

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 18 May 2011

INFORMATION STRATEGY 2011 - 2014

Issue for Decision

To consider the adoption of the Information Strategy 2011 – 2014.

Decision Made

That the Information Strategy 2011 – 2014 as set out at Appendix 1 to the report of the Head of ICT Services be approved.

Reasons for Decision

Citizens want to see better value, more choice and improved response from the Council. Technology has a major contribution to make in enabling the Council to meet these increasing expectations and rise to the challenges, now and in the future.

The Spending Review 2010 by the new government introduced huge cuts to local government budgets. It is crucial that the Council wrings every possible benefit from the use of technology as a strategic tool in order to meet this challenge.

The Information Strategy is therefore a key document that ensures that technology underpins the Council's priorities and core themes, supports and enables the Council's efficiency and transformation agenda, and provides a framework for the corporate control and management of its resources.

The Council's Information Strategy is a rolling three year document, reviewed annually to ensure it remains relevant. In presenting the Strategy for 2011 – 2014 it is important to recognise that the Council's investment in technology has continued to transform the way in which the Council provides services to citizens, businesses and communities.

This year's review of the Strategy is set against the national context of a continued drive for greater efficiency and more customer focused services. Using technology to deliver better public services is therefore the key focus of this strategy term, and to achieve this we will continue to promote and encourage the take-up of our e-services by customers; engage with managers and service providers to exploit the efficiencies available from existing and new systems; improve business processes through the introduction of technology, and encourage staff to make modern and efficient ways of working part of "the day job"; enable Members and partners to access the Council's information and services

electronically and encourage their constituents to do the same; exploit the full potential of partnership working and pursue opportunities for ICT to support shared services in Mid Kent, and across Kent.

This will provide real benefits in terms of efficiency and effectiveness. Over the next 12 months the Council will further exploit the opportunities provided by modern technology to improve services through business improvement initiatives.

Alternatives considered and why rejected

It is not thought appropriate that the Council should not use technology as a strategic tool with which to develop its role within the community, and meet the aspirations of its stakeholders.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 25 May 2011
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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 May 2011

HAZLITT ARTS CENTRE WORKS

Issue for Decision

To consider expenditure on essential work to the boilers and the electrical installations with the resultant building regulation works at the Hazlitt Arts Centre (HAC).

Decision Made

1. That the boilers and associated pipework and controls, electrical switchgear and mains distribution panels are replaced and enabling health and safety works are carried out, all as identified in the report by Mervyn Hayes Consultants set out in Appendix A to the joint report of the Assistant Director of Regeneration and Cultural Services and the Theatre and Events Manager and at the approximate costs set out in that Appendix, plus a contingency of 10%.
2. That the necessary urgent works to the HAC are funded from balances, and the monies recouped through either reduced subsidy and/or increased income.

Reasons for Decision

The boilers, associated pipework, controls, air handling systems and electrical installations at the Hazlitt Arts Centre are known to be coming towards the end of their useful life and one boiler has already failed. Maintenance costs and the risk of failure are also increasing. Consultants were appointed to advise on the most efficient way of ensuring the business of the Hazlitt Arts Centre continues and to examine ways of improving energy efficiency and comfort levels.

In the course of the investigation into the operating systems at the HAC the contractor identified potential failure and capacity issues with the main electrical intake board which could necessitate shutting the building down for electrical work to take place which could affect business continuity. There are health and safety concerns about the risk to contractors instructed to work on this equipment. It is therefore thought appropriate that the main board is replaced as part of this work.

The consultant's report confirmed that after over fifteen years of service, in addition to the boiler that has already failed, the remaining three are also at risk of failing and that there is a strong possibility that one or more

could fail during the winter of 2011/12. The existing boilers are no longer in production and, as a result, it has not been possible to find any replacement parts for the boiler that has failed. Therefore, an efficient heating solution needs to be in place before the heating is turned on for the busy winter season, which includes the pantomime.

The consultant also identified potential problems with the existing pipework and radiators which are over thirty years old. The system was flushed out in the summer of 2010 in the hope of improving heating efficiency, however, this has resulted in exposing weaknesses in the pipework causing leaking in some areas. It is therefore considered expedient to replace the elderly pipework and radiators at the same time as the boiler plant to ensure maximum efficiency of the new system. Additionally modern boilers are recognised to be extremely sensitive and debris from the old pipework could seriously compromise the new equipment.

The programme of work detailed in the joint report of the Assistant Director of Regeneration and Cultural Services and the Theatre and Events Manager will necessitate some essential building works to be undertaken to ensure the health and safety of the contractors and those carrying out any further works or maintenance. The schedule of work that is necessary is attached at Appendix 'A' to the joint report of the Assistant Director of Regeneration and Cultural Services and the Theatre and Events Manager.

Potential Options

The Hazlitt Art Centre houses the only purpose built performance spaces in the Borough and it contributes significantly to the economic (over £2m) and social life of the Town and as such it contributes to the Council's key objectives of boosting the local economy and making the Town an attractive place for residents and visitors.

In recognition of the value that the HAC provides to the Town, but also the cost of running it, the Council is in the process of looking at alternative ways of operating it but at a reduced cost. That work is in its early stages and no conclusions on future governance models can be drawn from it. The question of the repairs is also delaying that work, because of the need for detailed advice on future governance.

The cost of the urgent works is set out in the report and is significant and unbudgeted. The options that face the Council are:

- i. Not to carry out the works; this risks failure of the heating system and the threats to safety that will rise from not carrying out the works. The failure of the heating system, particularly in winter, is likely to lead to the closure of the Theatre.
- ii. To close the Theatre – this approach would lose the facility to the Borough and undermine the Council's strategic objectives. It would also result in the loss of staff at the HAC and elsewhere in the Council at a maximum redundancy cost of £195,000, and a

recurring minimum residual cost of £206,350 per annum.

- iii. Delay the repairs until the governance model is resolved. The need to repair the HAC heating and power systems and the consequential cost is unlikely to make the HAC an attractive proposition to any future operator as clearly there is a need to reduce the cost of the operation. Any potential operator would have to achieve a significant income to cover the cost of the repairs either directly or through a loan. However, an operator other than the Council might be able to obtain some grant funding towards the repair. The risk of system failure would also remain.
- iv. Fund the works from revenue balances. The approved capital programme agreed by Council in March 2011 does not allocate resources to the theatre. The provisional revenue outturn reported elsewhere on this agenda shows a significant favourable variance that will be added to balances for 2011/12. The Medium Term Financial Strategy already predicts revenue balances in excess of the minimum working balance of £2.3m. With the addition of the revenue underspend from 2010/11 to balances the predicted unallocated resources will be in excess of £1.3m and Cabinet could provide funding from balances to carry out this urgent work.

Options (i) and (iii) outlined above risk the failure of the systems and risks to safety and potential closure of the Theatre whilst urgent repairs are carried out which at peak times will create considerable disruption to audiences and loss of income and could cause damage to the Council's reputation.

Options (ii) – the closure of the Theatre – will have financial consequences immediately and into the future, and also erode the Town's economic and social base.

Option (iv) of funding the repairs from balances enables:-

- The HAC to be retained for the future to the benefit of the Borough;
- For the work to be undertaken during the summer of 2011, causing the least disruption to audiences;
- For any impediment because of the cost of repairs to future governance to be removed.

In relation to recouping the costs of these repairs this should be explored as part of the arrangements for the future governance of the HAC and could take the form of a reduced subsidy and/or a share in the profit over a period of time to be agreed.

It is therefore recommended that Option (iv) is pursued and the repairs set out in Appendix 'A' of the joint report of the Assistant Director of Regeneration and the Cultural Services and the Theatre and Events Manager are carried out, over the summer of 2011, and those repairs are funded from balances.

Alternatives considered and why rejected

The potential options have been set out above and the effects examined. The reasons for not opting for options (i) to (iii) have been outlined, and it is considered that they are unsuitable alternative courses of action.

It may be possible to shut down the Exchange Studio for the duration of the winter of 2011/12 and just heat the Hazlitt Theatre with the remaining three boilers. However, the consultant and the property services section consider that that there is a high risk of these boilers failing resulting in a total shut down of the business.

Background Papers

None

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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 May 2011

PROVISIONAL REVENUE AND CAPITAL OUTTURN 2010/11

Issue for Decision

1. To consider the provisional revenue and capital outturn figures for 2010/11 and the impact of these figures on future financial planning.
2. The provisional figures on treasury management and other balance sheet items were also considered.

Decision Made

1. That the provisional outturn figures for revenue and capital for 2010/11 be noted.
2. That the provisional funding of capital expenditure in 2010/11 be agreed.
3. That the carry forward of revenue resources of £1.73m for the financing of future capital expenditure be agreed.
4. That the carry forward of grant funding as detailed below be approved.

Service	Balance of Grant £	Description
Museum	2,400	Two grants: <ul style="list-style-type: none">• Japanese Access• Regimental Association Bartlett request
Playground Improvements	12,502	Lottery Grant for Youth Involvement Project
Community Development – Sport	17,600	Five Grants: <ul style="list-style-type: none">• KCC Sports Development – Clubmark• KCC – Joint Youth Agreement• Home Office – Community Safety, Boxing Development• Youth Opportunity Fund – DMAX• FLO Referrals – Hotfoot
Waste	170,000	WRAP grant for food waste service
Pollution Control	22,000	Air Quality Grant
Planning & related services	168,700	Housing & Planning Delivery Grant
Youth Forum	700	Youth Opportunity Fund – Dance Project
Community Safety	44,000	Multiple Initiatives from partnership funds
Social Inclusion	26,000	Two Grants: <ul style="list-style-type: none">• South East Employers – LSP Development• West Kent PCT – Heath Preventative Fund
Business Development	363,600	Growth Point Revenue Grant
Sustainable Development	36,100	Performance Reward Grant
Total	863,602	

5. That the revenue carry forward requests as set out in Appendix B of the report of the Head of Finance and Customer Services from 2010/11 into 2011/12 based on the previously agreed criteria be agreed.
6. That the impact on the balance sheet of the provisional outturn 2010/11 be noted.

Reasons for Decision

The purpose of the report of the Head of Finance and Customer Services is to facilitate good financial management. The report gives provisional figures for revenue and capital outturn, to allow early consideration of any issues resulting from them not only in the current financial year but in terms of any impact on the Medium Term Financial Strategy.

Final expenditure figures for revenue and capital will be reported to June 2011 Cabinet meeting, along with the key issues from the Statement of Accounts and Treasury Management performance. These reports will be followed, at the July Cabinet Meeting, by the initial Budget Strategy report for the following financial year and the Medium Term Financial Projection for a further four years.

Revenue

Appendix A to the report of the Head of Finance and Customer Services is a summary of the provisional revenue outturn for 2010/11 compared to the revised estimate approved by Cabinet in February 2011 and Council in March 2011. Also shown is the amended revised estimate, taking into account any changes in capital financing costs necessitated by changes in actual capital expenditure. This is provided to ensure a more accurate comparison with the outturn position, as it eliminates fluctuations in capital spend. Appendix A to the report of the Head of Finance and Customer Services shows a net unadjusted underspend of £3.99m.

Appendix A to the report of the Head of Finance and Customer Services also details the variance by portfolio and the major reasons for the variances are as follows:

- a) Leader – the savings as a result of the early changes to the establishment have been accumulated within the contingency budget in this portfolio. This portfolio also holds the unused contingency of £0.2m for concessionary fares. Together these total £0.56m;
- b) Corporate Services – the budget for revenue support to the capital programme is within this portfolio and a balance of £1.73m remains of this sum and is dealt with in detail later in this report;
- c) Environment – the budget variance represents the balance of WRAP funding for the food waste service and the underspend on concessionary fares of £0.36m;
- d) Regeneration – the under spend represents the balance of growth point revenue grant. This grant has been programmed for expenditure on schemes over a minimum three year period. A re-assessment of scheme priorities will occur in 2011/12 to ensure focus on the strategic plan priorities.

Proposals for the financing of the capital programme, detailed later in the report of the Head of Finance and Customer Services include the use of capital receipts and grants. This means resources identified from revenue budgets to finance capital expenditure are not required until 2011/12. The variance of £1.73m remains essential to the financing of the future capital programme. It is recommended that this money is set aside for this use in 2011/12, in order for the capital programme to remain affordable.

After adjusting the variance of £3.99m for the unused capital support, detailed above, a balance of £2.26m remains. Of this sum there is £0.86m of grant aid that has not been spent in 2010/11 and will be carried forward for use on the specified schemes in 2011/12. Following this carry forward, £1.4m remains of the variance.

Appendix B to the report of the Head of Finance and Customer Services is a schedule of provisional carry forward requests, into 2011/12, totalling £0.25m. These have been categorised according to the criteria used for decision making by Cabinet last year. This gives two categories in the table:

- a) Request where a contractual commitment exists;
- b) Other requests.

If the full list of requests for carry forward is approved, the balance available for other actions or transfer to general balances is £1.15m.

The joint report of the Assistant Director or Regeneration and Cultural Services and the Theatre and Events Manager, referring to urgent works to the heating system at the Hazlitt Theatre, considers this revenue underspend as one option to identify £0.31m of funding for these works.

Capital

Appendix C to the report of the Head of Finance and Customer Services is a summary of capital spend against the revised estimate. This has identified only minor slippage since the programme was agreed by Council in March 2011. This figure is the net effect of slippage into and from 2011/12.

The expenditure outlined at Appendix C to the report of the Head of Finance and Customer Services can be funded from capital resources. Proposed funding is summarised in the following table:

Resources	£,000
Capital Receipts	4,063
Capital Grants	3,648
Revenue	48
Total	7,759

This funding proposal is developed on the basis of using the most flexible resources last. This means that grants and capital receipts have been utilised in preference to revenue support. The consequence of this decision is detailed in paragraph 1.4.2 of the report of the Head of Finance and Customer Services, which recommends the carry forward of revenue resources set aside to finance capital expenditure as this is the resource that remains unused.

Balance Sheet

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

Asset Sales

The revised estimate assumed asset sales for 2010/11 of £5.6m. The provisional outturn figures show cash backed Capital Receipts, net of costs, of £5.3m. This is a shortfall of £0.3m which relates to cost such as the demolition of the Tonbridge Road sites, which regulations allow to be offset against sale proceeds. Not all available receipts have been utilised in the financing of the capital programme, these receipts will be required to finance future years' expenditure.

Investments

The Treasury Management Strategy report to Cabinet agreed in February 2011 anticipated year end investments of approximately £18.0m. The actual investment at March 2010 totalled £21.0m. The provisional assessment of the increase shows that the main elements of the increase include the following:-

Reason	£000
Revenue Slippage as detailed in the report	1,000
Grant to be repaid to DWP/ DCLG	2,000

The overall changes to the level of investments will have no impact on the Strategy itself. The changes will have a short term impact as the additional resources will be required during the course of 2011/12.

Daily monitoring of cash-flow has confirmed that the Prudential Indicators that Council set for 2010/11 have been complied with.

Fixed assets

The capital investment achieved in 2010/11 resulted in investment in the Council's property portfolio of £4.06m out of a total spend of £7.76m. The balance of the spend is in areas such as support for social housing, renovation grants, etc which do not contribute to the Authority's asset base and have been written off, through the revenue account, as deferred charges.

Useable capital receipts

As a result of the level of capital investment and the level of capital receipts received in 2010/11, the level of useable capital receipts has decreased from £2m at March 2010 to £1.5m at March 2011.

Balances

Balances are set out in Appendix D to the report of the Head of Finance and Customer Services. The overall level of balances at March 2011 will be £10.0m, compared to £8.4m at March 2010. However, after allowing for the commitment to carry forwards and the planned use in 2011/12, the provisional level of uncommitted balances is £3.8m.

Alternatives considered and why rejected

The reporting of revenue outturn could wait until Cabinet in June 2011, when final figures are available in the Statement of Accounts prior to external audit; however, this is not thought appropriate as providing provisional outturn to Cabinet at this time facilitates good financial management and aids consideration of issues within the current financial year and helps inform future budget strategy.

Background Papers

Budget Monitoring report 2010/11
Cabinet quarterly monitoring report 2010/11
Agresso General Ledger system reports

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