

**MAIDSTONE BOROUGH COUNCIL**

**RECORD OF DECISION OF THE CABINET**

Decision Made: 10 September 2014

**REPORT OF CORPORATE LEADERSHIP TEAM - BUDGET STRATEGY  
2015 16 ONWARDS**

**Issue for Decision**

To review the medium term financial strategy (MTFS) for 2015/16 onwards along with developments and emerging issues that will affect the revenue budget for 2015/16 to 2019/20;

To consider the draft assumptions that will be used to set the MTFS for planning purposes and for consultation. The draft assumptions for the MTFS are considered in the context of the strategic plan as currently published and will later be reviewed to meet the context of the new strategic plan; and

To note that the details provide an early indication of the level of savings and efficiencies required so that the Council is able to produce a balanced budget.

**Decision Made**

**DECISION MADE:**

That , for planning purposes, the "recommended assumptions" version of the strategic revenue projection from the three scenarios given at Appendix D to the Report of Corporate Leadership Team be selected. In relation to the car parking assumption, any future development would need to retain the income which removes the figures in Appendix D for 2016/17 and 2017/18.

**Reasons for Decision**

The Medium Term Financial Strategy ("MTFS") is a five year rolling strategy that is reviewed and updated annually as a key element of the development of the budget and is ultimately approved by Council. The strategy sets out the revenue spending plans of the Council and states the criteria by which decisions in relation to the development of the annual budget are to be made. The report of Corporate Leadership Team reviewed the strategy and considers options for the development of a five year strategic revenue projection (SRP).

The development and approval of a five year SRP at this early stage achieves two objectives:

- a) To set out the risks to achieving a balanced budget.

This means identifying, at this early stage, the expected pressures on the Council's resources and therefore allowing a suitable opportunity to identify the necessary efficiencies.

- b) To set out the current planning assumptions for consultation.

This means both public consultation, that is a formal requirement, and informal consultation with overview and scrutiny and interested members.

Since the approval of the current MTFS by Council on 5<sup>th</sup> March 2014 there have been no major announcements from central government that have a direct effect upon the budget. The forthcoming budget year, 2015/16, is the year of the general election and it is expected that announcements that may affect funding levels will be made later in the year but in time to impact upon resources for 2015/16.

### The Local Context

Attached at Appendix A to the report of Corporate Leadership Team is the budget summary for 2014/15. This was agreed at Council on 5<sup>th</sup> March 2014. The 2014/15 budget was developed from the work on the MTFS during 2013/14 and forms the base position for the consideration of the details set out in the report of Corporate Leadership Team.

Also attached to the report of Corporate Leadership Team for further information were the following:

- Appendix B – The currently approved MTFS for 2014/15 onwards.
- Appendix C – The statement of balances projected to March 2015.

The provisional outturn position for 2013/14 was reported to Cabinet in May 2014. The report showed a net under spend of £92,000 after allowing for the carry forward of various budgets to 2014/15 as set out in the table below:

<b>Gross to Net Under Spend 2013/14</b>	<b>£,000</b>
Variance on net service spending	7,711
Less:	
Revenue set aside to finance capital expenditure	-6,157
Grants required to be carried forward	-831
Carry forward requests	-631
<b>Net Under Spend</b>	<b>92</b>

The external audit of the Statement of Accounts for 2013/14 is almost complete. Any changes to the revenue position identified during the course of the audit will be reported to Cabinet as part of the second quarter's budget monitoring report for 2014/15.

The first quarterly monitoring report for 2014/15 was considered by Cabinet in August 2014 and identified a number of areas where there

were concerns regarding adverse variance and budget pressures. In most cases Cabinet took action to resolve the issues however two areas remain for continued monitoring and possible future action. These are: the level of demand and the cost of temporary accommodation provided for homeless persons; and the review of the Council's own accommodation requirements. In both cases Cabinet will be kept informed of the situation and any necessary actions through the quarterly budget monitoring reports and the development work around this medium term financial strategy.

### The National Context

Since 2010/11 the Council's MTFS has been considered within the framework of the government spending review of October 2010. Public sector spending reductions form a major part of that review and are central to the Government's objective of removing the structural deficit. The spending review period ends with the current year, 2014/15.

In the spending round 2013 the Chancellor announced, for the public sector, a further cut in revenue spending of £11.5bn and growth of £3bn in capital spending in 2015/16. Within these sums there is an expected real-terms reduction of 10% in the funding that is available direct from the Department for Communities and Local Government along with a real-terms reduction of 2.3% in funding from other departments.

The reduction in direct funding that the Council can expect was set out in the indicative revenue support grant figures provided by the Department for Communities and Local Government (DCLG) which were considered later in the report of Corporate Leadership Team. The effect on other funding received from central government is more difficult to predict however the DCLG has commenced a minor consultation on the administration grant and the new burdens grant for local council tax support and the potential consequences were also considered in the report of Corporate Leadership Team.

Until the current year the effect on the economy of the Government's plan has not been as positive as expected. The economy has proven resistant to the efforts and tabulated below are the UK economic indicators of growth and national debt for the past five years.

	2009	2010	2011	2012	2013
Growth	-3.6%	1.5%	0.7%	0.0%	2.6%
National Debt (trillions)	£0.62t	£0.76t	£0.91t	£1.11t	£1.19t

A range of other indices have a direct effect upon the MTFS and are useful for consideration at this point. Tabulated below are the RPI (Retail Price Index), CPI (Consumer Price Index), the base rate and the LIBOR (London Inter-Bank Offered Rate) over a similar period.

<b>Rate as at March:</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
RPI	4.4%	5.3%	3.6%	3.3%	2.5%
CPI	3.4%	4.1%	3.5%	2.8%	1.6%
Base Rate	0.5%	0.5%	0.5%	0.5%	0.5%
LIBOR 1month	0.237%	0.253%	0.241%	0.204%	0.156%

## The Strategic Revenue Projection (SRP)

The strategic revenue projection (SRP) is a model used annually by Cabinet to concisely predict the effect of major local and national priorities on the future revenue budget of the Council.

In the past Cabinet has used, at this early stage, a document that models three results:

- a) Using minimum resource assumptions;
- b) Using maximum resource assumptions; and
- c) Using the recommended resource assumptions.

This enables Cabinet to compare the recommended assumption with the range of possible outcomes.

All three models use predictions regarding factors such as inflation rates and the consequences of local and national initiatives on the future revenue budget of the Council. The most significant factors were discussed individually later in the report of Corporate Leadership Team.

The three SRPs are given at Appendix D to the report of Corporate Leadership Team. Cabinet may wish to select one as the future planning tool or modify any of the three to meet their favoured assumptions. There is a significant amount of detail in each of the three models created by the assumptions. They are set out in the report of Corporate Leadership Team.

It was recommended that Cabinet adopt the recommended assumptions model as the planning tool and for consultation.

### Resource Issues in the Strategic Revenue Projection

**Revenue Support Grant:** In February 2014 the DCLG notified the council of the indicative figure for revenue support grant (RSG) in 2015/16. The break down of the figures for both RSG and business rates that were contained in the notification are given in the table below:

	<b>RSG £,000</b>	<b>Business Rates £,000</b>
Base Funding	2,000	2,801
2011-12 Freeze Grant	193	140
Homeless Prevention	58	42
<b>Total</b>	<b>2,251</b>	<b>2,983</b>

All three strategic revenue projections are developed on the basis of an assumption that by 2019/20 the current RSG received by the Council will no longer be paid. The variation in assumptions set out in the three SRPs test the options of:

- a) The "cliff edge" approach that is considered likely by many district council's;
- b) An even decline over the five years; and

- c) A hybrid rate of decline that is not as significant as the cliff-edge approach.

**Business Rates:** All three SRPs include assumptions regarding the expected level of income that the Council will be permitted to retain from the collection of business rates. The assumptions are derived from the indicative figure provided by central government and set out in the table above. The indicative figure is then projected into the future using an assumption of 2% to represent medium term RPI increases. This inflation rate is used because the annual uplift in the business rates multiplier, as set nationally by central government, is still aligned to RPI inflation.

The Council is an inaugural member of the Kent Business Rates Pool and expects, in the future, to benefit from growth in the business rates base within the borough. The "minimum resources" SRP assumes that no additional income will accrue from business rates growth. The remaining two SRPs assume growth in the forthcoming year of £300,000 in rateable value (RV), followed by an additional £75,000 RV growth in each of the further four years of the strategy.

**Council Tax:** The level of council tax increase for 2015/16 is a decision that will be made at Council in March 2015 based on a recommendation made by Cabinet. At this time a decision on the increase in council tax is solely for planning purposes and to enable the necessary public consultation on the Council's budget and MTFS. The current MTFS states that:

*"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. In recent years it has set a small increase below CPI inflation levels and remains flexible on the level of increase for future years. The increase is set by the Council's ability to otherwise set a balanced budget."*

The total resources received from council tax is a product of the tax base and the level of tax set by Council. The tax base is a value derived from the number of residential properties within the borough and their "band", which is based on valuation ranges, adjusted by all discounts and exemptions. The tax base as at July 2014 is 55,764.1 which is then adjusted for estimated average growth during 2015/16, mainly derived from developments; demolitions; and new claimants for discount and exemptions. The figures used in all three SRPs are predicted figures as the actual tax base calculation will occur mid October 2014 as per current regulations.

- a) The minimum resource SRP assumes no increase in the council tax charged by the Council and a 0.2% annual increase in the tax base;
- b) The maximum resource SRP assumes a 1.99% increase in council tax as this is expected to continue to be the government set referendum limit. This is combined with a 0.9% increase in the tax base; and

- c) The officer recommended SRP assumes that the council tax increase will be equivalent to the previous year's increase of 1.99% and be held consistently throughout the five years of the MTFS this is combined with a 0.3% annual increase in the tax base.

In considering a suitable level of increase for planning purposes members may wish to note that a 1% increase in council tax is equivalent to additional resources of £0.13m per annum. This is an average annual increase of £4.80 or 40 pence per month at band D.

A nil annual increase in council tax over the five years of the strategy would mean council tax income levels of £13.1m by 2019/20 whereas a 1.99% increase would mean council tax income levels of £14.4m by 2019/20 assuming consistent tax base increases of 0.3% per annum. This is a variation in available resources of £1.3m.

**Other Income:** Other sources of income available to the Council include income from fees and charges, sales, licenses, rents and contributions from other organisations. The 2014/15 estimate for other information is £13.9m and the first quarter's monitoring report, considered by Cabinet in August, suggests that overall receipts are on target.

Fees and charges are increased annually in line with the Council's approved policy on fees and charges. Cabinet will consider a full report on proposed changes to the levels of fees and charges in December 2014. At that time the increase will be incorporated into the chosen SRP. In all three SRPs the assumed increase in income generated from current activities is nil.

Cabinet has recently approved a commercialisation strategy for the Council. This strategy set a baseline objective of £1m income from additional or enhanced commercial services over the next five years. All three SRPs include an annual increase of £0.2m to reflect an even development of these services over the five years. As progress is made with the strategy the profile of the £1m increase may require adjustment.

#### Expenditure Assumptions in the Strategic Revenue Projection

**Inflation Indices:** These are considered in detail for their effect on the subjective expenditure elements of the revenue account. For each subjective element the appropriate index and rate have been discussed with services managers or identified from the requirements of a related contract. These are then used to calculate the increased costs expected in 2015/16 and future years. These indices have been kept consistent across all three models of the SRP. The rates used are set out in the table below:

<b>Expenditure Type:</b>	<b>%</b>
Employee Costs (Including Increments)	1.5
Insurance	3.0
Rents	6.2
Business Rates	2.0
Contracts – range 0% to 3.9%	<i>(Avg)</i> 1.0
Energy & Water – range -3.5% to 4%	<i>(Avg)</i> 2.5
Other running costs	0.0

**Welfare Reform:** The change, in 2013/14, from council tax benefit to local council tax support and the future introduction of Universal Credit create an expectation that the Council will receive a reduction of £0.15m in the level of administration grant from Central Government in 2015/16. A further reduction of £0.1m has been assumed in the MTFS for the year 2017/18. The actual reductions will not be known until later this year.

**Single Tier Pension Arrangements:** The government's proposals to implement a single tier pension by 2016 will have a cost implication for local government employer national insurance contributions. Local government employers will have to pay the same rate as employers who are not contracted out. This is an increase of up to 3.4%. It will also have an impact on employees as they will also lose their contracting out rebate so may have to pay 1.4% more in national insurance. At this time an assumed additional cost of £0.3m from 1<sup>st</sup> April 2016 is included in all three SRPs.

**Regeneration Costs:** The SRPs assume a loss of income or increase in costs from the potential redevelopment of a town centre car park such as King Street. It has been a long term intention of the Council to identify a more suitable use than the current surface car park. Officers are actively considering options at this time. The three SRP's make different assumptions about the possible sale of the asset and the loss of the car park income. These are:

- a) The minimum resource SRP assumes immediate loss of all income;
- b) The maximum resource SRP assumes full retention by a redevelopment retaining the current income levels; and
- c) The recommended SRP assumes a partial loss by redevelopment with a lesser income stream of £75,000, occurring in 2016/17.

**Economic Development:** In the development of the MTFS for 2014/15 consideration was made by Cabinet to the enhancement of the Economic Development Team in recognition of their direct contribution to the delivery of the Council's current priorities. Three new posts were created and funding was built up within the MTFS over a period of three years commencing in 2014/15. The MTFS identifies the continued need to resource £60,000 of salary costs within the team. At present these costs are being funded from the residual funding received from the growth point programme.

**Growth Provision:** In the latter years of the MTFS a non-specific growth pressure of £50,000 per annum is included. The future contains as yet unknown risks and potential budget pressures, this pressures enables the Council to reflect a small element of pre-preparation into its future efficiency plans.

## Savings and Efficiency

The SRPs identify the predicted levels of resource available to the Council and the additional budget pressures facing the Council for each year of the MTFS. From this information the level of savings and efficiency required to create a balanced budget can be deduced.

The three versions of the SRP attached as Appendix D to the report of Corporate Leadership Team produce the savings tabulated below

	<b>2015/16 £,000</b>	<b>2016/17 £,000</b>	<b>2017/18 £,000</b>	<b>2018/19 £,000</b>	<b>2019/20 £,000</b>	<b>Total</b>
Minimum Resources	1,374	1,671	1,271	493	215	<b>5,024</b>
Maximum Resources	883	788	427	455	382	<b>2,935</b>
Recommended	962	1,149	520	489	327	<b>3,447</b>
Identified Savings Proposals	-409	-130	-160			<b>-699</b>

The work completed on the MTFS to date means that some proposals already exist to achieve the required savings for 2015/16, 2016/17 and 2017/18. Based on the figures from the recommended assumptions SRP and allowing for the savings already proposed there is still a need to identify savings and efficiencies as follows:

<b>Year</b>	<b>Saving £,000</b>
2015/16	553
2016/17	1,019
2017/18	360
2018/19	489
2019/20	327
<b>Total</b>	<b>2,748</b>

A number of initiatives can assist the Council in identifying actions that will achieve these revised targets, such as:

- The Strategic Leadership and Corporate Services Overview and Scrutiny Committee's Budget Working Group;
- The review of fees and charges to be reported to Cabinet later in the year;
- Procurement activities such as a review of major contracts and category management;
- Ongoing reviews of new ways of working and staff structures.

At this time officers, Cabinet Members and Overview & Scrutiny are continuing to identify proposals that will enable the Council to deliver a balanced budget over the period of this MTFS. Additional savings will be reported to future meetings of Cabinet.

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

Cabinet could at this stage await clarity on the issues discussed in the report of Corporate Leadership Team. It was, however felt prudent to agree a revenue projection at this stage to enable planning for the required savings and for consultation.



With reference to the specific issues and assumptions within the report of Corporate Leadership Team it is inevitable that Cabinet will need to take a view on each issue and assess their future impact on the Council. The three strategic revenue projections are developed to assist Cabinet with this task. It is the intention of the report to initiate discussion and to provide Cabinet, and interested members, with the opportunity to raise issues, concerns and proposals at a formative stage in the development of the MTFS.

### **Background Papers**

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: <b>19 September 2014</b>
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## **MAIDSTONE BOROUGH COUNCIL**

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

Decision Made: 10 September 2014

#### **STRATEGIC HOUSING MARKET ASSESSMENT UPDATE**

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

To consider the key findings arising from the report of the Head of Planning and Development relating to the Strategic Housing Market Assessment Addendum. The addendum report has been prepared as a focused update of the Strategic Housing Market Assessment (January 2014) to deal with two specific issues; 1) the implications on the borough's 'objectively assessed need' for housing of the most recent population projections published by the Office of National Statistics (ONS); and 2) the new National Planning Practice Guidance requirement to quantify the future need for care home places.

##### **Decision Made**

- a) That the revised objectively assessed need for housing of 18,600 dwellings be adopted and that this be used as the basis of determining future housing provision for 2011-31;
- b) That a figure of 960 additional care home places in the borough be adopted as the basis for determining care home places in the borough for 2011-31; and
- c) That the GL Hearn reports be noted as part of the evidence base for the emerging Local Plan.

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

The Council's Strategic Housing Market Assessment (SHMA) was completed in January 2014. The firm G L Hearn had been commissioned jointly by Ashford, Tonbridge & Malling and Maidstone Borough Councils to undertake separate SHMAs for each authority following a common methodology. Maidstone borough's SHMA found that there is an 'objectively assessed need' for some 19,600 additional dwellings in the borough over the period 2011 to 2031. Cabinet agreed this figure as the basis for determining future housing provision at its meeting on 27<sup>th</sup> January 2014.

Members will be aware that the 'objectively assessed need' figure is a measure of the need ('demand') for new housing. It is distinct from the

housing target in the emerging Local Plan which will take account of site availability and development constraints.

In the light of two specific new pieces of information published since the main SHMA reports were concluded, the three authorities have recently commissioned G L Hearn to undertake a focused update of selective elements of the SHMA as an addendum to the main report. The substantive content of this Council's main SHMA report is unchanged; the report will continue to be a key part of the evidence base for the emerging Local Plan. The two pieces of information are;

- a. The publication of the Office of National Statistics' 2012-based Sub-National Population Projections (SNPP) on 29<sup>th</sup> May 2014; and
- b. The finalised National Planning Practice Guidance (NPPG) published in March 2014 indicates that Local Planning Authorities should assess and quantify future needs for elderly persons' accommodation, including residential care homes.

The findings in the addendum to the main SHMA covering these two points are addressed in turn below. The addendum report itself was attached as Appendix A to the report of the Head of Planning and Development.

The findings were considered by the Planning, Transport and Development Overview and Scrutiny Committee at its meeting on 19<sup>th</sup> August 2014. The recommendations from that meeting were attached as Appendix B to the report of the Head of Planning and Development.

### 2012-based Population Projections

The starting point for the main SHMA report's assessment of the 'objectively assessed need' for additional housing were the interim 2011-based Sub-National Population Projections (SNPP) published by the Office for National Statistics (ONS) in September 2012. A strength of the SNPP is that they provide a common framework for policy and service planning across a range of fields (not just land-use planning) as they are prepared in a consistent way.

Revised projections are regularly issued by the ONS. The NPPG is clear that not every new set of demographic projections should instigate a review of housing needs evidence; "this does not automatically mean that housing assessments are rendered outdated every time new projections are issued."<sup>1</sup>

The significance of the 2012-based projections, however, is that they are the first to be published which take full account of the 2011 census results. They also extend to cover the period to 2037, i.e. up to and beyond the full Local Plan period, whereas the 2011-SNPP were interim projections to 2021 which then had to be extrapolated to 2031 as part of the SHMA. The three commissioning authorities agreed that it is prudent

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for the implications of these projections to be reviewed to provide a sensitivity analysis for the main SHMA taking account of this most recent demographic information.

The methodology followed to derive the objectively assessed needs figure in the light of the 2012-based SNPP projections has been the same as was used in the main SHMA report.

In producing the 2012-based SNPP, the ONS has updated its assumptions about future mortality and fertility rates. The latter will have limited significance for future housing requirements to 2031 as few people born in this period will become a 'head of household' by 2031. The more significant driver for differences between the 2011 and 2012 based projections is the ONS' adjusted assumptions around migration:

- a. ONS is now projecting a slightly lower average level of net migration for the borough in the 2012-based SNPP, slightly below recent trends, than was assumed in the SHMA (which was linked to 2011-based SNPP). In doing this, the ONS projections of migration take account of a number of factors including:
  - i. Expectations for international migration
  - ii. Changes in the age structure of the population in different areas of the country and how this will influence migration flows over time
- b. 2012-based SNPP no longer adjusts future levels of migration based on 'unattributable population change' (UPC). The SHMA did take account of UPC which resulted in increased modelled levels of net migration by some 110 people/annum.

Overall the 2012-based SNPP projects a lower level of population growth than the core projection used in the SHMA. The outcomes of the revised projection for future dwelling requirements (2011-31) are set out in the following table.

	<b>2014 SHMA</b>	<b>Addendum (2012-based SNPP)</b>	<b>Difference</b>
Total housing need ('objectively assessed need')	19,600	18,600	-1,000
Annual requirement	980	930	-50

This shows a reduction in the total requirement by some 1,000 dwellings compared with the main SHMA report. The updated 'objectively assessed need' is for some 18,600 dwellings (2011-31) equating to 930 dwellings/annum.

As was the case in the main SHMA, based on these figures there is found to be no affordable housing or local economy justification to revise the total housing requirement upwards.

Changes in working population: the projected number of people in employment in the 2011-31 period has also been updated to take account of the 2012-based SNPP. This shows growth in the working population of some 17,296 people compared with 20,016 in the main SHMA. This finding is strongly linked to the overall changes in population. People migrating into the borough are more likely to be of working age. On this basis it is not surprising that the adjusted (reduced) migration levels in the 2012-based SNPP leads to a reduction in the overall increase in the working population (17,296 people rather than 20,016).

In collaboration with G L Hearn, officers will monitor future statistical releases from ONS and the Department for Communities and Local Government to understand whether or not they have significant implications for the objectively assessed need figure. The NPPG guidance underlines that each new release does not automatically discredit previous assessments or generate a need for a new assessment.

#### Registered Care Accommodation needs

The NPPG indicates that local planning authorities should have an understanding of older persons' housing needs, including for registered care homes<sup>2</sup>. The Guidance goes on to indicate that accommodation for older people, including additional care home spaces, can be counted towards their overall housing needs<sup>3</sup>.

The second purpose of the SHMA addendum has been to quantify care home needs, comprising residential care homes and nursing homes.

The assessment has drawn on local data in the recently published KCC Adult Accommodation Strategy (July 2014) as well as the projected increases in the number of those aged 75+ in the 2012-based SNPP to help quantify the need for additional care home spaces.

The findings for Maidstone borough are set out in the following table.

	Total additional bedspaces (2011-31)	Bedspaces/annum
Care home bedspace need	960	48

The need for 960 elderly care home spaces (2011-31) is *additional* to the need for 18,600 new dwellings (the 'objectively assessed need') over the same period. The assessments have been undertaken in a way which ensures there is no double-counting between the need for additional care home places and the separate need for additional homes.

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<sup>2</sup> NPPG: Housing and economic development needs assessments, paragraph 021.

<sup>3</sup> NPPG: Housing and economic land availability assessment, paragraph 037.

In contrast, the need for additional elderly sheltered and extra care accommodation *is included* within the 18,600 dwelling figure.

The need for care home spaces will be addressed through the granting of planning permission and, if appropriate, the identification of sites in the emerging Local Plan. Some 61 additional care home bed spaces have been completed between 1<sup>st</sup> April 2011 and 31<sup>st</sup> March 2014 which will count towards the achievement of the above overall need figure of 960 bedspaces. In addition, there are extant consents (at 31<sup>st</sup> March 2014) for some 91 additional bedspaces (net). The supply of new bedspaces will continue to be monitored through the Kent County Council's annual Commercial Information Audit.

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

It could have been decided not to commission the selective update to the SHMA report. However this is not considered to be a prudent approach as the three commissioning authorities had previously agreed that the projections need to be reviewed to provide a sensitivity analysis for the main SHMA taking account of this most recent demographic information.

### **Background Papers**

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: <b>19 September 2014</b>
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## **MAIDSTONE BOROUGH COUNCIL**

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

Decision Made: 10 September 2014

#### **KEY PERFORMANCE INDICATOR MONITORING QUARTER 1**

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

To consider progress made in the first quarter for the Council's key performance indicators (KPIs) at Appendix A to the report of the Head of Policy & Communications.

##### **Decision Made**

- a) That the progress and out-turns of the KPIs at Quarter 1 attached as Appendix A to the report of the Head of Policy & Communications, together with the Definitions included for reference attached as Appendix B to the report were noted;
- b) That the area where performance is strong and on track to achieve annual targets was noted; and
- c) That the areas where performance has declined be noted and the Planning Support Service will be reviewed by the Internal Audit Service.

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

Having a comprehensive and relevant set of performance indicators and targets is vital in ensuring that the Council delivers against its priorities and outcomes.

The Council has 61 Key performance indicators as part of the Strategic Plan 2011-15; there are 35 indicators that can be monitored quarterly to ensure the Council is on track to meet its annual performance targets.

##### **Context**

The Council uses a range of information to manage performance including performance indicators. The top level indicators are referred to as Key Performance Indicators (KPIs). These are set to support the delivery of the Strategic Plan. Each April the KPI set is reviewed, new targets and indicators were agreed by Cabinet in July 2014. Where possible a continuous improvement approach is used to ensure that targets are challenging. At the mid-year report Managers will be asked to assess their indicators to identify if any are likely to underperform.

## Performance Summary

Appendix A to the report of the Head of Policy & Communications shows out-turn data for all indicators that can be collected quarterly. Some indicators are collected bi-annually or annually, these indicators have not been included in this report.

Where an indicator is new and there is no 2013/14 data, no direction can be given. The direction where available, compares the 2014/15 quarter 1 out-turn with the 2013/14 quarter 1 out-turn.

Indicators that are 'Data Only' do not have targets and therefore will not show a status rating (red, amber or green). These will however show direction compared to the same period in the previous year.

The tables below show the status of the KPIs in relation to the target and direction. Where possible targets are profiled to take into account seasonal variances.

RAG Rating	Green	Amber	Red	N/A <sup>4</sup>	Total
A growing economy	2 (67%)	1 (33%)	0	2	5
A decent place to live	6 (43%)	6 (43%)	2 (14%)	2	16
Corporate & customer excellence	9 (65%)	2 (14%)	3 (21%)	0	14
Overall	17 (55%)	9 (29%)	5 (16%)	4	35

Direction	Up	Down	N/A	Total
A growing economy	3 (60%)	2 (40%)	0	5
A decent place to live	8 (67%)	4 (33%)	4	16
Corporate & customer excellence	7 (50%)	7 (50%)	0	14
Overall	18 (58%)	13 (42%)	4	35

Overall, 55% (17) of all KPIs that can be measured quarterly have achieved the quarterly targets and 58% (18) of KPIs are showing improved performance compared to the first quarter in 2013/14.

At this point last year 40% (15) of KPIs had achieved the quarter 1 target and 44% (12) were showing an improvement compared to the previous year. The tables below show a comparison of the indicator ratings and direction of travel for quarter 1 2013/14 and 2014/15.

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<sup>4</sup> Data only indicators are included in the N/A figures. N/A figures are not included in percentage calculations.



Quarter 1	Green	Amber	Red	N/A	Total
2013/14	15	13	10	2	40
2014/15	17	9	5	4	35

Quarter 1	Up	Across	Down	N/A	Total
2013/14	12	0	15	13	40
2014/15	18	0	13	4	35

It should be noted that at the end of 2013/14, 51% of KPIs achieved their annual targets and 55% of all out-turns had improved.

Of the nine KPIs that have been rated amber for quarter 1, all were within 5% of the target, and seven were within 1.5% of the target.

### **For Maidstone to have a growing economy**

Green	Amber	Red	N/A	Total
2	1	0	2	5
Up	Across	Down	N/A	Total
3	0	2	0	5

Income from pay and display car parks has increased by 27% compared to the same period last year this equates to an additional £63.10 income per parking space.

Although the number of park and ride on-board transactions has declined slightly from the same period last year, the quarter 1 out-turn is only 1% away from the target. At this point last year this indicator was showing a 4% decline, the difference between the 2014/15 quarter 1 out-turn, and the 2013/14 quarter 1 out-turn is 0.4%, indicating that the decline is slowing.

At March 2014 there were 1,802 people in the borough claiming Job Seekers Allowance (JSA), this has continued to drop during 2014/15 and currently stands at 1.5% (1,464 people). The last time the proportion of people claiming JSA was this low was in December 2008 when the rate was 1.6% with 1,551 people claiming JSA.

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

Green	Amber	Red	N/A	Total
6	6	2	2	16
Up	Across	Down	N/A	Total
8	0	4	4	16

Housing have performed strongly this quarter, delivering 39 affordable homes and making improvements to 70 private sector homes. The team has also, through housing advice intervention, prevented 118 households from becoming homeless.

The average length of stay in temporary accommodation has not achieved the quarterly target. This is due to the increased demand from homeless households where the council has a statutory duty to provide emergency temporary accommodation. The service has mitigated the impact of

increased demand through focusing on reducing the time taken to complete homeless investigations in order to minimise the length of stay in temporary accommodation, where possible. In addition, work is ongoing to reduce the nightly cost of temporary accommodation through using alternative providers, and the completion of the Aylesbury House project. This will provide 12 rooms of temporary bed and breakfast accommodation at a lower cost when it becomes operational in September 2014.

There have been performance issues for all types of planning applications. These performance issues were highlighted in the 2013/14 Annual Performance Report. A review of the planning support shared service is scheduled for October. It should be noted that although processing is happening outside of the statutory timescales customers have been contacted to agree extended timescales.

### **Corporate & Customer Excellence**

Green	Amber	Red	N/A	Total
9	2	3	0	14
Up	Across	Down	N/A	Total
7	0	7	0	14

All of the Channel Shift indicators have achieved their quarterly targets, although only the one measuring visits to the Gateway is showing an improvement compared to the same period last year. All of these indicators have improved since the 2013/14 year end, when phone and gateway contacts were rated red and the online contacts were rated amber.

The average wait time for calls into the contact centre has improved compared to the same period last year and by 22 seconds compared to the 2013/14 annual out-turn. During the last quarter several Customer Service Advisors left the contact centre. These posts were not filled until the end of the quarter. This coupled with the additional calls for the planning support shared service, which is almost triple the number of calls previously received for planning and extends the call time by an average of 2 minutes, has impacted on performance levels.

There has been a 166% (156 additional complaints) increase in the number of complaints received for quarter 1 2014/15 compared to quarter 1 2013/14. Of the 250 complaints received to date for 2014/15, 109 related to the Landed Festival which was held on Easter Sunday. The percentage of those being escalated to stage 2 however has dropped from 24.5% at quarter 1 last year to 12% for the current period, which is positive as is the increase in satisfaction with complaint handling which has increased by almost 10% compared to the same period last year.

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

KPIs reflect local priorities and measure progress towards the Council's key objectives. They are the Council's top level indicators and are linked to the Council's Strategic Plan;

The Council could choose not to monitor KPIs quarterly and/or alternative performance management arrangements such as changing the reporting frequency; and

Not monitoring progress against the KPIs 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.

### **Background Papers**

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: **19 September 2014**

## **MAIDSTONE BOROUGH COUNCIL**

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

Decision Made: 10 September 2014

#### **CORPORATE PLANNING TIMETABLE**

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

The Strategic Plan and Medium Term Financial Strategy are key elements of the corporate planning framework for the Council. They are also a key part of the 'golden thread' which runs from the vision for the borough through to Corporate priorities, performance measures and targets for individuals in appraisals.

To agree the timetable for corporate planning for 2014-15.

##### **Decision Made**

That the development of a new strategic plan and medium term financial strategy be agreed in accordance with the corporate planning timetable set out at Appendix A to the report of the Head of Policy & Communications.

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

The corporate planning process within the Council ensures the overall vision for the borough is delivered. The priorities and outcomes in the Strategic Plan are developed alongside the Medium Term Financial Strategy (MTFS) to ensure a consistent approach between service delivery and budgets. Service planning allows the Council to convert high level objectives from the Strategic Plan into actions for each directorate, service or team across the Council, which then feeds into individual staff appraisals.

The current Strategic Plan finishes in March 2015. A new Strategic Plan is required from 2015 onwards. The Cabinet have been considering revised priorities for 2015 onwards at Cabinet Away Days throughout the summer.

The timetable attached as Appendix A to the report of the Head of Policy & Communications included consultation with residents and councillors, including overview and scrutiny. Residents will be consulted through a series of roadshows across the Borough with the aim to inform residents of the current financial position and the draft priorities for 2015 onwards.

## **Alternatives considered and why rejected**

The Strategic Plan sets out how the Council will deliver services. It provides the route map for the council, for managers, Councillors and the public. Without such a plan the effectiveness of the Council would be significantly compromised and reduced.

## **Background Papers**

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: <b>19 September 2014</b>
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