

# AGENDA

## CABINET MEETING



Date: Wednesday 13 February 2013  
Time: 6.30 pm  
Venue: Town Hall, High Street,  
Maidstone

Membership:

Councillors Garland (Chairman), Greer, Hotson,  
Paine, Mrs Ring and J.A. Wilson

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Page No.

1. Apologies for Absence
2. Urgent Items
3. Notification of Visiting Members
4. Disclosures by Members and Officers
5. Disclosures of lobbying
6. To consider whether any items should be taken in private because of the possible disclosure of exempt information
7. Minutes of the Meeting held on 19 December 2012

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**Continued Over/:**

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**Issued on 5 February 2013**

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact JANET BARNES on 01622 602242**. To find out more about the work of the Cabinet, please visit [www.maidstone.gov.uk](http://www.maidstone.gov.uk)

**Alison Broom, Chief Executive, Maidstone Borough Council,  
Maidstone House, King Street, Maidstone Kent ME15 6JQ**

- |    |  |       |
|----|--|-------|
| 8. | Reference from the Audit Committee - Property Investment Governance Arrangements | 6 - 8 |
|----|--|-------|

**KEY DECISION REPORTS**

- |     |   |           |
|-----|---|-----------|
| 9.  | Report of the Leader and Chief Executive - Strategic Plan 2011-15, 2013-14 Refresh        | 9 - 46    |
| 10. | Report of the Head of Business Improvement - Refresh of the Improvement Plan for 2013-16  | 47 - 67   |
| 11. | Report of Corporate Leadership Team - Budget Strategy 2013 14 Onwards                     | 68 - 126  |
| 12. | Report of the Head of Finance and Customer Service - Treasury Management Strategy 2013/14 | 127 - 144 |

**NON-KEY DECISION REPORTS**

- |     |   |           |
|-----|---|-----------|
| 13. | Report of the Head of Audit Partnership - Strategic Risk Register 2013-2015                       | 145 - 158 |
| 14. | Report of the Head of Change and Scrutiny - Key Performance Indicator Monitoring Report Quarter 3 | 159 - 190 |
| 15. | Report of the Head of Finance & Customer Services - Budget Monitoring Third Quarter 2012/13       | 191 - 205 |

**PART II**

**To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.**

**Head of Schedule 12A/  
Brief Description**

**KEY DECISION EXEMPT REPORTS**

- |     |  |                      |           |
|-----|--|----------------------|-----------|
| 16. | Report of the Chief Executive - Future Shape of the Organisation | 4 = Labour Relations | 206 - 227 |
|-----|--|----------------------|-----------|

## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

#### **MINUTES OF THE MEETING HELD ON WEDNESDAY 19 DECEMBER 2012**

**Present:** Councillor Garland (Chairman), and  
Councillors Greer, Hotson, Paine, Mrs Ring and  
J.A. Wilson

**Also Present:** Councillors Mrs Gooch, McLoughlin, Newton  
and Mrs Stockell

106. APOLOGIES FOR ABSENCE

There were no apologies for absence.

107. URGENT ITEMS

RESOLVED: That the report of the Director of Regeneration and Communities – Parish Services Scheme Petition from Parishes be taken as an urgent item.

108. NOTIFICATION OF VISITING MEMBERS

Councillor Mrs Gooch indicated her wish to speak on Agenda Item 8 – Refresh of the Strategic Plan 2013-14 and Councillors Mrs Gooch, McLoughlin, Newton and Mrs Stockell indicated their wish to speak on Agenda Item 16 – Parish Services Scheme Petition from Parishes.

109. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

110. DISCLOSURES OF LOBBYING

All Members disclosed that they had been lobbied with regard to the urgent agenda item – Report of Director of Regeneration and Communities – Paris Services Scheme Petition from Parishes.

111. EXEMPT ITEMS

RESOLVED: That the Items on the Agenda be taken in public as proposed.

112. MINUTES

RESOLVED: That the Minutes of the Meeting held on 21 November 2012 be approved as a correct record and signed.

113. REFRESH OF THE STRATEGIC PLAN 2013-14

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.

To view full details of this decision, please click here:-

<http://meetings.maidstone.gov.uk/ieDecisionDetails.aspx?ID=638>

114. 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.

To view full details of this decision, please click here:-

<http://meetings.maidstone.gov.uk/ieDecisionDetails.aspx?ID=639>

115. REFRESH OF THE IMPROVEMENT PLAN FOR 2013-16

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.

To view full details of this decision, please click here:-

<http://meetings.maidstone.gov.uk/ieDecisionDetails.aspx?ID=640>

116. COUNCIL TAX 2013/14 - COLLECTION FUND ADJUSTMENTS

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>

To view full details of this decision, please click here:-

<http://meetings.maidstone.gov.uk/ieDecisionDetails.aspx?ID=641>

117. BUDGET STRATEGY 2013-14 ONWARDS - CORPORATE FEES & CHARGES REVIEW

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.

To view full details of this decision, please click here:-

<http://meetings.maidstone.gov.uk/ieDecisionDetails.aspx?ID=642>

118. BUDGET STRATEGY 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.

To view full details of this decision, please click here:-

<http://meetings.maidstone.gov.uk/ieDecisionDetails.aspx?ID=643>

119. PROPERTY INVESTMENT GOVERNANCE ARRANGEMENTS

The Cabinet considered the reference from Audit Committee regarding the Property Investment Governance Arrangements.

RESOLVED: That Audit Committee be informed that the Cabinet are satisfied that the governance arrangements relating to property investment are strong and democratic, taking into account that the decision is made by a Cabinet Committee with the Advisory Panel having no decision making powers but enabling an all-party involvement in the advice given to the decision making Cabinet Committee.

120. CABINET MEETING DATES - MUNICIPAL YEAR 2013-2014

The Cabinet considered the report of the Head of Democratic Services regarding meeting dates for the Municipal Year 2013/14.

RESOLVED: That the report be agreed.

121. PARISH SERVICES SCHEME PETITION FROM PARISHES

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.

To view full details of this decision, please click here:-

<http://meetings.maidstone.gov.uk/ieDecisionDetails.aspx?ID=644>

122. DURATION OF MEETING

6.30 p.m. to 7.55 p.m.

# Agenda Item 8

## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

#### **REFERENCE FROM THE AUDIT COMMITTEE**

##### **PROPERTY INVESTMENT GOVERNANCE ARRANGEMENTS**

The Audit Committee, at its meeting held on 14 January 2013, considered the response of the Cabinet to its reference seeking assurances that the governance arrangements relating to property investment are sound and that controls are in place to minimise the risks to the Council associated with this new area of activity. A copy of the reference from the Cabinet is attached as Appendix A. It was pointed out that there was an ambiguity in that although the reference stated that the Member Advisory Panel relating to Property Investment had no decision making powers, the Panel did, in accordance with its terms of reference, have the power to reject proposals put forward by the Officers for potential property investment.

**RECOMMENDED:** That consideration be given to the amendment of the terms of reference of both the Member Advisory Panel relating to Property Investment and the Property Investment Cabinet Committee to clarify the intention that decisions to either reject or take forward property investment proposals are to be taken by the Cabinet Committee based on the recommendation of the Advisory Panel, supported by a robust financial business case, and having specific regard to the CIPFA Code of Practice.



**MAIDSTONE BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**14 JANUARY 2013**

**REFERENCE FROM THE CABINET**

**PROPERTY INVESTMENT GOVERNANCE ARRANGEMENTS**

The Cabinet, at its meeting held on 19 December 2012, considered the reference of the Audit Committee seeking assurances that the property investment governance arrangements are sound and that controls are in place to minimise the risks to the Council associated with this new area of activity.

A copy of the Terms of Reference of the Member Advisory Panel and the Property investment Cabinet Committee are attached as an Appendix to this reference for the Audit Committee's information.

**RECOMMENDED:** That Audit Committee note that the Cabinet are satisfied that the governance arrangements relating to property investment are strong and democratic, taking into account that the decision is made by a Cabinet Committee with the Advisory Panel having no decision making powers but enabling an all-party involvement in the advice given to the decision making Cabinet Committee.

## **APPENDIX**

### **Terms of Reference of the Members Advisory Panel relating to Property Investment**

- To consist of 6 members politically balanced (for 2012/13):  
3 Conservatives, 2 Liberal Democrat, 1 Independent
- To meet as necessary as proposals come forward
- To consider specific business cases for potential property investment, analyse the risks and possible value and either reject, request more information or recommend to the Cabinet Committee that the proposals be brought forward for decision.
- The panel must have specific regard to the Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the decision of Cabinet, relating to possible prudential borrowing agreed at its meeting on 25 July 2012.

### **Terms of Reference of the Property Investment Cabinet Committee**

- To comprise three cabinet members who must be present:-
  - Leader of the Council
  - Cabinet Member for Economic and Commercial Development
  - Cabinet Member for Corporate Services
- Cabinet Members will be allowed to substitute
- To meet as necessary as proposals come forward
- To consider specific business cases for potential property investment and based on the view of the members advisory panel make the appropriate decision
- The committee must have specific regard to the Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the decision of Cabinet, relating to the possible borrowing agreed at its meeting on 25 July 2012.

## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

### **REPORT OF THE LEADER AND CHIEF EXECUTIVE**

**Report prepared by Angela Woodhouse**

#### **1. REFRESH OF THE STRATEGIC PLAN 2013-14**

##### 1.1 Issue for Decision

1.1.1 Cabinet are asked to agree the refreshed strategic plan for submission to Council on 27 February 2013.

##### 1.2 Recommendation of the Leader and Chief Executive

1.2.1 That Cabinet:

- (a) recommends the refreshed Strategic Plan 2013-14 to Council subject to delegation to the Chief Executive to make minor amendments in consultation with the Leader as required; and
- (b) Notes 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.

##### 1.3 Reasons for Recommendation

1.3.1 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 was focused on updating the action plans for the outcomes.

1.3.2 The refreshed Strategic Plan attached at Appendix A was approved by Cabinet on 19 December 2012 for consultation. At the meeting Councillor Mrs Gooch requested that information on tourism in the priorities section be updated and that parishes be included in the strategy map this was agreed by Cabinet and changes have been incorporated. The report was then presented to Corporate Services

Overview and Scrutiny Committee. Attached at Appendix B are the recommendations made by the Committee with responses. The majority of recommendations have been incorporated.

- 1.3.3 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.
- 1.3.4 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.
- 1.3.5 The refreshed Strategic Plan 2013-14 attached at Appendix A, 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.

- 1.3.6 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 . 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.

#### 1.4 Alternative Action and why not Recommended

1.4.1 Cabinet could decide not to update 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.

1.4.2 Alternatively Cabinet could request the development of a new plan. However, this is not recommended 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.

1.5 Impact on Corporate Objectives

1.5.1 The Strategic Plan sets the Council’s strategic direction and corporate priorities up until 2015. Service plans flow from the Strategic plan into the appraisal setting process to ensure there is a golden thread from priority setting to action, so we can systematically work towards our goals and opportunities.

1.6 Risk Management

1.6.1 The risks associated with the Strategic Plan are set out in the Council’s Strategic Risk Register which is in the process of being updated. The budget strategy is aligned with the Strategic Plan and risks have been outlined in this document which also appears on the agenda.

1.7 Other Implications

1.7.1 The Strategic Plan has a range of implications which are discussed in this report.

1.	Financial	<input checked="" type="checkbox"/>
(c)	Staffing	<input type="checkbox"/>
(d)	Legal	<input type="checkbox"/>
(e)	Equality Impact Needs Assessment	<input type="checkbox"/>
(f)	Environmental/Sustainable Development	<input type="checkbox"/>
(g)	Community Safety	<input type="checkbox"/>
(h)	Human Rights Act	<input type="checkbox"/>
(i)	Procurement	<input type="checkbox"/>
(j)	Asset Management	<input type="checkbox"/>

1.7.2 The Medium Term Financial Strategy and Strategic Plan are developed in conjunction with each other to ensure that priorities and resources are considered together.

1.8 Relevant Documents

1.8.1 Appendices

Appendix A – Refreshed Strategic Plan (with tracked changes to show update)

Appendix B – SCRAIP from Corporate Services Overview and Scrutiny Committee

1.8.2 Background Documents

**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, when did it first appear in the plan of forthcoming decisions?

November 2012

This is a Key Decision because: It affects all wards

Wards/Parishes affected: All

## **Appendix A**

### Maidstone Borough Council **Strategic Plan 2011-15**

#### **From the Leader**

Over the next four years the council will have to work harder than ever before to meet the needs of Maidstone residents, as we confront the financial challenges arising from the coalition government's determination to reduce Britain's annual deficit. The Strategic Plan and the Medium Term Financial Strategy set out Maidstone's approach to meeting the needs of our community in this new financial and political era.

To deliver our savings targets we will need to change the way in which services are delivered. We will continue to prioritise activities which will deliver our priorities.

The financial position of the council is strong, we have balances of around £3.6m, which is substantially more than our requirement to maintain balances of 10% of the annual budget. During the course of this plan the Council has delivered three flagship projects for the Borough; High Street Improvement, Museum and Mote Park as part of the Council's sustainable Capital Programme. For the next two years of the plan we will continue improvements to the public realm, the High Street and commence work to secure infrastructure for future growth.

In order to provide focus to our efforts we have identified three priorities for the Council:

1. For Maidstone to have a growing economy.
2. For Maidstone to be a decent place to live.
3. Corporate & Customer Excellence.

By focusing on three priorities we can establish clear objectives for this Council. This is especially important in the current financial climate.

Maidstone is a vibrant county town with many strategic public agencies present in the Borough. It is an attractive environment for both businesses and residents the Strategic Plan is focussed on ensuring our economy grows along with maintaining and improving the Borough as a place to live.

Having now established a joint partnership with KCC through the new Maidstone Locality Board, there will be greater opportunities to work collaboratively using public money, together with the resources of the private and third sectors, to achieve even greater improvements for Maidstone residents.

#### **Introduction from the Chief Executive**



## **Appendix A**

Maidstone Borough has many attractive urban and rural places, a relatively robust economy and diverse communities. With both a rich heritage and an ambition for growth we want to make the best of our past and the future to support people, strengthen the economy and develop the public realm to build vibrancy and prosperity.

Our Strategic Plan for 2011-15 focuses on three strategic priorities and seven key outcomes. We are striving to achieve these in circumstances of economic recession and significant change. These have an impact on the Council and the daily lives of every resident and business in the borough. We have consulted widely on this plan, to focus on what matters most to Maidstone.

We cannot make our vision a reality without working with our partners. The past few years have seen many successes from working closely with public, private, voluntary and community sector partners from the borough and across Kent.

As a community leader, we must strive even harder to harness the energy, support and commitment of our partners to overcome the challenges ahead. We must support our partners where we can and challenge them where necessary. Our Community Strategy sets a bold and challenging vision for the borough and we must play a leading role in the Maidstone Locality Board to turn that vision into reality.

To bring this plan to fruition we must be open about the design of services and who delivers them. In this plan we have described seven principles for how we do things at Maidstone. We will equip our staff with the skills, knowledge and technology to make these a reality.

Among the challenges ahead is to interpret localism in a way that enables local people and their Councillors to take charge of how their neighbourhoods develop. This will focus our resources and efforts on those issues that matter most to the community.

We must also strive for continuous improvement in the services used by Maidstone people and businesses. The improvements for Maidstone set out in this plan will ensure that our Council does what our communities need in the most efficient and effective way. Delivery against our strategy is reviewed bi-annually and the strategy itself is reviewed annually to make sure we adapt to changes in our environment.

Maidstone is an ambitious place and we are an ambitious Council. There will always be new challenges and competing priorities. This is what makes our Council and what we do so exciting and fulfilling. We will need to make difficult decisions about how we prioritise and deploy our resources. In doing so we must remember to put our customers and our communities first, improving efficiency, promoting innovation and striving for continuous improvement.

Your community is our priority.

## **National Context**

## **Appendix A**

### **New Political Leadership**

Britain has been going through a state of change having just come out of a recession and entering a new political environment. The general election in May 2010 resulted in a hung parliament and a subsequent coalition government forming between the Conservative and Liberal Democrat Parties. The coalition government has stated their top priority is cutting Britain's budget deficit, "with the main burden of deficit reduction borne by reduced spending rather than increased taxes".

In May 2010, the Government published 'The Coalition: our programme for government' which outlined the key policy areas, with an emphasis on 'freedom, fairness and responsibility' creating the Big Society and giving citizens, communities and local government a central role in enabling a new approach to sustainable, low carbon economic growth.

### **Localism Act**

The Localism Act is designed to enable many of these changes. It received Royal Assent in November 2011 and came into effect in April 2012. The Act introduced new freedoms and flexibilities for local government, and new rights and powers for communities and individuals.

The Act gives councils a general power of competence, whereby as long as an activity is not unlawful, they are empowered to carry it out if they wish. It increases the flexibility of councils to structure themselves in the way they think best. The Act also increases local control over housing decisions and business tax rates.

As a result of the Act the Council has introduced policies on community right to challenge and community right to buy. In the spirit of Localism the Council has introduced the U project; a fun way for people to learn new skills and meet more people in their community. We are also working with Voluntary Action Maidstone to develop a website to connect businesses and voluntary organisations.

Community groups and social enterprise organisations are encouraged to take an active role, and are given the right to bid to deliver public services themselves. Local people are also given greater influence over council taxes, community assets and planning decisions. Councils will need to be transparent about their policies on pay.

### **Comprehensive spending review**

In October 2010, the Government presented its Comprehensive Spending Review (CSR) which determined the spending budgets until 2014-15. For local government this means a reduction in funding by an average of 28% over the four year life of this plan, with larger savings having to be achieved in the first year. The Council has developed a corporate improvement plan with an identified programme of reviews and improvements. Maidstone Borough Council has started a programme of reviews, to consider how services are delivered and the potential impact of these changes in policy on other services and cost. The Autumn statement 2012 sets out further cuts for local authorities, these cuts combined with changes to council tax benefit discounts in 2013 will increase risk and uncertainty for the Council.

## **Appendix A**

### **Local Enterprise Partnerships**

Local Enterprise Partnerships (LEPs) are local partnerships between local authorities and businesses. The Government's aim is that LEPs will play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. Maidstone is committed to playing a full role in the Kent, Essex and East Sussex Partnership to ensure the Borough and its businesses benefit from regeneration opportunities.

### **Transport and Infrastructure**

The Department for Transport grant to local authorities has been reduced by 28%. However, the Government sees transport as a key driver of growth nationally and in the regions, stating that for every pound spent on Highways Agency schemes, on average £6 of benefits are achieved in return and in many cases, there are higher returns for local authority schemes. Following the Comprehensive Spending Review the Government committed to a £1.5 billion programme of major local authority transport schemes. 41 transport schemes have been approved and evidence is being gathered for a decision on a further four, with a total investment so far of £1.4 billion, partly from Department for Transport contributions and partly from local funding. The Chancellor's Autumn Statement 2012 revealed that a major emphasis in the budget will be switching spending in the public sector from departmental resource budgets to investment in capital projects. Projects include funding for schemes to alleviate bottle necks and funding for cycling infrastructure. This could have an impact on our emerging core strategy and infrastructure delivery plan.

### **Transparency and Inspection**

The Government sees Local Authorities as having a crucial role to play in ensuring that services are efficient and effective, offer good value for money and deliver what people want. The Government announced the abolition of the Comprehensive Area Assessment (CAA) with immediate effect from 25 June 2010, with the intention of clearing the burden of assessment from local authorities. Alongside the reduction in inspection, councils will be moving to increased transparency in the data held by publicising more information such as spending, contracts and tenders above £500.

### **Planning and Housing**

The Localism Act will allow for the opportunity for local people to plan for new development within the strategic framework provided by the Council's Core Strategy. The Community Right to Build will allow a development to go ahead where there is overwhelming community support. Regional Planning Strategies will soon be abolished and decision making on matters such as housing and general planning policy are now made by local Councils in the Core Strategy and related documents.

The Government has implemented – 'The National Planning Policy Framework.' This replaces all existing central government planning guidance (i.e. Planning Policy Statements (PPS), Planning Policy Guidance (PPGs). Circulars etc) but, more fundamentally, introduces a presumption in favour of sustainable development.

## Appendix A

### Local Context

#### Maidstone the place

Maidstone is an exceptionally green Borough with a number of parks, the largest of which is Mote Park, which is Grade II on the English Heritage Register of Historic Parks and home to thriving rugby and cricket clubs. There are numerous smaller parks and squares within the town and villages which have benefited from a major playground and sports facility investment programme in recent years. We recognise the importance of maintaining a quality environment for residents including our heritage and conservation areas. The attractive countryside offers high quality landscape and biodiversity and a wide range of informal recreation opportunities.

Economically Maidstone Borough is considered a good place to live and work with high rates of employment, relatively low levels of adults claiming incapacity benefits and a higher proportion of residents who have a degree than the South East average. Larger numbers of people commute into than out of the Borough. The Borough has a very mixed business sector with large numbers of small and medium size businesses with particular strengths in professional services (law and accountancy) and construction. There is a growing media industry led by Maidstone Studios and the Kent Messenger Group. Maidstone has an extensive further education campus (Mid Kent College) and a higher education offer with both the University for the Creative Arts and Mid Kent College seeking to increase their range of courses and facilities. Oakwood Campus is being taken over by Mid Kent College and over the next three years the University for Creative Arts will be expanding the broadcast media courses being delivered at Maidstone Studios.

Residents living in the Borough have relatively high wages (although many higher earners commute out of the Borough to achieve these). Maidstone came out as the top destination for business in the 2010 study of locations for business in Kent. The 2011 census revealed that Maidstone not only has the largest population of all Kent districts it is also the area which grew most in terms of population between 2001 and 2011 increasing by 16,300 people (11.7%). It is thought that migration alongside the fact that people are living longer is the reason behind this increase.

Transport links are generally good although rail travel could still be improved. 2011 saw the introduction of High Speed services from the Maidstone west to St. Pancras. Rail journey times to London from some of the smaller rural towns (Staplehurst and Marden) are as low as 40 minutes. The Borough is well served by the motorway network with the M20 and M2 both providing links to the M25 and the Channel Ports. The international high speed railway stations at Ebbsfleet (15 mins) and Ashford (25 mins) are also extremely accessible. The Council is pleased that an extension to the Thameslink network is being proposed to provide a direct link to London from Maidstone. With regard to travelling in and around the Borough by car, congestion is an issue particularly at peak time in the town centre. The bus transport network serving Maidstone town is relatively strong whilst rural transport presents distinct challenges. Road safety is a concern for Maidstone, with the poorest record in Kent. Following a scrutiny review of road safety, the Council will be supporting the Safer Maidstone Partnership in taking initiatives forward to address this issue.

Maidstone's Local Strategic Partnership carried out work in 2010 looking at how public money is spent locally. It identified that £602 million was spent in Maidstone in 2010

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by various bodies including Kent County Council, Maidstone Borough Council, Kent Police and the local Primary Care Trust. Just over 35% of the money is spent on health and social wellbeing, nearly 17% was spent on education and 15% on housing.

In November 2011, the Maidstone Local Strategic Partnership (LSP) was replaced by the Maidstone Locality Board, which draws together local public services for greater effectiveness and efficiency to oversee and shape the local delivery of services. The change to Locality Boards will result in a greater input from county and district councillors, but with representation from the wider public sector, including Kent Police, Kent Fire and Rescue Service, NHS, the voluntary and community sector and the business community. The first formal meeting of the Maidstone Locality Board was held on 20 January 2012. The Board has agreed three priorities for Maidstone:

- Community Budgets
- Tackling Worklessness and Poverty
- Local Environment Improvements

The Locality Board has set and agreed performance indicators to measure the outcomes against these priorities. These indicators are set for Maidstone and are cross-partner. The priorities align with the Strategic Plan.

### What matters to Maidstone residents

The Council carried out extensive consultation when developing the Sustainable Community Strategy for Maidstone 2009-2020. Residents were asked to identify what was good and bad about living in the Borough as well as their dream for Maidstone. The top three positive comments related to Maidstone included shopping, parks and the river. Other positive comments related to cleanliness, the countryside and nightlife. The top three negative comments related to traffic congestion, public transport and the quality of roads. The top three dreams for Maidstone residents related to resolving transport issues, improving the river and an improved theatre/concert facility.

A residents' survey was undertaken in 2011. This was the first survey the Council had undertaken since the Place Survey in 2008 and showed improved satisfaction in a number of areas including providing value for money, keeping residents informed and the way the council runs its services. It also showed some areas that need improvement, such as people from different background getting on well together and satisfaction with the local area. The council will work with residents to find ways to increase satisfaction across the borough.

During the 2012-13 refresh of the Strategic Plan, residents were consulted on the budget to identify what matters to them in respect of council services. This exercise was factored into the Cabinet's prioritisation of spending and services. More detail is provided in the prioritisation section of the plan. The importance of the rural transport network, cleanliness of our town centre and supporting and encouraging a range of business development were identified during a resident focus group reviewing our priorities.

### About the Council

Maidstone Borough Council has a strong record of improvement based on previous inspection results as an excellent rated Council. We are now looking at how we improve

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residents' satisfaction with the Council, as we turn our attention outwards to residents rather than up to central government.

When the Council conducted the Place Survey in 2008, 44% of respondents said they were very or fairly satisfied with the way the Council runs things. This was just below the national average of 45%. 32% strongly or tended to agree that the Council provides value for money. The resident survey conducted from December 2011 to January 2012 showed a significant improvement in resident satisfaction with 63% of respondents indicating that they were satisfied with the way the Council runs things. The Council is looking to continue to improve resident satisfaction and increase value for money as a priority going forward.

### The services we deliver

- Housing
- Benefits including housing and Council Tax
- Spatial Planning and Development Management
- Council tax and non-domestic rates collection
- Waste collection
- Electoral registration
- Local land charges
- Food and safety
- Environmental enforcement
- Building control
- Museum
- Theatre
- Crematorium and cemetery
- Leisure centre
- Parks and open spaces
- Street cleaning
- Abandoned vehicles
- Community safety
- Arts and sports
- Parking Services
- Licensing
- Economic development

### How the Council works

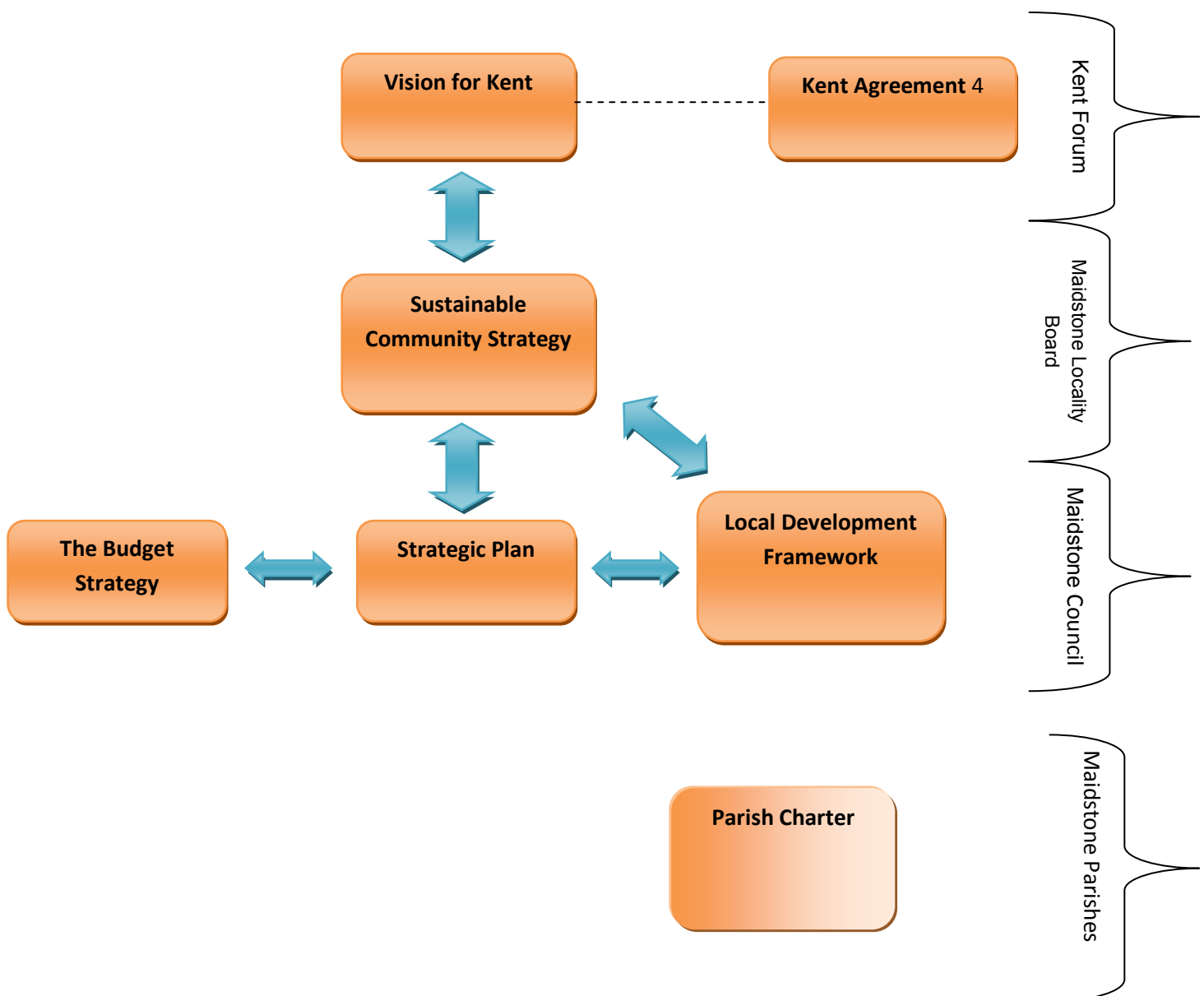
The Council has 55 Councillors who are elected by thirds. Since May 2008, the Conservative party has held the majority of seats on the Council. The Council appoints a Leader who appoints the Cabinet; the Cabinet makes key decisions on Council services, which must be in line with the overall policy and budget framework set by the Council. Each Cabinet Member has their own portfolio area which they make decisions on. Matters that concern two or more portfolios are generally dealt with by the whole Cabinet, which meets monthly.

The Cabinet is held to account by Overview and Scrutiny committees. These committees ensure the decisions of the Cabinet are properly monitored and examine the Council's policies, services and expenditure. They also carry out investigations and research into relevant topics and make recommendations to Cabinet based on their findings to inform and shape the policy of the Council.

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The Council also operates several Committees who take regulatory decisions including Licensing and Planning. These are an integral part of the Council's operation. The Council also has an Audit Committee and a Standards Committee in place which act as checks and balances on the Council and its services to ensure we adhere to our high standards of corporate governance.

### Strategy map - how we work with others



### Our Vision, Priorities and Outcomes for Maidstone

The Council is committed to and shares the vision for Maidstone, identified in the Sustainable Community Strategy 2009-2020:

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“We want Maidstone Borough to be a vibrant, prosperous 21st century urban and rural community at the heart of Kent, where its distinctive character is enhanced to create a safe, healthy, excellent environment with high quality education and employment where all people can realise their aspirations.”

The essence of this can be described in six words- Great opportunity, great place, great people.

The Council has three priorities and seven outcomes for Maidstone over the next four years. Over 2011 these outcomes were defined to show which areas the Council will concentrate on, taking into account the needs of the Borough and the budget reductions the Council has to find. The Council will continue to use its influence wherever possible to encourage partners to invest in Maidstone in both the priority and non priority areas.

### Priorities

#### 1. For Maidstone to have a growing economy

In essence, Maidstone will be a good place to work and do business. The economy will continue to grow with a wide range of employment and business opportunities.

#### Outcomes by 2015:

- a transport network that supports the local economy, with a focus on the delivery of an integrated transport strategy in conjunction with Kent County Council.
- a growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy, with a focus on the following areas;
  - Creating the right planning environment
  - Developing key infrastructure
  - Business expansion
  - Inward investment
  - Developing stronger business relationships
  - Tackling worklessness

#### 2. For Maidstone to be a decent place to live

Maidstone already has a clean, attractive and well designed and built environment. We wish to maintain this and ensure that proper respect is paid to its diverse and valuable assets so that Maidstone is a place where people want to live. We will continue to support our most vulnerable residents and seek to reduce the different forms of deprivation across the Borough in both urban and rural areas.

#### Outcomes by 2015

- Decent, affordable housing in the right places across a range of tenures, with a focus on
  - Developing sustainable communities
  - Increasing choice and improving the quality of life for vulnerable people
  - Improving existing homes
  - Improving access to housing and working to prevent homelessness and rough sleeping in Maidstone



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- Continues to be a clean and attractive environment for people who live in and visit the borough by;
  - Implementing new waste management arrangements
  - Implementing a new cleansing model
  - Reducing the Council's energy consumption
  - Implementing an Air Quality Action Plan
- Residents are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced, focusing on two key areas; early intervention work with young children and their families to tackle disadvantage and undertaking work to help families who have multiple needs.

### 3. Corporate and Customer Excellence

The Council will have a productive workforce with people in the right place at the right time, delivering cost effective services. Services will be affordable, delivered on time and to agreed standards in an accessible way.

#### Outcomes by 2015

- Customer focused services that residents are satisfied with
- Effective, cost efficient services are delivered across the borough

## Delivering Priorities and Outcomes

**Outcome: By 2015 Maidstone has a transport network that supports the local economy**

### Why it matters for Maidstone

Transport plays an important role in supporting economic development and creating opportunities for growth. Businesses need an effective and well connected transport system to access the town and to connect with London, other centres in Kent, the southeast and internationally in order to thrive. Residents need to be able to get to places directly and quickly. We recognise that to do this we need to work closely with transport authorities and operators including business leaders and Kent County Council. We also seek to have an improved rail network for residents and business and will continue to lobby and work with partners to achieve this ambition. We recognise that the transport network has to be effective across the Borough and will be a key component in supporting our rural areas and ensuring our rural economies prosper.

Public consultation consistently reveals transport as a major concern. For example, consultation carried out for the Sustainable Community Strategy showed that a large proportion of Maidstone's local people view the transport system and particularly the accessibility of public transport, as inadequate. Links are generally good although rail travel could still be improved with journeys to London mostly taking over an hour and none of the main stations having full disabled access. There are proposals to put in place a new train line direct to the City and to other London destinations, which we will support. In 2011 a fast link from Maidstone West to London was introduced and the Council will seek to encourage use and see the service continued. The Borough is well

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served by the motorway network with multiple accesses to the M20 and M2 both providing links to the M25 and the Channel Ports. In terms of town centre congestion, during the morning peak time it takes three minutes and 28 seconds to drive one mile. Peak congestion is a problem and projected to get worse. The town is also vulnerable to 'operation stack' which alleviates traffic problems at the Port of Dover and Channel Tunnel by using the M20 to park traffic. There is a park and ride scheme which serves the town centre.

What we plan to do	Milestones	Ownership
Deliver an integrated transport strategy (alongside the Core Strategy) in partnership with the transport authorities and operators which will result in joint working to improve and develop an effective and integrated transport network to meet future needs	<p>– <b>2012-Mid 2013</b> Develop Integrated Transport Strategy alongside the Core Strategy</p> <p><b>2013-15</b> - Milestones as set out in the Integrated Transport Strategy</p>	Maidstone council and partners
Implement an infrastructure delivery plan with partners utilising available funding including S106/CIL, new homes bonus, Local Transport Plan 3, other grant funding and potentially tax incremental financing	<p><b>2013-2014</b> - Develop Infrastructure Delivery Plan</p> <p><b>2014-2015</b> - Milestones as set out in the Infrastructure Delivery Plan</p>	Maidstone council. Kent county council and partners
Create and deliver a Local Development Framework including a Core Strategy and related documents that create good conditions for prosperity whilst still providing balance with environmental protection.	<b>Mid 2015</b> – Core Strategy adopted	Maidstone council

Indicator	Frequency	Out-turn 2011/12	Target 2012/13	Target 2013/14	Target 2014/15
Percentage change in bus usage on services from Maidstone depot (NEW)	Annual	+2.24%	Contextual – partner data		
Average journey time per mile for key routes	Annual	Contextual – partner data			

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(Congestion)					
Number of Park and Ride transactions	Quarterly	428,902	420,000	420,000	420,000
Income from pay and display car parks per parking space (NEW)	Quarterly	£1,121.17	£1,153.19	Will be set as part of the budget process each year	

**Outcome: By 2015 Maidstone has a growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy.**

### Why it matters for Maidstone

As a Borough we want Maidstone to be a place where the conditions are in place for businesses to flourish. The Council is committed to growth that is sustainable and will create the conditions which enable local businesses to start up, expand and attract new business to the borough. We will also support business growth and development across the Borough through our planning policies and land allocation including the management of the green and blue infrastructure network. Our Development Management service will ensure the relevant Council services provide an effective pre-application service and will process planning applications in a cost effective and timely manner. Maidstone also has significant rural business economies our Local Development Framework will include the rural areas.

Maidstone has the largest economy of all Kent Districts and Boroughs. More people commute into the Borough each day than commute out. The Borough is an economic hub providing employment for a large part of Kent. However, despite its natural location advantages, Maidstone's growth rate was the 4th lowest in Kent between 1998 and 2008 and behind the South East and Great Britain averages. It is a diverse economy with reliance on town services and 30% of businesses located in the rural area. Moreover much of this employment growth has been public sector employment. Whilst around 10,000 jobs were created in the service sector during this period, the Borough lost over 3,000 jobs in manufacturing. Neighbouring areas have been able to provide a greater choice and range of employment sites in both quality and quantum and in some cases at more competitive prices. If the planned cuts in public sector expenditure of 30% result in jobs losses in the sector in the same proportion, nearly 6,000 people who work in Maidstone could lose their jobs. We also have a low wage local economy and the national changes to education and skills development will impact on our residents and employment. We are determined to address these local issues through our land allocations, planning policy and work with the education and skills sector. A new Economic Development Strategy will be agreed in 2013 this strategy sets out the progress the Council has made in relation to our priority for a growing economy and the future actions we will be taking.

What we plan to do	Milestones	Ownership
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Create and deliver local development framework documents including a core strategy with the policies and land allocations that will create the right conditions for economic development*	<b>Mid 2015</b> - Core Strategy adopted	Maidstone council
Update the Council's Economic Development Strategy and Regeneration Statement and deliver actions to support the Council's priorities.	<b>2013- 2015</b> Milestones in accordance with the updated Economic Development Strategy and regeneration statement	Maidstone council
Assist businesses who want to develop or locate to the Borough through our pre-application planning advice service, a new role of business champion to encourage new business and supporting existing businesses and ensuring that the planning committee continues to be effective in supporting the Council's priorities	<b>April 2011- August 2011</b> – Peer Review of planning completed <b>2011-12</b> Introduction of a training schedule for Members and officers completed	Maidstone council
Review Park Wood Industrial Estate and implement a strategy for its regeneration	<b>November 2010</b> - Strategy review completed <b>2011-2015</b> Implement strategy actions	Maidstone council and relevant partners
Work with partners through the worklessness forum to assist people into training and employment	Milestones to be set and agreed by the Maidstone Locality Board	The Council and relevant partners

\* The local development framework and core strategy set out the Council's planning policies for the Borough, as well as where it wishes to see housing and commercial development

Indicator	Frequency	2011/12 Out-turn	2012/13 Target	2013/14 Target	2014/15 Target
Overall employment rate	Annual	<b>81.0%</b>	82.5%	84.0%	85.0%
Percentage of commercial planning applications completed within statutory timescales	Quarterly	<b>88.89%</b>	90%	90%	90%
Percentage of people claiming Job Seekers Allowance	Quarterly	<b>2.7%</b>	2.4%<	2.3%<	2.3%<
Percentage of vacant units within the town centre	Annual	<b>9.24%</b>	11.50%	10.75%	10.00%
Value of business rateable floor space	Annual	<b>£139,904,131</b>	1% increase year on year		
Percentage of major business planning applications take-up of pre-applications advice	Bi-annual	<b>90.0%</b>	92.0%	93.0%	94.0%

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Percentage of those taking pre-application advice where the applications were approved		<b>100.0%</b>	90.0%	90.0%	90.0%
Number of 16-18 year olds who are not in education, employment or training (NEETS) <b>(NEW)</b>	Annual	<b>5.7 (2010/11)</b>	Contextual- Partner data Data is released 1 year in arrears.		
Working age people educated to NVQ level 4 or higher	Annual	34.3%	Contextual partner data		

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**Outcome: By 2015 Maidstone has decent, affordable housing in the right places across a range of tenures**

### Why it matters for Maidstone

We want Maidstone to be a place where people enjoy living and a key part of this will be having access to affordable and decent housing. We understand that good housing promotes educational attainment, better health outcomes and employment opportunities. The provision of choice and affordability in housing for the citizens of Maidstone, including rural communities, which meets their needs and aspirations are addressed within this outcome. Decent means housing that meets residents' needs in terms of availability and size as well as meeting the national decent homes standard.

In terms of affordable housing, we are referring to a range of tenure that includes socially rented, intermediate or affordable rent and a variety of shared ownership products. Maidstone Borough Council works to ensure that all new developments of 15 homes or over contain at least 40% affordable housing, which in 2011/12 led to 284 affordable homes becoming available. Due to Council intervention, 30 empty private sector homes were brought back into use or demolished - the majority being let to households from our housing list. We also have a role to play in improving the quality of private housing through grants for improvements to insulation and heating. The Council has completed a Strategic Housing Market Assessment to help us build the right kind of homes in the right places.

Housing in Maidstone town has traditionally been considered relatively affordable compared to the south east average, but this is not the case in rural Maidstone and for those on average or low incomes. The recent recession has resulted in an increase in home repossession and homelessness generally has risen across the UK. Whilst Maidstone has seen a rise in the numbers of households requiring temporary accommodation provided under the homelessness legislation this remains comparably low compared to the other Boroughs in Kent and a significantly lower level than the worst affected areas in England. Maidstone continues to perform above targets for homelessness prevention and is seeking to find new ways of encouraging people to seek housing advice at an earlier stage than when the crisis point of homelessness is reached.

What we plan to do	Milestones	Ownership
New Housing: Enable the delivery of a range of high quality homes that are desirable and affordable to all sections of the community	<b>2011-2015</b> Implement Housing Strategy	Maidstone council
Existing Housing: Ensure our existing housing is suitable and able to meet future challenges; providing sought after homes now and into the future	<b>2011-2015</b> Implement Housing Strategy	Maidstone council

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Homelessness & vulnerable groups: Commission and provide services with partners that meet identified needs, reduce inequalities, are responsive and timely, promote stable, strong communities, self-reliance and encourage positive aspirations	<p><b>2011-2015</b> Implement Housing Strategy</p> <p><b>2013</b> – Implement the new Allocation Scheme</p>	Maidstone council
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Indicator	Frequency	2011/12 Out-turn	2012/13 Target	2013/14 Target	2014/15 Target
Percentage of residential planning applications processed within statutory timescales	Quarterly	75.0%	78.0%	83.0%	86.0%
Number of affordable homes delivered	Quarterly	284	200	Targets for future years will be agreed as part of the budget process	
Number of homes occupied by vulnerable people made decent	Quarterly	205	180	180	180
Percentage of new homes built on previously developed land	Annual	92.33%	80%	70%	60%
Average grant per MCB funded affordable home unit	Annual	£8210.00	>£10,000	>£10,000	>£10,000
<b>DCV 007</b> Average cost of planning service per application	Annual	£209	TBC	Targets for future years will be agreed as part of the budget process.	

**Outcome: By 2015 Maidstone continues to be a clean and attractive environment for people who live in and visit the Borough**

### Why it matters for Maidstone

Maidstone is an exceptionally green Borough with a number of well maintained parks and open spaces. As Maidstone will continue to be a place for development the challenge will be to continue to maintain and enhance our 41 conservation areas. Work has been undertaken to make the Borough more attractive, such as the Mote Park improvement project, High Street improvements and the Museum East wing project. An attractive environment means a well built and designed environment: under the outcome related to the economy we have committed to an effective planning process to ensure we have a well designed environment.

Cleanliness has improved across the Borough and CO<sup>2</sup> emissions have been decreasing. We are committed to increasing social responsibility to ensure the new development is of high quality and the Borough's varied and valued landscape and heritage assets are respected and the environment remains clean and attractive. We want Maidstone to continue to be a place where people enjoy living and would choose to live. As stated in the earlier section on the economy, we will also be encouraging green business in Maidstone. As a Council we will lead with our carbon management programme: over the next four years we will be seeking to reduce carbon emissions from Council buildings and vehicles.

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What we plan to do	Milestones	Ownership
Deliver focused enforcement activity to ensure high impact on the cleanliness of the Borough	<b>April 2012</b> - Area Based Enforcement implemented	The Council
Work with partners to ensure that all areas of the Borough are clean and well-maintained	<b>Ongoing</b> - Deep Cleaning Programme in place	The Council and Partners
Continually develop street cleaning operations to ensure Maidstone is a clean and tidy Borough	<b>August 2013</b> – Introduce mechanical cleaning operation as part of joint waste and street cleaning contract  <b>Ongoing</b> – work with partners to ensure that all areas of the Borough are clean and well maintained	The Council  The Council with others
Ensure provision of timely specialist advice and services on heritage and landscape design to protect and enhance Maidstone's environment	<b>Ongoing</b> - Provide quality pre-application advice services for heritage and landscape design	The Council
Deliver the Carbon Management Plan to ensure that the Council reduces its carbon footprint by 3% per annum	<b>Ongoing</b> - Reduce carbon emissions across the Borough and improve air quality <b>Ongoing</b> - Reduce the Council's carbon footprint and improve the use of other natural resources whilst ensuring the Council is planning to adapt to Climate Change	Maidstone council and partners
Maximise our leisure and cultural offer to enhance the quality of life for our residents whilst attracting visitors, new residents and businesses	<b>March 2012</b> - Completed the redevelopment of the Museum's East Wing <b>June 2013</b> – Complete a review of play areas and produce a strategy for future provision <b>June 2012</b> - Completed Mote Park regeneration project capital works	Maidstone council
New waste contract	<b>Summer 2013</b> – New Waste Contract in place	Maidstone council

Indicator	Frequency	2011/12 Out-turn	2012/13 Target	2013/14 Target	2014/15 Target
Satisfaction with local area as a place to live (residents survey)	Biennial	84%		87%	



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Satisfaction with street cleaning (residents survey)	Biennial	<b>56%</b>		59%	
Satisfaction with Parks & Open Spaces (residents survey)	Biennial	<b>76%</b>		78%	
Percentage waste recycled	Quarterly	<b>45.13%</b>	46%	48%	50%
Percentage of relevant land assessed with unacceptable levels of litter	Annual	<b>1.70%</b>	1.705%	1.70%	1.70%
Percentage of relevant land assessed with unacceptable levels of detritus		<b>5.28%</b>	5.8%	5.75%	5.70%
Percentage of fly tipping reports responded to within one working day	Quarterly	<b>99.24%</b>	99.00%	99.00%	99.00%
Cost of maintaining the borough's parks and open spaces per hectare	Annual	<b>£12.89*</b>	£13.00	Targets for future years will be agreed as part of the budget process.	
Percentage of planning enforcement cases signed off within 21 days	Quarterly	<b>90.42%</b>	92%	92%	92%
Cost of waste collection per household	Annual	<b>£55.96</b>	<£59.00	<£57.00	<£57.00
Cost of street cleansing per head of population	Annual	<b>£10.00*</b>	<£10.50	Targets for future years will be agreed as part of the budget process.	
Residual Waste per household (kg)	Quarterly	<b>446.29kg</b>	440kg	430kg	420kg
Percentage reductions in CO2 emissions from local authority operations (tonnes)	Annual	<b>-7.63%</b>	-3%	-3%	-3%

**Outcome: By 2015 residents in Maidstone are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced**

### Why it matters for Maidstone

This outcome refers not only to our deprived areas but those individuals who are most vulnerable wherever they are in the Borough including our rural communities. National policies on welfare reform and public sector budget cuts will have an impact for our deprived areas and our most vulnerable residents. Our economic and housing strategies that feature under other outcomes will be crucial to achieving this outcome. This will not be an easy area to address as 11% of Maidstone's population live in areas considered to be in the 20% most deprived in the country. Our rural areas also contain households suffering deprivation. These areas have lower standards of health and lower life expectancy than average. The disadvantaged wards have the highest numbers of young people not in education, employment or training and significantly higher numbers of youth offenders.

Following an internal review on the issue of disadvantage and having regard to the findings of the Marmot Review, *Fair Society Healthy Lives*, the Cabinet has determined to tackle disadvantage in the long-term through improving early years' development. This will be achieved through giving every child the best possible start in life; maximising their capabilities; and creating fair employment and good work for all, the result of which will be to break the cycle of deprivation and disadvantage. This cannot be achieved overnight but the positive gains will have generational benefits. The

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Marmot Review concluded that effective local delivery requires residents to be involved in the decisions that affect them. Local authorities are best placed to enable and co-ordinate this approach by empowering individuals and local communities.

We will continue the work on Planning for Real in our deprived areas to engage communities in identifying and resolving local issues and problems and helping others to help themselves.

As community leaders, we will convene resources to reduce the number of young people not in education, employment or training and reduce the number of adults out of work. We will seek to do this through working with local businesses and supporting social enterprise start ups. We will be working to prevent disadvantage and will seek to participate in a pilot with KCC to address the needs of complex families in our Borough. We have also started to identify families who we will be working alongside as part of the government's troubled families programme. This programme seeks to understand the problems facing families with complex needs and to help them by giving them one key worker to talk to rather than dealing with multiple agencies.

What we plan to do	Milestones	Ownership
Reduce inequalities within communities through preventative action	<b>April 2012 – March 2016</b> Pilot completed with KCC on complex families <b>April 2012-16</b> - Deliver Community Development Strategy milestones	In Partnership
Promote active citizenship – to facilitate and support increased involvement by local people in decision making and involvement in their neighbourhoods	<b>April 2012</b> - Locality Boards in place <b>Ongoing</b> Neighbourhood forums in place	Maidstone Council, Kent County Council and partners
Review the Park Wood Planning for Real activity to inform further work and activities supporting communities in identifying and meeting their needs, opportunities, rights and responsibilities	<b>2011-2016</b> - Neighbourhood Action Plans in place for Park Wood, Shepway North, Shepway South, Tovil and Mangravet	Maidstone Council, Kent County Council and partners
Increase targeted support for families with children aged 0-3, particularly the most vulnerable and deprived	<b>December 2015-</b> robust partnerships in place to support and improve early years development and services	Maidstone Council, Kent County Council and partners

Indicator	Frequency	2011/12 Out-turn	2012/13 Target	2013/14 Target	2014/15 Target
Percentage of the Borough covered by Broadband	Annual	<b>64.94%</b>	66%	68%	70%
Average time taken to process and notify	Quarterly	<b>3.5</b>	5 days	5 days	5 days

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applicants on housing register (days)					
Number of residents participating in neighbourhood planning as a percentage of the ward population	Annual	<b>14.89%</b>	17%	20%	23%
Average time taken to process new benefit claims and changes of circumstances	Quarterly	<b>9.16</b>	15 days	15 days	10 days
In setting the above target at 15 days we have worked on the basis that the focus going forward will on reducing cost of delivery, whilst maintaining the level of service expected by customers and allowing for some short term impact on performance during the shared service implementation. This is supported by the BTP review of the service which looked specifically at processing times to establish whether it was a driver for satisfaction and concluded that within certain boundaries, it was quality of service rather than speed of assessment that was key.					
Number of households prevented from becoming homeless through intervention	Quarterly	<b>608</b>	500	500	500
The council provides help for all households presenting as homeless and will use the appropriate means to resolve the situation. It should be noted that intervention is not an appropriate option in all cases. It is expected that the performance of this indicator will improve as the economy recovers from the recession.					
Gap between median wage of employee (residents) and the median wage of employees (workplace) (salary differences)	Annual	<b>£73.40</b>	>£75.00	>£70.00	>£70.00

**Outcome: By 2015 the Council will ensure that cost effective, efficient services are delivered across the borough**

### Why it matters for Maidstone

This outcome is related to ensuring that services received by residents are delivered in the best way to ensure that the most value is received for every pound spent. We will commission services to improve outcomes in the most efficient, effective, equitable and sustainable way that will involve a more diverse set of providers and include social enterprise, voluntary, public and employee run services

The Council provides many different services which are used by different types of people. It is essential to ensure that people can access services they need in a way that suits them and provides value for money. We recognise that the internet provides the only way people can access our services and get information at any time of day and on any day of the year. Therefore, we are improving the Maidstone Borough Council website to make sure information is clear and have as many services as possible online. Using the Council website also provides good value for money: it costs least for people to get information, apply for things and make payments online (about £0.32 per visit to the website), a little more if people telephone the Council (about 1.86 per phone call) and most for people to visit the Gateway (about £9.66 per visit). As we know that not everyone can or wants to get information or services online, we will continue to provide high quality telephone and face to face services.

In 2012 the Council carried out a review to identify the optimum customer service model looking at how people prefer to access our services and find out information. The research work has been significant identifying what is in place now and how we perform; consulting with residents, businesses and staff as well as visiting and talking with other authorities. From this work and research a range of improvements have

## Appendix A

been identified. Once the recommendations for improvement have been agreed, a programme of improvement will be implemented.

What we plan to do	Milestones	Ownership
Seek out and implement new ways of delivering services that are not our core business, such as the Theatre and the Museum	<b>March 2013</b> – Plans in place for cost neutral Museum and Theatre service	Maidstone council
Progress the shared services programme for those services that it is practical to do so and savings can be achieved	<b>April 2011 – March 2015</b> - progress shared services	Maidstone council and partners
Undertake a programme of business improvement service reviews to ensure services are customer focused and delivered efficiently and effectively	<b>April 2011- March 2015</b> - Undertake programme of reviews as per the Corporate Improvement Plan.	Maidstone council
Ensure that the authority has a productive, proactive and flexible workforce	<b>April 2013</b> - Produce and implement a Workforce Plan incorporating a skills audit for current resources and a plan to develop the workforce for future needs <b>March 2015</b> - Gain Investors in People Gold <b>2011-2015</b> - Manage the change initiatives through a strategic approach to organisation development in line with Strategic Plan milestones	Maidstone council

Indicator	Frequency	2011/12 Out-turn	2012/13 Target	2013/14 Target	2014/15 Target
Percentage of business rates collected	Quarterly	<b>97.39%</b>	97.4%	97.4%	97.4%
Percentage of Council tax collected	Quarterly	<b>98.30%</b>	98.30%	98.30%	98.30%
Savings delivered through reviews (value for money)	Quarterly	<b>£491,750</b>			
Number of missed bins per 100,000 collections	Quarterly	<b>30.4</b>	25	30	25
Percentage of planning decisions taken under delegation	Quarterly	<b>94.18%</b>	94.5%	95%	95%
Value of fraud identified (Housing benefits) (Efficiency)	Quarterly	<b>£1,165,746.51</b>	£500,000	£500,000	£500,000

## Appendix A

Indicator	Frequency	2011/12 Out- turn	2012/13 Target	2013/14 Target	2014/15 Target
Percentage of financial transactions not carried out on-line or by direct debit/standing order	Quarterly	<b>14.01%</b>	13.5%	13.0%	12.5%
Percentage of customer contact that is avoidable	Quarterly	<b>4.7%</b>	12.5%	12%	11.5%
Average cost of planning per application	Annual	<b>£209</b>	£209	Targets for future years will be agreed as part of the budget process	
Working Days Lost Due to Sickness Absence (rolling year) (BV 12) (SPI)	Quarterly	<b>7.84</b>	8.0	8.0	8.0

### Outcome: **By 2015 the Council will ensure that services are customer focused and residents are satisfied with them**

This outcome is related to ensuring that residents are satisfied with the services they receive and the way the Council spends money. We will conduct regular satisfaction surveys and carry out regular consultation with residents, using the information gathered to inform service design.

We will be changing the role of the Council to ensure that our services have a positive impact on the lives of people who live and work in the Borough. As a Council, we will seek to enable residents, encourage responsibility and grow our communities.

What we plan to do	Milestones	Ownership
Ensure we use performance management data, customer satisfaction and customer feedback to improve services	<b>December 2012</b> - new correspondence system introduced and use complaints and compliments to inform service delivery and improvements <b>Ongoing</b> - Cabinet & Scrutiny to monitor performance quarterly <b>Ongoing</b> - Ensure there are robust audit and overview and scrutiny arrangements in place	Maidstone council
Review the way we interact with our customers through the Customer Centricity Review	<b>April 2012-September 2012</b> Conduct review	Maidstone council
Implement improvements in customer service delivery as recommended in the Customer Centricity Review	<b>April 2013- March 2015</b> Undertake programme of customer service delivery improvements	Maidstone council

## Appendix A

Indicator	Frequency	2011/12 Out-turn	2012/13 Target	2013/14 Target	2014/15 Target
Satisfaction with the way the council runs things	Biennial	63%		65%	
Satisfaction with the council's recycling service	Biennial	78%		80%	
Satisfaction with the council's refuse collection service		82%		85%	
Satisfaction with the leisure centre		53%		55%	
Satisfaction with the council's parks and open spaces		76%		78%	
Satisfaction with street cleansing		56%		58%	
Percentage of customers satisfied with benefits processing service	Quarterly	84.69%	85%	85%	85%
Percentage of residents that feel that the Council keeps them well informed about the services and benefits it provides	Biennial	63%		65%	
Average wait time for calls (seconds)	Quarterly	80.67	50	50	50
Percentage of customers to the Gateway seen within 20 minutes	Quarterly	83.64%	80%	80%	80%
Percentage of residents agreeing that the Council provides value for money (Residents Survey)	Biennial	46%		48%	
Percentage of those making complaints satisfied with how their complaint was handled	Quarterly	34.19%	36%	38%	40%

### Service Principles – How we will design our services

1. Residents and businesses are the starting point for services; every service must be considered from the perspective of the citizen and delivered at the lowest possible level – a bottom-up approach.
2. We will commission services to meet agreed outcomes and deliver them in the most appropriate way.
3. We will work with partners where there are economies of scale and to identify common solutions and shared services.
4. Services must achieve our priorities.
5. We will manage our services so no-one is disadvantaged because of where they live.
6. We will concentrate on delivering our core services, whilst recognising that there are areas we need to influence and work with others on to bring about change.
7. We will work together as one Council and with our partners to deliver change and manage expectation.

### Values - How we will deliver our services

## Appendix A

The Council has developed and agreed six core values which will define how we deliver our services:

- Superb customer service – It is important to understand that everything we do impacts on our customers, both internal and external. We will listen to and understand their needs, then take action to provide the right service in a professional manner.
- Teamwork - working together to achieve our objectives and goals in away that utilises the talents and creativity of everyone within our organisation.
- Responsibility for delivering on our promises
  - being focussed on the Council’s vision and priorities. Leadership and management that respond and take the organisation through change.
- Integrity and high standards of corporate governance – being transparent and accountable. Having the courage to act on our convictions to build trust and honesty within the organisation. Working with our partners and customers to create a feeling of openness and transparency in all that we do.
- Value for money – taking care and weighing up our options, aiming to get maximum effect for every penny of public money we spend. Promoting ownership to ensure that all of us feel responsible for providing value for money in all that we do and making suggestions for improvements.
- Equality within a diverse organisation - valuing our differences for the enrichment and betterment of our working environment. Having the courage to question our own reactions and mindset in order to be open to new ideas and concepts.

### How we have prioritised and funded services

The Council has to make £5.9m of savings between 2011 and 2015, £1.2m more than originally projected in 2011. In order to identify savings, the Council has focused on the delivery of core services which meet our priorities and asked the public to determine what matters to them in relation to the Council’s discretionary services.

The Cabinet, as a first stage in determining budgets, prioritised the Council’s front line services into low, medium and high, by identifying which services would best achieve their priorities through a paired analysis. A paired analysis is where each service is compared in a pair with every other service and one is chosen above the other as being more important in achieving the Council’s priorities. Services were ranked from 1 to 12 and then as high, medium or low.

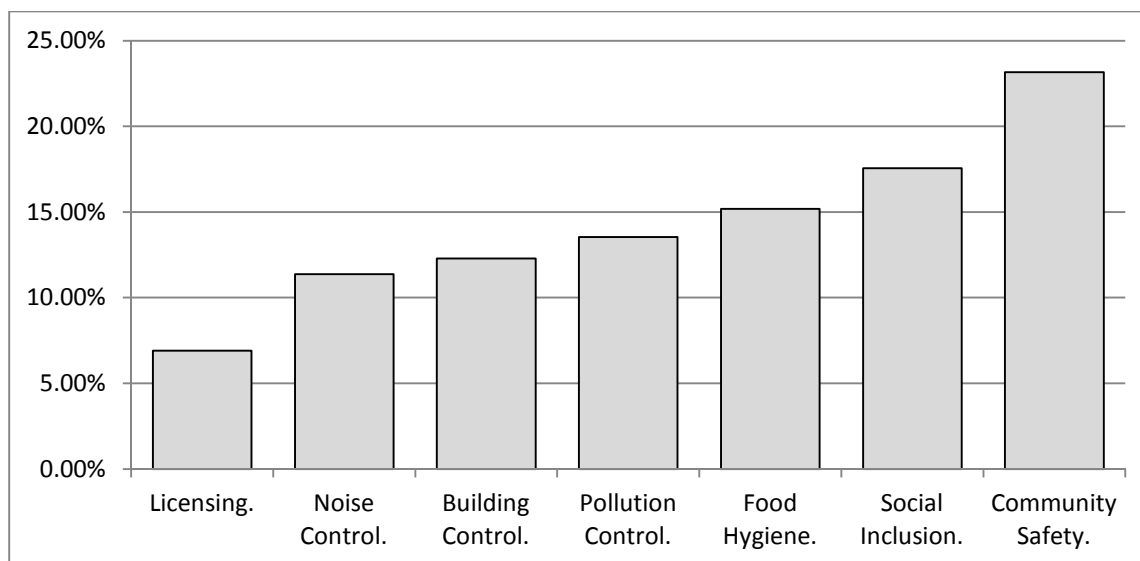
Revenue	High	Medium	Low
Invest	Economic Development		
Maintain	Parking and Transport Housing		Environmental Health

## Appendix A

<b>Reduce</b>	Planning and Building Control	Community Safety Waste Collection and Recycling Community Development Recreation, Sport and Open Spaces	Culture and Heritage Tourism Street Cleansing
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Once Cabinet had carried out this exercise, they reviewed the services to determine which should receive investment, which should be maintained and where investment should be reduced. It should be noted that maintaining services will not necessarily mean maintaining the cost of the service. Also, where the service has been identified for reduction, this refers to the cost of the service. For example, it was identified that for the planning service the service level should be maintained but the service should be more efficient and costs reduced. The prioritising of services was followed up with meetings between senior managers and the Cabinet and, where appropriate, the shadow Cabinet to identify how savings could be made in accordance with the prioritisation. As a consequence, the Council has reviewed our cultural services and tourism offer creating a new visitor economy business unit within in economic development. The low financial priority given to Tourism should not prevent the authority from pursuing opportunities that would benefit the local economy and tourism, should they arise.

The public were consulted with regard to a range of services categorised as low priority in the table above where there is a statutory requirement for the Council to provide the service. This consultation complements the consultation carried out last year into discretionary services. The three services rated by the public as lowest priority were Licensing, Noise Control and Building Control. As a consequence of the public consultation, the Council will be reviewing our budgets for these areas.





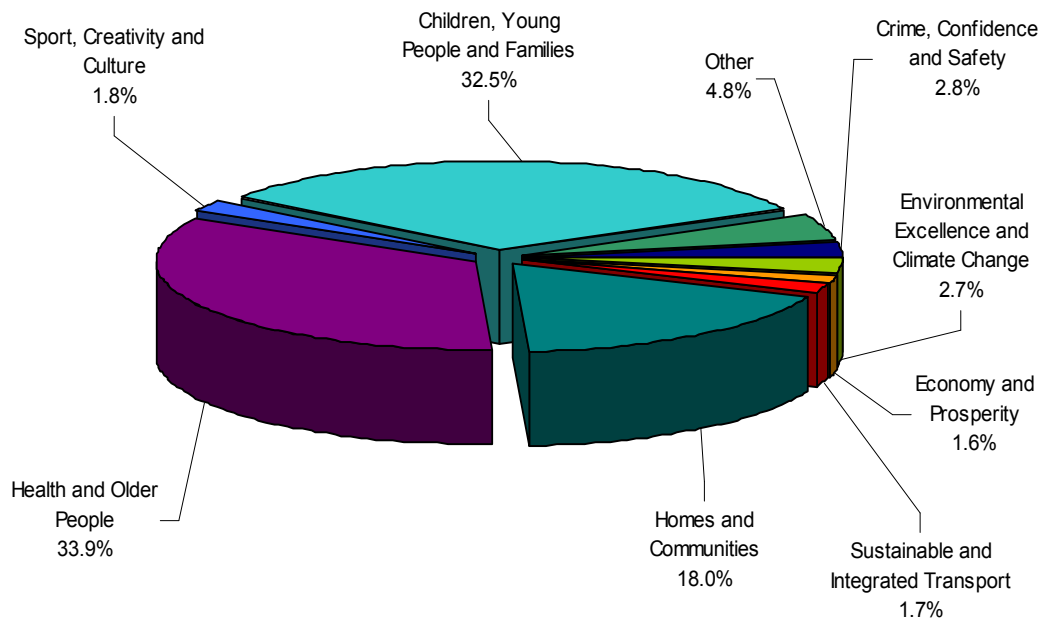
## Appendix A

During the consultation the public were also asked their views on a series of potential changes to customer service provision and as a result of these initial responses the Council will review opening hours of the Gateway and options for an automated switchboard. The Council has already taken action that will reduce management costs and will take further action to reduce staffing costs in the future years of this strategic plan. This will include reviewing the back office functions to make savings which will include shared services.

### Working in Partnership: How Resources are Spent in Maidstone

In 2010 the Council took part in a study of how resources were allocated locally.

The study used data from different public bodies and agents in Maidstone to find out where money is spent locally by those bodies and what it is spent on. Information was submitted by a variety of agencies including the Council, KCC, Kent Police, the PCT and the Homes and Community Agency. Golding Homes, the local NHS trust and Kent Fire and Rescue's spending is not included in the data. It is estimated that £611 million was spent by the public sector across the Maidstone borough in 2009-10, equating to £4,062 being spent per person. The biggest area of spending locally is on health and older people, followed closely by children, young people and families.



### Performance Management – Doing what we say we will

We are committed to being open and transparent and we will publish performance data on our website so that we are accountable to the public.

Furthermore, the Council's performance will be managed by the Corporate Management Team and Cabinet as well as held to account through overview and scrutiny. We have sought to review and reduce the number of performance indicators we use to measure and monitor success and target performance. The last performance plan contained 162 indicators covering 6 priorities and 22 key objectives. For the period 2011-15, we propose to use 60 indicators to measure performance.

## **Appendix A**

Indicators have been outlined for each outcome so we can measure and monitor our success.

### **Risk Management**

The Council has reviewed the outcomes we hope to achieve by 2015 to identify any risks to those outcomes. Six strategic risks have been identified. Action plans to mitigate these risks will be put in place and reported to Management Team and Cabinet. Strategic risks and actions will be linked to the Council's service delivery plans. The actions set out to achieve each outcome in this plan will also be a key part of the risk mitigation. The performance on these will be reported regularly through our performance management processes to Management Team, Cabinet and Scrutiny.

## Appendix A

### Glossary

**Local Development Framework (LDF) including the Core Strategy** – The Local Development Framework documents including the Core Strategy set out the Council's planning policies for the Borough, as well as where it wishes to see housing and commercial development.

**Local Strategic Partnership (LSP)** – the LSP is a group of private and public organisations in Maidstone who work together to deliver the Sustainable Community Strategy.

**Planning for Real and Neighbourhood Action Plans** – In the Plan we refer to the Park Wood Planning for Real activity and Neighbourhood Action Plans. Neighbourhood Action Plans have been developed across the UK to address local issues and improve the quality of life for residents. They are plans developed with and by our communities to identify and address local issues.

**Neighbourhood Planning** - A neighbourhood development plan can establish general planning policies for the development and use of land in a neighbourhood, like:

- where new homes and offices should be built; and
- what they should look like.

Neighbourhood plans allow local people to get the right type of development for their community, but the plans must still meet the needs of the wider area.

**Performance Indicators** – These are set out in the strategic plan as a means of measuring the Council's progress and performance against our outcomes.

**Social Return on Investment** – This is a means by which we can measure and account for a much broader concept of value. It incorporates social, environmental and economic costs and benefits into decision making, providing a fuller picture of how value is created or lost.

**Sustainable Community Strategy (SCS)** – The Local Government Act 2000 placed a duty on every local authority to prepare a community strategy "for promoting or improving the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the United Kingdom." The SCS is the overarching community plan for the area.

## **Appendix A**

### **Customer care and engagement**

We want to ensure that you can access our services easily and in a way which suits you. We also know it is important that you are able to tell us how we can improve our services. To help us to do this we carry out regular customer satisfaction reviews and where we can, make improvements that you have asked for.

We have a customer care policy that tells you what standards you can expect from us and a corporate complaints system so that you can tell us when we get things wrong. We always try to get things right first time, but when this does not happen we make sure we learn lessons to improve customer service in the future.

For a number of years, the Council has helped parish councils to develop parish plans that have led to improved services and facilities for rural residents.

Last year the Council and its partners worked with over 600 residents in Park Wood to develop a pilot urban Neighbourhood Action Plan. New projects to help unemployed people back into work and provide more activities for young people as well as campaigns to tackle litter and dog mess have come out of this. The has evaluated this project and intends to roll it out to other priority urban wards.

We will be holding various consultation events through the year where you can come and give us your views on the issues that affect you. These will be advertised on our website [www.maidstone.gov.uk](http://www.maidstone.gov.uk)

## Appendix B

### SCRUTINY COMMITTEE RECOMMENDATION ACTION AND IMPLEMENTATION PLAN (SCRAIP)

**Committee:** Corporate Services Overview and Scrutiny

**Meeting Date:** 8 January 2013

**Minute No:** 67

**Topic:** The Strategic Plan Refresh

Recommendation <sup>i</sup>	Cabinet Member <sup>ii</sup>	Response <sup>iii</sup>	Timetable <sup>iv</sup>	Lead Officer <sup>v</sup>
<p><b>It was recommended that:</b></p> <p>a) An emphasis be placed in the description of the borough in the Leader's foreword and the body of the document that promotes Maidstone as a vibrant County Town, home to many strategic authorities including the Police and Fire Services.</p>	Councillor Garland	The strategic Plan places economic development as a priority for Maidstone the suggestion has been incorporated into the plan.	Completed	Angela Woodhouse
<p>b) The term 'direction of travel' be replaced with the word objectives in the document.</p>	Councillor Garland	Agreed	Completed	Angela Woodhouse
<p>c) On page 25 of the document' in addition to the following reference to <i>Tourism 'As a consequence, the Council has reviewed our cultural services and tourism offer creating a new visitor economy business unit within economic development,'</i> the following sentence be added: <i>The low financial priority given to</i></p>	Councillor Garland	Agreed	Completed	Angela Woodhouse

## Appendix B

<i>Tourism should not prevent the authority from pursuing opportunities that would benefit the local economy and tourism, should they arise.</i>				
d) Further clarity should be given to the terms neighbourhood planning and planning for real process within the document and glossary.	Councillor Garland	Agreed	Completed	Angela Woodhouse
e) Within the section local context in the document information be included on the size of the inward economy and inward investment to compliment the information already included on public money. This should be introduced in the Leader's foreword.	Councillor Garland	This information will be part of the Council's Economic Development Strategy. Information is provided on the economy in the priority for Maidstone to have a growing economy and context. Information on the Economic Development Strategy has been included in the plan	Completed	Angela Woodhouse
f) The reference to the Marmot review includes a footnote or brief definition for the reader.	Councillor Garland	Agreed	Completed	Angela Woodhouse
g) The reference to the Troubled Families Programme on page 18 of the document be reworded from 'we have also started to identify families who will be worked with through the government's troubled families programme' to worked 'alongside' or	Councillor Garland	Agreed	Completed	Angela Woodhouse

## Appendix B

'supported'.				
h) Clarification be given on the progress of issues relating to Maidstone's economy that have been addressed by the Council's priorities and strategic plan; what has been achieved so far and remaining aims and objectives. A headline section should be added to the Strategic Plan that cross references with the refreshed Economic Development Strategy. This addition to the strategic plan should include and show alignment to the relevant Key Performance Indicators (KPIs) adopted by the Locality Board since the last version of this document.	Councillor Garland	<p>The refresh includes update dates for actions and so identifies what has been completed. The Plan already has a full section on the economy under the priority for Maidstone to have a growing economy.</p> <p>An update was provided at quarter 2 on the progress with the plan so far this year. At the end of year we will provide a further update on all the actions completed and outstanding.</p> <p>With regard to alignment to the locality board, the priorities do align and we will review our KPIs against the Locality Board Indicators once finalised. This will be completed at the end of the year when we agree the performance plan.</p>	See comment	Angela Woodhouse

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### Notes on the completion of SCRAIP

<sup>i</sup> Report recommendations are listed as found in the report.

<sup>ii</sup> Insert in this box the Cabinet Member whose portfolio the recommendation falls within.

<sup>iii</sup> The Officer/Cabinet Member responsible for responding to the recommendation should indicate in this box either the acceptance or rejection of the recommendation.

**If the recommendation is rejected** an explanation for its rejection should be provided. The 'timetable' and 'lead officer' boxes can be left blank

**If the recommendation is accepted** an explanation of the action to be taken to implement the recommendation should be recorded in this box. Please also complete the 'timetable' and 'lead officer' boxes.

<sup>iv</sup> The Officer/Cabinet Member responsible for responding to the recommendation should indicate in this box when the action in indicated in the previous box will be implemented.

**Appendix B**

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<sup>v</sup> The Officer/Cabinet Member responsible for responding to the recommendation should indicate in this box the Officer responsible for the implementation of the action highlighted in the 'response' box.



## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

### **REPORT OF THE HEAD OF BUSINESS IMPROVEMENT**

**Report prepared by Georgia Hawkes**

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

##### 1.1 Issue for Decision

1.1.1 To consider the Council's improvement journey detailed in the Improvement Plan 2013-16 (Appendix A).

##### 1.2 Recommendation of Head of Business Improvement

1.2.1 That Cabinet adopt the Improvement Plan 2013-16.

1.2.2 That Cabinet note the recommendations made by Corporate Services Overview and Scrutiny Committee at the meeting on 8 January 2013 (Appendix B).

1.2.3 That Cabinet agree to receive six monthly progress reports on the Improvement Plan.

##### 1.3 Reasons for Recommendation

1.3.1 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 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.

1.3.2 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 Improvement Plan for 2013-16. 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

1.3.3 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 was reported to Cabinet and Corporate Services Overview and Scrutiny Committee in December 2012 and January 2013 respectively. Some highlights include:

- Completion of the procurement of the new waste and recycling contract, which will produce significant savings
- Review of customer centred services almost completed – good information has been gained on the types of people who contact us about different things and why they transact with the Council in different ways. Recommendations are being formulated on how we can make our services more customer focused and engage with residents better
- New website being designed which is managed by Customer Services; beta version to be launched for public testing in February 2013
- Progression of the ICT shared service with Swale and Tunbridge Wells borough councils which is expected to 'go live' in April 2013
- Peer review of Planning completed and recommendations being implemented

1.3.4 The 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

1.3.5 The four corporate workstreams (1-4) and enablers (5-7) of the 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

1.3.6 The priority services and projects for improvement have also been identified in the 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 the performance management software system
- Corporate peer review
- Other shared services and Mid Kent Improvement Partnership (MKIP) work

#### 1.3.7 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 review of customer centred services
- 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 Support 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

#### 1.3.8 Compiling an 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 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

1.3.9 The draft Improvement Plan 2013-16 was discussed with Corporate Services Overview & Scrutiny Committee on 8 January 2013. Several recommendations were made and these have been incorporated into the Plan.

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

#### 1.4 Alternative Action and why not Recommended

1.4.1 Cabinet could decide not to adopt the Improvement Plan. This is not recommended as the Improvement Plan is essential for allowing oversight of a number of different pieces of work across the organization and is aligned with the Strategic Plan and MTFS.

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

#### 1.5 Impact on Corporate Objectives

1.5.1 The Improvement Plan 2013-16 contains projects that will have a positive effect on all the priorities and outcomes for Maidstone set out in the Strategic Plan. However, the priority that it aligns with most is Corporate and Customer Excellence, outcome "the Council will continue to have value for money services that residents are satisfied with", because of the objectives in the Improvement Plan of reducing net cost whilst improving or maintaining quality.

1.6 Risk Management

1.6.1 The Improvement Plan and associated governance minimises the risk that important projects will not be undertaken or will not deliver and that new opportunities are missed.

1.6.2 There is still a risk that the Council does not have the resources, both in terms of staff time or money to undertake the projects envisaged in the Improvement Plan. However, the plan minimises the risk that effort will be put into pieces of work that are not deemed to be a priority and will allow corporate resources to be devoted to the priorities stated in the Improvement Plan.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	X
3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	X
9.	Asset Management	X

**Financial and staffing**

1.7.2 An objective of the plan is to reduce net cost. This could be by reducing cost, including possibly reducing numbers of staff, or by

increasing income, which would have an effect on the work that staff carry out.

### **Legal**

1.7.3 A number of the projects are likely to require legal advice and support.

### **Procurement and asset management**

1.7.4 Asset management is a workstream in the Improvement Plan and procurement is an important tool in achieving improvement.

### 1.8 Relevant Documents

#### 1.8.1 Appendices

Appendix A – Improvement Plan 2013-16 (also contains appendices 1 and 2)

Appendix B – SCRAIP from Corporate Services Overview and Scrutiny Committee on 8 January 2013.

#### 1.8.2 Background Documents

Improvement Plan 2012-15

**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, when did it first appear in the Forward Plan?

November 2012.....

This is a Key Decision because: It is a corporate plan.....

.....

Wards/Parishes affected: .....

.....



SCRUTINY COMMITTEE RECOMMENDATION ACTION AND IMPLEMENTATION PLAN (SCRAIP)

Committee: Corporate Services Overview and Scrutiny Committee

Meeting Date: 8 January 2013

Minute No: 68

Topic: Refresh of the Improvement Plan for 2013-16

Recommendation <sup>i</sup>	Cabinet Member <sup>ii</sup>	Response <sup>iii</sup>	Timetable <sup>iv</sup>	Lead Officer <sup>v</sup>
<p><b>It was recommended that:</b></p> <p>a) The reference to Covalent includes a definition to explain that it is the Council's Performance Management System;</p>	Leader	Agreed. Change incorporated in Improvement Plan.	Feb 2013	Georgia Hawkes
<p>b) References to 'customer centricity' be changed to 'customer centred';</p>	Leader	Agreed. Change incorporated in Improvement Plan.	Feb 2013	Georgia Hawkes
<p>c) In appendix B, Priority workstreams, under Customer services delivery – Progress April-October 2012 that the first bullet point entry be changed to read 'taken action to improve customer service delivery.'</p>	Leader	Agreed.	Feb 2013	Georgia Hawkes
<p>d) In appendix 1, Future plans for priority services areas in Transformation and External challenge workstreams,</p>	Leader	Agreed. Change incorporated in Improvement Plan.	Feb 2013	Georgia Hawkes

under Integrated Transport Strategy, that a reference be included in the column entitled 'Longer Term' to the review and implementation of a Parking Strategy; and				
e) In appendix 1, Future plans for priority services areas in Transformation and External challenge workstreams, under Revenues and Benefits in 2013/14 column – the statement relating to empty properties be changed to read in Plan English.	Leader	Agreed. Change incorporated in Improvement Plan.	Feb 2013	Georgia Hawkes

### Notes on the completion of SCRAIP

<sup>i</sup> Report recommendations are listed as found in the report.

<sup>ii</sup> Insert in this box the Cabinet Member whose portfolio the recommendation falls within.

<sup>iii</sup> The Officer/Cabinet Member responsible for responding to the recommendation should indicate in this box either the acceptance or rejection of the recommendation.

**If the recommendation is rejected** an explanation for its rejection should be provided. The 'timetable' and 'lead officer' boxes can be left blank

**If the recommendation is accepted** an explanation of the action to be taken to implement the recommendation should be recorded in this box. Please also complete the 'timetable' and 'lead officer' boxes.

<sup>iv</sup> The Officer/Cabinet Member responsible for responding to the recommendation should indicate in this box when the action in indicated in the previous box will be implemented.

<sup>v</sup> The Officer/Cabinet Member responsible for responding to the recommendation should indicate in this box the Officer responsible for the implementation of the action highlighted in the 'response' box.

## Improvement Plan 2013-16

Maidstone Borough Council has been recognised under previous inspection regimes as providing good quality value for money services. However, we want to be even better, offering the services that people want for a cost they think is good value. In 2010 the Government announced its plans to reduce public spending by 25% and reduce the national deficit. The Council has to save around £3.9m over the next three years, which is a substantial reduction in the budget we have to spend on providing services for local people, at the same time that the number of potentially vulnerable people requiring some of those services, like housing advice and Housing and Council Tax Benefit, is increasing.

The Strategic Plan details the priorities and priority outcomes for Maidstone until 2015 and how these will be delivered. The Medium Term Financial Strategy (MTFS) sets out what the Council will spend and when and where savings will be made. In order to deliver the Strategic Plan and MTFS the Council is undertaking various pieces of work and projects to improve value for money and quality of customer service, and this must be aligned with the Council's strategic objectives and Medium Term Financial Plan. This improvement work makes up the building blocks that will make Maidstone a better council.

This plan explains the key workstreams for the Council's improvement journey, the drivers for improvement as well as priority services and projects for improvement. It will allow 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.

### Objectives

It is important that the Council delivers services that are value for money and that residents are satisfied with. We must make savings and maximise income where we can but also be flexible enough to take opportunities as they arise, including those that come from external influences like changes in legislation. Therefore, the objectives of the improvement journey are:

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

### Improvement workstreams

The Council's Improvement Plan is corporate and involves a number of different workstreams, which are owned by different officers in the organisation. Those workstreams identified as most important are:

- 1. Incremental improvement** (Head of Change and Scrutiny) – making good use of performance and financial information and good business

planning, including responding to recent recommendations from an Internal Audit review of performance management, to enable service managers to make small changes to enable continuous improvement in the services their teams provide.

- 2. Asset management** (Asst Director of Environmental & Regulatory Services) – making the best use of what we have in terms of buildings and land and management of our use of water, gas, electricity and petrol/diesel. It is important we know what assets we keep and what we want to sell or transfer to others, and that we actually dispose of those assets we no longer require. This is essential in terms of providing capital income and ensuring services are delivered to residents in the best way. This may mean that we transfer assets to others, including community groups, to enable them to deliver more services in the future. It may also mean that we look to make savings by sharing accommodation with other organisations.
- 3. Transformation** (Head of Business Improvement) – larger changes to ensure key outcomes are delivered effectively and efficiently. Making good use of unit cost information and benchmarking to consider different ways of delivering services, for example using shared services to gain economies of scale and increase resilience, and using business improvement techniques to improve processes. This includes working with other organisations and residents to deliver shared goals as well as different teams within the Council working together better. We may also work with public service providers and local people to redesign services and pool budgets through Community Budgets. More internal and/or external support to make these improvements may be required.
- 4. External challenge** (Head of Change & Scrutiny) – using information and challenge from residents and critical friends to improve services. This includes complaints information, feedback from local people, peer reviews, nationally driven change like the welfare reform changes and Overview & Scrutiny reviews.

These workstreams and the whole Improvement Plan are underpinned by the following enablers:

- **Organisational culture** (Head of HR) – creating an organisational culture where there is permission to experiment and time to learn and where all officers and members are engaged and are able to give their feedback and ideas. Improving collaboration between different parts of the organisation, ensuring that change is well managed and there is the capacity and capability to deliver the required outcomes.
- **Good information and knowledge management** (Head of Business Improvement) – modernising our information governance and systems architecture to ensure we make more efficient, secure and smart use of information we gather about our customers. In addition, making use of other customer insight, like Mosaic Public Sector, to create and deliver messages that people hear and understand and which cause them to make positive changes in behaviour.

- **Councillor assurance** – leadership and involvement of elected members in shaping, implementing and monitoring the progress and outcomes of policies and projects.

Other important tools for improvement are:

- Procurement
- Use of technology

#### Priority services and projects for improvement

In order to ensure we can deliver our priority outcomes in the Strategic Plan and savings in the MTFS it is important to make changes in the following service areas. The list of service areas below is in order of priority for improvement, from highest priority to lowest. These improvements may be to deliver savings, improve the quality of a service or respond to an opportunity that may arise.

1. **Waste & Recycling** – implementing a new waste contract with other Kent authorities, working to achieve the target of 50% recycling by 2015 and launching our commercial waste service
2. **ICT** – sharing our ICT service with local authority partners
3. **Hazlitt Arts Centre** – implementing the chosen option for delivery to ensure value for money
4. **Planning** – sharing the Planning Support function with local authority partners
5. **Economic Development** – ensuring we have clear deliverable priorities for achieving growth through economic development and regeneration by adopting a Regeneration and Economic Development Plan and putting in place the resources and skills required to deliver this
6. **Revenues and Benefits** – preparing and planning for the effects of national welfare reforms, analysing the impact of the localised Council Tax and business rate schemes and exploring different ways of delivering the service for the future
7. **Housing** – ensuring we can respond to the increased need for homelessness services, preventing homelessness wherever possible, enabling the provision of more housing and ensuring that there is a supply of decent, affordable and accessible housing, including in the private rented sector
8. **Corporate Support** – investigating whether our Print services could be a viable commercial service and/or whether our Corporate Support services could be shared with local authority partners
9. **Environmental Health** – creating resilience in the expertise required by sharing the service with our local authority partners

**10. Finance** – building a service that supports the Council make informed strategic financial management decisions, manage and control budgets and commit and measure resources and investigating how this service could be delivered in the future

**11. Building Control** – re-designing the service, diversifying work to undertake more trading rather than statutory work and looking to both public and private sector partners to investigate and develop a model for delivery for the future

As well as work in particular service areas there are a number of other important projects that need to be undertaken in each of the improvement workstreams:

- **Customer services delivery** - becoming more customer-centred, engaging better with our residents and designing, adopting and delivering our new sustainable model of customer services delivery for the long term
- **Integrated Transport Strategy** – adopting our Integrated Transport Strategy and delivering this to ensure the infrastructure is in place to support the development proposed by the Core Strategy and to address some existing traffic congestion issues
- **Cross organisational collaboration** – exploring and establishing new ways of commissioning and delivering services with other agencies and organisations to improve outcomes, increase efficiencies and reduce cost. To review and revise existing governance and funding arrangements including pooled budgets to maximise the use of resources in service delivery
- **Future Use of the Town Hall** – looking at the future use of the Town Hall, including the former Tourist Information Centre facility at the front of the building, with a view to maximising the income potential from the building. Exploring potential uses including both commercial and community use to achieve the best rate of return and usage whilst not competing with local businesses
- **Major assets review** - reviewing the Council's assets as part of the Asset Management Plan and expanding our commercial property portfolio to support the delivery of the Council's 3 key priorities. King Street car park, Medway Street car park and Park Wood industrial estate are key assets. King Street car park will be demolished and a surface level car park constructed, whilst we seek opportunities for redevelopment of the site. Medway Street is a major revenue provider and any development will need to reflect this. The current market will not provide the returns necessary but this will continue to be reviewed. We will work with the tenants of Park Wood industrial estate to invest in and improve the estate, which generates considerable income for the Council, mostly through ground rents
- **Community asset transfer** - establishing an effective mechanism and approach for supporting the transfer of community assets where this is appropriate, demonstrating value for money and maximising their use

- **Corporate peer review** - a peer challenge involves officers and members from other authorities acting as critical friends, making recommendations on where we could do things better. We are going to use this method to look at our corporate governance and take advice on any improvements we can make
- **More proactive use of the performance management system (PMS)** – embedding the use of Covalent, our PMS software so that managers and key officers in the organisation use it to effectively monitor performance, service delivery and risk
- **Other shared services and Mid Kent Improvement Partnership (MKIP) work** – working with partners, in particular our MKIP local authority partners, to establish closer working arrangements and partnerships in more services.

This is how the priority services and projects for improvement fit in with the 4 improvement workstreams:

Asset management	Incremental improvement	Transformation	External challenge
Future use of Town Hall Community asset transfer Major assets review: <ul style="list-style-type: none"> <li>• King Street</li> <li>• Medway Street</li> <li>• Park Wood</li> </ul> Integrated Transport Strategy	More proactive use of the performance management software system Economic Development	Customer services delivery Waste & Recycling ICT Finance Housing Corporate Support Environmental Health Other shared services and Mid Kent Improvement Partnership work Cross organisational collaboration	Revenues & Benefits Planning Hazlitt Arts Centre Building Control Corporate peer review

More detail on the work to be undertaken on the priority service areas in the Transformation and External challenge workstreams is shown in Appendix 1.

Appendix 2 shows when we plan to carry out this work over the next three years.

The Cabinet own the Council's improvement journey and the Chief Executive is ultimately accountable for delivery of the Improvement Plan. Political leadership is provided by the Leader and the Cabinet. A head of service is responsible for each of the workstreams and enablers that make up the improvement journey detailed above. The Leader, Chief Executive and the appropriate heads of service make up a group that will monitor progress against plan to ensure that any as yet unknown opportunities that would provide greater benefit than the work already planned are not missed and that the services and projects for improvement are re-prioritised as necessary as a result.

This plan will be updated annually to the same corporate planning timetable as the Strategic Plan and MTFS. A progress report will be compiled and sent to Cabinet 6 months after the adoption of the Improvement Plan.



**Future plans for priority service areas**

<b><u>Service area</u></b>	<b><u>Longer term</u></b>	<b><u>2014-16</u></b>	<b><u>2013/14</u></b>
Waste & Recycling	<ul style="list-style-type: none"> <li>• New open book waste contract</li> <li>• Refresh strategy in 2015</li> <li>• Work with SE7 groups of local authorities on maximising the value of waste as a resource</li> </ul>	<ul style="list-style-type: none"> <li>• Review staff structures</li> </ul>	<ul style="list-style-type: none"> <li>• Implement new contract</li> <li>• Maximise recycling - over 50% will be achieved</li> <li>• More processes on-line</li> <li>• Implement the commercial waste contract</li> </ul>
Customer Services delivery	<ul style="list-style-type: none"> <li>• Reduced cost of provision</li> <li>• Greater range of partner provision</li> </ul>	<ul style="list-style-type: none"> <li>• Reflect effect of welfare reforms</li> <li>• Make best use of Gateway building</li> <li>• Investigate possible models of customer service delivery across MKIP partners</li> </ul>	<ul style="list-style-type: none"> <li>• Begin to implement improvements towards our new model of customer service delivery</li> <li>• Agree customer charter and customer care policy as part of customer service improvements</li> <li>• Implement online forms development or forms package following go live of website</li> <li>• Select other voice activated call assistants if effective</li> <li>• Improve Gateway offer to attract paying partners</li> </ul>
ICT	<ul style="list-style-type: none"> <li>• Fully integrated ICT partnership</li> <li>• Reduce data centres from 3 to 2</li> <li>• Real time replication back up solution in place to off site data centres</li> <li>• Review operational ICT shared service and consider new models for delivery</li> </ul>	<ul style="list-style-type: none"> <li>• At least 5 service based applications consolidated and moved into the MBC data centre.</li> <li>• Consolidated telephony across all partners</li> <li>• Master data management strategy in place</li> </ul>	<ul style="list-style-type: none"> <li>• ICT Audit function to be streamlined across all partners</li> <li>• Finance, Planning and Environmental Health systems to be consolidated</li> <li>• Procure new shared helpdesk software</li> <li>• Collaborative Mobile phone and Multi function device contracts awarded</li> <li>• Complete Information audits across 3 partners</li> <li>• Agree and introduce Cloud Strategy</li> <li>• Agree and introduce Desktop strategy</li> </ul>

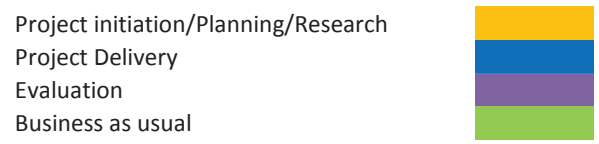
			<ul style="list-style-type: none"> <li>• Good systems architecture to ensure efficient and secure use of data</li> </ul>
Hazlitt Arts Centre	<ul style="list-style-type: none"> <li>• Vibrant theatre that people want to go to</li> <li>• Cut subsidy by 50%+</li> <li>• Increased community participation and involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Run more like a business</li> <li>• Link to Museum on education</li> </ul>	<ul style="list-style-type: none"> <li>• According to preferred option, put in place performance monitoring arrangements</li> <li>• If the tender process is not successful it will be necessary to increase revenue and reduce cost as set in the Operational Review</li> </ul>
Planning	<ul style="list-style-type: none"> <li>• Explore other opportunities of sharing expert advice</li> </ul>	<ul style="list-style-type: none"> <li>• Any procurement and other efficiency actions as identified by the Planning Support shared service manager</li> </ul>	<ul style="list-style-type: none"> <li>• Procure and implement new ICT system</li> <li>• Shared Planning Support Services (if agreed) – shared service manager to be appointed, structure and processes to be implemented</li> </ul>
Economic Development	<ul style="list-style-type: none"> <li>• Delivery of Regeneration and Economic Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of Regeneration and Economic Development Plan</li> <li>• Report on progress</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt the Regeneration and Economic Development Plan and begin to deliver actions</li> <li>• Review skills and resources required to deliver the plan</li> <li>• Explore options for lower priority projects for economic development to be delivered by other services</li> </ul>
Integrated Transport Strategy (ITS)	<ul style="list-style-type: none"> <li>• Delivery of the ITS</li> <li>• Review and implementation of Parking Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Agree any addendum to the ITS that might be required</li> <li>• Delivery of the ITS</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt Integrated Transport Strategy (ITS)</li> <li>• Further review of Park and Ride operation to determine strategy for new bus contract</li> </ul>
Revenues & Benefits	<ul style="list-style-type: none"> <li>• Develop wider shared service or pursue commercial opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Restructure and change through welfare reform</li> <li>• Decide if we take the saving or use the capacity for income generation</li> <li>• Determine and tackle any effect of Council Tax reforms e.g. possible reduced collection rate</li> </ul>	<ul style="list-style-type: none"> <li>• Responding to the anticipated issues in collection through the Local Council Tax Support Scheme and changes to discounts on empty properties</li> <li>• Working with key partners to provide residents affected by welfare reform changes with money and debt advice</li> <li>• Reviewing the staffing and structure of the revenues and benefits service to reflect the</li> </ul>

		<ul style="list-style-type: none"> <li>• Opportunities through business rate reforms</li> </ul>	changing role
Housing	<ul style="list-style-type: none"> <li>• Quality housing that people want and is accessible to the whole community</li> <li>• Affordable housing delivered to strategy – challenges in achieving this</li> <li>• Good private sector market with choice</li> <li>• Good housing advice that prevents homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Welfare reforms – manage effects on private sector</li> <li>• Improved working with registered providers and private sector landlords</li> </ul>	<ul style="list-style-type: none"> <li>• Implement new allocation scheme &amp; monitor impact</li> <li>• Draft and consult on new Homelessness Strategy</li> <li>• Develop a new Affordable Housing supplementary planning document to support the Core Strategy</li> <li>• Review the Housing Strategy following adoption of the Core Strategy</li> <li>• Develop services to respond to the unintended consequences of welfare reform</li> <li>• Implement the revised Empty Homes Strategy</li> <li>• Ensure the new Home Improvement Agency service meets the needs of vulnerable households</li> <li>• Bring forward opportunities for the Council's new investment initiative</li> <li>• Identify &amp; purchase a suitable for use as emergency temporary accommodation</li> <li>• Adopt new grant policy for housing assistance programme</li> </ul>
Corporate Support		<ul style="list-style-type: none"> <li>• Implementation and embedding of any changes in working practices</li> </ul>	<ul style="list-style-type: none"> <li>• Investigate working with Maidstone Prison on Printing</li> <li>• Embed savings and other benefits from the print and post room solution</li> <li>• Investigate viability of Print Room commercialisation</li> <li>• Investigate the possibility of providing services for other partners</li> </ul>
Environmental Health		<ul style="list-style-type: none"> <li>• Shared service and new working practices embedded</li> </ul>	<ul style="list-style-type: none"> <li>• Decision made on sharing the service with local authority partners</li> </ul>

			<ul style="list-style-type: none"> <li>• New staff structure introduced</li> </ul>
Finance	<ul style="list-style-type: none"> <li>• Support the business make informed decisions, manage budgets, commit and measure resources</li> <li>• Investigate model of delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Embed the single ICT system across Mid Kent Improvement Partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Restructure of Finance team</li> <li>• Improvement to work on statement of accounts through up-skilling staff</li> <li>• Improvements to support for commercialisation through staff training and development</li> <li>• Implementation of credit card module and roll out of greater use of credit cards for small purchases</li> </ul>
Building Control	<ul style="list-style-type: none"> <li>• Model of delivery – trading arm doing work on behalf of private companies</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify work – less statutory, more trading account</li> <li>• Develop and take advantage of commercial or partnership opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Implement way forward – consider commercial opportunities</li> <li>• Continue to break even</li> <li>• Channel shift completed</li> </ul>

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Service/project	2013/14	2014/15	2015/16
Waste & Recycling (new waste contract)	Business as usual	Project Delivery, Evaluation, Business as usual	Business as usual
Waste & Recycling (commercial waste)	Business as usual	Evaluation, Business as usual	Business as usual
Customer Services delivery	Project Delivery, Business as usual	Evaluation, Business as usual	Evaluation, Business as usual
ICT	Business as usual	Evaluation, Business as usual	Evaluation, Business as usual
Integrated Transport Strategy	Project Delivery, Business as usual	Business as usual, Evaluation	Business as usual, Evaluation
Hazlitt Arts Centre	Business as usual	Evaluation, Business as usual	Evaluation, Business as usual
Planning	Business as usual	Evaluation, Business as usual	Evaluation, Business as usual
Revenues and Benefits	Business as usual	Evaluation, Business as usual	Evaluation, Business as usual
Housing (policies)	Business as usual, Evaluation	Business as usual	Business as usual
Housing (commercialisation project)	Project Delivery, Business as usual	Evaluation, Business as usual	Evaluation, Business as usual
Finance	Project Delivery, Business as usual	Evaluation, Project Delivery, Business as usual	Business as usual, Evaluation
Economic Development	Project Delivery, Business as usual	Business as usual	Evaluation, Business as usual
Environmental Health	Project Delivery, Business as usual	Evaluation, Business as usual	Business as usual, Evaluation, Business as usual
Building Control	Project Delivery, Business as usual	Business as usual	Evaluation, Business as usual
Cross-organisational collaboration	Project Delivery, Business as usual	Business as usual, Evaluation	Business as usual
Future use of Town Hall	Business as usual, Evaluation	Business as usual	Business as usual
Major assets review - King Street	Business as usual	Evaluation, Business as usual	Business as usual
Major assets review - Park Wood	Project Delivery, Business as usual	Business as usual	Evaluation, Business as usual
Major assets review - Medway Street	Business as usual	Project Delivery, Business as usual	Business as usual, Evaluation, Business as usual
Community asset transfer	Business as usual, Project Delivery	Business as usual, Evaluation	Business as usual, Evaluation, Business as usual
Corporate peer review	Business as usual, Project Delivery	Evaluation, Business as usual	Business as usual
Proactive use of Covalent (PMS software)	Business as usual, Evaluation	Business as usual, Evaluation	Business as usual, Evaluation
Other MKIP work - employment model	Project Delivery, Business as usual	Business as usual	Business as usual, Evaluation, Business as usual
Corporate Support	Project Delivery, Business as usual	Business as usual	Business as usual, Evaluation, Business as usual



# Agenda Item 11

## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

### **REPORT OF CORPORATE LEADERSHIP TEAM**

**Report prepared by Paul Riley,  
Head of Finance & Customer Services**

#### **1. BUDGET STRATEGY 2013/14 ONWARDS**

##### 1.1 Issue for Decision

- 1.1.1 This report brings together all the Revenue and Capital Budgets for 2013/14 with a view to recommending them to Council on the 27 February 2013 along with a proposed level of Council Tax.
- 1.1.2 The budgets outlined in this report incorporate the growth and savings agreed at the Cabinet meeting on 19 December 2012. The report also identifies issues emerging since that time and requests Cabinet to consider the issues in the context of the agreed Budget Strategy.
- 1.1.3 The report sets out the proposals for 2013/14 relative to the draft Medium Term Financial Strategy and the strategic revenue projection. The report gives further guidance on the financial position beyond 2013/14, the prospect for growth and savings and the delivery of a sustainable budget in the medium term.

##### 1.2 Recommendation of Corporate Leadership Team

- 1.2.1 It is recommended that Cabinet :
  - a) Agree a final distribution of resources for parishes out of the LCTS scheme funding, from the options proposed in Appendix A or another method;
  - b) Agree the revised revenue estimate for 2012/13 as set out in Appendix C as modified, if necessary, by any actions agreed as a result of the Third Quarter Budget Monitoring Report for 2012/13;

- c) Agree the revenue estimate for 2013/14 including proposed savings as set out in Appendices C & D;
- d) Agree to recommend to Council that the minimum level of General Fund balances be maintained at £2m for 2013/14;
- e) Agree to set a level of working balances for day to day activity for 2013/14 of £2.3m;
- f) Agree to receive a future report on proposals to formalise the use of exceptional income receipts as set out in paragraph 1.12.5;
- g) Agree the proposal not to update the capital programme subject to any changes agreed in the Third Quarter Budget Monitoring Report for 2012/13;
- h) Consider options for the level of Council Tax and agree a recommendation to Council for 27 February 2013;
- i) Endorse the Medium term Financial Strategy as set out in Appendix F;
- j) Note the results of the budget consultation exercise and agree the inclusion of an explanation of the control mechanisms developed for prudential borrowing in the response to consultees;
- k) Agree to recommend to Council, for confirmation, the Council Tax Base and the Business Rates Yield as agreed by General Purposes Group;
- l) Agree to receive a report, once the requirements of legislation are clear, on the most appropriate process for approval of the Council Tax base and the Business Rates yield in future years;
- m) Agree to make the appropriate recommendations to Council regarding Council Tax requirement and the Estimates for 2013/14 based on the Cabinet decisions relating to this report's recommendations and as required by the Local Government Finance Act 1992 as amended by the Localism Act 2011.

### 1.3 Summary

- 1.3.1 The financial restrictions surrounding local government have lead inevitably to a time of major restraint on expenditure. It is clear from the Chancellor of the Exchequer's Autumn Statement that the restrictions will continue through the period of this medium term

financial strategy (MTFS). At the same time demand for services provided by the Council is increasing.

- 1.3.2 The MTFS is not a standalone strategy. Its main objective is, through integration with the other strategies of the Council, to ensure that resources are focused on the Council's priorities. The work on the MTFS to date, the other strategies and the previously identified risks are all set out in section 1.4 of the report. These risks include the loss of the 2012/13 Council Tax Freeze Grant and a need to identify savings to compensate and the predicted outturn for fees and charges in 2012/13.
- 1.3.3 Changes to national policy and guidance since the report considered by Cabinet in December 2012 have led to a worsening of the overall financial position of the Council. Key amongst these is the finance settlement which is a new method of distribution of resources from central government from 1<sup>st</sup> April 2013. Details of the settlement were distributed to Councils, by the Government, on 20<sup>th</sup> December 2012 following the announcement on 19<sup>th</sup> December 2012. The settlement is provisionally announced for two years and, including the loss of Council Tax Freeze grant, provides a 8.2% reduction in resources in 2013/14 and a further 13.3% reduction in 2014/15. The figures are set out in section 1.7.
- 1.3.4 The local council tax support scheme was agreed by the Council in December 2012 and will replace the national arrangements for Council Tax benefit, also on 1<sup>st</sup> April 2013. The first year's funding was announced as part of the finance settlement. The funding represents this Council's share of 90% of the Council Tax Benefit Grant distributed, based on 2011/12 values. Central Government have allocated this funding to cover the loss of Council Tax for the borough and parish councils in Maidstone. It does not cover the full cost of the new local scheme and the Government has used a simple but inequitable distribution method. In section 1.8, the report discusses if and how funding should be shared with parish councils.
- 1.3.5 Also commencing on 1<sup>st</sup> April 2013 is the new system of partial retention of business rates as set out in section 1.9. The finance settlement has set the level of business rates that the Council will retain as its baseline and this is £2.8m, only 5.7% of the business rates estimated for the borough area. The major risk from the new proposal is that the Council now shares the risk of non-collection, no matter the reason. The largest of the non-collection risks is the backdated and still outstanding list of valuation appeals. The level of risk is so significant that if the Government's Valuation Office was to settle all outstanding appeals in 2013/14 the estimate of the Council's share of the backdated refund would be as great as its baseline. In which case the Council would retain no resources from business



rates. This scenario is unlikely but all appeals will be settled at some future time and this future risks leads to the need to create a provision against the future loss. The provision will require funding from 2013/14.

- 1.3.6 The Council has prudently chosen not to support its revenue account by the use of balances to replace savings and efficiency required to achieve a balanced budget and this intention is clearly stated in the MTFS. Instead it has used balances to support strategic objectives through the funding of projects and initiatives that deliver, or improve the opportunity to deliver, those objectives. In this report the approach to the use of balances is considered and it is proposed to formalise the methodology so that future unallocated resources are utilised in a timely and effective manner. These issues are considered in section 1.12.
- 1.3.7 The Council's stated strategy on the level of Council Tax is to take a long term view of the need for resources and the effect on the budget, while identifying the need to agree a balanced budget annually. The Council has not increased the level of Council Tax since 2010/11 and has obtained Council Tax Freeze Grant funding from Central Government. The Government is offering a new arrangement at 1% per annum for two years. In 2013/14 the 2012/13 grant ceases and savings are required to finance the loss of resources. In 2015/16 the 2011/12 grant ceases and further savings will be required at that time. Due to the high level of risk because of the changes in funding arrangements and the low level of available resources, this report is based upon a maximum increase of 1.9%. Details of the options available should the Council wish to consider alternatives are set out in section 1.13.
- 1.3.8 The Capital Programme is considered in section 1.15. The Council's strategy on capital expenditure is to prioritise schemes based upon legislative need or fit to key priorities. One key tenet of the strategy is that resources must exist in advance of the commencement of any project or contract. The current programme is fully funded from resources that the Council already holds. However the programme only extends to 2014/15. Two essential strands of any future programme are the work on commercial activity, for which Council has given approval to prudential borrowing, and the infrastructure required to deliver the development plans of the Council. Further work is still required to ensure a stable and funded programme exists into the future as current resource levels cannot provide for all infrastructure needs and a programme to meet other objectives.
- 1.3.9 Taken together the considerations summarised above identify a significant level of change in the way the Council will receive or generate resource in the future. Many of the changes individually

bring significant financial risk, taken together as a series of changes occurring at one time they bring a greater risk to the Council than the sum of their individual risks. This is due to the additional risk that more than one event occurring in 2013/14 could produce a total financial consequence greater than the provisions the Council usually considers adequate. The Council must do all it can in 2013/14 to maximise resource while it gains experience of the new financial environment in which it is operating.

#### 1.4 Reasons for Recommendation

- 1.4.1 At its July 2012 meeting Cabinet considered the initial budget strategy for 2013/14 onwards. It agreed a strategic revenue projection, a level of council tax for use in planning and consultation on the budget and the method by which consultation would be carried out.
- 1.4.2 The Corporate Services Overview and Scrutiny Committee's early consideration of the budget strategy led to the creation of a budget working group that considered the issues and advised the Committee in its later deliberations. At that time the Committee generally agreed with the approach put forward by Cabinet.
- 1.4.3 During 2012/13 Cabinet has received two quarterly budget monitoring reports considering the revenue account and other balance sheet issues for the end of June and the end of September 2012. The predicted outturn at that time was £0.4m. A third report is elsewhere on this agenda predicting a reduced outturn of £0.3m.
- 1.4.4 In the budget monitoring reports a number of issues have been identified to Cabinet, among them is a shortfall in the level of income from fees and charges. At the end of September 2012 this was predicted to have a full year effect of a £0.2m shortfall. By December the predicted outturn has been partly reversed by the revised planning fees announced late in 2012 by Central Government.
- 1.4.5 At its meeting on 19 December 2012 Cabinet considered a corporate review of fees and charges for 2013/14. This review was in line with the Council's policy on fees and charges. The agreed increases produced an overall estimated increase in income of £0.17m. This was incorporated into the budget strategy report considered later on the same agenda. Because of the previously identified risk of shortfall for some services, most fees and charges were not increased for 2013/14. The major element of the estimated increase comes from planning fees, which have benefitted from a Government set national increase.

1.4.6 At that same meeting, on 19 December 2012, Cabinet reconsidered the budget strategy and agreed a strategy for formal consultation with Corporate Services Overview and Scrutiny Committee in January 2013. Combined with the agreed increase in fees and charges discussed above, Cabinet agreed the following:

- a) 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.
- b) 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.
- c) That the proposed savings, as set out in Appendix C to the report of Corporate Leadership Team, be agreed.
- d) That the assumptions used in the development of the available resources as detailed throughout the report of Corporate Leadership Team be noted.
- e) 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.
- f) 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.

1.4.7 It is the intention of this Budget Strategy to address the financial consequences of the government's actions to reduce the budget deficit in a sustainable manner. Over £3m in savings have been delivered since the spending review of 2010 and a similar level of savings, totalling £5.5m, is required over the five years of this strategy. Agreement to the proposals in this report can still deliver a balanced budget without the use of balances to finance long term commitments in 2013/14 but some future need for £3.2m of savings is not yet identified.

1.4.8 The budget strategy has been developed in parallel with the Cabinet's consideration of a number of other plans. In particular the budget strategy incorporates the following:

- a) The Strategic Plan – the budget strategy has been developed in parallel with the revision to the strategic plan. The medium term financial strategy has been produced to ensure the efficient use of the Council’s resources in delivering the strategic objectives.
- b) The People Strategy – budget provision is included for expected employee costs.
- c) The Asset Management Strategy – the budget requirements identified in this strategy have been previously included within the budget strategy and have been maintained for 2013/14 onwards at their current levels. The asset management strategy recognises the pressure on the capital programme from the need for future funding and assesses options for the appropriate utilisation of assets, the pressures upon the capital programme are considered as a complete package and not as individual schemes. At this time the budget strategy does not consider the capital requirements beyond 2014/15.
- d) ICT Strategy – the resources for this strategy are limited but some resources for developments in ICT remain available. The exact nature of the strategy and the arrangements for the use of resources for the ICT Strategy are currently evolving as the MKIP Shared Service commences across Maidstone, Swale and Tunbridge Wells Councils.
- e) Strategic Risk Register – the strategic risks are reviewed regularly by Audit Committee and Cabinet and have been fully updated for 2013/14 onwards. The funding for actions within the risk actions plans are, where appropriate, incorporated into the budget strategy.
- f) Other Strategies – appropriate resources to aid various other strategies are incorporated into the budget strategy. These include strategies for areas such as Regeneration and Economic Development, Climate Change, Equalities, Regeneration, Integrated Transport and Community Development.

## 1.5 Corporate Services Overview and Scrutiny Committee

- 1.5.1 The Committee, at its meeting on 8 January 2013, debated both the budget strategy decision and the fees and charges decision made by Cabinet on 19 December 2012. The committee considered all aspects of both reports and the Council’s ability to produce a balanced budget.
- 1.5.2 The Committee’s conclusion was that the reports were a comprehensive assessment of the current situation and the Cabinet

decisions represented an effective means of producing a balanced budget and securing the Council's financial standing in the medium term.

#### 1.6 Audit Committee

1.6.1 The committee, at its meeting on 14 January 2013, debated the operational risk analysis of the budget strategy. This risk analysis forms part of the Finance Section's service plan and the individual elements do not represent strategic risks. The committee debated the risks and felt they were a comprehensive list.

#### 1.7 The Finance Settlement

1.7.1 The finance settlement was announced in Parliament on 19 December 2012 however the Council did not receive specific details of its own settlement until the 20 December 2012. It was not possible to update Cabinet of the provisional figure from Central Government for revenue support grant and the retained business rates baseline until now.

1.7.2 The figures provided as part of the settlement are given in the table below and were confirmed on 4<sup>th</sup> February 2013. The figures given in the table are gross payments and part of the LCTS funding is identified by the DCLG as provided for support to parish councils. In considering the budget strategy report presented to the Cabinet on 19 December 2012, Members agreed to a provisional distribution to parish councils, which is considered further below. An adjustment to deduct the final value agreed for distribution by the Council will need to be made to the figures for 2013/14 so that they can be used in the strategic revenue projection.

	<b>RSG</b>	<b>Baseline</b>	<b>Total</b>	<b>Year on Year</b>
<b>2013/14</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>Reduction</b>
				<b>%</b>
BASIC GRANT SETTLEMENT	3,146	2,092	5,238	8.2
COUNCIL TAX FREEZE 2011/12	202	133	335	
HOMELESSNESS PREVENTION	60	41	101	
LCTS SCHEME FUNDING	874	581	1,455	
	<b>4,282</b>	<b>2,847</b>	<b>7,129</b>	
<b>2014/15</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	
BASIC GRANT SETTLEMENT	3,048	2,755	5,803	13.3
COUNCIL TAX FREEZE 2011/12	196	139	335	
HOMELESSNESS PREVENTION	60	41	101	
	<b>3,304</b>	<b>2,935</b>	<b>6,239</b>	

- 1.7.3 Cabinet should note that the total sum of both RSG and Business Rates for 2013/14 is £0.15m greater than the sum estimated in the strategic revenue projection presented to Cabinet on 19 December 2013. This contrasts with a sum that is £0.14m less than estimated for 2014/15. As a consequence of the 2014/15 reduction it is proposed in this report to make no specific plans for the use of the additional resource in 2013/14. In developing the strategy for this report officers have amended the timing of proposed savings so that some proposals that had supported 2013/14 now support 2014/15.
- 1.7.4 Members may wish to note that the Corporate Services Overview and Scrutiny Committee were advised of the settlement figures and the proposal to adjust the timing of some saving planned for 2013/14 at their meeting on 8 January 2013. The Committee did not object to the principle set out or propose an alternative action for Cabinet to consider.
- 1.7.5 Members should note that two issues remain unresolved that have a minor effect on the values used to formulate the budget figures set out in this report.
- a. The element of the government funding for the LCTS scheme is reduced from £1.455m to £1.365m by the amount calculated for support to parishes, as considered by Cabinet on 19 December 2012, and is subject to change as set out in section 1.8 below.
  - b. The Council intends to apply for transitional grant as the LCTS scheme agreed by Council meets the Government's criteria and this would provide an additional £38,000 in funding if the Council is successful.

## 1.8 Local Council Tax Support Scheme - Arrangements for Parish Councils

- 1.8.1 As part of the finance settlement the Government provided partial funding for the Local Council Tax Support (LCTS) scheme. This funding is identified separately in the finance settlement for 2013/14 as £1.455m. The Government has stated that the funding passed to district councils includes funding for the effect of the LCTS scheme on parish council tax bases.
- 1.8.2 As part of Cabinet's considerations on 19 December 2012 a proposal for sharing the total funding across all councils, which was distributed according to loss rather than precept levels, was reported. The calculated amounts were then provided to parish councils along with their tax base figures to assist them in calculating the precept they required.
- 1.8.3 The figure announced in the finance settlement is less than the figure assumed in the 19 December 2012 report which was estimated at £1.463m. Therefore the calculation needs to be adjusted. In addition the Government's announcement split the total sum of £1.455m into two elements one for the borough council and the other for parishes based upon precept levels.
- 1.8.4 By using precept levels to apportion the funding, the Government has used an available but inequitable method of apportionment. Should the Cabinet wish to distribute the announced share based upon precept levels a complication would arise. Although the total distributed to parishes would increase, some parishes would lose out relative to others and the borough council would also lose out. This happens because the loss of council tax from the new system is related to the number of working age claimants of LCTS in an area and not the precept. Where there is a high level of working age claimants, then the distributed support would not be adequate to cover the loss equitably.
- 1.8.5 The values received by each Council under the original apportionment method set out in the report of 19 December 2012 have been updated to distribute £1.455m and at this level all councils receive support of 93.7% of their total loss. In addition the Government proposal has been calculated down to individual parishes and the loss or gain is variable.
- 1.8.6 The figures for each parish and the borough are given in **Appendix A** for consideration and comparison. However choosing, as examples, two of the more extreme values under the Government's proposal.

- a) Tovil Parish Council only receives 75% through this method of funding. Losing in total £2,110.
- b) Boxley Parish Council receives 155% through this method of funding. Being in surplus by £4,933.

1.8.7 Cabinet will need to propose an apportionment method for inclusion in the budget that will be recommended to Council. It could be either method set out in the report or another method of their choosing. The finance settlement is not ring-fenced and Government have not legislated for the Council to pass on any support to parish councils. The Government has indicated that it would expect some form of support to parish councils.

1.9 Business Rates – Estimated Yield

1.9.1 The finance settlement outlined in section 1.6 set out the baseline funding level for retained business rates at £2.85m. This is the level of assessed need for this Council. Based on Central Government’s assumptions about this Council’s share of total business rates collected nationally. In detail the Government has set the following values by apportioning their national calculation:

Authority	Share %	Amount £	Tariff
Government	50	27,010,106	
Maidstone - split:	40	21,608,085	
Less Tariff			18,760,179
= Retained Value			<b>2,847,906</b>
Kent County Council	9	4,862,820	
Kent Police	1	540,200	
<b>Business Rates Assumed Yield</b>		<b>54,021,211</b>	

1.9.2 At General Purposes Group on 30 January 2013 the Committee considered the Council’s own estimate of Business Rates yield for 2013/14 and the figures approved by the Group are as follows:

Authority	Share %	Amount £	Tariff
Government	50	27,457,771	
Maidstone - split:	40	21,966,217	
Less Tariff			18,939,245
= Retained Value			<b>3,026,972</b>
Kent County Council	9	4,942,399	
Kent Police	1	549,155	
<b>Business Rates Assumed Yield</b>		<b>54,915,542</b>	

1.9.3 The values are greater than the sums calculated from the government’s national assumptions and therefore indicate growth in yield. The estimate of the growth that would be retained is £0.18m



and this is shown within the retained value in the table above. However the yield approved by General Purposes Group includes sums relating to valuation appeals that remain outstanding with the Government's Valuation Office. These appeals date back over the last eight years and, under the new system, present a financial risk to the Council. While the income previously collected from the businesses has been passed to Central Government in previous years, successful appeals will mean that there will be a charge against the current year's business rates yield to cover the backdated refund. This Council's share of any refunds paid will be 40% of their total value.

1.9.4 The Valuation Office has provided data that suggests the potential value of refunds could be as great as £6.5m and this Council's share could be as great as £2.6m. While successful appeals decided by the valuation officer in 2013/14 will probably not represent all outstanding cases, proper accounting practice and prudent financial control would require the Council to set aside a provision for the risk at a maximum of £2.6m.

1.9.5 This risk leads to the conclusion that while the business rates yield suggests a potential for this Council to receive growth of £0.18m a need to set aside a provision of up to £2.6m means that at this time it would not be prudent for the Council to budget for the use of this potential business rates income for any other purpose. The appropriate treatment of backdated refunds is still the subject of dialogue with Central Government and officers will advise Members of any changes to national guidance at the meeting.

#### 1.10 The Strategic Revenue Projection

1.10.1 The strategic revenue projection (SRP) is given at **Appendix B** and has been updated to account for the changes that have been identified in this report as occurring since the Cabinet meeting on 19 December 2012.

1.10.2 The effect of the changes on the strategic revenue projection is to reduce the need to identify savings in 2013/14 but to increase the need in 2014/15. Savings required for 2013/14 now total £0.988m however the target for 2014/15 has increased to £1.787m.

1.10.3 For 2013/14 the strategic revenue projection assumes a Council Tax increase that is just below the threshold for a referendum, at 1.9%. This assumption is in line with Cabinet's agreed planning assumption of 2%. The reason for the 0.1% variance is the effect of the Upper Medway Internal Drainage Board's levy on the referendum calculation.

1.10.4 Should Cabinet choose to recommend to Council no increase, in line with the Government's current council tax freeze proposal, then the strategic revenue projection would require an amendment that would result in additional savings of £0.12m in both 2013/14 and 2015/16. This issue is covered in more detail in section 1.12.

1.10.5 For future years the strategic revenue projection uses the current value of a 1.9% increase each year.

#### 1.11 Revenue Estimates

1.11.1 A summary of the revenue estimate by portfolio is attached as **Appendix C**. This also summarises the approved use of balances. This estimate assumes the final approval of all growth and savings set out in the SRP and savings detailed in this report. The estimate is based upon the funding available from a 1.9% Council Tax increase. Any alternative decision will require amendment to the revenue estimates as set out above.

1.11.2 Details of the savings proposals, as amended following the finance settlement, are given at **Appendix D**.

#### **Revised Estimate 2012/13**

1.11.3 The revised estimate 2012/13, given in Appendix C, totals £23.919m. This compares to an original estimate of £20.043m as approved by Council in March 2012. The increase reflects the decisions of Cabinet to approve the carry forward of resources from 2011/12 of £3.876m.

#### **Original Estimate 2013/14**

1.11.4 The estimate 2013/14, given in Appendix C, shows a cost of service estimated at £19.525m. After net contribution to balances of £0.05m, the budget requirement for 2013/14 will be £19.575m including a 1.9% Council Tax increase.

1.11.5 Cabinet will recall that the budget, as proposed in this report, has been based on a number of initiatives completed during the year. These include:

- a) A refresh of the strategic plan that includes a clearer analysis of the outcomes deliverable in the medium term and a prioritisation of the actions required.
- b) A budget consultation exercise to identify public opinion on the importance to the public of services considered low priority to Cabinet and the importance of a range of customer service levels.

- c) A longer term focus from the recognition that the financial year 2013/14 will see the commencement of a spending review to support the Government's objectives up to the next general election. In addition the Chancellor of the Exchequer has made clear in his Autumn Statement that there is expected to be further public sector spending reductions that will effect local government to a similar level as those announced at the time of the 2010 spending review.

## 1.12 Statement of Balances

1.12.1 Attached as **Appendix E** is a statement of the General Fund Balances. The statement identifies in detail the agreed use of balances arising from the 2012/13 budget, approved by Council in March 2012, and subsequent Cabinet decisions. Cabinet will recall that it agreed a reserve in relation to the potential level of overspend on the Museum extension contract. This reserve is not shown in Appendix E but is comfortably within the estimate of unallocated balances at 31 March 2014, of £3.1m.

1.12.2 During the development of the medium term financial strategy for 2013/14 onwards there has been two proposals for the future use of balances.

- a) The creation of a provision to support the commercialisation work of the Council. The sum considered is £0.5m and will only be called upon if a commercial activity does not generate the expected return and the resources are required to maintain repayments on any prudential borrowing associated with the scheme; and
- b) Support to parish councils who provided footway lighting through concurrent functions in 2011/12, for one further year. This will allow time for adoption by the County Council or other actions by the parish and will cost this Council approximately £30,000.

1.12.3 It is necessary at this time for Cabinet to consider the level of working balances it wishes to set for operational purposes. There are two levels set:

- a) The first is a practical minimum below which Cabinet cannot approve the use of balances without agreement of Council. In the past this has been set at 10% of net revenue spend, which equates to £1.96m. However in recent years, as net revenue expenditure has declined due to Government reductions in public sector spending, the balance has been retained at £2m.

It would be prudent to continue at this level and Cabinet is recommended to propose this level to Council;

- b) The second is an operational minimum, set for daily use of balance by Cabinet. In the past this has been £0.3m greater than the Council set practical minimum. This would be £2.3m and it is recommended that Cabinet set this operational minimum.

1.12.4 In recent years the Council has been successful in identifying and achieving income from exceptional opportunities. One example is the VAT declared and paid on a range of services for which HM Revenue and Customs were obliged to give refunds in 2010/11. Other examples include the 2011/12 gain from early delivery of savings from shared services and other restructures. Such events are expected in the future with possible gains from successful commercial activity and shared benefit from contractual arrangements such as surpluses from contracts currently being let.

1.12.5 While these resources are much needed and are able to benefit the Council's strategic objectives, there is an issue of the Council's ability to react in a timely and efficient way when resources are unexpected. The recent work on the use of balances available from 2011/12 evidences that such resources can be effectively focused on achieving the Council's priorities. Although this was achieved it was not in a timely and efficient manner. It is proposed that Cabinet consider options to formalise the use of such resources to make the process more efficient. Possible means could include pre-agreed programmes of work. The report recommends that Cabinet agree to consider options regarding this issue in a further report.

### 1.13 Council Tax Levels

1.13.1 The strategic revenue projection given at Appendix B is developed in accordance with the previous planning decisions of Cabinet and includes a 1.9% increase in Council Tax.

1.13.2 Acceptance of the government offered Council Tax freeze grant by recommending a zero percent increase in Council Tax is an option available to Cabinet. However the action would require additional savings of £0.12m in both 2013/14 and 2015/16. This is because the offered grant is only equivalent to a 1% increase in Council Tax but is available for two years.

1.13.3 The consequences of accepting the Council Tax freeze grant in 2013/14 would create an additional budget pressure for all future years. This pressure would be £0.25m by 2015/16 and the Council Tax income foregone would compound at that level plus any annual

increase. Assuming a 1.9% increase, this would equate to £2.7m in ten years.

#### 1.14 Strategic Assessment of the Revenue Estimate

1.14.1 The revenue estimate for 2013/14 as detailed in this report requires net resources of £19.575m. This can be balanced by a 1.9% increase in the Council Tax charged, as detailed in the table below:

	<b>£</b>
Revenue Support Grant	4,280,809
Retained Business rates	2,847,906
Less: Parish LCTS Support	-84,695
Council Tax at £222.39 (Band D), tax base 55155.1	12,265,942
1.9% Council Tax Increase (£4.23 @Band D)	233,055
Collection Fund Adjustment	32,033
<b>TOTAL AVAILABLE RESOURCES</b>	<b>19,575,050</b>

1.14.2 Should Cabinet wish to consider an alternative approach, a 1% change in Council Tax charged is equivalent to a change in resources available of £123,000. Cabinet should be aware that Council Tax freeze grant is absolute and offered only where no increase occurs. It cannot be claimed proportionate to any increase that is less than 2%.

#### 1.15 Capital Programme

1.15.1 The budget strategy incorporates estimates for both revenue and capital expenditure. Attached at **Appendix F** is the approved capital programme for the period 2012/13 to 2014/15.

1.15.2 Elsewhere on this agenda the Budget Monitoring Report to December 2012 includes a recommendation on slippage of scheme budgets between 2012/13 and 2013/14. If this proposal is agreed by Cabinet the programme outline in Appendix F will be updated before the recommendation to Council is prepared. Cabinet should also note that the programme is subject to growth up to the level agreed as a maximum for funding increased costs in relation to the Museum's East Wing development.

1.15.3 It is normal at this time to bring forward proposals to extend the programme for further years up to 2017/18. A significant number of the likely schemes that would be brought forward for amendment or extension to the programme are under consideration as part of the infrastructure delivery plan (IDP) as a component part of the Core Strategy.

1.15.4 The work on ensuring the accuracy of the IDP must be completed as an essential first stage. Funding of any schemes, arising from the IDP and forming elements of any future capital programme, will be partly

achieved by the setting and charging of a community infrastructure levy. In order to set this levy accurately the work on the IDP must be completed.

- 1.15.5 At this time it is recommended that no change to the programme be made but to note that extensive work on prioritisation of schemes and the identification of funding will be required during March 2013 to prepare the Council to charge the community infrastructure levy required to make the IDP affordable.

## 1.16 Consultation

- 1.16.1 In recent years Cabinet has taken a coordinated approach to the views it has sought during consultation. This has been done with the intention of building a body of knowledge of opinions on various elements of the budget.
- 1.16.2 ring the development of the 2009-10 budget strategy the consultation was through a budget simulator to allow respondents to create their own budget and asked them to achieve a council tax increase below 5%. The choices available for growth or savings were larger key service areas that most respondents displayed a desire to protect, such as refuse and street cleansing.
- 1.16.3 During the development of the 2010-11 budget strategy the consultation was carried out by formal market research. This research focused on income generating services through consideration of price and elasticity of demand. Questions included the preference for payment for services by council tax or by direct fee at time of use.
- 1.16.4 During the development of the 2011-12 budget strategy members and officers completed comprehensive public engagement under the banner of "My Council, What Matters to ME" which reviewed opinion on discretionary services and Cabinet's proposals for savings. It also gave an opportunity for respondents to put forward further ideas for consideration.
- 1.16.5 Consultation on the 2012-13 budget followed a similar format requesting ideas for savings beyond those already identified and an evaluation of seven statutory services that were not placed as high priority in the Cabinet's priority matrix. The consultation looked at the potential for from variations in the level of customer service.
- 1.16.6 Two consultations have been carried out during the 2013-14 budget strategy process. The results of the consultation on the localisation of council tax support were reported to Cabinet in November and the Council agreed a local council tax discount scheme in December 2012.

1.16.7 Consultation on the budget is usually completed between October and November but consultation on the budget for 2013-14 was delayed until January 2013, to avoid any confusion with the localisation of council tax support consultation. The consultation on the budget sought views on the Cabinet's proposals for savings, specifically whether the council should provide services directly itself or through voluntary, business and charity organisations, and whether the Council should provide profit making commercial services and borrow money to cover the start up costs of them. Residents were also asked how they wanted to contact the council.

1.16.8 The results of this consultation are attached at **Appendix G**. The results show that:

- a) There are good levels of support for the Cabinet's proposals to look to provide more services through voluntary, business and charity organizations and to provide commercial profit-making services.
- b) there is less support for the proposal to borrow money to cover the start up costs of commercial services. Cabinet is recommended to agree that the previously agreed measures and controls on this activity are included in the responses to consultees and publication of the results of consultation.
- c) Cabinet should also note the confirmation of the Council's channel shift strategy in the responses to the question on methods of contacting the Council and requesting services, for which the highest response was for the use of electronic means including the website.

## 1.17 Approval of Tax Base and Business Rates Yield

1.17.1 As detailed in this report new local government finance arrangements are being introduced from 1 April 2013. These cover the tax raising and collecting processes of the Council. The setting of the Council Tax and now the calculation of the business rates yield are set out in statute and the procedure at this Council is set out in the constitution.

1.17.2 Some local authorities have raised questions about the legislative basis upon which the Tax Base and the new Business Rates Yield figures are calculated and approved. Set out in the new statutory instrument for the calculation of the tax base there is a need for the calculation to be agreed only by the Authority. The business rates yield calculation would appear to require the same approval process as the tax base.

- 1.17.3 The Council's constitution delegates authority to approve the Tax Base to General Purposes Group and they approved the figures at their meeting on 19 December 2013. Following the same process for the Business Rates Yield meant that this was presented to General Purposes Group on 30 January 2013.
- 1.17.4 Having obtained and considered the advice of the Head of Legal Services on this matter it is felt to be necessary to request of Council that they "confirm" the figures approved by General Purposes Group and used in this report to set the budget for 2013/14. The Head of Legal Services also believes that, once the Government's intention is clear, a further report to amend the constitution to meet the requirements of the new local government finance regime may be required.
- 1.17.5 At this time it is recommended that Cabinet recommend to Council to confirm both the Council Tax base and the Business Rates yield for 2013/14 as considered and approved by General Purpose Group.
- 1.18 Future Actions to Set the Council Tax
- 1.18.1 As Members will be aware, it is a statutory requirement of this Authority to resolve the level of Council Tax for the area. To achieve this objective the recommendations detailed in this report need to be addressed. In addition the precepts of Kent County Council, the Police Authority, the Fire Authority and all parish councils are required. These will all be incorporated into a resolution to the Council meeting on 27 February 2013.
- 1.18.2 It is the intention to collate the decisions from this meeting and incorporate them into the necessary resolutions to achieve the above in time for the Council meeting on 27 February 2013.
- 1.18.3 In addition it is necessary for the section 151 Chief Financial Officer to give her opinion to Council, when setting the above requirements, that the budget calculations are based upon robust estimates and that the level of reserves is sufficient for the purposes of the budget exercise. Based upon the process undertaken this year, and the information contained within this report, it is not anticipated that this opinion will include any adverse comments.
- 1.19 Medium Term Financial Strategy
- 1.19.1 Attached as **Appendix H** is the Medium Term Financial Strategy (MTFS). The strategy is focused on the period of the spending review, with a fifth year to incorporate the consequences of the actions taken within the spending review period.



- 1.19.2 The financial projection that complements the MTFS is given at Appendix B. It summarises the growth and savings items detailed in Appendix D. The financial projection considers the targeted need for growth and savings over the period of the MTFS and incorporates a number of assumptions about inflation and changes in local and national initiatives. These are all detailed in the MTFS statement given at Appendix H.
- 1.19.3 The MTFS may require amendment following Cabinet's consideration of this report and following consideration by Council on 27 February 2013. The final version will be published as part of the budget documents on the Council's website following the Council meeting.
- 1.20 Alternative Action and why not Recommended
- 1.20.1 The major alternatives are included within the report for consideration
- 1.20.2 Cabinet could recommend to Council the setting of a Council Tax level greater than that used as a planning assumption in the strategic revenue projection. The Department for Communities and Local Government has announced that the level of increase that would be expected to trigger a local referendum on Council Tax increases is 2% for 2013/14. Allowing for the influence of levying bodies, the Council could only agree an increase up to the level currently proposed without triggering a referendum. This is below both RPI and CPI inflation measures.
- 1.20.3 Any increase above the level of 1.9% would most likely incur the need to carry out a referendum and result in a reduction in the level of Council Tax and additional cost to the Council.
- 1.20.4 The setting of a balanced budget is a statutory obligation. To choose not to set a budget and a Council Tax level for 2013/14 is not an option.
- 1.21 Impact on Corporate Objectives
- 1.21.1 The capital and revenue budgets developed from this budget strategy provide resources for the achievement of corporate priorities and have been developed in conjunction with the refresh of the Strategic Plan.
- 1.22 Risk Management
- 1.22.1 The budget process is a major element of the mitigation of the strategic risk on having the right resources available to achieve the

Council’s priorities. The robust process followed, along with the Council policy to deliver a balanced budget, ensures that the budget produced is appropriate for the delivery of all council services.

- 1.22.2 The policy on balances addresses the strategic risk of budget pressures arising from unbudgeted spend or the financial consequences of unplanned costs.
- 1.22.3 The key risks identified during the budget strategy process and in this report are detailed in the risk assessment attached as **Appendix I**. The risk assessment has been considered, amended and approved by Audit Committee in the format given in the appendix.

1.23 Other Implications

1. Financial	X
2. Staffing	X
3. Legal	X
4. Equality Impact Needs Assessment	X
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	

1.23.1 Financial Implications – These are dealt with comprehensively in the body of the report.

1.23.2 Staffing Implications – The current budget provides the resources necessary to fund the proposed staffing levels and support the Governments public sector pay strategy.

1.23.3 Legal Implications – The Localism Act 2011 and the review of local government finance have introduced a number of changes to the recommendations to Council for setting the Council Tax and agreeing a balanced budget for 2013/14. These changes are the subject of national discussion and the most up to date guidance will be used at the time required to produce the report to Full Council. In other

respects this report and the recommendations it proposes will enable Council to set a balanced budget and a Council Tax within the time limits and other constraints of legislation.

1.24 Relevant Documents

1.24.1 Appendices

- Appendix A - Apportionment of LCTS Funding
- Appendix B - Draft Strategic Revenue Projection
- Appendix C - Draft Budget Summary 2013/14
- Appendix D - Savings Proposals 2013/14 to 2016/17
- Appendix E - Statement of General Fund Balances
- Appendix F - Draft Capital Programme 2013/14 Onwards
- Appendix G - Consultation Responses
- Appendix H - Draft Medium term Financial Strategy
- Appendix I - Detailed Risk Assessment

**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, when did it first appear in the Forward Plan?

This is a Key Decision because: Budget Strategy Report

Wards/Parishes affected: All

**BUDGET STRATEGY 2013/14 ONWARDS**  
**APPORTIONMENT OF LCTS FUNDING**

Parish	LCTS Adjustment to Tax Base £	Government Support		Gain / (Loss) on Government Formula £
		Matched to Loss £	Government Formula £	
Barming	866.34	811.84	1,635.98	769.64
Bearsted	4,905.61	4,597.03	9,419.27	4,513.66
Bicknor				
Boughton Malherbe	136.77	128.17	208.22	71.45
Boughton Monchelsea	2,493.83	2,336.96	4,032.64	1,538.81
Boxley	3,188.48	2,987.91	8,121.99	4,933.51
Bredhurst	793.63	743.71	842.78	49.15
Broomfield & Kingswood	1,762.02	1,651.18	3,271.96	1,509.94
Chart Sutton	1,354.25	1,269.06	1,685.55	331.30
Collier Street	396.22	371.30	973.06	576.84
Coxheath	5,642.10	5,287.19	5,408.64	(233.46)
Detling	1,867.96	1,750.46	1,891.19	23.23
Downswood	1,725.69	1,617.14	2,330.03	604.34
East Sutton	92.04	86.25	495.75	403.71
Farleigh East	2,448.70	2,294.67	2,634.82	186.12
Farleigh West	1,056.98	990.49	1,189.80	132.82
Frinted				
Harrietsham	2,086.21	1,954.98	2,553.12	466.91
Headcorn	7,166.42	6,715.62	8,038.11	871.69
Hollingbourne	1,276.67	1,196.36	1,586.40	309.73
Hucking				
Hunton	1,067.90	1,000.72	1,487.25	419.35
Langley	2,073.07	1,942.66	1,824.96	(248.11)
Leeds	2,929.29	2,745.02	2,161.47	(767.82)
Lenham	5,520.63	5,173.36	5,826.26	305.63
Linton	571.36	535.42	870.04	298.68
Loose	3,224.91	3,022.05	5,095.33	1,870.42
Marden	7,894.10	7,397.53	6,890.94	(1,003.16)
Nettlestead	1,456.63	1,365.00	852.89	(603.74)
Otham	754.18	706.74	733.71	(20.47)
Otterden				
Staplehurst	6,456.39	6,050.25	9,528.34	3,071.95
Stockbury	1,194.85	1,119.69	1,090.65	(104.20)
Sutton Valence	1,943.50	1,821.25	2,776.21	832.71
Teston	1,383.03	1,296.03	1,784.70	401.67
Thurnham	324.61	304.19	1,379.97	1,055.36
Tovil	8,351.38	7,826.04	6,240.51	(2,110.87)
Ulcombe	643.80	603.30	1,209.53	565.73
Wichling				
Wormshill				
Yalding	4,824.95	4,521.44	4,560.91	(264.04)
Maidstone (Borough)	1,463,184.79	1,371,144.00	1,344,732.00	(118,452.79)
	<b>1,553,059.29</b>	<b>1,455,365.00</b>	<b>1,455,365.00</b>	<b>(97,694.29)</b>

**BUDGET STRATEGY 2013/14 ONWARDS  
DRAFT STRATEGIC REVENUE PROJECTION**

2012/13 £,000		2013/14 £,000	2014/15 £,000	←-----→ <i>Period Post CSR 2010</i>		
				2015/16 £,000	2016/17 £,000	2017/18 £,000
	<b>AVAILABLE FINANCE</b>					
6,377	REVENUE SUPPORT GRANT	4,192	3,214	2,304	1,813	1,349
	RETAINED BUSINESS RATES	2,847	2,935	3,026	3,117	3,211
		<u>7,039</u>	<u>6,149</u>	<u>5,330</u>	<u>4,930</u>	<u>4,560</u>
	COLLECTION FUND ADJUSTMENT	32				
13,563	COUNCIL TAX	12,504	12,760	13,022	13,288	13,561
	MAJOR PRECEPTOR SUPPORT		50	101	153	206
<u>19,940</u>	<b>TOTAL RESOURCES AVAILABLE</b>	<u>19,575</u>	<u>18,959</u>	<u>18,453</u>	<u>18,371</u>	<u>18,327</u>
19,907	<b>CURRENT SERVICE SPEND</b>	19,940	19,575	18,959	18,453	18,371
	<b>INFLATION INCREASES</b>					
410	PAY AND CONTRACTUAL COMMITMENTS	372	481	514	510	514
	<b>CONTRACTUAL COMMITMENTS</b>					
	ELECTIONS	-80	80			-80
40	REDUCTION IN BENEFIT GRANT	40				
	<b>NATIONAL INITIATIVES</b>					
	LOSS OF ADMINISTRATION GRANT		130		100	
170	LOCAL DEVELOPMENT FRAMEWORK		50			
	SINGLE TIER PENSION ARRANGEMENTS					400
30	SAFER MAIDSTONE PARTNERSHIP					
	<b>LOCAL PRIORITIES</b>					
150	CAPITAL RESOURCING	150				
100	LOST INCOME FROM REGENERATION		200			
160	PAY RATIONALISATION					
60	HOMELESSNESS INCREASED DEMAND					
	HOMELESSNESS PREVENTION GRANT	101				
30	ECONOMIC DEVELOPMENT	40				
	SERVICE ARRANGEMENTS WITH PARISHES		80			
	<b>MINOR INITIATIVES</b>					
150	GROWTH PROVISION		150	150	150	150
<u>21,207</u>	<b>TOTAL PREDICTED REQUIREMENT</b>	<u>20,563</u>	<u>20,746</u>	<u>19,623</u>	<u>19,213</u>	<u>19,355</u>
<u>1,267</u>	<b>ANNUAL SAVINGS TARGET</b>	<u>988</u>	<u>1,787</u>	<u>1,170</u>	<u>842</u>	<u>1,028</u>

## BUDGET STRATEGY 2013/14 ONWARDS

## DRAFT BUDGET 2013/14

## SUMMARY

SERVICES	2011/12 ACTUAL £	2012/13 ORIGINAL ESTIMATE £	2012/13 REVISED ESTIMATE £	2013/14 ESTIMATE £
<b>Leader of the Council</b>	(1,200,224)	(705,370)	(568,710)	(709,940)
<b>Community &amp; Leisure Services</b>	2,371,976	2,378,410	2,468,620	2,207,160
<b>Corporate Services</b>	13,614,177	10,761,360	13,420,100	11,058,850
<b>Economic &amp; Commercial Development</b>	1,268,123	1,258,510	1,483,150	1,210,070
<b>Environment</b>	4,808,590	6,355,300	6,853,680	6,313,530
<b>Planning, Transport &amp; Development</b>	(54,056)	144,580	345,080	(414,620)
<b>TOTAL SERVICE SPENDING</b>	20,808,586	20,192,790	24,001,920	19,665,050
<b>General Underspend</b>		(150,000)	(83,330)	(140,000)
<b>NET SERVICE SPENDING</b>	20,808,586	20,042,790	23,918,590	19,525,050
<b>Contribution to (from) Balances</b>				
- Planned - General	(605,126)	(100,000)	(100,000)	(30,000)
- Planned - In Year General	(986,650)			
- Carry Forward	690,190		(3,541,530)	
- Asset Replacement	40,000			40,000
- Invest to Save	(39,490)	(2,840)	(2,540)	40,000
- LDF Earmarked Reserves			(334,570)	
<b>TOTAL CONTRIBUTION TO (FROM) BALANCES</b>	(901,076)	(102,840)	(3,978,640)	50,000
<b>BUDGET REQUIREMENT</b>	19,907,510	19,939,950	19,939,950	19,575,050

## BUDGET STRATEGY 2013/14 ONWARDS

## PROPOSED SAVINGS

PROPOSAL	Values			
	Sum of 2013/14 £	Sum of 2014/15 £	Sum of 2015/16 £	Sum of 2016/17 £
<b>Income:</b>				
General income inflation	62,870	140,000	140,000	140,000
Green Bins (volume increase)	50,000			
National Planning fee increase	75,000	35,000		
Commercial Income - Depot		40,000		
Events _ commercialisation	6,350	23,650		
<b>Income Sum</b>	<b>194,220</b>	<b>238,650</b>	<b>140,000</b>	<b>140,000</b>
<b>Service:</b>				
Concurrent Functions review	100,000	80,000		
Hazlitt Theatre - outsource	80,000	100,000	80,000	
Small Budgets identified	21,000			
Finance - professional services	40,000			
New Waste Contract / Partnership	291,990	558,010		
Depot - service savings		40,000		
Post - Changes and Centralisation		50,000		
<b>Service Sum</b>	<b>532,990</b>	<b>828,010</b>	<b>80,000</b>	
<b>Structure:</b>				
Information Technology (MKIP)	47,950			
Employee terms & conditions (lease cars)	5,000	5,000		
Housing review	25,000			
Planning review	21,840	12,760		
Corporate Support review	14,000			
Finance staffing review	47,000			
Chief Executives structural review	100,000	150,000		
<b>Structure Sum</b>	<b>260,790</b>	<b>167,760</b>		
<b>Grand Total</b>	<b>988,000</b>	<b>1,234,420</b>	<b>220,000</b>	<b>140,000</b>

**BUDGET STRATEGY 2013/14 ONWARDS**  
**STATEMENT OF GENERAL FUND BALANCES AT 31 MARCH 2014**

	Unallocated General Fund	Trading Accounts	Asset Replacement	VAT Reclaim	Commercialisation	Invest to Save	LDf	Grand Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance as at 1st April 2012	8,182	125	87	898		520	334	10,146
2011/12 Carry Forward used in 2012/13	-3,540							-3,540
Annual transactions in 2012/13			40			-6		34
Localism funding				-100				-100
Concurrent Functions support	-100							-100
Local Development Framework							-334	-334
New Homes Bonus	34							34
Revenue funding from NHB	-180							-180
Use of 2011/12 under spend	-830							-830
Balance as at 31st March 2013	3,566	125	127	798		514	0	5,130
Annual transactions in 2013/14			40			40		80
Parish Council support	30							30
Commercialisation Provision	-500				500			0
Balance as at 31st March 2014	3,096	125	167	798	500	554	0	5,240



**BUDGET STRATEGY 2013/14 ONWARDS**  
**DRAFT CAPITAL SUMMARY 2013/14 ONWARDS**

**SUMMARY**

<b>CAPITAL PROGRAMME SUMMARY</b>	<b>Revised Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
<b>EXPENDITURE</b>						
COMMUNITY & LEISURE	3,525,150	2,790,450	1,590,000	450,000	450,000	450,000
CORPORATE SERVICES	348,020	1,080,000	380,000	0	0	0
ECONOMIC & COMMERCIAL DEVELOPMENT	800,808	1,611,432	0	0	0	0
ENVIRONMENT	47,280	0	0	0	0	0
PLANNING	35,800	0	0	0	0	0
<b>GRAND TOTAL - ALL PORTFOLIOS</b>	<b>4,757,058</b>	<b>5,481,882</b>	<b>1,970,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>
<b>RESOURCES</b>						
REVENUE CONTRIBUTION	3,884,198	3,240,000	400,000	350,000	350,000	350,000
CAPITAL GRANTS	2,083,490	472,250	450,000	450,000	450,000	450,000
CAPITAL RECEIPTS	3,342,632	575,000	0	0	0	0
<b>GRAND TOTAL - ALL RESOURCES</b>	<b>9,310,320</b>	<b>4,287,250</b>	<b>850,000</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>

<b>NET FUNDING</b>	<b>Revised Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
Resources Available (Cummulative)	9,310,320	8,840,512	4,208,630	3,038,630	3,388,630	3,738,630
Resources Required	4,757,058	5,481,882	1,970,000	450,000	450,000	450,000
Balance Carried Forward	4,553,262	3,358,630	2,238,630	2,588,630	2,938,630	3,288,630

**BUDGET STRATEGY 2013/14 ONWARDS**  
**DRAFT CAPITAL SUMMARY 2013/14 ONWARDS**

**PROGRAMME**

<b>COMMUNITY &amp; LEISURE</b>	<b>Revised Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
CCTV	238,510					
Cobtree Golf Course		6,950				
Continued Improvements to Play Areas	175,000	100,000	100,000			
Green Space Strategy	14,500					
Mote Park Regeneration	937,010	35,000				
Museum Carbon Management Scheme	40,000					
Small Scale Capital Works Programme	67,490					
Housing Grants	941,140	2,005,000	1,300,000	450,000	450,000	450,000
Support for Social Housing	1,061,500	498,500	190,000			
Gypsy Site Improvements	50,000	145,000				
<b>COMMUNITY &amp; LEISURE TOTAL</b>	<b>3,525,150</b>	<b>2,790,450</b>	<b>1,590,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>

<b>CORPORATE SERVICES</b>	<b>Revised Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
Asset Management / Corporate Property	164,920	200,000	200,000			
Software / PC Upgrade and Replacement	180,000	180,000	180,000			
Upgrade Amenity lighting	3,100					
High Priority Legislative / Health & Safety Projects		700,000				
<b>CORPORATE SERVICES TOTAL</b>	<b>348,020</b>	<b>1,080,000</b>	<b>380,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>ECONOMIC &amp; COMMERCIAL DEVELOPMENT</b>	<b>Revised Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
High Street Regeneration Ph 1a & 1b	712,240					
High Street Regeneration Ph 2	88,568	1,611,432				
<b>ECONOMIC DEVELOPMENT &amp; TRANSPORT</b>	<b>800,808</b>	<b>1,611,432</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## BUDGET STRATEGY 2013/14 ONWARDS

## DRAFT CAPITAL SUMMARY 2013/14 ONWARDS

ENVIRONMENT	Revised	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18
	Estimate 2012/13					
	£	£	£	£	£	£
Improvements to the Council's Car Parks	14,800					
King Street Multi-storey Car Park	8,580					
Land Drainage/Improvement to Ditches & Watercourses	23,900					
<b>ENVIRONMENT TOTAL</b>	<b>47,280</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

PLANNING	Revised	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18
	Estimate 2012/13					
	£	£	£	£	£	£
Planning Delivery	9,350					
Regeneration Schemes	26,450					
<b>ENVIRONMENT TOTAL</b>	<b>35,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**BUDGET STRATEGY 2013/14 ONWARDS**  
**DRAFT CAPITAL SUMMARY 2013/14 ONWARDS**

**FUNDING**

<b>REVENUE CONTRIBUTION</b>	<b>Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
Balance brought forward	2,068,546					
Base budget for 2012/13	200,000	350,000	350,000	350,000	350,000	350,000
From balances for Play Areas		50,000	50,000			
New Homes Bonus	1,615,652	1,800,000				
<b>Total</b>	<b>3,884,198</b>	<b>2,200,000</b>	<b>400,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>

<b>CAPITAL GRANTS</b>	<b>Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
Balance brought forward						
KCC - Highways	600,000					
HLF - Mote Park	1,033,490	22,250				
DFGs	450,000	450,000	450,000	450,000	450,000	450,000
	<b>2,083,490</b>	<b>472,250</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>

<b>CAPITAL RECEIPTS</b>	<b>Estimate 2012/13 £</b>	<b>Estimate 2013/14 £</b>	<b>Estimate 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>
Balance brought forward	55,592					
Miscellaneous	411,360					
Hayle Place	2,000,000					
13 Tonbridge Road	875,680					
26 Tonbridge Road						
	<b>3,342,632</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



MAIDSTONE  
BOROUGH  
COUNCIL

## Budget Consultation Research



### Executive Summary

Prepared by Lake Market Research for Maidstone Borough Council

5<sup>th</sup> February 2013

*"This report complies to ISO 20252 and any other relevant codes of conduct."*



The clear majority (68%) of respondents agreed (21% agreed strongly) that the council ***‘should provide services directly itself’***. 21% were neutral and 9% disagreed.

Just over half of respondents (53%) agreed that ***‘Handing over some council services to voluntary, business and charity organisations would be acceptable to me’***. 14% were neutral and 29% disagreed. Younger respondents (18 - 34) were more likely to agree to this than older respondents.

60% of respondents agreed that ***‘The council should provide profit-making commercial services such as trade waste collections and property redevelopment’***. 13% were neutral and 25% disagreed. Again, younger respondents (18 - 44) were more likely to agree to this than older respondents while those living in Maidstone were slightly less likely to agree than those not living in the town.

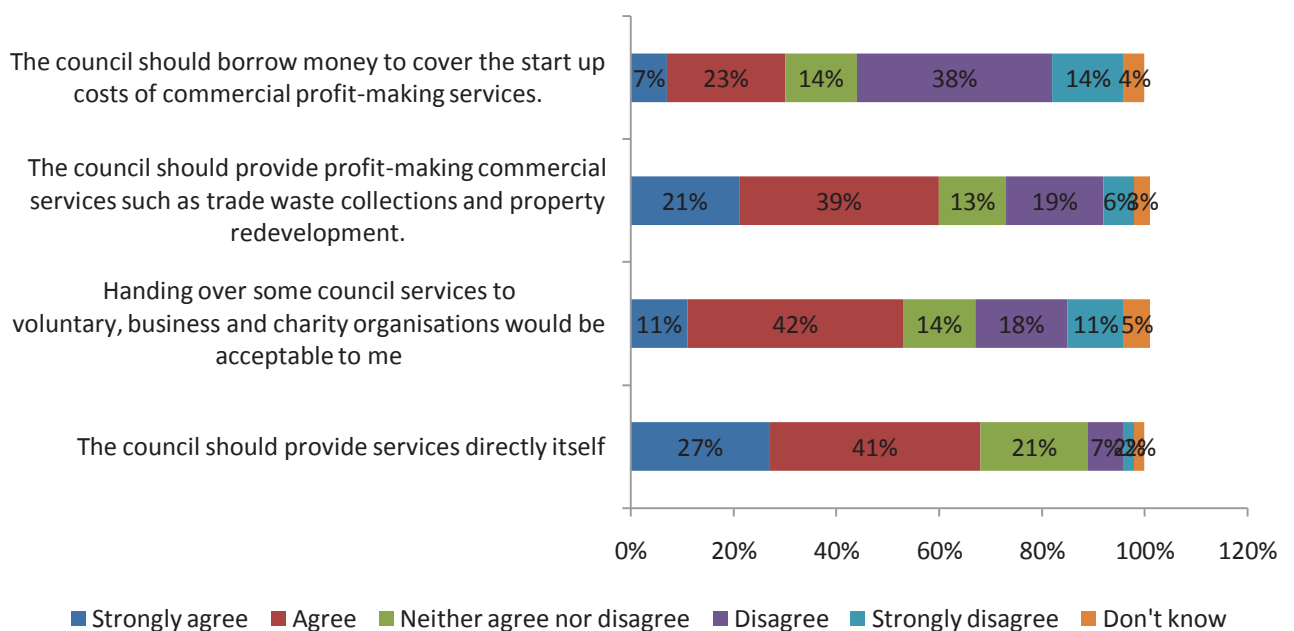
A minority (30%) agreed that ***‘The council should borrow money to cover the start up costs of commercial profit-making services’***. 14% were neutral and just over half (52%) disagreed. Male respondents were more likely to agree while females were less likely. Also those in the 45 - 54 age groups were more likely to disagree.

When asked how they wanted to contact the council to obtain services, amongst those giving an answer, 51% wanted to make contact visa E mail or through the web site, 28% by telephone and 17% face to face at council offices. 4% suggested other ways or gave no answer.

Just under half of the sample (46%) wanted to be contacted to find out the results of the survey (31% by E mail and 15% by letter)

80% of the sample lived and 21% worked in Maidstone. 45% were male and 55% female while the age profile was broadly representative of the age profile of the town. 16% had a long term disability or illness.

**Strength of agreement with proposals:**



OPEN ENDED COMMENTS

Q4 What do you think about the cabinet's savings proposals?

COMMENT	N
Acceptable / OK / Agree	103
Difficult to know what to do / unavoidable / just have to do it	56
Don't cut key services	47
Not sure what the proposals are	42
Other	34
Disagree (No comment)	33
Should cut high council / government earners	26
Don't know / No comment / Couldn't say	24
Taking money from tax payers who are already hard pushed is not right	24
Don't agree with them - find money from somewhere else	14
Accept what they say / just get on with it	13
Council wastes too much money on pointless things	13
Understand there have to be cuts but not from everywhere / too much too quickly	11
Shouldn't increase charges	10
Enough cuts have already been made	8
Should look to the welfare system to save money	7
Don't agree with them - Government should give more money	6
Should run it more like a business	6
Don't agree with them - plans are all wrong	4
Ambitious	2

WHAT THE PEOPLE SAY:

I am sure there are better ways of doing it. People on the dole should be sweeping the roads, caring for the elderly, they should be made to work to get the money, and the government should be employing them. Old houses should be repaired.

Good idea, need to cut pay for top earners in the council £100,000+ and above if they think they can get that in private sector let them, public service is not about the money you can make. In the same way police, nurse, fire-fighters aren't in it for the money, or the person sweeping the streets in all weathers.

I do not like any of the proposals, because I think they are trying to change too much too quickly.

I can understand them but I do not necessarily agree with them, I would like to understand more and I would like the council to give more detail about the proposals.

I don't take a lot of notice; I just let them get on with it.

I don't agree with the government's basic premise that cutting any kind of public service will get us out of the financial mess we are in. History shows us that no country has ever cut spending and successfully got itself out of financial difficulties - quite the reverse I believe that providing massive investment in public building etc etc will create jobs and ensure that citizens have money to spend and the confidence to spend is the way it will solve the financial crisis - and then we wouldn't be required to cut services at all - and most especially not to those who need it most! we would be able to resume responsibility for providing adequate care for the most vulnerable members of society an immediate tax on all financial transactions wouldn't hurt either!

Q6 In what other ways can the council save money?

COMMENT	N
Don't know / Can't comment / No idea	142
Greater efficiency / don't waste money / be stricter with money spent	70
Reduce highly paid council wages	34
Run more like a business / improve staff work rate / productivity	30
Other	29
Reducing staffing levels in council	26
Look at the welfare state for savings	22
Stop wasting money on Maidstone town centre	14
Tendering process - ensure value for money when outsource	10
Combine more functions across councils / overlap departments / collaborative	9
Review non essential services	9
Turn off street lights	5
Reinforce / implement more charges	4
Make use of empty housing	3
Don't take from key services	2
Do things properly the first time round	2

WHAT THE PEOPLE SAY:

I think they should be able to raise money by getting services out that they can make money on. It just seems all they do is raise council taxes to make the money. People out there not earning much could work for the

More collaborative working with other authorities. Innovative business solutions.

Get people doing the same amount of work as they do in the private sector? I've worked in both the public and private sector and there is a gulf in work rate and expectations

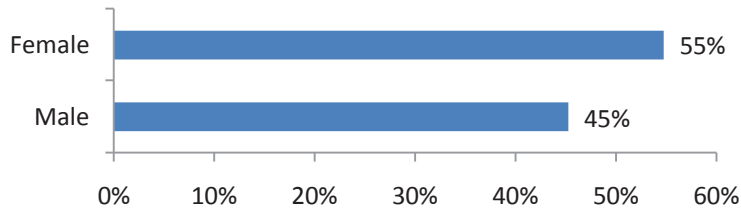
Making sure they get value for money from outsource services, making sure they get good quality for the price they pay. Focus on the services that are really needed. Making sure the staff are capable and competent to act efficiently. Encouraging new ways of doing things, can't just always do the same. Easy to add new services but harder to re-think services from scratch. Local government are better at doing this than central government.

I don't really know because I think they have wasted money on the high streets in the past. I can't think of any services that need to be cut. I haven't found anybody who thinks it was money well spent on the high street.

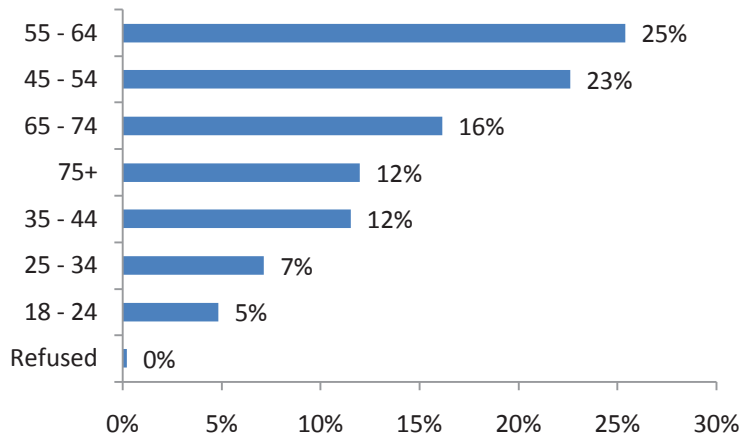
By not having so many councillors, paying the councillors less and not having so many highly paid offices in top jobs



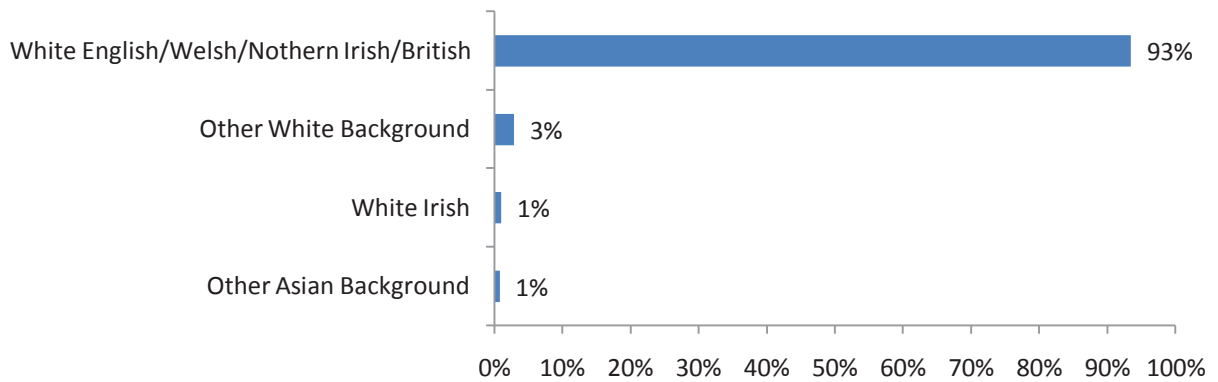
**Gender:**



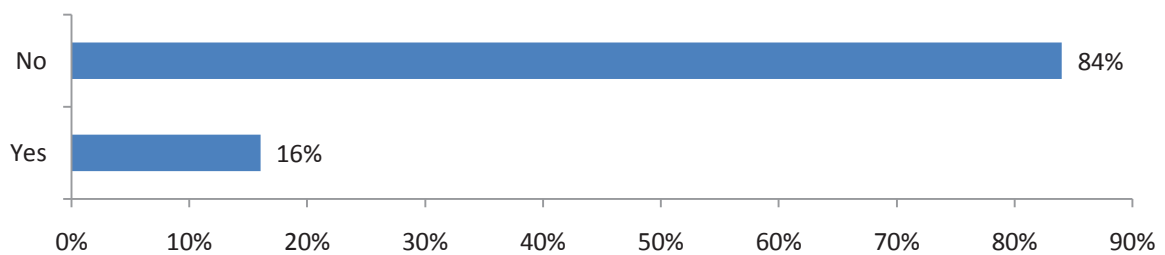
**Age:**



**Ethnicity:**



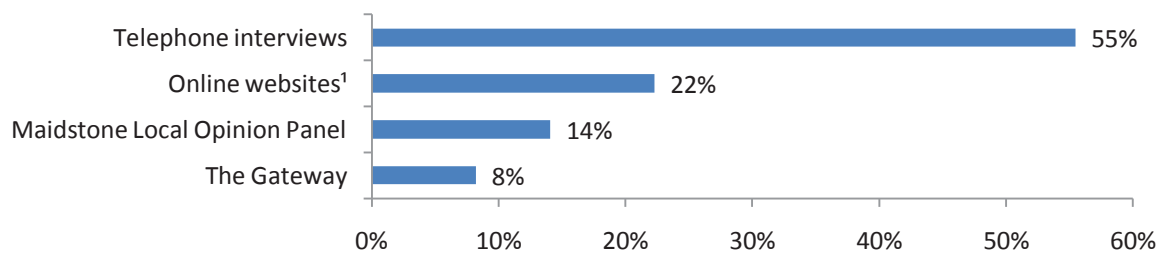
**Illness or disability:**



## METHODOLOGY

The methods used for this study comprised of a mixture of online and telephone interviewing. A total of 264 telephone interviews were conducted amongst Maidstone residents, in addition 212 interviewers were conducted online through a number of different forums including, Maidstone.gov, twitter, facebook, Maidstone resident panel and Maidstone Local Opinion panel. A total of 476 interviews were achieved overall.

### Methods Used:



<sup>1</sup> Maidstone.gov ; Maidstone facebook ; Maidstone Twitter ; Maidstone resident panel

**BUDGET STRATEGY 2013/14 ONWARDS****DRAFT MEDIUM TERM FINANCIAL STRATEGY 2013/14  
ONWARDS**

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## 1. INTRODUCTION

- 1.1 This financial strategy aims to support the Council's corporate objectives as identified in the strategic plan 2012 to 2017. Whilst achieving this, major issues relating to resources and facing the Council in the medium term will also be highlighted.
- 1.2 Set out in the document are the revenue and capital spending plans of the Council at a high level. The success of these plans will depend upon the resources available to the Council and the approach taken to ensure that those resources are aligned with corporate objectives and are being controlled in a way that ensures long-term stability. The approach taken is to develop a four year plan with consideration of the impact of material issues on a fifth year.
- 1.3 The current year's finance settlement, being the first year of the new system, required significant change to mitigate new risks. A number of assumptions about further years of the strategy have been based around the Spending Review 2010 data by projecting this level of reduction into the future.
- 1.4 Although this document is developed for the medium term with an outlook from four to five years, the Council reviews the strategy on an annual basis for the following period in order to reflect changes in circumstances which impact upon the strategy. The review will be completed to coincide with the annual review of the strategic plan to enable Members and Officers to ensure changes are appropriately reflected in both documents through links to the strategic plan key outcomes. Production of this document and the balanced budget it facilitates support the key outcomes of the strategic plan in their own right.
- 1.5 In addition the Council consults with a wide range of stakeholders and partners during the development period and give serious consideration to their views and responses.

## 2. REVENUE

### 2.1 Expenditure

2.1.1 This financial strategy adopts a high-level review of the corporate objectives and budget pressures over the five-year period. This approach ensures a focus on factors that may influence the Council's stated aim to maintain working balances and ensure that they are used for specific and special activities and not to balance the budget. The financial projection assumes that the level of balances will be maintained, over the five year period, at or above the working level set annually by Cabinet.

2.1.2 Detailed proposals for dealing with financial pressures and service demand are set out in the portfolio budgets in the full revenue estimates.

2.1.3 Pay and price inflation:

The financial projection considers any allocation for pay increases on an annual basis. Any increase must allow for any staff pay award, incremental increases earned through competence appraisal and increases in employer contributions such as national insurance.

Other costs will need to consider a suitable inflation index balanced with the objectives of the strategy. Large elements of this cost will be tied to conditions of contracts which will specify the annual increase necessary, other costs will increase by the annual increase in an inflation index such as the retail price index or the consumer price index. The strategy may intentionally use levels of increase lower than these indices to enhance general efficiencies.

Table 1 below details the factors used for each year.

Inflation Indices	2013/14 %	2014/15 %	2015/16 %	2016/17 %	2017/18 %
Pay Inflation	1.5	1.5	2.0	2.0	2.0
Other Costs Inflation	5.0	4.0	4.0	3.0	2.0
Contractual Commitments	3.1	3.1	3.1	3.0	3.0
Business Rates Increases	2.8	2.8	2.1	2.0	2.0
Energy Increases	0.0	0.0	0.0	0.0	0.0
Growth in £,000	£372	£481	£514	£510	£514

[Table 1: Pay & price Indices]

2.1.4 Corporate objectives and key priorities:

In addition to these inflationary pressures the Council will develop and implement improvements to the corporate objectives identified in the strategic plan and, where significant, any local objectives identified in service plans. This may place additional pressure on the revenue budget.

The financial projection will also provide, where necessary, resources for national statutory responsibilities where these are to be provided locally.

Table 2 below identifies the links between the financial projection and key objectives.

Strategic Issues	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Revenue support to Capital	150				
Borough Elections	-80	80			
Council Tax Benefit Admin		130		100	
Local Development Framework		50			
Economic Development	40				
Homelessness Prevention	101				
Parish Services Agreement		80			

[Table 2: Strategic Issues, links to other documents]

## 2.2 Funding

2.2.1 During the period since the spending review in 2010 the Government has completed a review of local government finance and revised the system of formula grant and national non-domestic rates. From 1<sup>st</sup> April 2013 a system that enables the retention of part of the business rates collected by the Council will commence, amending the arrangements and risks around the resources available to the Council.

2.2.2 Even with this step towards greater localisation of resources, those available to the revenue budget remain heavily constrained making this issue key to the financial planning process. The strategic revenue projection assumes that resources are maximised. The strategy identifies four separate categories of resource government grant, retained business rates, council tax and locally derived income from fees and charges.

2.2.3 Where the financial projection includes the use of fixed term grant or other time limited income sources the relevant Cabinet Member and senior officer are responsible for preparing and acting on suitable exit strategies at the end of the fixed term.

2.2.4 Government Grant:

The revenue support grant for 2013/14 has been developed using the formula grant methodology from the centralised system used in 2012/13. The government has confirmed the level of grant for 2013/14 and a provisional sum has also been provided for 2014/15 and these are tabled below. The grant is reduced from the level received in 2012/13.

2013/14 is the last year that the Government will use the formula grant methodology. In future years the grant will be fixed. It will however reduce in cash terms as a direct result of the Government's planned reductions in public sector spending

The Chancellor of the Exchequer confirmed in his Autumn Statement that reductions in government funding will continue into the foreseeable future.

Reductions, similar to those experienced by local government since 2010, are currently expected to continue until 2017 and are set out in the strategy.

Other grants received from the government are similarly under threat from the effects of the government's strategy to reduce public expenditure as it affects government departments. The strategy will assume future grant aid is likely to be at risk but only freezes such grants at their current cash values unless further data is available.

#### 2.2.5 Retained Business Rates

As a result of the local government finance review the Council will now retain locally a part of the business rates it collects. In providing for the retention in this way the government has passed on to the Council part of the risk related to the overall levels of business rates collected. Using a system of baseline funding levels, support for significant reductions and sharing of increases in rates the system ensures gains and losses that are experienced by the Council are limited but not negated.

In 2013/14 the Council expects to collect £56m in business rates. The baseline funding level for this Council is £2.8m and this is achievable within the total business rates to be collected. It is possible that this will offer a small gain from growth in the system over the baseline levels set by the government. As there is a significant risk to the Council from backdated rating appeals, the strategic revenue projection assumes resources retained from business rates to be at the baseline funding level.

#### 2.2.6 Council Tax

The Council has a responsive approach to the level of Council tax and will set this at an appropriate level commensurate with the needs of the strategic plan. It has set a policy in recent years of no increase but remains flexible on the level of increase for future years thus focusing the strategy on its ability to set a balanced budget.

The recent policy of no increase has enabled the Council to benefit from the time limited council tax freeze grant available from central government. The first of those grants ends in 2013/14 and the second ends in 2015/16. While the government is offering a similar but less valuable 1% grant in 2013/14 this will not compensate for the loss of previous grant and a further freeze in council tax levels. The Council must consider the need to set a balanced budget that enables it to provide the services that are required.

The Council has set (for completion following Council)

#### 2.2.7 Fees & Charges

The Council has a policy on the development of fees and charges that fall within its control. This policy ensures that an evaluation of market forces and links to the strategic plan or service plans are drivers of changes in price. This means that any increases in this funding source will be

identified through each portfolio's detailed budget preparation work.

For 2013/14 all fees and charges collected by the Council were considered by Cabinet and a range of increases were set, in line with the policy statement. Although the increase in each charge was considered and set appropriately for its individual circumstance, the overall position created a 2.28% increase in expected income.

Strategic Issues	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Revenue Support Grant	4,192	3,214	2,304	1,813	1,349
Retained Business Rates	2,847	2,935	3,026	3,117	3,211
Council Tax	12,504	12,810	13,123	13,441	13,767
Fees & Charges	7,787	8,026	8,166	8,306	8,446

[Table 3: Resource and income indices]

Strategic Issues	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Benefit Administration Subsidy	40				
Income reduced by Regeneration Projects		200			

[Table 4: Strategic Issues, links to other documents]



### 3. CAPITAL

#### 3.1 Programme

- 3.1.1 The strategy for the capital programme requires consideration of two issues, the scheme specifics and the overall programme.
- 3.1.2 The overall programme is considered in terms of the prudential borrowing principles of sustainability, affordability and prudence. The overall programme assessment also considers the relative priority of schemes as they enhance the provision of corporate or service based objectives.
- 3.1.3 The inclusion of specific capital schemes within the overall programme requires an assessment based on affordability in revenue and capital terms, including the whole life cost, project timeline and risk assessment.
- 3.1.4 Prioritisation of schemes will occur in the following order:
- a) For statutory reasons;
  - b) Fully or partly self funding schemes with focus on priority outcomes;
  - c) Other schemes with focus on priority outcomes;
  - d) Maintenance / Improvement of property portfolio not linked to priority outcomes;
  - e) Other non priority schemes with a significant funding gearing.
- 3.1.5 The Council sees significant need for capital investment in the future. Not only those schemes currently in the capital programme but the infrastructure schemes required for the housing and business growth that is required to meet the needs of the growing population of the borough. In the main it is expected that those schemes will be funded directly from the benefits gained from development however there will be a funding gap and the Council must prepare itself to support that infrastructure to maintain its key priorities.
- 3.1.6 In addition the Council is constantly focused on the need for efficiency in the use of resources and the delivery of services. It is aware of the need to diversify the sources of income obtained outside of the reducing support from central government. One aspect of this is to take a commercial approach to the provision of services that have displayed increased demand and higher cost over the last five years. As this may require capital investment the Council has agreed to allow borrowing to achieve this objective subject to a business case and successful implementation of savings that cover the cost of borrowing and ensure the principles set out in 3.1.2 to 3.1.4 are met.
- 3.1.7 The programme for the period 2013/14 to 2017/18 currently focuses on a series of projects providing investment in the property assets and core funding for affordable housing and the commencement of the commercial approach to services. At this time Council is developing its response to infrastructure need as set out in 3.1.5 and this will be included in the capital programme when clear scheme priorities and funding are identified.

3.1.8 The capital programme is a five year programme and Table 5 below summarises the programme by portfolio.

Portfolio	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Community & Leisure	2,790	1,590	450	450	450
Corporate Services	1,080	380			
Economic & Commercial Development	1,611				
<b>Grand Totals</b>	<b>5,481</b>	<b>1,970</b>	<b>450</b>	<b>450</b>	<b>450</b>

[Table 5: Capital programme]

## 3.2 Funding

- 3.2.1 The medium term financial strategy has taken a flexible approach to funding the capital programme, as resources from capital receipts have become uncertain the Council has provided a low level of support from revenue resources to maintain core asset management programmes. In addition it has taken a flexible approach to the programme commencing priority schemes only where funding is identified.
- 3.2.2 The Council's main source of funding for the capital programme over the last two years has been through new homes bonus. The funding stream is identifiable in value over a period of six years but has an uncertain future. As a prudent use of this money the Council has supported its capital programme and not the short term deferral of financial savings required in the revenue budget.
- 3.2.3 In the past the programme benefited from major receipts from the sale of assets. The Council no longer holds surplus assets of such significant value and the funding from capital receipts has reduced to the sale of small assets that can be identified as surplus.
- 3.2.4 Due to the uncertainty of future funding it is essential that the Council maintains the principle of prior funding of schemes. Although commitment to a scheme is given by its inclusion in the programme, this strategy requires that funding is identified in advance of formal commencement of work. The quarterly monitoring of the capital programme enables Cabinet to take effective decisions based on current levels of funding before major projects commence.

Table 6 below identifies the current funding assumptions. For the standard programme there is no risk of prudential borrowing need over the period.

Portfolio	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Revenue Support	-5,009	-1,520			
Use of Capital Receipts					
Capital Grants and Contributions	-472	-450	-450	-450	-450
Grand Totals	<b>-5,481</b>	<b>-1,970</b>	<b>-450</b>	<b>-450</b>	<b>-450</b>

[Table 6: Capital financing, confirmed and assumed]

#### 4. RESERVES

- 4.1 The Council holds a series of balances and reserves in order to provide financial stability and protection from unforeseen circumstances or events. In setting the level of these balances and reserves an assessment is made of the potential risks and opportunities that could reduce or enhance those balances.
- 4.2 Revenue balances at 1<sup>st</sup> April 2012 total £10.1m and it is estimated that this balance will be £5.2m by 1<sup>st</sup> April 2013.
- 4.3 The major items reducing the balance are approved budget carry forwards of £3.5m from 2011/12 resources into 2012/13 for prior agreed purposes and support for the Local Development Framework and minor initiatives.
- 4.4 *(Section on use of 2011/12 revenue underspend once approved)*
- 4.5 The government's intention is to continue to reduce resources available to local government and the Council will continue to set a balanced budget by identifying savings and efficiencies. As far as possible this will be completed as need arises but it may continue to be successfully completed in advance. While the Council does not expect underspends as significant as those seen in 2011/12 it will plan for the potential to underspend from savings delivered in advance of identified need. These resources will be utilised as in 2012/13 to provision projects that support the Council's priorities and it is proposed that these schemes be identified approved and prioritised in advance so that the use of any potential underspend can be achieved more efficiently.
- 4.6 Currently, balances comprise a general balance and a series of specific allocations, the breakdown of these is given in Table 7 below.

Balances	01/04/2012 £,000	01/04/2013 £,000	01/04/2014 £,000
General Balance	8,182	3,066	3,066
Trading Account Surpluses	125	125	125
Asset Replacement	87	127	167
Invest to Save Initiatives	520	514	554
Local Development Framework	334	0	0
VAT Reclaim	898	798	798
Commercialisation		500	500
<b>Grand Totals</b>	<b>10,146</b>	<b>5,130</b>	<b>5,210</b>

*[Table 7: Revenue balances]*

- 4.7 In addition to revenue reserves a small number of capital reserves exist due to the timing of expenditure in the Capital Programme. These are set out below:
- 4.8 There were no significant available capital receipts at 1<sup>st</sup> April 2012. It is expected that any future receipts will be utilised in the year they are realised.



## 5. Efficiency

5.1.1 The Council's strategic plan recognises corporate excellence as a priority, identifying value for money (vfm) services that residents are satisfied with, as a key outcome. This theme runs through service plans and by this the Council's approach to efficiency is integrated in to all decision making.

5.1.2 The Council has successfully achieved all its government set efficiency targets and will not cease to monitor and improve upon levels of efficiency both through improved service levels and reduced costs.

5.1.3 The Council uses a number of measures to identify locations to achieve efficiency and gauge success. These include:

- a) Annual best value reviews performed by officers and by members.
- b) Benchmarking to measure unit cost and performance, comparing these over time and across similar councils throughout the country.
- c) Other benchmarking exercises undertaken by local managers to challenge service delivery in their own area.
- d) The identification of efficiency targets that match the Council's need over the period of this medium term financial strategy.

5.1.4 Efficiency proposals are carefully measured for effect upon capacity, acceptable levels of service, quality standards, and the potential of shared service provision. All efficiency proposals consider the effect of fixed costs and the effect on the base financial standing of the Council and the opportunity for reinvestment of gains into priority services or toward achievement of corporate objectives.

5.1.5 The adoption of efficiency and VFM as part of this strategy helps to ensure that the financial projection will remain within available resources.

5.1.6 The financial projection identifies the need for savings to make a balanced budget, which must be considered in line with the development of efficiency savings. Table 8 below details the required saving for each year, based on the factors used in the financial projection, and the percentage of net revenue spend the given saving represents.

Strategic Projection	2013/14 £,000	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000
Annual Savings Requirement	788	1,787	1,170	842	1,028
Percentage / Net Revenue Spend	4.0%	9.4%	6.3%	4.6%	5.6%

[Table 8: Annual savings requirement]

5.1.7 The Council has required the savings target to be met in the medium term and at this time proposals are in place to provide efficiency and savings to meet the requirement through to 2014/15. The Council is continuing to develop long term proposals to ensure the future risk is mitigated at the earliest time.

## 6. **CONSULTATION**

- 6.1 The Council has a co-ordinated approach to consultation on the budget process. To this end a programme has been proposed that ensures the focus of annual consultations avoids the review of similar themes and builds a body of opinion.
- 6.2 The Council consults annually on this strategy and the proposed budget for the forthcoming year. The intention of the consultation is to both inform and be informed by local residents, businesses and stakeholders.
- 6.3 In recent years the consultation has considered the level of Council tax increase acceptable and the service areas where reductions should occur, the elasticity of demand for services provided by the Council with a related fee and for this strategy the consultation focused on the long term factors faced by the Council due to the current economic climate and the relative importance residents place on a range of discretionary services provided by the Council.

## 7. **RISK MANAGEMENT**

- 7.1 In outlining the resources available to the Council and the focus of those resources on the strategic priorities, this strategy must consider the barriers to achieving the resource levels assumed by the budget.
- 7.2 A full risk assessment of the strategy has been completed and forms part of the operational risk assessment of the services provided by the Head of Finance and Customer services.
- 7.3 Twelve major risk areas have been identified and action plans have been developed for each. The twelve areas are as follows:
- a) The level of balances;
  - b) Inflation rates;
  - c) National strategy;
  - d) External grants and contributions;
  - e) Limitations on Council Tax increases;
  - f) Fees and charges;
  - g) Capital financing;
  - h) Horizon scanning;
  - i) Delivery of efficiency;
  - j) Pension fund changes;
  - k) Business rates retention.
  - l) Council Tax Benefit changes



Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what's happening, what's the problem)	Trigger/risk (What's the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
1.	Level of Balances	Effectiveness of agreed minimum level of working balances. For 2013/14 this is expected to be £2.3m which is 11.8% of net revenue expenditure	a. Minimum balance is insufficient to cover unexpected events.  b. Minimum balance is in excess of real need	a. This would require a large single event or multiple unexpected events greater than £2.3m and would require the additional balances above the minimum level to have been depleted. At this time balances in excess of the minimum are expected to be in the region of £1.3m.  b. In the past the Audit Commission has approved a policy of holding minimum balances at 10% of net revenue expenditure. This equates to £1.9m for 2013/14. However it is considered prudent to maintain the minimum level of balances at the maximum level it has previously been (£2.3m) due to the current economic climate.
2.	Inflation rate prediction	Inflation allowances are set for: <ul style="list-style-type: none"> <li>• Energy costs</li> <li>• Contracts</li> <li>• Business Rates</li> <li>• Employee Costs</li> </ul> Inflationary increases create a growth pressure of £0.37m in 2013/14	a. Actual level is above prediction  b. Actual levels are below predictions	a. A failure to resource expenditure levels accurately will create an unexpected drain upon resources and the Council may not achieve its objectives without calling upon balances.  b. The services may have supported the budget strategy through savings that were unnecessary, resulting in an increase in balances or unused resources that could be used to achieve strategic priorities.

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what's happening, what's the problem)	Trigger/risk (What's the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
3.	National Strategy	Effectiveness of central government strategy as outlined in the spending review 2010 and more recent budget announcements	A failure of the national strategy to reduce the structural deficit as planned	The country has remained in recession longer than the originally planned period and the Chancellor of the Exchequer has indicated that additional reductions would occur in 2014/15 over and above those set out in the spending review. Given this period of notice the Council is able to take action to identify options to make further expenditure reductions by 2014/15. As the period of the spending review progresses the potential consequences are now clearer and actions to mitigate any remaining risk are more likely to be successful.
4.	Grants & Contributions	Funding received through grants and contributions from other public sector bodies may reduce. Although this sum varies annually it is in the region of £2.5m	A reduction in funding from sources within the public sector could occur as a cascade effect from the consequences of the government's strategy on that body	The consequence of this risk is service specific and where services rely upon external resources or partnership arrangements the service may become at risk of termination if funding cannot be maintained or otherwise resourced.

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what's happening, what's the problem)	Trigger/risk (What's the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
5.	Limitation of council tax increases	The third arrangement announced by central government for a council tax freeze includes a two year grant equivalent to a 1% increase in council tax. This is coupled with the requirement for a public referendum on "excessive" increases in council tax above 2%.	Should the grant be accepted by the council, provision must be made in 2015/16 to finance £0.16m without possibility of a tax increase to mitigate the loss in future years. In addition immediate savings of £0.16m must be found as the strategy has been developed on the basis of a 2% increase	<p>A 1% increase for 2013/14 equates to £160,000</p> <p>Over the period to 2021/22 the council will have foregone £1.8m in income based upon an annual uplift in council tax of 2%</p> <p>Acceptance of this grant creates an immediate additional budget pressure in 2013/14 and again in 2015/16 for which savings have not been identified</p>
6.	Fees & Charges	Fees & charges and other service based income sources could fail to deliver expected income levels	Fee charging services are being affected by falling demand due to the economy. A number of fees & charges have been identified for increases that average almost 2% of all income from such charges.	<p>A loss of income for service budgets will require restrictions on expenditure levels and delivery of all objectives may not be met. The total value of all income from fees and charges is in excess of £7.5m.</p> <p>Budget monitoring shows that the budgeted income from fees and charges in the current year is not being delivered, with an expected shortfall of £0.2m by year end. The proposals for increases in fees for 2013/14 have been carefully assessed against the requirements of the Council's Fees and Charges Policy to reduce the risk of a similar occurrence in 2013/14.</p>

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what's happening, what's the problem)	Trigger/risk (What's the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
7.	Capital financing	Availability of funding for the capital programme	<p>The budget strategy includes proposals for the use of new homes bonus that mitigate the majority of the risk from funding of the capital programme.</p> <p>Subject to approval of this approach by Council the risk will be limited to £0.3m if proposed asset sales do not occur.</p>	At the lower level of risk a number of options exist to finance the programme including the options to use prudential borrowing permissions or to create slippage in the programme from 2014/15 into 2015/16.
8.	Prudential Borrowing	The Treasury Management Strategy identifies prudential borrowing of £6m. This funding is to resource the acquisition of commercial assets that will make a return to the Council equal to or greater than the cost of borrowing. The principal and interest due annually on £6m would exceed £0.45m per annum over a 25 year period.	These commercial ventures may not return sufficient surplus to finance debt repayment.	<p>The Council is required to provision for repayment of debt in its revenue account through the minimum revenue provision. The budget strategy assumes this will be financed from the surplus generated by commercial activities.</p> <p>If these activities do not produce the surplus the asset may need to be sold to provide the receipt necessary to repay outstanding debt. The cabinet has set aside from balances a resource of £0.5m which may be utilised to temporarily repay debt in such circumstances but the cost would eventually become a burden on the tax payer if the asset does not generate the required receipt.</p>

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
9.	Horizon scanning	Appropriate risks and opportunities must be recognised in advance	Horizon scanning requires input from all service managers and the financial consequences of future issues may not be clearly identified.	<p>On a small number of occasions the financial consequences of future events are likely to be significant. Failure to provide adequate warning would leave the council little time to prepare through the medium term financial strategy.</p> <p>In general these events bring consequences to other agencies and external relationships are important to ensure no such consequences are missed.</p>
10.	Efficiency	The level of saving required to achieve a balanced budget is significant and non-delivery of these savings will have a major consequence.	Failure to deliver savings and / or failure to monitor and react to non-delivery.	<p>Two of the savings proposed for 2013/14 are considered to be high risk. These total £0.2m. Failure to deliver on any saving proposal places an additional pressure on services levels and / or balances.</p> <p>In 2012/13, although there were five identified high risk issues, the savings proposals are on target to be delivered by the year end.</p>

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what's happening, what's the problem)	Trigger/risk (What's the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
11.	Collection Fund	<p>Collection rates.</p> <p>a) The retention of business rates means that collection rates have become of local importance to ensure the retained element of business rates is maximised. Business rates due is in excess of £52m per annum.</p> <p>b) The localisation of support for council tax means that some element of the tax due will become due from benefit claimants with little or no previous experience of handling money or paying for any part of their council tax. This increases the risk of non-collection. Council tax due is in excess of £90m per annum with the cost of local support exceeding £10m per annum</p>	<p>The Council currently collects in excess of 97% of business rates due in year. This level of collection will mean a shortfall in locally retained resources.</p> <p>For tax payers on benefit and of working age there will be a requirement from 2013/14 to pay additional amounts of tax. Only 91.5% of the assessed benefit will now be supported by the local scheme and tax payers may find it difficult to identify resources to pay the balance due.</p>	<p>In both cases the consequence will be a reduced level of key resources to ensure a balanced budget. This will mean further cuts in other budgets or the cost of financing outgoing cash flow to other agencies in relation to taxes not yet collected.</p>

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
12.	Medium term	<p>The medium term financial strategy includes a number of significant future changes to the environment that are being monitored closely:</p> <ul style="list-style-type: none"> <li>• work on the core strategy and the local development framework</li> <li>• electoral registration changes</li> <li>• universal credit transition</li> <li>• The forthcoming spending review announced in the Autumn Statement</li> </ul>	<p>These are all significant changes for local government and require careful assessment of the possible consequences at each stage of the implementation.</p> <p>These issues are all identified in the medium term financial strategy at a level currently considered adequate to cover the likely consequences to this authority. The total is currently estimated at £0.8m over the period 2014/15 to 2015/16.</p> <p>The future spending review includes an assumption that an additional 2% reduction in public sector expenditure would occur in 2014/15 (£0.15m for this Council). The Chancellor of the Exchequer’s Autumn Statement predicted that the next spending review would see public sector spending reduction equivalent to those arising from the last review. Over the period to 2018/19 this could see a further 28% reduction in resources available to this Council from Government support.</p>	<p>The financial consequences based upon current knowledge are outlined in the strategic revenue projection.</p> <p>Should the provision be insufficient to cover the financial consequences to the council this will increase the pressure on the budget in the medium term.</p>

**APPENDIX I**

**Risk Management: Risk Profile**

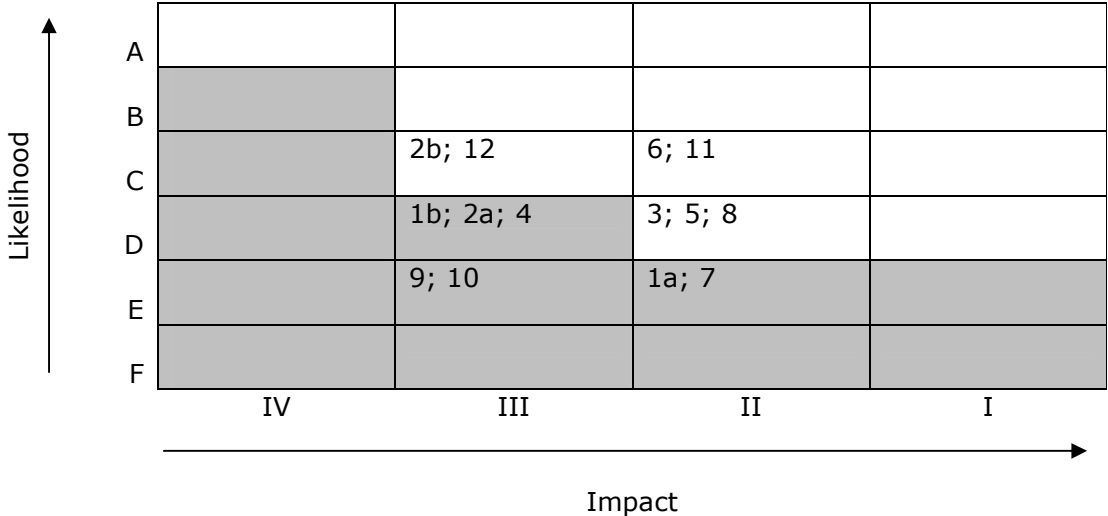
The risks have been mapped against a typical appetite to risk. The risk assessment has been prepared in the context of key service objectives. The risks at this stage have not been 'mitigated'.

The **vertical axis** shows **Likelihood**:

A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible

The **horizontal axis** shows **Impact**:

1= catastrophic; 2 = critical; 3 = marginal; 4 = negligible





## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

#### **REPORT OF HEAD OF FINANCE & CUSTOMER SERVICES**

**Report prepared by John Owen**  
**Accountant (Systems)**

#### **1. TREASURY MANAGEMENT STRATEGY 2013/14**

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

- 1.1.1 In accordance with CIPFA's Code of Practice on Treasury Management, Audit Committee is asked to consider the Draft Treasury Management Strategy for 2013/14 including the Treasury and Prudential Indicators.

##### **1.2 Recommendation of Head of Finance & Customer Services**

- 1.2.1 That Cabinet considers the draft strategy and related appendices as set out in sections 1.13 and 1.14 of this report and recommends it to Council for adoption.

##### **1.3 Reasons for Recommendation**

- 1.3.1 The Council has adopted CIPFA's Code of Practice on Treasury Management (the Code) and this requires that the council sets out a treasury management strategy on an annual basis. This report considers the proposed strategy for 2013/14 onwards along with current guidance from CIPFA and the DCLG.
- 1.3.2 The primary requirements of the Code are as follows:
- a) Receipt by full Council of an annual Treasury Management Strategy that includes the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead.
  - b) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
  - c) Delegation by the Council of the role of scrutiny of the treasury management strategy and policies, a Mid-Year Review Report and an Annual Report covering activities during the previous year to an

appropriate committee. These functions have been delegated to the Audit Committee by the Council.

1.3.3 The agreed process previously approved by Council is:

- a) Audit Committee will consider, as part of their monitoring role, the initial draft and make recommendations to Cabinet.
- b) Cabinet will consider the draft and any recommendations from Audit Committee and recommend to Council
- c) Council will approve the strategy by March of each year for the forthcoming financial year.

#### 1.4 **The 2012/13 Strategy**

1.4.1 The Strategy for 2012/13 was approved by Council in February 2012 and set the following objectives:-

- a) Keep investments short term (up to 1 year) to make funds available to invest if rates increase;
- b) Use up to £3m from core cash balances to be invested for 1 year or above if rates are at a premium over predicted base rates and funds are available for the term. This would leave a balance of £2m if there were to be any unexpected events;
- c) No planned borrowing, other than for short-term cash flow purposes. The council is currently debt-free;
- d) Use the Council's Treasury Management Consultant's scheme for rating of institutions for creditworthiness which uses a sophisticated modeling approach with credit rating agencies, Moodys, Fitch and Standard & Poors, along with Sovereign ratings, CDS spreads and credit watches.
- e) Group limits placed on institutions within the same group and not separate for each institution. This is an added security measure as there is a burden upon the parent company. The group limit will be the highest individual credit criteria for the group.
- f) An institution will never have a higher credit rating than the sovereign country it operates within. If the sovereign is downgraded below the rating of an institution, the institution is downgraded to the same level.
- g) A reduction in overseas institutions due to the uncertainty of 'Sovereignty status', with the exception of Svenska Handelsbanken,

a AAA rated Swedish Organisation with whom the Council currently has funds.

- h) The top 5 Building Societies, ranked using the management expenses and asset size ranking.
- i) The Head of Finance & Customer Services be given delegated responsibility to add or withdraw institutions from the counterparty list when ratings change, either as advised by Sector Treasury Management (the Council's advisors) or from another reliable market source.

1.4.2 At the November 2012 meeting of the Audit Committee an amendment was agreed to the 2012/13 Strategy and this was formally presented to Council and approved. This amendment was to agree a revised item c) in the paragraph above, to recognise the potential to borrow during 2012/13. This amendment included a change to the prudential indicators that was also agreed by Council to increase the limits for prudential borrowing by £2m, coupled with the existing £4m limit this set a maximum for long term borrowing to finance the capital programme of £6m.

## 1.5 **Consideration by Audit Committee**

1.5.1 On 14<sup>th</sup> January 2013 this draft strategy was presented to Audit Committee for consideration in line with the approved process set out in paragraph 1.3.3.

1.5.2 Audit Committee debated the proposed changes and the risks surrounding the proposed prudential borrowing limit.

1.5.3 As a result of the debate the Committee indicated that it was satisfied with the adequacy of the draft Treasury Management Strategy 2013/14 and resolved that it be recommended to Cabinet for submission to Council.

## 1.6 **Current Cashflow Performance**

1.6.1 Also at the November 2012 meeting of the Audit Committee the mid-year performance report included details for 2012/13 of the position as at 30<sup>th</sup> September 2012. Given below is an update on that position.

	£m	%
Investments as at 1 <sup>st</sup> April 2012	13.6	
Investment Balance as at 31st Dec 2012	31.1	
Investment Income as at 31st Dec 2012	0.3	
Ave Balance/Rate of Investments during year	25.5	1.2
Est. Investments as at 31 <sup>st</sup> March 2012	11.0	

- 1.6.2 Investments with Lloyds TSB (part nationalised bank) total £5m. This is made up of two longer term investments, one of £3m for 346 days and the other of £2m for 367 days.
- 1.6.3 All other investments have been completed on a short term basis (up to one year), as agreed within the Strategy.
- 1.6.4 During 2012/13 to date the Council has not borrowed either for cash flow purposes or financing. During the last quarter of 2012/13 there is a high probability that the Council will borrow as the first purchases arising from the commercialisation projects occur.
- 1.6.5 Based on the current cash flow projection the Council has anticipated cash balances at 1<sup>st</sup> April 2013 available for investment totalling £11m.

## 1.7 **Developing the Strategy**

- 1.7.1 In formulating and executing the strategy for 2013/14, the Council will continue to have regard to the DCLG's guidance on Local Government Investments and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectional Guidance Notes.
- 1.7.2 CIPFA's Treasury Management Code of Practice states that "in balancing risk against return, local authorities should be more concerned to avoid risks rather than maximising return". Therefore the underlying principles of the strategy are to ensure absolute security of Council funds, and to minimise large variations in annual investment returns, which would impact upon the budget.
- 1.7.3 The Council will also achieve optimum return on its investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to on lend and make a return is unlawful and the Council will not engage in such activity. Paragraphs 1.6.4 – 1.6.10 summarise the existing operational arrangements which have been agreed to achieve its Treasury Management objectives.
- 1.7.4 The Council, in conjunction with its treasury management advisor, Sector, will use Fitch, Moodys and Standard and Poors ratings in combination to derive its credit criteria. All credit ratings will be monitored daily. The Council is alerted to changes in ratings of all agencies through its use of the Sector creditworthiness service.

- 1.7.5 If a downgrade means the counterparty or investment scheme no longer meets the Council's minimum criteria, its use for further investment will be withdrawn immediately. If funds are already invested with the downgraded institution, a decision will be made by the Head of Finance & Customer Services whether to withdraw the funds and maybe incurring a penalty.
- 1.7.6 If a body is placed under negative rating watch (i.e. there is a probability of a rating change in the short term and the likelihood of that change being negative) and it is currently at the minimum acceptable rating for placing investments, then no further investments will be made with that body.
- 1.7.7 In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in a downgrade of an institution or removal from the Council's lending list.
- 1.7.8 The use of leading building societies for investment purposes to use the top 5 ranked on a combination of management expenses of the group, as shown within the Income and Expenditure Account, as well as the asset size.
- 1.7.9 Other market intelligence will also be used to determine institutions credit worthiness, such as financial press, financial broker advice and treasury management meetings with other authorities, e.g. Kent Treasury Management Forum. If this information shows a negative outcome, no further investments will be made with that body.
- 1.7.10 The Head of Finance & Customer Services has previously been given delegated authority to use alternative forms of investment, should the appropriate opportunity arise to use them, and should it be prudent and of advantage to the Council to do so. This delegated authority is subject to prior consultation with the Cabinet Member for Corporate Services on any possible use of these instruments. This delegation has not been exercised to date.
- 1.7.11 The following table shows the balance of investments which will mature during 2013/14 and the total of this balance which will be needed to fund the revenue/capital expenditure.

<b>Investment</b>	<b>2013/14 £m</b>
Short Term Investments at start of Year	11.0
Use of Balances/Capital receipts	6.0
Total Core Cash	5.0

1.7.12 These maturities will therefore cover the anticipated use of cash balances for the period and leave a minimum of £5.0m available for investment, along with day to day cash flow management funds.

## 1.8 **A Forward Look**

1.8.1 The economic problems facing the UK and similar problems in the remainder of Europe and the USA are expected to require a long term resolution. The Chancellor of the Exchequer announced in his Autumn Statement that the Government currently expected the deficit reduction plan to be in force until 2018 and for the public sector to face a second spending review that brings significant reductions in resources.

1.8.2 Against the backdrop of the global economic problems Sector, the Council's Treasury Management Advisors, have given the following forward look.

- a) The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.
- b) Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.
- c) Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries

1.8.3 This indicates that there will be a very slow recovery and the prospects for investment are reducing as institutions reduce their borrowing levels. In order for the Council to sustain viable and secure investments the strategy must begin to look longer term.

## 1.9 **Interest Rate Forecast**

1.9.1 As part of their service Sector Treasury Management assist the Council to formulate a view on interest rates. Below is a table which forecasts short term (Bank Rate) and longer term fixed interest rates that reflects their current view on the future.

Bank Rate															
	NOW	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate															
	NOW	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	1.66%	1.50%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
UBS	1.66%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	1.66%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.60%	-	-	-	-	-
10yr PWLB Rate															
	NOW	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	2.64%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
UBS	2.64%	2.80%	3.00%	3.10%	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	-	-	-	-	-
Capital Economics	2.64%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
25yr PWLB Rate															
	NOW	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	3.88%	3.70%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
UBS	3.88%	4.00%	4.20%	4.30%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	-	-	-	-	-
Capital Economics	3.88%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	-	-	-	-	-
50yr PWLB Rate															
	NOW	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's View	4.04%	3.90%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
UBS	4.04%	4.10%	4.30%	4.40%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	-	-	-	-	-
Capital Economics	4.04%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

1.9.2 Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 1 of 2015.

## 1.10 **Capital Programme and Prudential Borrowing**

1.10.1 As part of the development of the prudential indicators, that themselves form part of the treasury management strategy, the Council must consider the affordability of its capital programme.

1.10.2 In the past this programme has been financed by the use of capital resources such as receipts from asset sales and grants. More recently the Council has also used receipts from the New Homes Bonus initiative. In which case affordability of the programme is calculated by the lost revenue income from the possible investment of the resources.

1.10.3 The authority to borrow up to £6m for the financing of capital expenditure is included in the current capital programme and the current prudential indicators. This report includes the continuation of that authority within the calculation of the indicators. If the Council is to borrow then the affordability of the capital programme must include an assessment of the cost of borrowing along with the loss of investment income from the use of capital resources held in cash.

1.10.4 At this time the strategy permits the use of up to £3m of core cash for longer term investment of over one year where rates on longer term investments are at a premium. As detailed earlier in this report when considering a forward look, the income from investments of greater

than one year is diminishing as the counterparties used by the Council are becoming less interested in longer term borrowing. During 2012/13 the return from the Council's investment of greater than one year was 2.85%, during 2013/14 a similar deal available at 1.1%. Call accounts currently return 0.4%. This means that the premium on investments of greater than one year will be 0.7% in future, compared to 2.45% currently.

- 1.10.5 The current long term borrowing rate from the Public Works Loan Board given in the table at paragraph 1.8.1 is 3.88% for 25 years. Were the Council to temporarily borrow the necessary resources from its own cash balances rather than complete a further one year investment it would save the equivalent of 2.78% of the amount borrowed. Consequently the affordability of the capital programme as set out in the prudential indicators accompanying this draft strategy has been calculated based upon the assumption that internal borrowing would occur initially.
- 1.10.6 In future years, once the Council's commercial activities have provided evidence of being self-financing, the Council should consider the option of external borrowing. This should be considered at an appropriate time to ensure the Council takes advantage of low rates of interest before a significant upturn occurs. Considering the forecast given in paragraph 1.8.1 a suitable time for a review would be during the development of the 2014/15 strategy.
- 1.10.7 Should rates move quicker than the forecast predicts, the current and proposed strategies do allow the Head of Finance and Customer Services to take advantage of external borrowing before the 2014/15 review occurs.

#### 1.11 **Cash Flow Projection to 2015/16**

- 1.11.1 A cash flow projection up to March 2016 has been created reflecting the spending proposals in the Budget Strategy 2013/14 onwards. The cash flow projection shows that anticipated investment income will be consistently £0.25m per annum over the period from 2013/14 to 2015/16. This is based on interest rates remaining as forecast.
- 1.11.2 Considering the proposal to use internal borrowing to finance the capital programme, as set out in section 1.9 above, the investment income suggested by the cash flow projection may be provided in part from internal charges or through the surplus generated by commercialisation projects.

#### 1.12 **Minimum Revenue Provision**

- 1.12.1 Where spend is financed through the creation of debt, the Council is required by the Local Authorities (Capital Finance and Accounting)



(Amendment) Regulations 2008 to make a prudent provision for the repayment of debt. The total debt is identified as the capital financing reserve and ensures that the Council includes external and internal borrowing along with other forms of financing considered to be equivalent to borrowing.

1.12.2 The payment is made through a revenue charge (the minimum revenue provision - MRP) made against the Council's expenditure, although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

1.12.3 The Council has maintained a capital financing reserve based upon the prudential borrowing limit previously set; the MRP was based upon the actual payments made under the Serco Paisa arrangements for the capital works completed by Serco at Maidstone Leisure Centre. In this case the financial arrangement set out in the contract with Maidstone Leisure Trust is that the Council directly repays the cost of borrowing arising from the improvements at the Leisure Centre. Debt repayment is made by annual installments over the 15 year life of the contract and is suitably equivalent to a MRP value.

1.12.4 With the real potential for the use of prudential borrowing it is recommended that the Council adopts a clear policy for how the Minimum Revenue Provision is calculated and that the policy statement is approved by Council in line with the requirements of the Code. The Code states that there is a choice between two options, or a mix of both:

- a. **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- b. **Depreciation method** – MRP will follow standard depreciation accounting procedures.

1.12.5 Due to the requirement to split assets into component parts and depreciate different components at different rates it is felt that the Depreciation method is overly complex for the Council's property portfolio and that the asset life method of calculating MRP would provide a more stable and comprehensible method for the Council to use.

### 1.13 **Summary of Changes Proposed**

1.13.1 With this outlook in mind it is recommended that the Council should consider changes to the policy for use of the core revenue funds of the Council and the level of investment with the most secure counterparties

on the Council's list. It is proposed that the Treasury Management Strategy for 2013/14 therefore looks to enhance these areas as follows:

- a) Increasing the maximum investment limits with some part-nationalised groups to £8m;
- b) The inclusion of enhanced cash funds (which are similar to the money market funds already in use by the Council) in the portfolio of investment options to be used. The major difference is that these funds take a longer term investment view and provide a higher return for a longer notice period but still within the limits of the current strategy;
- c) To consider the use of core cash during 2013/14 for internal borrowing; and
- d) Introducing a minimum revenue provision policy.

1.13.2 Based on the issues outlined and following consultation with the Council's Treasury Management advisors the following strategy is recommended.

#### 1.14 **Draft Strategy for 2013/14**

- 1.14.1 The council will maintain a counterparty list to identify institutions suitable for investment. The current list is given at Appendix A and will be maintained using the following principles.
- a) Use the Council's Treasury Management Consultant's scheme for rating of institutions for creditworthiness which uses a sophisticated modeling approach with credit rating agencies, Moodys, Fitch and Standard & Poors, along with Sovereign ratings, CDS spreads and credit watches.
  - b) Group limits placed on institutions within the same group and not separate for each institution. The group limit will be the highest individual credit criteria for the group.
  - c) An institution will never have a higher credit rating than the sovereign country it operates within. If the sovereign is downgraded below the rating of an institution, the institution is downgraded to the same level.
  - d) Limit the Lloyds TSB group and the Royal Bank of Scotland group (part nationalised) to £8m to reduce exposure to lower rated institutions. Remaining institutions at £5m.
  - e) Use of the top 5 Building Societies is ranked using the management expenses and asset size ranking.

- f) The Head of Finance & Customer Services be given delegated responsibility to add or withdraw institutions from the counterparty list when ratings change, either as advised by Sector Treasury Management (the Council's advisors) or from another reliable market source.

1.14.2 The DCLG provides criteria for specified investments with all other investments being non-specified. The list of specified and non-specified investment types that the Council may use is given at **Appendix B**. The following principles are applied to their use.

- a) Only the top five building societies and other local authority investments will be non-specified.
- b) Funds will be invested short term (up to one year) so that funds are available to invest when rates increase.
- c) The use of £3m core cash deposits limits with part nationalised institutions can be greater than one year if rates are at a premium over predicted base rates and funds are available for the term.
- d) The use of enhanced cash funds which is an extension to the current AAA rated money market funds. These offer higher yields to money market funds due to giving short term notice to withdraw funds.

1.14.3 Minimum Revenue Provision 2013/14

- a) The assumption is to borrow up to a maximum of £6m through the most economically advantageous method, as decided by the Head of Finance & Customer Services, from: internal borrowing of core cash balances; PWLB loans; or other reputable sources of lending.
- b) The Council will use the asset life method for the calculation of the Minimum Revenue Provision on all future unsupported borrowing;
- c) Principal repaid will be used to calculate the Minimum Revenue Provision on the arrangement with Serco Paisa regarding the Leisure Centre improvements.

## 1.15 **Prudential and Treasury Management Indicators**

1.15.1 Given at **Appendix C** are the Prudential and Treasury Management Indicators. These have been produced based upon the proposed strategy set out in section 1.11 above.

1.16 **Alternative Action and why not Recommended**

- 1.16.1 The Council is required to endorse a Treasury Management Strategy and monitor and update the strategy and Prudential Indicators as necessary. The Council could endorse a simple strategy for Treasury Management. However this would be contrary to best advice from the Council's advisors and likely to produce a reduced income stream from investments.
- 1.16.2 Within the strategy proposed the Council could chose to retain a maximum investment with any institution of £5m or even reduce this level. Given the difficulty in identifying opportunities to lend at suitable rates within the counterparty list it is necessary to increase the level of investment possible with the most secure organisations.
- 1.16.3 Also within the strategy proposed the Council could chose to utilise additional counterparties with the investments from the non-specified investments group. Due to the fact that this increases the risk to capital it is appropriate that the Council continues to only use such investments with the top five building societies and other local authorities.
- 1.16.4 As an additional action the Council could consider alternative investment options such as Certificates of Deposit or corporate bonds with banks and building societies. At this time the yields on these arrangements are not significantly higher and often these come with a management fee or requiring a high level of initial capital investment. As the strategy identifies other appropriate methods of investment for the Council these options are not recommended as they do not offer benefits commensurate with the cost. They will continue to be reviewed and proposed if suitable in future strategies.
- 1.16.5 The Council could utilise the resources invested in expenditure on key priority outcomes. However the core cash held by the Council is either set aside for future expenditure, such as the capital programme, or held as a form of risk mitigation, such as the minimum level of revenue balances. To utilise these resources for alternative projects would put the Council at future risk should an unforeseen event occur.
- 1.16.6 External Fund Managers – by appointing external managers local authorities may possibly benefit from security of investments, diversification of investment instruments, liquidity management and the potential of enhanced returns. Managers do operate within the parameters set by local authorities but this involves varying degrees of risk. This option has been discounted on the basis of the risk to capital receipts which would make it difficult to ascertain a suitable sum to assign to an external manager.

1.17 **Impact on Corporate Objectives**

1.17.1 The Treasury Management Strategy will impact upon all corporate objectives through the resource it provides from the investment of the council's balances. These resources are incorporated in the council's budget.

1.18 **Risk Management**

1.18.1 Risk Management is included within the Treasury Management Practices which the council adheres to. The main risks to the council are counterparty risk, liquidity risk and interest rate risk which are closely monitored on a regular basis using the council's treasury advisors, Sector, and other market intelligence. If there is a possibility of a negative risk, the appropriate action is taken immediately through delegated authority.

1.19 **Other Implications**

1. Financial	X
2. Staffing	
3. Legal	X
4. Equality Impact Needs Assessment	
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	

1.19.1 The financial implications are set out in the body of the report.

1.19.2 The legal implications, including the Council's ability to borrow and to invest, are also set out in the body of the report.

1.20 **Relevant Documents**

1.20.1 Appendices

Appendix A - Counterparty List

Appendix B - Prudential Indicators

Appendix C - Specified & Non-specified Investments

**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, when did it first appear in the Forward Plan?

.....

This is a Key Decision because: .....

.....

Wards/Parishes affected: .....

.....

**MAIDSTONE BOROUGH COUNCIL****COUNTERPARTIES LIST 2013/14****Sector's Suggested Credit Rating Methodology**

Sector has recently implemented a new credit rating system that incorporates credit ratings from all three major rating agencies; Fitch, Moody's, and Standard & Poor's. The system uses all the available ratings and, as such, uses a four-way approach to produce a mathematically calculated, risk-weighted score that is then compared to pre-determined credit scoring bands. The system uses the Long term, Short term, Individual, and Support ratings to produce the credit score. Depending on which band the credit score falls between, determines the duration that Sector suggests lending to for that institution.

**Colour Key.**

£8m Limit	
£5m limit	
£8m limit - Part Nationalised	
£3m limit	
£2m limit	
Lower Rated Building Societies - £2m limit	

**Note: All institutions with the exception of UK part nationalised and Public Bodies are subject to a 3 month capping**

As well as limits on the amount of funds that can be placed with individual counterparties, Sector would suggest imposing group limits. The group limit should be equal to the individual limit of one counterparty within the same group.

**Bank Grouping Key**

Lloyds Banking Group, UK	1
Royal Bank of Scotland plc, UK	2

Institution Name	Country	Group	Deposit	Suggested Term
<b>UK INSTITUTIONS MEETING MINIMUM RATING CRITERIA</b>				
Bank of Scotland Plc	UK	1	£8,000,000	2yrs
Barclays Bank plc	UK		£2,000,000	3 Months
HSBC Bank plc	UK		£5,000,000	3 Months
Lloyds TSB	UK	1	£8,000,000	2yrs
National Westminster Bank	UK	2	£8,000,000	2yrs
Royal Bank of Scotland plc	UK	2	£8,000,000	2yrs
Standard Chartered	UK		£3,000,000	3 Months
Ulster Bank Ltd	UK	2	£8,000,000	2yrs
<b>OVERSEAS INSTITUTIONS MEETING MINIMUM RATING CRITERIA</b>				
Svenska Handelsbanken	SWE		£5,000,000	3 Months
<b>UK BUILDING SOCIETIES</b>				
	<b>RANK BY ASSET SIZE</b>	<b>RANK BY MAN EX</b>	<b>TOTAL</b>	
Coventry	3	1	4	£2,000,000 3 Months
Yorkshire	2	4	6	£2,000,000 3 Months
Nationwide Building Society	1	6	7	£2,000,000 3 Months
Leeds	5	2	7	£2,000,000 3 Months
West Bromwich	6	5	11	£2,000,000 3 Months
<b>OTHER PUBLIC BODIES</b>				
UK Government			£8,000,000	2yrs
UK Local Authorities (Inc. Police & Fire Authorities)			£8,000,000	2yrs
<b>MONEY MARKET FUNDS (AAA RATED)</b>				
Goldman Sachs			£8,000,000	3 Months
Prime Rate Capital Management			£8,000,000	3 Months

**LIST OF SPECIFIED & NON-SPECIFIED INVESTMENTS**

<b>SPECIFIED INVESTMENTS (All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable)</b>	<b>Minimum 'High' Credit Criteria</b>	<b>Use</b>
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies *	Sector Green Rating	In-house
Term deposits UK Part Nationalised Banks	Sector Blue Rating	In-house
Certificates of deposits issued by banks and building societies *	UK Sovereign rating	In-house
UK Government Gilts	UK Sovereign rating	In-house
Bonds issued by multilateral development banks	AAA	In-house
Bonds issued by a financial institution which is guaranteed by the UK government	UK Sovereign rating	In-house
Treasury Bills	UK Sovereign rating	In-house
Sovereign bond issues (i.e. other than the UK govt)	AAA	In-house
<i>* Only highly credit-rated building societies are included</i>		
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -</b>		
1. Government Liquidity Funds	AAA	In-house
2. Money Market Funds	AAA	In-house
3. Enhanced Cash Funds	AAA	In-house
4. Bond Funds	AAA	In-house
5. Gilt Funds	AAA	In-house
<b>NON-SPECIFIED INVESTMENTS (These are any investments which do not meet the specified investment criteria)</b>		
Fixed term deposits with variable rate and variable maturities: -	Sector Green Rating	In-house
Term deposits with unrated Building Societies **	Top 5 Building Societies, excluding Nationwide as highly credit rated.	In-house
Term deposits UK Part Nationalised Banks	Sector Blue Rating	In-house
Certificates of deposits issued by banks and building societies *	UK Sovereign rating	In-house
UK Government Gilts	UK Sovereign rating	In-house
Bonds issued by multilateral development banks	AAA	In-house
Bonds issued by a financial institution which is guaranteed by the UK government	UK Sovereign rating	In-house
Treasury Bills	UK Sovereign rating	In-house
Sovereign bond issues (i.e. other than the UK govt)	AAA	In-house
Commercial paper issuance by UK banks covered by UK Government guarantee	UK Sovereign rating	In-house
Corporate Bonds issued by UK banks covered by UK Government guarantee : the use of these investments would constitute capital expenditure	UK Sovereign rating	In-house
Corporate Bonds other : the use of these investments would constitute capital expenditure	Short-term F1, Long-term A, Individual B, Support 3	In-house
Other debt issuance by UK banks covered by UK Government guarantee	UK Sovereign rating	In-house



PRUDENTIAL INDICATORS**PRUDENTIAL INDICATORS****Ratio of Financing Costs to Net Revenue Stream**

2012/13 %	2013/14 %	2014/15 %	2015/16 %
-1.7	-0.9	-1.0	-1.1

This indicator shows the proportion of the net revenue stream (revenue budget) that is attributable to financing costs of capital expenditure. As estimated investment income is higher than interest costs, this results in a negative total.

**Incremental Impact of Capital Investment Decisions on the Council Tax**

	2012/13 £,000	2013/14 £,000	2014/15 £,000	2015/16 £,000
i) Forecast of total budgetary requirement no changes to capital programme	5,424	10,766	1,916	414
ii) Forecast of total budgetary requirement after changes to capital programme	5,424	10,836	1,970	450
iii) Additional Council Tax Required	0.00	1.27	0.97	0.64

Demonstrates the affordability of the capital programme. It demonstrates the impact of the proposed capital programme upon the Council Tax.

**Current Financial Plan**

2012/13 £,000	2013/14 £,000	2014/15 £,000	2015/16 £,000
5,424	10,836	1,970	450

This is the estimate of capital expenditure taken from the Corporate Budget Strategy 2013/14 Onwards .

**Capital Financing Requirement**

2012/13 £,000	2013/14 £,000	2014/15 £,000	2015/16 £,000
0	4,614	5,733	5,383

This indicator measures the underlying need to borrow for capital purposes. This shows £6m assumed borrowing for the capital programme from 2012/13 onwards.

**TREASURY MANAGEMENT INDICATORS****Authorised Limit for External Debt**

	2012/13 £,000	2013/14 £,000	2014/15 £,000	2015/16 £,000
Borrowing	10,000	10,000	10,000	10,000
Other Long Term Liabilities	6,294	5,891	5,463	5,010
Total	16,294	15,891	15,463	15,010

This limit is the main limit set as a maximum for external borrowing. It fulfils the requirements under section 3 of the Local Government Act 2003.

PRUDENTIAL INDICATORS**Operational Boundary**

	2012/13 £,000	2013/14 £,000	2014/15 £,000	2015/16 £,000
Borrowing	6,000	6,000	6,000	6,000
Other Long Term Liabilities	6,294	5,891	5,463	5,010
Total	12,294	11,891	11,463	11,010

This limit should be the focus of day to day treasury management. It is similar to the Authorised Limit but excludes the allowance for temporary cash flow borrowing as perceived as not necessary on a day to day basis.

**Upper Limit for Fixed Interest Rate Exposure**

2012/13 %	2013/14 %	2014/15 %	2015/16 %
100	100	100	100

This is the maximum amount of net borrowing and investment that can be at a fixed rate. Variable rate call accounts may be cleared during periods of high payments eg Precept so fixed rate can peak during these periods.

**Upper Limit for Variable Interest Rate Exposure**

2012/13 %	2013/14 %	2014/15 %	2015/16 %
80	80	80	80

This is the maximum amount of net borrowing and investment that can be at a variable rate. The limit set reflects the fact that during the year there can be excess surplus funds available for short term investment. These arise from timing differences between receipts received and payments made.

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**Maturity Structure of New Fixed Rate Borrowing during 2012/13**

	Upper Limit %	Lower Limit %
Under 12 months	100	0
12 months to under 24 months	100	0
24 months to under 5 years	100	0
5 years to under 10 years	100	0
10 years and over	100	0

It is may be necessary to borrow at fixed term rates during 2013/14. This will be monitored as the year progresses and a decision will then be made.

**Principal Invested for more than 364 Days**

2012/13 £,000	2013/14 £,000	2014/15 £,000	2015/16 £,000
3,000	3,000	3,000	3,000

This indicator is set to reflect current advice from our Treasury Management Advisors.

## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

### **REPORT OF HEAD OF AUDIT PARTNERSHIP**

**Report prepared by Brian Parsons**

#### **1. STRATEGIC RISK REGISTER 2013 - 2015**

##### 1.1 Issue for Decision

1.1.1 A fresh draft Strategic Risk Register has been created which Cabinet is asked to adopt on behalf of the Council.

##### 1.2 Recommendation of the Head of Audit Partnership

1.2.1 That Cabinet adopts the Strategic Risk Register shown as an appendix to this report.

1.2.2 That Cabinet agree the process for monitoring and reporting action on the Risk Register

1.2.3 That Cabinet agree the respective responsibilities for the risk management process (as shown in the body of the report)

1.2.4 That Cabinet agrees the 'ownership' of risk scenario 2 and whether the risk needs to be re-scored in terms of likelihood and impact.

##### 1.3 Reasons for Recommendation

1.3.1 The report sets out the strategic risks to the delivery of the Council's key objectives. The risks have been identified through risk workshops with the Corporate Leadership Team and a similar session at an informal Cabinet meeting.

1.3.2 The risk workshops were facilitated by a risk consultant from Zurich Risk Management Services Ltd and were funded by the allowance that the Council receives from Zurich under the terms of its insurance contract.

- 1.3.3 Strategic Risk can be defined as: Those risks, at a corporate level, which could materially affect the Council's ability to achieve its aims and objectives.
- 1.3.4 Risks which do not meet the above criteria are by definition operational risks. Operational risk can be defined as: Those risks faced in the day-to-day delivery of services. Operational risks are identified and addressed as part of the annual service planning process.
- 1.3.5 The Council has adopted an established methodology for risk analysis and prioritization based around an approach which has been developed by Zurich Management Services Ltd, which conforms to best practice guidance from the Association of Local Authority Risk Managers (ALARM).
- 1.3.6 As part of the initial risk workshop exercise with the Corporate Leadership Team, the attendees were asked to agree which senior officer should have 'ownership' of the individual risks. Ownership in this sense means that the allocated senior officer will take responsibility for ensuring that the risk is properly managed. This involves the completion of a management action plan, which needs to be updated on a regular basis.
- 1.3.7 In the course of the informal Cabinet meeting on the 14 January 2013, it was agreed that the appropriate Portfolio Holder would take joint ownership of the risk.
- 1.3.8 The register itself needs to be similarly 'owned'. The collective ownership of the Strategic Risk Register rests with the Corporate Leadership and with Cabinet. The Audit Committee then performs the role of 'monitoring the effective development and operation of risk management'.
- 1.3.9 The draft strategic risk register identifies six risk areas and shows the officers and members who will be responsible for managing the risk and taking the necessary risk mitigation measures :
- Having the right resources which are used in the right way (Paul Riley/Alison Broom/Chris Garland)
  - Delivering services in a way that increases the satisfaction of residents with the place they live (To be agreed)
  - Economic downturn/austerity agenda (Zena Cooke/John Wilson/Malcolm Greer)
  - Creating the place we want to be (David Edwards/Stephen Paine)
  - Delivering services in partnership with others (Alison Broom/Chris Garland)
  - Impacts arising from political change (Angela Woodhouse/Chris Garland)

- 1.3.10 In accordance with the Council's risk assessment methodology, each risk has been assessed in terms of the likelihood of each strategic risk occurring on a scale of 1 (minimal) to 6 (very high) and on the potential impact, on a scale of 1 (negligible) to 4 (major). The assessments are shown in the draft Strategic Risk Register (Appendix 1) and the Risk Matrix (Appendix 2)
- 1.3.11 Since the meeting of informal Cabinet on 14 January, further consideration has been given to Risk Scenario 2. Initially this risk related almost exclusively to the channel shift proposals to deliver a significant number of services on-line. In discussion with the Chief Executive it was agreed that the risk scenario needed to be expanded to include satisfaction with Maidstone as a place to live and the way that services are provided to residents. This is a significant change to the original risk scenario and Cabinet is therefore asked to agree who is the most appropriate owner for this changed risk and whether the broader risk needs to be re-scored in terms of likelihood and impact.

### **Management Action Plans**

- 1.3.12 Management Action Plans will be completed by the risk owners. The 'current risk score' will incorporate a traffic light approach (red, amber, green) to reflect where the risk appears on the risk matrix.
- 1.3.13 Six-monthly action plan updates will be sought from the risk owners. This will result in a report to Cabinet via Corporate Leadership Team.
- 1.3.14 It is important that the strategic risk process becomes an embedded part of the governance and strategic management cycle and that it remains fresh and meaningful. Reports to CLT and Cabinet on risk will therefore be scheduled to coincide with reports on the Council's Corporate Plan (June and November).
- 1.3.15 New strategic risks will need to be added to the register as they emerge and older risks may no longer need to be managed at a strategic level and may therefore be dealt with operationally. The changes to the risk register need to occur as part of the six-monthly reporting process.
- 1.3.16 Cabinet is asked to endorse this reporting process.

### **The respective responsibilities for the risk management process**

- 1.3.17 In order to ensure accountability, which is vital to the effectiveness of the process, it is essential that the roles and responsibilities of those involved in the process are clear. The following definition of responsibilities is proposed:

- a) The Head of Audit Partnership (together with the Audit Manager) is responsible for coordinating the strategic risk management process and reporting on the actions being taken to manage the identified risk.
- b) The individual senior officer 'risk owners' are responsible for taking action to manage their risks and for providing periodically updated action plans to the Head of Audit Partnership for subsequent reporting to Corporate Leadership Team and Members. Portfolio holders are responsible for agreeing the completed action plans with the responsible officer.
- c) Corporate Leadership Team is collectively responsible with Cabinet for the Strategic Risk Register and ensuring that strategic risk is properly managed.
- d) Cabinet is responsible for agreeing the Risk Strategy and adopting the Strategic Risk Register.
- e) The Audit Committee is responsible for monitoring the effective development and operation of risk management.

1.3.18 Cabinet is asked to agree the respective roles for the risk management process as shown above.

#### 1.4 Alternative Action and why not Recommended

1.4.1 The alternative action would be to not have a strategic risk register, however this would bring into question the adequacy of the Council's governance and business planning arrangements.

#### 1.5 Impact on Corporate Objectives

1.5.1 The Strategic Risk Register process provides a means of managing the risks to the delivery of the Council's corporate objectives.

#### 1.6 Risk Management

1.6.1 The Council is a complex organization responsible for many £ millions of public expenditure. It is also a tax collector receiving substantial levels of income. The actions of the Council have a major impact on the community for which it is responsible. It is therefore vital that the strategic risks to the Council's objectives are identified and properly managed.

1.6.2 Risk, where managed correctly, is not necessarily undesirable. Riskier models of delivery can often be the most innovative and effective. The key to setting a positive risk appetite is the knowledge that the organization is able to manage risks effectively.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	X
3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 The Risk Register identifies a number of risks that have a potential financial impact.

1.7.3 The Risk Register identifies a number of risks that will impact on and need to be managed by, staff.

1.7.4 The Risk Register identifies a number of risk that have potential legal implications.

1.8 Conclusions

1.8.1 A draft Strategic Risk Register has been compiled to reflect the risks identified by Members and senior managers. The register now needs to be formally adopted, ownership and accountability needs to be clear and proper arrangements need to be put in place to monitor and report progress on the management of strategic risk.

1.9 Relevant Documents

1.9.1 Appendices

Appendix 1: Maidstone BC Strategic Risk Register – 2013 to 2015

Appendix 2: Risk Prioritization Matrix

1.9.2 Background Documents

Cabinet Members Strategic Risk Register Refresh – Draft workshop report – January 2013 – Zurich Management Services Ltd.

<b><u>IS THIS A KEY DECISION REPORT?</u></b>			
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, when did it first appear in the Forward Plan?			
.....			
This is a Key Decision because: .....			
.....			
Wards/Parishes affected: .....			
.....			



# Appendix 1

## Maidstone BC Strategic Risk Register- 2013 to 2015

### Risk Scenario 1: Having the right resources which are used in the right way

Risk Description:	Having the right resources which are used in the right way				
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact	Risk Owner	
<p>A number of factors will impact on whether the Council has the right corporate and political structure plus resources to realise the Council's ambitions.</p> <ul style="list-style-type: none"> <li>• The ability of the Council to align resources to ambitions</li> <li>• Having the right strategy and right political and corporate decision making process</li> <li>• The ability of policy to keep pace with political ambition</li> <li>• Chancellor's 2012 Autumn Statement</li> <li>• The Comprehensive Spending Review in 2015</li> <li>• Council tax reform</li> <li>• Workforce planning</li> </ul>	<p>(a) Fail to get resources needed</p> <p>(b) Try to get resources in a way that puts financial resilience at risk</p> <p>(c) Successful external challenge e.g. under the localism agenda that hasn't been anticipated</p> <p>(d) Fail to get decision making process right</p>	<ul style="list-style-type: none"> <li>• Misallocation of resources</li> <li>• Fail to deliver on ambitions</li> <li>• Lack of financial resilience</li> <li>• Loss of skillset</li> <li>• Fail to meet statutory requirements</li> <li>• Open to legal challenge</li> <li>• Threat to officer / member relationship</li> </ul>	<p><b>(a)</b> Very high (6) / Severe (3)</p> <p><b>(b)</b> Low (3) / Severe (3)</p> <p><b>(c)</b> Low (3) / Severe (3)</p> <p><b>(d)</b> Low (3) / Severe (3)</p>	<p><b>PR/AB /CG</b></p>	

<ul style="list-style-type: none"> <li>Ability of the Council to generate income through commercial ventures</li> <li>Asset management plans</li> </ul>	(e) Divergence of officer advice and member views, ambitions and expectations		<b>(e)</b> Low (3) / Severe (3)	
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### Risk Scenario 2: Resident satisfaction with place and the way that services are provided

<b>Risk Description:</b>	Delivering services in a way that increases the satisfaction of residents with the place where they live			
<b>Vulnerability / Contributing factors</b>	<b>Trigger(s) / Event(s)</b>	<b>Potential Impact / Consequences</b>	<b>Likelihood / Impact</b>	<b>Risk Owner</b>
<p>The Council is aiming to increase satisfaction with Maidstone as a place to live and is developing its customer service delivery model to contribute to this. Communication with customers is a key part of this.</p>	<p>(a) Fail to understand what residents want for the area or the services they expect from the Council</p> <p>(b) The Council fails to deliver the services in a way that will improve resident's satisfaction with the place that they live.</p>	<ul style="list-style-type: none"> <li>Customer satisfaction declines</li> <li>Reputation declines</li> <li>Financial implications</li> <li>People can't access what they need</li> </ul>	<b>(a)</b> Low (3) / Severe (3)	TBA
			<b>(b)</b> Low (3) / Medium (2)	

### Risk Scenario 3: Economic downturn / austerity agenda

Risk Description:	Having the ability to respond to the impact of the economic downturn / austerity agenda				
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact	Risk Owner	
<p>The economic downturn / austerity agenda has significant implications for the Council and the community. These include:</p> <ul style="list-style-type: none"> <li>• An increasing demand for services but limited resources to respond to this</li> <li>• Wealth in the town and borough declining</li> <li>• Worklessness and homelessness increases</li> <li>• Less money available (including benefits) to distribute across the community</li> <li>• Areas and depth of deprivation increasing</li> <li>• A recasting of relationships between the Council and other public sector providers</li> </ul> <p>There are also concerns about parts of the community being left behind when the economy begins to recover.</p>	<p>(a) Council unable to respond to demand and cost shunting from other parts of the public sector</p> <p>(b) The economic downturn continues / prevention intervention fails to work / unable to plan for this more positively</p> <p>(c) Opportunities for investment are missed</p>	<ul style="list-style-type: none"> <li>• Financial pressure for the Council</li> <li>• Limited employment opportunities</li> <li>• Borough less attractive</li> <li>• Development may be accepted at any cost</li> <li>• Disinvestment in the area</li> <li>• Increasing crime/Anti Social Behaviour</li> <li>• Failure to deliver on strategic objectives</li> </ul>	<p><b>(a)</b> Significant (4) / Severe (3)</p> <p><b>(b)</b> Significant (4) / Severe (3)</p> <p><b>(c)</b> Low (3) / Severe (3)</p>	<p><b>ZC/JW /MG</b></p>	

### Risk Scenario 4: Creating the place we want to be

<b>Risk Description:</b>	Having the ability to create the place we want to be – through developing and delivering the core strategy			
<b>Vulnerability / Contributing factors</b>	<b>Trigger(s) / Event(s)</b>	<b>Potential Impact / Consequences</b>	<b>Likelihood / Impact</b>	<b>Risk Owner</b>
<p>The core strategy for creating the place we want to be (including the economic development strategy and spatial expression of the vision) needs to be developed and adopted.</p> <p>Implementing the strategy will also require securing significant investment in the local economy including in infrastructure.</p>	<p>(a) Fail to secure an effective and agreed vision / strategy</p> <p>(b) Fail to deliver the strategy leading to unplanned development of place</p> <p>(c) Fail to secure the right investment and appropriate levels of resources from the private and public sector</p>	<ul style="list-style-type: none"> <li>• Unplanned / harmful development</li> <li>• Unmet housing/employment / infrastructure needs</li> <li>• Legal challenges</li> <li>• Financial implications</li> <li>• Reputation undermined</li> <li>• Economic prosperity undermined</li> </ul>	<p><b>(a)</b> Significant (4) / Severe (3)</p> <p><b>(b)</b> Significant (4) / Severe (3)</p> <p><b>(c)</b> Significant (4) / Severe (3)</p>	<b>DE/SP</b>

## Risk Scenario 5: Delivering services in partnership with others

Risk Description:	Delivering services in a different way			
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact	Risk Owner
<p>The way that services are delivered is changing due to changing needs and resources. This includes demands for efficiencies leading to cuts in some services.</p> <p>The Council may also become less flexible in how services are delivered as a result of an increase in partnership working and therefore needs to ensure that arrangements are fit for purpose and are future proofed.</p> <p>In this context the Council also needs to manage changing governance arrangements and ensure that the workforce is fit for purpose to deliver and is bought into the changes.</p> <p>The MKIP partnership currently provides a significantly large (and growing) means of delivering services; governance</p>	(a) Wrong choices are made about service delivery models	<ul style="list-style-type: none"> <li>• Political confidence reduces</li> <li>• Financial and human resource implications</li> <li>• Adverse impact on service delivery</li> <li>• Uncertainty as to how a service will be delivered in the future</li> <li>• Tensions with partner organisations</li> <li>• Reputation undermined</li> </ul>	<b>(a)</b> Low (3) / Medium (2)	<b>AB/CG</b>
	(b) Other organisations are not interested in working in partnership		<b>(b)</b> Significant (4) / Medium (2)	
	(c) The network of different arrangements is too complex or inflexible to manage effectively		<b>(c)</b> Significant (4) / Medium (2)	
	(d) A partner fails to deliver or withdraws from an arrangement		<b>(d)</b> Low (3) / Severe (3)	

arrangements need to reflect both the growth and evolution of MKIP and be fit for future development of the partnership				
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### Risk Scenario 6: Impacts arising from political change

<b>Risk Description:</b>	Impacts arising from political change of administration / direction at a national or local level			
<b>Vulnerability / Contributing factors</b>	<b>Trigger(s) / Event(s)</b>	<b>Potential Impact / Consequences</b>	<b>Likelihood / Impact</b>	<b>Risk Owner</b>
A political change of administration / direction at a national or local level between now and 2017 could lead to a significant change in policy direction.	A significant unforeseen change in direction for the Council requiring a cultural change for staff and public and a need to significantly realign resources	<ul style="list-style-type: none"> <li>• Service delivery suffers</li> <li>• Cost implications</li> <li>• Impact on customer satisfaction</li> <li>• Can't immediately change to meet the new agenda</li> <li>• Have to focus internally rather than externally reducing capacity for engagement with the public and businesses in the borough</li> <li>• Conflict between local and national priorities</li> </ul>	Significant (4) / Severe (3)	AW/CG

## Appendix 2

### Maidstone BC Strategic Risk Register – 2013 to 2016

#### Risk Prioritisation Matrix

Maidstone Borough Council has identified six risk scenarios, some of which contain several individual risks. The risks have been prioritised using the matrix below. These represent the key risks that the Council faces in delivering its objectives. The risks will be managed by the nominated Senior Managers to the satisfaction of the respective Portfolio Holder, and will be regularly reviewed by the Corporate Leadership Team, Cabinet and the Audit Committee.

The risks were prioritised in term of residual risk by taking account of actions and controls which are already in place to manage the risks.

Risk 1: Having the right resources which are used in the right way

Risk 2: Resident satisfaction with place and the way that services are provided

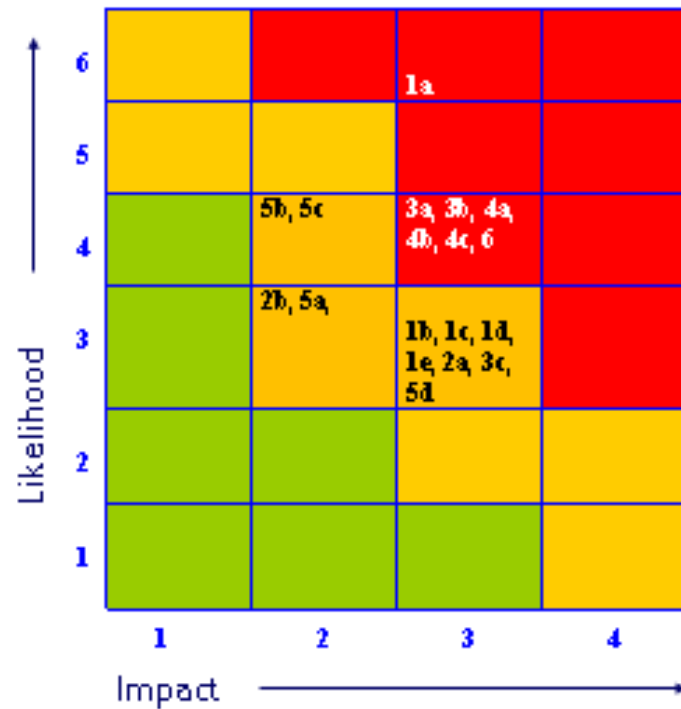
Risk 3: Economic downturn/austerity agenda

Risk 4: Creating the place we want to be

Risk 5: Delivering services in partnership with others

Risk 6: Impacts arising from political change

## Risk Prioritisation matrix



### Likelihood:

6 = Very High

5 = High

4 = Significant

3 = Low

2 = Very Low

1 = Minimal

### Impact:

4 = Major

3 = Severe

2 = Medium

1 = Negligible



## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

### **REPORT OF HEAD OF CHANGE & SCRUTINY**

**Report prepared by Clare Wood**

#### **1. KEY PERFORMANCE INDICATORS MONITORING REPORT QUARTER 3**

##### 1.1 Issue for Decision

1.1.1 Cabinet is asked to consider progress made in the third quarter of 2012/13 on the council's key performance indicators (KPIs).

##### 1.2 Recommendation of Head of Change & Scrutiny

1.2.1 That Cabinet:

- a) Note the out-turns of the KPIs (Appendix A), definitions are included for reference at Appendix B;
- b) Note the areas that have been rated red and are unlikely to meet the annual target (all of which have action plans at Appendix D), the following indicators have been identified as unlikely to achieve the annual target by more than 10%:
  - CTC 001 – Average wait time for calls into contact centre;
  - HSG PS 002 – Number of homes occupied by vulnerable people made decent.
- c) Review progress made on KPI action plans for Housing and the Contact Centre that were requested for underperforming indicators at quarter 1 at Appendix D;
- d) Agree any other areas where service representation or further actions are required to understand and/ or improve performance; and

- e) Agree those services with indicators rated red reporting to Corporate Services Overview and Scrutiny Committee.

### 1.3 Reasons for Recommendation

- 1.3.1 The Council has set 57 Key Performance Indicators (KPIs) in the Strategic Plan 2011-15. There are 28 indicators that can be reported at quarter 3 to check if the Council is on track to meet its targets. In addition there are 18 annual indicators, two bi-annual indicators and 9 biennial indicators.
- 1.3.2 The Council's quarterly performance reporting cycle is aligned with financial reporting to enable it to effectively oversee financial performance against corporate priorities and assess whether value for money is being achieved in the delivery of services. The Budget Monitoring Report shows a £244,000 underspend.

### 1.4 Context

- 1.4.1 The Council uses a range of information to manage performance, including actions and performance indicators.
- 1.4.2 The Council's top-level indicators are referred to as Key Performance Indicators (KPIs), are set in the Strategic Plan and linked to the Strategic Outcomes and Priorities. Both the strategic actions and KPIs were reviewed and the number of KPIs reduced last year by Cabinet. These will continue to be reviewed annually to ensure that they are aligned with the Council's priorities.
- 1.4.3 In order to provide a 'picture' of Maidstone a borough profile (Appendix C) has been created to provide some contextual detail about the borough and help understand what is distinct about Maidstone.

### 1.5 Performance Summary

- 1.5.1 Appendix A shows out-turn data for all indicators that can be collected quarterly. Some indicators are collected annually; these indicators are therefore not included in this report.
- 1.5.2 Where an indicator is new and there is no quarterly 2011/12 data, no directional arrow can be given. The direction of performance for pre-existing indicators compares the current out-turn for quarter 3 with the 2011/12 quarter 3 out-turn.

1.5.3 The following tables show the status of performance indicators in relation to target and direction.

	Green	Amber	Red	Total
KPIs	13 (46.4%)	13 (46.4%)	2 (7.2%)	28

	Improved	Declined	N/A <sup>1</sup>	Total
KPIs	12 (44.5%)	15 (55.5%)	1	28

Overall, 46.4% of performance indicators have been rated green (currently on target) compared to 55% at the same point in 2011/12, positively only 7.2% of indicators are rated red. However; using percentages to compare performance does not, in this case give a true picture of the direction of performance. In fact at the quarter 3 report in 2011/12 only 11 indicators were rated green. Performance is comparable with last quarter when 29 KPIs were reported, 15 of which were green, 9 amber and 4 red (1 were n/a).

1.5.4 Of the 27 KPIs where a direction of travel (direction of performance) can be assessed, 44.5% (12) have improved. When quarter 3 results for this year were compared with those for 2011/12 it showed that in 2011/12, only 15% (2) indicators reported had improved.

1.5.5 At the quarter 3 point in 2011/12 there were 11 indicators rated green, eight rated amber and one red. For two indicators performance had improved, eleven had declined and eleven indicators could not be rated as there was no previous data or they were data only performance indicators. The lack of previous data made it difficult to make comparisons.

1.5.6 The two indicators that are rated red in this report were also rated red in the previous quarterly performance reports for 2012/13. Action plans are already in place for these indicators and Cabinet will need to consider if there are any further action plans required to address performance concerns.

1.5.7 It should be noted that at the end of 2011/12, 63% of all KPIs achieved their annual targets and 57% of out-turns had improved since the previous year. Each year all targets are reviewed and where possible targets are increased to ensure continuous improvement so that targets are challenging, targets are not

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<sup>1</sup> N/A figures are not included in percentage calculations

amended during the year but where priorities have changed service managers are asked for provide comments.

- 1.5.8 At present the Quarterly Performance Report goes to Corporate Services Overview and Scrutiny Committee following consideration by Cabinet. In order to ensure poor or declining performance is addressed in a robust and consistent way it is recommended that formulation of an action plan, including an explanation of root causes, actions taken to date and attendance at Overview & Scrutiny Committee should be mandatory for those managers with indicators that have been rated red.

### **A growing economy**

- 1.5.9 There are five indicators relating to this priority that can be reported quarterly. Three have been rated amber and two have been rated green.
- 1.5.10 Both transport indicators that can be reported quarterly for the outcome 'A transport network that supports the local economy' have been rated amber for the third consecutive quarter running.
- 1.5.11 The number of onboard Park & Ride (P&R) transactions (PKG 007) is likely to marginally miss the annual target. The service has tried to mitigate the situation with the removal of one bus and an adjustment to timetables which will save £30,000 for 2012/13 and £121,000 in 2013/14. However; this will not mitigate the shortfall in income for this year. Actions to improve the P&R service are being reported separately to the Cabinet Member but it should be noted that P&R usage has been declining for the last three years by approximately 8% each year.
- 1.5.12 Income from pay and display car parks (PKG 002) has also marginally missed target for the third quarter in a row. The year to date shortfall per space is £20.00. In contrast to this the income from on street pay and display parking spaces is above target and should therefore mitigate the car park shortfall.
- 1.5.13 The percentage of people claiming jobseekers allowance (LVE 002) has achieved the quarterly target for the first time this year. At the mid -year point Maidstone was 6<sup>th</sup> out of the Kent districts for this indicator and has since moved up to 5<sup>th</sup>. At this stage it is difficult to predict if the target will be achieved as Maidstone is a retail hub and several national firms with outlets in the town centre have recently gone into administration.
- 1.5.14 Maidstone is still a desirable location for business which is evidenced through enquires to the Locate in Maidstone website

(LVE 001) which have already exceeded the annual target. Those that do choose Maidstone as a location for business can also be assured that their commercial planning applications (DCV 001) will be dealt with in a speedy manner with 92.31% of applications for the year to date completed within statutory timescales. It should also be noted that the number of vacant properties in Maidstone High Street has reduced from 9 properties in 2010/2011 to 5 properties in 2012/2013.

### **A decent place to live**

- 1.5.15 There are eleven indicators supporting the priority for Maidstone to be a decent place to live, five of which have been rated green, five have been rated amber and one rated red.
- 1.5.16 The housing team continues to perform under pressure. Although the number of households prevented from becoming homeless achieved the quarterly target this is not sufficient to put the indicator back on track to achieve the annual target. Cabinet requested an action plan at quarter 1 an update on which is included at Appendix D. The continued pressure on the service can also be seen through the increase in the average time taken to process and notify applicants on the housing register (HSG 004) which has more than doubled from 1.5 days at quarter 2 to 3.6 days.
- 1.5.17 The removal of the centralized grants for thermal comfort continues to impact on the number of homes made decent (HSG PS 002). The annual target for this indicator will not be achieved as previously reported to Cabinet. To provide a better idea of the work the team do in this area it has been identified that a total of 110 homes since the start of the financial year have had enhancements/work undertaken which resulted in improvements to residents' health, safety and or welfare. It should also be noted that the housing service is making good progress with the affordable homes agenda with 170 delivered to date for 2012/13, with the annual target of 200 expected to be exceeded.
- 1.5.18 The out-turns for both waste and recycling indicators (WCN 005 and WCN 001) have both been rated amber. The service manager has identified that food waste and recycling decreased in October and November however; some of this was expected as garden waste usually falls over the winter months. An increase in the amount of waste produced has also been identified and additional monitoring is being carried out to identify the causes. It is likely that the residual household waste (WCN 005) will marginally miss the target.

- 1.5.19 The Council is performing well on responding to reports of fly-tipping (DEP 007) and it does not appear that the changes at Tovil household waste recycling site have had a significant impact on fly-tipping as the number of reports received are comparable to previous months. .

### **Corporate & customer excellence**

- 1.5.20 There are twelve indicators under the priority Corporate & Customer Excellence of which five have been rated green, six have been rated amber and one has been rated red.
- 1.5.21 At quarter 1 Cabinet requested action plans for the average wait time for calls into the contact centre (CTC 001) and the percentage of visitors to the Gateway responded to by a Customer Service Advisor within 20 minutes (CTC 002), updates on these are included at Appendix D. In both areas performance has improved compared to the previous quarters for 2012/13. It is still unlikely that the annual targets will be achieved as the Gateway is currently under resourced and there could be a delay to the implementation of the automated switchboard both of which would have significant impact on this indicator. However, recruitment is planned to increase the resources in customer services.
- 1.5.22 Both Council Tax and Non-Domestic collection rates are marginally behind target (R&B 005 and R&B 006). A similar position is being reported by other Kent districts and the Council has a robust timetable in place for recovery. The wider implications of not achieving the targets are highlighted in the Budget Monitoring Report. However it should be noted that amongst the Kent authorities Maidstone achieved the highest collection rate for the year to date for Council Tax.
- 1.5.23 Sickness absence has been rated as amber and is unlikely to meet the annual target. There are currently a number of staff that are on long term sick due to illness and surgery all of these have been referred to occupational health and the Human resources team continues to work with managers to help them manage sickness.
- 1.5.24 The Council's performance in relation to finances is improving. The Revenues and Benefits team have exceeded the annual total for identifying fraud (R&B 007) and the percentage of financial transactions not carried out online or by direct debit/standing order is also likely to exceed the target.

1.6 Alternative Action and why not Recommended

1.6.21 The strategic actions and KPIs reflect local priorities and measure progress towards the Council's Strategic Outcomes. They are the Council's top level actions and indicators and are part of the Council's Strategic Plan.

1.6.22 Not monitoring progress against the Strategic Plan 2011-15 could mean that the Council fails to deliver its priorities and would also mean that action could not be taken effectively to address performance during the year.

1.7 Impact on Corporate Objectives

1.7.21 The Strategic Actions and Key Performance Indicators are part of the Council's overarching Strategic Plan 2011-15 and play an important role in the achievement of the corporate objectives as well as covering a wide range of service and priority areas; for example, waste and recycling.

1.8 Risk Management

1.8.1 The production of robust performance reports contributes to ensuring that the view of the council's approach to the management of risk and use of resources is not undermined and allows early action to be taken in order to mitigate the risk of not achieving targets and outcomes.

1.9 Other Implications

1.	Financial	X
2.	Staffing	X
3.	Legal	
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	X
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

## **Financial**

- 1.9.1 Performance indicators and targets are closely linked to the allocation of resources and determining good value for money.
- 1.9.2 The financial implications of any proposed changes are also identified and taken into account in the Council's Medium Term Financial Plan and associated annual budget setting process with performance issues highlighted as part of the budget monitoring reporting process.

## **Staffing**

- 1.9.3 Having a clear set of targets enables staff outcomes/objectives to be set and effective action plans to be put in place.

## **Environmental**

- 1.9.4 The actions and indicators cover and are used to monitor a number of priority areas.

### Relevant Documents

Strategic Plan 2011-15

### Appendices

Appendix A –KPI Quarter 3 Performance Report - 2012/13

Appendix B – Indicator Definitions 2012/13

Appendix C – Borough Profile

Appendix D – Action Plans



**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, when did it first appear in the Forward Plan?

.....

This is a Key Decision because: .....

.....

Wards/Parishes affected: .....

.....

# KPI Quarter 3 Report

## Appendix A

PI Status		Direction (D)	
	Alert		Improving
	Warning		No Change
	OK		Getting Worse
	Unknown		

For Maidstone to be a growing economy

**Objective 1.** A transport network that supports the local economy

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
000	Number of onboard Park & Ride bus transactions	121,960	94,034	98,421	114,556	115,500		420,000	307,011	Jeff Kitson		
PKG 007	<p>Bus transactions have fallen short of target reflecting the effects of the economic downturn and the general decline of footfall in town centres. The targets for this indicator are profiled to take into account the seasonal fluctuation in usage. The third quarter is normally the best performing due to Christmas shoppers a trend that has continued. However; looking at the historic and year to date data it is likely that the annual target will be marginally missed, and that the expected income from the service will not be achieved. Assessment of the data shows that usage declines by approximately 8% per year.</p>											
PKG 002	Income from pay and display car parks per space	£304.39	£277.14	£273	£304.15	£310.64		1,153.19	854.29	Jeff Kitson		
PKG 002	<p>Pay and Display car park occupancy levels are slightly down on predicted levels due to the continued effects of the economic downturn. So far for 2012/13 each quarter's target has been marginally missed. The actual shortfall at this stage is £20.00 per space, however; short stay on-street Pay &amp; Display parking remains good and is performing above income expectation.</p>											

**Objective 2. A growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy**



PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
LVE 002	Percentage of people claiming Job Seekers Allowance	2.6%	2.5%	2.5%	2.4%	2.4%		2.4%	2.6%	John Foster	↑	✔
	The South East average is also 2.4%. Maidstone is currently 5 <sup>th</sup> out of the Kent districts whereas at quarters one and two Maidstone was sixth out of the Kent districts.											
DCV 001	Percentage of commercial planning applications completed within statutory timescales	86.67%	83.33%	94.12%	96.15%	90.00%		90.00%	92.31%	Rob Jarman	↑	✔
LVE 001	Number of visits to locate in Maidstone website	1524	2135	2308	2084	1375		5500	6527	John Foster	↑	✔

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For Maidstone to be a decent place to live

**Objective 3. Decent, affordable housing in the right places across a range of tenures**

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
HSG 001	Number of affordable homes delivered (gross)	20	100	37	33	47		200	170	John Littlemore	↑	✔
	Despite the third quarter's target being missed due to 50% of the target being delivered at quarter 1 the service is still expected to exceed the annual target.											
HSG PS 002	Number of homes occupied by vulnerable people made decent	49	23	3	12	41		180	38	John Littlemore	↓	✘
	Removal of centralised grants related to energy efficiency has resulted in a lower number than anticipated interventions this year. Poor thermal comfort is the main cause of homes not being decent in non social housing stock. The current definition focuses on the age of certain building elements and components rather than fitness for purpose which over-represented the effectiveness of interventions. In order to provide a fuller picture of how the service is performing it should be noted that in the year to date there have been 110 private rented sector dwellings where the council's interventions have resulted in improvements to residents' health, safety, and/or welfare to											

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
	provide a baseline for a future indicator. Due to the poor performance of this indicator in previous quarter's Cabinet requested an action plan at quarter an update on which is at Appendix D.											
DCV 003	Percentage of residential planning applications processed within statutory timescales	71.74%	84.85%	75.00%	59.62%	78.00%		78.00%	71.53%	Rob Jarman		
	Of the 52 applications determined within the period, 31 were determined within statutory timescales. There were 6 major residential applications that were determined this quarter of which five were delayed through the completion of a Section 106 agreement and a significant number of minor residential applications that were determined had to go to planning committee. During quarter 3 the team wasn't fully resourced and it is expected that this will be the case for the remainder of the financial year. An appointment has been made but at this stage it is expected that the annual target will not be achieved.											

**Objective 4. Continue to be a clean and attractive environment for people who live in and visit the borough**

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
WC N 005	Residual household waste per household (NI 191)	116.31	110.61	108.56	119.51	110.00		440.00	338.68	Jennifer Shepherd		
	The kg of waste per household is higher this quarter due to a significant decrease in recycling and additional household waste due to Christmas. It is expected that the annual target will be marginally missed.											
WC N 001	Percentage of household waste sent for reuse, recycling and composting (NI 192)	44.62%	47.40%	47.60%	41.61%	46.00%		46.00%	46.13%	Jennifer Shepherd		
	This quarter the recycling rate is significantly lower than the previous due to a drop in garden waste and an increase in waste produced. Additional monitoring will be carried out to identify why additional refuse is being collected. Food waste and recycling has also decreased this quarter. This quarter is always lower than other quarters due to seasonal trends and the Christmas period causing additional waste production. It is expected that the annual target could be achieved.											
DEP 001	The percentage of relevant land and		1.66%	1.67%	1.67%	1.70%		1.70%	1.67%	Jonathan Scott		

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
	highways that is assessed as having deposits of litter that fall below an acceptable level (NI 195a)											
DEP 007	Percentage of fly-tipping reports responded to within one working day	99.66%	99.69%	99.70%	99.14%	99.00%		99.00%	99.50%	Jonathan Scott	↓	✓
DCE 001	Percentage of planning enforcement cases signed off within 21 days	78.57%	81.82%	92.06%	95.12%	92%		92%	86.54%	Rob Jarman	↑	⚠
	The problems that the team experienced earlier this year in relation to staff resources and the need to clear a backlog of cases has been resolved. Despite this combined with improved performance compared to the same period last year and compared to the previous quarter for this year, it is still expected that the annual target for this indicator will be marginally missed.											

**Objective 5.** Residents in Maidstone are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
R&B 004	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (NI 181)	8.00	11.17	12.38	10.16	15.00		15.00	11.28	Steve McGinnes	↓	✓
HSG 005	Number of households prevented from becoming homeless through the intervention of housing advice	117	110	127	204	150		600	441	Neil Coles	↑	⚠
	Although the quarterly target has been achieved and performance has improved compared to the same period last year it is expected that the annual target will not be achieved as previously reported. Following poor performance at quarter 1 Cabinet requested an action plan for this indicator, an update is included with this report at Appendix D, it should be noted that the deadline for the remaining											

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
	actions are not expected to be met by the original deadline but are expected to be completed by the end of the financial year.											
HSG 004	Average time taken to process and notify applicants on the housing register (days)	1.9	1.5	1.5	3.6	5.0		5.0	2.4	Neil Coles	↓	✓

Corporate and Customer Excellence

**Objective 6. Services are customer focused and residents are satisfied with them**

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
R&B 009 0172	Overall satisfaction with the benefits service	85.71%	84.87%	82%	85.98%	85%		85%	84.04%	Steve McGinnes	↑	⚠
	At this stage it is likely that the annual target could be achieved as the fourth quarter is historically the best performing. The Council Tax benefit survey carried out in quarter 2 and the surrounding news coverage has are considered to have impacted on satisfaction.											
CTC 001	The average wait time for calls into the Contact Centre	51.33	79	108	41	50		50	76	Sandra Marchant	↑	⚠
	The average wait time has improved significantly compared to the previous quarter to date. At quarter 2 an action plan was put in place to improve the performance of this indicator. An update on the action plan is included at Appendix D. It should be noted that the action that will have the greatest impact on the average wait time is the automation of the Council's switchboard which is due to be completed by end of January 2013.											
CTC 002	Percentage of Visitors to the Gateway responded to by a CSA within 20 minutes	86.81%	72.12%	69.14%	77.41%	80%		80%	72.7%	Sandra Marchant	↓	⚠
	Although December was a quiet month both October and November were busy. There was a 10% increase in the number of customers seeing an Advisor in this quarter compared to the same quarter last year. In addition this year there has been an increase of 26% in the number of casual callers seen at the Meet & Greet desk. This increase in casual callers is mainly attributable to the Gateway taking on the Arriva service from 19 November 2012. The Gateway Team have been operating with two vacant full time posts and have not											

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
	yet taken on the additional resource to help with the Arriva enquiries. This has put an added pressure on the rest of the team during this busy period. At quarter 2 Cabinet requested an action plan for this indicator an update on this action plan is at Appendix D. It is expected that the annual target will be marginally missed.											
C&S 002	Satisfaction with complaint handling	28.57%	45%	42.86%	43.75%	36.00%		36.00%	43.96%	Angela Woodhouse	↑	✓

**Objective 7. Effective, cost efficient services are delivered across the borough**

PI Ref	Indicator Description	Q3 2011/12	Q1 2012/13	Q2 2012/13	Q3 2012/13		Q4 2012/13	2012/13		Officer	D	YTD Status
					Value	Target		Target	Value			
R&B 005	Percentage of Non-domestic Rates Collected (BV 010)	87.44%	34.32%	60.08%	86.48%	87.47%		97.00%	86.48%	Steve McGinnes	↓	⚠
	The Revenues Team have maintained a robust billing and recovery process with bills despatched promptly and progressive action taken for all rates following the first missed payment. The reduction in collection is a symptom of the wider economic situation, with current collection rates above the average for Kent.											
R&B 006	Percentage of Council Tax collected (BV 009)	87.30%	30.10%	58.40%	86.98%	87.30%		98.30%	86.98%	Steve McGinnes	↓	⚠
	The Revenues Team have maintained a robust billing and recovery process with bills despatched promptly and progressive action taken for all rates following the first missed payment. The current collection rate is amongst the highest in Kent and the service is confident that collection during February and March will enable the service to achieve its annual target.											
CTC 004	Avoidable contact: the proportion of customer contact that is of low or no value to the customer (NI 14)	5.3%	6.2%	4.5%	3.6%	6.5%		6.5%	4.8%	Sandra Marchant	↑	✓

PI Ref	Indicator Description	Q3	Q1	Q2	Q3 2012/13		Q4	2012/13		Officer	D	YTD Status
		2011/12	2012/13	2012/13	Value	Target	2012/13	Target	Value			
R&B 007	Value of fraud identified by the fraud partnership	£387,636.55	£169,899.79	£261,385.81	£351,074.94	£125,000.00		£500,000.00	£782,360.54	Steve McGinnes	↓	✓
HRO 001	Working Days Lost Due to Sickness Absence (rolling year) (BV 12)	7.73	8.19	8.11	8.50	8.00		8.00	8.50	Dena Smart	↓	
BV 12	The main reason for the sickness figure not meeting the target of 8 days is because there currently are a few staff off long term who have been off for stress/depression and surgery. These staff have been referred to occupational health for reports regarding their current illness and whether they are able to return to work. Any advice we do receive from occupational health is passed over to the line manager and HR will assist the manager to manage the case in order to achieve a return to work date.											⚠
BIM 002	Percentage of financial transactions not carried out on-line or by direct debit/standing order	11.27%	10.35%	9.77%	9.03%	13.5%		13.5%	9.72%	Paul Riley	↑	✓
DCV 009	Percentage of planning decisions taken under delegation	95.59%	88.31%	93.30%	92.95%	94.50%		94.50%	91.61%	Rob Jarman	↓	
	A number of decisions were as a result of applications having to be reported to Planning Committee. Four of these applications were either made by the Council or on Council owned land, which contributed to the low performance this quarter. Performance for the year so far has been impacted on by the number of applications made by the Council or on Council owned land.											⚠
WC N 006	Missed bins	28.03	20.62	21.62	24.84	25		25	22.62	Jennifer Shepherd	↑	✓



## For Maidstone to have a growing economy

## Outcomes by 2015:

## 1. A growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer (attraction)	<b>LVE 003</b> Percentage of vacant retail units within the town centre	Annual	Aim to minimise	John Foster	Maidstone is a shopping centre of regional significance. Its continued attractiveness for businesses, visitors and shoppers is important to the prosperity of the Borough.
Customer (Service)	<b>DCV 001</b> Percentage of commercial planning applications completed within statutory timescales	Quarterly	Aim to maximise	Rob Jarman	To ensure that the Council determines commercial planning applications in a timely manner.
Process	<b>LVE 002</b> Percentage of people claiming Job Seekers Allowance	Quarterly	Aim to minimise	John Foster	JSA claimant count records the number of people claiming Jobseekers Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices. People claiming JSA must declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made. Measures the health of the jobs economy.
	<b>DCV 002 a)</b> Percentage of major business planning applications take-up of pre-applications advice <b>b)</b> Percentage of those taking pre-application advice where the applications were approved	Bi-annual	Aim to maximise	Rob Jarman	These indicators measure the take-up and quality of pre-application advice. Pre-application advice is being promoted by the team to ensure that developments are high quality and well designed.
Finance	<b>R&amp;B 002</b> Value of business rateable floor space	Annual	Aim to maximise	Steve McGinnes/ John Foster	The rateable value represents the open market annual rental value of a business/non-domestic property. This means the rent the property would be let for on the valuation date, if it was being offered on the open market.
Learning & Development	<b>KCC 003</b> Number of 16-18 year olds who are not in education, employment or training (NEETS) <b>(NEW)</b>	Annual	Aim to minimise	Sarah Robson	Non-participation in education, employment or training between the ages of 16 and 18 is a major predictor of later unemployment, low income, depression, involvement in crime and poor mental health.

KPI Explanations

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Learning & Development	<b>KCC 004</b> Working age people educated to NVQ level 4 of higher <b>(NEW)</b>	Annual	Aim to maximise	Sarah Robson	This indicator is needed because of the important role local authorities have with regard to economic development and the key part that skills and qualifications play in supporting economic development.
Learning & Development	<b>OUT 002.01</b> Local Development Framework and Core Strategy	Bi-annual	N/A	Rob Jarman	Create and deliver a Local Development Framework documents including a Core Strategy with the policies and land allocations that will create the right conditions for economic development.
Learning & Development	<b>OUT 002.02</b> Review Economic Development Strategy	Bi-annual	N/A	John Foster	Review the Council’s Economic Development Strategy to support the preferred options set out in the Local Development Framework and Core Strategy and identify the Council’s approach to supporting green business initiatives.

**2. A transport network that supports the local economy.**

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Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	<b>PKG 008</b> Percentage change in bus usage on services from Maidstone depot	Annual	Aim to maximise	Jeff Kitson	To assess the change in bus usage as part of the monitoring of the outcome ‘a transport network to support the local economy’. This indicator shows if more or less journeys are being made by buses. The source data is provided by Arriva and are global figures for their Maidstone depot –and cover sections of route beyond the boundary however they give a good indication of what is happening in the area.
Process	<b>KCC 001</b> Average journey time per mile for key routes (Congestion)	Annual	Aim to minimise	John Newington	This indicator takes advantage of recent technological developments to obtain an unprecedented level of detail about traffic conditions. It is an outcome based indicator, since it directly measures journey times. It can be tracked over time to see how a council is managing the road network, and how well it is managing the impact of changing demand for travel, and to assess the impact of its planned improvement. Consequently, the indicator enables an evidence-based, targeted approach to tackling congestion.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
	<b>PKG 007</b> Number of Park and Ride transactions	Quarterly	Aim to maximise	Jeff Kitson	The Indicator compares the on bus transaction figure (these are the cash sales to passengers boarding buses) on Park and Ride with the one for the same period of the previous year therefore, assessing fluctuations in the service usage.
Finance	<b>PKG 002</b> Income from pay and display car parks per parking space	Quarterly	Aim to maximise	Jeff Kitson	Pay and Display income is monitored closely - data collated daily will be used to calculate the income per parking space at each quarter of the financial year. Demonstrating income efficiency and usage in monetary terms.
Learning & Development	<b>OUT 001.01</b> Delivery of Integrated Transport Strategy	Bi-Annual	N/A	Rob Jarman	Deliver an integrated transport strategy (alongside the Core Strategy) in partnership with the transport authorities and operators which will result in joint working to improve and develop an effective and integrated transport network to meet future needs.

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**For Maidstone to be a decent place to live**

**3. Decent, affordable housing in the right places across a range of tenures.**

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	<b>DCV 003</b> Percentage of residential planning applications processed within statutory timescales	Quarterly	Aim to maximise	Rob Jarman	To ensure local planning authorities determine planning applications in a timely manner. This indicator measures the percentage of planning applications dealt with in a timely manner.
Process	<b>HSG 001</b> Number of affordable homes delivered	Quarterly	Aim to maximise	John Littlemore	To promote an increase in the supply of affordable housing. This indicator shows how many affordable homes have been delivered.
	<b>HSG 002</b> Number of homes occupied by vulnerable people made decent	Quarterly	Aim to maximise	John Littlemore	This is the number of homes occupied by vulnerable persons that have been made decent by various means throughout the year. The means include: Home Repair Grants, the National Warmfront Scheme, Energy Efficiency Grants (administered through CEN) and through enforcement recommendations.

KPI Explanations

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Finance	<b>DCV 007</b> Average cost of planning service per application	Annual	Aim to minimise	Rob Jarman	This indicator is to assess value for money in the planning processing expressed per application. Costs will exclude enforcement work.
Finance	<b>HSG 003</b> Average grant per MCB funded affordable home unit	Annual	N/A	John Littlemore	Total supply of all affordable dwelling completions built or acquired by RSLs (or other bodies) with financial support (grant) directly from the Council, i.e. all affordable homes delivered via schemes which MBC has contributed to, divided by the total grant paid. This will include any renovations or conversions (resulting in the provision of additional affordable dwellings).
Learning & Development	<b>SPT 004</b> Percentage of new homes built on previously developed land	Annual	Aim to maximise	Rob Jarman	To encourage the provision of additional housing on previously developed land and through conversions of existing buildings in order to minimise development on greenfield land.
Learning & Development	<b>OUT 003.03</b> Homelessness & vulnerable groups	Bi-annual	N/A	John Littlemore	Commission and provide services with partners that meet identified needs, reduce inequalities, are responsive and timely, promote stable, strong communities, self-reliance and encourage positive aspirations.

**4. Continues to be a clean and attractive environment for people who live in and visit the Borough.**

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	<b>DEP 004</b> Satisfaction with street cleaning (residents survey)	Biennial	Aim to maximise	Jonathan Scott	MBC recognises that the quality of place remains a priority to residents and drives how satisfied people are with their local area as a place to live. These indicators will provide MBC with a baseline of local satisfaction which will help us identify and address the sorts of issues affecting how residents feel about their local area.
Customer	<b>PKS 002</b> Satisfaction with Parks & Open Spaces (residents survey)	Biennial	Aim to maximise	Jason Taylor	
Customer	<b>DEP 007</b> Time taken to respond to reports of fly-tipping (clean environment)	Quarterly	Aim to minimise	Jonathan Scott	Fly-tipping is the common term used to describe waste illegally deposited on land as described under Section 33 of the Environmental Protection Act 1990. This indicator is to monitor the timely removal of illegal dumping of waste on relevant land and highways.

KPI Explanations

Appendix B

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Process	<b>DCE 001</b> Percentage of planning enforcement cases signed off within 21 days	Quarterly	Aim to maximise	Rob Jarman	To ensure a timely response to planning enforcement.
Process	<b>DEP 002</b> Local Street & Environmental Cleanliness a) Litter, b) Detritus (NI 195ab)	Quarterly	Aim to minimise	Jonathan Scott	The percentage of relevant land and highways that is assessed as having deposits of litter or detritus that fall below an acceptable level.
Process	<b>WCN 001</b> Percentage of household waste sent for reuse, recycling and composting (NI 192)	Quarterly	Aim to maximise	Jonathan Scott	The indicator measures percentage of household waste arisings which have been sent by the Authority for reuse, recycling, composting or anaerobic digestion. This is a key measure of local authorities' progress in moving management of household waste up the hierarchy, consistent with the Government's national strategy for waste management.
Finance	<b>PKS 001</b> Cost of maintaining the borough's parks and open spaces per head of population	Annual	Aim to minimise	Jason Taylor	To monitor the cost of maintaining the borough's parks and open spaces
Finance	<b>WCN 002</b> Cost of waste collection per household	Annual	Aim to minimise	Jonathan Scott	To monitor cost of municipal waste disposal, to ensure that good value for money is achieved while delivering a high quality service.
Finance	<b>DEP 003</b> Cost of street cleansing per head of population	Annual	Aim to minimise	Jonathan Scott	The cost of street cleansing per head of the residents of Maidstone is an indicator to show any changes in the cost of street cleansing.
Learning & Development	<b>WCN 005</b> Residual Waste per household (kg) (NI 191) <b>(NEW)</b>	Quarterly	Aim to minimise	Jonathan Scott	In line with the position of waste reduction at the top of the waste hierarchy, the Council wishes to see a year on year reduction in the amount of residual waste (through a combination of less overall waste and more reuse, recycling and composting of the waste that households produce). Local authorities have an important role to play in assisting their residents to reduce waste (as well as encouraging sorting of waste for recycling, re-use, home composting and other forms of home treatment of waste).

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Learning & Development	<b>CMP 001</b> Percentage CO2 reduction from local authority operations	Annual	Aim to maximise	Jonathan Newington	The public sector is in a key position to lead on CO2 emissions reduction by setting a behavioural and strategic example to the private sector and the communities they serve. The aim of this indicator is to measure the progress made by MBC to reduce CO2 emissions from the relevant buildings and transport used to deliver its functions and to encourage them to demonstrate leadership on tackling climate change.
Learning & Development	<b>OUT 004.04</b> Carbon Management Plan	Bi-annual	N/A	Jonathan Newington	Deliver the Carbon Management Plan to ensure that the Council reduces its carbon footprint by 3% per annum. Reduce the Council's carbon footprint and improve the use of other natural resources whilst ensuring the Council is planning to adapt to Climate Change.

5. *Residents are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced.*

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	<b>HSG 004</b> Average time taken to process and notify applicants on housing register	Quarterly	Aim to minimise	John Littlemore	Average time taken to process and notify housing register applicants per month, is measured using the date the application is processed, minus the date the application is received. A letter of notification is automatically sent on date of processing the production of which is included in this indicator. Only working days are counted.
Customer	<b>INT 001</b> Percentage of the Borough covered by Broadband	Annual	Aim to maximise	Dave Lindsay	A broadband internet connection is increasingly viewed as a vital utility at work and home – the electricity of the 21st century. A largely deregulated market means that broadband services are competitively priced. However, it also makes the provision of these services a commercial decision by Internet Service Providers (ISPs), often favouring the denser urban areas.

KPI Explanations

Appendix B

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Process	<b>R&amp;B 004</b> Average time taken to process new benefit claims and changes of circumstances	Quarterly	Aim to minimise	Steve McGinnes	HB/CTB of £19bn is paid to over 5 million low income households. Delays in the administration of these benefits can impact on some of the most vulnerable people in our society by: <ul style="list-style-type: none"> <li>• Leading to rent arrears and evictions</li> <li>• Preventing access to housing because landlords are reluctant to rent to HB customers</li> <li>• Acting as a deterrent to people moving off benefits into work because of the disruption to their claim</li> </ul>
Process	<b>HSG 005</b> Number of households prevented from becoming homeless through intervention	Quarterly	Aim to maximise	John Littlemore	To measure the effectiveness of housing advice in preventing homelessness or the threat of homelessness. Under section 179(1) of the Housing Act 1996 part VII, as amended by the Housing Act 2002, housing authorities have a duty to ensure that advice and information about homelessness and prevention of homelessness are available free of charge to anyone in their district.
Finance	<b>LVE 007</b> Gap between median wage of employee (residents) and the median wage of employees (workplace) (salary differences)	Annual	Aim to minimise	John Foster	Proxy indicator measure for increases in standard of living but also a measure of economic competitiveness with knowledge driven industries requiring higher skilled labour force and able to pay higher wages. Resident based wage levels in Maidstone are higher than the workplace based levels suggesting lower skilled and lower wage level local economy.
Learning & Development	<b>CDP 003</b> Percentage of residents participating in neighbourhood planning as a percentage of the ward population	Annual	Aim to maximise	Sarah Robson	Resident participation is important for successful neighbourhood planning. This indicator assesses what percentage of the ward population have been involved and participated in the process.
Learning & Development	Community Development Strategy Monitoring	Bi-annual	N/A	Sarah Robson	Establish a social return on investment model for the delivery of the Community Development Strategy to identify how and ensure that our community development services add value.

## Corporate and Customer Excellence

## Outcomes by 2015:

## 6. Services are customer focused and residents are satisfied with them. (Customer &amp; Resident Scorecard )

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	<b>COM 001</b> Percentage of residents satisfied with the way the Council runs it's services	Biennial	Aim to maximise	Roger Adley	MBC recognises that the quality of place remains a priority to residents and can influence how satisfied people are with their local area as a place to live. These indicators will provide MBC with an indication of local satisfaction which will help them identify and make improvements to the borough and to how services are delivered.
Customer	Percentage of residents satisfied with key services: <b>WCN 003</b> Doorstep recycling <b>WCN 004</b> Refuse collection <b>PKS 003</b> Maidstone Leisure Centre <b>PKS 002</b> Parks and open spaces <b>DEP 004</b> Street cleanliness	Biennial	Aim to maximise	Jonathan Scott & Jason Taylor	
Customer	<b>R&amp;B 009</b> Percentage of customers satisfied with benefits service	Quarterly	Aim to maximise	Steve McGinnes	The indicator is intended to gauge the level of customer satisfaction with how the benefit service operates.
Process	<b>COM 007</b> Percentage of residents that feel that the Council keeps them well informed about the services and benefits it provides.	Biennial	Aim to maximise	Roger Adley	One of MBC's key roles is to provide advice, therefore it is important to ensure that residents and customers can easily access and understand the information that we provide. These indicators demonstrate the levels of satisfaction with of our communications.
Process	<b>CTC 001</b> Average wait time for calls (against a target of 50 seconds)	Quarterly	Aim to minimise	Sandra Marchant	This indicator is the average wait time a customer telephoning the Contact Centre has to wait before being answered by a Customer Service Advisor.
Process	<b>CTC 002</b> Percentage of customers to the Gateway seen within 20 minutes	Quarterly	Aim to maximise	Sandra Marchant	This indicator is the percentage of visitors to the Gateway responded to within 20 minutes by a Customer Service Advisor. The aim is to keep customers wait times to a minimum and to improve access to Council services.
Finance	Percentage of residents agreeing that the Council provides value for money (Residents Survey) <b>(NEW)</b>	Biennial	Aim to maximise	Paul Riley & Roger Adley	This indicator measures the extent to which residents feel that the Council is providing value for money. The Council has a duty provide services that are cost efficient.



Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Learning & Development	<b>C&amp;S 002</b> Percentage of those making complaints satisfied with how their complaint was handled	Quarterly	Aim to maximise	Angela Woodhouse	The indicator is intended to gauge the level of customer satisfaction with the complaints process.

**7. Effective, cost efficient services are delivered across the borough.**

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	<b>WCN 006</b> Number of missed bins per 100,000 collections	Quarterly	Aim to minimise	Jonathan Scott	This indicator monitors the performance of the contractor and ensures that the service delivers quality and that changes are communicated properly to residents.
Customer	<b>DCV 009</b> Percentage of decisions taken under delegation	Quarterly	Aim to maximise	Rob Jarman	This is the percentage of planning decision that have been undertaken by Officers without going through Planning Committee.
Process	<b>R&amp;B 006</b> Percentage of Council tax collected	Quarterly	Aim to maximise	Steve McGinnes	These two indicators monitor the collection of Council Tax and NNDR against the target, the collection of which is a key local authority function.
Process	<b>R&amp;B 005</b> Percentage of business rates collected	Quarterly	Aim to maximise	Steve McGinnes	
Finance	<b>R&amp;B 007</b> Value of fraud identified (Housing benefits) (Efficiency)	Quarterly	Aim to maximise	Steve McGinnes	To demonstrate the efficiency of the Revenues and Benefits team in identifying fraud.
Finance	<b>BIM 002</b> Percentage of financial transactions not carried out on-line or by direct debit/standing order	Quarterly	Aim to minimise	Georgia Hawkes	This is a test of value for money. Payments made on-line or by direct debit, standing order or direct credit cost the Council much less to process than payments made over the phone or cash or cheques sent in the post or deposited at the payment kiosks.
Learning & Development	<b>CTC 004</b> Percentage of customer contact that is avoidable (NI 14).	Quarterly	Aim to minimise	Sandra Marchant	This indicator measures the percentage of contact with the Council that is deemed avoidable i.e could be obtained through another channel, for example phone calls regarding information that is available on the website.
Learning & Development	<b>HRO 001</b> Working Days Lost Due to Sickness Absence (rolling year) (BV 12)	Quarterly	Aim to minimise	Dena Smart	To monitor the level of sickness absence in local authorities.
Learning & Development	Corporate Improvement Plan delivery	Biannual	N/A	Georgia Hawkes	Deliver the actions set out in the Corporate Improvement Plan. Actions are derived from various sources including external and efficiency reviews.



## Maidstone Profile

### Maidstone -The People

The total population of Maidstone is 155,200<sup>1</sup> people. Just over half the population is female (50.7%) and 49.3% of the population is male. The largest ethnic group in Maidstone is White (93.3%). The largest single BME ethnic group is Indian at 1% (1,500)<sup>2</sup>.

Maidstone has a marginally lower proportion of over 75's with only 7.86% compared to the Kent average of 8.7%. The town has the highest percentage and actual population aged between 25-29 years old, accounting for 6.25% of the total population for Maidstone (9,700 people), the Kent average is 5.45%. The same is true for the age group 30-34 year olds with this group accounting for 6.19% of the population (9,600 people) compared to the Kent average of 5.6%. Maidstone has a lower number of people aged 15-19 with only 5.99% compared to the all England figure of 6.30%. This bucks the trend for Kent where overall this group makes up 6.56% of the population. Maidstone borough has slightly more men aged between 25 and 54 compared to the Kent average, however, when comparing the results for Maidstone to the all England results males 40-54 years old are slightly better represented in Maidstone. The prison and barracks in Maidstone could account for this.

Educational attainment is high with over 34% of the population being educated to NVQ level four or higher.

### Maidstone - The Households

With 64,940 households Maidstone has the greatest number of dwellings in the County, Maidstone has a higher than average percentage of semi detached dwellings (35.65% of the total housing stock, compared with 31.99% respectively), and fewer terraced houses (only 23.93% while the KCC area has 25.73%).

Dwelling Type	Average Price 2011
Detached	360,217
Semi Detached	210,372
Terraced	179,005
Flat/Maisonette	138,208

In October 2011 there were 530 long term vacant dwellings in Maidstone accounting for 7.5% of all long term vacant dwellings in Kent. The majority of properties (53.35%) in the borough are in Council Tax bands C and D. In terms of Council Tax Maidstone has the third highest average rate per dwelling for Council Tax (band D) in Kent (£1430 including parish precepts).

The number of people claiming benefits in Maidstone is broadly consistent with the overall figures in the KCC Area; 9.0% of the total working population (aged 16-64) are on out-of-work benefits. Of the out-of-work benefits being claimed in Maidstone, more people are claiming Incapacity Benefit (51.5%) than Jobseekers Allowance (30.7%).

<sup>1</sup> 2011 Census

<sup>2</sup> 2009 Mid-year Population Estimates, Office of National Statistics

Six of the 92 Lower Super Output Areas are areas that are amongst the top 20% most deprived areas in England. 14.5% of children under 16 in Maidstone are living in poverty; this is lower than the figure for the KCC area which is 18.5%.

## Maidstone - the Economy

Of the total population, 99,100 (63.6%) people are aged 16-74 and considered of working age. 81.5% of people are economically active, of which 78.3% of people are in employment and 2.5% unemployed. The wage gap between work based and resident based earning is currently £73.40; the difference between male and female resident based earnings per week in Maidstone is £155.30.

The main industries in Maidstone are construction, followed by Professional, Scientific and Technical industries and Retail. The borough also has a growing medical sector with a new private hospital currently being built. Maidstone town centre is also home to the Kent Country Council and Maidstone Borough Council offices with 19,700 residents employed by the public sector, research by KCC shows that it is expected that there will be a 1,490 job losses in this sector between 2011 and 2015.

There are 6,600 VAT registered businesses in the borough, and 62.4% of new businesses survive at least three years compared to the KCC area average of 63.8%.

## Maidstone – Health & Community Safety

There was a net population increase in 2010 (1,880 births compared to 1,431 deaths). There were 1,260 people claiming carers' allowance in February.

Life expectancy at birth in Maidstone for men is slightly higher than the KCC average at 79.2 years compared to 79.1 years. There is no difference in life expectancy for females between the Maidstone and KCC area figures at 82.7 years.

14.6% of people in Maidstone consider themselves to have a life long limiting illness and 18.6% of those aged over 65 claim either disability living allowance or attendance allowance compared to 3.3% of those age 24 and under.

The crime level in the borough is marginally lower than the KCC average (59.2 recorded crimes per 1,000 population compared to 59.4), however this is not the case when looking at the different type of offences as Maidstone has a higher rate than the KCC area for shoplifting, theft and drug offences.




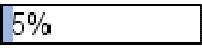

### Recorded crimes per 1,000 population - 2011-2012

	Maidstone	KCC area
Burglary dwelling	6.8	7.2
Burglary other	4.5	4.2
Criminal damage offences	9.4	11.5
Drug offences	2.8	2.1
Fraud and forgery	2.4	2.4
Other offences	0.9	0.8
Robbery	0.3	0.5
Sexual offences	0.9	0.8
Shoplifting	6.1	5.7
Theft from motor vehicle	3.5	3.7
Theft of motor vehicle	1.4	1.3
Theft of pedal cycle	0.8	1.2
Theft offences	11.5	10.4
Vehicle interference	0.4	0.4
Violence against the person	11.5	11.4
<b>Total recorded crime</b>	<b>59.2</b>	<b>59.4</b>

## KPI Action Plans 2012/13 Quarter 3 Update

## Appendix D

### PI AP CTC 001 Average wait time for calls into the contact centre

Code	Title	Due Date	Progress Bar	Assigned To	Latest Note	Note Date
PI AP CTC 01.01	Implement an Automated Switchboard	31-Jan-2013		Sandra Marchant	Q3 Update - Implementation of the system is still in progress however no live date is scheduled yet. IT resource is still required to assist with the implementation of this.	23-Jan-2013
PI AP CTC 01.02	Contact Centre resources	30-Jun-2013		Louise Wenzel	Q3 Update - Two Volunteers have been interviewed and one of them has been offered a 6-month placement in the Contact Centre on a voluntary basis. Initially this will just be for 2 days a week and the new Volunteer is due to start on Tuesday 29 January 2013.	23-Jan-2013
PI AP CTC 01.03	Cross training of Contact Centre CSAs	31-Dec-2013		Louise Wenzel	Q3 Update - A lot more cross training of Customer Service Advisors in the Contact Centre has been undertaken during the last quarter. More staff are now able to handle more services however the cross training still continues.	23-Jan-2013
PI AP CTC 01.04	Maintain a fully resourced Contact Centre	31-Dec-2013		Sandra Marchant	Q3 Update - The Contact Centre did not have any vacant posts at the end of year however one member of the team was on long term sick leave. This has resulted in a resignation with effect from January 2013 leaving a vacant post. In addition, 3 members of the team will commence maternity leave in March, July and August so this will have an impact on the team. An Assessment Centre is being arranged for 6 March 2013 and an advert for all vacancies will go out soon if permission is granted.	23-Jan-2013
PI AP CTC	Channel Shift	31-Dec-2013		Sandra Marchant	Q3 Update - A beta (test) version of the new website will be issued to all staff for their	23-Jan-2013

## KPI Action Plans 2012/13 Quarter 3 Update

## Appendix D

01.05					comments by the end of January followed by gaining feedback from customer focus groups. The new website will be live sometime in April. New self-serve forms will be developed after this. A self-serve process for booking a bulky collection will be available from sometime in January.	
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### PI AP CTC 002 Percentage of visitors to the Gateway responded to within 20 minutes

Code	Title	Due Date	Progress Bar	Assigned To	Latest Note	Note Date
PI AP CTC 02.01	Gateway resources	31-Jan-2013	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #0070C0; display: inline-block; vertical-align: middle;">5%</div>	Laura Mason	Q3 Update - The Gateway continues to use one of the Apprentices and will do so until March 2013.	23-Jan-2013
PI AP CTC 02.02	Maintain a fully resourced Gateway team	31-Dec-2013	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #0070C0; display: inline-block; vertical-align: middle;">5%</div>	Sandra Marchant	Q3 Update - The Gateway currently has 2 vacant full time posts and also needs to recruit for one additional CSA using funding from Arriva to help with the additional workload. An Assessment Centre is being arranged for 6 March and an advert will go out shortly provided permission is granted.	23-Jan-2013
PI AP CTC 02.03	Channel Shift	31-Dec-2013	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #0070C0; display: inline-block; vertical-align: middle;">5%</div>	Sandra Marchant	Q3 Update - A beta (test) version of the new website will be issued to all staff for their comments by the end of January followed by gaining feedback from customer focus groups. The new website will be live sometime in April. New self-serve forms will be developed after this. A self-serve process for booking a bulky collection will be available from sometime in January.	23-Jan-2013



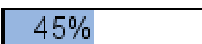
## KPI Action Plans 2012/13 Quarter 3 Update

## Appendix D

### PI AP HSG 005 Number of households prevented from becoming homeless through the intervention of housing advice

Code	Title	Due Date	Progress Bar	Assigned To	Latest Note	Note Date
PI AP HSG 5.1	Service improvements for customers at risk of mortgage repossession – A relationship is being built with financial providers to alert the council when possession procedures.	30-Nov-2012		Pauline Meaney	Action completed and advice pack implemented for new cases	21-Jan-2013
PI AP HSG 5.2	Review of Rent Deposit Bond Scheme – to increase the availability of accommodation in the private rented sector available to customers threatened with homelessness	31-Dec-2012		Neil Coles	Work progressing with review of scheme and relaunch - currently finalising details before seeking Cabinet Member decision. Completion date expected to slip to 31/03/13.	21-Jan-2013
189 PI AP HSG 5.3	Delivery of multi-agency support group for young people – to identify needs of vulnerable young people before they become homeless	31-Jan-2013		Pauline Meaney	Work ongoing to set up agreed approach across a wide multi-agency group of stakeholders. This action may slip as a result, but expected to be completed by 31/03/13.	21-Jan-2013

### PI AP HSG PS 002 Number of homes occupied by vulnerable people made decent

Code	Title	Due Date	Progress Bar	Assigned To	Latest Note	Note Date
PI AP HSG PS 2.1	Implementation of 'Coldbusters' grant scheme to deliver replacement boilers and central heating systems for qualifying residents	30-Nov-2012		Nigel Bucklow	Scheme awaiting final sign-off by Legal Services before implementation.	21-Jan-2013
PI AP HSG PS 2.2	Review of reporting structure for IT system to ensure accurate reporting of outcomes	31-Dec-2012			Action completed.	21-Jan-2013
PI AP	Completion of review of Housing	31-Mar-		Neil Coles	Work progressing with drafting policy before	21-Jan-2013

Code	Title	Due Date	Progress Bar	Assigned To	Latest Note	Note Date
HSG PS 2.3	Assistance Policy to meet current demand and economic climate	2013			consultation and Cabinet Member decision.	



## **MAIDSTONE BOROUGH COUNCIL**

### **CABINET**

**13 FEBRUARY 2013**

#### **REPORT OF HEAD OF FINANCE & CUSTOMER SERVICES**

**Report prepared by Paul Holland**  
**Senior Accountant (Client)**

#### **1. BUDGET MONITORING – THIRD QUARTER 2012/13**

##### 1.1 Issue for Decision

1.1.1 To consider the capital and revenue budget and expenditure figures for the third quarter of 2012/13 and the issues.

1.1.2 To consider other financial matters with a material effect on the medium term financial strategy or the balance sheet.

##### 1.2 Recommendation of Head of Finance & Customer Services

1.2.1 It is recommended that:

- a) Cabinet note the satisfactory revenue position at the end of the third quarter 2012/13;
- b) Cabinet agree the proposals for slippage and re-profiling in the capital programme to 2013/14;
- c) Cabinet note the detail in the report on the collection fund, general fund balances and treasury management activity.

##### 1.3 Reasons for Recommendation

1.3.1 The Director of Regeneration & Communities is the Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. However in practice day to day budgetary control is delegated to service managers, with assistance and advice from their director and the finance section. This report advises and updates Cabinet on the current position with regards to both revenue and capital expenditure against the approved budgets, and also includes sections on Collection Fund performance and Treasury Management performance.

## 1.4 Revenue

- 1.4.1 The budget used in this report is the revised estimate for 2012/13 as detailed elsewhere on this agenda. Actual expenditure to December 2012 includes all major accruals for goods and services received but not paid for by the end of the quarter.
- 1.4.2 An analysis that is summarised by Portfolio, of the full year budget, the profiled budget to December 2012 and expenditure to December 2012, is attached as **Appendix A**. The profiled budget shows the total amount expected to be spent by December 2012 after considering the expected pattern of spend throughout the year for each budget head. An indicative projected year end outturn figure is also shown.
- 1.4.3 **Appendix A** shows actual spend is £0.24m less than the budget at the end of quarter three, compared to a figure of £0.33m less than the budget at the end of quarter two. A detailed analysis of the figures at cost centre level shows 116 out of a total of 213 cost centres are currently reporting actual spend less than budget, which mirrors the position at the end of quarter two.
- 1.4.4 As part of a series of changes to the budget monitoring and reporting process the financial analysis in **Appendix A** is based on direct expenditure only. This removes the influence of internal recharges and accounting adjustments upon the variance analysis. At this time it is expected that final outturn will report an under spend, after adjustment for resources to be carried forward into 2013/14, of approximately £0.30m.
- 1.4.5 Also shown at **Appendix A** is an analysis by subjective across all services. This identifies that £300,000 of the under spend relates to employee costs, due to continuing vacancy levels.
- 1.4.6 In addition to the under spend in employee costs the subjective analysis shows that income receipts are creating an adverse variance against expected budget to date. The third table at **Appendix A** summarises the position specifically with regard to fees and charges income. This was the subject of a separate report to Cabinet in December 2012 as this has been an area that has been adversely affected by the economic downturn. At the end of the third quarter income is £34,879 under the target figure. It should be noted that within this variance a number of areas are reporting income in excess of budget which has reduced the adverse variance, and it is anticipated that the variance will be reduced by year end.
- 1.4.7 The adverse variances in Parks & Open Spaces, at the Market, in Land Charges and on the Park & Ride service are discussed in more

detail in the next section of this report. The other area of concern is income from Pay & Display Car Parking. Whilst there is a shortfall in income, which is reflected in the performance report elsewhere in this agenda, the budget pressure has been offset by a significant reduction in running costs.

1.4.8 A number of service areas are reporting positive variances through significantly less spend or additional income than was budgeted for at the end of quarter three. Brief details on these areas are given below:-

- a) The Community Development budget is showing a favourable variance of £38,494 against the budget. This is because external funding has been received for a number of projects which have either only just started or have yet to commence, so it is anticipated that this variance will reduce during the final quarter.
- b) The budget for Maidstone House is showing a favourable variance of £53,340. This is a consequence of additional income, some of which relates to previous years. There have been ongoing discussions with the landlords on a number of issues, some of which have been resolved, and some of which are still continuing, so there may be further adjustments due on this budget.
- c) The overall budget for Planning is showing a favourable variance of £59,876. The most significant element of this is Development Control Applications, where additional planning fee income is producing a favourable variance of £133,686. This is due to an increase in the charge for planning fees and in applications, and new staff will be recruited to deal with the increased workload. However, Land Charges is showing an adverse variance of £43,486, which is due to less than anticipated income. This is a consequence of the downturn in the housing market, which cannot be directly influenced by the Council.
- d) The Environmental Enforcement budget is showing greater than anticipated income of £72,104 from Fixed Penalty Fines for litter. Officers are looking at options for utilising this excess income within the Street Scene operational area, in particular exploring options to fund equipment that will improve street cleanliness. There are also ongoing discussions to fund the legal costs of prosecution. In addition to this £25,000 will be transferred to the Parks & Open Spaces budget on a one-off basis, as this area has been experiencing difficulties in income generation and with unanticipated costs arising from tree works

and insurance excesses.

- e) On-Street Parking is showing greater than anticipated income of £58,512, as well as less than anticipated expenditure of £27,793. The Transport & Parking Services Manager has indicated that a programme of works for lines and signs has been identified, and this will be undertaken in bulk by the end of the financial year, thus benefiting from economies of scale. The under spend on the repairs and maintenance should therefore reduce by the end of the financial year. However this is partially offset by expenditure on Residents Parking, which is currently £35,745 greater than budget. This is mainly due to a shortfall in Penalty Charge Notices income for the year to date. The Transport & Parking Services Manager is aware of the position and is currently investigating the reasons behind the shortfall.

1.4.9 A number of areas are showing significantly more spend or a shortfall in income than was actually budgeted at the end of quarter three, and these are reported below:-

- a) The Sundry Corporate Property budget is reporting expenditure greater than budget of £92,102. The main element of this is the vacant retail unit underneath King Street Multi-Storey Car Park, for which business rates are still due, as well as there being no rental income received. Cabinet have agreed to demolish the car park and re-develop the site as a surface car park. It is expected that this budget pressure will reduce but not be completely removed during the remainder of the financial year due to the impending demolition meaning a period of restricted options to generate income. Whilst the performance report elsewhere on this agenda does not currently show problems in relation to this issue, the pending demolition means that members should expect to see an effect on performance by the year end.
- b) The projected overspend for the Museum was reported to be £131,569 at the end of the second quarter. £54,443 of the overspend continues to relate to the Museum's NNDR bill which has been challenged, the outcome of which will not be known until August 2013. A further £34,000 continues to relate to one-off utility and building costs that will not be incurred in 2013/14. Management action has been taken to reduce the overspend, including the use of external grants and additional income arising from the commercial use of the collections and this has been reduced to £85,000. It will be difficult to further reduce the current projected overspend in the remaining quarter, although further options for management action are being considered in consultation with Finance.

The Museum is continuing to configure its service in line with the requirements of the new facility and putting into place the activities set out in the business plan. The service configuration together with the management action being taken will ensure a balanced budget for 2013/14 onwards.

- c) The Market is now showing an adverse variance of £41,308. This is a combination of a downturn in income from both the Tuesday and Saturday markets, and from the operator of the site, reflecting the current low level of occupancy. Efforts are continuing to encourage a greater level of trading activity at the Tuesday and Saturday markets.
- d) Park & Ride continues to show a significant shortfall in income, with the adverse variance now standing at £90,707. This follows the trend for the previous two quarters, and reflects the ongoing decline in the number of passengers using the service as referenced in the performance report elsewhere on this agenda. A reduction in the contract costs budget has been implemented in readiness for a reduction in service levels in January 2013. A report to fund the shortfall by using a carry forward of £0.117m from On Street Parking was agreed by Cabinet and has been confirmed by Kent County Council.
- e) There is also a continuing problem with the Homeless Temporary Accommodation budget showing expenditure greater than budget, with the variance now standing at £83,616, which reflects the position reported for the previous two quarters. This budget experienced similar problems during the last financial year, with expenditure on providing temporary accommodation being significantly higher than the budgeted figure. Growth of £60,000 was approved as part of the budget strategy for 2012/13, but demand for this service continues to be higher than anticipated. The service manager is working with the Cabinet Member to bring forward proposals to reduce the pressure but it is unlikely that this budget pressure will be reduced during this financial year. The performance report elsewhere on this agenda demonstrates the increased level of demand for this service that has caused this budget pressure and includes in its appendices an action plan to manage the demand.

1.4.10 The report identifies no risks that require action by Cabinet at this time. Allowing for the continuation of the issues detailed as budget pressures above, the predicted outturn for 2012/13 is a favourable variance of £0.30m.

1.4.11 Through the budget strategy for 2012/13, savings and efficiencies were identified totalling £1.9m. These savings are being monitored corporately and it is anticipated that the target will be met in year, with a number of staffing related savings delivered early as reflected in the projected underspend.

#### 1.5 Balances

1.5.1 Balances as at 1<sup>st</sup> April 2012 were £10.1m. The current medium term financial strategy assumes balances of £5.1m by 31<sup>st</sup> March 2013.

1.5.2 The major reason for the movement in balances during 2012/13 relates to the use of carry forwards approved by Cabinet in May 2012. In addition, the balance of £5m at 31<sup>st</sup> March 2013 assumes the use of the 2011/12 underspend.

1.5.3 The position set out above allows for the minimum level of balances of £2.3m, as previously agreed by Cabinet, to be maintained.

#### 1.6 Collection Fund

1.6.1 The collection rates achieved for the third quarter, and the targets set, are reported below. The rate is given as a percentage of the debt targeted for collection in 2012/13.

	<b>Target %</b>	<b>Actual %</b>
NNDR	87.9	86.5
Council Tax	87.8	87.0

Both have marginally missed their respective targets and this reflects the experience at other billing authorities in Kent, although it should be noted that Maidstone has the highest collection rate for the year to date in Kent for Council Tax. This performance is also reviewed in the performance monitoring report elsewhere on this agenda.

1.6.2 Whilst the percentage variances are small, the gross values of Council tax and Business Rates collected each year are significant. These variances represent approximately £0.75m of income that is now behind the profiled collection schedule. The Head of the Revenues and Benefits Partnership follows a recovery timetable and action will be taken before year end to attempt to bring collection rates back to target.

1.6.3 Prior year arrears collection is on target and officers will continue to pursue payment of any developing arrears along with the arrears from prior years.

1.6.4 The changes to the local government finance system, in particular the Business Rates Retention Scheme which comes into effect from April 2013 will create a level of risk for the Council that is new and as yet untested. Robust monitoring of the collection rates as well as early warning systems will be critical to ensure timely management action can be taken to minimise any adverse variances.

## 1.7 Capital Expenditure

1.7.1 Attached as **Appendix B** is a summary of the current capital programme for 2012/13, as agreed by Council. This includes the initial capital programme for the financial year plus amounts carried forward from 2011/12. It also reflects the slippage that was identified in the second quarter report.

1.7.2 The table in **Appendix B** gives the following detail:

Column	Detail.
1.	Description of scheme, listed in portfolio order.
2.	Approved budget for 2012/13 after the adjustments detailed above.
3.	Actual spend to the end of December 2012.
4.	Balance of budget available for 2012/13.
5 – 7.	Quarterly analysis of expected spend for the remainder of 2012/13.
8.	Balance of budget that will slip into 2013/14.
9.	Budget no longer required.

1.7.3 Capital expenditure to the end of the third quarter of 2012/13 is shown as £2.8m. £1.7m of this spend is in relation to the major projects at Mote Park and in the High Street.

1.7.4 The figures for the High Street project include preliminary expenditure incurred in respect of phase 2 of the scheme, covering initial investigation and design costs. These costs will be funded from the budget agreed for phase 2.

1.7.5 Following the third quarter's monitoring, officers anticipate that £0.871m will need to be reprofiled into 2013/14. This is detailed in column 8 of **Appendix B**. These are items where the programmed works have been rescheduled to now take place during 2013/14.

## 1.8 Capital Financing

1.8.1 The agreed capital programme 2011/12 to 2014/15, as approved by Council in March 2012, and subsequently amended by Cabinet in May

2012 and again in July 2012, identifies sufficient resources to finance the 2012/13 programme.

1.8.2 Resources that can currently be confirmed are:

<u>Funding Source:</u>	<u>£.m</u>
Grants & Contributions	2.1
Capital Receipts	3.0
Revenue Support	<u>3.9</u>
	<b>9.0</b>

The capital receipts figure includes the disposals of Hayle Place and 13 Tonbridge Road which took place in April. Progress is also being made on a number of other potential disposals, which could realise further receipts during the year.

1.8.3 Based on the current projected expenditure shown at **Appendix B** there are sufficient resources to fund the programme for the current year without the need to borrow.

1.8.4 The slippage and re-profiling proposed for approval elsewhere in this report will mean that net expenditure of £0.871m will be re-profiled into 2013/14 if Cabinet agree this recommendation.

## 1.9 Treasury Management

1.9.1 The Council has adopted and incorporated into its Financial Regulations, the CIPFA Code of Practice on Treasury Management 2009 (Revised) in Local Authorities. This Code covers the principles and guidelines relating to borrowing and investment operations. In March 2012 the Council approved a Treasury Management Strategy for 2012/13 that was based on this code. The strategy requires that Cabinet should be informed of Treasury Management activities quarterly as part of budget monitoring.

1.9.2 During the quarter ended 31<sup>st</sup> December 2012:

- The Bank of England November 2012 Inflation Report has again pushed back the timing of a return to trend growth and the rate at which inflation will fall back towards the target rate of 2%;
- Retail sales in the high street have weakened where consumers are looking to repay debt. However sales elsewhere have remained constant;
- Employment continued to rise, but slower than anticipated;



- There has been a 0.4% quarterly fall in GDP in this quarter which leaves growth for 2012 at about -0.1%.

1.9.3 The Council's Treasury Management Advisors, Sector Treasury Management, provide the following forecast:

- There is potential for more quantitative easing in 2013;
- The main rating agencies have all made it clear they are reviewing the UK's "AAA" status in early 2013. There is a chance of the current ratings being downgraded;
- Bank rate is not expected to start rising until quarter 1 of 2015;
- PwLB long term rates are expected to reach 5.2% by March 2016;
- As at 31<sup>st</sup> December 2012 the Council held £31.1m, in investments. A full list of the investments held is given in **Appendix C**. £18.1m of investments in the appendix are in accounts which can be called upon immediately or for a short notice period.

1.9.4 During the first quarter of 2012/13 investment income has been above target. Income of £0.22m has been received compared to a budget of £0.19m. This is due to investment rates being higher than expected in the first part of the year, however recent rates have fallen.

1.10 Alternative Action and why not Recommended

1.10.1 The budget monitoring process could be left to officers. The Constitution already requires officers to report budget variances to the relevant Cabinet Member in specific circumstances. The absence of any such reports would then suggest that no specific items have been identified for consideration.

1.10.2 If such an approach were taken Cabinet Members would have a reduced financial awareness. This could restrict Cabinet's ability to meet service requirements and achieve the Council's corporate objectives.

1.11 Impact on Corporate Objectives

1.11.1 This report monitors actual activity against the revenue and capital budgets and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's medium term financial strategy and is therefore focused on the strategic plan

and corporate objectives.

1.11.2 Regular monitoring by Cabinet ensures that actual activity is in accordance with the plan set out in the budget and that the Council is able to achieve its objectives.

1.12 Risk Management

1.12.1 The Council has produced a balanced budget for both capital and revenue expenditure and income for 2012/13. This budget is set against a backdrop of limited resources and an economic climate that is still challenging. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives Cabinet the best opportunity to take actions to mitigate such risks.

1.12.2 The current revenue budget does not exhibit the level of risk identified in previous years and a small contingency exists for any significant budget pressures that may yet develop. Risks to council finance relating to the business rates retention scheme have been highlighted in terms of collection fund performance.

1.12.3 The capital programme is reporting slippage. Funding for the ongoing programme has been secured.

1.12.4 Reporting on other issues such as council tax and non-domestic rates collection and treasury management activity ensure that the report covers all major balance sheet items in addition to the capital programme and revenue budget. No significant risks are identified in any of these areas although the impact of the new business rates retention scheme from April 2013 will need to be closely monitored in terms of the collection rates.

1.13 Other Implications

1.13.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development
6. Community Safety

X

- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management


1.13.2 Financial implications are the focus of this report through high level budget monitoring. The process of budget monitoring ensures that services can react quickly to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of corporate objectives.

#### 1.14 Conclusions

1.14.1 The third quarter monitoring report shows a positive evaluation of the period. Revenue expenditure, balances and treasury management are all satisfactorily at or above target. Council tax and NNDR collection are both marginally below target.

1.14.2 Capital expenditure reports from officers show an expectation to re-profile £0.871m into 2013/14. However, funding of the ongoing programme still requires further capital receipts from asset disposals.

1.14.3 All other items monitored are at or above target for the third quarter.

#### 1.15 Relevant Documents

##### 1.15.1 Appendices

- Appendix A – Revenue Budget Report
- Appendix B – Capital Programme 2012/13
- Appendix C – List of Investments as at 31<sup>st</sup> December 2012

**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, when did it first appear in the Forward Plan?

.....

This is a Key Decision because: .....

.....

Wards/Parishes affected: .....

.....

**MAIDSTONE BOROUGH COUNCIL****CABINET****BUDGET MONITORING - THIRD QUARTER 2012/13****REVENUE BUDGET REPORT BY CABINET MEMBER TO 31ST DECEMBER 2012**

Cabinet Member	Revised Estimate 2012/13	Estimate to December 2012	Spend to December 2012	Variance to December 2012	Projected Outturn March 2013	Projected Variance March 2013
	£	£	£	£	£	£
Leader of the Council	105,810	-462,020	-482,406	20,386	81,000	24,810
Community & Leisure Services	8,921,110	4,542,760	4,525,868	16,892	8,896,000	25,110
Corporate Services	3,312,240	3,549,090	3,375,675	173,415	3,112,000	200,240
Economic & Commercial Development	2,821,320	1,289,410	1,477,922	-188,512	3,021,000	-199,680
Environment	6,626,250	4,290,540	4,064,215	226,325	6,376,000	250,250
Planning, Transport & Development	2,215,190	884,980	888,530	-3,550	2,216,000	-810
Balances	-4,061,970	0	0	0	-4,062,000	30
	19,939,950	14,094,760	13,849,804	244,956	19,640,000	299,950

**REVENUE BUDGET REPORT BY SUBJECTIVE ANALYSIS TO 31ST DECEMBER 2012**

Heading	Revised Estimate 2012/13	Estimate to December 2012	Spend to December 2012	Variance to December 2012	Projected Outturn March 2013	Projected Variance March 2013
	£	£	£	£	£	£
Employees	16,686,030	12,349,495	12,032,652	316,843	16,386,000	300,030
Premises	4,181,470	3,431,630	3,361,352	70,278	4,181,500	-30
Transport	1,551,340	1,114,155	1,092,494	21,661	1,551,300	40
Supplies & Services	9,446,130	5,693,530	5,640,881	52,649	9,446,100	30
Contract Payments	4,345,620	2,958,710	2,907,984	50,726	4,345,600	20
Benefits	49,565,150	42,781,530	42,852,160	-70,630	49,565,200	-50
Capital Financing	5,834,910	584,950	584,942	8	5,834,900	10
Income	-71,670,700	-54,819,240	-54,622,661	-196,579	-71,669,700	-1,000
	19,939,950	14,094,760	13,849,804	244,956	19,640,900	299,050

**FEES & CHARGES INCOME BY CABINET MEMBER TO 31ST DECEMBER 2012**

Cabinet Member	Revised Estimate 2012/13	Estimate to December 2012	Spend to December 2012	Variance to December 2012	Projected Outturn March 2013	Projected Variance March 2013
	£	£	£	£	£	£
Leader of the Council	0	0	0	0	0	0
Community & Leisure Services	-101,120	-78,670	-29,616	-49,054	-50,000	-51,120
Corporate Services	-2,150	-1,610	2,734	-4,344	-2,200	50
Economic & Commercial Development	-413,430	-321,160	-264,394	-56,766	-363,400	-50,030
Environment	-2,247,220	-1,656,140	-1,827,702	171,562	-2,397,200	149,980
Planning, Transport & Development	-4,752,990	-3,586,140	-3,489,863	-96,277	-4,703,000	-49,990
	-7,516,910	-5,643,720	-5,608,841	-34,879	-7,515,800	-1,110

**MAIDSTONE BOROUGH COUNCIL****CABINET****BUDGET MONITORING - THIRD QUARTER 2012/13****Capital Programme 2012/13 by Cabinet Member to 31st December 2012**

Capital Programme Heading	Current Estimate 2012/13 £	Actual to December 2012 £	Budget Remaining £	Q4 Profile £	Slippage into 2013/14 £	Budget not required £
CCTV Control Room	238,510	141,324	97,186	97,186	0	
Continued Improvements to Play Areas	175,000	3,013	171,987	171,987	0	
Green Space Strategy	14,500	2,500	12,000	4,000	8,000	
Mote Park Regeneration	937,010	924,917	12,093	12,093	0	
Museum Carbon Management Scheme	40,000		40,000	40,000	0	
Small Scale Capital Works Programme	67,490	50,503	16,987	16,987	0	
Gypsy Site Improvements	50,000		50,000	50,000	0	
Housing Grants	1,641,140	440,476	1,200,664	500,664	700,000	
Support for Social Housing	1,151,500	377,500	774,000	684,000	90,000	
<b>Community &amp; Leisure</b>	<b>4,315,150</b>	<b>1,940,233</b>	<b>2,374,917</b>	<b>1,576,917</b>	<b>798,000</b>	<b>0</b>
High Street Regeneration - Phase 1	712,240	686,198	26,042		26,042	
High Street Regeneration - Phase 2		74,610	-74,610		-74,610	
<b>Economic &amp; Commercial Development</b>	<b>712,240</b>	<b>760,808</b>	<b>-48,568</b>	<b>0</b>	<b>-48,568</b>	<b>0</b>
Asset Management/Corporate Property	145,760	24,051	121,709	0	121,709	
Software/PC Upgrade & Repair	180,000	140,313	39,687	39,687	0	
Amenity Lighting	3,100		3,100	3,100	0	
<b>Corporate Services</b>	<b>328,860</b>	<b>164,364</b>	<b>164,496</b>	<b>42,787</b>	<b>121,709</b>	<b>0</b>
Land Drainage/Imps.to Ditches & Watercourses	14,800	4,988	9,812	9,812	0	
King Street Multi-Storey Car Park Refurbishment	8,580	5,603	2,977	2,977	0	
Car Park Improvements	23,900		23,900	23,900	0	
<b>Environment</b>	<b>47,280</b>	<b>10,591</b>	<b>36,689</b>	<b>36,689</b>	<b>0</b>	<b>0</b>
Planning Delivery Grant	9,350		9,350	9,350	0	
Regeneration Schemes	26,450	9,000	17,450	17,450	0	
<b>Economic Development &amp; Transport</b>	<b>35,800</b>	<b>9,000</b>	<b>26,800</b>	<b>26,800</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>5,439,330</b>	<b>2,884,996</b>	<b>2,554,334</b>	<b>1,683,193</b>	<b>871,141</b>	<b>0</b>

Type of Investment/Deposit	Counterparty	Issue Date	Maturity Date	Amount Invested	Current Interest Rate	Other information (if required)
Call account	Nat West Bank Plc			£3,000,000	0.9000	
Money Market Fund	Goldman Sachs			£7,100,000	0.3700	
Money Market Fund	Federated Prime Rate			£8,000,000	0.4147	
Fixed Term Deposit	Skipton BS	29/10/12	29/01/13	£1,000,000	0.4500	
Fixed Term Deposit	Coventry BS	01/11/12	01/02/13	£1,000,000	0.4600	
Fixed Term Deposit	Nationwide BS	28/11/12	28/02/13	£1,000,000	0.4400	
Fixed Term Deposit	Barclays Bank Plc	06/12/12	06/03/13	£2,000,000	0.4600	
Fixed Term Deposit	Barclays Bank Plc	07/12/12	07/03/13	£1,000,000	0.4600	
Fixed Term Deposit	Ulster Bank Ltd	31/05/12	15/03/13	£2,000,000	1.7000	
Fixed Term Deposit	Lloyds TSB Bank - Podium Account	23/07/12	04/07/13	£3,000,000	3.0000	
Fixed Term Deposit	Lloyds TSB Bank	10/08/12	12/08/13	£2,000,000	2.8500	
	<b>Total</b>			<b>£31,100,000</b>		

Maximum Deposit	Suggested Term
<b>£5,000,000</b>	<b>1yr</b>
<b>£8,000,000</b>	<b>2yrs</b>
<b>£8,000,000</b>	<b>2yrs</b>
<b>£2,000,000</b>	<b>3mnths</b>
<b>£2,000,000</b>	<b>3mnths</b>
<b>£2,000,000</b>	<b>3mnths</b>
<b>£2,000,000</b>	<b>3mnths</b>
<b>£2,000,000</b>	<b>3Mnths</b>
<b>£5,000,000</b>	<b>1yr</b>
<b>£5,000,000</b>	<b>1yr</b>
<b>£5,000,000</b>	<b>1yr</b>

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