words

**5a. How much would you like to apply for? (Applicants can apply for up to £20,000.)**

**5b. If this is funding will be in addition to existing funding, what funding is in place already**

**5c. Give a brief breakdown of how you will spend the funds, include what you have based this on (e.g quotes, research)**

Further Information

**6. Bank Details (non mandatory)**

**Bank:**

**Account Name:**

**Account No:**

**Sort Code:**

**\*successful applicants will sign and accept a service level agreement**

**\*\**(data protection statement to follow)***

**Submit**

**Applications will close on XXXXX 2023 and all applicants will be contacted.**

## The Rural Fund Scoring Matrix

35

Organisation	Project	Amount Requested	Criteria	Evidence	Score awarded.
			Eligibility and objectives	Section 1 & Section 2 question 2.	<p>1 or 2: fund is eligible and some evidence that the project supports the fund objectives but no evidence of project’s impact on natural assets and nature.</p> <p>3 or 4: fund is eligible and evidence that the project supports the fund objectives, evidence of the project’s impact on natural assets and nature.</p> <p>5: fund is eligible and good evidence that the project supports the fund objectives. Good evidence of the projects positive and sustainable impact on natural assets and nature.</p>
			Local need and community benefit	Section 2, question 4	<p>1 or 2: some evidence that project will benefit those in the surrounding area but little evidence that there is a high demand for the project</p> <p>3 or 4: evidence of benefit those in the surrounding area. Evidence that project will meet proven need.</p> <p>5: good evidence that project will benefit a significant number. Good evidence that the project will meet a high and previously unmet need.</p>

			Financial position and viability of project	Section 2, questions 1 and 5.	<p>1 or 2: Project offers reasonable value for money, costs appear reasonable taking into account the number that will benefit.</p> <p>3 or 4: Project offers good value for money, costs are reasonable taking into account the number that will benefit.</p> <p>5: Project offers good value for money and costs are reasonable taking into account the number that will benefit.</p>
--	--	--	---	-------------------------------	---

DRAFT

**ECONOMIC REGENERATION &  
LEISURE POLICY ADVISORY  
COMMITTEE**

**8 November 2022**

**Carriage Museum Options**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Economic Regeneration & Leisure Policy Advisory Committee	8 November 2022
Lead Member for Leisure and Arts	18 November 2022

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Lead Member for Leisure and Arts
<b>Lead Head of Service</b>	Mark Green, Director of Finance, Resources and Business Improvement
<b>Lead Officer and Report Author</b>	Victoria Barlow, Museums' Director
<b>Classification</b>	Public
<b>Wards affected</b>	High Street

**Executive Summary**

The Tyrwhitt-Drake Museum of Carriages houses a nationally important collection, which has the potential to become once more an important visitor attraction in Maidstone. This report describes options for the future of the Museum and sets out a recommendation which offers the opportunity for organic growth in opening hours and the number of visitors.

**Purpose of Report**

Decision

**This report asks the Committee to consider the following recommendation to the Lead Member on the Executive for Leisure and Arts:**

1. That Option 3 as set out in the officer report is adopted, namely to reopen the Carriage Museum on a regular weekly basis in 2023 with the assistance of volunteers.
-



# Carriage Museum Options

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>We expect that the recommendation in this report will contribute to the objective of making Maidstone a thriving place.</p>	Victoria Barlow, Museums' Director
<b>Cross Cutting Objectives</b>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The report recommendation supports the objective of respecting heritage.</p>	Victoria Barlow, Museums' Director
<b>Risk Management</b>	Already covered in the risk section.	Victoria Barlow, Museums' Director
<b>Financial</b>	The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation.	Section 151 Officer & Finance Team
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	Victoria Barlow, Museums' Director

<b>Legal</b>	Acting on the recommendations is within the Council's powers as set out in local authority legislation (including the general power of competence under the Localism Act 2011) and the Council's Constitution.	Interim Team Leader (Contentious and Corporate Governance)
<b>Information Governance</b>	Information about volunteers will be held in accordance with the requirements of the UK GDPR and Data Protection Act 2018.	Information Governance Team.
<b>Equalities</b>	There is no impact on Equalities as a result of the options in this report. An EqIA would be carried out as part of a policy or service change should one be identified.	Equalities & Communities Officer
<b>Public Health</b>	No implications.	Public Health Officer
<b>Crime and Disorder</b>	No implications.	Victoria Barlow, Museums' Director
<b>Procurement</b>	No implications.	Victoria Barlow, Museums' Director
<b>Biodiversity and Climate Change</b>	As part of the extensive Decarbonisation Study conducted by APSE Energy on behalf of MBC, recommendations for improving heating efficiency with low carbon options, improving insulation and viable renewable energy generation were sought for the Carriage Museum and MBC's other grade listed buildings as part of the study. Initial findings suggest that the near-by car parks are not viable for installation of a solar PV canopy due to their size and are overcast with shade from buildings and trees. Additionally, due to the building's Grade 1 Listing - insulation and secondary glazing options are limited and would need careful consideration with conservation officers and cost/benefit analysis. Connected heat networks with the Archbishop's Palace maybe an option, however further surveying would be required to understand the costs and logistical requirements to connect the Carriage Museum	Biodiversity and Climate Change Officer

	to a large-scale heating network while adhering to grade listed requirements.	
--	---	--

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Tyrwhitt-Drake Museum of Carriages was opened on 6th November 1946 by Sir Leigh Ashton, the Director of the Victoria and Albert Museum. It is still considered to be one of the finest collections of its kind in Europe. Most of the carriages are over 100 years old. They were designed for only a limited number of years of roadworthiness and, as a consequence, they are now too fragile to be sat in or to go behind a horse. This collection is important because the carriages are in the same original condition as when they were last used. This means that there is no shiny paint work and the leather and metal does not sparkle. However, what visitors to the Museum see is a very rare glimpse of something completely unaltered, which our Victorian forebears would recognise as very much their own.
- 2.2 Sir Garrard Tyrwhitt-Drake was born into a wealthy local brewing family in 1881. He was well known for his political interests which saw him Knighted in 1936, made High Sheriff of Kent and elected Mayor of Maidstone twelve times. Sir Garrard also had great affection for the horse drawn carriages of his youth. He realised that they were being completely replaced by the motor car and that our carriage-driving heritage was in danger of being lost forever. He decided to establish a collection to preserve this heritage. He began with a letter to The Times newspaper (dated 9th Sept 1946) in which he appealed for unwanted carriages to be donated. The response was good, and before long carriages started to arrive, some even came by special train. The collection not only includes carriages but also sleighs, other horse and hand-drawn vehicles and associated material such as horse harnesses.

### Current Position

- 2.3 The Carriage Museum remained closed during the two years of the Covid pandemic. However, it has opened on three Saturdays so far in 2022, on each occasion attracting over 100 visitors. Due to the unheated nature of the building in which the carriages are housed, it is only practical to open the museum in the Summer season. For the two years prior to the Covid pandemic it was open for 2 days a week from May - September. Prior to 2018, the museum was open three days a week. There is an admission charge of £2 for adults.

	<b>Visits</b>
2011/12	2,488
2012/13	1,310
2013/14	2,338
2014/5	1,615
2015/16	1,605
2016/17	1,409
2017/18	809
2018/19	982
2019/20	341

Table: Annual visitor numbers 2011- 2019

- 2.4 It is clear that visitor numbers were affected by the reduction of opening hours in 2017/18 which was the result of a staff reorganisation which reduced the number of staff employed in visitor facing roles. However, seasonal opening and a low-profile compared to the St Faith's Street site have resulted in visitor figures which are clearly unsustainable.

### **The Building**

- 2.5 The museum is housed in the Grade 1 Listed Stables formerly associated with the Archbishop's Palace. Grant-funded work has been carried out to attempt to stabilise the environment in the mediaeval building which is prone to temperature and humidity changes in line with the external weather. The current building has no public toilet or space in which to host schools' learning and in an attempt to make conditions more pleasant for staff, a small conservatory-style office was installed a number of years ago. A Wi-Fi connection was installed two years ago.
- 2.6 A meeting with Historic England's Sites and Monuments Inspector in 2018, suggested that the organisation would be supportive of measures to make the building more accessible and practical for use in the 21st century.

### **Interpretation**

- 2.7 The Carriages downstairs can only be seen from one side at ground level. This means that only the exterior is really visible. They are somewhat crammed down the edges of the space and have the appearance of storage rather than a vibrant and interesting display. Where current visitors are provided with plastic periscopes to see inside the carriages, video or simply room to open carriage doors would give visitors a much more realistic and exciting view. A simulation of a ride in a carriage has long been discussed by staff.
- 2.8 The interpretation of the carriages is carried out by information boards. The information presented is very technical and could be improved to better tell the 'people stories' associated with the collections and introduce visitors to the social history of the people who drove, rode in and owned carriages. Other elements such as sound and video would provide different ways of telling those stories and make them more compelling.

### **The Collection**

- 2.9 The relevance of the collection to Maidstone is in its connection to Tyrwhitt Drake as most of the vehicles on show were not originally used here.
- 2.10 Since the original collection was brought together, additional items have been added to the displays at the museum. These include items from the museum's wider transport collection, items on loan from individuals and institutions such as the V&A Museum and Royal Mews. The care, management and costs relating to these loans is borne by the residents of Maidstone. Despite comments in local and social media over the years, the items in the collection are all in stable condition and at no risk of 'falling

apart'. The carriages which have been in the museum for many years have acclimatised to the cycle of the year in terms of temperature and humidity. Some surface mould was discovered a few years ago but was treated and further outbreaks prevented as mentioned above.

### **Strategic Context**

- 2.11 One of the Council's Strategic Priorities is to make Maidstone a 'thriving place'. It will do this by bringing visitors and residents of the borough into the Town Centre. Developing a Town Centre Strategy will be one of the ways we seek to meet this strategic priority over the next five years.
- 2.12 In this context, a valuable and historic town centre asset, like the Carriage Museum, can only enhance Maidstone as an attraction. The options set out below need therefore to be considered in light of how effective they are in showcasing the Carriage Museum, within the financial and operational constraints faced by the Council.

---

## **3. AVAILABLE OPTIONS**

### **3.1 OPTION 1: DO NOTHING**

It would be possible to continue the temporary measures currently in place and retain the building and collections while opening only by appointment to fee-paying groups and on special occasions. The minimum number of visitors required for a visit to take place would be reviewed.

Benefits:

- Costs are fixed and known
- Some level of access is maintained
- Levels of interest in the museum and collection can be monitored

Risks:

- Access is limited to those willing and able to arrange visits for themselves
- This may contravene loan agreements with carriage owners
- Reputational damage to the Council

### **3.2 OPTION 2: CLOSE THE MUSEUM AND DISPERSE THE COLLECTION**

There are a number of Carriage Museums in England so this museum is not unique in its general content. If a museum of this sort is unsustainable and unused by residents then the building might be repurposed or sold by Maidstone Borough Council as the owner. The collections would then either be returned to the owner institution or individual or be put through the process of Deaccessioning to remove them from the council's responsibility. Suitable homes in other museums would be sought in the first instance although it is unlikely that any museum would have capacity to keep the collection together

#### Benefits:

- Maidstone Council is no longer responsible for the management and care of the collection
- The museum building is freed for other purposes

#### Risks

- No museum may come forward to take carriages meaning they will have to be disposed of through other means such as sale or destruction if no home is found
- There would be reputational damage for the council as it is seen to be closing and disposing of the museum. These actions are frequently misrepresented in media as 'selling off the family silver' method whatever the disposal of the collection
- All costs of moving and rehoming any parts of the collection would accrue to Maidstone Borough Council and this might be a significant amount in the short term, potentially running into hundreds of thousands of pounds.
- The collection and all the stories, knowledge and memories therein are lost to the borough in perpetuity

### 3.3 **OPTION 3: REVISE THE OPERATIONAL MODEL FOR THE MUSEUM**

There are a number of smaller changes which could be introduced either singly or in combination which are listed below.

#### 3.3.1 Use of volunteer staff

There is no current capacity for museum staff to work at the Carriage Museum and so the recruitment of dedicated volunteers is the only real option. The overall security and care of collections will remain with the professional staff but trained volunteers can open the museum and provide customer services on site. With the right training they will welcome visitors, provide answers to questions and monitor the collections during the day. Volunteers would be used to open the museum more regularly, starting with regular Saturday opening during the summer. Some seasonality would still be required as the museum is extremely cold in the winter. Harnessing the energy and enthusiasm of volunteers provides a way of re-engaging with visitors generally and with Carriage enthusiasts in particular.

#### Benefits:

- Regular involvement by residents in the running of the museum
- Increased access to the collection and greater opening hours
- Retains potential for paid guided tours

#### Risks

- Failure to recruit or retain enough volunteers
- Volunteer expenses outweigh the budget available (volunteers are reimbursed for travel costs)

### 3.3.2 Integrating Museum with overall offer to visitors to Maidstone

The Carriage Museum has attracted a healthy number of visitors on the limited number of occasions it has opened in 2022, because it has benefited from the publicity associated with events taking place at the same time – the Platinum Jubilee celebrations, the Maidstone River Festival, and the Open House Weekend. These events in turn have been able to offer the Carriage Museum as part of a comprehensive roster of attractions.

In future, developments at the Archbishop's Palace offer further opportunities for joint working with other attractions.

Benefits:

- Maximising visitor numbers
- Contributing towards overall visitor offer

Risks

- Carriage Museum is over-sold – the Collection is not necessarily of interest to all Maidstone visitors.
- Competition with other attractions for willing and competent volunteers.

### 3.3.3 Investment in modernising interpretation and presentation

There are a number of improvements which could be made at the existing museum, including interpretation telling the stories of people involved with coaches, from makers to drivers to passengers; the introduction of film, sound and interactive activities which would improve the experience at the museum and it make it more enjoyable; the installation of a platform lift to provide access to the upper floor through an existing but blocked up window/door space; creation of a small public toilet.

Benefits:

- Rejuvenation of a currently dated and dry presentation making it more desirable to a wider audience
- Scale-able as funding is available
- Likely to attract grant funding from smaller grant givers
- Opportunity for positive publicity

Risks:

- Need for defined budget/fundraising target
- May clash with fundraising efforts at the main Museum
- If the museum is not open regularly, it would not justify the investment required.

### 3.3.4 Return of carriages on loan to their owners

At the moment, roughly 30% of carriages and other items at the Carriage Museum are on loan from other collections. It may be possible to return some of these to their owners, to the extent that they are not required in

order to present a coherent and attractive display. This would create space that would allow for an improved quality of display.

Benefits:

- More space to view and interpret the remaining carriages
- A more visitor-friendly environment
- Staff are currently responsible for care and management of loans and this would free up time for other responsibilities

Risks:

- Major lenders are known, but some minor and historic lenders are unknown. In the case of some historic lenders, they may not be identifiable, but reasonable steps to find them should be taken and documented to ensure best practice is adhered to and there are no future legal complications.
- It is likely that MBC would be responsible for returning the vehicles and the associated costs.

### 3.4 **OPTION 4: A NEW CARRIAGE MUSEUM FOR MAIDSTONE**

Whilst the carriage collection may seem like a niche area of interest at first sight, there are many interesting stories of both local and national interest which can be told by this collection. A new museum with a welcoming entrance, in a better location, offering full physical access, toilets and facilities for school groups, could provide the base for exploring the stories of both the people and ideas behind the collection. If only the core collection of carriages was retained, a really clear focus would be possible. The development of new audio-visual technologies such as Augmented or Virtual Reality offer new means of interpreting the movement and experience of travelling by coach in a museum where the carriages are, by necessity, static. Potential venues have been considered but initial indications are that the relocation of the Collection would not be viable.

Benefits:

- The museum would be a new attraction
- Greater access to collections and the history encapsulated in them
- It would allow for greater emphasis on STEM (Science, Technology, Engineering and Maths) subjects in sessions led by the Learning team

Risks:

- Funding would need to be secured locally as national grants are very over-subscribed in the current environment
- Any new museum would require a long period of planning and development, even if funding were available
- Transferring the existing Collection to a new venue would require great care and expense in order to avoid damage to the carriages.
- If the museum is not more exciting and better promoted than the current one, the investment may not bring in sufficient visitors to justify the investment



- As we move into a potentially more challenging financial environment, it would be difficult to justify use of the Council's capital programme for some or all of the required investment.
- 

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

- 4.1 Option 3 – This option provides a sustainable and realistic model for the future of the Carriage Museum. Improving the quality of the displays to create a more exciting and visitor-friendly offer, and tapping into the enthusiasm of volunteers, provide an opportunity for organic growth in opening hours and visitor numbers. This will allow the Museum to contribute increasingly over time to making Maidstone a thriving place.
- 

#### **5. RISK**

- 5.1 Risks associated with the different options are set out in section 3. Operational risks associated with implementing the preferred option will be addressed in line with the Council's risk management framework.
- 

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

- 6.1 Before it was decommissioned, the former Economic Regeneration and Leisure Committee agreed at its meeting on 19th April 2022 that the Member of the Executive responsible for the Carriage Museum under the new governance arrangements would be asked to review the opening hours of the Museum to ensure that it is accessible to the public. Subsequently, this Committee considered at its meeting on 5th July 2022 the Maidstone Museums Forward Plan, which included as a priority a review of the Carriage Museum and its operation with a short-term goal to open the Museum using volunteer staff. This report responds to these commitments.
- 6.2 Visitors to the Carriage Museum are invited to record their comments in a visitors' book. Recent comments in the visitors' book express a wish for the Museum to be open more often and enthusiasm about the quality and depth of the Collection. This supports the recommended approach above.
- 

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

- 7.1 If the preferred option is adopted, steps will be taken to implement it, and in particular to plan for and advertise regular Saturday opening in Summer 2023.
- 

#### **8. REPORT APPENDICES**

None.

---

**9. BACKGROUND PAPERS**

None.

**Economic Regeneration and  
Leisure Policy Advisory  
Committee**

**8<sup>th</sup> November 2022**

**Framework for Research into Demand for Extended  
Opening Hours at Maidstone Museum**

<b>Final Decision-Maker</b>	Executive Member for Leisure and Arts
<b>Lead Head of Service</b>	Mark Green, Director of Finance, Resources and Business Improvement
<b>Lead Officer and Report Author</b>	Victoria Barlow, Museums' Director
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

The Museum has been tasked to determine the potential audience among Secondary School pupils if opening hours were extended on one or more weekdays. The report lays out plans to carry out a survey of the potential audience to determine their appetite for the move.

**Purpose of Report**

For noting.

**This report makes the following recommendation to this Committee:**

1. That the report is noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
ERL PAC	8/11/22

# Framework for Research into Demand for Extended Opening Hours at Maidstone Museum

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>We do not expect the recommendation will by itself materially affect achievement of corporate priorities. However, it will support the Council's overall achievement of its aims.</p>	Victoria Barlow, Museums' Director
<b>Cross Cutting Objectives</b>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The report recommendation supports the achievement of the Heritage is Respected cross cutting objective by investigating an opportunity to make the museum more accessible to young people.</p>	Victoria Barlow, Museums' Director
<b>Risk Management</b>	Refer to para 5	Victoria Barlow, Museums' Director
<b>Financial</b>	The proposal set out in the recommendation is within already approved budgetary headings and so need no new funding for implementation.	Section 151 Officer & Finance Team

<b>Staffing</b>	We will deliver the recommendation with our current staffing.	Victoria Barlow, Museums' Director
<b>Legal</b>	Acting on the recommendation is within the Council's powers as set out in local authority legislation (including the general power of competence under the Localism Act 2011) and the Council's Constitution.	Interim Team Leader (Contentious and Corporate Governance)
<b>Privacy and Data Protection</b>	Accepting the recommendation 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
<b>Equalities</b>	The recommendation does not propose a change in service therefore will not require an equalities impact assessment	Equalities & Communities Officer
<b>Public Health</b>	We recognise that the recommendation will not negatively impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	The recommendation will have no impact on Crime and Disorder.	Victoria Barlow, Museums' Director
<b>Procurement</b>	No procurement is anticipated.	Victoria Barlow, Museums Director
<b>Biodiversity and Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and are:  There are no implications on biodiversity and climate change.	Biodiversity and Climate Change Officer

## 2. INTRODUCTION AND BACKGROUND

- 2.1 A proposal to Full Council in September 2022 suggested that the Museum should open an extra hour for one evening a week to ensure access to those school pupils unable to reach the Museum before 4pm. It is desirable to offer the greatest possible access for this age range, as for all visitors,

and it is accepted that current opening hours leave only Saturday as easily accessible to pupils who may not finish until 3.30 or later. There may also be more particular requirements that the intended audience have, such as space to do homework or to wait safely for parents, carers or transport home.

- 2.2 However, there is no current evidence of what students would want, actually use or expect from the Museum. In order to ensure that any change offers a popular and effective solution, some work is needed to gather evidence before committing to extras hours and concomitant spend.
- 2.3 The Museum proposes to carry out a short survey of people between the ages of 11 and 18 in education. The survey will ask questions about:
- The current accessibility of the Museum in terms of opening hours, whether homework or coursework requires visiting the Museum and whether Saturday is a suitable day to visit for this age group
  - The appetite for extended hours and how many hours/which days would be desirable
  - What other offers (such as a dedicated workspace, wifi, access to refreshments?) would encourage use
- The survey and a link to an on-line survey will be disseminated via social media, directly to secondary schools and through other groups who may be willing to help, such as Maidstone Youth Forum, Hazlitt Institute etc.
- 2.4 The **timeline** for the completion of this work is as follows:  
w/c 15 Nov – Questions written and consultation team briefed. Staff contact organisations to encourage participation  
w/c 22 Nov – Survey goes live for one month and is promoted on social media regularly and on-site at the Museum  
w/c 2 Jan Results analysed

---

### **3. AVAILABLE OPTIONS**

- 3.1 That Members note this framework.

---

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

- 4.1 That Members note this framework.

---

### **5. RISK**

- 5.1 The report is presented for information only and has no risk management implications.
-

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

- 6.1 This work arises from a motion considered by Members at Full Council 28/9/22.
- 

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

- 7.1 With the results of the survey, staff will be able to identify what is really wanted and needed. They will then implement a solution that meets the needs of this audience in consultation with the Executive Member, with a target date for implementation of February 2023.
- 

## **8. REPORT APPENDICES**

None.

---

## **9. BACKGROUND PAPERS**

None.

# Agenda Item 16

## **ECONOMIC REGENERATION AND LEISURE POLICY ADVISORY COMMITTEE**

**8th November  
2022**

### **Medium Term Financial Strategy 2023/2028**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Economic Regeneration and Leisure Policy Advisory Committee	8 <sup>th</sup> November 2022
Executive Meeting	23 November 2022

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Executive
<b>Lead Head of Service</b>	Mark Green, Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Adrian Lovegrove, Head of Finance
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### **Executive Summary**

This report sets out the updated Medium Term Financial Strategy (MTFS) to reflect the latest position and describes the issues and risks involved. It sets out key assumptions to be made in preparing the MTFS.

The report concludes by setting out the subsequent steps involved in developing an updated MTFS and the Budget for 2023/24, including a timetable for consideration by Members.

Overall it shows that the future financial position is worsening with continued high inflation and potential reductions of local government funding. Scenario 4 provides the latest view on the size of the challenge. We have also developed a scenario 5 that shows a worst case scenario if inflation continues to remain high. Therefore the MTFS focuses on these two most likely scenarios.

There is still a huge amount of uncertainty. The recent mini budget caused significant risks to local government funding and borrowing. The reversal of these and appointment of the new Prime Minister have had a positive impact with interest rates returning to levels similar to that before the mini budget. 17<sup>th</sup> November has been set as the date for publishing an Autumn statement



which it is hoped will give some clarity about local government funding and the wider UK financial implications such as inflation.

The Council continues to consider savings options that may be needed to balance the budget, as whichever scenario arises, we will need to consider such options.

It should be noted that the overall financial position of the Council's balance sheet and the level of usable reserves puts us in a better position than many councils. It will give us flexibility to use reserves to manage the budget position in the short term while we develop sustainable savings options.

**Recommendation to Economic Regeneration and Leisure Policy Advisory Committee.**

1. That the issues and risks associated with updating the Medium Term Financial Strategy are noted.
2. That the Committee recommend to the Executive to approve the MTFS and the proposed approach outlined to development of an updated Medium Term Financial Strategy for 2023/24 – 2027/28 and a budget for 2023/24 be approved.

# Medium Term Financial Strategy 2023/2028

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
<b>Cross Cutting Objectives</b>	The MTFS supports the cross-cutting objectives in the same way that it supports the Council's other strategic priorities.	Section 151 Officer & Finance Team
<b>Risk Management</b>	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
<b>Financial</b>	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee considers the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
<b>Staffing</b>	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
<b>Legal</b>	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Interim Deputy Head of Legal Services and Monitoring Officer
<b>Privacy and Data Protection</b>	Privacy and Data Protection is considered as part of the development of new budget proposals. There are no specific implications arising from this report.	Section 151 Officer & Finance Team
<b>Equalities</b>	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or function is developed, changed or reviewed, an evidence based equalities impact assessment will be	Equalities & Communities Officer

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

## 2. INTRODUCTION AND BACKGROUND

- 2.1 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, and the existing MTFS for the period 2022/23 to 2026/27 reflects the Strategic Plan. The new MTFS will continue to reflect the Strategic Plan priorities.
- 2.2 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2023/24 at the Council meeting on 22 February 2023.
- 2.3 A draft MTFS is attached to this report. As background, it comprises an assessment of the economic environment and the Council's own financial position. It will be seen that the Council faces a difficult financial position, with continued high inflation and potential reductions of local government funding.
- 2.4 We have carried out an assessment of the Council's financial resilience. CIPFA provide a Resilience Index tool to test a council's financial resilience, which indicates no high risks and we have reviewed a number of elements that contribute to financial resilience, according to CIPFA, using financial data and also considering financial management. Again this shows a positive position.
- 2.5 As in previous years, different future scenarios have been considered. Scenario 4 provides the latest view on the size of the challenge. We have also developed a scenario 5 that shows a worst case scenario if inflation continues to remain high. The MTFS focuses on these two most likely scenarios and sets out how the Council should respond.

2.6 The development of the MTFS and the detailed budget for 2023/24 will maintain short to medium term financial resilience.

---

### **3. AVAILABLE OPTIONS**

3.1 The Committee has the following options:

- 1 To note the contents but may choose to comment on the content.
  - 2 That the Committee recommend to the Executive to approve the MTFS and the proposed approach outlined to development of an updated Medium Term Financial Strategy for 2023/24 – 2027/28 and a budget for 2023/24 be approved.
  - 3 That the Committee do not recommend approval and Council runs the risk of operating without a clear MTFS and an unclear plan of how it can balance the budget in 2023/24.
- 

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

4.1 The preferred option is option 2. That the Committee recommend to the Executive to approve the MTFS and the proposed approach outlined to development of an updated Medium Term Financial Strategy for 2023/24 – 2027/28 and a budget for 2023/24 be approved.

---

### **5. RISK**

- 5.1 The preceding paragraphs have indicated at several points the risks and uncertainty surrounding the Council's financial position. In order to address these 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.
- 5.2 It should be recognised that risks are not usually discrete. There are interrelationships between the risks, such that (for example) inaccurate inflation projections could impact the overall risk of failing to deliver a balanced budget.
-

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

- 6.1 Consultation with all relevant stakeholders is an important part of the process of developing the MTFS. A public budget consultation is taking place during November, then individual Policy Advisory Committees will be consulted in January on the details of the MTFS proposals as they affect the respective Committee portfolios.
- 6.2 Corporate Services Policy Advisory Committee on 13 July 2022 recommended that an additional alternative course of action be considered, namely a 0% council tax increase. Details of this were provided. The cost is around an additional £2m of savings that would be required by 2027/28.
- 

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

- 7.1 An outline timetable for developing the Medium Term Financial Strategy and budget for 2023/24 is set out below.

<b><i>Date</i></b>	<b><i>Meeting</i></b>	<b><i>Action</i></b>
23 November 2022	Executive	Agree proposed approach to updating MTFS for submission to Council
December 2022		Receive 2023/24 Local Government Finance Settlement
January 2023	All Policy Advisory Committees	Consider 23/24 budget proposals
8 February 2023	Corporate Services Policy Advisory Committee	Agree 23/24 budget proposals for recommendation to Executive and then to Council
22 February 2023	Council	Approve 23/24 budget

---

## **8. REPORT APPENDIX**

- Appendix 1: Draft Medium Term Financial Strategy 2023/28
- 

## **9. BACKGROUND PAPERS**

None.

# **MAIDSTONE BOROUGH COUNCIL**

## **MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2027/28**



# CONTENTS

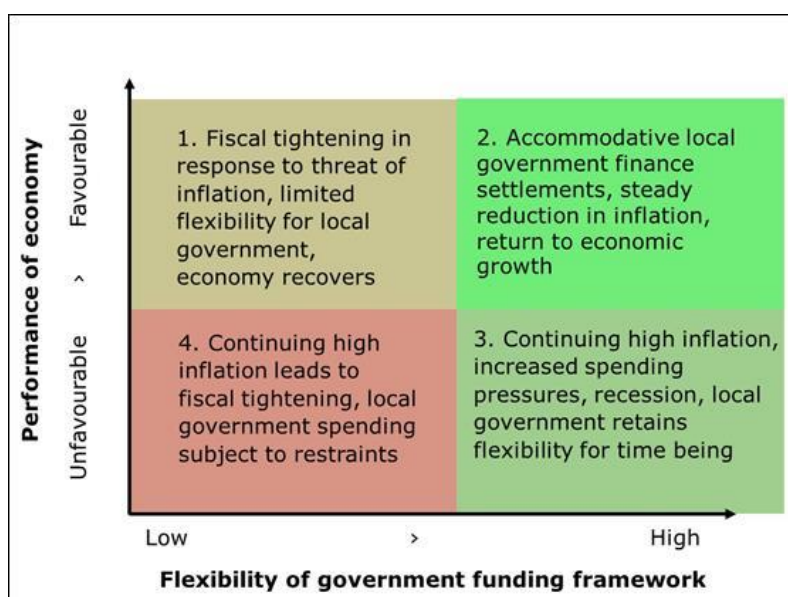
1. Overview and Summary of Medium Term Financial Strategy .....	1
2. Corporate Objectives and Key Priorities .....	4
3. Economic Environment .....	6
4. Current Financial Position .....	11
5. Available Resources .....	17
6. Scenario Planning .....	21
7. Revenue Projections .....	27
8. Capital Strategy .....	29
9. Consultation .....	31

## 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 an impending economic recession, high inflation and the state of the UK's public finances. The state of the international economy, with tensions between the superpowers, high energy prices and the continuing war in Ukraine, only serves to exacerbate these challenges. 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. Although a three-year Spending Review was announced by the Chancellor in October 2021, there was only a one-year settlement for Local Government for 2022/23. At the time of writing (October 2022) the government had not set out its plans for balancing government spending over the medium term, but this was expected to include tight constraints on public expenditure. More details will emerge in the Local Government Finance Settlement, expected in December 2022. 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 several 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 were modelled, based on two key variables: (a) the performance of the economy, which is closely linked to the global economy and subject to all the pressures of war and constraints on energy supplies; and (b) how aggressively the government and the Bank of England respond to rising inflation. We originally had 4 potential scenarios, given these two key variables, which can be shown as follows.



**Figure 1: Potential future scenarios**



1.6 Since we last provided an update on the MTFS we have introduced a fifth scenario to reflect the potential for reduction in funding. Scenarios 4 and 5 are described as:

- Scenario 4: Continuing high inflation leads to fiscal tightening, local government spending subject to restraints
- Scenario 5: Continuing high inflation leads to fiscal tightening, local government spending subject to reductions

1.7 Scenario 4 has been used to assess the likely size of the budget gap, based on what we currently know. We need to await confirmation of funding and monitor the economic environment including the level of inflation that the UK is currently facing. There is still no clarity about local government following recent budget announcements, but we hope that the Chancellor’s announcement on 17<sup>th</sup> November will start to provide some clarity. The table below shows projections for scenario 4, before taking account of budget changes, which will be considered by members at PAC meetings in January 2023, and other updates.

**Table 1: MTFS Revenue Projections 2023/24 – 2027/28**

	23/24	24/25	25/26	26/27	27/28
	£m	£m	£m	£m	£m
<b>Scenario 4 – Limited flexibility, continued stagflation</b>					
Total Resources	46.7	48.2	49.8	51.5	53.3
Predicted Expenditure	49.7	53.6	56.9	60.9	64.4
Budget Gap	-3.0	-5.4	-7.1	-9.3	-11.1
Existing Planned Savings	0.4	0.7	0.7	0.7	0.7
Savings Required	-2.5	-4.6	-6.3	-8.6	-10.4

In accordance with legislative requirements the Council must set a balanced budget. Section 7 concludes by setting out a proposed approach which will specifically address the budget gap in 2023/24 and, more generally, provide a framework for closing the budget gap in future years.

- 1.8 The Council's strategic priorities are met not only through day-to-day revenue spending but also through capital investment. The Council's programme of building 1,000 Affordable Homes is the centre-piece of the Capital Strategy. Capital investment therefore serves to deliver the Council's strategic priorities, but must remain 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, e.g. the Levelling-Up Fund.
- 1.9 The MTFS concludes by describing the process of agreeing a budget for 2023/24, 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. The Strategic Plan has been refreshed in light of the Covid-19 pandemic. The overall strategic priorities remain the same, but specific areas of focus for the next five years have been agreed. So far as recovery from Covid-19 is concerned, the Council's approach will be based around four themes: economic recovery, supporting resilience for communities and vulnerable people, adapting the way we work, and financial recovery. The 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 that 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.

'Homes and communities' expresses that 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.

'A thriving place' 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

A 'safe, clean and green' place is one where 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.

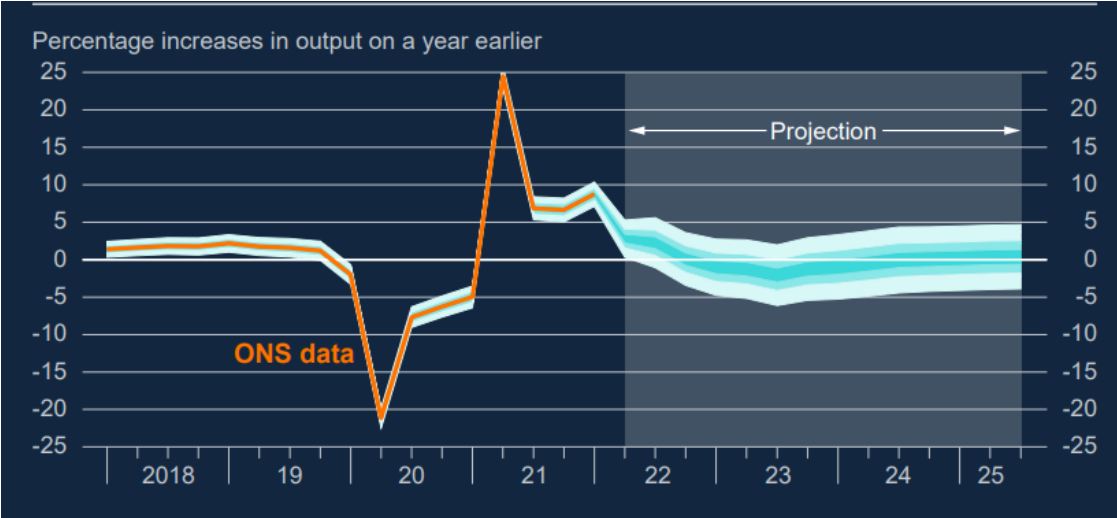
- 2.2 Since the adoption of the Strategic Plan in December 2018, the objective of 'Embracing growth and enabling infrastructure' has started to be realised, for example the completion of the Innovation Centre and development a new Garden Community.
- 2.3 Amongst initiatives to help make Maidstone a 'Thriving Place' have been MBC investment at Lockmeadow and on the Parkwood Industrial Estate, along with the emerging plans for developing a Town Centre Strategy. 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
  - continued recovery from the Covid 19 pandemic.
- 2.7 The overall funding envelope within which these priorities must be delivered remains unclear. However, it is clear that there are financial challenges arising from a likely downturn in the economy and continuing high levels of inflation. Whilst the Council is largely self-sufficient financially, drawing most of its income from Council Tax and a range of other locally generated sources of income, including Parking, Planning Fees and the Council's property portfolio, it operates within the local authority funding framework set by central government, which is likely to impose tight constraints. The most significant element of this is the restriction set by central government on the amount by which Council Tax can be increased. The financial implications are set out in section 7 below.

### 3. ECONOMIC ENVIRONMENT

#### Macro outlook

3.1 The outlook for the UK economy is exceptionally uncertain. Following the initial recovery from the Covid recession, growth has slowed and the economy is likely to move into a recession, continuing into 2023. Growth thereafter will be very weak by historical standards. This reflects global factors including sharp rises in energy prices, but local factors mean that the UK economy is affected more severely and its performance lags behind that of other leading nations. The Bank of England projects negligible growth over the next two years and any subsequent recovery will be modest.

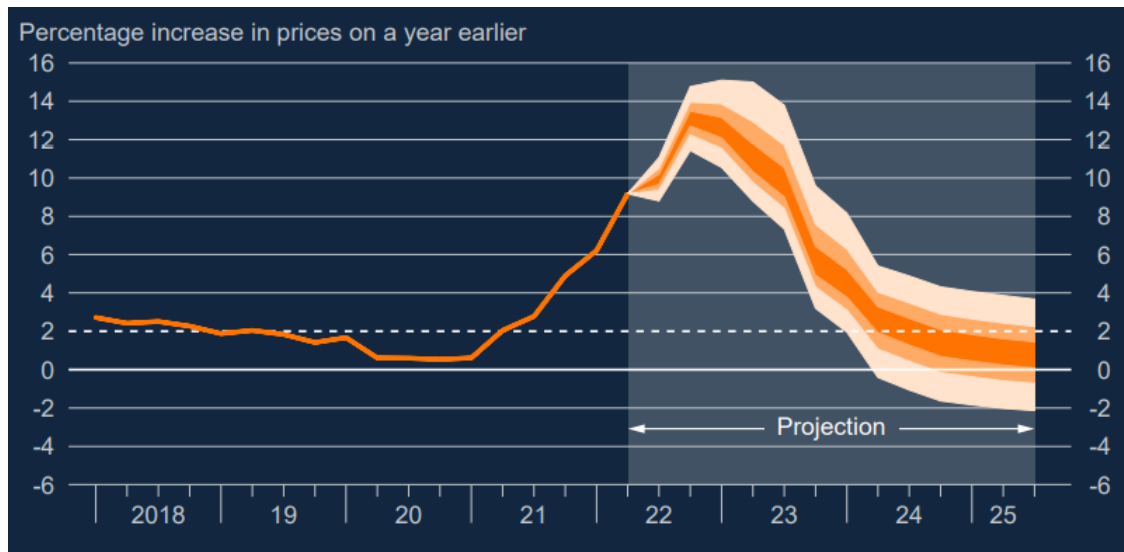
**Figure 1: GDP projection based on market interest rate expectations**



*Source: Bank of England Monetary Policy Committee report, August 2022*

3.2 Stagnant economic growth will be accompanied, in the short term at least, by high inflation. Currently inflation is around 10% and the Bank of England forecasts that inflation will increase further. The subsequent fall in inflation may be slower and longer than previously thought.

**Figure 2: CPI inflation projection based on market interest rate expectations**



*Source: Bank of England Monetary Policy Committee report, August 2022*

- 3.3 The projections above indicate that inflation will fall over the medium term. However, many commentators have challenged whether current policies will be successful in bringing down inflation. The example of the 1970s has been cited, when 'those countries that rapidly killed inflationary impulses with tight policy, led by the West German Bundesbank, took the pain and suffered a short and shallow downturn. Those that followed a more accommodating path ended up with persistently higher inflation rates that required much deeper recessions in the early 1980s to stamp out inflation'. (Chris Giles, FT 09.06.2022).

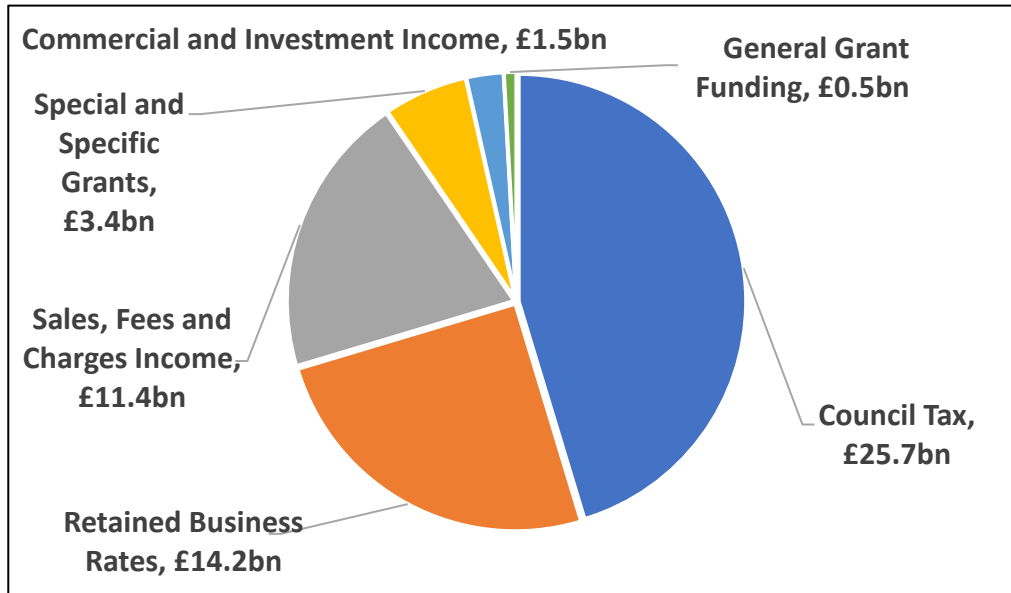
### **Public Finances**

- 3.4 An economic downturn impacts on the public finances by reducing tax income and increasing spending pressures. The financial markets' response to the 'mini budget' of September 2022 demonstrated that these pressures cannot be addressed by increasing public borrowing without a credible medium term fiscal plan. At the time of writing, details of the government's plans have yet to emerge, but they are likely to involve constraints on public spending.
- 3.5 The local authority funding framework set by government remains a crucial determinant of the Council's future financial position. This is primarily because central government restricts the amount by which Council Tax can be increased through the referendum limit and it determines the share of business rates that can be retained locally.

## Local Government Funding

3.6 The main sources of local government funding nationally are set out below.

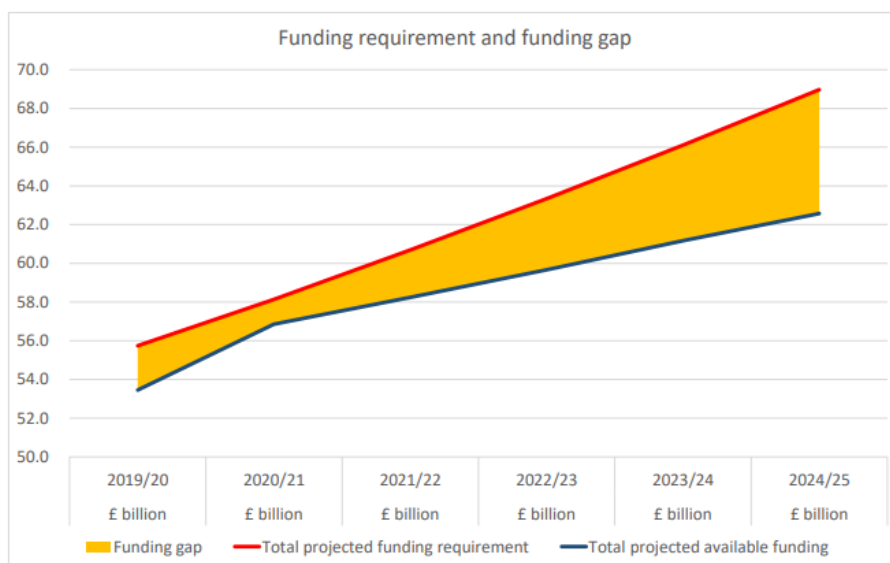
**Figure 3: How Council Services are funded**



*Source: IFS, 'Does Funding Follow Need?', October 2022*

- 3.7 In recent years, the reduction in direct 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 led the government's preferred measure of council spending, 'Council spending power', to increase, even though it may not reflect the actual resources available.
- 3.8 However, funding has failed to keep up with the increased demands on Council services, particularly for social care and housing. LGA analysis ahead of the 2020 Budget and Spending Review identified that Council services faced an additional funding requirement for their annual day-to-day spending and the position is likely to have worsened since then.

**Figure 4: 2025 funding gap analysis**



*Source: LGA analysis*

- 3.9 The other main element of local government funding, beside 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 10% in Maidstone’s case). It was originally intended to increase the 50% share of business rates retained locally to 75%, but this is no longer government policy.
- 3.10 At the time of writing, government spending plans are still based on a three-year Spending Review, announced 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.
- 3.11 Details of what the overall increase in spending power in year 1 of the three year Spending Review period 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, which gave the Council an additional £225,000.



- 3.12 Although the Spending Review covered three years (2022/23 to 2024/25), this only translated into a one-year local government funding settlement in 2022/23 and it is anticipated that this will be the case again in 2023/24.
- 3.13 Government announcements in October 2021 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 is through a bidding process. Reflecting its low standing in the levelling up agenda, Maidstone is a Priority 2 area.
- 3.14 Spending plans for the period from 2023/24 remain to be announced at the time of writing, but current indications suggest the public sector is going to have to make cuts. With severe pressures on the health service and adult and children's social care, there is a risk that available funding will be focused on the NHS and upper tier authorities, rather than lower tier authorities like Maidstone.

### **Conclusion**

- 3.15 The UK economy faces exceptional challenges, which make the government's task of constructing a sustainable fiscal policy more difficult than ever. Whilst local government faces severe spending pressures, there is a risk that available funding will be prioritised around the NHS and social care rather than the services delivered by this Council.

## 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.
- 4.2 Prior to the Covid-19 pandemic, the Council was broadly self-sufficient financially. It had ceased receiving direct government support in the form of Revenue Support Grant (RSG) and relied mainly on Council Tax and a range of other locally generated sources of income, including parking, planning fees and the property portfolio, to fund ongoing revenue expenditure. However, during the pandemic, income fell and expenditure increased. The consequent budget gap, being the difference between cost of services and aggregate income, was covered with direct government funding.
- 4.3 In 2021/22, income recovered more strongly than expected from the pandemic and the Council generated a modest surplus compared with budget. For 2022/23, there was no more direct government funding to cover the costs of Covid, but the Council was able to set a balanced budget. Additional provision of £1.3 million was made within the 2022/23 budget for the expected impact of higher inflation on the Council's input costs. At the half-way point of 2022/23, it is expected that, with this provision, the Council will remain within budget for the year. If at any stage it appears that an overspend is likely, measures will need to be taken in-year to bring the budget back into balance.
- 4.4 It is nevertheless appropriate to assess the Council's financial resilience. CIPFA provide a Resilience Index tool to test a council's financial resilience. We have run the model for 2020/21 (comprising the most up to date data) and it confirms the council is in a good position with no 'higher risk' indicators.

**Figure 5 – CIPFA Resilience Index for the Council in 2020/21.**



4.5 There are a number of elements that contribute to financial resilience, according to CIPFA<sup>1</sup>, based on financial data and also considering financial management:

- 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

4.6 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**

<b>31st March 2021 £000</b>		<b>31st March 2022 £000</b>
164,760	<b>Long Term Assets</b>	186,272
35,849	<b>Current Assets</b>	50,819
57,257	<b>Current Liabilities</b>	76,301
96,857	<b>Long Term Liabilities</b>	97,854
<b>46,495</b>	<b>Net Assets</b>	<b>62,935</b>
33,691	Usable Reserves	34,160
12,803	Unusable Reserves	30,096
<b>46,495</b>	<b>Total Reserves</b>	<b>64,256</b>

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

- *Increase in long term assets:* A number of additional properties were purchased during 21/22.
- *Increase in Current Assets:* The value of short-term deposits with financial institutions grew as part of the Treasury Management Policy.
- *Increase in current liabilities:* The movement in the balances for Central Government grants, e.g. for distribution to local businesses,

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

which have been received by the Council but not yet deployed, were accounted for as liabilities at the balance sheet date.

- *Increase in unusable reserves:* this primarily relates to the difference between council tax and non-domestic rates income, as credited to the Comprehensive Income & Expenditure Statement, and council tax and non-domestic rates income calculated in accordance with statutory requirements, where this income is dealt with through the Collection Fund. The abnormal movement between years arises from the way that the Council was reimbursed for Covid business rates relief.
- 4.8 The unallocated general fund balance, part of usable reserves, represents the Council's core reserves. It is an essential part of the Council's strategic financial planning, as this amount represents the funds available to address unforeseen financial pressures.
- 4.9 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.
- 4.10 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 from 2021/22 that this minimum should be increased to £4 million. This level of reserve provides flexibility to fund financial pressures on a one off basis.

### **Current Position**

- 4.11 Current indications are that the Council will deliver a balanced budget for 2022/23, allowing the level of reserves to be maintained. The balanced position does reflect some increased pressures in Temporary Accommodation. Further pressures are expected arising from end of the current contract for waste collection. These costs are being managed in year, but as they are likely to be ongoing, they will need to be reflected in the MTFS.

### **Financial management**

- 4.12 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
- 4.13 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.

- 4.14 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.
- 4.15 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.
- 4.16 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.
- 4.17 The authority consistently receives clean external and internal audit opinions.

### **Capital investment**

- 4.18 The Council's capital programme (5 year rolling programme) is intended to support local public services and to help the Council achieve its strategic priorities for the borough. The Council plans to continue investing through the capital programme.
- 4.19 All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code, which requires that capital investment should be funded in a way that is prudent, affordable and sustainable. Increased cost of borrowing will require investments to provide a better return to ensure they are sustainable.
- 4.20 The capital programme is largely funded through external sources, so it depends on the availability of funding, whether through Public Works Loan Board borrowing or other sources of finance. The Council has locked in £80 million of future borrowing, to be drawn down between 2024 to 2026, in order to mitigate the funding risk.
- 4.21 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.
- 4.22 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.
- 4.23 Financial monitoring of capital projects is incorporated within the quarterly reports to Service Committees.

## **Ability to deliver budget savings**

- 4.24 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.
- 4.25 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.
- 4.26 Once savings have been built into the budget, their achievement is monitored as part of the regular financial management process described above.

## **Risk management**

- 4.27 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.
- 4.28 The major risk areas that have been identified as potentially threatening the Medium Term Financial Strategy are as follows.
- Failure to contain expenditure within agreed budgets
  - Inflation rate is higher than 2% government target
  - 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
  - Capital programme cannot be funded
  - Planned savings are not delivered
  - Constraints on council tax increases
  - Litigation costs exceed budgeted provisions
  - Business Rates pool fails to generate sufficient growth
  - Shared services fail to meet budget
  - Council holds insufficient balances

- Increased complexity of government regulation.
- Other income fails to achieve budget
- Increased complexity of government regulation
- Financial Impact from IT security failure
- Pension liability cannot be funded

4.29 The Council is implementing JCAD risk management software, which allows individual service areas to log and monitor risks. By reviewing risks on a regular basis in this way, it is expected that any major new risks will be identified and appropriate mitigations developed.

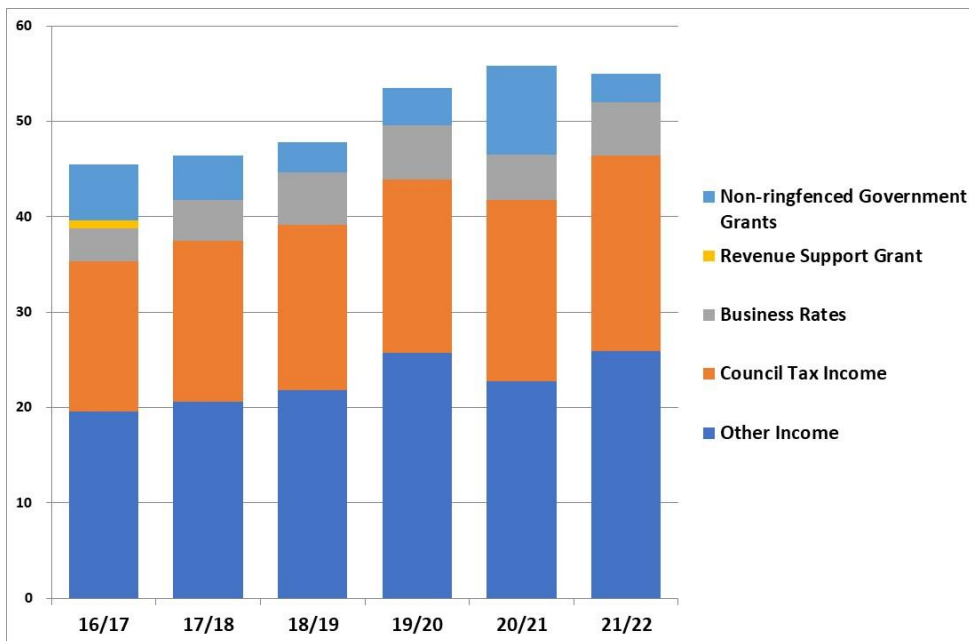
### **Conclusion**

4.30 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 6: Sources of Income (£ million)**



Council Tax income remained resilient throughout the Covid-19 pandemic, with only a slight deterioration in collection levels. Other income fell back sharply in 2020/21, but has now largely recovered.

### 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**

	2018	2019	2020	2021	2022
Number of dwellings	70,843	71,917	73,125	75,034	76,351
% increase compared with previous year	1.74%	1.52%	1.68%	2.61%	1.76%

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. 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 2023/24 is a decision that will be made by Council based on a recommendation made by the Executive. 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 2022/23 was the greater of 2% or £5.00 for Band D taxpayers. Council Tax was increased by the maximum possible, ie £5.40 (2%).

### **Business Rates**

- 5.6 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 retains only around 10% of the business rates that it collects.
- 5.7 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 in the medium term will remain the same, increase or decrease.
- 5.8 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 hitherto been spent on the Maidstone East development. Following Maidstone's acquisition of Kent County Council's 50% share in the development in 2021/22, the Growth Fund will be split equally between Maidstone Borough Council and Kent County Council.
- 5.9 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 5.8 above.
- 5.10 Total projected business rates income for 2022/23, and the ways in which it is planned to deploy it, are summarised in the table below.

**Table 4: Projected Business Rates Income 2022/23**

	£000	
Business Rates baseline income	3,593	Included in base budget
Growth in excess of the baseline	1,692	Included in base budget
Pooling gain (MBC share)	507	Funds Economic Development projects
Pooling gain (Growth Fund)	204	Funds Maidstone East development
Total	5,996	

### **Revenue Support Grant**

- 5.11 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 four-year funding settlement which ran from 2016/19 to 2019/20, through 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.
- 5.12 Any increase in overall funding for local authorities could simply be used to reverse negative RSG for those authorities where it was payable. As has been seen, a different mechanism was used in 2022/23, which provided some benefit to the Council in the form of the Services Grant.
- 5.13 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.

### **Other income**

- 5.14 Other income is an 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
  - Private rented sector housing (Maidstone Property Holdings)
  - Planning fees
  - Crematorium and cemetery
  - Garden waste collection
  - Commercial waste collection

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.

5.15 Commercial property income in particular has increased rapidly in recent years. This has arisen from a deliberate strategy of focusing capital investment on projects such as the acquisition of the Lockmeadow Leisure Complex and Maidstone House which have served the dual purposes of meeting the Council’s strategic priorities and generating income. See below.

**Table 5: Net Property Income 2016/17 – 2022/23**

	16/17	17/18	18/19	19/20	20/21	21/22	22/23
	£000	£000	£000	£000	£000	£000	£000
Commercial Property	847	1,064	1,467	1,590	2,774	2,819	3,437
Maidstone Property Holdings (PRS Housing)	0	0	0	188	280	837	830
<b>Total</b>	<b>847</b>	<b>1,064</b>	<b>1,467</b>	<b>1,778</b>	<b>3,054</b>	<b>3,656</b>	<b>4,267</b>

*Source: MBC Budget Books*

5.16 Other income, particularly parking, was seriously affected by Covid-19. However, income levels in most categories have now recovered to pre-Covid levels.

### **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 were prepared in July 2022 on four different scenarios. Following a further deterioration in the economic outlook and the impact of the September 2022 'mini budget' it is now considered that unfortunately Scenario 4, the most adverse of these scenarios, is the most likely to materialise. We have also now developed a scenario 5 to reflect the potential impact of the latest views from government.

***Scenario 1: Fiscal tightening in response to threat of inflation, limited flexibility for local government, economy recovers***

This is the scenario in which the government takes prompt action to bring down inflation. This would be likely to involve restrictions on government spending, including limits on Council Tax increases. If successful, this policy would mean that inflation would return to the government's long term target rate of 2% and the economy would recover, leading to renewed growth in the Council Tax base and the Council's other sources of income.

***Scenario 2: Accommodative local government finance settlements, steady reduction in inflation, return to economic growth***

Current government and Bank of England policy was previously based on the assumption that drastic action was not required to combat inflation, and there would be a return to growth in any case. Growth would however be anaemic, with external income returning to pre-Covid levels over a period of 3-4 years. There would continue 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 would be able to fund inflationary increases in expenditure through matching increases in Council Tax. This is the most optimistic scenario.

***Scenario 3: Continuing high inflation, increased spending pressures, recession, but local government retains flexibility for time being***

Heightened assumptions about the inflation rate, 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 no real terms growth in Council income. Whilst under this scenario, the Council would be able to match inflationary growth in costs through increases in Council Tax, the poor performance of the economy would nevertheless lead to an overall deterioration in its financial position.

***Scenario 4: Continuing high inflation leads to fiscal tightening, local government spending subject to restraints***

In this scenario the government is forced to take action to bring down inflation. This would involve restrictions on government spending, including limits on Council Tax increases. The Council would not be able to match inflationary growth in costs through increases in Council Tax and the poor performance of the economy would mean minimal growth in the Council Tax base and other sources of income. This is now considered to be the most likely scenario.

***Scenario 5: Inflation peaks at a higher level than previously envisaged and remains high. Local government spending is subject to reductions.***

In this scenario inflation remains higher than originally expected. The Government and Bank of England take action to stabilise the economy, but this is not sufficient to avoid a prolonged recession. This will be reductions in government spending, including limits on Council Tax increases. The Council will not be able to match higher and sustained inflationary growth in costs through increases in Council Tax and the poor performance of the economy would mean minimal growth in the Council Tax base and other sources of income. This is the most pessimistic scenario.

**Strategic Revenue Projection**

6.2 For illustrative purposes, assumptions about what scenarios 4 and 5 might mean are set out in this section, and high-level revenue projections are shown for both. The key dimensions are:

- the Council Tax base;
- the level of Council Tax;
- retained Business Rates, which in turn depends on overall business rates income and government policy on distributing it between local authorities and central government;
- other local income, eg fees and charges;
- the cost of service delivery, which is subject to the effect of inflation on input prices.

Each of these is considered in more detail below.

**Council Tax base**

6.3 Projected Council Tax income for 2022/23 amounts to £18.2 million and is the Council's single biggest source of income. Council Tax is a product of the tax base and the level of tax set by the 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. As described in the previous section, the tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough.

6.4 The Council tax base is also affected by collection rates and the number of households benefitting from the Council Tax Reduction Scheme. Typically these factors do not vary significantly between years but in the event of a major downturn in the economy, collection rates could be expected to fall and more households would be eligible for the Council Tax Reduction Scheme.

6.5 Future growth assumptions for each scenario are set out below.

**Table 6: Council Tax Base Growth**

<b>Council Tax base growth assumptions</b>					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	1.5%	1.0%	1.0%	1.0%	1.0%
Scenario 5 – Limited flexibility, potential funding reductions, continued stagflation	1.5%	1.0%	1.0%	1.0%	1.0%

**Level of Council Tax**

6.6 In practice, the Council’s ability to increase the level of council tax is limited by the need to hold a referendum for increases over a government set limit. In 2022/23, the limit was 2%. The Council approved the maximum possible increase. The rationale for this approach was that:

- pressures on the Council’s budget mean that even a marginal difference in Council Tax income is of value;
- the referendum limit might revert to a lower level in later years;
- because the starting point for calculating the referendum limit in any given year is the previous year’s Council Tax, agreeing a lower increase reduces the Council’s room for manoeuvre in later years.

6.7 The referendum limit of 2% was intended broadly to reflect the rate of inflation. It was also assumed in the government’s planning for local government expenditure that local authorities would indeed increase by the maximum permissible amount, and this was reflected in the ‘Spending Power’ data published for each local authority. At this stage there is no indication as to whether the government will set a higher referendum limit in 2023/24 to reflect current inflation levels.

6.8 Assumptions for each scenario are set out below, on the basis that these increases represent the government’s referendum limit and the Council follows its practice of increasing Council Tax by the maximum permitted.

**Table 7: Council Tax Increase**

<b>Council Tax increase assumptions</b>					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	2.0%	2.0%	2.0%	2.0%	2.0%
Scenario 5 – Limited flexibility, potential funding reductions, continued stagflation	2.0%	2.0%	2.0%	2.0%	2.0%

## Retained business rates

- 6.9 Under the current business rates regime, local government in aggregate retains 50% of business rates income. However, most of the 50% share collected locally is lost to Maidstone, because it is redistributed to other authorities and the government through a system of tariffs and top-ups.

**Table 8: Projected Business Rates Income 2022/23**

	£000	%
<b>Maidstone Borough Council</b>	<b>5,285</b>	<b>10</b>
Kent County Council	4,631	9
Kent Fire & Rescue Authority	515	1
Central Government	41,410	80
<b>Total Business Rates Income</b>	<b>51,841</b>	<b>100</b>

- 6.10 To the extent that business rates income exceeds a notional baseline, this growth element is retained locally, subject to a levy payable to central government by tariff authorities like Maidstone. The Council has been able to minimise the levy payable on business rates growth through its membership of the Kent Business Rates Pool. This is because, by pooling our income, the levy payable by some pool members (district councils) is offset against the top-up received by the major preceptors (Kent County Council and Kent Fire and Rescue). Details are set out in the previous section.
- 6.11 It is assumed at this stage that pool proceeds continue to be earmarked as currently. Note that in the event of a business rates reset there would initially be no growth available for pooling.
- 6.12 In general, projections of business rates income for the years after 2023/24 must, of necessity, take a cautious position on how much business rates income is likely to be retained locally, given that this is the element in our total resources that is most at risk from the vagaries of government policy. Future growth assumptions for each scenario are set out below.

**Table 9: Business Rates Growth Assumptions**

<b>Business Rates growth assumptions</b>					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	0.0%	0.0%	2.0%	2.0%	2.0%
Scenario 5 – Limited flexibility, potential funding reductions, continued stagflation	0.0%	0.0%	2.0%	2.0%	2.0%

## Other income

6.13 The main components of other income are set out below:

**Table 10: Projected Other Income 2022/23**

	£ million
Fees and charges	9.2
Property rental income and service charges	6.9
Shared services trading income	3.3
Other income	2.3
<b>TOTAL</b>	<b>21.7</b>

Each component is subject to different inflationary factors. Some fees and charges are set by central government and are not necessarily increased annually. However, where the council has the flexibility to review fees and charges, it is assumed that they are increased in line with inflation. Rents may only change at the point of periodic rent reviews. Future growth assumptions, using a composite inflation rate, are set out below.

**Table 11: Other Income growth assumptions**

Other income growth assumptions					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	5.0%	5.0%	5.0%	5.0%	5.0%
Scenario 5 – Limited flexibility, potential funding reductions, continued stagflation	5.0%	5.0%	5.0%	5.0%	5.0%

## Cost of Service

6.14 The cost of services is subject to inflation. Salaries account for around 50% of total input costs, and whilst salary increases tend to lag behind published inflation figures, market pressures are likely to mean that inflation will impact salaries in the medium term. Many other costs, in particular contract costs, are directly linked to inflation indices.

6.15 A recent benchmarking exercise indicates that salaries at Maidstone have fallen behind the policy target of the public and not for profit sector median level for any given grade. It is estimated that an additional £675,000 growth, including salary on-costs, less amounts that can be recharged, would be required to bring salaries into line. For the purposes of the MTFS projections, this growth has been excluded, on the basis that it will need to be self-financing, ie any growth will need to be funded from new savings.

6.16 Assumptions for each scenario, using a composite rate at this stage, are set out below. Note that these figures do not equate to inflation projections, because the growth in cost of services tends to lag behind headline inflation



indices. The figures below exclude any growth to address the shortfall against the salary benchmark described in the previous paragraph.

**Table 12: Cost of Service growth assumptions**

<b>Cost of services growth assumptions</b>					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	5.0%	5.0%	5.0%	5.0%	5.0%
Scenario 5 – Limited flexibility, potential funding reductions, continued stagflation	10.0%	7.0%	5.0%	5.0%	5.0%

For the purposes of detailed budget planning, a more granular approach is taken to forecasting budget growth, and specific percentages are applied to the different categories within cost of services. Additionally, specific provision has been built into the strategic revenue projections for two major known future pressures, namely the continuing additional cost of providing temporary accommodation and the likely additional costs arising from relet of the waste collection contract.

## 7. REVENUE PROJECTIONS

- 7.1 Strategic revenue projections, based on the assumptions set out above, are summarised in table 13 below for scenarios 4 and 5. 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. These projections will be updated as more information becomes available, prior to a final version of the projections being included in the updated Medium Term Financial Strategy. The figures exclude the cost of potential changes in pay and grading as set out above.

**Table 13: MTFS Revenue Projections 2023/24-2027/28**

	23/24	24/25	25/26	26/27	27/28
	£m	£m	£m	£m	£m
<b>Scenario 4 – Limited flexibility, continued stagflation</b>					
Total Resources	46.7	48.2	49.8	51.5	53.3
Predicted Expenditure	49.7	53.6	56.9	60.9	64.4
Budget Gap	-3.0	-5.4	-7.1	-9.3	-11.1
Existing Planned Savings	0.4	0.7	0.7	0.7	0.7
Savings Required	-2.5	-4.6	-6.3	-8.6	-10.4
<b>Scenario 5 – Limited flexibility, potential funding reductions, continued stagflation</b>					
Total Resources	46.9	48.7	50.3	52.0	53.8
Predicted Expenditure	51.9	56.9	60.4	64.6	68.3
Budget Gap	-5.0	-8.3	-10.1	-12.6	-14.5
Existing Planned Savings	0.4	0.7	0.7	0.7	0.7
Savings Required	-4.5	-7.5	-9.4	-11.8	-13.8

### Notes

- Resources comprise Council Tax, retained Business Rates and Other Income.
- Predicted expenditure comprises the cost of services and finance costs.
- A negative figure represents the amount of savings required to balance the budget; a positive figure represents a budget surplus.
- All scenarios incorporate the assumption that Council Tax income is increased by the maximum possible given the referendum limit, and fees and charges are increased in line with inflation to the extent that the Council has the flexibility to do so.

- 7.2 Even in the more favourable scenario, government constraints on local government spending, principally a freeze in the Council Tax referendum limit at the current level of 2%, lead to a deficit in 2023/24 if no further savings are made.

### Approach to balancing the budget

- 7.3 In delivering a balanced budget, the requirement to make savings or generate increased income will need to be balanced against the key priorities set out in the Council's Strategic Plan, namely:

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

- 7.4 In recent years, the Council has been successful in simultaneously generating additional income and meeting its strategic priorities, through successful investments (Lockmeadow, Maidstone House) and its programme of delivering private rented sector housing through Maidstone Property Holdings. The Council will continue to seek similar opportunities in the future. However, it would not be prudent to rely solely on this approach to balance the budget, both because of the scale of the budget gap and because of current challenges in delivering capital investment, namely the availability of affordable finance and the paucity of suitable opportunities.
- 7.5 Accordingly, all budgets will be reviewed in detail to identify opportunities for savings, or increased income, which can be delivered with the minimum impact on the strategic priorities. To the extent that further growth is planned, above and beyond existing budgets, this will need to be offset by further savings. It should be noted that the savings requirement in scenario 4, whilst significant, amounts to just 3% of gross revenue expenditure. If this level of savings were achieved across all services, it may be possible to close the budget gap with a minimal impact on service delivery.
- 7.6 Option 5 provides a more challenging savings target for 2023/24. However, it will be seen from section 5 that the Council has sufficient reserves to manage a shortfall of this scale. Reserves can however only be used once, so the ongoing impact of such an adverse scenario would have to be addressed through more significant budget savings in the future.

## 8. CAPITAL STRATEGY

8.1 The capital programme plays a vital part in delivering the Council's strategic plan, since it is only through long term investment that our ambitions for the borough can be realised. The capital programme is a rolling five year programme. The existing capital programme was approved by Council at its budget meeting on 23<sup>rd</sup> February 2022. An updated capital strategy and capital programme is due to be considered by the Executive in January.

8.2 Major schemes include the following:

- 1,000 Affordable Homes programme
- Private rented sector housing programme
- Temporary accommodation
- Biodiversity & Climate Change capital projects
- Garden Community preliminary work.

8.3 Schemes may be included in the capital programme if they fall within one of the following categories:

- Required for statutory reasons, eg to ensure that Council property meets health and safety requirements or maintain the condition/value of the asset;
- Schemes focused on strategic plan priority outcomes that are self-funding.

A further two categories have also been defined, namely:

- Other schemes focused on strategic plan priority outcomes;
- Other priority schemes that will attract significant external funding.

Note that these further categories of expenditure will only meet the Prudential Code requirement for sustainable investment if specific revenue provision is made for their funding.

8.4 Prior to inclusion in the capital programme, all schemes are subject to an initial assessment. The assessment of self-funding is to ensure we achieve the appropriate rate of return, which will be subject to the cost of borrowing.

8.5 All schemes within the capital programme are then also subject to appropriate option appraisals, requiring the preparation of a business case, before approval to spend is agreed. Any appraisal must reflect the Prudential Code, which requires that capital investment should be funded in a way that is prudent, affordable and sustainable.

8.6 The current capital programme amounts to £230 million over the next five years. In the light of inflation, this amount will need to be increased if the same outputs are to be delivered, and higher input costs will need to be factored into the appraisal of individual capital schemes to ensure that they are still affordable.

- 8.7 It is envisaged that the capital programme will primarily be funded from external borrowing. In view of uncertainty about the future trajectory of interest rates and the availability of funds from the Public Works Loan Board, the Council has secured forward borrowing of £80 million, which will be drawn down between 2024 and 2026. The balance of the capital programme will still need to be funded, with the cost of finance dependent on rates applying when the borrowing requirement arises.

### **New Homes Bonus**

- 8.8 Prior to 2022/23, New Homes Bonus, which is a form of revenue grant from central government, was earmarked for capital expenditure. This reduced the Council's borrowing requirement and meant that Maidstone remained debt-free until 2019/20. For 2022/23, Council agreed when setting the budget that the first £1 million of New Homes Bonus would be allocated for strategic policy and plan making, with the balance of £3.1 million transferred to a Housing Investment Fund, to be used to subsidise the Council's Affordable Housing Programme.
- 8.9 There is an inherent requirement for subsidy within the Affordable Housing programme, as it involves providing housing at less than a market rent. In due course, as the Affordable Housing programme is rolled out, the Council will be legally obliged to establish a Housing Revenue Account, which explicitly cannot be subsidised by the General Fund. However, in the meantime, the Council is able to set funds aside to subsidise affordable housing as agreed when setting the 2022/23 budget. Inclusion of the Affordable Housing Programme within the Capital Programme implies a continuing requirement for funds to be accumulated in this way.
- 8.10 At the time of writing, there is no certainty about the future of New Homes Bonus. If it is reduced or withdrawn, alternative sources of subsidy will need to be identified for the Affordable Housing programme.

## **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 is being carried out and is due to close on 20th November 2022. The results of the survey will be considered as part of the detailed budget and can be considered by Policy Advisory Committees.
- 9.2 Consultation with members will take in January 2023 on the detailed budget proposals. Individual Policy Advisory Committees will consider the budget proposals relating to the services within their areas of responsibility. The final budget will be presented to Council on the 22<sup>nd</sup> February 2023.

**ECONOMIC REGENERATION &  
LEISURE POLICY ADVISORY  
COMMITTEE**

**8 November 2022**

**2<sup>nd</sup> Quarter Financial Update & Performance Monitoring  
Report 2022/23**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Economic Regeneration & Leisure Policy Advisory Committee	8 November 2022

<b>Will this be a Key Decision?</b>	No
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Not Applicable – report for noting by the Economic Regeneration & Leisure Policy Advisory Committee
<b>Lead Head of Service</b>	Mark Green, Director of Finance, Resources & Business Improvement
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager Georgia Harvey, Senior Information Governance Officer
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report sets out the 2022/23 financial and performance position for the services reporting into the Economic Regeneration & Leisure Policy Advisory Committee (ERL PAC) as at 30<sup>th</sup> September 2022 (Quarter 2). The primary focus is on:

- The 2022/23 Revenue and Capital budgets; and
- The 2022/23 Key Performance Indicators (KPIs) that relate to the delivery of the Strategic Plan 2019-2045.

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*

Overall net expenditure at the end of Quarter 2 for the services reporting to ERL PAC is -£0.272m, compared to the approved profiled budget of -£0.258m, representing an underspend of £0.014m.

Capital expenditure at the end of Quarter 2 was £1.286m against a total budget of £2.556m.

*Performance Monitoring*

0% (0 of 4) targetable quarterly key performance indicators reportable to the Economic Regeneration & Leisure Policy Advisory Committee achieved their Quarter 2 target.

**Purpose of Report**

The report enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues as at 30<sup>th</sup> September 2022.

**This report makes the following recommendations to the Economic Regeneration & Leisure Policy Advisory Committee:**

1. That the Revenue position as at the end of Quarter 2 for 2022/23, including the actions being taken or proposed to improve the position, where significant variances have been identified, be noted;
2. That the Capital position at the end of Quarter 2 be noted; and
3. That the Performance position as at Quarter 2 for 2022/23, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.



# 1<sup>st</sup> Quarter Financial Update & Performance Monitoring Report 2022/23

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council’s Medium-Term Financial Strategy which is linked to the Strategic Plan and corporate priorities.</p> <p>The Key Performance Indicators and strategic actions are part of the Council’s overarching Strategic Plan 2019-45 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas.</p>	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Cross Cutting Objectives</b>	This report enables any links between performance and financial matters to be identified and addressed at an early stage, thereby reducing the risk of compromising the delivery of the Strategic Plan 2019-2045, including its cross-cutting objectives.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Risk Management</b>	This is addressed in Section 5 of this report.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Financial</b>	<p>Financial implications are the focus of this report through high level budget monitoring. Budget monitoring ensures that services can react quickly enough to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.</p> <p>Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes are also identified and taken into account in the</p>	Senior Finance Manager (Client)

	Council's Medium-Term Financial Strategy and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.	
<b>Staffing</b>	<p>The budget for staffing represents a significant proportion of the direct spend of the Council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p> <p>Having a clear set of performance targets enables staff outcomes/objectives to be set and effective action plans to be put in place.</p>	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Legal</b>	<p>The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.</p> <p>There is no statutory duty to report regularly on the Council's performance. However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. One of the purposes of the Key Performance Indicators is to facilitate the improvement of the economy, efficiency and effectiveness of Council services. Regular reports on Council performance help to demonstrate best value and compliance with the statutory duty.</p>	Interim Team Leader (Contentious and Corporate Governance) MKLS
<b>Information Governance</b>	The performance data is held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality. There is a program for undertaking data quality audits of performance indicators.	Policy and Information Team
<b>Equalities</b>	There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change, should one be identified.	Equalities and Communities Officer

<b>Public Health</b>	The performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	There are no specific issues arising.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Procurement</b>	Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
<b>Biodiversity and Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and there are no direct implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 The Medium-Term Financial Strategy for 2022/23 to 2026/27 - including the budget for 2022/23 - was approved by full Council on 23<sup>rd</sup> February 2022. This report updates the Committee on how services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 2.2 This report also includes an update to the Committee on progress against Key Performance Indicators (KPIs).
- 2.3 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.

---

## **3. AVAILABLE OPTIONS**

- 3.1 There are no matters for decision in this report. The Committee is asked to note the contents but may choose to comment.
-

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

- 4.1 In considering the current position on the Revenue budget, the Capital Programme, and the KPIs at the end of June 2022, the Committee can choose to note this information or could choose to comment.
  - 4.2 The Committee is requested to note the content of the report.
- 

#### **5. RISK**

- 5.1 This report is presented for information only and has no direct risk management implications.
  - 5.2 The Council produced a balanced budget for both revenue and capital income and expenditure for 2022/23. The budget was set against a continuing backdrop of limited resources and a difficult economic climate, even before the final impact of the Covid-19 pandemic became clear. 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 Executive the best opportunity to take actions to mitigate such risks.
- 

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

- 6.1 The KPIs update ("Performance Monitoring") have been reported to the Policy Advisory Committees (PAC) quarterly: Communities, Housing & Environment PAC; Economic Regeneration & Leisure PAC; and the Planning & Infrastructure PAC. Each committee also received a report on the relevant priority action areas. The report was also presented to the Corporate Services PAC reporting on the priority areas of "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".
- 

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

- 7.1 The Quarter 2 Budget & Performance Monitoring reports are being reported to the relevant Policy Advisory Committees during November 2022.
-

## **8. REPORT APPENDICES**

- Appendix 1: Second Quarter Budget Monitoring 2022/23
  - Appendix 2: Second Quarter Performance Monitoring 2022/23
- 

## **9. BACKGROUND PAPERS**

None.

# Second Quarter Financial Update 2022/23

Economic Regeneration & Leisure – Policy Advisory Committee  
8<sup>th</sup> November 2022

Lead Officer: Mark Green  
Report Author: Paul Holland

# Contents

**Part A: Executive Summary & Overview** Page 2

**Part B: Revenue Budget Q2 2022/23**

B1) Revenue Budget Page 5

**Part C: Capital Budget Q2 2022/23**

C1) Capital Budget Page 9

# Part A

## Executive Summary & Overview





This report provides members with the financial position as at 30<sup>th</sup> September 2022, covering activity for the Economic Regeneration & Leisure Policy Advisory Committee's (ERL PAC) revenue and capital accounts for the second quarter of 2022/23.

In 2021/22, income recovered more strongly than expected from the pandemic and the Council generated a modest surplus compared with budget. For 2022/23, there is no more direct government funding to cover the costs of Covid, but the Council has been able to set a balanced budget. Additional provision of £1.3 million was made within the 2022/23 budget for the expected impact of higher inflation on the Council's input costs. The projected peak level of inflation has continued to increase since the budget was set and this is likely to have an impact in particular on contract and energy costs, so the requirement for this provision will be monitored carefully to assess whether it will be adequate. If at any stage it appears that an overspend is likely, measures will need to be taken in-year to bring the budget back into balance.

The headlines for Quarter 2 are as follows:

#### Part B: Revenue budget – Q2 2022/23

- Overall net expenditure at the end of Quarter 2 for the services reporting to this committee is -£0.272m, compared to the approved profiled budget of -£0.258m, representing an underspend of £0.014m.

#### Part C: Capital budget – Q2 2022/23

- Capital expenditure at the end of Quarter 2 was £1.256m against a total budget of £2.556m.

# Part B

# Second Quarter Revenue Budget 2022/23

## B2) Revenue Budget

B1.1 The table below provides a detailed summary on the budgeted net income position for ERL PAC services at the end of Quarter 2. The financial figures are presented on an accruals basis (e.g., expenditure for goods and services received, but not yet paid for, is included). An analysis by the relevant Lead Members for this Committee is also shown.

### ERL Revenue Budget & Outturn – Quarter 2

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Climate change	31	15	3	12	31	0
Innovation Centre	-176	43	145	-102	-87	-89
Business Terrace	93	78	72	6	93	0
Business Terrace Expansion (Phase 3)	-6	23	58	-35	54	-60
Economic Dev - Promotion & Marketing	37	36	37	-1	37	0
Economic Development Section	220	118	102	16	220	0
Head of Regeneration and Economic Development	90	88	87	1	90	0
Innovation Centre Section	197	129	157	-28	197	0
Head of Spatial Planning and Economic Development	0	0	0	0	0	0
Biodiversity & Climate Change	92	47	37	10	92	0
<b>Sub-Total: Lead Member - Leader of the Council</b>	<b>576</b>	<b>576</b>	<b>697</b>	<b>-121</b>	<b>725</b>	<b>-149</b>

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Cultural Development Arts	69	53	43	10	69	0
Museum	29	-12	-31	18	29	0
Carriage Museum	4	1	2	-1	4	0
Museum-Grant Funded Activities	0	-10	-21	11	0	0
Hazlitt Arts Centre	299	158	157	2	299	0
Leisure Centre	-178	-89	-85	-4	-178	0
Mote Park Adventure Zone	-72	-36	-31	-5	-72	0
Cobtree Golf Course	-35	0	0	-0	-35	0
Mote Park Cafe	-32	-16	-11	-5	-32	0
Parks & Open Spaces Leisure Activities	-2	-1	-4	3	-2	0
Mote Park Leisure Activities	-19	-17	-13	-4	-19	0
Tourism	19	9	6	3	19	0
Museum Shop	-21	-11	-2	-9	-21	0
Lockmeadow	167	84	48	36	167	0
Lockmeadow Complex	-1,380	-1,232	-1,326	94	-1,380	0

## ERL Revenue Budget &amp; Outturn – Quarter 2 (By Lead Member)

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Climate change	31	15	3	12	31	0
Innovation Centre	-176	43	145	-102	-87	-89
Business Terrace	93	78	72	6	93	0
Business Terrace Expansion (Phase 3)	-6	23	58	-35	54	-60
Economic Dev - Promotion & Marketing	37	36	37	-1	37	0
Economic Development Section	220	118	102	16	220	0
Head of Regeneration and Economic Development	90	88	87	1	90	0
Innovation Centre Section	197	129	157	-28	197	0
Head of Spatial Planning and Economic Development	0	0	0	0	0	0
Biodiversity & Climate Change	92	47	37	10	92	0
<b>Sub-Total: Lead Member - Leader of the Council</b>	<b>576</b>	<b>576</b>	<b>697</b>	<b>-121</b>	<b>725</b>	<b>-149</b>

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 September 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Cultural Development Arts	69	53	43	10	69	0
Museum	29	-12	-31	18	29	0
Carriage Museum	4	1	2	-1	4	0
Museum-Grant Funded Activities	0	-10	-21	11	0	0
Hazlitt Arts Centre	299	158	157	2	299	0
Leisure Centre	-178	-89	-85	-4	-178	0
Mote Park Adventure Zone	-72	-36	-31	-5	-72	0
Cobtree Golf Course	-35	0	0	-0	-35	0
Mote Park Cafe	-32	-16	-11	-5	-32	0
Parks & Open Spaces Leisure Activities	-2	-1	-4	3	-2	0
Mote Park Leisure Activities	-19	-17	-13	-4	-19	0
Tourism	19	9	6	3	19	0
Museum Shop	-21	-11	-2	-9	-21	0
Lockmeadow	167	84	48	36	167	0
Lockmeadow Complex	-1,380	-1,232	-1,326	94	-1,380	0
Market	-24	9	30	-21	11	-35
Leisure Services Section	58	52	50	2	58	0
Cultural Services Section	383	191	180	11	383	0
Market Section	90	45	39	6	90	0
Salary Slippage	-27	-13	0	-13	-27	0
<b>Sub- Total: Lead Member - Leisure &amp; Arts</b>	<b>-673</b>	<b>-834</b>	<b>-969</b>	<b>135</b>	<b>-638</b>	<b>-35</b>
<b>Total</b>	<b>-97</b>	<b>-258</b>	<b>-272</b>	<b>14</b>	<b>87</b>	<b>-184</b>

B1.2 The table shows that at the end of the second quarter overall net expenditure for the services reporting to ERL PAC is -£0.272m, compared to the approved profiled budget of -£0.258m, representing an underspend of £0.014m.

B1.3 The table indicates that in certain areas, significant variances to the budgeted income levels have emerged during the second quarter of the year. The reasons for the more significant variances are explored in section B2 below.

## B2) Variances

B2.1 The most significant variances for this Committee are as follows:

	Positive Variance Q2	Adverse Variance Q2	Year End Forecast Variance
<b>Economic Regeneration &amp; Leisure Committee</b>	£000		
<b>Innovation Centre</b> – As reported in quarter 1 there is an overspend on business rates for empty offices. There have also been additional maintenance costs incurred which were not anticipated when the building was opened. No allowance has yet been made for Non Domestic Rates paid in advance from October 2022 to March 2023. Once this has been adjusted this will show a breakeven financial position.		-102	-89
<b>Lockmeadow Complex</b> – At present running costs are underspent, but the expectation is that there will be additional costs for the remainder of the year, particularly for utilities and repairs and maintenance.	94		0
<b>Business Terrace Expansion (Phase 3)</b> – Not all the units are occupied, and it is anticipated that this will continue to be the case for the remainder of the year.		-34	-60
<b>Market</b> – Income for lettings for all streams are down against the budget.		-20	-35

# Part C

# Second Quarter Capital Budget 2022/23

## B1) Capital Budget: Economic Regeneration & Leisure Committee (ERL)

B1.1 The position of the 2022/23 ERL element of the Capital Programme at the Quarter 2 stage is presented in Table 3 below. The budget for 2022/23 includes resources brought forward from 2021/22.

### ERL Capital Programme 2022/23 (@ Quarter 2)

Capital Programme Heading	Adjusted Estimate 2022/23 £000	Actual to September 2022 £000	Budget Remaining £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2023/24 £000
<b>Economic Regeneration &amp; Leisure</b>							
Mote Park Visitor Centre	1,307	1,217	90	240		1,457	-150
Mote Park Lake - Dam Works	486	68	417	245	3	316	169
Museum Development Plan	389		389	61	250	311	78
Leisure Provision	100		100	10	10	20	80
Cobtree Golf Course New Clubhouse	4		4		4	4	0
Tennis Courts Upgrade	20		20		20	20	
Riverside Walk Works	250		250				250
<b>Total</b>	<b>2,556</b>	<b>1,286</b>	<b>1,271</b>	<b>556</b>	<b>287</b>	<b>2,129</b>	<b>428</b>





B1.2 Comments on the variances in the table above are as follows:




Mote Park Visitor Centre – There have been some unanticipated costs that mean the project will cost around £150,000 more than initially budgeted for. Funding has been identified for this overspend.

Mote Park Lake – Dam Works – The project slippage figure includes a contribution for the boat house and lakeside kiosk works of £50,000.

Riverside Walk Works – Proposals are still being developed and there will be no spend this year.

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

Performance Summary

RAG Rating	Green	Amber	Red	N/A <sup>1</sup>	Total
KPIs	0	1	2	3	6
Direction	Up	No Change	Down	N/A	Total
Last Quarter	3	0	1	2	6
Last Year	4	0	0	2	6

- None of the targetable quarterly key performance indicators (KPIs) reportable to this Committee achieved their Quarter 2 (Q2) target<sup>1</sup>.
- Compared to last quarter (Q1 2022/23), performance for 50% 3 of 6 KPIs have improved and 16.7% (1) of (6) have declined<sup>1</sup>.
- Compared to last year (Q2 2021/22), performance for 66.7% 4 of 6 KPIs have improved and none of the targetable quarterly key performance indicators have declined<sup>1</sup>.

Economy

Performance Indicator	Q2 2022/23				
	Value	Target	Status	Short Trend	Long Trend
Footfall in the Town Centre	428,180	468,658			
Percentage of vacant retail units in the town centre	Annual KPI				

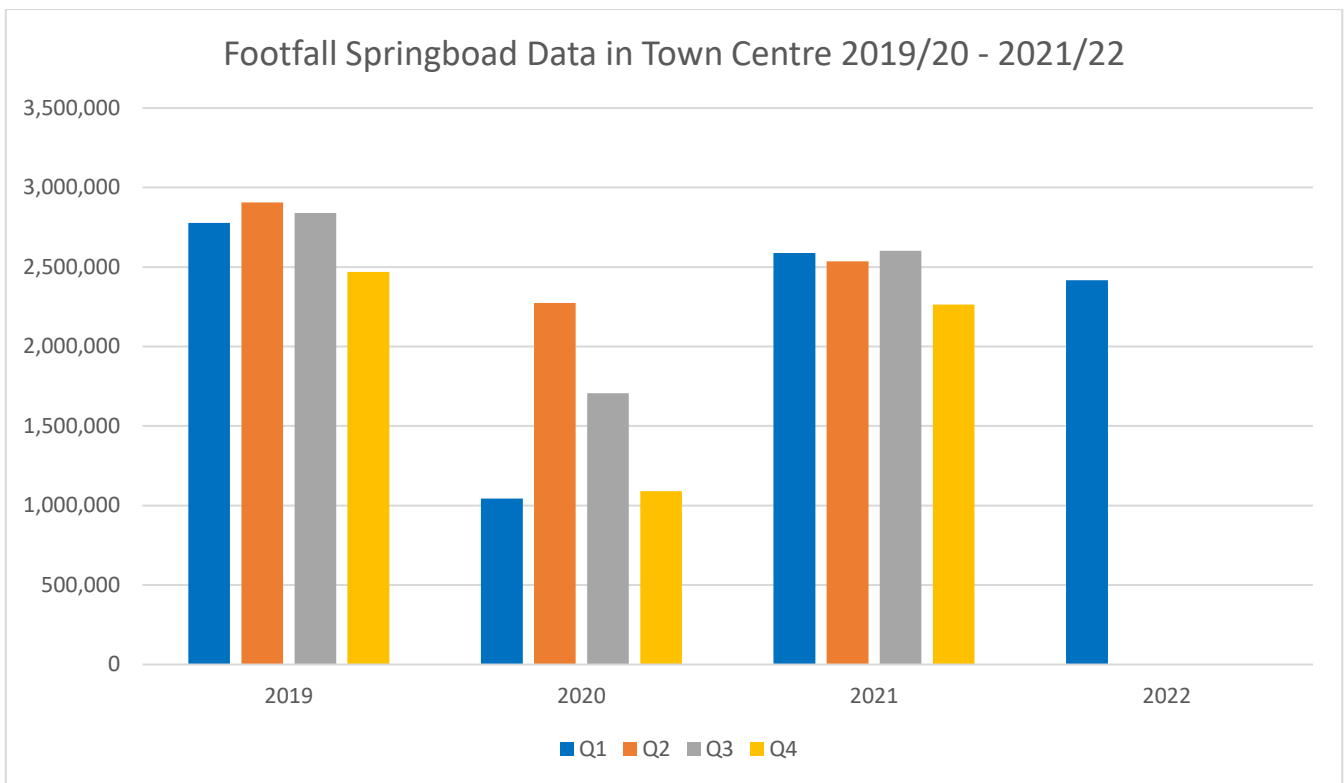
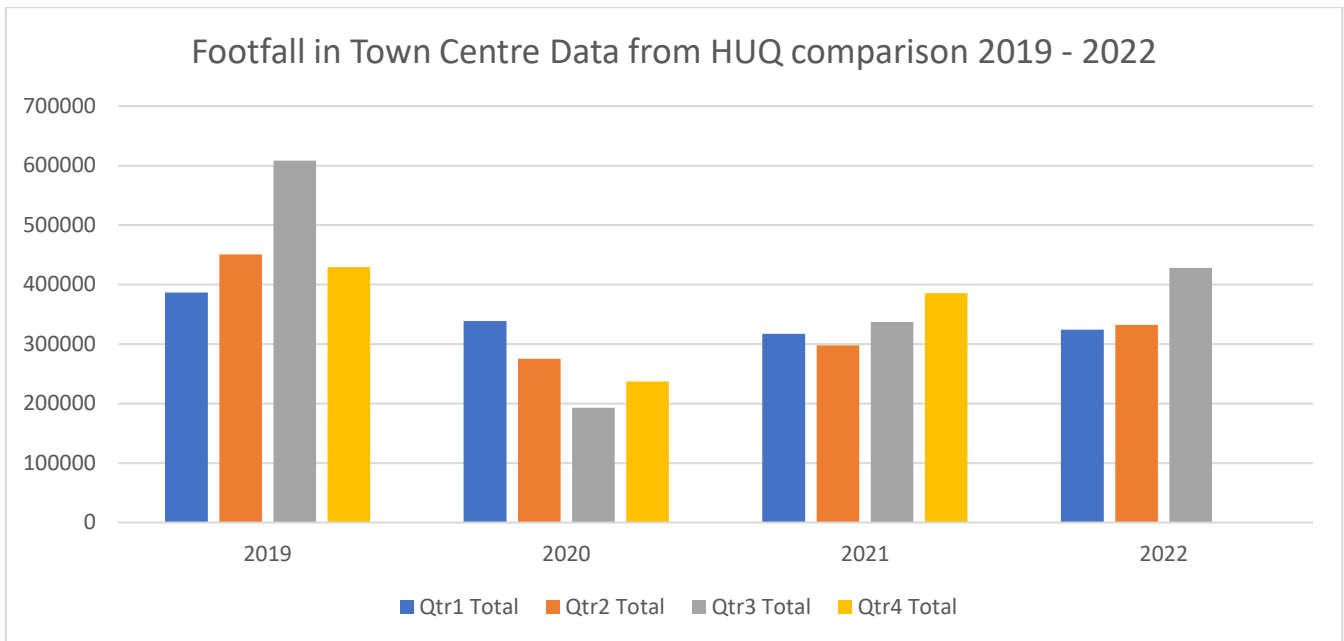
The Council no longer uses Springboard to record town centre footfall from a fixed camera in Week Street. Springboard was unable to identify unique visitors and instead recorded every movement past the fixed camera.

Footfall is now measured using data from HUQ, which records **unique** visitors for the entire town centre area using **mobile phone data**. Reporting data from Q2 2022 will look different as we have updated to the KPI to reflect this change.

Below are graphs from both systems showing historical data to demonstrate the changes in calculating footfall.

<sup>1</sup> PIs rated N/A are not included in the summary calculations





Using the data from HUQ, the **“Footfall in Town Centre”** KPI achieved an outcome of 428,180 against a target of 468,658, missing its target by less than 10%. When comparing it to HUQ data from the last quarter, footfall has increased by 28.9%. When comparing it to the same quarter last year, the footfall count has increased by 27%.

Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS]					
	Value	Target	Status	Short Trend (Last Month)	Long Trend (Last Year)
July 2022	2.9%	1.8%		-	
August 2022	2.8%	1.8%			

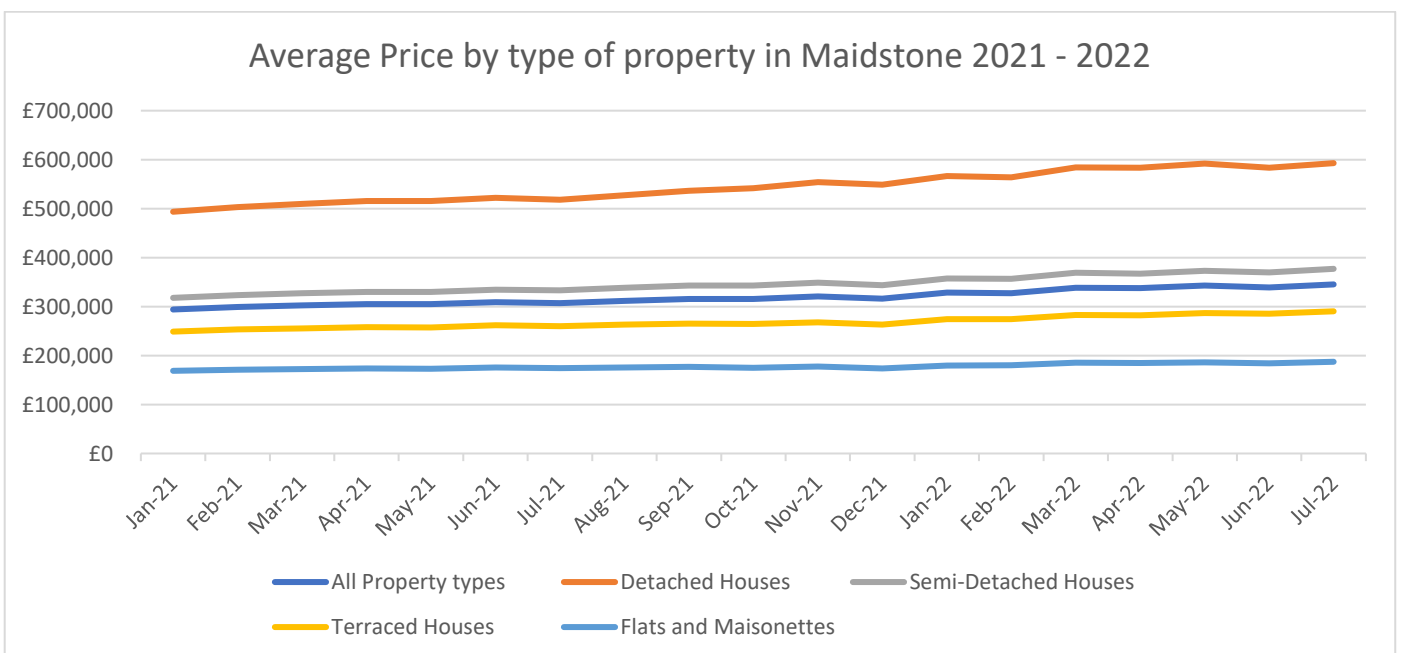
September 2022	2.9%	1.9%			
----------------	------	------	--	--	--

Unemployment rates in Maidstone have stayed consistent in July 2022 when compared to June 2022. In August 2022 the figure slightly shifted and decreased by 0.1%, which came back to the same figure as July 2022 in September 2022. Figures still significantly higher than pre-pandemic figures of 1.8% (Q2 2018/19).

Number of youths unemployed (18-24)					
	Value	Target	Status	Short Trend (Last Month)	Long Trend (Last Year)
July 2022	500	373			
August 2022	525	373			
September 2022	530	373			

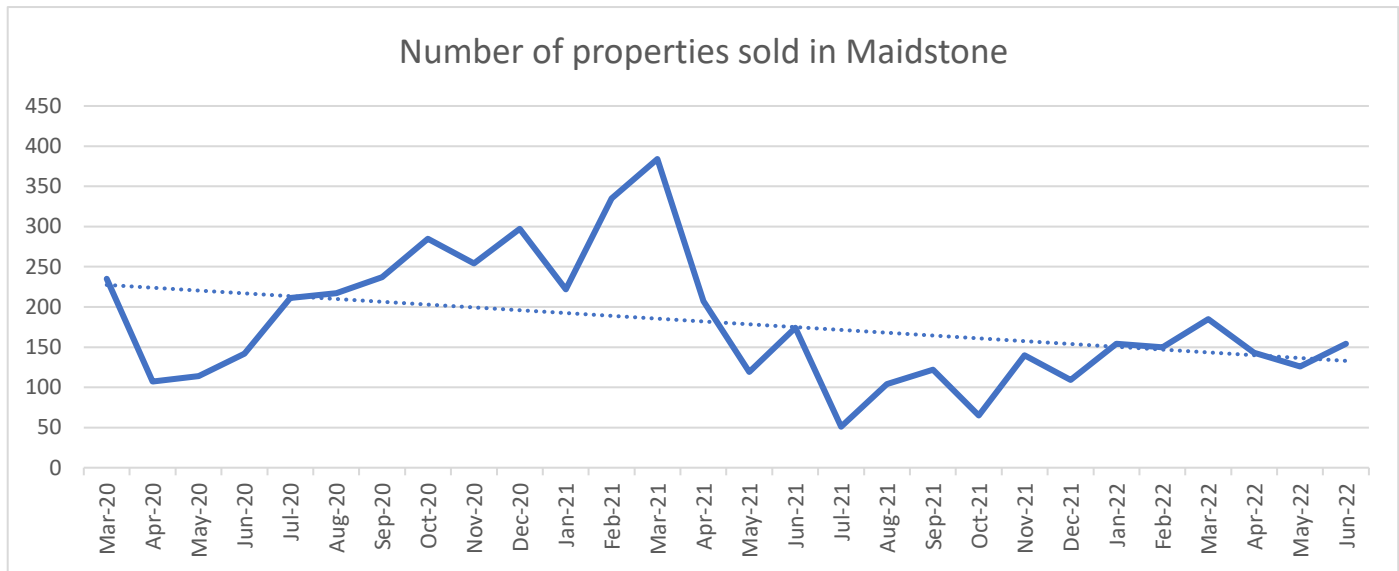
Unemployment among youth figure has slightly increased in August (525) and September (530) against July figure (500). The number of youths unemployed in Q2 2022/23 (1555) is 55.6% lower than in Q2 2021/22 (2420). However, it is still significantly higher by 33.4% than the pre-pandemic figure of 1035 for Q2 2018/19.

House Prices in Maidstone – July 2022				
House Type	Average price	Target	Short Trend (Last Month)	Long Trend (Last Year)
All properties	£345,275.00			
Detached Houses	£592,861.00			
Semi-detached Houses	£377,072.00			
Terraced Houses	£290,363.00			
Flats & Maisonettes	£187,273.00			



Prices for all properties saw an increase of 1.4% in July 2022 against June 2022. Prices of detached houses increased in July 2022 by 1.3% to June 2022. Semi-detached houses increased by 1.6% against June 2022. Terraced Houses increased by 1.35% against June 2022. Flats & Maisonettes saw an increase of 1.2% against June 2022.

When compared to last year (July 2021), all properties saw an increase of 10%, detached houses saw an increase of 12.1%, semi-detached houses saw an increase of 11%, terraced houses saw an increase of 9.6%, flats and maisonettes saw an increase of 5.1% in average price.



At the time of writing this report, volumes have not yet been published by HM Land Registry for Q2 of 2022, so figures are provided up until June 2022. In June 2022, the number of properties sold in Maidstone saw an increase of (22.2%) when compared with May 2022 (154, up from 126). In May, however, houses sold decreased by 11.9% to April 2022 (126, up from 143). When compared to June pre-pandemic (2019), the sales of properties decreased by 33.1% (154, down from 205).