

# CORPORATE SERVICES POLICY ADVISORY COMMITTEE MEETING

Date: Wednesday 15 June 2022  
Time: 6.30 pm  
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Brice, Brindle, Cannon, Cooke, Cox, Mrs Gooch, Harper, Hinder  
and Khadka

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

---

## AGENDA

Page No.

1. Apologies for Absence
  2. Notification of Substitute Members
  3. Election of Chairman
  4. Election of Vice-Chair
  5. Urgent Items
  6. Notification of Visiting Members
  7. Disclosures by Members and Officers
  8. Disclosures of Lobbying
  9. To consider whether any items should be taken in private because of the possible disclosure of exempt information
  10. Presentation of Petitions (if any)
  11. Question and Answer session for Local Residents (if any)
  12. Questions from Members to the Chairman (if any)
  13. Oral Briefing from the Lead Member for Corporate Services
  14. 4th Quarter Finance, Performance & Risk Monitoring Report 2021/22
- 1 - 65

---

**Issued on 7 June 2022**

**Continued Over/:**

*Alison Broom*

**Alison Broom, Chief Executive**

## **INFORMATION FOR THE PUBLIC**

In order to ask a question at this meeting, please call **01622 602899** or email [committee@maidstone.gov.uk](mailto:committee@maidstone.gov.uk) by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Monday 13 June 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 Monday 13 June 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).

**CORPORATE SERVICES POLICY  
ADVISORY COMMITTEE**

**15 June 2022**

**4<sup>th</sup> Quarter Finance, Performance & Risk Monitoring Report  
2021/22**

| <b>Timetable</b>                             |              |
|--|--------------|
| <b>Meeting</b>                               | <b>Date</b>  |
| Corporate Services Policy Advisory Committee | 15 June 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 Corporate Services Policy Advisory Committee        |
| <b>Lead Head of Service</b>           | Mark Green, Director of Finance & Business Improvement  |
| <b>Lead Officer and Report Author</b> | Paul Holland, Senior Finance Manager<br>Georgia Harvey, Senior Information Governance Officer |
| <b>Classification</b>                 | Public  |
| <b>Wards affected</b>                 | All   |

**Executive Summary**

This report sets out the 2021/22 financial and performance position for the services reporting into the Policy & Resources Committee (PRC) as at 31st March 2022 (Quarter 4). The primary focus is on:

- The 2021/22 Revenue and Capital budgets; and
- The 2021/22 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

At the Quarter 4 stage the Council has incurred net expenditure of £19.228m against the approved profiled budget of £19.695m, representing an underspend of £0.467m.

Overall net expenditure at the end of Quarter 4 for the services reporting to PRC is £8.698m, compared to the approved profiled budget of £8.533m, representing an overspend of £0.166m.

At the Quarter 4 stage, the Council has incurred overall expenditure of £26.431m against a budget allocation within the Capital Programme of £33.629m.

Capital expenditure at the end of Quarter 4 for PRC was £16.406m against a total budget of £20.384m.

The budgets in this report are the revised estimates for 2021/22.

### Performance Monitoring

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

There is also an outturn report for 2021/22 that summarises the performance for the year as a whole.

### **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 31<sup>st</sup> March 2022.

### **This report makes the following recommendations to the Corporate Services Policy Advisory Committee:**

1. That the Revenue position as at the end of Quarter 4 for 2021/22, 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 4 be noted; and
3. That the Performance position as at Quarter 4 for 2021/22, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.
4. That Annual Performance for 2021/22 be noted.

# 4<sup>th</sup> Quarter Finance, Performance & Risk Monitoring Report 2021/22

## 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 and Business Improvement (Section 151 Officer) |
| <b>Cross Cutting Objectives</b>       | This report enables any links between performance and financial matters to be identified and addressed at an early stage, thereby reducing the risk of compromising the delivery of the Strategic Plan 2019-2045, including its cross-cutting objectives.  | Director of Finance and Business Improvement (Section 151 Officer) |
| <b>Risk Management</b>                | This is addressed in Section 5 of this report.   | Director of Finance 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</p>                                | Senior Finance Manager (Client)                                    |

|                               |  |   |
|-------------------------------|--|---|
|                               | <p>changes are also identified and taken into account in the Council's Medium-Term Financial Strategy and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.</p>   |   |
| <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>   | <p>Director of Finance and Business Improvement (Section 151 Officer)</p> |
| <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> | <p>Senior Lawyer (Corporate Governance), MKLS</p>                         |
| <b>Information Governance</b> | <p>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.</p>  | <p>Policy and Information Team</p>  |

|  |   |  |
|--|---|--|
| <b>Equalities</b>                      | There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change, should one be identified. | Equalities and Communities Officer                                 |
| <b>Public Health</b>                   | The performance recommendations will not negatively impact on population health or that of individuals.   | Public Health Officer  |
| <b>Crime and Disorder</b>              | There are no specific issues arising.   | Director of Finance and Business Improvement (Section 151 Officer) |
| <b>Procurement</b>                     | Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.   | Director of Finance and Business Improvement (Section 151 Officer) |
| <b>Biodiversity 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 2021/22 to 2025/26 - including the budget for 2021/22 - was approved by full Council on 24th February 2021. This report updates the Committee on how its services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 2.2 This report also includes an update to the Committee on progress against its Key Performance Indicators (KPIs).
- 2.3 Attached at Appendix 1 is a report setting out the revenue and capital spending position at the Quarter 4 stage. Attached at Appendix 2 is a report setting out the position for the KPIs for the corresponding period. Attached at Appendix 3 is a further KPI report summarising the position for the year as a whole.

### **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 March 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 2021/22. The budget is set against a backdrop of limited resources and a difficult economic climate, even before the 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") were reported to the service committees quarterly under the previous constitution: Communities, Housing & Environment Committee; Economic Regeneration & Leisure Committee; and the Strategic Planning & Infrastructure Committee. Each committee also received a report on the relevant priority action areas. The report was also presented to the Policy & Resources Committee, reporting on the priority areas of "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".
-



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

- 7.1 The Quarter 4 Budget & Performance Monitoring reports are being considered by the relevant Policy Advisory Committees during June 2022.
- 

## **8. REPORT APPENDICES**

- Appendix 1: Fourth Quarter Budget Monitoring 2021/22
  - Appendix 2: Fourth Quarter Performance Monitoring 2021/22
  - Appendix 3: Performance Monitoring Outturn Report 2021/22
  - Appendix 4: Risk Update 2021/22
- 

## **9. BACKGROUND PAPERS**

None.

# Provisional Outturn 2021/22

Corporate Services – Policy Advisory Committee

15<sup>th</sup> June 2022

Lead Officer: Mark Green

Report Author: Paul Holland

# Contents

|  |               |
|--|---------------|
| <b>Part A: Executive Summary &amp; Overview</b>            | <b>Page 2</b> |
| <b>Part B: Fourth Quarter Revenue Budget 2021/22</b>       |               |
| B1) Revenue Budget: Council                                | Page 6        |
| B2) Revenue Budget: Policy & Resources (PRC)               | Page 7        |
| B3) PRC Revenue Budget: Significant Variances              | Page 9        |
| B4) Other Revenue Budgets: Significant Variances           | Page 10       |
| B5) Virements  | Page 13       |
| <b>Part C: Fourth Quarter Capital Budget 2021/22</b>       |               |
| C1) Capital Budget: Council                                | Page 15       |
| C2) Capital Budget: Policy & Resources (PRC)               | Page 15       |
| C3) Capital Budget Variances                               | Page 17       |
| <b>Part D: Fourth Quarter Local Tax Collection 2021/22</b> |               |
| D1) Collection Fund  | Page 20       |
| D2) Collection Rates                                       | Page 20       |
| D3) Business Rates Retention (BRR)                         | Page 21       |
| <b>Part E: Reserves &amp; Balances 2021/22</b>             |               |
| E1) Reserves & Balances                                    | Page 23       |
| <b>Part F: Treasury Management 2021/22</b>                 |               |
| F1) Introduction   | Page 25       |
| F2) Economic Headlines                                     | Page 25       |
| F3) Council Investments                                    | Page 25       |
| F4) Council Borrowing                                      | Page 26       |
| <b>Part G: Maidstone Property Holdings</b>                 |               |
| G1) Maidstone Property Holdings Ltd. (MPH)                 | Page 28       |
| G2) MPH Headlines  | Page 28       |

# Part A

## Executive Summary & Overview



This report provides members with the provisional outturn for 2021/22, covering activity for the Policy & Resources Committee's revenue and capital accounts for the fourth quarter of 2021/22. Whilst the Policy & Resources Committee (PRC) no longer exists under the new Executive structure this Policy Advisory Committee has inherited essentially the same budgetary responsibilities and it is therefore appropriate for it to be considering this report.

Members will be aware that there was significant uncertainty in the 2021/22 budget estimates arising from the ongoing impact of the Covid-19 pandemic, both in relation to demands on the Council to respond and the speed of local economic recovery. Financial support from central government received during 2020/21 continued to support specific activities, and the unringfenced Covid-19 grant of £860,000 was used to support recovery and renewal activities. However, the impact on the Council's financial position from the pandemic has continued to reduce throughout the year, although there will continue to be some residual impact into 2022/23.

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

The headlines for Quarter 4 are as follows:

#### Part B: Revenue Budget – Q4 2021/22

- At the Quarter 4 stage, the Council has incurred net expenditure of £19.228m against a profiled budget of £19.695m, representing an underspend of £0.467m.
- For the services reporting directly to PRC, net expenditure of £8.698m has been incurred against a profiled budget of £8.533m, representing an overspend of £0.166m.

#### Part C: Capital Budget – Q4 2021/22

- At the Quarter 4 stage, the Council has incurred overall expenditure of £26.431m against a budget allocation within the Capital Programme of £33.629m.
- Expenditure for services reporting directly to PRC of £16.406m has been incurred against the budget of £20.384m.

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

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

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

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

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

- The Council held short-term investments of £16.16m and had £11.0m in outstanding borrowing as at 31<sup>st</sup> March 2021.

- Balances as at 31<sup>st</sup> March 2022 are £38.75m in short-term investments and £9m of short term local authority borrowing.

Part G: Maidstone Property Holdings Ltd. (MPH)

- MPH net rental income for 2021/22 was £517,666. Rent arrears as at 31<sup>st</sup> March 2022 totaled £10,548.

The budgets in this report are the revised estimates for 2021/22.

# Part B

# Fourth Quarter Revenue Budget 2021/22



## B1) Revenue Budget: Council

- B1.1 At the Quarter 4 stage, the Council has incurred net expenditure of £19.228m against a profiled budget of £19.695m, representing an underspend of £0.467m. The budget figures are now the revised estimates for 2021/22.
- B1.2 Tables 1, 2 and 3 below provide further insight into the Council's income and expenditure position for Quarter 4 2021/22 by providing alternative analyses: by Committee, Priority and Subjective Heading.

**Table 1: Net Expenditure 2021/22 (@ 4<sup>th</sup> Quarter): Analysis by COMMITTEE**

| Committee                             | Full Year Budget<br>£000 | Actual<br>£000 | Variance<br>£000 |
|---------------------------------------|--------------------------|----------------|------------------|
| Policy & Resources                    | 8,533                    | 8,698          | -166             |
| Strategic Planning and Infrastructure | 363                      | 107            | 256              |
| Communities, Housing & Environment    | 9,065                    | 8,593          | 472              |
| Economic Regeneration & Leisure       | 1,734                    | 1,829          | -95              |
| <b>Net Revenue Expenditure</b>        | <b>19,695</b>            | <b>19,228</b>  | <b>467</b>       |

**Table 2: Net Expenditure 2021/22 (@ 4<sup>th</sup> Quarter): Analysis by PRIORITY**

| Priority                                     | Full Year Budget<br>£000 | Actual<br>£000 | Variance<br>£000 |
|--|--------------------------|----------------|------------------|
| Safe, Clean and Green                        | 7,147                    | 6,628          | 520              |
| Homes and Communities                        | 1,086                    | 1,126          | -40              |
| Thriving Place                               | 1,874                    | 2,002          | -128             |
| Embracing Growth and Enabling Infrastructure | 455                      | 107            | 348              |
| Central & Democratic                         | 9,132                    | 9,366          | -233             |
| <b>Net Revenue Expenditure</b>               | <b>19,695</b>            | <b>19,228</b>  | <b>467</b>       |

**Table 3: Net Expenditure 2021/22 (@ 4<sup>th</sup> Quarter): Analysis by SUBJECTIVE SPEND**

| Subjective                     | Full Year Budget<br>£000 | Actual<br>£000 | Variance<br>£000 |
|--------------------------------|--------------------------|----------------|------------------|
| Employees                      | 22,494                   | 22,211         | 284              |
| Premises                       | 6,125                    | 6,051          | 75               |
| Transport                      | 663                      | 531            | 132              |
| Supplies & Services            | 11,911                   | 12,242         | -331             |
| Agency                         | 6,282                    | 6,244          | 38               |
| Transfer Payments              | 39,661                   | 38,965         | 696              |
| Asset Rents                    | 3,491                    | 3,490          | 2                |
| Income                         | -70,933                  | -70,504        | -429             |
| <b>Net Revenue Expenditure</b> | <b>19,695</b>            | <b>19,228</b>  | <b>467</b>       |



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

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

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

| (a)                                   | (b)                                 | (c)            | (d)              |
|---------------------------------------|-------------------------------------|----------------|------------------|
| Cost Centre                           | Approved Budget<br>for Year<br>£000 | Actual<br>£000 | Variance<br>£000 |
| Lockmeadow                            | 165                                 | 79             | 86               |
| Lockmeadow Complex                    | -1,389                              | -1,249         | -140             |
| Civic Occasions                       | 43                                  | 42             | 1                |
| Members Allowances                    | 397                                 | 367            | 29               |
| Members Facilities                    | 25                                  | 9              | 16               |
| Contingency                           | -1,206                              | -2,215         | 1,010            |
| Performance & Development             | 59                                  | 57             | 1                |
| Press & Public Relations              | 27                                  | 26             | 1                |
| Corporate Management                  | 630                                 | 705            | -75              |
| Unapportionable Central Overheads     | 320                                 | 227            | 93               |
| Council Tax Collection                | 55                                  | 46             | 9                |
| Council Tax Collection - Non Pooled   | -357                                | -201           | -156             |
| Council Tax Benefits Administration   | -152                                | -160           | 7                |
| NNDR Collection                       | 2                                   | 6              | -4               |
| NNDR Collection - Non Pooled          | -234                                | -209           | -25              |
| MBC- BID                              | 1                                   | -16            | 17               |
| Registration Of Electors              | 67                                  | 80             | -13              |
| Elections                             | 154                                 | 149            | 6                |
| KCC Elections                         | 0                                   | 0              | 0                |
| PCC Elections                         | 0                                   | 0              | 0                |
| Emergency Centre                      | 30                                  | 17             | 13               |
| Medway Conservancy                    | 126                                 | 126            | -0               |
| External Interest Payable             | 103                                 | 106            | -4               |
| Interest & Investment Income          | -100                                | -72            | -28              |
| Palace Gatehouse                      | -8                                  | -8             | 0                |
| Archbishops Palace                    | -100                                | -100           | -0               |
| Parkwood Industrial Estate            | -285                                | -347           | 62               |
| Industrial Starter Units              | -20                                 | -34            | 15               |
| Parkwood Equilibrium Units            | -81                                 | -103           | 22               |
| Sundry Corporate Properties           | -441                                | -2             | -438             |
| Phoenix Park Units                    | -222                                | -260           | 37               |
| Granada House - Commercial            | -94                                 | -64            | -30              |
| MPH Residential Properties            | -833                                | -545           | -288             |
| Heronden Road Units                   | -149                                | -175           | 26               |
| Boxmend Industrial Estate             | -94                                 | -101           | 8                |
| Wren Industrial Estate                | -118                                | -107           | -10              |
| Pensions Fund Management              | 1,757                               | 1,757          | 0                |
| Non Service Related Government Grants | -3,995                              | -3,995         | 0                |
| Rent Allowances                       | -112                                | -10            | -102             |
| Non HRA Rent Rebates                  | -9                                  | -27            | 18               |
| Discretionary Housing Payments        | -2                                  | -19            | 17               |
| Housing Benefits Administration       | -354                                | -339           | -15              |
| Democratic Services Section           | 248                                 | 232            | 17               |
| Mayoral & Civic Services Section      | 142                                 | 131            | 10               |
| Chief Executive                       | 233                                 | 233            | 0                |
| Communications Section                | 241                                 | 233            | 7                |

| (a)  | (b)                                 | (c)            | (d)              |
|--|-------------------------------------|----------------|------------------|
| Cost Centre                                    | Approved Budget<br>for Year<br>£000 | Actual<br>£000 | Variance<br>£000 |
| Policy & Information Section                   | 417                                 | 410            | 7                |
| Head of Policy and Communications              | 152                                 | 148            | 4                |
| Revenues Section                               | 729                                 | 729            | -0               |
| Registration Services Section                  | 104                                 | 99             | 5                |
| Benefits Section                               | 650                                 | 651            | -1               |
| Fraud Section                                  | 92                                  | 81             | 10               |
| Mid Kent Audit Partnership                     | 341                                 | 321            | 20               |
| Director of Finance & Business Improvement     | 180                                 | 176            | 4                |
| Accountancy Section                            | 887                                 | 842            | 45               |
| Legal Services Section                         | 483                                 | 472            | 11               |
| Director of Regeneration & Place               | 168                                 | 130            | 38               |
| Procurement Section                            | 110                                 | 124            | -14              |
| Property & Projects Section                    | 587                                 | 584            | 3                |
| Corporate Support Section                      | 363                                 | 354            | 9                |
| Improvement Section                            | 451                                 | 427            | 24               |
| Executive Support Section                      | 150                                 | 150            | 0                |
| Head of Commissioning and Business Improvement | 146                                 | 142            | 4                |
| Mid Kent ICT Services                          | 910                                 | 909            | 0                |
| GIS Section                                    | 169                                 | 167            | 2                |
| Customer Services Section                      | 797                                 | 771            | 26               |
| Director of Mid Kent Services                  | 75                                  | 76             | -1               |
| Mid Kent HR Services Section                   | 547                                 | 489            | 58               |
| MBC HR Services Section                        | 74                                  | 74             | 0                |
| Head of Revenues & Benefits                    | 90                                  | 91             | -1               |
| Revenues & Benefits Business Support           | 162                                 | 162            | -0               |
| Dartford HR Services Section                   | -1                                  | 1              | -1               |
| IT Support for Revenues and Benefits           | 41                                  | 39             | 1                |
| Emergency Planning & Resilience                | 43                                  | 45             | -3               |
| Salary Slippage 1PR                            | -261                                | 0              | -261             |
| Town Hall                                      | 112                                 | 85             | 27               |
| South Maidstone Depot                          | 228                                 | 301            | -72              |
| The Link                                       | 97                                  | 81             | 16               |
| Maidstone House                                | 959                                 | 457            | 502              |
| Museum Buildings                               | 262                                 | 248            | 14               |
| I.T. Operational Services                      | 633                                 | 561            | 72               |
| Central Telephones                             | 15                                  | 7              | 8                |
| Apprentices Programme                          | 61                                  | 31             | 30               |
| Internal Printing                              | -4                                  | 3              | -6               |
| Debt Recovery Service                          | 25                                  | 49             | -24              |
| Debt Recovery MBC Profit Share                 | -73                                 | -91            | 18               |
| General Balances                               | 26                                  | 26             | 0                |
| Earmarked Balances                             | 5,131                               | 6,072          | -941             |
| Appropriation Account                          | 3,378                               | 3,377          | 2                |
| Pensions Fund Appropriation                    | -5,439                              | -5,439         | 0                |
| <b>TOTALS</b>                                  | <b>8,533</b>                        | <b>8,698</b>   | <b>-166</b>      |

B2.2 The table shows that, at the Quarter 4 stage, for the services reporting directly to PRC, net expenditure of £8.698m has been incurred against the budget of £8.533m, representing an overspend of £0.166m.

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

B3.1 Within the headline figures, there are a number of both adverse and favourable net expenditure variances for individual cost centres. It is important that the implications of variances are considered at an early stage, so that contingency plans can be put in place and, if necessary, be used to inform future financial planning. Variances have been reported to each of the service committees on a quarterly basis throughout 2021/22.

B3.2 Table 5 below highlights and provides further detail on the most significant variances at the end of Quarter 4.

#### **Table 5: PRC Variances (@ 4<sup>th</sup> Quarter 2021/22)**

|  | Positive<br>Variance<br>Q4 | Adverse<br>Variance<br>Q4 |
|--|----------------------------|---------------------------|
| <b>Policy &amp; Resources Committee</b>  | <b>£000</b>                |                           |
| <b>Lockmeadow</b> – this variance relates mainly to units that were vacant during the year, as well as some overspends against the running costs budgets.  |                            | -54                       |
| <b>Contingency</b> – the two main elements for this variance are £0.4m received from the government for a claim made for loss of income during the Covid-19 pandemic, and a further £0.3m received following a review of the level of business rates due for the Museum.                 | 1,010                      |                           |
| <b>Corporate Management</b> – this variance represents a change in the general provision for bad debts, although there have also been changes in specific provisions elsewhere.  |                            | -75                       |
| <b>Unapportionable Central Overheads</b> – Contributions to the KCC Pension Fund for backfunding and early retirement instalments were lower than forecast for the year.   | 93                         |                           |
| <b>Council Tax Collection (Non-Pooled)</b> – There has been a shortfall in income from court costs which is related to the backlog of cases caused by the Covid-19 pandemic.   |                            | -156                      |
| <b>Parkwood Industrial Estate</b> – The main element of this variance is a one-off receipt for £40,000 for the extension of a lease.   | 62                         |                           |
| <b>Sundry Corporate Properties</b> – This variance relates to a Medium-Term Financial Strategy savings income target that has not been realised as there have been less property acquisitions than anticipated. This has been removed for 2022/23.                                       |                            | -438                      |
| <b>Phoenix Park Units</b> - The budget for rental vacancy for was not utilised this year, and there was an underspend against the running costs budgets.   | 37                         |                           |
| <b>Granada House (Commercial)</b> – Rental income was lower than forecast, and there was additional spend on service charges during the year.  |                            | -30                       |
| <b>MPH Residential Properties</b> - The budget included a provision for a major property acquisition is no longer proceeding, and the income forecasts for two other properties were over-ambitious. The budgets for 2022/23 will be adjusted using funding from the Contingency budget. |                            | -288                      |
| <b>Rent Allowances</b> - The budgets are set up in the expectation that income received will be higher than expenditure, (due to recovery of overpayments). This year the income and expenditure are the same.   |                            | -102                      |
| <b>South Maidstone Depot</b> – There has been an overspend on the repairs and maintenance budgets. The level of expenditure required to maintain equipment will be reviewed and a budget growth proposal submitted for 2023/24 if appropriate.   |                            | -72                       |

|   |     |      |
|---|-----|------|
| <b>Maidstone House</b> – Following the acquisition of the property earlier this year there were no further rental payments due and in addition there has been further rental income received that had not been budgeted for.  | 802 |      |
| <b>IT Operational Services</b> – There were underspends against the budgets for software and equipment purchases.   | 72  |      |
| <b>Earmarked Balances</b> - The estimates were set with an expectation that a contribution from balances would be needed to balance the budget. In light of the £1 million favourable variance on contingency (see above) it is proposed that no drawing be made now on balances. |     | -941 |

## B4) Other Revenue Budgets: Significant Variances

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

**Table 6: SPI Variances (@ 4<sup>th</sup> Quarter 2021/22)**

|   | Positive<br>Variance<br>Q4 | Adverse<br>Variance<br>Q4 |
|---|----------------------------|---------------------------|
| <b>Strategic Planning &amp; Infrastructure Committee</b>  | <b>£000</b>                |                           |
| <b>PLANNING SERVICES</b>  |                            |                           |
| <b>Building Regulations Chargeable</b> - The budget figure was reduced by 10% for this year, and income was higher than expected.   | 95                         |                           |
| <b>Development Control (Advice)</b> – The negative variance was mainly down to income from Planning Performance Agreements being lower than forecast.   |                            | -54                       |
| <b>Development Control (Appeals)</b> – There have been fewer appeals than was anticipated at the start of the year.   | 111                        |                           |
| <b>Development Control (Minors)</b> - The positive variance is due to a high level of income being generated coupled with the 10% decrease in income budget. The excess in income is due to a substantial increase in principally householder applications. | 91                         |                           |
| <b>Development Control (Enforcement)</b> - The costs for two enforcement cases have been higher than was forecast.  |                            | -62                       |
| <b>Planning Policy</b> – Costs associated with the Local Plan Review have been higher than was forecast. There is a separate section on the review below.   |                            | -82                       |
| <b>Neighbourhood Planning</b> – Grants have been received for the work, but expenditure for the year was minimal.   | 37                         |                           |

## Local Plan Review

B4.1 The Local Plan Review (LPR) process is an important, high profile and continuous task undertaken by the Planning Services team. The associated revenue spending profile however

is cyclical and does not fit the conventional 12-month financial planning process for general revenue expenditure. Instead, spending tends to follow the five-year production period of each Local Plan with various peaks and troughs over that time period.

B4.2 The LPR process is therefore funded through an annual £200,000 revenue contribution, in addition to the existing service budget, with any remaining unspent balances at year end automatically rolled forward into the following financial year. The table below shows the available revenue resources currently allocated to fund LPR activities, and the spend as at 31<sup>st</sup> March 2022.

| <b>Opening Balance<br/>01/04/2021</b> | <b>Spending April 2021<br/>- March 2022</b> | <b>Variance</b> |
|---------------------------------------|---|-----------------|
| <b>£'s</b>                            | <b>£'s</b>                                  | <b>£'s</b>      |
| 416,912                               | 539,401                                     | -122,489        |

Table 6a, Local Plan Review budget (Q4, 2021/22)

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

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

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

|   | <b>Positive<br/>Variance<br/>Q4</b> | <b>Adverse<br/>Variance<br/>Q4</b> |
|---|-------------------------------------|------------------------------------|
| <b>Strategic Planning &amp; Infrastructure Committee</b>  | <b>£000</b>                         |                                    |
| <b>PARKING SERVICES</b>   |                                     |                                    |
| <b>Pay &amp; Display Car Parks</b> – Income levels recovered strongly in March, and while they were still £28,000 below budget this was offset by a reduced level of running costs. | 36                                  |                                    |
| <b>Mote Park Pay &amp; Display</b> – The income target was exceeded by £12,000, and there was a reduced level of running costs.   | 41                                  |                                    |

**Table 7: CHE Variances (@ 4<sup>th</sup> Quarter 2021/22)**

|  | Positive<br>Variance<br>Q4 | Adverse<br>Variance<br>Q4 |
|--|----------------------------|---------------------------|
| <b>Communities, Housing &amp; Environment Committee</b>  | <b>£000</b>                |                           |
| <b>Playground Maintenance &amp; Improvements</b> – This underspend is due to the carry forward of unused spare play equipment, and a reduced level of running costs.   | 47                         |                           |
| <b>Mote Park</b> – Trade waste charges were higher than the budgeted figure, and in addition there were utility bills paid that related to 2020/21.  |                            | -32                       |
| <b>Crematorium</b> – Demand for the service continues to be high, and this is reflected in an increase in income compared to the forecast.   | 54                         |                           |
| <b>CCTV</b> – The budget assumed that a maintenance contract would be required but this has been found not to be the case. The variance will be used to fund a new permanent post in the Community Partnerships & Resilience section.  | 48                         |                           |
| <b>Licensing (Statutory)</b> – Income has been higher than forecast for the year, as the economy recovers from the impact of the Covid pandemic.   | 47                         |                           |
| <b>Street Cleansing</b> – The variance reflects staff vacancies. There have been a number throughout the year, and staff retention has been an ongoing issue.  | 47                         |                           |
| <b>Household Waste Collection</b> – Spend on wheeled bin purchases has been higher than forecast, and options to fund this going forward are being considered.   |                            | -37                       |
| <b>Commercial Waste Services</b> – Demand for the service has increased as the economy recovers from the impact of the Covid pandemic.   | 35                         |                           |
| <b>Recycling Collection</b> – Income from garden bin hire continues to be high.  | 41                         |                           |
| <b>General Fund Residential Properties</b> – This variance is a combination of issues. The first is that historically the budget has been too low, and options to address this are being considered. Secondly, a provision has been made to cover invoices that are unlikely to be paid. |                            | -68                       |
| <b>Homelessness Prevention</b> – Historically the homefinder and marketing budgets have been underspent in this area, but it is forecast that they will be more fully utilised during 2022/23.   | 73                         |                           |
| <b>Grounds Maintenance Commercial</b> – The team has generated additional income from works funded by Section 106 contributions.   | 39                         |                           |

**Table 8: ERL Variances (@ 4<sup>th</sup> Quarter 2021/22)**

|  | Positive<br>Variance<br>Q4 | Adverse<br>Variance<br>Q4 |
|--|----------------------------|---------------------------|
| <b>Economic Regeneration &amp; Leisure Committee</b>   | <b>£000</b>                |                           |
| <b>Community Halls</b> – Running cost budgets were underspent across all the halls.  | 31                         |                           |
| <b>Leisure Centre</b> – The variance relates to a provision that was raised in 2020/21 for the management fee. The payment was delayed due to Covid-19 but was eventually made, allowing the provision to be written back, giving a favourable variance. |                            | -126                      |
| <b>Mote Park Adventure Zone</b> - The variance is a provision that was raised in 2020/21 for the management fee the payment of which has been delayed due to Covid-19 issues.  | 52                         |                           |
| <b>Business Terrace</b> – This variance reflects a number of empty units in the terrace which has reduced the income received for the year.  |                            | -63                       |
| <b>Market</b> - Income continued to be down on the budget throughout the year. A small growth bid and a forecast increase in demand is expected to correct the position for 2022/23.   |                            | -60                       |

## B5) Virements

- B5.1 In accordance with the Council's commitment to transparency and recognised good practice, virements (the transfer of individual budgets between objectives after the overall budget has been agreed by full Council) are reported to the Policy & Resources Committee on a quarterly basis.
- B5.2 Virements may be temporary, meaning that there has been a one-off transfer of budget to fund a discrete project or purchase, or permanent, meaning that the base budget has been altered and the change will continue to be reflected in the budget for subsequent years.
- B5.3 The virements made in Quarter 4 are presented in Table 9 below. These were all temporary virements.



**Table 9: Virements (@ 4<sup>th</sup> Quarter 2021/22)**

| Reason   | From   | To  | Value £          |
|--|--|---|------------------|
| Transfer Budget for Minimum Revenue Provision to Appropriation Account | External Interest Payable                                      | Appropriation Account - Minimum Revenue Provision               | 2,160,040        |
| Business Rates Growth Funding for FRMSO site                           | Business Rates Pool Growth Reserve                             | Revenue Funding for Capital                                     | 700,000          |
| Transfer CPE Funds to Earmarked Reserve                                | On-Street Parking/Residents Parking/Off Street Parking         | CPE Earmarked Reserve   | 231,200          |
| Move Excess Grant to Reserve   | Homelessness Prevention - Rough Sleeper Initiative             | Homelessness Prevention & TA Reserve                            | 189,380          |
| Move Homelessness Grants to Reserves                                   | Homelessness Prevention - Homelessness Prevention Grant        | Homelessness Prevention & TA Reserve                            | 100,000          |
| Fund Barge Removal Costs   | Contingency  | Archbishops Palace Mooring Repairs                              | 71,250           |
| Move Homelessness Grants to Reserves                                   | Homelessness Prevention - Homelessness New Burdens             | YA11 Y219 (Homelessness Prevention & TA Reserve)                | 63,010           |
| JR Settlement - Fund   | In-Year Contribution to/from Balances                          | Planning Policy/Development Control Majors                      | 43,800           |
| Move Excess Budget to Reserves   | Phoenix Park Regeneration                                      | Business Rates  | 40,000           |
| Fund Trees Affected by Ash Dieback                                     | Contingency  | Mote Park - Arboricultural Works                                | 31,760           |
| Fund Gooding & Co. Costs from Election Underspend                      | Elections - Delayed Elections                                  | Performance & Development                                       | 31,750           |
| Fund Consultant Costs  | Trading Account Surplus  | Building Control  | 30,400           |
| Move Homelessness Grants to Reserves                                   | Homelessness Prevention - Rough Sleeper Grant                  | Homelessness Prevention & TA Reserve                            | 28,970           |
| Fund Enforcement Officer   | Recovery & Renewal Reserve                                     | Development Management - Others                                 | 28,080           |
| Fund Planning Officer (Consultant)                                     | Recovery & Renewal Reserve                                     | Development Management - Others                                 | 27,440           |
| Fund New Constitution Costs  | In-Year Contribution to/from Balances                          | Corporate Management  | 18,000           |
| Fund Dept Paving and Repairs   | Depot Services Section/Fleet Workshop & Management/Trade Waste | South Maidstone Depot   | 17,740           |
| Move Excess Budget to Reserves   | St Phillips Community Centre                                   | Business Rates  | 17,000           |
| Fund Data Analytics from Recovery & Renewal                            | Recovery & Renewal Reserve                                     | Performance & Development                                       | 14,500           |
| Move Excess Budget to Reserves   | Archbishops Palace Options                                     | Business Rates  | 14,200           |
| Fund Subscription for "Let's Do Business"                              | Business Rates Growth Earmarked Balances                       | Business Support & Enterprise - Business Rates 2% Inflation Cap | 14,000           |
| Fund Works Extension Area  | Depot Services Section/Recycling Collection                    | South Maidstone Depot   | 11,570           |
| Move Excess Budget to Reserves   | Property Asset Review  | Business Rates  | 10,000           |
|  |  |   | <b>3,894,090</b> |

# Part C

# Fourth Quarter Capital Budget 2021/22

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

- C1.1 The overall five-year Capital Programme for 2021/22 to 2025/26 was approved by the Council on 24th February 2021. Some capital funding will now come from prudential borrowing as other sources of funding are not sufficient to cover the costs of the programme, although funding continued to be available from the New Homes Bonus (NHB) in 2021/22.
- C1.2 The 2021/22 element of the Capital Programme (including unused resources brought forward from 2020/21) has a budget of £33.629m. At the Quarter 4 stage, capital expenditure of £26.431m had been incurred, with budget remaining of £7.197m. The budget figures are now the revised estimates for 2021/22.

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

- C2.1 Progress towards the delivery of the 2021/22 PRC element of the Capital Programme at the Quarter 4 stage is presented in Table 10 below.
- C2.2 At the Quarter 4 stage, expenditure of £16.406m has been incurred against a revised budget of £20.384m million for PRC. This leaves a remaining budget of £3.978m.

**Table 10: Capital Expenditure (@ 4<sup>th</sup> Quarter 2021/22)**

|   | Revised<br>Estimate<br>2021/22<br>£000 | Actual to<br>March<br>2022<br>£000 | Budget<br>Remaining<br>£000 |
|---|--|------------------------------------|-----------------------------|
| <b>Communities, Housing &amp; Environment</b>         |  |                                    |                             |
| Housing - Disabled Facilities Grants Funding          | 1,017                                  | 877                                | 140                         |
| Temporary Accommodation                               | 3,008                                  | 237                                | 2,770                       |
| Brunswick Street & Union Street                       | 450                                    | 236                                | 214                         |
| Springfield Mill                                      | 2,045                                  | 2,346                              | -300                        |
| Private Rented Sector Housing Programme               | 1,125                                  | 131                                | 994                         |
| 1,000 Homes Affordable Housing Programme              | 750                                    | 1,377                              | -627                        |
| Acquisitions Officer - Social Housing Delivery P/ship | 160                                    | 210                                | -50                         |
| Granada House Refurbishment Works                     | 20                                     | 50                                 | -30                         |
| Street Scene Investment                               | 50                                     | 30                                 | 20                          |
| Flood Action Plan                                     | 244                                    | 13                                 | 230                         |
| Electric Operational Vehicles                         | 84                                     |                                    | 84                          |
| Vehicle Telematics & Camera Systems                   | 35                                     | 13                                 | 22                          |
| Rent & Housing Management IT System                   | 19                                     | 8                                  | 11                          |
| Installation of Public Water Fountains                | 15                                     |                                    | 15                          |
| Crematorium & Cemetery Development Plan               | 378                                    | 242                                | 137                         |
| Continued Improvements to Play Areas                  | 200                                    | 74                                 | 126                         |
| Parks Improvements                                    | 149                                    | 47                                 | 102                         |
| Gypsy & Traveller Sites Refurbishment                 | 50                                     | 529                                | -479                        |
| <b>Total</b>  | <b>9,798</b>                           | <b>6,420</b>                       | <b>3,378</b>                |
| <b>Economic Regeneration &amp; Leisure</b>            |  |                                    |                             |
| Mote Park Visitor Centre                              | 1,233                                  | 1,469                              | -236                        |
| Mote Park Lake - Dam Works                            | 622                                    | 186                                | 436                         |
| Mall Bus Station Redevelopment                        | 1,056                                  | 1,438                              | -383                        |
| <b>Total</b>  | <b>2,910</b>                           | <b>3,093</b>                       | <b>-183</b>                 |
| <b>Policy &amp; Resources</b>                         |  |                                    |                             |
| Corporate Property Acquisitions                       | 11,809                                 | 11,128                             | 681                         |
| Kent Medical Campus - Innovation Centre               | 3,000                                  | 2,492                              | 508                         |
| Lockmeadow Ongoing Investment                         | 932                                    | 1,228                              | -297                        |
| Garden Community                                      | 1,613                                  | 180                                | 1,433                       |
| Asset Management / Corporate Property                 | 1,653                                  | 669                                | 985                         |
| Biodiversity & Climate Change                         | 100                                    | 22                                 | 78                          |
| Feasibility Studies                                   | 162                                    | 90                                 | 72                          |
| Digital Projects                                      | 25                                     | 26                                 | -1                          |
| Software / PC Replacement                             | 342                                    | 206                                | 136                         |
| Fleet Vehicle Replacement Programme                   | 748                                    | 364                                | 384                         |
| <b>Total</b>  | <b>20,384</b>                          | <b>16,406</b>                      | <b>3,978</b>                |
| <b>Strategic Planning &amp; Infrastructure</b>        |  |                                    |                             |
| Bridges Gyrotory Scheme                               | 86                                     |                                    | 86                          |
| <b>Total</b>  | <b>86</b>                              |                                    | <b>86</b>                   |
| Section 106 Contributions                             | 450                                    | 512                                | -62                         |
| <b>TOTAL</b>  | <b>33,629</b>                          | <b>26,431</b>                      | <b>7,197</b>                |

### **C3) Capital Budget Variances (@ 4<sup>th</sup> Quarter 2021/22)**

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

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

Corporate Property Acquisitions - The major acquisition was the purchase of Maidstone House in December 2021. There were no further acquisitions in the fourth quarter.

Kent Medical Campus: Innovation Centre – The remaining budget will be utilised to fund the costs of the temporary car park that will be constructed during 2022/23.

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

Garden Community – The scheme is progressing and has been the subject of separate reports to the service committees.

Asset Management/Corporate Property – The unused budget will be rolled forward to fund works that are needed in 2022/23.

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

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

Temporary Accommodation - This is the funding for the latest phase of property acquisitions to provide accommodation for temporarily homeless families and persons. There has been one acquisition to date. It was anticipated that a number would take place during the fourth quarter, but it has proved difficult to obtain properties at reasonable valuations given the current overheated housing market.

Springfield Mill – This variance is a profiling issue relating to the timing of payments to the main contractor. The remaining budget is within the current five year programme and the project itself will be completed within 2022/23.

Private Rented Sector Housing Programme and 1,000 Homes Affordable Housing Programme - The housing team are working on various projects which are currently at different stages. The expenditure for the 1,000 Homes Affordable Housing Programme includes the acquisition and subsequent expenditure for the Trinity Foyer. The additional funding for this year will be accommodated within a reprofiling of the five year budget for this scheme in the current capital programme.

Flood Action Plan – Work continues to bring forward suitable projects for inclusion within the Plan and the remaining budget is expected to be spent during 2022/23.

Gypsy & Traveller Sites Refurbishment - This variance is a profiling issue relating to the timing of payments to the main contractor. The remaining budget is within the current five year programme and the project itself will be completed within 2022/23.

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

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

Mote Park Visitor Centre – This variance is a profiling issue relating to the timing of payments to the main contractor. The project itself remains on budget and will be completed by Summer 2022.

Mote Park Lake Dam Works – The bulk of the work on this scheme was carried out in 2020/21 and it is now substantially complete, although there may still be some minor works to be done. Unless these final works are very costly, the scheme will have been completed comfortably within the agreed budget.

Mall Bus Station Redevelopment – Tender prices for the project came back higher than had been budgeted for. Rather than try and find a cost engineering solution that may have resulted in a reduced specification it was decided to use £0.3m additional funding from the Business Rates Pilot Projects Reserve to allow the project to proceed as planned. In addition, we have received further funding of £0.120m from Capital & Regional towards the cost of the project, meaning it is now fully funded.

# Part D

# Fourth Quarter Local Tax Collection 2021/22



## D1) Collection Fund

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

## D2) Collection Rates & Reliefs

- D2.1 The collection rates achieved for local taxation are reported in the table below.

**Table 11: Local Tax Collection Rates (Q4 2021/22)**

| Description    | Target Q4 2021/22 | Actual Q4 2021/22 |
|----------------|-------------------|-------------------|
| Council Tax    | 95.74%            | 96.70%            |
| Business Rates | 95.20%            | 97.04%            |

- D2.2 Targets have been adjusted in light of what is considered to be collectible. The amount of Council Tax collected has marginally missed the target for quarter 4.
- D2.3 The collection rate for business rates is still below target, although the gap is starting to close. Underperformance can be attributed to the removal of the 100% reduction for retail, hospitality and leisure ratepayers, which was replaced with a 66% reduction from July, adding £8m to the net collectible debit. During September, a large-scale re-addition (and respreading) of Expanded Discount back to the Net Collectible Debit has adversely impacted collection rates as a result of several major ratepayers choosing to opt out of the government scheme.

## D3) Kent Business Rates Pool

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



# Part E

## Reserves & Balances 2021/22

## E1) Reserves & Balances

E1.1 The combined total of the General Fund balance and Earmarked Reserves as at 1 April 2021 was £33.5 million, including £14.8 million set aside to fund future collection fund deficits. The makeup of the balance, and the forecast movements during 2021/22 are presented in Table 13 below.

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

**Table 13: Reserves & Balances Quarter 4 2021/22**

|   | Balance at<br>1 April<br>2021 | Estimated<br>Movement in<br>2021/22 | Estimated<br>Balance at 31<br>March 2022 |
|---|-------------------------------|-------------------------------------|--|
|   | £000                          |                                     |  |
| <b>General Fund</b>                               |                               |                                     |  |
| Unallocated balance                               | 9,196                         | -82                                 | 9,124                                    |
| <b>Sub-total</b>                                  | <b>9,196</b>                  | <b>82</b>                           | <b>9,124</b>                             |
|   |                               |                                     |  |
| <b>Earmarked Reserves</b>                         |                               |                                     |  |
| Local Plan  | 200                           | -200                                | 0  |
| Neighbourhood Plans                               | 96                            | 0                                   | 96                                       |
| Planning Appeals                                  | 286                           | 0                                   | 286                                      |
| Civil Parking Enforcement                         | 158                           | 231                                 | 389                                      |
| Homelessness Prevention & Temporary Accommodation | 773                           | 506                                 | 1,279                                    |
| Business Rates Earmarked Balances                 | 3,774                         | -1,775                              | 1,999                                    |
| Lockmeadow Complex                                | 0                             | 0                                   | 0  |
| Future Funding Pressures                          | 970                           | 0                                   | 970                                      |
| Trading Accounts                                  | 30                            | -30                                 | 0  |
| Future Capital Expenditure                        | 1,131                         | 1,295                               | 2,426                                    |
| Invest to Save Reserve                            | 500                           | 0                                   | 500                                      |
| Commercial Risk Reserve                           | 500                           | 0                                   | 500                                      |
| Funding for future collection fund deficits       | 14,739                        | -13,357                             | 1,382                                    |
| Resources carried forward from 2020/21 to 2021/22 | 1,077                         | -1,077                              | 0  |
| Covid-19 Response and Recovery                    | 0                             | 778                                 | 778                                      |
| Resources carried forward from 2021/22 to 2022/23 |                               | 1,184                               | 1,184                                    |
| <b>Sub-total</b>                                  | <b>24,234</b>                 | <b>-12,445</b>                      | <b>11,789</b>                            |
|   |                               |                                     |  |
| <b>Total General Fund Balances</b>                | <b>33,430</b>                 | <b>-12,527</b>                      | <b>20,913</b>                            |
|   |                               |                                     |  |
| <b>Total excluding collection fund deficits</b>   | <b>18,691</b>                 | <b>830</b>                          | <b>19,531</b>                            |

*Table 14: General Fund and Earmarked Balances at Q4 2021/22*

# Part F

## Treasury Management 2021/22

## F1) Introduction

The Council has adopted and incorporated into its Financial Regulations, the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code).

The CIPFA Code covers the principles and guidelines relating to borrowing and investment operations. On 24<sup>th</sup> February 2021, the Council approved a Treasury Management Strategy for 2021/22 that was based on this code. The strategy requires that Policy & Resources Committee should formally be informed of Treasury Management activities quarterly as part of budget monitoring.

## F2) Economic Headlines

During the Quarter ended 31<sup>st</sup> March 2022, the Council's Advisors, Link Asset Services, reported:

- The UK economy got off to a good start in this quarter, growing by 0.8% m/m in January. That more than reversed the 0.2% m/m fall in December triggered by the Omicron wave. It took GDP 0.8% above the pre-virus February 2020 level.
- In Q4 of 2021/22, all the solid 1.3% q/q rise in nominal household disposable income was wiped out by a 1.4% q/q rise in consumer prices. That meant that real household incomes fell by 0.1% q/q, the third fall in a row. The measure of consumer confidence has now fallen for four consecutive months, reaching a 17-month low in March
- With inflation set to keep rising, households are in for a prolonged period of negative real wage growth. The surge in CPI inflation to a new 30-year high of 6.2% in February means that it is now more than three times the Bank of England's 2% target. The rise in core inflation (excluding energy, food and alcohol) from 4.4% in January to 5.2% in February also left it at a 30-year high. A 1.0% m/m price rise this February meant that food and drink inflation rose from 4.3% to 5.1%. That was the highest rate since September 2011.
- CPI inflation is expected to peak at around 8.3% in April (this was closer to 9%) and will stay above 7.0% for most of 2022 and above 3.0% for most of 2023. The scheduled 54% rise in utility prices on 1st April will add an extra 1.4ppts to CPI inflation in April and the surge in agricultural commodity prices triggered by the war in Ukraine means that food price inflation is expected to soon climb above 6%.
- The Monetary Policy Committee voted by a majority of 5-4 to increase Bank Rate by 25bps to 0.5% on 4th February, with the minority preferring to increase Bank Rate by 50bps to 0.75%. This increase to 0.75% did happen in March with a majority of 8-1.

## F3) Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are

based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

**Table 14: Interest Rate Forecast**

| Bank Rate         |       |        |        |        |        |        |        |        |        |        |        |
|-------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                   | NOW   | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
| Link Group        | 0.50% | 0.75%  | 1.00%  | 1.00%  | 1.25%  | 1.25%  | 1.25%  | 1.25%  | 1.25%  | 1.25%  | 1.25%  |
| Capital Economics | 0.50% | 0.50%  | 0.75%  | 1.00%  | 1.25%  | 1.25%  | 1.25%  | 1.25%  | 1.25%  | -      | -      |
| 5yr PWLB Rate     |       |        |        |        |        |        |        |        |        |        |        |
|                   | NOW   | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
| Link Group        | 2.12% | 2.20%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  | 2.30%  |
| Capital Economics | 2.12% | 2.20%  | 2.30%  | 2.40%  | 2.50%  | 2.60%  | 2.80%  | 2.90%  | 3.00%  | -      | -      |
| 10yr PWLB Rate    |       |        |        |        |        |        |        |        |        |        |        |
|                   | NOW   | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
| Link Group        | 2.26% | 2.30%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  |
| Capital Economics | 2.26% | 2.30%  | 2.40%  | 2.50%  | 2.60%  | 2.60%  | 2.80%  | 2.90%  | 3.00%  | -      | -      |
| 25yr PWLB Rate    |       |        |        |        |        |        |        |        |        |        |        |
|                   | NOW   | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
| Link Group        | 2.41% | 2.40%  | 2.50%  | 2.50%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  |
| Capital Economics | 2.41% | 2.40%  | 2.60%  | 2.70%  | 2.80%  | 2.90%  | 3.10%  | 3.20%  | 3.25%  | -      | -      |
| 50yr PWLB Rate    |       |        |        |        |        |        |        |        |        |        |        |
|                   | NOW   | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
| Link Group        | 2.10% | 2.20%  | 2.30%  | 2.30%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  | 2.40%  |
| Capital Economics | 2.10% | 2.20%  | 2.30%  | 2.50%  | 2.60%  | 2.80%  | 2.90%  | 3.10%  | 3.20%  | -      | -      |

## BANK RATE

- With Omicron concerns fading into the background, at least for now, the MPC shifted up a gear in February in raising Bank Rate by another 0.25% to 0.50% - only narrowly avoiding making it a 0.50% increase (5-4 voting margin).
- Link's forecast for interest rates was updated on 7th February and reflects a view that the MPC will be keen to further demonstrate its anti-inflation credentials by delivering another 0.25% increase in Bank Rate in March, followed by a further increase in May (the next Bank of England Quarterly Monetary Policy Report meeting).
- The CPI measure of inflation is forecast to rise above 8% in April and, in particular, the MPC will be keeping a close eye on average earnings data, as it is the secondary round effects of inflation that will be driving the pace of increase in Bank Rate.
- Once Bank Rate reaches 1%, the MPC will need to consider the extent to which it implements Quantitative Tightening (QT), primarily the selling of its gilt holdings, although they are likely to take it cautiously as they are already not refinancing maturing debt.
- Notwithstanding the MPC's clear desire to increase Bank Rate throughout the first half of 2022, negative real earnings, a 54% hike in the Ofgem energy price cap from April, at the same time as employees (and employers) incur a 1.25% Health & Social Care Levy, growing food inflation plus council tax rising by up to 5% - all these factors will hit households' finances hard. However, lower income families will be hit disproportionately

hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.

- Given the above outlook, if inflation peaks in April or May, it poses a question as to whether the MPC may shift into protecting economic growth. Accordingly, we are much more tentative about whether the MPC will move Bank Rate up much further in the second half of 2022 and into 2023. For now, we have added a single further increase to 1.25% in November.
- Ultimately, Link's forecasts will be guided by economic data releases and clarifications from the MPC over its monetary policies.

## **PWLB RATES**

- The yield curve has flattened out and PWLB rates have settled in a range around the 2% level.
- Link's central view is that the markets have already built in nearly all the effects on gilt yields of the likely increases in Bank Rate, and the further leg-up in headline inflation in the first half of 2022, so yields are only likely to move marginally higher in 2022 and 2023 (but periods of volatility are still highly likely).
- Although inflation is likely to remain elevated well into 2023, the peak in inflation is expected in April or May 2022.
- The pace of Quantitative Tightening (QT), primarily the selling of Bank of England gilt holdings, is an unknown at this juncture and could impact gilt yields in unexpected ways.
- Gilt yields are also impacted by international factors, but the steady rise in global bond yields in early 2022 already reflects markets' expectation for both the FOMC, in the US, and the European Central Bank to tighten monetary policy sooner rather than later.
- Consequently, any unexpected increases in treasury or bund yields (or indeed reductions) will most likely influence gilt yields too and, therein, PWLB rates.

## **F4) Council Investments**

The council held investments totaling £16.16m at the start of the year which has risen to £38.75m at 31<sup>st</sup> March 2022. The reasons the investment balance is at this level is due to left over business and COVID grant funding from the Government and slippage within the capital programme. However, grants will soon be repaid to Government during 2022/23 which in turn will reduce this balance.

A full list of investments held at this time is shown at Table 14 below. All investments are held in either short term notice accounts or money market funds, to be readily available to fund the Council's liabilities, including the capital programme.

**Table 15: Short-Term Investments (4<sup>th</sup> Quarter 2021/22)**

| Counterparty                     | Type of Investment | Principal<br>£ | Start<br>Date | Maturity<br>Date | Interest<br>Rate | MBC Credit Limits |                 |
|----------------------------------|--------------------|----------------|---------------|------------------|------------------|-------------------|-----------------|
|                                  |                    |                |               |                  |                  | Maximum Term      | Maximum Deposit |
| Handelsbanken                    | Call account       | 5,000,000      |               |                  | 0.30%            | 12 Months         | £5,000,000      |
| Goldman Sachs International Bank | Call account       | 2,000,000      |               |                  | 0.23%            | 6 Months          | £5,000,000      |
| Lloyds Bank Plc                  | Call account       | 1,000,000      |               |                  | 0.10%            | 6 Months          | £5,000,000      |
| Santander Bank Plc               | Call account       | 5,000,000      |               |                  | 0.70%            | 6 Months          | £5,000,000      |
| HSBC Bank Plc                    | Call account       | 5,000,000      |               |                  | 0.70%            | 6 Months          | £5,000,000      |
| Aberdeen Standard Liquidity Fund | Money Market Fund  | 1,420,000      |               |                  | 0.51%            |                   | £10,000,000     |
| Federated Hermes Short-Term Ste  | Money Market Fund  | 8,330,000      |               |                  | 0.51%            |                   | £10,000,000     |
| Landesbank Hessen Thuringen Giro | Fixed Term Deposit | 2,000,000      | 26/10/2021    | 26/04/2022       | 0.43%            | 6 Months          | £5,000,000      |
| Landesbank Hessen Thuringen Giro | Fixed Term Deposit | 3,000,000      | 31/01/2022    | 29/07/2022       | 0.62%            | 6 Months          | £5,000,000      |
| Goldman Sachs International Bank | Fixed Term Deposit | 3,000,000      | 15/10/2021    | 14/04/2022       | 0.37%            | 6 Months          | £5,000,000      |
| Nationwide Building Society      | Fixed Term Deposit | 3,000,000      | 07/01/2022    | 06/05/2022       | 0.15%            | 6 Months          | £5,000,000      |
|                                  |                    | 38,750,000     |               |                  |                  |                   |                 |

Investment income to 31<sup>st</sup> March 2022 totals £72k against a budget of £100k with an average rate over the year of 0.15%. As the interest rate table in F3 above shows, rates are at historically low levels during the majority of the year, however these have started to rise from December in line with the Bank of England Base Rate which is reflected in the investment rates at the end of the year.

#### F4) Council Borrowing

The Council held external borrowing amounting to £11m on 31<sup>st</sup> March 2021, all with Local Authorities. Total borrowing as at 31<sup>st</sup> March 2022 was £9m with a breakdown shown in Table 15 below. The Council has taken advantage of low long term rates and has borrowed £5m from the PWLB to replace some of its short term funding.

**Table 15: Council Borrowing (4<sup>th</sup> Quarter 2021/22)**

| Counterparty                       | Type of Institution | Principal<br>£ | Start Date | Maturity<br>Date | Interest<br>Rate |
|------------------------------------|---------------------|----------------|------------|------------------|------------------|
| Middlesbrough Teeside Pension Fund | Local Authority     | 4,000,000      | 20/08/2021 | 19/08/2022       | 0.08%            |
| PWLB                               | Government          | 2,000,000      | 11/11/2021 | 11/11/2071       | 1.73%            |
| PWLB                               | Government          | 3,000,000      | 30/12/2021 | 30/12/2071       | 1.56%            |
|                                    |                     | 9,000,000      |            |                  |                  |

The Council has since entered into agreements for forward borrowing to assist in funding the capital programme over the next 5 years as it wanted to mitigate the risk of interest rate hikes over the coming years. £80m has been agreed with Aviva which will be spread over years 2023/24, 2024/25 and 2025/26.

# Part G

## Maidstone Property Holdings 2021/22





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





- G1.1 MPH is a wholly-owned subsidiary of the Council and was incorporated on 30th September 2016. It is primarily a vehicle for letting residential properties on assured short-hold tenancies. The company currently holds two properties on 22 year leases from the council.
- G1.2 An Internal Audit review identified that there should be a mechanism in place to enable the company to formally report to the Council. Given the current level of activity within the company is relatively low, it was decided that this would be done via the quarterly budget monitoring process (previously to the Policy and Resources Committee, now to this Committee). This section of the report provides an overview of the activity and performance of the company for the year to date.
- G1.3 The MPH financial year-end is 31<sup>st</sup> March, in order to align with the Council's financial reporting period. The external audit of the 2021/22 accounts is scheduled to take place in early August.




## **G2) MPH Headlines**

- G2.1 Since the beginning of the financial year, management of residential accommodation has transferred from an external agent to the Council's in-house accommodation team. MPH also took on the lease of 54 new flats at Tower Hill (Brunswick Street), Tylers Place (Union Street) and Springfield Place. All 54 flats have been let and tenants have moved in.
- G2.2 Net rental income up to the end of the fourth quarter of 2021/22 totals £517,666 (2020/21 £121,512) This represents rent collected, less running costs, maintenance costs and recharges for staff time. As at 31<sup>st</sup> March 2022, rent arrears were estimated at £10,548.
- G2.3 The Council receives income from the company through charges made for services provided, and the property lease. After these charges and other expenses, it is expected that the company will achieve a breakeven position for 2021/22.
- G2.4 As company activity increases over time, governance and reporting arrangements will be kept under review to ensure that they remain appropriate and commensurate with the scope of activity and associated risks.







## P&amp;R: Quarter 4 Performance Report

## Key to performance ratings







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

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

## Communities




| Performance Indicator   | Q4 2021/22 |   |   |   |                        |
|---|------------|---|---|---|------------------------|
|   | Value      | Target  | Status  | Short Trend (Last Quarter)  | Long Trend (Last Year) |
| Number of new Council Tax Support (CTS) applications received                     | 653        |    |    |    | N/A                    |
| Total number of live Council Tax Support (CTS) cases as of the end of the quarter | 9,549      |  |  |  | N/A                    |

## The Council's Financial position

| Performance Indicator                               | Q4 2021/22 |        |   |   |   |
|---|------------|--------|---|---|---|
|   | Value      | Target | Status  | Short Trend (Last Quarter)  | Long Trend (Last Year)  |
| Percentage of Non-domestic Rates Collected (BV 010) | 97.04%     | 95.20% |  |  |  |
| Percentage of Council Tax collected (BV 009)        | 96.70%     | 95.75% |  |  |  |













## The Way We Work

| Performance Indicator                               | Q4 2021/22 |        |        |                            |                        |
|---|------------|--------|--------|----------------------------|------------------------|
|   | Value      | Target | Status | Short Trend (Last Quarter) | Long Trend (Last Year) |
| Total cost of renting Maidstone House in the period | N/A        |        |        |                            |                        |

|  |             |   |   |   |     |
|--|-------------|---|---|---|-----|
| Total running costs of Maidstone House in the period | £221,512.41 |  |  |  | N/A |
|--|-------------|---|---|---|-----|

The “**Total cost of renting Maidstone House in the period**” indicators have no data as it is not relevant. Now that the council has completed the purchase of Maidstone House, there is no longer a rental payment due in relation to the occupation of the building.

#### **Q4 2021/22 KPIs across service Committees that were missed by more than 10%**

| Performance Indicator   | Q4 2021/22 |           |   |   |   |
|---|------------|-----------|---|---|---|
|   | Value      | Target    | Status  | Short Trend (Last Quarter)  | Long Trend (Last Year)  |
| Footfall in the Town Centre   | 2,263,246  | 2,840,740 |    |    |    |
| Number of youths unemployed (18-24) (March 2022)  | 655        | 373       |    |    |    |
| Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS] (average January - March) | 3.6%       | 2.2%      |  |  |  |
| Percentage of successful Relief Duty outcomes   | 37.74%     | 60%       |  |  |  |

#### **Economy**

The “**Footfall in Town Centre**” KPI achieved an outcome of 2,263,246 against a target of 2,840,740, missing its target by more than 10%. When compared to last quarter, the footfall has dropped by 13% percentage (from 2,603,185). Footfall figures continue to be affected by COVID-19 but continue to increase when compared to the same quarter last year, increasing by 51.8%. However, the figures still fall under pre-pandemic figures.

An indicator is massively affected by changing customer shopping patterns and behaviours. Closure restrictions during the pandemic resulted rising internet sales and it has changed people’s confidence in returning to the high street.

This may also be related to the early effects of the rise in living costs and spending priorities. This is reflected in the town centre footfall figures which are improving but have not yet reached pre-pandemic levels. These sectors are also most affected by vacant employment positions as people who traditionally worked in these sectors found new jobs and careers due to Covid closure restrictions making it harder to recruit.

The **“Number of youths unemployed (18-24)”** KPI achieved a figure of 655 against a target of 373 in March 2022. The target of 373 is taken from an average monthly number of youths employed in 2019/20 (pre-pandemic). Unemployment in youths continues to fall slowly every month. The number of youths unemployed in March 2022 is 37.3% lower than the number of youths unemployed in March 2021. However, it is still significantly higher than the pre-pandemic figure of 435 (March 2020).

The **“Percentage of unemployed people in Maidstone (out of work benefits)”** KPI achieved an average figure of 3.6% for January to March 2022, against an average target of 2.2%. Unemployment rates in Maidstone in Quarter four 2021/22 are lower than last year (Quarter four 2020/21 average was 5.1%). Performance for this indicator continues to improve and moves more towards its pre-pandemic levels. For comparison, March, February, and January 2020 rates were 2.1%, 2.2%, and 2.2% respectively.

## **Communities**

The **“Percentage of successful Relief Duty outcomes”** indicator achieved a result of 37.74% against a target of 60%, missing its target by 22.26%. Quarter four outcome is lower when compared to last quarter (58.51%) and also slightly lower when compared to the same quarter the previous year (39.34%).

The target of 60% is an ambitious target, significantly higher than national figures on the percentages of homelessness being successfully relieved. The performance of 37.74% of homelessness relieved in the quarter demonstrates average performance and is only slightly lower than the national average of homelessness relieved for the quarter of 40.7%, taken from the new Department for Levelling Up, Housing and Communities (DLUCH) interactive data dashboard.

The result is just below the Kent average of 40.1%, also taken from the DLUCH interactive data dashboard, however, the overall average for 2021-2022 is 47.61%, which remains higher than both the national and Kent average.

It is recognized that relieving homelessness is more difficult than preventing homelessness, with restricted access to the Private rented Sector as a result of unaffordable market rents and an increase in demand for private rented accommodation from those who are not economically disadvantaged.

Additionally, applicants who are in priority need and unintentionally homeless can only be owed the relief duty of 56 days, before they become owed the main housing duty, giving only a short window of opportunity to relieve homelessness.

The team has also experienced significant difficulties in the last quarter with an increase in staff sickness and pre-scheduled annual leave, alongside a continued increase in the number of approaches and homelessness applications.

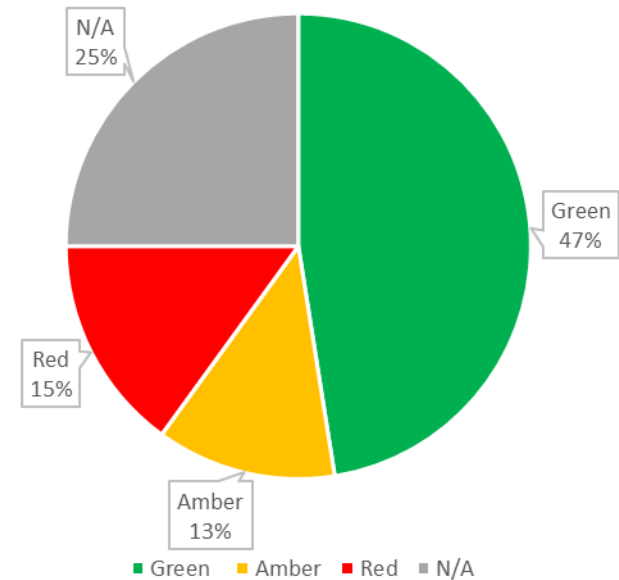
**P&R: Part B – 2021/2022 End of Year Outturn**
















**A Summary of All Committees**

Annual Performance of KPIs

| Strategic Priority                               | Green     | Amber    | Red      | N/A       |
|--|-----------|----------|----------|-----------|
| A Thriving Place (ERL)                           | 3         | 1        | 3        | 3         |
| Embracing Growth & Enabling Infrastructure (SPI) | 5         | 1        | 0        | 1         |
| Homes & Communities (CHE)                        | 7         | 1        | 1        | 3         |
| Safe, Clean & Green (CHE)                        | 4         | 2        | 2        | 3         |
| <b>Total</b>                                     | <b>19</b> | <b>5</b> | <b>6</b> | <b>10</b> |

Outcome of KPI targets across all Committees 2021/22















| Performance Indicator   | Q1 2020/21 | Q2 2020/21 | Q3 2020/21 | Q4 2020/21 | Annual 2020/21 | Annual Target 2020/21   | Annual Status   | Direction of travel (Last Year)   |
|---|------------|------------|------------|------------|----------------|---|---|---|
| The percentage of relevant land and highways that is assessed as having acceptable levels of litter | 95.14%     | N/A        | 96.18%     | 97.22%     | 96.18%         | 98%   |    |    |
| Percentage of successful Relief Duty outcomes   | 38.04%     | 56.16%     | 58.51%     | 37.74%     | 47.61%         | 60%   |    |    |
| Percentage of successful Prevention Duty outcomes   | 75.76%     | 78.89%     | 71.67%     | 74.58%     | 75.06%         | 60%   |    |    |
| Satisfaction with Local Area as a place to live   | Annual KPI |            |            |            | 51%            |    |    |    |
| New Businesses started in borough   | Annual PI  |            |            |            | 1165           |    |    |    |
| Council Investment in long term assets  | Annual PI  |            |            |            | £20,685,920    |  |  |  |

## Notes

- Direction of travel for targeted performance indicators shows if performance has improved or declined. For data only performance indicators direction of travel shows if there has been an increase or decrease in volume.
- As per the DEFRA guidance, the '**The percentage of land and highways with acceptable levels of litter**' is measured three times per year, hence the Q4 2021/22 figures are 'N/A'.
- New businesses started in the borough data is sourced from the 'Business births & Business deaths' data from the Office for National Statistics (ONS). The figures detailed in the table above are from the 2020 UK Business Demography which the ONS released in November 2021. It is anticipated that data for 2021 will be released in November 2022. The figure for 2020 was 1165.
- Council Investments in long term assets, as detailed in the Capital Programme summary:
  - Housing – Disabled Facilities Grants Funding = £807,043
  - Temporary accommodation = £237,422
  - Brunswick Street = £252,513
  - Springfield Mill – Phase 1&2 = £2,345,626
  - Private Rented Sector Housing Programme = £130,590
  - Affordable Housing Programme = £1,503,507
  - Flood Action Plan = £13,352
  - Crematorium & Cemetery Development Plan = £241,463
  - Continued Improvement to Play Areas = £74,087
  - Parks Improvements = £46,513
  - Mote Park Visitor Centre & Mote Park Lane = £1,468,785
  - Mall Bus Station Redevelopment = £1,438,766
  - Acquisition of Maidstone House = £7,539,949
  - Acquisition of Former Royal Mail Sorting Office = £3,588,336
  - Construction of Innovation Centre = £2,436,734

## KPIs where the annual target was missed by more than 10% in 2020/21

| Indicator  | Q1 2020/21 | Q2 2020/21 | Q3 2020/21 | Q4 2020/21 | Annual 2020/21 | Annual Target 2020/21 | Annual Status   | Direction of travel (Last Year)   |
|--|------------|------------|------------|------------|----------------|-----------------------|---|---|
| Contamination: Tonnage per month rejected ( <i>Safe, Clean &amp; Green</i> )             | 366.08     | 309.18     | 349.31     | 325.42     | 1349.99        | 1150.00               |    |    |
| Percentage of fly tips assessed within 2 working days ( <i>Safe, Clean &amp; Green</i> ) | 78.96%     | 81.27%     | 85.47%     | 87.25%     | 83.22%         | 94%                   |    |    |
| Percentage of successful Relief Duty outcomes ( <i>Homes &amp; Communities</i> )         | 38.04%     | 56.16%     | 58.51%     | 37.74%     | 47.61%         | 60%                   |    |    |
| Footfall in the Town Centre ( <i>A Thriving Place</i> )                                  | 2,588,741  | 2,535,553  | 2,603,185  | 2,263,246  | 9,990,725      | 11,836,415            |   |   |
| Number of users at the Leisure Centre ( <i>A Thriving Place</i> )                        | 59,689     | 123,171    | 19,246     | 72,990     | 275,096        | 645,890               |  |  |
| Percentage of vacant retail units in the town centre                                     | Annual KPI |            |            |            | 15.6%          | 11%                   |  |  |



## Notes

- Direction of travel for targeted performance indicators shows if performance has improved or declined. For data only performance indicators direction of travel shows if there has been an increase or decrease in volume.

## End of year summary by Committee

Communities, Housing & Environment

### **Street Scene Operational Manager Comments:**

During 2021/22, Street Cleansing have seen an increase in reports of fly tipping. This has been attributed to changes to the public reporting processes and the method of capturing data from the workforce removing the waste. We believe that this far more accurate than previous years therefore providing truer reflection of the state of fly tipping in the Borough. As a result, we have increased the resources and amended working methods available to respond to these reports.

### **Waste Services Manager Comments:**

The target for indicator "Contamination: Tonnage per month rejected" has reduced and our MRF contamination rate has shown steady improvement throughout the year; with the figure for March 2022 being recorded at 8.12% one of the best results so far. This rate is considerably better than the industry average and other Mid-Kent partners. The team intends to continue promoting the five-step approach to recycling, as this will reduce contamination and increase more sustainable methods of waste management.

The yearly figure for "Percentage of household waste sent for reuse, recycling and composting" is initially calculated at 51.7%. This result shows the value of maintaining the garden waste collections when there was a driver shortage in the autumn of 2021. During the year the calculated monthly outturn does vary quite markedly due to seasonal variation in the weight of materials collected. This has the greatest impact on the garden waste tonnage which is obviously much less in the winter months in comparison to the main growing season. As a result of seasonal variations, the monthly figure varied between the highest of 60% and the lowest at 44%. A result of almost 52% is a satisfactory result putting the Authority near the top performers in Kent.

## **Head of Housing & Communities Comments:**

The Housing Service received over 3,000 applications to join the Housing Register during 2021/22, a three-year high and the largest number received compared to other districts in Kent. This reflects the difficulties households are facing in terms of acquiring and retaining affordable housing. The Housing Register now has over 900 applicants who are able to bid on vacant affordable housing advertised by our housing association partners. The HomeChoice Team were also kept busy enabling the letting of 713 households during the year, representing the highest number of families provided with a new home over the last 10 years.

Our Housing Advice Team performed within the national top-quartile in preventing homelessness, the number of people helped has increased each year to nearly 500. Over 70% of those assisted had a positive outcome and did not need to go onto to make a full homeless application. Our national award winning OneView initiative that utilises data analytics to prevent homelessness contributed to a reduction in the number of persons needing to make a homeless application. As a result, approaches for housing advice had fallen from 1,354 in 2019/20 to 1,104 in 2021/22. Domestic abuse featured more prominently during 2021/22 (188 cases) with the introduction of the Domestic Act 2021. This was to be expected and we are working closely with support agencies and Police to be able to intervene at an early stage to assist survivors of domestic abuse.

The work of the Outreach Team in maintaining low instances of street homelessness continued throughout the year. There are currently no entrenched rough sleepers in Maidstone and rapid interventions has meant that those new to street homelessness were assisted quickly before the more harmful effects of rough sleeping became normalised. Emergency accommodation was provided throughout periods of extreme weather, such as when the temperature dropped to near freezing, and this afforded the team the opportunity to work with those individuals. The Outreach Service is now transitioning towards one of providing support to households to sustain tenancies and integration back into the community. This role will be further enhanced with the introduction of the facilities at Trinity in the Town Centre.

Housing standards remains a key priority for the Housing Service, with the Housing & Health Team continuing to maintain progress with licensed houses in multiple occupation. Work around disabled facilities grant (DFG) have continued with over 97% of the budget committed. Challenges remain within the industry in relation to a national shortage in building supplies and specialist builders that are able and willing to carry out this particular area of work. The Council will be engaging with the government funded advice agency during 2022 to help review our current processes and to identify areas where we can improve on the customer's experience when applying for a DFG.

Economic Regeneration & Leisure

### **Comments from the Regeneration and Economic Development Manager:**

The outbreak of COVID-19 had a significant effect on the Borough's economy which is still being felt today.

At its height unemployment rose from 2.2% in March 2020 to 5.5% in May 2020, with March 2022 figures falling to 3.5% but still higher than pre-pandemic figures and the beginning of 2021/2022. There are wards with higher unemployment levels such as High Street ward (8.0%), Parkwood (5.4%) and Shepway South (5.3%). Youth unemployment is 5.6%. With a quarter of Maidstone residents being furloughed the predicted steep rise in unemployment levels once the scheme ended in September 2021 has not been seen yet.

The impact on individual business sectors has varied significantly but still remains higher in retail and hospitality. This is as customer spend patterns and behaviour changed over the pandemic to reflect the closure restrictions, with a rise in internet sales and continues as people's confidence to return to the high street returns to the 'new normal'. This may also be related to the early effects of the rise in living costs and people's spending priorities. This is reflected in the town centre footfall figures which are improving but have not yet reached pre-pandemic levels. These sectors are also most affected by vacant employment positions as people who traditionally worked in these sectors found new jobs and careers due to Covid closure restrictions making it harder to recruit.

"Percentage of vacant retail units in the town centre" indicators saw an improvement for 2021/22 against last year (18.02% down to 15.6%), however, the indicator still falls short of pre-pandemic figures (12.9% in 2019). The data for this indicator is collated from a survey of the town centre carried out by One Maidstone on our behalf and fed into a national survey by our partner Springboard.

### **Comments from Leisure Manager:**

The total figure for "Number of users at the Leisure Centre" in 2021/22 is 275,096, which is 43% of the annual target figure. In the last year prior to the full pandemic (2019/20), the Centre achieved 94% of the target for customer numbers.

The operator describes an ongoing, but improving, challenging period for staff recruitment and there are several vacancies, most notably in the typically busy wet-side services where lifeguard availability is limited nationally. Swim memberships are down, possibly due to a lesser service being available due to staff shortages and the operator is actively recruiting new staff and providing the necessary training courses for them on site. As these staff numbers increase so can the pool capacity to its maximum of 200. The operator has reviewed its pay structure for many operational staff and this will be implemented from April 2022 and should increase interest in applications for vacancies.

There has been an increase in customers booking holiday parties as consumer confidence increases post-Covid; there is currently an average of 25 parties booked per month compared to the pre-Covid average of 40 per month.

Strategic Planning & Infrastructure

**Comments from the Head of Planning:**

The COVID-19 pandemic and resourcing have had an impact on productivity, most notable in Planning Enforcement. Despite these hurdles throughout the year, performance standards remain high.

Similarly, strong performance has been maintained and improved with regards to both 'major' and 'other' applications.

There were no performance indicators this year for the Strategic Policy Team, but significant progress has been made with the Local Plan Review in that this has been submitted to the Planning Inspectorate.

The Building Control Team has continued to perform well and in a cost-effective manner.



# **Fourth Quarter Risk Update 2021/22**

June 2022  
Finance and Corporate Services PAC  
Report Author: Alison Blake

## Introduction

Risk management is managing the ***effect of uncertainties on achievement of our objectives*** and is a key principle of corporate governance. The importance of risk management is recognised in our Local Code of Governance, the Annual Governance Statement and through the Risk Management Framework.

Having arrangements in place to identify and manage our risks increases our chances of achieving corporate and operational objectives by controlling risks in balance with resources. Good risk management also increases our ability to cope with developing and uncertain events and helps to instil a culture of continuous improvement and optimisation.

The Risk Management Framework sets out how the Council identifies, manages and monitors risks. This includes the risk appetite statement, which articulates how much risk the Council is comfortable with and able to bear. In summary, the risk management process for the Council can be broken down into the following key components. Appendix 3B gives a one-page summary of the risk management process.



A key part of the risk management process is to report risk information to understand how the risks to the Council are changing. The purpose of the report is to provide Members with the Council's corporate risks and how they have changed since the last report to Policy & Resources Committee in February. The role of this committee is to provide oversight and challenge over the management of high-level risks.

The report also describes the risks 'on the horizon' providing an indication of potential future risks which may materialise into risks the Council can manage as they become clearer.

Operational risks haven't been updated or reported this quarter as all operational risks will be refreshed as part of rolling out JCAD. This is scheduled to take place over June-August, with results reported to the Finance and Corporate Services Policy & Advisory Committee in September.

## Corporate Risks

Our corporate risks were reported to Policy & Resources Committee quarterly to ensure effective oversight and monitoring. Going forward the Finance and Corporate Services Policy Advisory Committee will fulfil this role. The risks are reviewed and updated by risk owners and any related risk actions are followed up. Existing and planned controls have been updated and the risk ratings reviewed and updated where necessary.

The table below summarises the **14** risks on the corporate risk register. Further detail on the corporate risks, including a description of the risk and details of existing and planned key controls are outlined below the table.

| No | Corporate risk   | Feb 2022<br>Current<br>Risk | June 2022       |                   | Corporate<br>Priority |   |   |   |
|----|--|-----------------------------|-----------------|-------------------|-----------------------|---|---|---|
|    |  |                             | Current<br>Risk | Mitigated<br>Risk |                       |   |   |   |
| 1  | Contraction in retail sector                                   | 25                          | 25              | 20                | ✓                     |   |   | ✓ |
| 2  | Financial Uncertainty  | 20                          | 25              | 16                | ✓                     | ✓ | ✓ | ✓ |
| 3  | Construction Costs / Insolvency                                | 20                          | 20              | 16                | ✓                     |   | ✓ | ✓ |
| 4  | Environmental damage   | 16                          | 16              | 16                |                       | ✓ | ✓ | ✓ |
| 5  | Housing pressures increasing                                   | 16                          | 16              | 12                | ✓                     |   | ✓ |   |
| 6  | Major unforeseen emergency                                     | 15                          | 15              | 12                | ✓                     | ✓ | ✓ | ✓ |
| 7  | IT network failure   | 12                          | 12              | 9                 | ✓                     | ✓ | ✓ | ✓ |
| 8  | Not fulfilling residential property responsibilities           | 12                          | 12              | 9                 | ✓                     |   | ✓ |   |
| 9  | Major contractor failure                                       | 12                          | 12              | 12                | ✓                     | ✓ | ✓ | ✓ |
| 10 | Governance changes   | 12                          | 12              | 6                 | ✓                     | ✓ | ✓ | ✓ |
|    | Covid-19: Restrictions to Council operations                   | 12                          | Removed         |                   | ✓                     | ✓ | ✓ |   |
| 11 | Ability to access / leverage new funding                       | 9                           | 9               | 9                 | ✓                     | ✓ | ✓ | ✓ |
| 12 | Reduced effectiveness of relationships with strategic partners | 9                           | 9               | 9                 | ✓                     | ✓ | ✓ | ✓ |
| 13 | Resilience of the voluntary & community sector                 | 9                           | 9               | 6                 |                       | ✓ | ✓ |   |
| 14 | Loss of workforce cohesion and talent                          | 9                           | 12              | 9                 | ✓                     | ✓ | ✓ | ✓ |
|    | Covid-19: Community & business recovery                        | 8                           | Removed         |                   | ✓                     | ✓ | ✓ | ✓ |

### Our Priorities



The impact of the *financial uncertainty* risk has increased from 4 to 5 (the highest possible impact rating) because of worsening market factors. Planned actions have been identified to mitigate this risk, although even after implementation of these actions the risk is likely to remain high.

The *covid-19 restrictions to Council operations* and *covid-19 community and business recovery* risks have been removed from the corporate risk register. While some of the implications from the pandemic are still being managed and there are potential future risks as well, these are specific to certain areas and as such are captured within existing corporate or operational risks. As these implications are now being managed as 'business as usual' there is no need to separately record them as corporate risks.

The Council is exploring adding a corporate risk around the cost-of-living crisis and the impacts this is having on both the community and our staff. Once this risk has been defined and agreed it will be included in the next report to the FCS PAC.



| Risk (title & full description)   | Risk Owner      | Key Existing Controls  | Current rating<br>(I x L) | Controls planned   | Mitigated rating<br>(I x L) |
|---|-----------------|--|---------------------------|--|-----------------------------|
| <p>General and localised economic pressure leads to <b>contraction in retail sector</b>, limiting the appeal of Maidstone town centre threatening social cohesion and business rates income.</p> <p>55</p>  | William Cornall | <ul style="list-style-type: none"> <li>Working with Key stakeholders including One Maidstone to safely reopen the High Street.</li> <li>Regular network meetings with town centre retailers</li> <li>Town Centre strategic advisory board</li> <li>Public realm improvement work</li> <li>Supporting One Maidstone Business Improvement District</li> <li>Acquisition of key property (Royal Mail / Grenada House)</li> <li>Work commissioned to promote Maidstone as business destination</li> <li>Planning Guidelines documents have now been approved by SPI for the Five town Centre Opportunity sites</li> <li>Active management of Lockmeadow to enhance the local economy</li> <li>Support delivered to the sector through Business Rates grants and assistance grants</li> <li>Town Centre Opportunity guidance published and actively being used</li> </ul> | (5 x 5)<br>25             | <ul style="list-style-type: none"> <li>Taking advantage of opportunities to support infrastructure investment</li> <li>A targeted programme of place promotion campaign activities</li> <li>Development of a Town Centre strategy to guide the reallocation of land uses within the Town Centre (including retail)</li> <li>A programme of town centre events and activities is now in place funded through covid response monies.</li> <li>The Council has made the decision to put in place a new Article 4 Direction for the core shopping area of Maidstone town centre to retain greater control over planning in that location.</li> <li>Covid related Business Support grants will continue to be focussed upon this sector in part.</li> <li>The Council has now received a circa £1.2m Shared Prosperity Fund allocation for the next three years, and officers are in the process of preparing a draft investment plan for the monies for consideration by Members.</li> </ul> | (4 x 5)<br>20               |
| <p>General <b>financial uncertainty</b>, unexpected changes to government funding, failure to achieve income or savings targets, and increases in inflation places further financial restrictions on the Council resulting in difficulty maintaining standards or meeting aims.</p> | Mark Green      | <ul style="list-style-type: none"> <li>Agreed work programmes in transformation and commissioning</li> <li>Budget monitoring in place</li> <li>MTFS in place and monitored</li> <li>Scenario planning in budget setting</li> <li>Strategies for maintaining income (e.g. pricing policies and proactive management of property portfolio)</li> <li>Holding reserves to mitigate impact of financial restrictions</li> <li>Robust risk assessment of new business opportunities</li> </ul>  | (5 x 5)<br>25             | <ul style="list-style-type: none"> <li>Currently updating MTFS to reflect impact of inflation</li> <li>Lobbying to avoid unfavourable financial changes to government funding</li> <li>Cost recovery through bidding for additional government support for one-off costs and strategic investments</li> <li>Identifying measures to address future budget gaps</li> </ul>  | (4 x 4)<br>16               |

| Risk (title & full description)   | Risk Owner      | Key Existing Controls  | Current rating (I x L) | Controls planned   | Mitigated rating (I x L) |
|---|-----------------|--|------------------------|--|--------------------------|
| <p>Inflation continues to rise and a significant economic event (e.g. further pandemic impacts, BREXIT, supply chain issues) causes <b>significant changes in construction costs which may also result in a contractor insolvency, as they are generally locked into delivering schemes at a fixed price, and so need to manage their exposure to rising costs in their supply chain.</b> For the Council, this leads to a narrowing gap between build price and end of property values, increased costs to the Council and a possible time lag in delivery of 1000 affordable new homes, owing to a lack of capacity in the construction sector.</p> | William Cornall | <ul style="list-style-type: none"> <li>• Use of "off-site" and other Modern Methods of Construction where possible to ensure schemes are delivered efficiently</li> <li>• Designing buildable efficient schemes</li> <li>• Financial stability and overall exposure checks for contractor</li> <li>• Performance bonds and quality monitoring</li> <li>• Realistically set financial scheme approval hurdle rates</li> </ul> | <p>(4 x 5)<br/>20</p>  | <ul style="list-style-type: none"> <li>• Exploration of suitable contractor frameworks to access.</li> <li>• Managing exposure levels to different contractors as the programme gathers momentum.</li> <li>• Delaying the letting of key contracts if tendering does not yield VFM proposals that are financially robust.</li> <li>• Careful scheme design evolution to enhance the "buildability" of new projects.</li> </ul> | <p>(4 x 4)<br/>16</p>    |

| Risk (title & full description)  | Risk Owner              | Key Existing Controls  | Current rating<br>(I x L) | Controls planned  | Mitigated rating<br>(I x L) |
|--|-------------------------|--|---------------------------|---|-----------------------------|
| <p>57</p> <p>Increased effects from climate change or reduction in air quality causes <b>environmental damage</b> reducing residents' quality of life and increasing risks from adverse weather events</p> | <p>Angela Woodhouse</p> | <ul style="list-style-type: none"> <li>• Comprehensive Biodiversity and Climate Change Strategy and action plan in place</li> <li>• Air Quality Action Plan in place</li> <li>• Emergency planning arrangements</li> <li>• Parks strategy</li> <li>• Budget available to deliver actions and additional funding allocated</li> <li>• Communication / engagement strategy for adverse weather events</li> <li>• Member of the Kent Climate Change Network</li> <li>• Permanent Biodiversity and Climate Change officer in post</li> </ul> | <p>(4 x 4)<br/>16</p>     | <ul style="list-style-type: none"> <li>• Implementation of the B&amp;CC strategy and action plan to engage with public and businesses to adapt to and mitigate impacts of climate change</li> <li>• Review of our own estate in line with ambition to be carbon neutral by 2030, and work with partners to reduce carbon, reduce surface run off and increase natural solutions to mitigate impacts of climate change and pollution</li> <li>• Partner with KCC, other Kent districts and private landowners on widescale tree planting and nature recovery to mitigate impacts of climate change</li> <li>• Relevant Cabinet Member to provide governance for delivery and oversight of BD&amp;CC Strategy</li> <li>• Permanent environmental engagement officer to be recruited to deliver engagement plan and support public and business adaptation to climate change</li> <li>• Establishing with action owners the best way to measure progress through KPIs</li> </ul> | <p>(4 x 4)<br/>16</p>       |

| Risk (title & full description)  | Risk Owner      | Key Existing Controls  | Current rating<br>(I x L) | Controls planned   | Mitigated rating<br>(I x L) |
|--|-----------------|--|---------------------------|--|-----------------------------|
| <p>58</p> <p>The broader housing crisis leads to <b>housing pressures increasing</b> on the Council, affecting both costs associated with homelessness and ability to meet wider housing needs in the borough.</p> | William Cornall | <ul style="list-style-type: none"> <li>• Homelessness prevention team in place with increased resource</li> <li>• Access to our own housing stock to use for temporary accommodation &amp; market rented housing (within Maidstone Property Holdings)</li> <li>• Closer working with private sector &amp; housing associations</li> <li>• Key policies are in place: Temporary Accommodation Strategy</li> <li>• Implementation of Housing Management Team</li> <li>• CHE approval in place for MBC to develop up to 250 affordable homes of its own</li> <li>• We work closely with the voluntary sector and community partners</li> <li>• Home Finders scheme in place and supported through Government funding</li> <li>• Affordable Housing supplementary guidance adopted in Summer 2020</li> </ul> | (4 x 4)<br>16             | <ul style="list-style-type: none"> <li>• Continued progress towards the temporary accommodation acquisition programme funded through the MBC capital programme</li> <li>• Leader of Council ambition to build 1000 new Council homes as soon as possible and plans to meet this aspiration have been approved and the programme is underway with the second major new land acquisition.</li> <li>• New draft Housing Strategy has been considered by the CHE committee and is now out for public consultation with a view to it being adopted in June 2022</li> <li>• The Council has acquired the Trinity Place community asset which is currently being refurbished and will provide a range of housing types for those in housing need from May 2022.</li> <li>• The Council continues to work with Homes England to promote the 5,000 home Heathlands garden community through the Local Plan Review, with a view to the project delivering new homes from the late 2020's.</li> </ul> | (3 x 4)<br>12               |
| <p><b>Major unforeseen emergency</b> with national / international impact (e.g. new pandemic, environmental disaster)</p>  | Alison Broom    | <ul style="list-style-type: none"> <li>• Strong existing emergency planning framework</li> <li>• Active engagement with Local Resilience Forum</li> <li>• Flexible, committed and appropriately trained workforce</li> <li>• Quarterly oversight &amp; monitoring through the Emergency Planning Group (EPG)</li> <li>• Some financial reserves</li> <li>• Good partnership working as demonstrated during Covid-19 pandemic</li> <li>• Continued update to Business Continuity Plans and arrangements</li> <li>• Ongoing considerations of financial reserves which have been increased</li> </ul>  | (5 x 3)<br>15             | <ul style="list-style-type: none"> <li>• Plan for dealing with different types of major emergencies</li> <li>• Review and update of the Council's IT Disaster Recovery arrangements and Business Continuity Plans</li> <li>• Embedding arrangements over the quarterly review of emergency threats and risks through the EPG including horizon scanning and early warnings</li> <li>• Recovery and renewal funding allocated to strengthen work on community resilience</li> </ul>   | (4 x 3)<br>12               |

| Risk (title & full description)  | Risk Owner      | Key Existing Controls  | Current rating<br>(I x L) | Controls planned   | Mitigated rating<br>(I x L) |
|--|-----------------|--|---------------------------|--|-----------------------------|
| Security breach or system weakness leading to <b>IT network failure</b> results in wide-spread system unavailability, increased legal and financial liability and reputational damage. | Georgia Hawkes  | <ul style="list-style-type: none"> <li>• Regular backup programmes</li> <li>• External testing of IT security by specialists –resulting findings and actions are implemented and tested</li> <li>• ICT policies &amp; staff training, including disaster recovery plan</li> <li>• Mandatory cyber security training was rolled out and completed</li> <li>• CLT monitoring of performance indicators, including ICT incidents</li> <li>• Nessus scanning software reporting daily on system vulnerabilities</li> <li>• New firewall tested and installed</li> <li>• Ongoing programme of awareness raising through Cyber events, training, and tests</li> <li>• Ongoing programme of IT campaigns including phishing</li> <li>• IT Business Continuity Plan which prioritises the systems that need to be bought back online.</li> </ul>                               | (4 x 3)<br>12             | <ul style="list-style-type: none"> <li>• IT infrastructure replacement programme being considered to ensure that IT equipment is fit for purpose</li> <li>• Cyber Security Incident BC Exercise to be undertaken in the November 2022</li> <li>• Business Impact Assessments are being reviewed and updated and will be used to update all BC Plans</li> <li>• Update of the bulk messaging system to ensure adequate communication lines available is underway. Gov.notify will be used and an awareness campaign run to encourage staff to sign up.</li> </ul>   | (3 x 3)<br>9                |
| 59<br>Insufficient awareness / expertise leads to <b>not fulfilling residential property responsibilities</b> resulting in possible health & safety breaches.                          | William Cornall | <ul style="list-style-type: none"> <li>• Faithfull Farrell &amp; Timms have been retained as a critical friend to allow the new housing management function to up skill.</li> <li>• West Kent Housing Association (WKHA) engaged to provide an asset management service for the whole MBC residential portfolio.</li> <li>• The whole MBC residential portfolio is now being managed by a single team within Housing &amp; Communities, where previously it was split between Housing &amp; Property.</li> <li>• H&amp;S KPI's are now recorded and reported through a permanent software solution.</li> <li>• The H&amp;S KPI's are reported monthly to Corporate Leadership Team.</li> <li>• Good level of awareness from officers around H&amp;S obligations and compliance</li> <li>• Excellent levels of compliance being reported to the CLT monthly.</li> </ul> | (4 x 3)<br>12             | <ul style="list-style-type: none"> <li>• Due diligence review by Mid Kent Audit to advise on integrity with respect of KPI production and reporting.</li> <li>• Eventual goal of real time reporting in terms of gas safety, via the WKHA contractor.</li> <li>• Review of existing resources and skills underway to support the housing portfolio and management of properties.</li> <li>• Policy &amp; Resources Committee has approved a sizable re-investment in the Council owned Gypsy &amp; Traveller site portfolio</li> <li>• Implementation of new specialist housing management software to support the growing portfolio.</li> <li>• The current provider of asset management services to the MBC and MPH residential portfolios, West Kent Housing Association, has served notice to end the contract in Jan 2023, so officers are starting the procurement process for an alternative supplier/s.</li> </ul> | (3 x 3)<br>9                |

| Risk (title & full description)   | Risk Owner       | Key Existing Controls  | Current rating<br>(I x L) | Controls planned  | Mitigated rating<br>(I x L) |
|---|------------------|--|---------------------------|---|-----------------------------|
| <p><b>Failure of a major contractor:</b> One of the Councils contractors goes into liquidation / administration</p>   | Mark Green       | <ul style="list-style-type: none"> <li>Regular contract monitoring and communication with contractors</li> <li>Procurement expertise made available through the Partnership with Tunbridge Wells</li> <li>Financial performance and sustainability embedded into the procurement process</li> <li>Contractor business continuity plans in place and alternative contractors may be available</li> <li>'Exit plan' included as a requirement in the ITT document for all relevant contracts</li> </ul>  | <p>(4 x 3)<br/>12</p>     | <ul style="list-style-type: none"> <li>Ongoing financial performance and resilience checks of our suppliers and contractors</li> <li>Risk register work being completed for each of the Council's strategic contracts</li> </ul>  | <p>(4 x 3)<br/>12</p>       |
| <p>As a result of significant changes to the Councils' governance (including moving to executive model and the boundary review) <b>sound governance processes may not be maintained during the change or poor processes may be introduced.</b> Leading to delays in decision making, reputational damage or legal implications.</p> | Angela Woodhouse | <ul style="list-style-type: none"> <li>Monitoring Officer in place to oversee Council activities and provide advice</li> <li>Code of Conduct</li> <li>Timeline agreed for the Local Government Boundary Commission review and work overseen by the Director of Finance and Business Improvement</li> <li>Software to facilitate consultation on ward boundaries</li> <li>Templates and system for agendas and decision publication updated</li> <li>New constitution agreed and in place</li> <li>Training carried out with Officers and Members on the new governance arrangements</li> </ul>   | <p>(4 x 3)<br/>12</p>     | <ul style="list-style-type: none"> <li>Recruit two additional officers into Democratic Services to support the new model</li> <li>Review of the constitution by Democracy and General Purposes Committee, December 2022</li> <li>Log of issues kept by Democratic Services – contributed to by the Monitoring Officer, Democratic Services and Head of Policy, Communications and Governance</li> </ul> | <p>(3 x 2)<br/>6</p>        |
| <p>Difficulties in recruiting and retaining the right skills and adapting to hybrid working leads to a <b>loss of workforce cohesion and talent.</b> This results in a loss of productivity.</p>  | Georgia Hawkes   | <ul style="list-style-type: none"> <li>Workforce strategy monitoring &amp; reporting</li> <li>Training &amp; development programme (including hybrid working skills)</li> <li>Occupational health, employee support and HSE Stress Survey</li> <li>Recruitment process that includes ability to adjust pay and market supplement for hard to recruit jobs</li> <li>Rewards package reviewed regularly</li> <li>Commissioning specialist external support as required</li> <li>Online onboarding of new staff</li> <li>Use of ClearReview to encourage continuous conversations and clear objectives</li> <li>Hybrid Policy and service review of hybrid working arrangements</li> <li>Market Supplement Policy reviewed and updated</li> </ul> | <p>(3 x 4)<br/>12</p>     | <ul style="list-style-type: none"> <li>Review of paygrades underway</li> <li>Use of SmartPath to offer additional support to managers</li> <li>Appoint specialist consultant to advise on culture change</li> <li>Engagement survey for all staff the output from which will create an action plan for the Council</li> </ul>   | <p>(3 x 3)<br/>9</p>        |

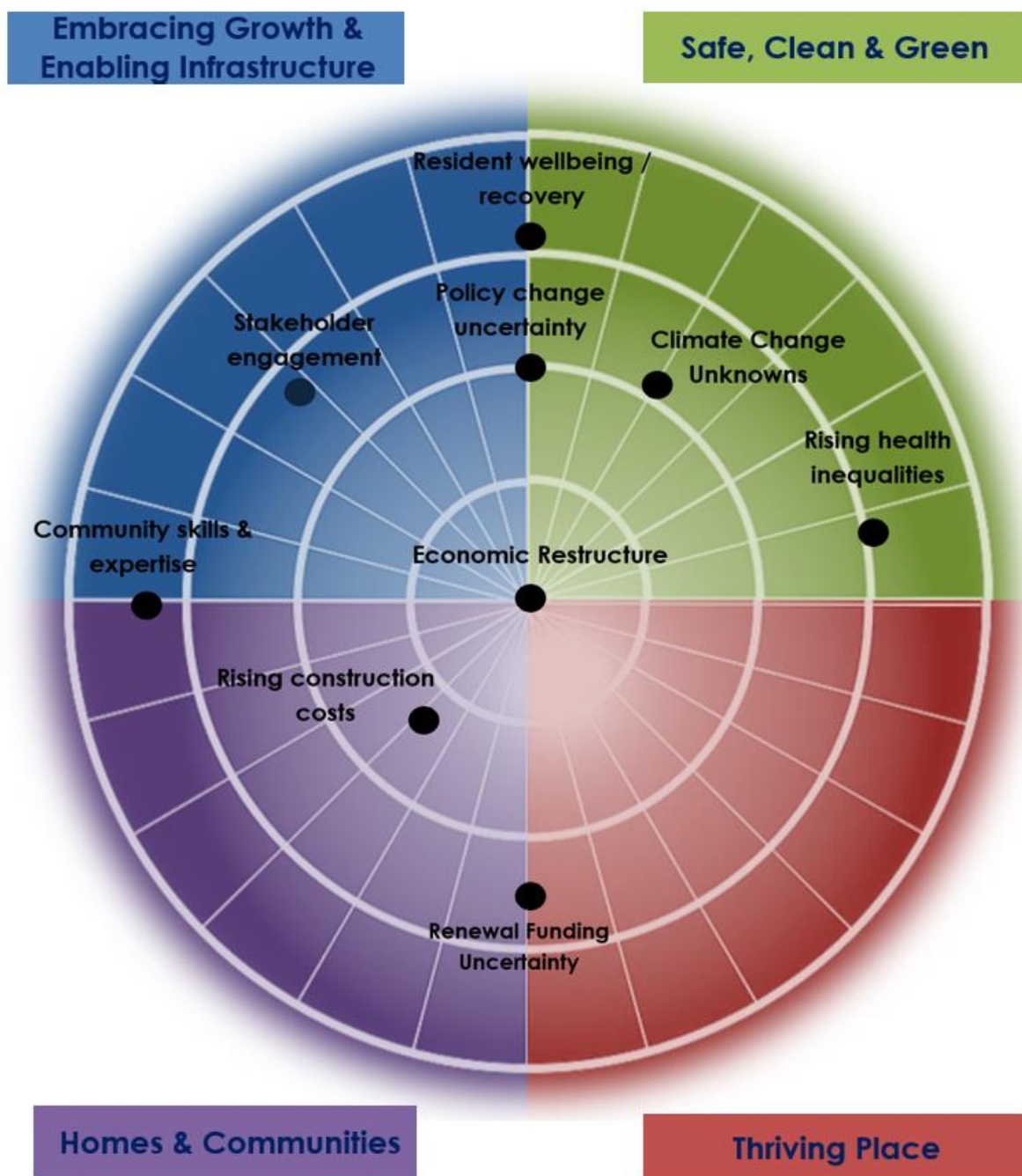
| Risk (title & full description)  | Risk Owner   | Key Existing Controls   | Current rating<br>(I x L) | Controls planned   | Mitigated rating<br>(I x L) |
|--|--------------|---|---------------------------|--|-----------------------------|
| <p><b>Ability to access / leverage new funding</b><br/>Uncertainties relating to the Council's ability to access new funding. Securing and leveraging this funding will help to stabilise and support the delivery of our capital programme.</p>   | Mark Green   | <ul style="list-style-type: none"> <li>• Access to professional networks to identify opportunities for funding</li> <li>• Experienced officer capacity</li> <li>• Good relationships with funding partners, e.g. Homes England</li> <li>• Obtaining forward borrowing</li> </ul>  | (3 x 3)<br>9              | <ul style="list-style-type: none"> <li>• Investment of one-off resources for putting together funding bids</li> </ul>  | (3 x 3)<br>9                |
| <p><b>Reduced effectiveness of relationships with strategic partners</b><br/>The Pandemic changes the priorities or commitments of our strategic partners or their capacity to work with us. This causes a dislocation with our work and increases Member pressure to highlight concerns.</p>  | Alison Broom | <ul style="list-style-type: none"> <li>• KCC partnership arrangements through the strategic board</li> <li>• The Community Safety Partnership with the Police and other key parties</li> <li>• The West Kent Elected Members Forum with local health authorities</li> <li>• Survey of all voluntary and community sector to understand changes in community need and demand for services</li> <li>• Good integration with County-wide networks</li> </ul> | (3 x 3)<br>9              | <ul style="list-style-type: none"> <li>• Strengthen processes for continued horizon scanning with partners to understand changes in priorities and formulate an overview of all key partners</li> <li>• First anchor institutions stakeholder meeting planned for May 2022</li> <li>• Whole System event to review partnership working effectiveness – July 2022</li> </ul>  | (3 x 3)<br>9                |
| <p><b>Resilience of the voluntary &amp; community sector</b><br/>The pressures facing the voluntary and community sectors are unprecedented and increasing, threatening the resilience and stability of these support networks. This could result in increased financial pressures for residents of the Borough with knock-on effects for the Council.</p> | Alison Broom | <ul style="list-style-type: none"> <li>• Commitments obtained to establish an architecture to support the voluntary and community sector and provide funding.</li> </ul>  | (3 x 3)<br>9              | <ul style="list-style-type: none"> <li>• Establish a community sector forum</li> <li>• Funding to provide support for volunteering</li> <li>• Funding to equip Trinity Foyer to become a Community Hub</li> <li>• Funding for the Love Where You Live &amp; Get Involved project</li> <li>• Agreed Financial Inclusive Strategy</li> <li>• A Community Resilience Fund that groups can bid for funding from</li> <li>• Agreed part funding with the Citizens Advice Bureau for a Debt Management post</li> </ul> | (3 x 2)<br>6                |



## External Threats (horizon scanning)

Our horizon scanning process identifies external threats over which we have no direct control or ability to manage the impact on delivery of our priorities. Our response to these threats will be an important factor in how we develop our strategies, policies and how we translate that into service delivery. As such, we can draw down any of these threats into our corporate risk register if (or when) the time is right.

For the time being, we will keep our eye on these threats and continue to provide updates as part of the quarterly monitoring report. The diagram summarises the external threats aligned to each of our priorities with those closest to the centre being those likely to happen soonest.





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

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

## Upcoming Work

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

1. *Risk Management Software*: The JCAD software build is complete, and the software will be rolled out across the Council between June and August. Linked to this all operational risk registers will be fully refreshed.
2. *Risk Reporting*: Linked to the implementation of JCAD we will be reviewing how risk information is reported across the authority to ensure that the reports are providing the right information at the right time to officers and Members.
3. *Risk Management Framework*: The framework will be reviewed and updated during 2022-23. An initial outline will be taken Corporate Leadership Team in August with a view to the revised framework being agreed by Audit, Governance and Standards Committee in March 2023.

## Appendix 3A Impact and Likelihood Definitions

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

### RISK IMPACT

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

### RISK LIKELIHOOD

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

# One Page Process Summary

65

| Step 1 – Identify Risks   | Step 2 – Evaluate Risks  | Step 3 – Risk Response | Step 4 – Monitor & Review |        |        |        |        |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |
|---|--|------------------------|---------------------------|--------|--------|--------|--------|-------|---|-------|--------|-----|-----|-------|---|-------|--------|--------|-----|-----|---|------|-------|--------|--------|--------|---|------|------|-------|-------|--------|--|--|---|---|---|---|---|--|--|--------|--|--|--|--|---|--|
| <p>Best done in groups, by those responsible for delivery objectives.</p> <p><b>RISK</b> is a <i>potential future</i> event that, if it materialises, has an <i>effect</i> on the achievement of our objectives.</p> <p>Consider both threats and opportunities.</p> <p>When to consider:</p> <ul style="list-style-type: none"> <li>• Setting business aims and objectives</li> <li>• Service planning</li> <li>• Target setting</li> <li>• Partnerships &amp; projects</li> <li>• Options appraisal</li> </ul> <p>Establish the <b>risk owner</b>.</p> <p>Document in the <b>risk register</b>.</p> | <p>Combination of the <b>impact</b> and <b>likelihood</b> of an event (the <b>CURRENT RISK</b>).</p> <p>Impact score is the highest from the different categories.</p> <p>Establish your <b>key existing controls</b> and whether they are managing the impact and/or likelihood of the risk.</p> <p>Scores can be depicted in the <b>risk matrix</b>:</p> <table border="1" data-bbox="658 868 1124 1219"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Black</td> <td>Black</td> </tr> <tr> <td>4</td> <td>Green</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Black</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Blue</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Blue</td> <td>Blue</td> <td>Green</td> <td>Green</td> <td>Yellow</td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table> | Likelihood             | 5                         | Yellow | Yellow | Red    | Black  | Black | 4 | Green | Yellow | Red | Red | Black | 3 | Green | Yellow | Yellow | Red | Red | 2 | Blue | Green | Yellow | Yellow | Yellow | 1 | Blue | Blue | Green | Green | Yellow |  |  | 1 | 2 | 3 | 4 | 5 |  |  | Impact |  |  |  |  | <p><b>Black</b> – Above our <b>tolerance</b>, immediate action and reporting to directors.</p> <p><b>Red</b> – Outer limit of our <b>appetite</b>, immediate action.</p> <p><b>Amber</b> – Medium risk, review existing controls.</p> <p><b>Green</b> – Low risk, limited action, include in plans.</p> <p><b>Blue</b> – Minimal risk, no action but annual review.</p> <p>Risk Response – 4Ts</p> <ul style="list-style-type: none"> <li>• Treat (i.e. apply controls)</li> <li>• Tolerate (i.e. accept risk)</li> <li>• Transfer (e.g. insurance / partnership)</li> <li>• Terminate (i.e. stop activity)</li> </ul> <p>After your response; where does the risk score now? (the <b>MITIGATED RISK</b>)</p> | <p>Completed risk registers returned to <b>Mid Kent Audit</b>.</p> <ul style="list-style-type: none"> <li>• <b>Corporate Leadership Team</b> monthly monitoring of <b>black</b> risks. Quarterly reporting of all high level (<b>black</b> and <b>red</b>) risks.</li> <li>• 6-monthly reporting to <b>Wider Leadership Team</b>.</li> <li>• Risk registers sent quarterly to <b>directors</b> and <b>heads of service</b>.</li> <li>• 6-monthly monitoring at <b>Policy &amp; Resources Committee</b>.</li> <li>• Annual monitoring of process by <b>Audit, Governance &amp; Standards Committee</b>.</li> </ul> <p>Mid Kent Audit facilitate the review and update of risk actions (as per your risk register) during the year for and high-level (<b>red</b> / <b>black</b>) risks.</p> |
| Likelihood  | 5  |                        | Yellow                    | Yellow | Red    | Black  | Black  |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |
|   | 4  |                        | Green                     | Yellow | Red    | Red    | Black  |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |
|   | 3  |                        | Green                     | Yellow | Yellow | Red    | Red    |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |
|   | 2  |                        | Blue                      | Green  | Yellow | Yellow | Yellow |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |
|   | 1  | Blue                   | Blue                      | Green  | Green  | Yellow |        |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |
|   |  | 1                      | 2                         | 3      | 4      | 5      |        |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |
|   |  | Impact                 |                           |        |        |        |        |       |   |       |        |     |     |       |   |       |        |        |     |     |   |      |       |        |        |        |   |      |      |       |       |        |  |  |   |   |   |   |   |  |  |        |  |  |  |  |   |  |