

**MAIDSTONE BOROUGH COUNCIL**  
**RECORD OF DECISION OF THE CABINET**  
**COUNCIL**

Decision Made: 19 December 2012

**REFRESH OF THE STRATEGIC PLAN 2013-14**

**Issue for Decision**

To consider a refresh of the Strategic Plan.

**Decision Made**

1. That the 2013-14 refresh of the Strategic Plan be approved for consultation and consideration by Corporate Services Overview and Scrutiny Committee, subject to
  - a) Emphasising the relationship with parishes as part of our partnership working; and
  - b) That the narrative in "How we have prioritised and funded services" be re-worded to reflect the fact that tourism forms part of the visitor economy which is part of economic development
2. That the performance measures and targets in the plan be updated and reported as part of the annual performance management cycle at the end of the financial year.

**Reasons for Decision**

In September 2012 the Cabinet agreed that the Strategic Plan for 2011-15 be retained and refreshed rather than a new plan being produced. The 2012-13 refresh of the Strategic Plan focused on developing and aligning the council's priorities to what matters most for the Maidstone Community and resulted in the Outcomes being increased from 6 to 7. The refresh for 2013-14 is focused on updating the action plans for the outcomes.

The Sustainable Community Strategy sets out a vision for Maidstone which can be distilled into great opportunity, great place and great people. This also reflects the Council's three priorities to have a growing economy, be a decent place to live and achieve corporate and customer excellence. During the past year the council has put in place a programme of employee engagement to engage all staff with the council's priorities in order to achieve the outcomes set out in the strategic plan.

The Council will continue to face tough economic challenges over the forthcoming years, the priorities and outcomes identified in the Strategic Plan are aligned with the Council's Medium Term Financial Strategy. The

service planning process then allows these objectives to be translated into actions for each team in the Council. Financial resources distributed by central government to local government for 2012/13 will be further reduced. There will also be changes in funding mechanisms, for example the move from rate support grant to localisation of business rates which introduces uncertainty and increases risk for the Council. Changes to the arrangement for council tax benefits discount also increase uncertainty and risk for the Council. The Chancellor's Autumn Statement set out that Local Authorities will be exempt from the 1% reduction on Departmental Resource Budgets in 2013-2014. However there will be a 2% reduction in funding for Local Authorities in 2014-2015. As a District Council it is likely that the funding cut in real terms will be significantly more than 2%. A budget strategy report is also included on the Cabinet Agenda.

The refreshed Strategic Plan 2013-14, as attached at Appendix A to the report of the Chief Executive, includes:

- Changes to the national context section in light of the implementation of the Localism Act and other changes such as the introduction of the National Planning Policy Framework.
- Updates to the local context section as a result of the resident survey.
- Revised dates and updated actions for the action plans relating to each outcome where appropriate.

The performance targets and measures will be reviewed and updated at the end of the year as part of the annual performance management cycle.

An update on the 26 Strategic Plan Actions was given as part of the mid-year review of performance in November 2012. The majority of actions are on track with progress across all outcomes. Following publication of the mid year update the timetable for Local Development Framework and associated documents has slipped. An update on the timetable was provided for Cabinet and Scrutiny in November 2012. These are currently shown in the plan as dates to be confirmed. The following progress can be reported:

- The Core Strategy has been out to public consultation.
- The Economic Development Strategy has been reviewed.
- A revised Housing Allocation Strategy has been agreed for consultation.
- A new waste contract has been procured jointly for Maidstone, Ashford and Swale and integrated with waste disposal arrangements procured by Kent County Council, to take effect in summer 2013.
- A democratic Engagement action plan has been agreed and is being progressed.
- A new correspondence recording and management IT system has been purchased and the complaint handling module has been rolled out.
- The Customer Centricity project, which is reviewing how the Council interacts with our customers, has completed its first phase and potential changes are currently the subject of consultation with the public and councillors.
- Investors in People benchmark assessment has been undertaken; which identified five key actions focussed on engagement, learning and development and support for managers.

- The appointment of a business champion and investment in commercial opportunities.

### **Alternatives considered and why rejected**

Cabinet could decide not to refresh the Strategic Plan. However, this would lead to out of date information being publicly available and make it difficult for officers to maintain the 'golden thread'. The Council also needs to be able to demonstrate how it is reacting to changes in the local and national context.

Cabinet could request the development of a new plan. However, this was not thought appropriate as the development of a new plan would require additional resources and there is a risk it would not be produced in time for the new financial year. There is not a demonstrable need for a radical re-think of the Council's priorities and strategic direction as our focus remains on economic development as a number one priority for the residents of Maidstone.

### **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: <b>3 January 2013</b>
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**MAIDSTONE BOROUGH COUNCIL**  
**RECORD OF DECISION OF THE CABINET**

Decision Made: 19 December 2012

**THE COMMUNITY RIGHT TO BID**

**Issue for Decision**

To consider the Council's strategy for implementing the legislation regarding the Community Right to Bid.

**Decision Made**

That, subject to point 4 of paragraph 1.3.6 of the report of the Assistant Director of Environment and Regulatory Services being amended to include consultation with the relevant Ward member or Members, the procedures and the delegations set out in the main body of the report to ensure a resilient approach to the requirements of the Community Right to Bid be agreed.

**Reasons for Decision**

Background

The Community Empowerment chapters of the Localism Act offer new opportunities for local people and groups to bid to run services and protect assets they feel are important to their communities. The Act is a central plank of the Government's drive towards decentralisation.

The Act was passed in November 2011, and regulations for the Community Right to Bid came into force on 21 September 2012 and guidance published by the Department for Communities and Local Government ("DCLG") in October 2012.

Briefly, the Community Right to Bid gives local voluntary or community bodies or parish councils the right to nominate an asset to be included in a list of assets of community value. The local authority must consider the request. If accepted, the asset remains on the list for five years. If the owner wants to sell the asset during that period, a moratorium period is triggered during which the asset cannot be sold. This is intended to give community groups the time to develop a proposal and raise the capital to bid for the property. A fuller description of the regulations is included in Appendix A to the report of the Assistant Director of Environment and Regulatory Services.

By determining the Council's approach to implementing the provisions of the Act, the Cabinet can ensure that its procedures are compliant and

resilient and help ensure that residents and groups are clear as to the procedures involved.

### Recommended Approach

The DCLG has published a "Non-statutory advice note for local authorities" to accompany and explain the actual regulations. Whilst the advice note, and the regulations, describe in some detail the procedures and timetables required, there are some matters left to the discretion of the Local Authority. These are principally the format and content of the lists and where they are published, by whom nominations and appeals are dealt with, the processes for dealing with them, and some matters of timescale.

The following approach was recommended:

1. The advice note, as attached Appendix B to the report of the Assistant Director of Environment and Regulatory Services, and a pro-forma for submitting nominations, as attached Appendix C to the report of the Assistant Director of Environment and Regulatory Services, are published within the "Community and Living" section of the web site under a Community Right to Bid link.
2. An e-mail address [righttobid@maidstone.gov.uk](mailto:righttobid@maidstone.gov.uk) is created to receive nominations which are then validated and managed by Facilities Management.
3. Lists of assets of community value successfully and unsuccessfully nominated are created and published on the web-site in the Community and Living section, and managed by Facilities Management with the headings as listed in attached Appendix D.
4. Nominations are considered by an officer working group comprising one representative each from Corporate Property, Planning and Community Partnerships, with the final decision being taken by the Assistant Director of Environment & Regulatory Services in consultation with the Cabinet Member for Corporate Services.
5. Reviews of decisions to list, requested by the owner, are considered by the Director for Change, Planning and the Environment.
6. Decisions and results of reviews of decisions to list, notifications of moratorium periods etc. are given in writing to all the specified interests by Facilities Management.
7. Amendments, additions and updating of the lists are managed by Facilities Management.
8. Compensation claims submitted by the owner as a result of listing are considered and dealt with by the Property & Procurement Manager.
9. Reviews of compensation claims are considered and dealt with by the Assistant Director of Environment & Regulatory Services.

A clearly defined framework in which to apply the provisions of the legislation and standard templates for submissions, validation etc. will enable the whole process to be managed efficiently and effectively.

### **Alternatives considered and why rejected**

The Council is obliged to implement procedures to deal with the legislation. Taking no action is not an option. Alternatives to the method of implementation, and the officers involved, could be considered, but those recommended are robust and realistic. -

### **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: <b>3 January 2013</b>
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## **MAIDSTONE BOROUGH COUNCIL**

### **RECORD OF DECISION OF THE CABINET**

Decision Made: 19 December 2012

#### **REFRESH OF THE IMPROVEMENT PLAN FOR 2013-16**

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

The Improvement Plan 2012-15 explains the key workstreams for the Council's improvement journey, the drivers for improvement as well as priority services and projects for improvement. It allows work to be planned, sufficiently supported and monitored to ensure savings needs and the improvements required for the Council to meet its priority outcomes are delivered. In line with the Strategic Plan, the Improvement Plan 2012-15 is being retained for 2013/14 but refreshed to take account of any changes. Progress made in priority services and projects for improvement in the first half of 2012/13 will also be reported.

##### **Decision Made**

1. That the draft Improvement Plan 2013-16 (as attached at Appendix A to the report of Head of Business Improvement) be approved for consultation with Overview & Scrutiny.
2. That the progress made on the key services and projects for improvement April – October 2012 (as attached at Appendix B to the report of Head of Business Improvement) be noted.

##### **Reasons for Decision**

The Council has set the priorities and outcomes for the borough of Maidstone in its Strategic Plan. The Medium Term Financial Strategy (MTFS) sets out what will be spent and where savings will be made. In order to deliver the priority outcomes and the savings required, a number of key pieces of work and projects will be carried out. These are detailed in the draft Improvement Plan 2013-16, which ensures the improvement work is aligned with the Strategic Plan and the MTFS and looks at the work required to 2016.

The Improvement Plan 2012-15 was adopted in February 2012. As the objectives and the workstreams of the Improvement Plan remain sound and much of the work detailed in the previous version of the Improvement Plan is ongoing, there has not been much change to the draft Improvement Plan for 2013-16. Appendix A to the report of the Head of Business Improvement shows anything that has been deleted in this new refresh of the Improvement Plan as crossed through and anything that has been added is in italics. The main changes are:

- Corporate support, Environmental Health and Economic Development have been added to the priority services for improvement
- Parking Transport Management has become Integrated Transport Strategy

- The emphasis of improvement for Planning has become sharing the Planning Support function with local authority partners
- Management & Admin recharges review has been removed from the priority projects list as it has been completed
- Appendix 1 of the Improvement Plan has been updated to show the more detailed actions planned for 2013/14
- Appendix 2 of the Improvement Plan sets out the plans for the different phases of work to be carried out for each of the priority services and projects

Good progress has been made on most of the priority services and projects from April – October 2012 compared to the plans for 2012/13 set out in the Improvement Plan 2012-15. This is shown in Appendix B to the report of the Head of Business Improvement. Some highlights are:

- Completion of the procurement of the new waste and recycling contract, which will produce significant savings
- Customer centricity review almost completed – good information has been gained on who our customers are and why they transact with the Council in different ways. Recommendations are being formulated on how we can improve our customer service delivery model and engage with residents better
- New website being designed which is managed by Customer Services; beta version to be launched for public testing in January 2013
- Progression of the ICT shared service with Swale and Tunbridge Wells borough councils which is expected to 'go live' in April 2013
- Tenders to outsource the work of the Hazlitt Arts Centre are being evaluated and a recommendation for future delivery will be made this financial year
- Peer review of Planning completed and recommendations being implemented

The draft Improvement Plan has three objectives:

1. A reduction in net cost, through making savings or increased income
2. Improving or maintaining quality: ensuring we deliver excellent services, which means delivering what is promised to agreed standards
3. Identifying and responding to opportunities aligned with the Strategic Plan

The four corporate workstreams (1-4) and enablers (5-7) of the draft plan are:

1. Incremental improvement
2. Asset management
3. Transformation
4. External challenge
5. Organisational culture
6. Good information and knowledge management
7. Councillor assurance

The priority services and projects for improvement have also been identified in the draft Improvement Plan, based on priorities in the Strategic Plan, our current knowledge of any external or internal



opportunities and potential for improvement and/or reduction in net cost. These are as follows:

- Waste and Recycling
- ICT
- Hazlitt Arts Centre
- Planning
- Revenues and Benefits
- Housing
- Corporate Support
- Environmental Health
- Finance
- Building Control
- Economic Development
- Customer Service delivery
- Integrated Transport Strategy
- Cross-organisational collaboration
- Future use of Town Hall
- Major assets review
- Community asset transfer
- More proactive use of Covalent
- Corporate peer review
- Other shared services and Mid Kent Improvement Partnership (MKIP) work

Our main priorities for 2013/14 are:

- Waste and Recycling – implementing new household waste and recycling contract and launching new commercial waste service
- Customer services delivery – implementing improvements in customer service delivery recommended in the customer centricity review
- ICT – Embedding new shared service structure and consolidating ICT systems across the partnership in Planning and Environmental Health
- Hazlitt – implementing the preferred option for delivery
- Planning – progressing shared Planning Support with our MKIP partners
- Economic Development – adopting the Regeneration and Economic Development Plan and put in place the necessary skills and resources to deliver the plan
- Revenues & Benefits – implementing the Local Council Tax Delivery Scheme and responding to the anticipated issues this scheme plus welfare reform changes will cause
- Corporate Support – investigating commercialisation of Print Services and the viability of sharing our Corporate Support service with other local authority partners
- Environmental Health – investigate and implement (if agreed) sharing the service with MKIP partners
- Building Control – investigating commercial options and implementing the agreed option
- Integrated Transport Strategy – adopting our Integrated Transport Strategy (ITS)
- Major assets review – replacing the existing King Street car park with a new surface level car park

- Corporate peer review – completing this and beginning to implement any recommendations
- Future use of Town Hall – review options and make recommendations

Compiling a draft Improvement Plan allows the key workstreams to be brought together and monitored. A working group made up of officers responsible for each of the workstreams and enablers, the Chief Executive and the Leader make up a monitoring group to ensure the plan progresses and benefits are delivered:

- Leader – provides political leadership and councillor assurance (as defined in the draft Improvement Plan)
- Chief Executive - accountable for delivery of Improvement Plan
- Assistant Director of Environmental & Regulatory Services – responsible for Asset management workstream
- Head of Change & Scrutiny – responsible for Incremental improvement and External challenge workstreams
- Head of Business Improvement – responsible for Transformation workstream and Good information and knowledge management enabler
- Head of HR – responsible for Organisational culture enabler
- Head of ICT – responsible for Use of technology, which is not a workstream or an enabler but a critical tool for improvement
- Head of Finance & Customer Services – essential to ensure that any improvement work is aligned with the MTFS

It was recommended that the Plan continues to be updated annually and progress is reported to Cabinet on a six-monthly basis.

### **Alternatives considered and why rejected**

The Cabinet could decide not to agree the draft Improvement Plan for consultation with Overview & Scrutiny. This was not thought appropriate as the draft Improvement Plan is essential for allowing oversight of a number of different pieces of work across the organisation. It is aligned with the Strategic Plan and MTFS and it was recommended that it is consulted on in the same way as these documents.

The Cabinet could decide to alter the draft Improvement Plan 2013-16 more fundamentally from the Plan for 2012-15. This was not thought appropriate as it is felt that the few changes already incorporated are sufficient to ensure the Improvement Plan is relevant for the next three years.

### **Background Papers**

Improvement Plan 2012-2015

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: **3 January 2013**

## **MAIDSTONE BOROUGH COUNCIL**

### **RECORD OF DECISION OF THE CABINET**

Decision Made: 19 December 2012

#### **COUNCIL TAX 2013/14 - COLLECTION FUND ADJUSTMENTS**

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

To agree the levels of Collection Fund Adjustment.

##### **Decision Made**

That the projection detailed in the report of the Head of Finance and Customer Services be agreed and as a result the distribution of the surplus as set out below be agreed:

<b>Preceptor</b>	<b>£</b>
Maidstone Borough Council	32,033
Kent County Council	139,431
Kent Police Authority	18,463
Kent and Medway Towns Fire Authority	9,033
<b>Amount Distributed</b>	<b>198,960</b>

##### **Reasons for Decision**

Members will be aware that this Council is required to maintain a Collection Fund which accounts for all local tax payments. The income into the Fund is used to pay the precepts to Kent County Council, Kent Police Authority, Kent Fire Authority and the equivalent requirement of this Council (which includes Parish Precepts).

For the proper maintenance of the Collection Fund it is necessary to assess, on an annual basis, the likely balance on the Collection Fund as at 31 March of each year. Any balance, either positive or negative, must be taken into account in the following financial year. However, the balance on the fund, under the statutory conditions relating to Council Tax, does not become a credit or charge on this Council solely but needs to be split proportionately between Kent County Council, Kent Police Authority, Kent Fire and Rescue Authority and this Authority on the basis of the demand or precept in the current financial year.

The current situation regarding Council Tax in 2012/13 is projected to 31<sup>st</sup> March 2013 in Appendix A to the report of the Head of Finance and

Customer Services. This Appendix details the precepts and demands on the Fund. These total £91,178,935.

Appendix A to the report of the Head of Finance and Customer Services also details the latest situation regarding Council Tax bills dispatched, incorporating exemptions and discounts. Total income is now anticipated to be £91,224,430; therefore a surplus of £45,495 is anticipated for 2012/13. The Collection Fund has produced this surplus due to the continuing increase in properties on the valuation list although this is at a reducing rate reflecting the current economic climate. The impact of this is reflected in the tax base report considered by General Purposes Committee on 19 December 2012. The projection also includes an allowance for properties that will come on to the valuation list up to March 2013.

The actual Council Tax surplus, as at 31 March 2012, was £153,465. The predicted outturn at this time last year was less than £1,000 and a value of zero was taken into account in setting the Council Tax in 2012/13. Therefore, there is a balance of £153,465 resulting from the under distribution in this year. This balance must be distributed during 2013/14.

In total, Appendix A to the report of the Head of Finance and Customer Services estimates that there will be a net surplus on the Collection Fund for 2012/13 of £198,960.

In line with the Local Government Finance Act 1992 it is necessary to declare the distribution of any surplus or deficit on the Collection Fund and for this reason it is recommended that the surplus be distributed in line with the table below which apportions the surplus in line with the preceptors share of the Council Tax as set out in Appendix A.

<b>Preceptor</b>	<b>£</b>
Maidstone Borough Council	32,033
Kent County Council	139,431
Kent Police Authority	18,463
Kent and Medway Towns Fire Authority	9,033
<b>Amount Distributed</b>	<b>198,960</b>

### **Alternatives considered and why rejected**

It is a statutory requirement that any adjustment be calculated annually and Cabinet could not choose to ignore this decision.

Cabinet could vary the figures used in the estimate provided at Appendix A however they are based on data from the Council Tax system and projections developed from past experience and known factors. They represent a reasonable estimate of the situation.

Should Cabinet chose to vary the data and distribute a different surplus or deficit this would affect the balance on the Collection Fund and the cash flow of the Council.

### **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: <b>3 January 2013</b>
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## **MAIDSTONE BOROUGH COUNCIL**

### **RECORD OF DECISION OF THE CABINET**

Decision Made: 19 December 2012

#### **BUDGET STRATEGY 2013-14 ONWARDS - CORPORATE FEES & CHARGES REVIEW**

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

To consider the appropriate level of fees and charges for 2013/14 for services where the Council raises income by charging the user of a service and where the setting of the fee to be charged is discretionary. The Council has adopted a policy on the setting of fees and charges to ensure that a rational approach is used that takes account of all factors and creates a result that supports the priorities set out in the strategic plan.

##### **Decision Made**

1. That the increases in fees and charges proposed and set out in detail in Appendix A to the report of Corporate Leadership Team be approved.
2. That the proposed changes to the budgets for fees and charges that occur as a consequence of the revision in fees and charges be approved and the approved sum, as set out in paragraph 1.3.8 of the report of Corporate Leadership Team, to then be a budget strategy saving for 2013/14.

##### **Reasons for Decision**

The Council adopted a Corporate Fees and Charges Policy in May 2009. The Policy sets out the approach that the Council requires in setting fees and charges, promotes consistency across the authority and is focused on the strategic aims of the authority.

The Policy covers fees and charges that are set at the discretion of the Council. It does not relate to services where the Council is prohibited from charging, e.g. collection of household waste or services where the charge is currently determined by Central Government e.g. planning application fees. Consideration of any known changes to such fees and charges and any consequence to the budget strategy are included in the considerations in the report of Corporate Leadership Team.

The headline objective of the Policy is that fees and charges are set at the maximum level after taking into account conscious decisions on the subsidy level for individual services, concessions, impact of changes on users and any impact on the delivery of the Strategic Plan. Therefore, there is a presumption that charges will be levied for a service unless

justified by strategic consideration or legal constraints.

The Policy also proposes that a review of all fees and charges will occur annually in line with the development of the Medium Term Financial Strategy. The review of fees and charges should consider the following factors:

- a) The Council's vision, objectives and values, and how they relate to the specific services involved;
- b) The level of subsidy currently involved and, hypothetically, the impact of eliminating that subsidy on the level of fees and charges, users and social impact;
- c) The actual or potential impact of any competition in terms of price or quality;
- d) Trends in user demand including the forecasted effect of prices changes on customers;
- e) Customer survey results;
- f) Impact on users of proposals both directly and in terms of delivery of the Council's objectives;
- g) Financial constraints including inflationary pressure and service budget targets;
- h) The implications arising from developments such as an investment made in service;
- i) The corporate impact of Council wide pressures to increase fees and charges in other service areas;
- j) Alternative charging structures that could be more effective;
- k) Proposals for targeting promotions during the year and the evaluation of any that took place in previous periods.

During the work on the budget strategy for 2012/13 the Cabinet tasked officers with completing a corporate review of all fees and charges and this was completed in December 2011. The report of Corporate Leadership Team repeats that process for 2013/14 as requested by the Cabinet in July 2012.

The work completed last December created an average increase of 2.05% in the budgeted income from fees and charges for the current year. However, the Cabinet will be aware from the second quarter's budget monitoring report that income levels achieved in the first half of 2012/13 are below the midyear target. At September 2012 the shortfall in income was £0.12m and the predicted outturn was £0.2m as set out in the table at paragraph 1.3.8 below.

The detailed results of the review carried out this year are set out in Appendix A to the report of Corporate Leadership Team and the approval of Cabinet was sought to the amended fees and charges and the proposed income budgets for 2013/14.

The table below shows the 2012/13 budget and predicted outturn for income from the different fees and charges, the proposed budget increase that can be achieved from each proposal and the percentage increase in budget and proposes a level of budgeted income for 2013/14. The table is sub-divided by the effect any increase can have on the budget strategy.

<b>Service Charge Type</b>	<b>2012/13 Original Estimate</b>	<b>2012/13 Projected Outturn</b>	<b>2013/14 Proposed Increase</b>	<b>Proposed Increase %</b>	<b>2013/14 Estimate</b>
Community Development	20,990	20,990	400	1.91%	21,390
Cemetery	116,450	118,000	2,500	2.15%	118,950
Crematorium	1,039,050	1,039,050	23,650	2.28%	1,062,700
Licences	122,240	122,240	0	0.00%	122,240
Hackney and Private Hire Drivers Licences	40,250	40,250	0	0.00%	40,250
Licensing Statutory	130,000	130,000	1,320	1.02%	131,320
Recycling & Refuse Collection Total	576,830	600,000	0	0.00%	576,830
Conservation	21,470	15,000	0	0.00%	21,470
HMO Licensing	2,380	2,380	0	0.00%	2,380
Town Hall	2,150	2,150	0	0.00%	2,150
Parking Services	2,808,370	2,750,000	35,000	1.25%	2,843,370
<b>SUPPORT TO BUDGET STRATEGY</b>	<b>4,880,180</b>	<b>4,840,060</b>	<b>62,870</b>	<b>1.29%</b>	<b>4,943,050</b>
Environmental Enforcement	193,920	220,000	0	0.00%	193,920
Development Control-Planning	757,160	802,000	110,000	14.53%	867,160
<b>STATUTORY CHARGES</b>	<b>951,080</b>	<b>1,022,000</b>	<b>110,000</b>	<b>11.57%</b>	<b>1,061,080</b>
Building Control	404,770	360,000	0	0.00%	404,770
Development Control-Land Charges	253,750	253,750	0	0.00%	253,750
<b>OBLIGATION TO BREAK EVEN</b>	<b>658,520</b>	<b>613,750</b>	<b>0</b>	<b>0.00%</b>	<b>658,520</b>
Hazlitt Arts Centre	142,000	142,000	0	0.00%	142,000
Parks and Open Spaces	74,600	50,000	0	0.00%	74,600
Street Naming & Numbering	29,000	27,000	0	0.00%	29,000
<b>PRE-SET TARGETS EXIST</b>	<b>245,600</b>	<b>219,000</b>	<b>0</b>	<b>0.00%</b>	<b>245,600</b>
Environmental Health	17,180	16,000	0	0.00%	17,180
Market	209,840	170,000	0	0.00%	209,840
Museum	61,590	52,000	0	0.00%	61,590
Park and Ride	568,756	460,000	0	0.00%	568,756
<b>CURRENT BUDGET IN SHORTFALL</b>	<b>857,366</b>	<b>698,000</b>	<b>0</b>	<b>0.00%</b>	<b>857,366</b>
<b>Total</b>	<b>7,592,746</b>	<b>7,392,810</b>	<b>172,870</b>	<b>2.28%</b>	<b>7,765,616</b>

The level of increase in fees and charges budgets for 2013/14 set out in the table above reflects consideration of the effect of increasing the charges, such as elasticity of demand and creating movement of users to competitors or ceasing to use a service.

A number of services have either not proposed an increase or, where they have, the increase has not resulted in an increased budget. The reasoning behind these actions are all in line with the Council's policy on setting fees and charges that has been outlined earlier in this report.



Each service has been considered separately and in all cases the policy has been followed. A brief explanation of the consideration officers have given to significant issues are given in the following paragraphs.

#### Fees & Charges Supporting Budget Strategy (increase available to count as a saving)

On average there was an increase of 2.98% in these fees in 2012/13. As mentioned previously, the current income expectations are not being achieved at the mid point of the year and the year end prediction is a 2.6% shortfall across all fees and charges.

The fees and charges policy identifies current performance as a factor for consideration when setting future fees and charges. Officers have considered this factor in setting the proposed fees and the result is an average increase of 1.29%.

Specific issues that the Cabinet should note are:

- a) Recycling & Refuse Collection is showing an increase in income generated in the current year. Longer term the consequences of this additional income will form part of the service changes following the commencement of the new service contract. At this time a separate income target of £50,000 has been set as part of the budget strategy without an increase in fee and it would be a duplication of the increase to include it in this report.
- b) The Licensing Service is influenced by a number of fees and charges that are either statutorily controlled or set to break even. The service has considered increases where appropriate and will report to the Licensing Committee to seek approval to these fees. The expected increase is £1,320 but the service has generated income slightly above target in the last two years. As these are minor surpluses and the service is provided in partnership with other authorities in Kent it is felt prudent not to increase these targets outside of the partnership arrangement.

#### Statutory Charges

These charges are set in accordance with regulation. The environmental enforcement penalty charge is already set at the maximum. The Development Control charges have been increased by an average of 15% from November 2012 by Central Government and the increase is reflected here as an estimated increase in income of £0.11m

#### Obligation to Break Even

Both Building Control and Land Charges have a statutory obligation to break even. Both services will consider any necessary increase following budget setting and, if necessary, report this to the respective Cabinet Member.

Any increase set will not benefit the budget strategy as it will be set to maintain a break even cost of service.

### Pre-Set Targets

These services have pre-set obligations and at this time no increases are proposed that will have an additional effect on income budgets.

### Current Budget Shortfall

These services are currently reporting difficulty in generating income and any increase in fees proposed is designed to support current targets. In all cases managers are developing or implementing action plans following the identification of the concerns through the normal budget and performance monitoring processes in 2012/13.

### **Alternatives considered and why rejected**

The Cabinet could consider these proposals as individual Cabinet Members, as has happened in the past. This was not thought appropriate as the consideration of the full range of fees and charges in this way enables the impact of all charges to be considered together. This gives the Cabinet the ability to assess the impact of changes on individual customers. The consideration of fees and charges in this way removes the need to set a generic target for increases as part of the budget strategy. This is in line with the approved policy on fees and charges.

The Cabinet could agree different increases to those proposed. Officers have considered all aspects of the policy in developing these proposals and they are in line with the factors set out earlier in the report of Corporate Leadership Team.

### **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: <b>3 January 2013</b>
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**MAIDSTONE BOROUGH COUNCIL**  
**RECORD OF DECISION OF THE CABINET**

Decision Made: 19 December 2012

**BUDGET STRATEGY 2013-14 ONWARDS**

**Issue for Decision**

To agree a draft Council Tax and Budget Strategy for 2013/14 onwards

**Decision Made**

1. That the provisional allocation of the local council tax support funding, as set out in Appendix A of the report of Corporate Leadership Team, be agreed and notified to parish councils along with their tax base.
2. That the revised strategic revenue projection, as set out in Appendix B of the Corporate Leadership Team, which incorporates the changes outlined in sections 1.6 and 1.7 be agreed.
3. That the proposed savings, as set out in Appendix C to the report of Corporate Leadership Team, be agreed.
4. That the assumptions used in the development of the available resources as detailed throughout the report of Corporate Leadership Team be noted.
5. That consideration of the use of the additional capital resources identified in paragraph 1.13.3 of the report of Corporate Leadership Team be deferred pending the final cost of the Museum East Wing project.
6. That the Chief Executive, in consultation with the Leader of the Council, be given delegated authority to amend the detail of the Budget Strategy arising from the annual announcement by the Department for Communities and Local Government regarding local government finance.

**Reasons for Decision**

**Background**

On 25<sup>th</sup> July 2012 the Cabinet considered the initial budget strategy for 2013 onwards. At that time a strategic revenue projection (SRP) was agreed, including a provisional level of Council Tax as a planning and consultation tool. The agreed SRP included increases for inflation based on information provided by key officers and projection data from sources

such as the office of budget responsibility. Cabinet chose to set no inflation increase for supplies and services budgets and instructed officers to produce a corporate fees and charges report proposing increases for all fees and charges in line with the Council's fees and charges policy.

The SRP, that was agreed, estimated resources at £18.8m and predicted expenditure including new budget pressures of £20.8m, leaving a need to find savings in 2013/14 of £2m. At that time a number of risks were considered by Cabinet and these were:

- a) The government's welfare reform plans;
- b) The outcome of the consultation on the retention of business rates;
- c) The localisation of council tax support;
- d) Council tax levels, including the effect of any Local Council Tax Support scheme finally agreed;
- e) The level of income achievement;
- f) A series of local pressures including health and safety risks, such as King Street Multi Storey Car Park, and the Local Development Framework.

The capital programme was considered in a separate report on the same agenda and at that time it was agreed that:

- a) The capital strategy be amended to including the principle of prudential borrowing where this achieves commercial development;
- b) Officers should develop and present proposals that achieve the Council's objectives through commercial development;
- c) Resources would be provided to enhance the asset management programmes, to demolish King Street Car Park and to support the second phase of the High Street Regeneration project.

Funding of the current programme was provided and some additional resources identified and schemes were agreed according to the principles set out above. Long term funding remained an important issue, work on the infrastructure delivery plan was progressing and this would lead to the development of a community infrastructure levy charged on developments in the borough in addition the future of the New Homes Bonus payments remained at risk due to the continuing economic climate and threat of further austerity measures, and the risk remained that additional resources would not be sufficient to support a future programme. It was however identified that new homes bonus of at least £1.8m would be available next year.

Since the initial reports in July 2012 a number of the factors have changed and these have been considered. At this time the government has not announced the finance settlement and the report of Corporate Leadership Team could therefore not consider the provisional figures that will be provided in that announcement. The report of Corporate Leadership Team did consider a set of figures calculated from the most recent announcements and consultation documents produced by Government.

## The Autumn Statement

The Autumn Statement is one of two major statements made by the Chancellor of the Exchequer each year. The other is the budget usually presented in March. The Chancellor presented the Autumn Statement to Parliament on 5<sup>th</sup> December 2012. This is later than in previous years and as a consequence has delayed the annual announcement by the Department for Communities and Local Government (DCLG) regarding local government finance.

The key messages in the Chancellor's statement for local government finance were that a spending review would occur as early as the first half of 2013 which would set the departmental spending plans for 2015/16 onwards. Also that further reductions in public sector spending were immediately required at 1% in 2013/14 and 2% in 2014/15. Only the 2014/15 reduction of 2% would directly affect local government.

Other issues were:

- a) The extension of the period of doubling of the small business rate relief by a further 12 months. The implications for business rates retention are not yet known;
- b) The exemption of all newly built commercial property (completed between October 2013 and September 2016) from empty property rates for 18 months. The implications for the growth incentive of the business rates retention proposal are not yet known but could be significant;
- c) The provision of additional resources of up to £2bn into transport infrastructure, up to £600m into ultra-fast broadband in designated cities and over £1bn into education. The government intended that much of this resource would be channeled through the local enterprise partnerships and the Council's route to securing funding from these proposals for Maidstone would be through bids to the SELEP.
- d) Most welfare benefits would increase by 1% per annum over the next two years with state pension and disability benefit increases being greater.

The statement was linked to the latest office of budget responsibilities economic and fiscal outlook which was published to coincide with the Autumn Statement. This suggested that GDP would fall this year by 0.1% before growth commenced in 2013 at 1.2% per annum and rising to 2.7% per annum over the period to 2016. The forecast suggested that a further year of austerity measures would be required over those previously predicted as the Chancellor had revised his deficit reduction target date by one additional year to 2017/18.

The implications of this statement for future years are that further austerity measures will fall on local government with an additional 2% reduction in funding in 2014/15. The years beyond 2014/15 will be made clearer on the announcement of the findings of the spending review. At this time it is expected that the effects will be as severe as the reductions

experienced as a consequence of the last spending review in 2010.

The implications for 2013/14 will, in the main, arise from the changes to the business rates retention scheme and will not be clear until the DCLG makes its funding announcement on 19<sup>th</sup> December. As this is the same day as the Cabinet meeting any clear and significant information will be presented at the meeting followed up by a full briefing if necessary.

#### Review of Current Performance

The current year's financial performance is reported to the Corporate Leadership Team and to the Cabinet on a quarterly basis. The first two quarterly reports show a reasonably stable under spend against profiled budget of just over £0.3m. The predicted outturn for the year, as at the end of September 2012, was a £0.4m under spend comprised mainly of salary vacancies.

The capital programme as approved by the Council in March 2012 has been amended by the Cabinet's quarterly monitoring to allow scheme slippage into 2013/14. Additional schemes have been added to the programme to demolish King Street Multi Storey Car Park and to provide phase 2 of the High Street Regeneration project, these scheme were agreed by the Cabinet in July 2012 following the identification of funding.

The combined value of asset sales and other funding is currently above target by approximately £0.16m and the options this gives are dealt with later in this report.

The Cabinet has considered the use of balances this year and a series of proposals to utilise the significant under spend from 2011/12 have been considered by the Corporate Services Overview and Scrutiny Committee and with some minor changes will be submitted to the Leader of the Council for final approval prior to this Cabinet meeting. The maximum amount available from the 2011/12 under spend is approximately £1.1m and proposals to further the key priorities of the Council, totalling £0.83m, have been submitted for approval.

#### Review of Revenue Resources

##### **Business Rates Retained**

As stated earlier in this report the DCLG will announce the finance settlement for this council on 19<sup>th</sup> December 2012 which will set the provisional the level of business rates retained by this council. This will be as a result of setting the business rates baseline, the values of the initial payment to central government, the county council and the fire authority and the level of tariff to be paid to the government. This will leave, by deduction, the value of business rates retained.

Based on the consultation data and other announcements from central government the current estimate is that the business rates retained will be the sum of the following elements:

	<b>£,000</b>	
Formula Funding	5,080	<i>Closest comparable figure to 2012/13 formula grant and</i>

		<i>indicative of a 10.3% reduction in funding</i>
2011/12 CT Freeze Grant	335	
Local Council Tax Support Funding (including parish share)	1,463	<i>A Year 1 transitional grant is also included</i>
Homelessness Prevention	101	
<b>Total business rates retained</b>	<b>6,979</b>	

The figures tabulated above include the funding of the government's proposed localisation of council tax support that will replace council tax benefit from 1st April 2012. At its meeting on 21st November 2012 the Cabinet approved the proposed scheme for recommendation to the Council on 12th December 2012 and this funding represents 90% of the government's predicted expenditure on council tax benefit, had the scheme continued in 2013/14.

Part of this element of the retained business rates relates to the benefit paid to claimants in parished areas and the proposed local scheme will affect parish precepts. The level of effect was considered by the General Purposes Group when it set the Tax Base for 2013/14. It is clear from the figures given in the government consultation documents that the value has been modelled at a district level and no national attempt has been made to model the effect at a parish level. The government has confirmed that it wishes to pass the funding to district councils and expects appropriate consideration of the funding of parish councils to be made. It has not legislated for the payment of this grant on to parishes.

Should the Council wish to pass on funding to parish councils a method that reflects the loss of income from the reduced ability to generate council tax would be equitable. If such a method is not used then parishes with relatively high levels of benefit claimants and low levels of precept could find themselves disproportionately disadvantaged. One such method, given the work completed to calculate the Tax Base for each parish, is to apportion the funding based upon the value of benefit currently claimed in each area, as any loss through reductions in council tax income will be proportionate to that value.

The Tax Base represents the number of taxable properties in an area expressed as a proportion of the Band D value. It enables the individual charge for each property to be calculated from the precept value provided by each parish to the council. The calculation for 2013/14 includes an adjustment to allow for the discount now granted to previous benefit claimants through the new LCTS scheme and it is this calculation that gives an equitable method of distributing the funding.

In addition to using an equitable allocation method it is appropriate that all resources received by this Council should be distributed as a single value. The sums received have been calculated by central government on a block basis and the lowest level of area it considered is a district council. This means that the government's distribution is not based upon the transaction levels in each parished or non-parished area separately but for the borough council area as a whole. Added together the standard funding now rolled into retained business rates plus the first year transitional grant totals £1.463m and attached at Appendix A to the report of Corporate Leadership Team was a table that provides the necessary

distribution of the total funding on the basis outlined above. The level of funding that would remain within the Council's own budget strategy is £1.38m. Consideration of how this resource does not fully finance the council's loss from the scheme is dealt with under the consideration of the resources available from council tax.

Using this figure to calculate this council's share of retained business rates gives the following estimate:

	<b>£,000</b>	
Formula Funding	5,080	<i>Closest comparable figure to 2012/13 formula grant and indicative of a 10.3% reduction in funding</i>
2011/12 CT Freeze Grant	335	
Local Council Tax Support Funding (excluding parish share)	1,379	<i>A Year 1 transitional grant is also included</i>
Homelessness Prevention	101	
<b>Total business rates retained</b>	<b>6,895</b>	

This estimate is the best available at this time and the Cabinet may wish to give consideration to the views of the Corporate Services Overview and Scrutiny Committee on the apportionment of the LCTS scheme funding to parishes before formal approval of the proposal however it would be necessary for parish councils to be given the provisional figures at this time so that they can continue to prepare their budget forecast for 2013/14 and set their local precepts.

### Council Tax

The Council's current council tax charge has remained stable at the 2010/11 level of £222.39 per annum for a band D property. Set against this stable tax level has been a council tax freeze grant claimed from central government for the two years of a 0% increase. In 2013/14 one of the two grants will cease and the other, as detailed earlier, will remain until 2015/16 but be included in the retained business rates income. Had the council raised the same level of resources from a council tax increase the reduction in resources would not occur and the additional income available to the Council in 2015/16 would be in the region of £0.67m. This would be sufficient to resource the budget pressures outstanding for 2014/15 as set out below.

At the meeting on 25<sup>th</sup> July 2012 the Cabinet agreed a SRP for planning purposes that included an assumed 3% increase in council tax income. This represented a 2.5% increase in the council tax charge and a 0.5% increase in the tax base arising from new property.

Since that meeting the Government has announced support towards a further council tax freeze. This announcement offers a grant equivalent to a 1% increase for two years and reduces the level at which a council would be required to conduct a referendum over any proposed increase to 2%.

As the Cabinet are aware, from consideration of a 0% increase as part of the budget strategy over the previous two years, resources not gained



through a council tax increase are only supported over the period during which the grant is payable. Considering the ten year period from 2011/12, when the first grant was accepted, the Council will have foregone approximately £8.8m in resources by 2020/21. This additional arrangement available from the Government for 2013/14 would, if accepted, mean a further level of resources foregone of £1.8m bringing the maximum foregone income to £1.3m per annum and in total £10.6m by 2020/21.

By the time of this meeting the General Purpose Group had considered and agreed a tax base of 55155.1 which is approximately 10.3% lower than the tax base for 2012/13. This is due to the need to discount the tax base by the consequences of the LCTS scheme that commences on 1<sup>st</sup> April 2012. Excluding this discounting the underlying tax base has increased by 1.1%.

Considered together the reduced tax base and a further freeze on council tax charge levels would generate £12.266m in 2013/14. An increase of 1.99% in the charge, just below the referendum level, would increase income by £0.244m and therefore generate a total of £12.510m in 2013/14. This would increase band D tax levels by £4.43 per annum to £226.82.

A decision on the level of council tax increase that the Cabinet would wish to recommend to the Council need not be taken at this time however the revised SRP given at Appendix B to the report of Corporate Leadership Team includes 1.99% increase to replace the 2.5% planning assumption to ensure it does not breach the referendum limit.

The Cabinet had also considered a report on the collection fund adjustment. The decision from that report was to distribute approximately £0.2m across the major preceptors and this council. The share calculated for this council is £32,000 and this can be added to the resources available from the council tax charge detailed above.

Combining the resources available to this council from the current estimated level of retained business rates, the council tax income and the collection fund adjustment would produce resources for the period of the revised SRP as tabled below. The Cabinet should note that the level of resources available from retained business rates given for years 2015/16 and beyond assume the effects of the spending review announced by the Chancellor. Although a projection is given, no actual detail is available to suggest the rate at which the resources available to this council will reduce or whether the reduction will be seen through the retained business rates or through another source of government funding.

	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Retained Business Rates	6,895	6,404	5,589	5,170	4,782
Collection Fund Adjustment	32	0	0	0	0
Council Tax	12,510	12,822	13,139	13,464	13,795
<b>Available Resources</b>	<b>19,437</b>	<b>19,226</b>	<b>18,728</b>	<b>18,634</b>	<b>18,577</b>

## Review of Strategic Projection

When the Cabinet agreed the SRP in July 2012 officers were set the task of continuing to review the budget pressures and identify additional savings to balance the budget. Since that time officers have reviewed all of the pressures outlined in the SRP and it is now proposed that the following amendments should be considered.

- a) **Lost income from regeneration** – this budget reflected the issues being considered for King Street Multi Storey Car Park and the possibility that the asset would be sold and revenue income lost. The decision of cabinet to demolish the car park and provide a surface level car park is estimated to be cost neutral in revenue terms and the budget is no longer required.
- b) **Local Development Framework** – following the decision on strategic sites within the core strategy, the profile of expenditure on the local development framework has been reassessed. It is now clear that while the same level of resources will be required overall, the timing of the funding need has slipped and the resources are now programmed as growth in 2014/15.
- c) **Safer Maidstone Partnership** – this provision was original made during the development of the 2011/12 strategy to offset against grant loss. Growth was approved in the 2012/13 budget strategy however the election of the Police and Crime Commissioner has required a reassessment of the appropriate timing for considering the use of the resource. It would at this time be prudent for the Council to remove the growth item and await the plans and strategies set out by the new commissioner to be published before reconsidering any further action. The council has funded a three year contribution to the domestic violence advise work being coordinated across Kent by the Kent Probation Service. A budget of £16,700 per annum was funded from the Leader's contingency.
- d) **Growth provision** – this is an annual provision for growth outside of the specific items reported during the development of the annual budget. The resource available in 2012/13 remains an unallocated balance within the Leader's portfolio and no bids for resources are expected in the remainder of 2012/13. With the full balance available from 2012/13 it is not necessary to resource a new balance in 2013/14.

In addition to the proposed reductions set out in the paragraph above there are two proposed increases in growth pressure and these are detailed below:

- a) **Pay and contractual commitments** – this growth item has seen an increase due to more accurate knowledge in relation to the indices that are used by each service. In general the office of Budget Responsibility has recently published amended growth and inflation rates. At this time it is not proposed to further amend this item as the factors relate to general growth that budget managers will be expected to control rather than contractual growth.

These amendments, taken in conjunction with the revised assessment of resources available to the Council set a requirement to find savings in 2013/14 of £1.2m compared to the £2m requirement set out in the decision of cabinet in July 2012. The values for each year of the SRP are set out in the table below:

	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Available Resources	19,437	19,226	18,728	18,634	18,577
Projected Requirement	20,563	20,608	19,890	19,488	19,218
<b>Savings Target</b>	<b>1,126</b>	<b>1,382</b>	<b>1,162</b>	<b>854</b>	<b>641</b>

The Corporate Services Overview and Scrutiny Committee has worked with officers and the Leader of the Council through a budget working group this year. Initial work has been to ensure that the working group is considering the budget strategy with a complete knowledge of the issues and a number of meetings, including briefings have occurred this year. When the committee considers the decisions of the Cabinet, in January 2013, the members of the group will ensure that the debate is informed in depth on the background issues facing the Council.

#### Review of Savings Proposals

Savings and efficiency data was not reported in detail to Cabinet in July 2012. The targets were set out and it was identified that some savings proposals existed, in the main these came from long term plans developed for the 2011/12 strategy. The report suggested that, set against a need to find £2m in savings, plans existed to save £0.6m.

As stated previously, the revised SRP at Appendix B of the report of Corporate Leadership Team shows a need to save £1.2m in 2013/14 and attached at Appendix C to the report of Corporate Leadership Team is a more detailed analysis of the previously identified savings and other proposals that have been developed by officers in discussion with Cabinet Members. The value of these proposals, set against the required need for savings in each of the five years considered by the revised SRP, are tabled below.

	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Savings requirement in SRP	1,126	1,382	1,162	854	641
Savings proposals	1,126	788	220	140	0
<b>Savings still required</b>	<b>0</b>	<b>594</b>	<b>942</b>	<b>714</b>	<b>641</b>

The savings proposals set out at Appendix C to the report of Corporate Leadership Team include the values reported in the fees and charges report.

#### New Homes Bonus

Along with the finance settlement that is due to be announced on 19<sup>th</sup> December 2012, the DCLG announced the allocation of New Homes Bonus for the forthcoming year which would be £2.8 million for Maidstone.

To date the Council has utilised the resources from new homes bonus payments to support its priorities through regeneration. In the main

resources have been directed to the capital programme with a small sum of approximately £0.2m being used for one off revenue projects. When cabinet considered the capital programme in July 2012 it agreed that a sum of £1.8m from the forthcoming new homes bonus payment be directed to the capital programme to finance the second phase of the High Street regeneration project.

Tabled below is the schedule of amounts received and expected along with the amount already utilised by the Council.

	<b>2011/12 £,000</b>	<b>2012/13 £,000</b>	<b>2013/14 £,000</b>
2011/12 Allocation	892	892	892
2012/13 Allocation		825	825
2012/13 Affordable Homes Premium		78	78
2013/14 Allocation			1,045
2013/14 Affordable Homes Premium			n/a
<b>Receipt</b>	<b>892</b>	<b>1,795</b>	<b>2,840</b>
Capital Financing	892	1,615	1,800
Revenue Financing		180	
<b>Balance remaining</b>	<b>0</b>	<b>0</b>	<b>1,040</b>

#### Capital Expenditure

The capital programme approved by Council in March 2012 has been modified by Cabinet following the July 2012 report that set out proposals to finance commercial activity, health and safety works (the demolition of King Street Car Park) and the enhancement of the Asset Management Programmes. The current programme and details of available funding are set out in Appendix D to the report of Corporate Leadership Team.

During the work in developing the strategy for 2012/13 resources were set aside for the funding of any over spend on the Museum East Wing project. This project is nearing completion of the negotiations about the final account and the level of resources that may be required will be known presently. At this time the resources set aside by Cabinet, although not expressly stated, remain within revenue balances in case of need.

At this time the capital programme ends in 2014/15. This issue has been previously considered by Cabinet but a significant number of factors need to be progressed before clarity regarding resources and priorities can be established. In terms of the programme there are three strands:

- a) The standard programme including strategic priority projects, housing grants and housing support;
- b) The commercialisation proposals;
- c) The infrastructure delivery plan.

In terms of funding there are three key risks:

- a) The viability, long term, of the new homes bonus;
- b) The acceptability and affordability of prudential borrowing;

c) The development of a viable community infrastructure levy.

Some of the work required to mitigate the risks or develop the necessary proposals are nearing completion but there is a significant risk of misalignment of priorities within the affordable capital programme if all matters are not resolved before the future programme is agreed.

### Capital Financing

The funding of the capital programme as agreed by Council in March 2012 is secured, as detailed in the report considered by Cabinet in July 2012.

In addition the confirmation of the revised level of prudential borrowing by Council and the confirmation of the level of new homes bonus by the DCLG should both occur prior to the meeting of Cabinet. Subject to those confirmations the revised programme agreed by cabinet in July 2012 is supported by the required level of resources. Officers can update the cabinet of any unexpected developments and necessary changes to the considerations set out in this report at the meeting.

In addition to the figures provided previously there have been two minor receipts from Golding Homes from the sale of properties that the Council retains a contractual benefit from. These receipts increase receipts by a net sum of £0.16m and are not allocated to any schemes currently within the capital programme. Cabinet may wish to retain the receipts until the final cost of the Museum East Wing project is known and funding is agreed.

### Balances

The current level of general fund balance is £4.4m plus provisionally allocated sums of another £1.5m. After allowing for the proposals considered informally by Cabinet Members and formally by the Leader of the Council and Corporate Services overview and Scrutiny, an unallocated general fund balance of £3.6m remains. A statement of balances is set out in Appendix E to the report of Corporate Leadership Team that incorporates the use of balances to cover the value of bids submitted to the Leader of the Council for approval.

For 2012/13 the Council has set a minimum level of balances of £2m and the Cabinet have agreed to set a working balance of £2.3m below which it is not expected that the Cabinet will utilise balances. In November the Cabinet agreed to set aside the sum of £0.5m when considering a report on potential commercialisation, as a provision against possible scheme failure. This means that unallocated resources of £0.7m and provisionally allocated resources of £2m exist.

Earlier in this decision consideration was given to the Chancellor of the Exchequers Autumn Statement and the Economic and Fiscal Outlook report of the Office of Budget Responsibility. Given the significant and detrimental factors facing local government, as set out in that section of this report, Cabinet should be mindful of the level of resources and the potential need that the Council may have for those resources to remain

financially stable, before the current economic situation is resolved.

### Consultation

During the period in which consultation on the budget strategy would normally occur the local council tax support scheme consultation was ongoing. In order to minimise potential confusion the budget consultation was delayed. Consultation must occur before the final consideration of the budget by the Cabinet in February 2013. The consultation has been designed in a format that will allow those who wish to respond a choice of responding direct through the website, by return of a questionnaire or in person when the consultation road show is in the Gateway.

Due to the considerable change in the method of central funding of local authorities this year through the retention of business rates and the national coverage that suggests that 50% of business rates will be retained by local authorities it is important that consultation and briefings occur with local business. This work will be undertaken through the business meetings held by the Economic Development Manager.

The results of all of this work will be incorporated into the report to the Cabinet in February 2013 to enable consideration of the responses prior to a recommendation to the Council.

### Medium Term Financial Strategy and Strategic Plan

The Strategic Plan refresh is reported to Cabinet elsewhere on this agenda. It provides feedback on the achievement of the outcomes required to achieve the priorities of the Council and gives Cabinet an opportunity to consider update actions and outcomes. It is essential that cabinet consider the Strategic Plan and this budget strategy at the same time as the information provided by the budget strategy enables Cabinet to consider the resourcing available for achievement of the proposed outcomes and provides the opportunity for cabinet to amend either resourcing proposals or outcomes to balance plans and resources appropriately.

As the DCLG had not announced the finance settlement for 2013/14 at the time of writing this report the MTFs statement has not been updated and for that reason was not included in the report of Corporate Leadership Team.

### **Alternatives considered and why rejected**

The production of the budget is an element of the statutory process of setting the council tax each year. In addition the final document and budget is required to be robust and adequate under the Local Government Act 2003 and the Chief Financial Officer is required to give a statement to that fact. On this basis the actions outlined in this report must be considered and a balanced budget ultimately set by March 2013.

A number of the assumptions set out in the report of Corporate Leadership Team remain uncertain and alternative options are possible.

The main examples include:

- a) The level of business rates that may be retained by the Council. At this time the estimate is based on the most up to date information and is reasonably in line with national commentators' assumptions. By the time cabinet consider this report it may well be possible to update the meeting with the provisional settlement figures.
- b) The calculation used to distribute the LCTS Scheme funding between the Council and the parishes. This proposal is based upon the value of the actual loss by each council and is considered to be the fairest methodology for all.
- c) The indices used to calculate future inflation and contractual commitment. These indices have been recently updated and a revised set of assumptions could be developed, however the level of change likely to occur is not significant and it is proposed that current resources will be re-prioritised if the level of growth allowed is insufficient

### **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: <b>3 January 2013</b>
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**MAIDSTONE BOROUGH COUNCIL**  
**RECORD OF DECISION OF THE CABINET**

Decision Made: 19 December 2012

**PARISH SERVICES SCHEME PETITION FROM PARISHES**

**Issue for Decision**

To consider the petition and points raised by parishes at the Council meeting on 12 December 2012

**Decision Made**

1. That the parishes be thanked for submitting their petition.
2. That the Parish Services Scheme be retained but that the Council would underwrite the Parish Council expenditure on street lighting which has been funded as part of the concurrent function scheme in 2013/14 at an estimated cost of £31,000
3. That the Parish Services Scheme would be amended to reflect any areas identified as being double taxation that are raised in the discussions between individual parishes and the Council.

**Reasons for Decision**

At the meeting of the Council held on 12 December 2012, a petition in the following terms was presented by Councillor John Perry on behalf of residents living in parished areas of the borough and the Maidstone Area Committee of the Kent Association of Local Councils:-

"We the undersigned believe that the removal of the Concurrent Functions Grant and its replacement by the proposed Parish Services Scheme will seriously damage the provision of essential local services or lead to a significant percentage increase in the tax burden on residents of parished areas. We further believe that the proposal will cause an unfair difference in the treatment of residents between parished and unparished areas and re-establish double taxation on Parishes that the Concurrent Functions Grant has addressed over the last 20 years or more. We call upon Maidstone Borough Council to turn away from the proposed abolition of the Concurrent Functions Grant and to continue with current arrangements (that have already been subject to cuts of more than 35% since 2010-11). Alternatively, we call upon Maidstone Borough Council to establish an alternative rating system for Parishes to reflect their lesser absorption of Borough services, while recognising that Parishes must play their part in keeping the overall standards and central services of the Borough at an acceptable level. Should Maidstone Borough Council not



commit, as a matter of priority, to maintaining funding for parished areas at the current level (which is already substantially reduced), we call on our Parish Council to arrange an appropriate poll under the 1972 Local Government Act, in co-ordination with other Parishes within the Borough”.

During the ensuing debate a number of points were made;

- It was accepted that there was a need to review the existing Concurrent Functions arrangements, and that funding should be based on the services provided. However, Concurrent Functions funding had been cut by more than 30% already, and this was far greater than cuts to other budgets.
- Parish Councils played a fundamental role in local government and needed flexibility in decision making. The situation should be reviewed.
- It was difficult to justify cutting the funding for Parishes by more than 30%, given the underspend on the revenue budget, and then proposing what appeared to be a further 80% cut in funding.
- Parish Councils had a degree of autonomy over how they spent their money and to take this away was not in the spirit of localism.
- Parish Councils were united in their opposition to the change in arrangements and disappointed about the way in which the negotiations had been conducted taking into account the good working relationship which had been fostered between the Borough and Parish Councils over many years. It should have been possible to negotiate amendments to the current framework and make budgetary savings.
- The Borough Council’s Concurrent Functions Scheme had been regarded as an exemplar, but times had changed and the Scheme was now in need of some amendment.
- At a time when local Councils were being provided with more flexibility, with an emphasis on devolution and localism, the narrowing of the Scheme went against the thrust of government policy.
- The new Scheme was narrow in what it included and there was a risk that full value for money for both the Borough and Parish Councils would not be achieved.
- It was now necessary to draw a line under the past, and move forward to design a Scheme worth having for residents, Parishes and the Borough Council.
- The scale of the reduction in funding for individual Parishes was unacceptable. Parish Councils had their accounts audited and could demonstrate how their funds were spent.
- Further discussions were required to sort out the misunderstandings which had arisen and the misinformation. For example, it should be made clear that Parishes would not be bidding against each other and that the new Scheme was designed to avoid double taxation.
- In the current economic climate, a Scheme was needed which was clear and transparent and which would work for the benefit of all residents of the Borough.
- Further clarification was required as to the services that the Borough Council would fund.
- Although the new Scheme would recompense Parish Councils for any service they carried out that the Borough Council would otherwise perform, any extra service or standard above that which the Borough

would provide would need to be funded through the Parish precept, and this could cause problems for smaller Parishes.

- The intention was to introduce a system that was fair to all residents of the Borough and to provide it in a simple, transparent and accountable manner.
- The decision had been made to delay the introduction of the new Scheme until 2013/14 to provide a transitional period for Parish Councils to review their services and options.
- In the present economic climate, the existing Concurrent Functions Scheme was unaffordable.
- It was recognised that the entire process relating to the introduction of the new Parish Services Scheme had been very difficult. However, the national economic picture was grim and it was known that in the Comprehensive Spending Review 2014/15 there would be further cuts in local government funding. All three tiers of local government had to think differently about how they administered their finances, directed resources and prioritised.
- Overall, it was considered that the new Parish Services Scheme was the way forward. There was no statutory requirement upon District Councils to make funding available to Parish Councils, but the new Scheme recognised the needs of Parish Councils and that they carried out services that the Borough Council would otherwise perform.
- There were concerns that could be overcome. Parish Councils should engage with the Officers to identify their funding requirements and priorities.

It was suggested that the petition and the points raised in the debate should be referred to the Cabinet as a whole rather than to the relevant Cabinet Member. The Leader of the Council accepted this change.

In response to the petition and the debate at the council meeting the following points of clarification are provided:

The decision to implement the Parish Services Scheme was made to provide equity of service across parished and non parished areas. The funding test that is being applied is 'in the absence of the parish, would the borough provide this service?' This is in keeping with the 1972 Local Government Act which states that **Two or more local authorities may make arrangements for defraying any expenditure incurred by one of them in exercising any functions exercisable by both or all of them.** There has never been any question of parishes bidding either against each other or against non parished areas for funding; the level of funding is determined solely according to the services each parish provides that are recognised under the scheme.

Maidstone borough council is accountable to all the borough's residents for the way in which it allocates expenditure. However, the council has confirmed that local standards can be set by parishes and the funding from the parish services scheme can be moved between the services that are agreed with each parish. Any service above the standard funded by the council across the borough should be funded through parish precept.

Throughout the implementation period, officers have sought to engage with each parish and have provided regular updates to all parishes, including issues raised at individual meetings and the responses to them.

Despite offering to meet with each parish to discuss their individual circumstances this offer was taken up by less than 50% of Parish Councils. Following the meetings that were held, question and answer lists were provided to all parishes.

One of the issues raised by the parishes that met with officers was about green space funding as many of them have no land that is owned by the borough council. In response to this concern and in the spirit of equitable provision, a calculation for funding a proportion of green space was developed, based on the aspirational provision within the Green Space Strategy. This does not distinguish between land that is owned by the borough council or by a parish.

A similar issue has been raised regarding street lighting. This issue remains unresolved at this time, although contact has been made with Kent County Council as the highway authority with an offer to support all affected parishes in a discussion regarding funding with KCC. Until the outcome of these discussions that, in the meantime, the Cabinet agreed that they would underwrite the parish council expenditure on street lighting which has been funded as part of the concurrent function scheme for 2013/14.

The Leader of the Council also indicated that in discussions between the Council and individual parishes, if areas were identified as being double taxation, the Parish Services Scheme would be amended.

### **Alternatives considered and why rejected**

Cabinet could choose not to debate the subject further. However, this would be in contravention of the recommendation from Council.

### **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: <b>3 January 2013</b>
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