

AGENDA

Cabinet Meeting



Date: Wednesday 11 June 2008
Time: 6.30 pm
Venue: Town Hall, High Street,
Maidstone

Membership:

Councillors Garland (Chairman), Ash, Greer, Moss,
Mrs Ring and Wooding

Page No.

1. Notification of Visiting Members
2. Disclosures by Members and Officers
3. Disclosures of lobbying
4. To consider whether any items should be taken in private because of the possible disclosure of exempt information
5. Minutes of Meeting held on 15 May 2008 1 - 14
- K** 6. Report of the Chief Finance Officer - Final Accounts 2007/2008 and Summary Statement of Accounts 15 - 36

Continued Over/:

Issued on 3 June 2008

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**David Petford, Chief Executive, Maidstone Borough Council,
London House, 5-11 London Road, Maidstone Kent ME16 8HR**

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Agenda Item 5

MAIDSTONE BOROUGH COUNCIL

CABINET

MINUTES OF THE MEETING HELD ON 9 APRIL 2008

PRESENT: Councillor Garland (Leader) and
Councillors Ash, Greer, Moss, Ring and Wooding

ALSO PRESENT: Councillors Daley and Warner

1. NOTIFICATION OF VISITING MEMBERS

Councillor Daley indicated his wish to speak on Item 6. Councillor Warner indicated his wish to speak on Item 7.

2. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures.

3. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

4. EXEMPT ITEMS

RESOLVED: That the items be taken in public as proposed.

5. MINUTES

RESOLVED: That the Minutes of the Meeting held on 9 April 2008 be approved as a correct record and signed.

6. AUDIT COMMISSION'S ANNUAL AUDIT AND INSPECTION LETTER

The Cabinet considered the Report of the Chief Executive regarding the Audit Commission's Annual Audit and Inspection Letter.

RESOLVED: That the Report be noted.

7. AUDIT COMMISSION'S AUDIT AND INSPECTION PLAN 2008/09

The Cabinet considered the Report of the Chief Executive regarding the Audit Commission's Audit and Inspection Plan 2008/09.

RESOLVED: That the Report be noted.

8. LOCAL CODE OF CORPORATE GOVERNANCE

See Record of Decision of the Cabinet (copy attached as Appendix A)

9. ANNUAL GOVERNANCE STATEMENT

See Record of Decision of the Cabinet (copy attached as Appendix B)

10. PROVISIONAL OUTTURN 2007/08

See Record of Decision of the Cabinet (copy attached as Appendix C)

11. CALL-IN PROCEDURE

The Cabinet considered the Report of the Corporate Services Overview and Scrutiny Committee setting out recommendations for a change to the call-in procedure.

RESOLVED: That Cabinet will further consider this Report and respond to the Corporate Services Overview and Scrutiny Committee by letter.

12. FORWARD PLAN

The Cabinet considered the Report of the Leader of the Council detailing the contents of the Forward Plan 1 June 2008 – 30 September 2008.

RESOLVED: That, subject to the following amendments, the Forward Plan for the period 1 June 2008 – 30 September 2008 be noted:-

a) Cabinet Member for Corporate Services

New Business Units – June 2008

b) Communication Strategy moved from the Cabinet Member for Community Services to the Leader of the Council.

13. DURATION OF MEETING

4.00 pm to 5.10 pm

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 15 May 2008

LOCAL CODE OF CORPORATE GOVERNANCE

Issue for Decision

This report requests Cabinet to consider and approve an amended Local Code of Corporate Governance in the light of a new publication by CIPFA/SOLACE "Delivering Good Governance in Local Government".

Decision Made

1. That the amended Local Code of Corporate Governance as set out in Appendix A of the Report of the Chief Executive be agreed.
2. That the Report of the Chief Executive be referred to the Audit Committee for their comments.

Reasons for decision

The principles and standards of good corporate governance in local government was set out in a previous framework and guidance notes published by SOLACE/CIPFA in 2001. In August 2001, Cabinet agreed that the Council implements the recommendations of this publication "Corporate Governance and Local Government in England and Wales – A Keystone for Community Governance". Cabinet agreed a local code in September 2003 and has considered an annual update since then.

The previous CIPFA/SOLACE framework document included the following dimensions:-

Dimension 1 - Community focus

Dimension 2 – Service delivery arrangements

Dimension 3 – Structures and processes

Dimension 4 – Risk management and internal control

Dimension 5 – Standards of conduct

This framework was based on work by the Committee on Standards and Public Life (The Nolan Committee) 1995 and other guidance. The new code builds on all previous work and a publication in 2004 by the Independent Commission on Good Governance for Public Services which published a set of common principles for all public sector organisations.

The new publication from CIPFA/SOLACE, received in 2007, "Delivering Good Governance in Local Government" sets out a number of core principles and supporting principles, which may be summarised as follows:-

Core Principle 1 – will focus on the purpose of the Authority and on outcomes for the community in creating and implementing the vision for the local area;

Core Principle 2 – Members and officers will work together to achieve a common purpose with clearly defined functions and roles;

Core Principle 3 - promote values for the Authority and demonstrate the values of good governance through upholding high standards of conduct and behavior;

Core Principle 4 – take informed and transparent decisions which are subject to effective scrutiny and manage risk;

Core Principle 5 – develop the capacity and capability of Members and officers to be effective;

Core Principle 6 – engage with local people and other stakeholders to ensure robust public accountability;

It can be seen that the core principles now proposed mirror significantly the dimensions included in the previous framework.

Since 2004, an officer working group has existed to review and monitor Corporate Governance issues. The working group is chaired by the Chief Executive includes the Chief Finance Officer, Head of Internal Audit and Risk Strategy, Head of Corporate Law & Legal Services and Director of Change & Support Services. This Working Group has considered the new framework and attached at Appendix A of the Report of the Chief Executive is the proposed new Local Code of Corporate Governance and this includes a full analysis of the core principles, and the supporting principles and details the current practice of this Authority in delivering good governance. It is intended that where there are areas of weakness or omission that this will be addressed in 2008.

As included in the report on Corporate Governance to Cabinet in May 2007, it was noted that the current arrangements for the production of a Statement of Internal Control, as supporting evidence to allow Council to agree the Statement of Accounts, would be replaced by a process whereby the Council would be presented with an Annual Governance Statement. This will cover issues included in the previous Statement of Internal Control but would cover the whole range of Corporate Governance as set out in the framework. The new Annual Governance Statement would follow this same format as the Statement of Internal Control i.e. it will detail the major elements of Corporate Governance, the review process, any weaknesses identified and an action plan to address those weaknesses. The new Annual Governance Statement is included elsewhere on this agenda.

Alternatives considered and why rejected

The agreement to an Annual Code is now considered best practice and is necessary to allow the Council to agree the Statement of Accounts by its statutory date of end of June 2008.

Background Papers

*CIPFA/SOLACE publication Delivering Good Governance in Local Government.
Minutes of the Corporate Governance Officer Working Group.*

These documents are available at the Council offices.

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 Scrutiny Manager by: **23 May 2008**.

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 15 May 2008

ANNUAL GOVERNANCE STATEMENT

Issue for Decision

To consider the draft Annual Governance Statement for 2007-08 to be signed by the Chief Executive and the Leader, and included in the Statement of Accounts. The combined Statements will be submitted to Council for approval on the 25 June 2008.

Decision Made

1. That the Annual Governance Statement attached at Appendix C of the Report of the Chief Executive be endorsed.
2. That the Annual Governance Statement attached at Appendix C of the Report of the Chief Executive be referred to the Audit Committee for their comments.

Reasons for decision

The Accounts and Audit Regulations previously required that the Statement of Accounts included a Statement of Internal Control, to be signed by the Chief Executive and Leader, which identified the key controls in operation within the Authority to give assurance to the production of the Statement of Accounts.

The regulations have now been amended to require authorities to include an Annual Governance Statement to fulfil the requirements for a Statement of Internal Control, in the Statement of Accounts. It should be noted that the June 2007 CIPFA/SOLACE publication entitled 'Delivering Good Governance in Local Government (Framework)' is considered 'proper practice'. Therefore, the production of the Annual Governance Statement and the revised Local Code of Corporate Governance, detailed elsewhere on this agenda, is based on this publication.

Cabinet are reminded that in 2006 the Regulations were amended to add the following:-

Regulation 4 – this requires the findings of the review of the system of Internal Control (now the Annual Governance Statement) to be considered by a committee of the relevant body, or by members of the body meeting as a whole.

Regulation 6 – this requires bodies to review the effectiveness of their system of internal audit once a year and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of

the system of Internal Control referred to in Regulation 4.

The review of the system of internal control covered by the Annual Governance Statement required by Regulation 4 is dealt with by this report. Members are reminded that the Audit Committee will be considering the Annual Governance Statement and, in particular, the response to the Statement itself and the review taken by the Executive. If the Audit Committee feels that there are any errors or omissions then they will have a responsibility to refer this back to the Cabinet for consideration, and if they feel strongly that any issues have not been sufficiently addressed then the matter may be referred to Council.

With reference to Regulation 6, it is anticipated that a report will be presented to the next meeting by the Head of Internal Audit and Risk Management which will include a review of audit work during 2007/08 with a recommendation that the Cabinet consider the effectiveness of internal audit. This annual review will be backed up by the results of an earlier peer review and the comments of the external auditors included in previous annual management letters which concluded that this authority has an effective internal audit team.

Best practice has identified that the Annual Governance Statement should be considered separately from and before consideration of the Statement of Accounts. The Statement of Accounts will be submitted in June 2008.

The overall assurance framework for assessing the Annual Governance Framework is shown in Appendix A of the Report of the Chief Executive.

The Annual Governance Statement covers arrangements to:-

1. Establish principal statutory obligations and organisational objectives;
2. Identify principal risks to achievement of objectives;
3. Identify key controls to manage principal risks;
4. Obtain assurance on the effectiveness of key controls;
5. Evaluate assurances and identify gaps in control/assurances;
6. Prepare an action plan to address weaknesses and to ensure continuous improvement of the system of internal control.

Attached at Appendix B to the Report of the Chief Executive shows recommended best practice for the review of the Annual Governance Statement and the assurance gathering process. The evidence assembled for the current review is shown as a Background Document.

Attached at Appendix C to the Report of the Chief Executive is the draft Statement for 2007-08 which has been compiled and updated based upon the Statement of Internal Control approved in June 2007 for the financial year 2006-07 and best practice guidance for the production of the Annual Governance Statement.

Officers' views have been obtained on the revised Statement along with external validation, particularly through external audit assessment, but it would be helpful to have Cabinet's views prior to signing the Statement for submission to Council with the Statement of Accounts.

Best practice has identified that the auditors should be presented with a Statement of Evidence to back up the Annual Governance Statement and this has been produced and is available as part of the Local Code of Corporate Governance.

An action plan has been prepared including proposals to address those areas where the Statement identifies that further work would be beneficial to the overall governance arrangements. The action plan will be subsumed into an overarching Council Improvement Plan (incorporating the CPA Improvement Plan and Use of Resources Improvement Plan).

If Cabinet are minded to endorse the Statement it will then be considered by the Audit Committee, which will submit it, after appropriate updates if necessary, along with the Statement of Accounts to Council in June 2008.

Alternatives considered and why rejected

The Annual Governance Statement is a necessary part of the Statement of Accounts and must, therefore, be ultimately agreed by Council. However, it is possible for members to disagree with the detail of the Statement and to ask for further details to be included or evidence to be produced. However, it must be acknowledged that the Accounts and Audit Regulations require the full Statement of Accounts to be agreed by Council before the end of June 2008.

Background Papers

Minutes of the Corporate Governance Officer Working Group
Local Code of Corporate Governance
Accounts and Audit Regulations 2003 (as amended in 2006)
Evidence to support the Annual Governance Statement

These documents are available at the Council offices.

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 Scrutiny Manager by: **23 May 2008**.

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 15 May 2008

PROVISIONAL OUTTURN 2007/08

Issue for Decision

To consider the provisional revenue and capital outturn figures for 2007/08 and the impact of these figures on future financial planning.

Decision Made

1. That the provisional outturn for revenue and capital for 2007/08 be noted.
2. That the provisional reduction in the contribution from Balances of £0.44m be held as a further contingency against financial issues in 2008/09 and future years be agreed.
3. That the carry forward of capital under spend in the final quarter of 2007/08 into 2008/09 be agreed.
4. That the positive impact on the Balance Sheet of the provisional outturn for 2007/08 be noted.

Reasons for decision

Final expenditure figures for Revenue and Capital are traditionally reported to Cabinet at the June meeting, along with the Statement of Accounts and Treasury Management performance. These reports are then followed, at the July meeting, with the initial Budget Strategy report for the following financial year and the Medium Term Financial Projection for a further four years.

To facilitate good financial management, this report gives Cabinet provisional figures for Revenue and Capital Outturn, to allow earlier consideration of any issues resulting from them. The final figures will be reported, as normal, to the next meeting of Cabinet.

REVENUE – attached at Appendix A to the Report of the Chief Finance Officer is a summary of the Revenue Outturn for 2007/08 compared to the revised estimate approved by Cabinet in February 2008. Also shown is the revised estimate, taking into account any changes in capital financing costs necessitated by changes in actual capital spend. This is provided to ensure more accurate comparison with the Outturn position, as it eliminates fluctuations in capital spend. These fluctuations are dealt with later in the report when dealing with the Capital Outturn position. This shows a net underspend of £ 2.11 million.

Attached at Appendix B to the Report of the Chief Finance Officer is a schedule of provisional Carry Forwards into 2008/09 totalling £1.67 million as the result of slippage in specific projects in 2007/08. An updated schedule will be provided to the next meeting of Cabinet.

Included in Appendix B to the Report of the Chief Finance Officer are a number of areas of spend covered by grant from central government or other income where members have previously agreed to use the funds in years beyond 2007/08 or where spending areas have not been agreed. These include:-

Area of Spend	£ 000
Planning Delivery Grant	301
2007 LABGI – estimated extra funds	200
2007 LABGI – provisional estimate of further funds	228
2006 LABGI – Health living/life long learning	85
Consultancy funds for Unitary status work	85
Smoke Free Grant Funding	25
TOTAL	924

Excluding the areas of carry forward detailed in the previous paragraph, the “traditional” areas of carry forward therefore total £0.75 million. This is in line with previous years.

The overall provisional Revenue position can therefore be summarised as follows:

Revenue Spend	£ 000
Revised estimate	21,811
Provisional outturn	19,694
Net under spend	2,117
Less carry forwards	1,675
Net under spend after carry forwards	442

The net underspend after carry forwards means that the contribution from general balances reduces from an estimate of £0.76 million to £0.22 million and this change is reflected in a revised Statement of Balances attached at Appendix C to the Report of the Chief Finance Officer.

The reduction in contribution from Balances includes resources in the following specific areas:

Reason	£ 000
Provision for possible redundancy costs not required	33
Additional investment income	31
Benefit subsidy adjustments from 2006/07	28
Other retrospective adjustment	40
Areas of surplus income which need to be ring fenced to the service.	162
TOTAL	294

Due to the increased amounts involved in ring fenced, income generating, services, the possibility of creating an earmarked reserve for these will be included in the Final Accounts report to the next meeting of Cabinet.

A significant contribution to the Outturn position and the change in contribution from Balances is the level of slippage on salary spend, which for 2007/08 was in the region of £0.4m. This is, in itself, in excess of the overall slippage provision incorporated into the revised estimates. 2007/08 was the second year of the introduction of the new Pay and Reward Strategy and the ongoing impact on the level of salary slippage will continue to be monitored and assessed for future impact. It was evident from the quarterly monitoring in 2007/08 that the rate of salary slippage was declining as the year progressed.

The provisional final accounts has also identified a small number of areas which will need to be monitored during the current financial year and may need to be taken into account in future financial strategies, as follows:

- a) Park and Ride – a shortfall in income has resulted in a net deficit in 2007/08, of approximately £40,000, which will need to be carefully monitored in 2008/09 in order to identify any ongoing problems;
- b) Concessionary Fares – the outcome of appeals against the Kent Countywide Scheme have not yet been finalised nor have the final scheme costs generally. Whilst prudent provision has been made in 2007/08 Accounts and a carry forward of resources included in Appendix B to the Report of the Chief Finance Officer, the overall situation of Concessionary Travel will need to be carefully monitored in 2008/09.

Further analysis of the Revenue Outturn position is currently being undertaken to identify any further trends or information which may be of benefit in any future financial strategy.

It is recommended that the reduction in the contribution from balances of £0.44 million be held, at this stage, pending further evaluation of the financial challenges facing this authority in 2008/09 and later years.

CAPITAL – attached at Appendix D to the Report of the Chief Finance Officer is a summary of Capital spend against the revised estimate. This has identified further slippage of £0.7 million that may be summarised as follows:

- a) Renovation Grant – further slippage of £0.3m has been identified in 2007/08. It is necessary to carry forward this resource as it is needed to cover grant awards which have not yet been drawn down.
- b) Leisure Centre – due to the current review of future funding and direction for the leisure centre, there is some planned delay in investment until the priorities are agreed corporately. This has resulted in a carry forward of £0.1m.
- c) Green Spaces – there is a net underspend of approximately £0.1m .

In a small number of cases, for amounts which are not corporately material, there has been over spend in programmes which have an on-going budget provision throughout the medium term Programme. In these cases the overspend has been deducted from the budget provision available in 2008/09. It is also shown in Appendix D to the Report of the Chief Finance Officer that the under spends from 2007/08 have been carried forward to 2008/09.

As previously reported to Cabinet, through the quarterly budget monitoring reports, there has been significant slippage in the 2007/08 Capital Programme. However, the provisional outturn figures are substantially in line with those previously agreed, subject to those variations detailed above. It is proposed that a substantial level of monitoring of the 2008/09 Capital Programme continue to be incorporated into the quarterly monitoring reports.

BALANCE SHEET – the impact of the provisional outturn figures on various elements of the Balance Sheet may be summarised as follows.

The revised estimate assumed Capital Receipts for 2007/08 of £4.2m. The provisional actual figures show Capital Receipts, net of costs, of £2m. The shortfall in receipts, in the main, come from amounts due from a land disposal which has slipped (£2.0m) and from a reduction in VAT shelter receipts of £0.1m.

The overall funding for the Capital Programme will be in accordance with that approved by Cabinet in February 2008, mainly from Capital Receipts and Capital Grants contributions. This will be fully reported to Cabinet in June, along with an update on the position relating to capital receipts now anticipated in 2008/09.

INVESTMENTS – the Treasury Management Strategy Report to Cabinet agreed in February 2008 anticipated year end investments of approximately £22.2m. The actual investment at March 2008 totalled £26.4m. A provisional assessment of the increase that it is as a result of the following:

Reason	£ 000
Capital Slippage	400
Revenue Slippage (excluding LABGI and other planned carry forwards)	1,200
Planned carry forwards	900
Benefit Subsidy on account from DWP	1,200
Collection Fund	500
TOTAL	4,200

A substantial part of the above additional investment resources will be required during 2008/09 to potentially cover commitments carried forward from 2007/08 and will therefore not have a material impact on the Treasury Management Strategy set for 2008/09 for the investment of available resources. These resources will continue to be invested short term until required to cover carry forward commitments.

Daily Monitoring of Cash Flow has confirmed that the Prudential Indicators set for the year have been complied with.

FIXED ASSETS – the Capital Investment duly achieved in 2007/08 has resulted in investment in the council's property portfolio of £4.4m out of a total spend of £10m. The balance of the spend is in spend such as support for social housing, innovation grants etc. which do not contribute to this authority's asset base and have been written off, through the revenue account, as Deferred Charges.

USEABLE CAPITAL RECEIPTS – as a result of the annual level of capital investment in 2007/08 and the level of capital receipts received in that year, the level of useable capital receipts has decreased from £19.2m, as at March 2007, to £14m at March 2008.

BALANCES – as set out in Appendix C to the Report of the Chief Finance Officer, the overall level of balances at March 2008 will be £8.3m, compared to £7m at March 2007. However, after allowing for the commitment to carry forwards, the provisional level of balances is £5.5m, substantially in line with that estimated in February 2008.

Alternatives considered and why rejected

None

Background Papers

*Previous reports to Cabinet relating to 2007/08 Budgets.
Accountancy reports summarising revenue expenditure 2007/08.*

These documents are available at the Council offices.

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 Scrutiny Manager by: **23 May 2008**.

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Agenda Item 6

THE MAIDSTONE BOROUGH COUNCIL

REPORT OF CHIEF FINANCE OFFICER

11 JUNE 2008

CABINET

Report Prepared by: Derek Williamson, Chief Finance Officer

1. **FINAL ACCOUNTS 2007/08 AND SUMMARY STATEMENT OF ACCOUNTS**

1.1 Issue for Decision

1.1.1 This report summarises the actual Revenue and Capital Final Accounts situation for 2007/08 which was provisionally reported to the previous meeting. The report also confirms the level of balances and the consequences for the Balance Sheet as at 31st March 2008.

1.2 Recommendation of the Chief Finance Officer

1.2.1 That the Cabinet:-

- (a) notes the Revenue final accounts position 2007/08 as being substantially in line with that provisionally reported to the previous meeting.
- (b) notes the uncommitted level of balances available as at 31st March 2008 at £3.19m, an overall increase of approximately £0.39m compared to the position as agreed by Council in February 2008.
- (c) agrees the overall capital programme spend of £10.4m and funding as detailed in paragraph 1.3.5.
- (d) notes the draft Income and Expenditure account, Balance Sheet, Cashflow Statements and Collection Fund Accounts for 2007/08.
- (e) agree that the final accounts position for 2007/08 is a strong base on which to monitor the agreed spending programme 2008/09 and consideration of the budget strategy for 2009/10 onwards.

1.3 Reasons for Recommendation

1.3.1 The provisional outturn position, for Revenue and Capital spend, overall balances and the impact of the final accounts position on the projected Balance Sheet was reported to the last meeting of Cabinet. The Accounts and Audit Regulations will require that the full Statement of Accounts be agreed by Council by the end of June 2008 and the

Final Accounts Position as detailed in this report is an essential element of the Statement of Accounts.

- 1.3.2 The full Statement of Accounts is to be reported to the Audit Committee on 16 June 2008 which will make a recommendation to Council for the approval of the Statement of Accounts on 25 June 2008. These accounts will include the Annual Governance Statement which was agreed by Cabinet at the last meeting.
- 1.3.3 Revenue Out-turn – The Revenue final accounts for 2007/08 have now been completed and attached as **Appendix 'A'** is a summarised position. This is substantially in line with the figures reported provisionally to the last meeting of Cabinet. Attached at **Appendix 'B'** is the final list of carry forwards from 2007/08, which is also substantially in line with the provisional list provided to the last meeting of Cabinet. As a result there are no further issues which need to be brought to the attention of Cabinet in terms of issues to be considered in the current financial year or for the Budget Strategy for future years. At the last meeting, Park and Ride and Concessionary Fares were identified as ongoing issues to be monitored.
- 1.3.4 Attached at **Appendix 'C'** is the Statement of Balances as reported to the last meeting of Cabinet. A further earmarked reserve has been created to cover surplus funds on trading accounts for Building Control and Land Charges. These services should aim to break even over a 3 year period. In previous years the figures have not been sufficiently material to warrant this approach. Members will note that the total level of balances at 31st March 2008 is £8.3 m, with an uncommitted level of balances, after taking into account approved Carry Forwards of £1.724 m and other future commitments, of £3.19 m. This is £0.39 m greater than that agreed by Council at March 2008 and Cabinet, at the last meeting, agreed that this would be held in reserve for financial issues in the current financial year or future years.
- 1.3.5 Capital Outturn – Attached at **Appendix 'D'** is the summary of the Capital Spend for 2007/08, with a total spend of £10.42m compared to the revised estimate of £10.9m. It is proposed that this is funded, in accordance with previously policies, as follows:-

Funding Source	£,000
Revenue	291
Capital Receipts	7602
Capital Grants and Contributions	2529

Total	10422

- 1.3.6 The level of capital receipts received in 2007/08 was £2.1m, which, after the use of receipts to fund capital expenditure in 2007/08, has reduced the level of available receipts from £19.2m to £14m. This position and the level of future capital receipts will feature significantly in the current years monitoring reports and future Budget Strategy

considerations.

- 1.3.7 As a result of the final accounts position and income from Capital Receipts, the level of external investments has reduced to £26.3m, compared to £30.7m as at March 2007. The overall impact of final accounts on Treasury Management issues is dealt with in a separate report elsewhere on this agenda.

1.4 Statement of Accounts

- 1.4.1 The full Statement of Accounts will be reported to the Audit Committee on 16 June 2008, in accordance with the Terms of Reference for that Committee as agreed by Council in December 2006. However, it is important the Cabinet are aware of the major statements included within the overall Statement of Accounts and these are detailed as follows:-

Income and Expenditure Account – **Appendix 'E'**

Balance Sheet – **Appendix 'F'**

Cashflow Statement – **Appendix 'G'**

Collection Fund – **Appendix 'H'**

- 1.4.2 The Income and Expenditure Account is in the required format for the Statement of Account and is a more complex way of presenting the revenue position as shown in **Appendix 'A'**.
- 1.4.3 These Statements confirm the overall level of balances at £8.3m as fully detailed in **Appendix 'C'**, available to the Authority in future years and the overall level of Capital Receipts, following the use of Capital Receipts to fund 2007/08 Capital Spend, at £14m.
- 1.4.4 The Cashflow Statement identifies that, in overall terms, the revenue activities of the Authority produced a marginal decrease in cash resources of approximately £0.4m. On Capital activities, the income from Capital receipts and grants was approximately £5.4m less than the Capital expenditure funded from these sources. This net outflow of cash resulted in the reduction in investments held by the Authority. This net decrease in cash resources available to the Authority was approximately £4m less than that anticipated in the estimates for 2008/09 were compiled, mainly as a result of slippage in the spending programme. This will result in an increase in investment income in 2008/09 which is currently estimated at £0.1m. This will be further evaluated and reported as part of the quarterly monitoring reports for Cabinet.
- 1.4.5 The Statement relating to the Collection Fund identifies that there an overall reduction in the balance of the fund from £1.2m to £0.47m which is approximately £0.1m better than projected in December 2007. An element of this balance will be available to offset the Council Tax level in 2009/10 and will help offset any requirement for a Council Tax increase or reduce the level of savings required in that year. The

position of the Collection Fund during 2008/09 will be reported to Cabinet in the quarterly monitoring report.

1.5 Alternative Actions and Why Not Recommended

1.5.1 The alternatives are included in the report for consideration.

1.6 Impact on Corporate Objectives

1.6.1 The financial resources spent in 2007/08 reflect corporate priorities.

1.7 Risk Management

1.7.1 The management of spend and the maintenance of the appropriate balances are areas of financial risk. Regular reports to Officers and Members and pro-active attention significantly address these risks.

1.8 Other Implications

1.8.1 Financial

Staffing

Legal

Social Inclusion

Considerations for Disabled Persons

Environmental/Sustainable Development

Community Safety

Human Rights Act

Risk Assessment

1.8.2 The final accounts position is a firm base to consider the current year's budget and the Budget Strategy for future years.

Background documents

Previous reports to Cabinet relating to 2007/08 budgets, particularly in the report to Cabinet in May 2008.

The Accountancy Reports summarising revenue expenditure 2007/08.

Statement of Accounts, which will be reported to Audit Committee on 16 June 2008.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes

No

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

.....13th February 2008....

Is this an Urgent Key Decision? Yes

No

Reason for Urgency

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MAIDSTONE BOROUGH COUNCIL

BUDGET 2008/09

SUMMARY

SERVICES	2006/07 ACTUAL £	2007/08 ESTIMATE £	2007/08 APPROVED REVISED ESTIMATE £	2007/08 REVISED ESTIMATE 31ST MARCH 2008 £	ACTUAL 2007/08 £	VARIANCE 2007/08 £
Leader of the Council	(261,779)	1,903,150	1,904,000	1,055,240	286,305	768,935
Community Services	1,618,475	1,664,330	1,718,860	1,745,180	1,563,956	181,224
Corporate Services	(432,226)	(7,404,190)	(6,220,790)	(4,905,550)	(6,071,157)	1,165,607
Environment	6,905,201	7,501,680	8,503,360	8,668,280	8,396,621	271,659
Leisure & Culture	4,975,672	5,313,580	5,756,590	5,469,120	5,774,940	(305,820)
Regeneration	5,576,696	12,558,340	10,515,860	10,145,610	9,754,186	391,424
TOTAL SERVICE SPENDING	18,382,040	21,536,890	22,177,880	22,177,880	19,704,851	2,473,029
General Underspend	-	(266,610)	(366,610)	(366,610)	-	(366,610)
NET SERVICE SPENDING	18,382,040	21,270,280	21,811,270	21,811,270	19,704,851	2,106,419
Contribution to (from) Balances						
- Planned - General	81,000	(230,000)	(230,000)	(230,000)	(230,000)	-
- Planned - In Year General	1,088,835	-	907,600	907,600	3,020,364	(2,112,764)
- Carry Forward	-	-	(1,436,000)	(1,436,000)	(1,436,000)	-
- Asset Replacement	74,540	60,250	(4,250)	(4,250)	(91,850)	87,600
- Invest to Save	(25,785)	(67,410)	(15,500)	(15,500)	(20,000)	4,500
- LDF Earmarked Reserves	500,000	-	-	-	-	-
- Large Building Maintenance Fund	200,000	-	-	-	-	-
- Trading Accounts	-	-	-	-	85,755	(85,755)
TOTAL CONTRIBUTION TO (FROM) BALANCES	1,918,590	(237,160)	(778,150)	(778,150)	1,328,269	(2,106,419)
BUDGET REQUIREMENT	20,300,630	21,033,120	21,033,120	21,033,120	21,033,120	-

SCHEDULE OF CARRY FORWARD OF RESOURCES FROM 2007/2008 TO 2008/2009

CABINET PORTFOLIO	SERVICE	CARRY FORWARD	DESCRIPTION
		£	
Community Services	Social Inclusion	11,000	LABGI funding for Loan Sharking and Community Learning Champions.
Community Services	Delegated Grants	9,820	Funding for Village Hall Grant Aid scheme.
Corporate Services	Licensing	24,100	Taxis unmet demand survey and support for homeworking in 2008/09.
Corporate Services	Revenues Section	5,000	Replace aging computers not currently included in the IT programme.
Corporate Services	Accountancy	15,000	Development and implementation of Corporate Procurement Cards to replace Petty Cash Imprest.
Corporate Services	Receptions Section	9,400	Move and upgrade of Qmatic system in Gateway. Project delayed by delay in move to new offices.
Corporate Services	Devolved Budgets	11,900	Committed Devolved Budget requests from Members.
Corporate Services	Internal Audit & Risk Mgt.	10,000	Programmed audits that have slipped from 2007/08 into 2008/09.
Corporate Services	Appropriation	84,460	Revenue Funding of Capital schemes for 2007/08 that have slipped into 2008/09.
Corporate Services	General	121,840	Provision for delayed repayment from Cobtree Manor Estate as capital schemes for 2007/08 have slipped into 2008/09
Corporate Services	Learning & Development	7,300	Funding for training in 2008/09
Environment	Civic Wardens	25,280	Funding for dealing with Smokefree issues and initiatives, and special initiatives on vehicle enforcement.
Environment	Pollution Control	6,740	Continued membership of the Kent Air Quality Group.
Environment	Concessionary Fares	69,800	For use as a contingency for final reconciliation payment for 07/08 and appeals to DfT from bus companies.
Environment	Compliance & Enforcement	19,450	Planning Delivery Grant funding not spent in 2007/08.
Leader of the Council	Performance & Development	5,500	Costs of publishing Strategic Plan and Best Value Performance Plan.
Leader of the Council	Contingency	84,500	Unused budget carried forward to support any further work on unitary status.
Leader of the Council	Contingency	85,400	Resources set-aside for Healthy Living/Lifelong Learning.
Leader of the Council	Contingency	200,000	2007 estimated LABGI award not yet allocated to projects.
Leader of the Council	Contingency	228,000	2007 provisional LABGI award greater than estimated.
Leader of the Council	Contingency	301,600	Planning Delivery Grant funding not spent in 2007/08.
Leisure & Culture	Conference Bureau	9,000	Promotion of Kent Conference Bureau at trade shows and exhibitions.
Leisure & Culture	Leisure Centre	74,000	Costs associated with the re-tendering of the Leisure Centre contract.
Leisure & Culture	River Park	8,000	Funding for repairs to CCTV camera at the River Park.
Leisure & Culture	Community Halls	20,000	Costs of fitting out Beechwood Hall. Not yet transferred to MBC from the developer.
Regeneration	Sustainable Development	30,000	LABGI Teenage Pregnancy money yet to be claimed by PCT.
Regeneration	Housing Standards	63,410	Funding for Private Sector Housing survey and Housing Market Assessment.
Regeneration	Housing Association Activity	8,970	Funding for Kent Based Choice Lettings scheme.
Regeneration	Business Development	44,100	Funding for appraisal works for proposed All Saints Link Road.
Regeneration	Business Development	20,000	To support business, culture and leisure events
Regeneration	Planning Policy	51,000	Kent International Gateway funding not spent in 2007/08.
Regeneration	Planning Policy	43,340	Planning Delivery Grant funding not spent in 2007/08.
Regeneration	Development Control	16,400	Planning Delivery Grant funding not spent in 2007/08.
		1,724,310	

CABINET PORTFOLIO SUMMARY

Leader of the Council	905,000
Community Services	20,820
Corporate Services	289,000
Environment	121,270
Leisure & Culture	111,000
Regeneration	277,220
	1,724,310

**THE MAIDSTONE BOROUGH COUNCIL
FINAL ACCOUNTS 2007/08**

GENERAL FUND RESERVES AND BALANCES

	Total General Fund £000	Trading Accounts £000	Asset Replacement £000	Invest to Save £000	LBMF £000	LDF Fund £000	Overall Total £000
Total Balance 31/3/07	4,714		121	965	200	1,000	7,000
Less							
Use in 2007/08	1,354	86	-92	-20	0	0	1,328
Uncommitted Balance 31/3/07	6,068	86	29	945	200	1,000	8,328
Less							
Agreed additional Contributions 2008/09 for carry forward	-1,724						-1,724
Uncommitted Balance 31/3/08	4,344	86	29	945	200	1,000	6,604
Proposed Use 2008/09	-1,040			-350		-69	-1,459
Proposed Use 2009/10	-114			-50		-200	-364
Uncommitted Balance 31/3/09	3,190	86	29	545	200	731	4,781

Note - No further contributions to or from General Balances are included in the Medium Term Financial Projection from April

**MAIDSTONE BOROUGH COUNCIL
GENERAL FUND CAPITAL PROGRAMME 2007/2008 ONWARDS**

PORTFOLIO	Total Capital Cost - Current Schemes	Revised Estimate 2007/2008	Actuals 2007/2008	Carry Forward Year End 2007/2008	Carry Forward Already agreed for 2008/09	Estimate 2008/2009	Estimate 2009/2010	Estimate 2010/2011	Estimate 2011/2012
	£	£	£	£	£	£	£	£	£
EXPENDITURE									
Leader of the Council	2,202,070	232,460	485,993	86,470	1,507,610	480,000	0	0	0
Community Services	985,000	41,000	57,059	1,680	200,000	181,000	401,000	81,000	81,000
Corporate Services	7,426,770	1,354,620	1,013,611	1,260	438,000	731,570	750,000	750,000	750,000
Environment	2,886,540	456,350	406,089	50,250	415,610	1,505,000	352,000	30,000	0
Leisure & Culture	6,917,850	1,400,800	1,232,412	122,280	910,100	1,055,000	1,350,000	1,330,000	500,000
Regeneration	40,210,620	7,655,100	7,227,547	433,790	3,465,230	8,902,530	8,621,240	6,488,180	4,994,240
Less: Assumed Slippage / Additional Resources		-245,090			-152,380	-282,810	-252,430	-190,940	-139,160
GRAND TOTAL - ALL PORTFOLIOS	60,628,850	10,895,240	10,422,711	695,730	6,774,170	12,572,290	11,221,810	8,488,240	6,186,080
FUNDING									
Revenue Support		217,000	290,821		308,000	355,000	0	0	0
Use of Capital Receipts - Asset Disposals		2,300,000	150,833		4,000,000	5,400,000	300,000	300,000	2,478,000
- Premiums		345,330	345,326			0	0	0	0
- Sale of Council Houses / VAT		1,900,000	1,948,872			1,800,000	1,100,000	1,100,000	1,100,000
- Previous Receipts/Carry Forward		3,156,343	5,157,076	588,700	1,912,560	1,985,870	6,675,570	3,915,060	1,528,840
Borrowing		0	0			0	0	0	0
Capital Grants and Contributions		2,544,967	2,437,933	107,030	115,610	2,781,420	2,896,240	2,923,180	829,240
Leasing (subject to appraisal)		91,600	91,850			250,000	250,000	250,000	250,000
Land/Property Acquisitions (business case)		340,000	0		438,000				
GRAND TOTAL - ALL PORTFOLIOS		10,895,240	10,422,711	695,730	6,774,170	12,572,290	11,221,810	8,488,240	6,186,080

Note: Total Capital Cost- Current Schemes. For current projects, the cost included is the total cost of the project. For ongoing capital programmes, the cost is all that is stated within the Capital Programme

**MAIDSTONE BOROUGH COUNCIL
GENERAL FUND CAPITAL PROGRAMME 2007/2008 ONWARDS**

LEADER OF THE COUNCIL

SCHEME	Total Capital Cost - Current Schemes £	Revised Estimate 2007/2008 £	Actuals 2007/2008 £	Carry Forward Year End 2007/2008 £	Carry Forward Already agreed for 2008/09 £	Estimate 2008/2009 £	Estimate 2009/2010 £	Estimate 2010/2011 £	Estimate 2011/2012 £	Contribution to Council Priorities
Lottery Assistance to Outside Bodies	16,460	0	0	0	16,460	0	0	0	0	
Lottery Grants	10,000	0	0	0	10,000	0	0	0	0	
Office Accommodation	2,175,610	232,460	485,993	86,470	1,481,150	480,000	0	0	0	5 & 6
LEADER OF THE COUNCIL TOTAL	2,202,070	232,460	485,993	86,470	1,507,610	480,000	0	0	0	

COMMUNITY SERVICES

SCHEME	Total Capital Cost - Current Schemes £	Revised Estimate 2007/2008 £	Actuals 2007/2008 £	Carry Forward Year End 2007/2008 £	Carry Forward Already agreed for 2008/09 £	Estimate 2008/2009 £	Estimate 2009/2010 £	Estimate 2010/2011 £	Estimate 2011/2012 £	Contribution to Council Priorities
CCTV	830,000	10,000	27,742	0	200,000	150,000	370,000	50,000	50,000	1, 2 & 6
Concurrent Functions	155,000	31,000	29,317	1,680	0	31,000	31,000	31,000	31,000	1, 2, 4, 5 & 6
COMMUNITY SERVICES TOTAL	985,000	41,000	57,059	1,680	200,000	181,000	401,000	81,000	81,000	

Contribution to Council Priorities

Key.

1. Prosperity
2. Quality living
3. Quality, decent homes
4. Lifelong learning
5. Healthy environment
6. Sustainable communities

**MAIDSTONE BOROUGH COUNCIL
GENERAL FUND CAPITAL PROGRAMME 2007/2008 ONWARDS**

CORPORATE SERVICES

SCHEME	Total Capital Cost - Current Schemes £	Revised Estimate 2007/2008	Actuals 2007/2008	Carry Forward Year End 2007/2008 £	Carry Forward Already agreed for 2008/09 £	Estimate 2008/2009 £	Estimate 2009/2010 £	Estimate 2010/2011 £	Estimate 2011/2012 £	Contribution to Council Priorities
Asset Management / Corporate Property	1,226,770	226,770	245,201	13,400	0	231,570	250,000	250,000	250,000	5 & 6
Corporate Leasing Provision	1,091,600	91,600	91,850	0	0	250,000	250,000	250,000	250,000	1, 2, 3, 4, 5 & 6
Disability Discrimination Act	308,500	30,160	20,491	9,670	0	0	0	0	0	
Prelims Development	1,382,390	345,330	345,326	0	0	0	0	0	0	
Land/ Property Acquisitions	2,000,000	340,000	0	0	438,000	0	0	0	0	
Software / PC Upgrade and Replacement	1,317,510	317,510	310,743	6,770	0	250,000	250,000	250,000	250,000	1, 2, 3, 4, 5 & 6
Upgrade Amenity lighting	100,000	3,250	0	3,250	0	0	0	0	0	
CORPORATE SERVICES TOTAL	7,426,770	1,354,620	1,013,611	1,260	438,000	731,570	750,000	750,000	750,000	

**Contribution to Council Priorities
Key.**

1. Prosperity
2. Quality living
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6. Sustainable communities

**MAIDSTONE BOROUGH COUNCIL
GENERAL FUND CAPITAL PROGRAMME 2007/2008 ONWARDS**

ENVIRONMENT

SCHEME	Total Capital Cost - Current Schemes £	Revised Estimate 2007/2008 £	Actuals 2007/2008 £	Carry Forward Year End 2007/2008 £	Carry Forward Already agreed for 2008/09 £	Estimate 2008/2009 £	Estimate 2009/2010 £	Estimate 2010/2011 £	Estimate 2011/2012 £	Contribution to Council Priorities
All Saints Link Road	50,000	15,000	0	15,000	19,550	0	0	0	0	
Environmental Improvements	32,030	32,030	1,005	31,020	0	0	0	0	0	
Environmental Improvements - Palace Ave/Gabriels H	100,000	0	0	0	0	0	100,000	0	0	1, 2 & 5
Former Pear Orchard - CPO	9,560	6,420	6,416	0	3,140	0	0	0	0	
Greening the Town Centre	90,000	0	0	0	0	30,000	30,000	30,000	0	1, 2 & 5
Improvements to the Council's Car Parks	70,000	0	0	0	0	35,000	35,000	0	0	1 & 2
Improvements to the Crematorium	40,000	0	0	0	0	40,000	0	0	0	2 & 5
Land Drainage/Improvement to Ditches & Watercours	161,410	31,570	65,400	-33,830	84,920	0	0	0	0	2, 5 & 6
Mercury Abatement Works and Cremator Replacement	1,250,000	8,000	3,500	4,500	0	1,055,000	187,000	0	0	2 & 5
Recycling	913,000	300,000	274,697	25,300	308,000	305,000	0	0	0	2, 5 & 6
Replace Bus Shelters	50,000	22,790	21,544	1,250	0	0	0	0	0	2, 5 & 6
Replace Water Mains	80,540	40,540	33,527	7,010	0	0	0	0	0	
Replacement Litter Bins	40,000	0	0	0	0	40,000	0	0	0	2 & 5
ENVIRONMENT TOTAL	2,886,540	456,350	406,089	50,250	415,610	1,505,000	352,000	30,000	0	

Contribution to Council Priorities

Key.

1. Prosperity
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5. Healthy environment
6. Sustainable communities

**MAIDSTONE BOROUGH COUNCIL
GENERAL FUND CAPITAL PROGRAMME 2007/2008 ONWARDS**

LEISURE & CULTURE

SCHEME	Total Capital Cost - Current Schemes £	Revised Estimate 2007/2008 £	Actuals 2007/2008 £	Carry Forward Year End 2007/2008 £	Carry Forward Already agreed for 2008/09 £	Estimate 2008/2009 £	Estimate 2009/2010 £	Estimate 2010/2011 £	Estimate 2011/2012 £	Contribution to Council Priorities
Athletics Track	294,130	0	0	0	294,130	0	0	0	0	2, 4, 5 & 6
Brenchley Gardens - Upgrading & Improvements	130,030	43,080	4,990	38,090	36,950	50,000	0	0	0	1, 2 & 5
Changing Rooms - Staplehurst	65,000	0	0	0	65,000	0	0	0	0	2, 4 & 6
Cobtree Golf Course	137,560	40,420	16,637	23,780	230	0	0	0	0	
Continued Improvements to Play Areas	602,860	179,420	242,193	62,770	93,440	200,000	0	0	0	2, 4, 5 & 6
Exchange Studio Development	273,000	150,920	222,902	-71,980	122,080	0	0	0	0	2, 4 & 6
Green Space Strategy	798,470	465,400	366,882	61,520	100,000	60,000	0	0	0	2, 4, 5 & 6
Leisure Centre Repairs & Improvements	1,557,050	175,220	89,452	85,770	81,830	100,000	400,000	400,000	400,000	2, 4, 5 & 6
Leisure Centre Roof	385,000	0	0	0	0	385,000	0	0	0	2, 4, 5 & 6
Mote Park Car Park Resurfacing	0	0	0	0	0	0	0	0	0	2 & 5
Mote Park Regeneration	1,840,000	0	0	0	0	160,000	850,000	830,000	0	2 & 5
Museum Improvements (Access / Toilets)	304,800	237,630	218,828	18,800	95,200	0	0	0	0	1, 2, 4 & 6
Small Scale Capital Works Programme	529,950	108,710	70,528	29,070	21,240	100,000	100,000	100,000	100,000	2, 4, 5 & 6
LEISURE & CULTURE TOTAL	6,917,850	1,400,800	1,232,412	122,280	910,100	1,055,000	1,350,000	1,330,000	500,000	

Contribution to Council Priorities

Key.

1. Prosperity
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6. Sustainable communities

**MAIDSTONE BOROUGH COUNCIL
GENERAL FUND CAPITAL PROGRAMME 2007/2008 ONWARDS**

REGENERATION

SCHEME	Total Capital Cost - Current Schemes	Revised Estimate 2007/2008	Actuals 2007/2008	Carry Forward Year End 2007/2008	Carry Forward Already agreed for 2008/09	Estimate 2008/2009	Estimate 2009/2010	Estimate 2010/2011	Estimate 2011/2012	Contribution to Council Priorities
	£	£	£	£	£	£	£	£	£	
Gypsy Site Improvements	771,510	55,530	24,157	31,370	171,880	450,000	0	0	0	2, 3, 5 & 6
Maidstone Bridge Feasibility Study	20,000	20,000	5,000	15,000	0	0	0	0	0	
Maidstone High Street Regeneration Project	0	0	372	0	0	0	0	0	0	
New Growth Point	4,604,020	0	0	0	0	1,616,140	1,493,940	1,493,940	0	1, 2, 3 & 5
Planning Delivery	152,760	83,020	8,825	74,200	69,740	0	0	0	0	2, 3 & 6
Private Sector Housing Software	0	0	0	0	0	0	0	0	0	
Renovation Grants	9,976,920	1,884,440	1,522,484	363,350	299,610	1,877,090	1,927,300	1,994,240	1,994,240	3, 5 & 6
South Maidstone Project	5,873,300	1,500,000	1,590,133	99,130	2,914,000	1,459,300	0	0	0	1, 2, 3 & 5
Support for Social Housing	18,812,110	4,112,110	4,072,105	40,000	0	3,500,000	5,200,000	3,000,000	3,000,000	3 & 6
Youth Cafés Refurbishment Works	0	0	4,471	0	0	0	0	0	0	
REGENERATION TOTAL	40,210,620	7,655,100	7,227,547	433,790	3,455,230	8,902,530	8,621,240	6,488,180	4,994,240	

Contribution to Council Priorities

Key.

1. Prosperity
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6. Sustainable communities

2006/07		2007/2008			
NET £000	CLASSIFICATION	NOTE(S)	Expenditure £000	Income £000	Net £000
1,542	Central Services to the Public Cultural, Environmental &		46,065	46,130	(65)
14,633	Planning Services Highways, Roads & Transport		24,641	8,084	16,557
1,167	Services		5,356	3,556	1,800
2,137	Corporate & Democratic Core		2,150	82	2,068
185	Non-distributed Costs		93		93
2,700	Housing Services		7,628	1,124	6,504
22,364	Net Cost of Services	1/2	85,933	58,976	26,957
(2,577)	(Gains)/Losses on Disposal of Fixed Assets	See below			(1,987)
765	Parish Precepts				784
13	Interest Payable				6
46	Contribution of Housing Capital Receipts to Govt.Pool				37
(1,641)	Interest and Investment Income				(2,216)
760	Pensions Interest Cost & Expected Return on Pensions Assets				680
19,731	NET OPERATING EXPENDITURE				24,261
(11,879)	Precept Demanded from the Collection Fund				(12,569)
(82)	Collection Fund Prior Year Adjustment				
(1,473)	Revenue Support Grant				(1,329)
(7,631)	Distribution from Non-Domestic Rate Pool				(7,919)
(1,334)	(SURPLUS)/DEFICIT FOR THE YEAR				2,444

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2006/07 £000		2007/08 £000
(1,334)	(Surplus)/Deficit on the Income & Expenditure Account	2,444
(554)	Net additional amounts required by statute & non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(3,773)
(1,888)	(Increase)/Decrease in General Fund Balance for the Year	(1,329)
(5,111)	General Fund Balance at 1st April	(6,999)
(6,999)	General Fund Balance at 31st March	(8,328)

NOTE TO STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2006/07 £000		2007/08 £000
	Amounts to be included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year	
(65)	Amortisation of intangible fixed assets	(148)
(1,225)	Depreciation and Impairment of fixed assets	(2,240)
118	Government Grants Deferred Amortisation	133
(1,930)	Write downs of deferred charges to be financed from capital resources	(4,332)
2,577	Net gain or loss on sale of fixed assets	1,987
(3,060)	Net charges to be made for retirement benefits in accordance with FRS 17	(2,630)
(3,585)	Total	(7,231)
	Amounts not included in the Income & Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year	
350	Capital expenditure charged in-year to the General Fund Balance	383
(46)	Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(37)
2,727	Employers Contributions payable to the Local Government Pension Scheme and retirement benefits payable direct to pensioners	3,112
3,031	Total	3,458
(554)	Net additional amount required to be credited to the General Fund balance for the year	(3,773)

BALANCE SHEET FOR THE YEAR ENDING 31ST MARCH 2008

<u>2006/07</u> <u>(Restated)</u> <u>£000</u>	<u>NOTE(S)</u>	<u>2007/2008</u>	
		<u>£000</u>	<u>£000</u>
FIXED ASSETS			
40,132		42,601	
1,098		1,568	
0		456	
3,711		3,589	
0		63 #	48,278
11,655		11,609	
0		0	
213		213	11,822
56,809	10-12		60,099
157	13		272
INTANGIBLE FIXED ASSETS			
7,351	17		9,386
LONG-TERM INVESTMENTS			
630	18		422
LONG-TERM DEBTORS			
64,947			70,179
TOTAL LONG TERM ASSETS			
CURRENT ASSETS			
79	19	91	
23,352	17	16,867	
7,280	20	9,294	
6		1 #	26,163
CASH AND BANK			
CURRENT LIABILITIES			
1,131		1,523	
8,079	21	9,785	
1,049	26(f)	390	
2,185	22	2,768	
1,052	23	1,191	15,657
82,169			80,776
TOTAL ASSETS LESS CURRENT LIABILITIES			
356	24	209	
32,800	25	28,590	28,799
49,013			51,977
TOTAL ASSETS LESS LIABILITIES			
FINANCED BY:			
(32,800)	25	(28,590)	
178	26(a)	127	
	26(b)	1,974	
55,248	26(c)	56,093	
19,188	26(d)	13,970	43,574
REVENUE BALANCES			
6,999	26(e)	8,328	
200	26(f)	74	8,403

Cashflow Statement

2006/07 £000		2007/08	
		£000	£000
	<u>REVENUE ACTIVITIES</u>		
	EXPENDITURE		
16,930	Cash Paid to and on Behalf of Employees	17,465	
19,764	Other Operating Costs	21,716	
23,913	Housing Benefit Paid Out	25,205	
47,664	NNDR to Pool	46,569	
62,547	Precepts -KCC/KPA/KMTFA	66,988	
765	Parishes	784	
25	Payments to the Capital Receipts Pool	54	(178,781)
	INCOME		
1,224	Rents (after rebates)	1,254	
67,815	Council Tax Receipts	71,423	
7,631	NNDR from Pool	7,919	
46,641	Non-Domestic Rate Receipts	47,183	
1,473	Revenue Support Grant	1,329	
23,096	DWP Grants for Rebates	25,941	
11,123	Other Government Grants	11,180	
12,100	Cash Received for Goods and Services	11,215	177,444
(505)	NET CASH FLOW FROM REVENUE ACTIVITIES		(1,337)
	<u>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</u>		
	EXPENDITURE		
(13)	Interest Paid		(6)
	INCOME		
1,911	Interest Received		1,949
1,393	REVENUE RELATED MOVEMENT IN CASH AND CASH EQUIVALENTS		606
	<u>CAPITAL ACTIVITIES</u>		
	EXPENDITURE		
3,785	Fixed Assets	4,071	
	Purchase of Long Term Investments	5,000	
2,032	Other Capital Costs	6,191	(15,262)
	INCOME		
5,794	Sale of Fixed Assets	3,411	
688	Capital Grants Received	989	
380	Other Capital Cash Payments/Income	415	4,815
2,438	NET CASH INFLOW/OUTFLOW BEFORE FINANCING		(9,841)
	<u>MANAGEMENT OF LIQUID RESOURCES</u>		
(2,510)	Net (increase)/decrease in other Liquid Resources		9,450
	<u>WHICH WAS FINANCED FROM:</u>		
	EXPENDITURE		
(11,300)	Repayments of Amounts Borrowed - Long Term		(1,000)
	Repayments of Amounts Borrowed - Short Term		
	Capital Element of Finance Lease Rental Payments		
	INCOME		
11,300	New Loans Raised		1,000
(72)	INCREASE/(DECREASE) IN CASH		(391)

COLLECTION FUND

2006/07 £000		Note	2007/08	
			£000	£000
	INCOME			
67,904	Income From Council Tax		71,549	
7,151	Transfers From General Fund Council Tax Benefit Council Tax Reduction Scheme		7,474	
		1		79,023
46,088	Income From Non-Domestic Rates	2		46,519
	Adjustment To Previous Years Community Charge			
	Council Tax Benefit Subsidy Limitation			
121,143	Total Income			125,542
	EXPENDITURE			
	Precepts and Demands			
52,142	Kent County Council		55,669	
6,605	Kent Police Authority		7,054	
11,880	Maidstone Borough Council		12,434	
3,371	Kent & Medway Towns Fire Authority		3,560	
				78,717
	Non-Domestic Rates			
45,882	Payments To National Pool		46,313	
206	Cost of Collection Allowance		206	
				46,519
148	Bad and Doubtful Debts Write Off		174	
65	Additional / (Reduced) Provision For Non Payment		76	250
511	Contribution toward previous year's Collection Fund surplus			839
120,810	Total Expenditure			126,325
333	Surplus/(Deficit) For Year			(783)
915	Surplus Brought Forward From Previous Years			1,248
1,248	Surplus as at 31st March 2008	4		465

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THE MAIDSTONE BOROUGH COUNCIL

REPORT OF CHIEF FINANCE OFFICER

11 JUNE 2008

CABINET

1. TREASURY MANAGEMENT

1.1 Issue for Decision

1.1.1 This report sets out the activities of the Treasury Management function for the 2007/08 financial year in accordance with the CIPFA Code of Practice on Treasury Management in Local Authorities, as adopted by the Council in March 2003.

1.2 Recommendation of the Chief Finance Officer

1.2.1 That the Cabinet note the review of the financial year 2007/08 which has been compiled in accordance with the Code of Practice on Treasury Management as adopted by this Authority.

1.2.2 That the Cabinet agree to make no amendments to current procedures as a result of the review of activities in 2007/08.

1.3 Reasons for Recommendation

1.3.1 The Council has adopted and incorporated into its Financial Regulations, the CIPFA Code of Practice on Treasury Management in Local Authorities. This Code covers the principles and guidelines relating to borrowing and investment operations.

1.3.2 The Code was introduced because of the increasingly large sums of capital monies available nationally to Local Authorities for investment, and the closure of several secondary banks over a period of time.

1.3.3 In March 2007 the Council approved a Treasury Management Strategy for 2007/08. The Code requires that a report be presented reviewing the strategy that was approved, the previous year's activities and endorsing or amending current procedures for the forthcoming year.

1.3.4 The Strategy for 2007/08 set out the following objectives:

- a) Surplus funds of £9m have been identified for long-term investment. This sum will be invested in three equal installments of £3m maturing in 2008/09, 2009/10 and 2010/11;
- b) Once these deals have been made any sums left will be utilized for short term (less than 1 year) cashflow purposes. Any investments will be made with reference to any guidance given by the Council's Treasury Management advisors, in order to maximize the amount of investment income;
- c) There will be no planned borrowing, other than for short-term cashflow purposes. The Council is currently debt-free.
- d) That the prudential indicators detailed in Appendix A to the Record of Recommendation of the Cabinet be approved;
- e) That A rated institutions from the UK and Republic of Ireland be included on the list with a maximum limit of £3m per institution and a maximum time period of 1 year as shown at paragraph 2.9.11 to the Report of the Chief Finance Officer.
- f) That the time period for investments with AAA and AA credit rated institutions be extended to a maximum of 3 years.
- g) That the Chief Finance Officer be given delegated authority (in consultation with the Cabinet Member for Corporate Services) to make use of alternative investment instruments should it be considered prudent to do so and should it be of advantage to the Council.
- h) That the Council's Treasury Management Practices be amended to reflect these decisions.

1.4 2007/08 Overview

1.4.1 Economic Overview - The financial year which ended 31 March 2008 saw base rates start at 5.25%, increasing during the year up to 5.75% between July 2007 and November 2007 to finish at a rate of 5.25%. The two initial 0.25% reductions that took rates to 5.25% came on the back of the credit crunch. Further increases in inflation and problems with bank liquidity then led to the latest 0.25% reduction, to 5% after March 2008. However, due to continuing bank liquidity issues, rates achieved for short term investments have been significantly greater than that indicated by Base Rate levels.

- 1.4.2 MBC Overview - The revenue and capital outturn position of the Authority is reported elsewhere on this Agenda. The overall theme of these reports is that, notwithstanding the fact that some projects have been contractually committed or are near to implementation, there has been slippage in the various spending programmes which has contributed to a strong positive cash flow throughout the financial year. This has been added to by a buoyant level of income to the Authority, particularly a strong Council Tax and NNDR collection performance. This has led to relatively high levels of temporary investment by the Authority producing significant sums of investment income.
- 1.4.3 In total £8m of the approved £9m has been invested on a long term basis. All other investments have been on a short-term basis. The remaining £1m has not been invested as longer term rates fall to a level where it would not have been advantageous to make an investment over a longer period. However, the Council was able to take advantage of the temporary rise in money market rates which followed the credit crisis in the autumn of 2007, and this generated higher than anticipated investment income.
- 1.4.4 Throughout 2007/08 the level of investments has remained high, with an average balance of £37.4m invested over the course of the year. This covers investment of balances, capital receipts and other balance sheet assets. However it is higher than anticipated as a consequence of slippage in both revenue and capital expenditure, as reported to Cabinet in various budget monitoring reports.
- 1.4.5 Investments at the start of the year totalled £30.7m, and the Treasury Management Strategy for 2007/08 anticipated year end investments of £ 22.2m. However, the actual year end investments totalled £26.3m. The main differences between the estimated and actual outturn figures are summarised below:

Reason	£000
Capital Slippage	400
Revenue Slippage (excluding LABGI)	1200
LABGI	900
Benefit Subsidy on account from DWP	1200
Collection Fund	200
TOTAL	3,900

1.5 Compliance with Treasury Limits

- 1.5.1 From 1st April 2004 the previous borrowing controls were replaced by a new range of controls with the introduction of the CIPFA Prudential Code. These were the subject of a report to Cabinet in February 2007 and limits agreed by Council in March 2007. The

outturn for the Prudential Indicators is shown at **APPENDIX A**. The Council operated within these limits throughout 2007/08.

1.6 Debt Management

1.6.1 At 1st April 2007 the Council had no outstanding long term borrowing. The only borrowing during 2007/08 was for short-term cashflow purposes only.

1.7 Cash Management

1.7.1 The major element of the Council's Treasury Management function is the management on a daily basis of the cash requirements of the Council. The policy objectives in this respect are:-

- (a) The minimisation of the daily credit bank balance, subject to the clearance of monies overnight.
- (b) Interest earned on investments should be maximised subject to the security of the funds being paramount.
- (c) Interest paid on borrowing should be minimised.
- (d) Adequate funds should be available to meet precept payments and other payments as they fall due.
- (e) Cash management activities are carried out in accordance with the agreed Treasury Management Strategy.

1.7.2 As detailed above, the Council continues to have a positive cash flow pattern which has resulted in the investment activities detailed below during 2007/08. All investments made were in accordance with the agreed Treasury Management Strategy.

<u>Institution</u>	<u>Number of Transactions</u>	<u>£m</u>
Banks	30	42.0
Building Societies	47	62.5
Local Authorities	1	1.0
Call/Notice Accounts	172	126.7
TOTAL	250	232.2

1.7.3 There was continued use made in 2007/08 of Call/Notice Accounts. These accounts continued to offer short term competitive rates in

comparison with those on the money market, as well as offering some improved flexibility in terms of cashflow management.

- 1.7.4 Cabinet will recall that the Council also made a number of investments in Eurosterling Bonds, as detailed in the Treasury Management Strategy for 2004/05. These are AAA rated instruments that mature over a specified time period up to a maximum of 5 years. The Strategy was to continue this policy in 2005/06 but returns declined and this option was not pursued. The investments made in 2004/05 were as follows:

<u>Deal Date</u>	<u>Matures</u>	<u>Institution</u>	<u>Sum invested</u>	<u>Rate</u>
Aug.04	Dec.07	European Investment Bank	£1.908m	5.18%
Aug.04	Oct.08	Inter-American Development Bank	£2.856m	5.196%
Feb.05	Dec.09	Inter-American Development Bank	£4.939m	4.817%
Mar.05	Dec.06	European Investment Bank	£2.087m	4.968%
Total/Average Rate			£11.790m	5.04%

- 1.7.5 No alternative investment instruments were utilised in 2007/08.
- 1.7.6 The average interest rate received during 2007/08 on short term investments (less than 1 year) was approximately 5.95%. The average interest rate on call/notice deposits was approximately 5.58%. The overall rate achieved on all investments was 5.9%. This compares with the average seven day rate in 2007/08 of 5.58% and the average three monthly rate of 5.92%.
- 1.7.7 The financial benefit from the investment income of £2.1m was allocated to the General Fund. The original estimate for investment income was £1.4m, but due to the level of temporary investments available and the beneficial rates of returns achieved, a major financial benefit accrued to this Authority. This was reported to Cabinet in each of the quarterly monitoring reports during 2007/08 and members utilized some element of this benefit to one off requirements e.g. addressed the KIG application. The final impact on the General Fund in 2007/08 is included in the final accounts report on this Agenda.

1.8 Approved Lending List

- 1.8.1 The criteria adopted in the investment of surplus funds is the security of the capital and the avoidance of risk which can be associated with maximising returns.
- 1.8.2 For 2007/08 Members had approved a lending list to govern the investment policy of the Authority and had stipulated that a maximum of £4m be lent to any one institution from resources temporarily available. The current approved lending list covers British clearing banks and their wholly owned subsidiaries (including the HSBC Bank which is owned by a foreign institution), the top 31 Building Societies (ranked by asset size), Local Authorities and a selected list of overseas institutions.
- 1.8.3 There is also a maximum limit of £10m to be lent to any one institution from resources available to be invested for periods greater than one year. This covers issuers of Eurosterling Bonds and the UK Government.
- 1.8.4 The primary criteria for assessing the suitability of an institution to be on the list is its credit rating, which is supplied by the Council's Treasury Management advisors. There have been no adverse movements in the ratings of the institutions on the current list, therefore there is no need for any amendments to be made.
- 1.9 Current Issues
- 1.9.1 The CIPFA Prudential Code was introduced on April 1st 2004. In broad terms, the code allows, subject to prudential, sustainability and affordability issues, Authorities to borrow whatever resources they need to fulfill their capital spending priorities. This may well be subject to some form of national control either on an ongoing or an interim basis. Due to the level of capital receipts available to the Authority, no use is currently planned for prudential borrowing to fund current capital investment plans. However, the option of borrowing will be reviewed at least annually in planning to fund key priority spending and will certainly have an impact in the medium term.
- 1.9.2 There continues to be the potential for future developments in terms of accounting for investment instruments, as well as the introduction of new and alternative instruments into the market. The likely impact of these will continue to be monitored in conjunction with the Council's Treasury Management advisors.
- 1.10 External Fund Managers
- 1.10.1 The Council does not currently use external fund managers.
- 1.11 Delegation

1.11.1 The decisions on the investment and borrowing activities described in this report have been performed under authority delegated to the Chief Finance Officer.

1.12 Alternative Actions and why not Recommended

1.12.1 No alternative action is proposed relating to the historic activity covered in this report.

1.13 Impact on Corporate Objectives

1.13.1 None.

1.14 Risk Management

1.14.1 The loss of resources through inappropriate investments is potentially a major financial risk to the Authority. However, adherence to approved Treasury Management Practices and internal controls (including regular Internal Audit Reviews) are significant elements of risk management.

1.14.2 Within the overall risk minimization ethos, it is necessary to optimize investment income, which significantly contributes to the financial well-being of the Authority. This is risk managed by the use of market intelligence and consultants and adherence to the approved Treasury Management Strategy.

1.15 Other Implications

1.15.1	Financial	<input checked="" type="checkbox"/>
	Staffing	<input type="checkbox"/>
	Legal	<input checked="" type="checkbox"/>
	Social Inclusion	<input type="checkbox"/>
	Environmental/Sustainable Development	<input type="checkbox"/>
	Community Safety	<input type="checkbox"/>
		<input type="checkbox"/>

Human Rights Act

Procurement

- 1.15.2 The Treasury Management activities either produce investment income to the Authority (with the avoidance of risk) or minimize external funding costs. These activities are undertaken within the legal constraints of Government Regulation and Financial Regulations.

Background Documents

*Previous reports to the Cabinet on Treasury Management.
CIPFA Code of Practice on Treasury Management in Local Authorities.
Accountancy Summaries of Loans and Investments.*

<u>NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED</u>			
Is this a Key Decision?	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
If yes, when did it appear in the Forward Plan?		...13 th February 2008..	
Is this an Urgent Key Decision?	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/>
<u>Reason for Urgency</u>			
[State why the decision is urgent and cannot wait until the next issue of the forward plan.]			

PRUDENTIAL INDICATORS

Ratio of Financing Costs to Net Revenue Stream

2006/07 Actual %	2007/08 Estimate %	2007/08 Actual %
-8.3	-6.6	-9.1

This indicator shows the proportion of the net revenue stream (revenue budget) that is attributable to financing costs of capital expenditure. As there is no borrowing this shows as a negative figure as it is based on investment income only.

Incremental Impact of Capital Investment Decisions on the Council Tax

	2006/07 Actual £,000	2007/08 Estimate £,000	2007/08 Actual £,000
i) Forecast of total budgetary requirement no changes to capital programme	11,115	11,550	11,650
ii) Forecast of total budgetary requirement after changes to capital programme	11,115	11,650	11,650
iii) Additional Council Tax Required in £.p.	0.00	1.73	0.00

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

Current Financial Plan

2006/07 Actual £,000	2007/08 Estimate £,000	2007/08 Actual £,000
5,854	14,721	10,423

This is the actual capital expenditure taken from the Corporate Revenue and Capital Outturn 2007/08 elsewhere on this agenda.

Capital Financing Requirement

2006/07 Actual £,000	2007/08 Estimate £,000	2007/08 Actual £,000
0	0	0

This is the amount of permanent borrowing required. This is not needed as the Authority is debt free.

PRUDENTIAL INDICATORS

Authorised Limit for External Debt

	2006/07 Actual £,000	2007/08 Estimate £,000	2007/08 Actual £,000
Borrowing	3,500	4,000	1,000
Other Long Term Liabilities	422	450	301
Total	3,922	4,450	1,301

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.

Upper Limit for Fixed Interest Rate Exposure

2006/07 Actual %	2007/08 Estimate %	2007/08 Actual %
42	85	47

This is the maximum amount of net borrowing and investment that can be at a fixed rate. Due to the nature of the Council's cashflows it is likely that this limit will only be approached towards the end of the financial year when there are less surplus funds available for short term investment.

Upper Limit for Variable Interest Rate Exposure

2006/07 Actual %	2007/08 Estimate %	2007/08 Actual %
78	80	77

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.

PRUDENTIAL INDICATORS

Maturity Structure of New Fixed Rate Borrowing during 2006/07

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

There was no new fixed term borrowing in 2006/07. Any borrowing was for short term cashflow purposes at variable rates.

Principal Invested for more than 364 Days

2006/07 Actual %	2007/08 Estimate %	2007/08 Actual %
42	85	54

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

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MAIDSTONE BOROUGH COUNCIL

CABINET

11 JUNE 2008

REPORT OF THE DIRECTOR OF CHANGE AND SUPPORT SERVICES

Report prepared by: Anna Collier and Clare Wood

1. BEST VALUE PERFORMANCE PLAN 2008-11 (BVPP)

1.1 Issue for Decision

- 1.1.1 Cabinet are asked to consider the draft Best Value Performance Plan 2008-11 (BVPP).
- 1.1.2 The document should be considered together with feedback from the Corporate Services Overview and Scrutiny Committee (a separate item on the agenda), prior to consideration by Council on 25 June.
- 1.1.3 The BVPP reports actual out-turn for 2007-08 for Best Value Performance Indicators (BVPIs) and Key Performance Indicators (KPIs) together with targets for retained BVPIs and the current position on the new set of statutory National Indicators (NIs) which the Council and partners across Kent are currently working on.
- 1.1.4 BVPI data must be submitted to the Audit Commission by 30 June 2008. The BVPP containing the BVPI data is a policy framework document and requires approval by Council. The requirement to produce a BVPP has now been removed and the authority will be exploring the future approach to performance reporting during the coming year; this will partly be through monitoring activity undertaken by the Kent Partnership.

1.2 Recommendation of the Director of Change and Support Services

- 1.2.1 **It is recommended that** Cabinet:
 - i) Agree the Best Value Performance Plan 2008-11 at Appendix A;
 - ii) Agree a response to recommendations from the Corporate Services Overview and Scrutiny Committee. Arrangements for scrutiny consideration are currently being finalised;
 - iii) Agree that the Director of Change and Support Services be delegated to make any necessary final amendments arising from Cabinet discussion together with any minor adjustments to data and targets

arising from finalisation of the BVPP prior to submission to Council;
and

- iv) Agree the deletion of BVPIs specified in the plan together with targets for those proposed for retention.

1.3 Reasons for Recommendation

Best Value Performance Indicators

- 1.3.1 The authority has been required to report progress against a range of Best Value Performance Indicators (BVPIs) on an annual basis for some years. These BVPIs apply for the final time in 2007-08. Whilst the deletion of a number of BVPIs is welcome, there are some indicators which measure key business activity which should be retained. Appendix A sets out which BVPIs are recommended for retention and those that are recommended for deletion. The target for 2007-08 is shown, together with actual performance for 2007-08 and a performance rating. Commentary is provided where required. Targets for 2008-11 are set for those indicators which are being recommended for retention. Historical data for 2006-07 is also shown together with the latest top quartile data available (2006-07). It is likely that the Department for Communities and Local Government will release quartile data for 2007-08 as usual by January 2009.

Key Performance Indicators

- 1.3.2 The BVPP also reports progress against Key Performance Indicators (KPIs). KPI targets are set in the Strategic Plan and linked to the delivery of priorities. The BVPP is used to report performance against the previous year in line with the reporting period for BVPIs. The target for 2007-08 is shown, together with actual performance for 2007-08 and a performance rating. Commentary is provided where required.

The New Performance Framework (National Indicators)

- 1.3.3 The BVPIs are being replaced by a new set of 198 statutory National Indicators which came into effect from 1 April 2008. Not all of these NIs will apply to the Council:
 - The 198 NIs cover the full range of public services, not just local government (e.g. the fire service). Some NIs report against county-level service delivery (for example education and highways) which MBC, as a district, does not have a role in.
 - MBC may collect and report data on some of the NIs whilst for others (such as unemployment) the Council may not collate data but may be held accountable for improvement actions relating to these as part of the new inspection regime of Comprehensive Area Assessment (CAA).
 - The Government has selected 64 NIs which it believes apply to districts, whilst a local view of which apply beyond any statutory allocation may be taken (e.g. through the Local Area Agreement).

- 1.3.4 Because the NIs are new, baseline data is not readily available to inform target setting. Data may need to be amalgamated to inform this or targets may need to be set on the basis of 'informed guess'. Targets for those NIs adopted through the Local Area Agreement will be negotiated between service leads in MBC and the Kent Partnership negotiating working groups. Targets for those NIs not in the LAA can be set by MBC where the NIs are one of the 64 as well as any additional areas where the authority wishes to determine outcomes.
- 1.3.5 Partnership working is a key feature of the new performance framework which means that the process for developing targets can be lengthy. The development of baseline data and targets will not be complete until later in 2008.
- 1.3.6 The NIs will form part of the annual assessment of public services in areas. This new Comprehensive Area Assessment (CAA) framework will replace Comprehensive Performance Assessment (CPA). Assessments of individual authorities will continue (direction of travel, data quality, use of resources) whilst a new risk assessment in terms of whether community priorities will be delivered will be used.
- 1.3.7 Whilst MBC is dependent to a large extent on discussions through the Local Area Agreement, the BVPP outlines the background and context to the National Indicators.
- 1.4 Alternative Action and why not Recommended
- 1.4.1 The Council could choose not to consider a BVPP. However, the requirement to report against BVPI data remains in force and the BVPP represents the best way of doing this. Ceasing publication of the plan in this transitional year may impact upon the authority's inspection reports.
- 1.5 Impact on Corporate Objectives
- 1.5.1 This BVPP features indicators reporting progress against corporate objectives and in some instances sets targets relating to these.
- 1.6 Risk Management
- 1.6.1 Not approving a BVPP could impact upon the authority's inspection outcomes.

1.7 Other Implications

1.7.1 The summary implications table is set out below.

Financial	X
Staffing	X
Legal	X
Social Inclusion	X
Environmental/Sustainable Development	X
Community Safety	X
Human Rights Act	X
Procurement	X
Asset Management	X

1.7.2 Targets set in the BVPP could impact upon all of the implications set out above. For example, the proposal to retain BV8 relating to invoices processed within 30 days means that a corporate standard for this will continue and the authority will be required to meet this target.

Maidstone Borough Council

Best Value Performance Plan 2008-11

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1. Introduction to the BVPP

Welcome to Maidstone Borough Council's Best Value Performance Plan for the next three years (BVPP). This is a technical document that sets out how we have performed during 2007-08 and how public services are being measured in future.

This year is the last in which the Council is required to measure and publish performance against statutory "Best Value Performance Indicators" (BVPs). This is because central Government has introduced a new performance framework for public services which is explained below. What is measured is influenced firstly by local community priorities and also by what the Council is required to report by Government. The Council has tried to rationalise the amount of performance data that is collected and reported, to focus on the key issues that matter. Whilst BVPs have been deleted it would be inappropriate to sweep away useful data that can be used to assess progress. Therefore what is not effective has been removed. This will be reviewed on a regular basis and we will keep a watching brief to see what else we can delete.

In this document, the information you will find about the BVPs includes performance in 2007-08, details of indicators which will be measured even though there is no longer a statutory requirement (where the measures are important) and targets on the retained BVPs for 2008-11. The BVPP also contains out-turn against Key Performance Indicators (KPIs) for the past year which were set out in the Strategic Plan.

In 2004 Maidstone was rated as an 'Excellent' authority under Comprehensive Performance Assessment (CPA). Each year since

then the Council has been assessed to ensure that it moves forward and each year we have been confirmed as 'Excellent'.

In the latest Audit letter the Audit Commission stated:

"The Council is delivering very good performance and a faster rate of service improvement compared to other councils. This reflects high standards of service and strong leadership. The Council has delivered services against a set of six key priorities and a wide range of actions supported by local performance indicators. It is very ambitious, in that it takes a broad view of the Council's role in the community and many of its actions have involvement by partners to secure progress. This is commendable performance."

The Government inspects the Council on:

- **Direction of Travel.** This means assessing whether our performance is improving or not, using a range of information to inform a written judgement on progress.
- **Use of Resources.** There are five themes that the Government considers important in relation to how local authorities are using the resources at their disposal. These are financial management, financial standards, financial reporting, internal control and value for money. Each year the Audit Commission checks how we are doing against these themes: in 2007 we were rated "3 out of 4"

overall and the Council has established a cross-cutting Use of Resources Working Group to drive this forward.

- **Data Quality.** The information that we produce and the arrangements that are in place to collect information are assessed in a written judgement; the most recent assessment is that we have good arrangements in place. Ensuring the Council has accurate information on which to base business decisions is vitally important.

In 2009 a new performance management framework will replace CPA - this is called the Comprehensive Area Assessment (CAA). CAA will use the same information outlined above for direction of travel, use of resources and data quality. The Audit Commission have told us that the direction of travel assessment will now be scored whilst it is likely that the Council will also receive a score on data quality. The scope of the Use of Resources assessment will also be widened to include not just financial management but, how we manage the Council as a business and how we use other resources.

As the name suggests, the CAA inspection is intended to reach a judgement on an area rather than any individual authority. This means that, whilst Maidstone Borough Council and other individual public bodies will continue to receive scores, the whole of Kent (for example through the Kent Partnership) will be judged. Performance data from a new set of statutory performance measures (National Indicators) will be used to judge the Council and the area including a 'risk assessment' that will assess whether it is likely that Kent partners will achieve targets and the vision for the area. That is why, over the coming year, the Council will need to ensure that a range of plans and strategies (such as the Strategic Plan) are in line with the

community goals identified through the Vision for Kent and Maidstone's own Sustainable Community Strategy.

This document also provides information about the statutory National Indicators (introduced to replace Best Value Performance Indicators) that became effective from 1 April 2008. Targets for these NIs also relate to the development of the Local Area Agreement (an agreement about priorities across Kent with targets for improvement). The detail is still being negotiated with the Government and will not be finalised until later in 2008. Therefore at this stage it has only been possible to provide a list of the indicators.

For NI's as well as BVPI's and other measures, the quality of data that the authority uses must be high to ensure that sound and timely decisions are made. The Audit Commission inspects this annually both in terms of sample checking some of our data but also in terms of our management approach. The authority has a data quality policy (set out in this plan) which is underpinned by a range of actions. In March 2007 the Audit Commission issued the publication 'Improving information to support decision making: Standards for better data quality' which the Council will be using to further develop it's approach.

In 2006-07 the Council reported on statutory BVPI customer satisfaction results which established that 61% of residents were satisfied with the service provided by the Council (the national average was 53.2%). The next survey would have been due in 2009-10 but has been replaced with a new form of survey called the 'Place Survey' (as well as other measures of citizen's views). The new 'Place Survey' may be undertaken in 2008 or 2009, depending on Government guidance and timescales.

If you have any comments or queries about this document please write to the Policy and Performance Team at Maidstone Borough Council, Maidstone House, King Street, Maidstone, Kent, ME15 6JQ (from 16th June 2008) or email: policyandperformance@maidstone.gov.uk. This BVPP, the Strategic Plan and other council documents can be found on the Council's website: www.digitalmaidstone.co.uk



2. Performance Summary

Background

This BVPP contains details of the Council's performance against the statutory Best Value Performance Indicators (BVPIs) set for 2007-08 as well as actual out-turn for 2007-08 for our Key Performance Indicators (KPIs). This document should be referred to in conjunction with the Strategic Plan (which sets KPI targets for the next three years). The BVPP also contains performance for the previous year 2006-07 and a comparison of performance in 2007-08 against the original target, together with targets that the Council is aiming to achieve over the next three years 2008-11 for retained BVPIs.

The BVPP is produced within the context of our other corporate planning documents. The Strategic Plan 2007-10 together with our 20/20 Vision and the budget set the overall direction for the council, informed by the Community Strategy. These documents will be reviewed in the coming year to ensure that they remain in line with community priorities and reflect the policies of the Council's administration.

Performance data

The top quartile figures shown in the BVPI table are those for all England in 2006-07, the most recent year for which annual comparative data for all BVPIs is available. Actual out-turn is reported to the number of decimal places required by the Audit Commission. Targets are set taking into account the authority's aspirations, resource implications, current out-turn and comparative performance. The shaded BVPIs target cells are those that are not to be retained following their deletion as

statutory performance measures in 2007-08. Shaded data cells also indicate that data is not required or is unavailable (see comments).

Where appropriate, each performance indicator has been rated against the target and performance compared to the previous year. An explanation of the ratings and a summary of performance is shown on the following page.

This table illustrates the overall judgements on each type of indicator. Arrows have been used to indicate the direction of travel; where no direction can be specified only a rating on whether the target has been hit is given (in a circle).

Performance against target

INDICATORS RATED AGAINST TARGETS FOR 2007-08					
	Green	Amber	Red	Total	N/A
BVPI	47	3	13	63	6
	74.6%	4.8%	20.6%	100%	
KPI	23	1	4	28	6
	82.1%	3.6%	14.3%	100%	
Total	70	4	17	91	12
	77%	4.4%	18.6%	100%	

Note: Rounding anomalies can mean that when percentage figures are added together they do not total exactly 100%.

N/A ("not applicable") means that it is not appropriate to rate performance for a specific indicator.

Summary of performance in 2007-08 compared to 2006-07

The following table shows the changes in performance between 2006-07 and 2007-08. Therefore even though performance is generally high over half the indicators have improved.

DIRECTION OF TRAVEL COMPARED TO 2006-07					
	Up	Across	Down	Total	N/A
BVPI	32	17	14	63	6
	50.8%	26.9%	22.2%	100%	
KPI	15	1	4	20	14
	75.0%	5.0%	20.0%	100%	
Total	47	18	18	83	20
	56.6%	21.7%	21.7%	100%	

Code of Practice on Workforce Matters

The Council confirms that contracts let during the 2007-08 financial year comply with Best Value and the Code of Practice on Workforce Matters. The Council is required to confirm this as part of the BVPP each year.

Key to Performance Tables

This section sets out how to read the performance tables.

This is the performance measure.

Results for previous year.

Shows the targets that the indicators will be rated against.

These are the targets for the indicators for the next three years. BVPIs that have targets shaded grey have not been retained as local measures.

In this column the colour of the arrow shows if the indicator has hit the target and the direction of the arrows shows progress in relation to 2006-07.

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
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This shows the performance level of the top 25% of all authorities for each indicator for 2006-07.

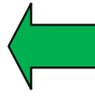
Actual results for most recent financial year.

This column is for comments where indicators are not on track or where a progress comment better explains the situation.

Performance is...	
On target	
Below target but within a tolerance	
Target not met or within tolerance	

Performance Has ...	
Improved	
Same/Sustained	
Declined	

3. Best Value Performance Indicators: Actual Out-turn 2007-08 and Targets for 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
CORPORATE HEALTH									
BV 2a - The level of the Equality Standard for local government to which the Authority conforms in respect of gender, race and disability.	4		4	4	4	4	4	The authority has met Level 4 (out of 5) in relation to the national equalities standard. Based on the most recent comparative data, Maidstone is only one of two authorities to meet Level 4 or above. It is proposed that the authority compared to 'all England' continue to sustain its performance at this level. This ex-BVPI will be retained as a local measure.	
BV 2b - The quality of an authority's Race Equality Scheme and the improvements resulting from its application. Scored against best practice checklist.	89	84	89	89				Whilst the Council is in the top quartile compared to the latest comparative data, it is not believed that this measure provides any additional value to work already undertaken through various equalities work and will therefore be deleted.	
BV 8 - Percentage of invoices for commercial goods and services that were paid within 30 days.	95.57	97.00	96.00	96.60	97.00	97.50	98.00	Performance has improved on the previous year and further improvement will be sought in 2008-09. This ex-BVPI will be retained as a local measure.	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 9 - Percentage Council Tax collected.	98.60	98.48	98.65	98.68	98.70	98.75	98.75	Performance on council tax collection has improved and further improvements will be sought over the next three years. The authority is in the top quartile. This ex-BVPI will be retained as a local measure.	
BV 10 - Percentage National Non-Domestic Rates collected.	98.93	99.30	98.90	98.81	98.80	98.85	98.85	Performance has fallen from 98.93% in 2006-07 to 98.81% in 2007-08. The service anticipated a continued increase in collection, however with a number of units remaining unoccupied and a number ceasing to trade the increase was not achieved. Performance is in the lower median quartile. This ex-BVPI will be retained as a local measure.	
BV 11a - Percentage of top 5 per cent of earners that are women.	12.00	43.56	16.00	19.23				Whilst this is a useful measure of performance, the small numbers of people involved make practical use of the data impossible. The focus is on ensuring that the authority retains rigorous equalities focus services. This ex-BVPI will be monitored through the Corporate equality Plan, with appropriate targets set as part of the review of that plan. It should be noted that whilst the top quartile figure for all England is 43.56% the average for districts is 26.92%	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 11b - Percentage of top 5 per cent of earners from black and minority ethnic communities.	4.00	4.53	4.00	4.00				This ex-BVPI will not be retained as a local measure. See comment above for 11a. It should be noted that whilst the top quartile figure for all England is 4.53% the average for districts is 1.96%.	
BV 11c - Percentage of top 5 per cent of earners who have a disability.	8.00	5.49	8.00	4.00				This ex-BVPI will not be retained as a local measure. See comment above for 11a. This indicator has reduced as there has been one person that has retired in 2007-08 that had a disability.	
BV 12 - Proportion of working days / shifts lost to sickness absence per employee.	9.32	8.09	8.00	8.48	8.30	8.20	8.10	This ex-BVPI is a key measure of performance and will be retained as a local measure. This indicator has reduced from 9.32 days as a number of long term sick individuals have returned to work. A few staff have also left on ill health or capability grounds.	
BV 14 - Early retirements as a percentage of the total workforce.	0.00	0.18	0.40	0.41	0.40	0.40	0.40	There were no early retirements in 2006-07, whilst it could be expected in any given year that there are 0.40% early retirements for a range of reasons. This ex-BVPI is a key measure of performance and will be retained as a local measure.	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 15 - Ill health retirements as a percentage of the total workforce.	0.86	0.00	0.50	0.20	0.30	0.30	0.20	Ill health retirements increased substantially last year partly because of pro-active work to manage long-term sickness. Performance has improved in 2007-08 and the target has been met but it is envisaged that a number of sickness cases may require early retirement in 2008-09. This ex-BVPI is a key measure of performance and will be retained as a local measure.	
BV 16a - Percentage disabled staff in the workforce.	6.95	4.43	6.95	5.10	6.50	7.00	7.50	The number of disabled staff in the workforce has fallen but remains in the top quartile. This ex-BVPI is a key measure of performance and will be retained as a local measure.	
BV 16b - Percentage of economically active disabled people in the Local Authority area.	11.39		11.39	11.39				The nature of data collection for this indicator does not provide meaningful information. Its 'sister' indicator measuring ethnic minority economic activity was deleted by the Government from the national set in 2006-07. This ex-BVPI will therefore not be retained as a local measure.	
BV 17a - Percentage of staff from ethnic minorities in the workforce.	3.9	5.2	4.0	4.4	4.5	5.0	5.0	The latest information in relation to the make-up of the authority's staff shows that the percentage of staff from ethnic communities stands at 4.4%. This ex-BVPI is a key measure of performance and will be retained as a local	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 156 - Percentage of authority buildings open to the public in which all public areas are suitable for, and accessible to, disabled people, and meet the requirements of Approved Document M in the Building Regulations 1991.	70.59		70.59	70.59				performance measure. The authority has reached a maximum level of performance in relation to making buildings accessible physically in terms of disability as defined by this indicator. Other buildings cannot be adapted (for example because they are listed buildings). This BVPI will not be retained but the focus will be on making services accessible. The authority's work on the Gateway will improve community accessibility not only to council services but a range of other local services at one stop.	
HOUSING									
BV 64 - The number of private sector vacant dwellings that are returned into occupation or demolished as a direct result of action by the local authority.	32	95	33	37	38	39	40	The authority has exceeded last year's performance and the target for this year. The Empty Homes Strategy was approved late last year and this has focused attention on long-term empty properties. Future year targets have been adjusted upwards to reflect this and represent sustained performance and incremental improvement. This ex-BVPI is a key measure of performance and will be retained as a local measure.	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
HOMELESSNESS									
BV 183b - The average length of stay in hostel accommodation of households (per 1,000) which include dependent children or a pregnant woman and which are unintentionally homeless and in priority need.	0.00	0.00	0.00	0.00				The authority does not put people in hostel accommodation and has reported '0' for a number of years. This ex-BVPI will not be retained as a local measure.	N/A
BV 202 - The number of people sleeping rough on a single night within the area of the authority.	0-10	0	0-10	0-10				In accordance with the guidance for this indicator, this result represents an estimate following consultation with partners. This indicator does not provide an accurate reflection of homelessness and should be deleted. Work with other agencies to tackle and identify homelessness issues provides a more valuable resource. This ex-BVPI will not be retained as a local measure.	
BV 213 - Number of households who considered themselves as homeless for whom housing advice casework intervention resolved their situation (per 1,000).	3	5	3	4	5	5	6	The Council has exceeded the target on the number of proactive interventions and improved against the previous year. A target has been set to improve towards top quartile. This ex-BVPI is a key measure of performance and will be retained as a local measure.	
BENEFITS									

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 76b - The number of fraud investigators employed by the Local Authority, per 1,000 caseload.	0.43		0.42	0.39				Overall staffing numbers have been reduced following implementation of a partnership agreement for the delivery of the counter fraud function. Performance is expected to continue at the same level or increase.	N/A
BV 76c - The number of fraud investigations, per 1,000 caseload.	43.95		44.00	61.38				The number of investigations has improved substantially and the target has been met.	N/A
BV 76d - The number of Housing Benefit and Council Tax Benefit (HB/CTB) prosecutions and sanctions, per year, per 1,000 caseload, in the Local Authority area.	5.60		6.00	5.62	6.00	7.00	8.00	The number of prosecutions has stayed around the same level. This ex-BVPI is a key measure of performance and will be retained as a local measure.	N/A
BV 78a - Average time for processing new benefit claims (days).	12.8	24.5	12.8	10.5	11	10.5	10	Speed of processing has improved against last year's performance and the target has been met. This is now reflected in the National Indicator set and therefore targets for 2008-11 will need to be confirmed. This ex-BVPI will therefore not be retained as an additional local measure to the KPI.	
BV 78b - Average time for processing notifications for changes of circumstances (calendar days).	4.4	7.8	4.3	4.3	4.1	3.9	3.7	Speed of processing has improved against last year's performance and the target has been met. This is now reflected in the National Indicator set and therefore targets for 2008-11 need to be confirmed. This ex-	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 79a - Percentage of benefit claims calculated correctly.	99.00	99.20	99.00	99.00	99.00	99.00	99.00	<p>BVPI will therefore not be retained as a local measure.</p> <p>Claim calculations have remained even. Whilst the system for identifying random cases is being discontinued by the DWP this is a key measure of performance and will need to be retained with a local definition more relevant to the reporting period. It should be noted that accuracy, processes and internal controls are managed within the service and periodically reviewed by internal audit and external audit to ensure that the service operates to standard. This ex-BVPI is a key measure of performance and will be retained as a local measure.</p>	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 79b(i) - The amount of housing benefit overpayments recovered during the year as a percentage of recoverable overpayments during the year.	79.64	80.61	80.00	69.73	80.00	80.00	80.00	There was a large increase in overpaid benefit during the third quarter of 2007-08 due to an investigation in to unreported changes in customer circumstances. Recovery of the overpaid amount will continue past the end of the financial year due to limitations on how much can be recovered from the weekly benefit entitlement paid. This ex-BVPI is a key measure of performance and will be retained as a local measure.	
BV 79b(ii) - Housing Benefit overpayments recovered during the year as a percentage of the total overpayment debt outstanding at the start of the year plus overpayments identified during the year.	33.04	38.38	34.00	29.53	34.50	35.00	35.00	See above comment. This ex-BVPI is a key measure of performance and will be retained as a local measure.	
BV 79b(iii) - Housing Benefit overpayments written off as a percentage of overpayment debt.	10.59		10.00	5.79				The decision to write off overpayments is made on the basis of recoverability and cost effectiveness of collection. An increase or decrease in target can always be achieved but will fail to demonstrate whether the decision to write off any amount represents a good use of resources or sound financial management. Focus should therefore be on the percentage recovery as detailed within 79b(i) and 79b(ii). This ex-BVPI will therefore not be retained as a local measure.	N/A

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
ENVIRONMENT									
BV 82a(i) - Percentage of household waste recycled.	12.82	22.88	13.00	14.38	19.00	26.00	27.00		
BV 82a(ii) - Total tonnage of household waste arisings which have been sent by the Authority for recycling.	8023.52	16862.25	8444.83	9263.62	12000	16000	16500	The percentage recycled and composted has increased (as has the actual tonnage) and has met the target following work undertaken during the year including the roll out of the new recycling scheme. The kilograms of waste collected has also been constrained to below the targeted level as well as seeing a decrease on the previous year.	
BV 82b(i) - Quantity of household waste composted as a percentage of total waste collected.	6.39	15.53	7.00	9.40	8.00	8.00	8.00		
BV 82b(ii) - Tonnage of waste composted or treated by anaerobic digestion.	3997.72	10795.86	4547.21	5715.88	5000	5000	5000	These measures are part of the National Indicator set and retaining them would duplicate other reporting (NI 191, 192 and 193). These ex-BVPIs will therefore not be retained as local measures. However, because they are NIs targets for 2008-11 have been identified.	
BV 84a - Kg of household waste collected per head.	436.5	395	453.0	425.89	420	415	410		
BV 84b - Percentage change from the previous financial year.	1.16	-1.78	1.50	-2.44	-1.1	-1.1	-1.1		
BV 86 - Cost of collection per household.	42.13	42.04	45.76	48.29	52.76	55.68	54.50	The target was originally set when the introduction of the Alternate Weekly Collection service was still anticipated for October 2007. Due to the decision to maintain a weekly refuse collection, whilst	

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Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
								introducing a new kerbside recycling service, has meant that overall costs have been higher than originally anticipated. The cost of collection should reduce in 2010-11 as lease savings are realised. This is a key measure of performance and should be retained.	
BV 91a - Percentage of population resident in the authority's area serviced by a kerbside collection of recyclables (one recyclable).	100.0	100.0	100.0	100.0				Performance on both these measures stands at 100% and will not change. These ex-BVPIs will therefore not be retained as local measures.	↑
BV 91b - Percentage of population resident in the authority's area serviced by a kerbside collection of recyclables (two recyclables).	78.4	100.0	100.0	100.0					↑
BV 199a - The proportion of relevant land and highways assessed as having combined deposits of litter and detritus.	7.3	7.0	10.0	7.7	10.5	10.0	9.5	Whilst performance has decreased on 199a, performance on BV 199b and BV 199c has improved, the BV 199a figure remains very close to the top quartile. This indicator is calculated through three surveys undertaken during the year. It is now a national indicator (NI 195 and 196). These ex-VIPs will therefore not be retained as local measures.	↓
BV 199b - The proportion of relevant land (expressed as a percentage) from which unacceptable levels of graffiti are visible.	4	1	3.70	0.89	3.3	3.2	3.1		↑
BV 199c - The proportion of relevant land (expressed as a percentage) from which unacceptable levels of fly-posting are visible.	1	0	1	0.33	0.8	0.6	0.4	Targets for 2008-11 in relation to NIs are being explored and have	↑

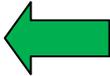
Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 199d - The year-on-year reduction in the total number of incidents and increase in total number of enforcement actions taken to deal with fly-tipping.	1	1	1	1	1	1	1	been included in draft form here.	
BV 166 - Score against Best Practice checklist.	100.0	100.0	100.0	100.0				The authority has met 100% of this best practice checklist for a number of years. This ex-BVPI will therefore not be retained as a local measure.	
BV 216a - Number of sites of potential concern within local authority area, with respect to land contamination.	744		744	836	744	744	744	The main route that new sites are found is through the planning process. It is possible that a site which is of no concern in one year can become of concern in another if a development is proposed which brings residential people into an area previously not used for habitation. Therefore the increase in number of sites is more of a reflection on the increase in development within the Borough. Whilst it is not believed that these indicators provide a useful measurement in terms of tackling land contamination, the Enforcement Manager is proposing alternative indicators to encompass the remediation of contaminated land also including wider pollution issues such as noise, odour and air pollution. In the meantime it is proposed to retain this indicator until the	N/A

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
								alternative is available.	
BV 216b - Number of sites for which sufficient detailed information is available to decide whether remediation of the land is necessary, as a percentage of all.	1	10	1	3	1	1	1	See comment above. Work has been undertaken during the year to determine the position on a number of sites. The out-turn is 2.72 and has been reported as 3 as required by the Audit Commission.	
BV 217 - Percentage of pollution control improvements to existing installations completed on time.	100	100	98.00	100	100	100	100	A new environmental permitting programme will shortly replace the current pollution control regime meaning that data for this indicator will not be available. It is proposed that this measure be reported against until the new measure is in place.	
BV 218a - Percentage of new reports of abandoned vehicles investigated within 24hrs of notification.	99.38	98.55	99.00	99.82	99.00	99.00	99.00	This is a key measure of performance and should be retained.	

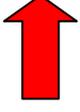
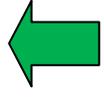
Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 218b - Percentage of abandoned vehicles removed within 24hrs from the point at which the Authority is legally entitled to remove the vehicle.	78.70	97.87	98.00	79.31	99.00	99.00	99.00	This indicator relies on the performance of a contractor who is employed by Kent County Council. The contractor did not perform and KCC have been in negotiations with them to determine the reason for this, they are also currently considering what sanctions to impose. This BVPI is a key measure of performance and will be retained.	
PLANNING									
BV 106 - Percentage of new homes built upon previously developed land.	96.61	96.92	65.00	84.53	65.00	65.00	65.00	In the past the Council has undertaken a high level of development on brownfield land. However, long-term this is not sustainable and targets have been set at 65% for future years to reflect this. It is likely that the level of development will remain at above 65% but will level off in 2001/1/12 when greenfield sites begin to come forward out of the Core Strategy. The latest out-turn of 84.53% is therefore in line with Council objectives and has been classified as a positive direction of travel. This BVPI is a key measure of performance and will be retained.	

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 109a - Percentage major applications determined in 13 weeks.	83.95	80.65	75.00	82.43	75.00	75.00	75.00	Performance for 2007-08 has fallen slightly compared to last year. The target has been met and performance is within top quartile. These ex-BVPI are now reflected in the national indicator set (NI 157) and will not be retained as local measures. There are indicative targets to work towards the finalised output of the LAA	
BV 109b - Percentage of minor commercial applications determined in 8 weeks.	89.60	83.38	82.00	88.41	82.00	82.00	82.00	This ex-BVPI is now reflected in the national set (NI 157) and will not be retained as a local measure.	
BV 109c - Percentage of other applications determined in 8 weeks.	96.23	92.46	92.00	96.45	92.00	92.00	92.00	No LDS produced this period, as instructed by Government Office. A new LDS should be produced after the new regulations following publication of new PPS12. This was due to be published in April 2008 but is still awaited. The Council has a LDS in place which is updated on a regular basis and reporting performance against this is inherent in 200b. This ex-BVPI will be retained as a local measure.	
BV 200a - Did the Local Authority submit the Local Development Scheme (LDS) by 28th March 2005 and thereafter maintain a 3 year rolling programme?	Yes		Yes	No	Yes	Yes	Yes		

Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 200b - Has the local planning authority met the milestones which the current Local Development Scheme sets out?	No		Yes	No	Yes	Yes	Yes	In accordance with the LDS which remains in place pending review, one out of three milestones has been achieved. The annual monitoring report has been produced to programme. The Council agreed to delay the programme relating to the Core Strategy (and consequently the Land Allocations) because of the necessity to assess and take a position on the KIG proposals first. This ex-BVPI is a key measure of performance and will be retained.	
BV 204 - The number of planning appeal decisions allowed against the authority's decision to refuse on planning applications, as a percentage of planning appeals against refusals of planning applications.	30.4	25.6	30.9	29.6	28.0	25.0	25.0	The number of cases won against the Council at appeal has declined from 30.4% to 29.6% in 2007-08, meeting the target. Targets for future years have been set on the basis of improvement activity. This ex-BVPI is a key measure of performance and will be retained.	
BV 205 - The local authority's score against a 'quality of planning services' checklist.	94.4	100.0	94.4	94.4	94.4	100.0	100.0	An overall score of 17/18 was achieved with one point not being met against the Pendleton criteria. This ex-BVPI is a key measure of performance and will be retained.	
CULTURE AND RELATED SERVICES									

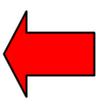
Best Value Performance Plan 2008-11

Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 170a - The number of visits to/uses of local authority funded or part-funded museums and galleries per 1,000 population.	747	1067	760	730	735	740	745	In-person visits were the second highest for 44 years, usage by schools reached record levels and the number of visits to the Museum's website continues to rise. The target was missed by 3.5%, a very creditable performance given the incredible popularity of the previous year's dinosaur exhibition. Targets for future years have been adjusted to reflect current performance and incremental improvement. This ex-BVPI is a key measure of performance and will be retained. A KPI has also been set reflecting museum educational activity.	
BV 170b - The number of those visits to Local Authority funded, or part-funded museums and galleries that were in person, per 1,000 population.	629	620	523	502				The actual figures represent the second best museum in-person visitor figures since 1964, continuing the Museum's current revival. It was accepted that the exceptional success of the 'BBC Walking With Dinosaurs' exhibition, opened by Sir David Attenborough the previous summer (and attracting 30,000 in person visits in just 10 weeks) would not be repeated in 2007/08. This indicator forms part of BV 170a (which also includes website visits) and will not be retained.	

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Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 170c - The number of pupils visiting museums and galleries in organised school groups.	6826	8866	8000	8531				As part of the Council's work on lifelong learning the museum has been ensuring that a robust education service is provided. This has increased the number of education contacts from 6,826 to 8,531 (a 25% increase).	
BV 219b - Percentage of conservation areas in the local authority area with an up-to-date character appraisal.	0.00	43.63	14.63	14.63	24.39	34.14	43.90	The target for the year has been met following a focused approach on character appraisals. This ex-BVPI is a key measure of performance and will be retained.	
COMMUNITY SAFETY									
BV 126 - Domestic burglaries per 1,000 households.	7.2	5.8	7.0	5.8	6.9	6.7	6.7	The Council has established a KPI which measures overall performance on crime measured through the KCVS (Kent Crime and Victimisation Survey). The targets for future years have been aligned with those for the KCVS. Please note that violent crime is defined by the Home Office and includes Violent offences against the person, sexual offences and robbery. A range of other data is regularly considered by the Crime and Disorder Reduction Partnership (CDRP). These BVPIs show a decrease in burglary, violent crime and vehicle crimes which is a positive result. The robberies indicator has shown	
BV 127a - Violent crime per 1,000 population.	18.4	13.1	18.0	18.1	18.1	18.0	17.9		
BV 127b - Robberies per 1,000 population.	0.6	0.3	0.6	0.7	0.6	0.6	0.6		
BV 128 - Vehicle crimes per 1,000 population.	11.0	7.0	10.8	8.2	10.6	10.3	10.3		

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Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
								an increase but this is based on a low number of crimes meaning small changes result in larger percentage variations. Overall, the crime rate in Maidstone as measured by the KCVS has been decreasing.	
BV 174 - The number of racial incidents reported to the local authority, and subsequently recorded, per 100,000 population.	1.39		0.00	0.70	0.00	0.00	0.00	There was one incident in 2007-08 and action was taken to address it. A target of '0' has been set for future years which would be desired performance. This ex-BVPI is a key measure of performance and will be retained.	
BV 175 - The percentage of racial incidents reported to the local authority that resulted in further action.	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
BV 225 - The percentage of questions from the domestic violence checklist to which a local authority can answer.	63.6		72.7	63.6	72.7	81.8	90.9	This indicator is calculated based on a checklist of items of which we meet seven out of eleven. The target is set based on meeting one additional item on the checklist per year. Performance will not increase above the current level because of planned and resourced work. This ex-BVPI is a key measure of performance and will be retained.	
BV 226a - Total amount spent by the local authority on advice and guidance services provided by external organisations.	189,345		193,687	194,076				This indicator is proposed for deletion because it does not provide a useful measure of improvement in relation to partnerships and voluntary sector capacity. For MBC, this indicator has purely been an update on the budget allocated	

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Indicators	2006-07 Actual	Top Quartile All England 2006-07	2007-08 Target	2007-08 Actual	2008-09 Target	2009-10 Target	2010-11 Target	Comments	Performance and Direction
BV 226b - Percentage of monies spent on advice and guidance services provision that was given to organisations holding the CLS Quality Mark at 'General Help' level and above.	100.00		100.00	100.00				to the Citizens Advice Bureau which is information that is available and monitored through other means.	
BV 226c - Total amount spent on Advice and Guidance in the areas of housing, welfare benefits and consumer matters which is provided directly by the authority to the public.	0		0	0				The CAB is the only organisation to receive money for advice and guidance services and holds CLS Quality Mark at the level detailed in this indicator. This is the only service in accordance with the BVPI definition to be provided. It is not believed that this measures value therefore these ex-BVPIs will not be retained as local measures.	↑
									↑

4. Key Performance Indicators: Actual Out-turn 2007-08

Performance against Key Performance Indicator targets for 2007-08 is set out below. Please note that targets for the next three years are set as part of the *Strategic Plan 2008-11: Delivering Quality Public Services*. For information, the target for 2008-09 is also outlined below. The authority has 31 KPIs set out in the Strategic Plan and this document sets out performance and progress against these measures for 2007-08. Please refer to the key to performance tables in section two for assistance in interpreting this information.

Indicator	2006-07 Actual	2007-08 Target	2007-08 Actual	2008-09 Target	Comments	Performance and Direction
KPI 1 - Percentage of actions in the AIF Performance Plan achieved.	100	100	100		2007-08 is the last year in which the Area Investment Framework action plan is effective. All actions within the plan have been completed to the agreed timescales. The Elemental Maidstone Marker project has an agreed completion date of June. At this time it is not possible to say whether the Maidstone Marker project will be delivered, but to date all actions that have been agreed have been completed.	
KPI 2 - Percentage of those making complaints satisfied with the handling of them.	35	52	49	54	Satisfaction with complaints improved during the year, increasing from 42% in the first quarter to 61% in the third quarter. Performance in the fourth quarter then dipped to 50% partly because of the introduction of the new national concessionary fares scheme, which has also impacted on call waiting times (see KPI 10). Whilst our target of 52% has not been met, the result of 49% represents good progress. It is also an improvement on the 32% of the previous year although because of the nature of the measurement there will inevitably be fluctuations in out-turn as complainants may be influenced by the outcome of their complaint rather than the actual service received from the Council.	
KPI 3 - Percentage of complaints resolved within the specified timescale.	74	92	94	97.5	The number of complaints dealt with on time has improved from 74% to 94%, exceeding the target. This is the result of staff focus on dealing with complaints in accordance with customer care standards.	

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Indicator	2006-07 Actual	2007-08 Target	2007-08 Actual	2008-09 Target	Comments	Performance and Direction
KPI 5 - Percentage of citizens satisfied with the overall service provided by the authority.	61	62	63	64	Whilst the Council undertakes triennial BVPI satisfaction survey (which showed 61% overall satisfaction) and is preparing for the replacement 'Place Survey', a local measure of satisfaction is measured and shows an increase to 63% meeting the target. Data for this measure is collected through the return of cards that are sent to residents and customer in general council mailings and respondents to the satisfaction survey that is on the footer of council emails.	
KPI 10 - Average wait time of calls (into Contact Centre).	38	<50	48	<50	During the last quarter, January to March 2008, there has been an increase of 16% in the total number of calls answered over the previous quarter and this has resulted in the average wait time increasing from 40 seconds to 66 seconds for the year as a whole. The additional calls were as a result of the change to the Concessionary Fares scheme and the introduction of the new recycling scheme.	
KPI 17 - Average time for processing new benefit claims (days) (BVPI 78a).	13	16	10.5	11	The speed of processing has improved against last year's performance and the target has been met. Targets for the KPI have been adjusted to reflect current performance and future objectives.	
KPI 21 - Number of affordable homes.	149	255	241	150	Performance in 2007-08 improved with 241 affordable homes being delivered. An overall target of 480 homes has been met and the authority recently renewed it's capital programme to ensure more effective delivery. A Best Value Review of Housing is being considered as part of the 2008 programme. During the year the Council monitors delivery of affordable housing closely, with regular risk assessments ensuring a good perspective on worst and best case scenarios. Whilst the target for the year has not been met, overall good progress has been made on delivery. The Council should consider a range of issues in terms of future delivery, including recent developments in the housing market.	
KPI 22 - Implementation of the milestone in the Integrated Transport Strategy Action Plan.		95	N/A	95	As an input to the Local Development Framework work on transport and public transport is being carried out including modelling. This work will be fed into the Local Development Framework and subsequent policies. This work will in effect then supersede the Integrated Transport Strategy and lead to it's review.	N/A

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Indicator	2006-07 Actual	2007-08 Target	2007-08 Actual	2008-09 Target	Comments	Performance and Direction
KPI 23 - The percentage of relevant actions from the High Street Ward Regeneration Strategy delivered.		95	95	95	In terms of the strategy, the Economic and development manager reports that the 95% target has been met. Those land use proposals contained in the High Street Ward Feasibility Study, are being taken forward through the Local Development Framework and work with Kent County Council on Wren's Cross and Upper Stone Street.	
KPI 24 - In partnership with Kent County Council the developers and Highways Agency gain approval and funds for preventing gridlock.	Proposed alignment changed	Continue discussions	Discussions continuing	Progress project	Funding has been obtained from Central Government and is being used to finance Transport Studies as part of the work on the Core Strategy with the aim of reducing congestion.	N/A
KPI 27 - Lobby the Government and train operators to secure improved rail services for Maidstone.	Working ongoing	Seek improved services	Work ongoing	Seek improved services	Discussions with the rail operators have continued through the year centring on Maidstone East and Medway Valley line. The Council is currently discussing rail provision through the Rail Utilisation Strategy to cover the next twenty years.	N/A
KPI 29 - The proportion of relevant land and highways assessed as having combined deposits of litter and detritus across four categories of cleanliness.	7.30	12.00	7.69	10.00	Over the four categories of cleanliness two areas have improved, one remains static and one has dropped slightly compared to 2007-08. The Council is performing at top quartile level for three out of the four levels of cleanliness.	
KPI 30 - Percentage of household waste recycled or composted.	19.20	20.00	24.63	27.00	The percentage recycled has increased (as has the actual tonnage) and has met the target following work undertaken during the year.	
KPI 31 - Re-develop Maidstone East Station.	Ongoing	Continue discussions with developers	Discussions continuing		Network Rail has now identified a new partner and discussions have taken place with them and the Kent Design Panel over the acceptable design over a future scheme. The developer is working up the content of the scheme.	N/A

Best Value Performance Plan 2008-11

Indicator	2006-07 Actual	2007-08 Target	2007-08 Actual	2008-09 Target	Comments	Performance and Direction
KPI 33 - Reduction in all recorded crime in the Borough.	3.9% increase (KCVS)	2% decrease	-10	2% decrease	In 2007-08 there has been a 10% decrease in crime as measured by the Kent Crime and Victimisation Survey (KCVS). The target has therefore been met and the increase of last year turned into a decrease.	
KPI 35 - Number of anti-social behaviour interventions by MBC	328	320	380	340	The number of interventions has increased in 2007-08 against the previous year reflecting pro-active work by the Council's Community Safety Team in assessing cases where there is a element of anti-social behaviour. This does not mean that anti-social behaviour has increased but measures the Council's work in this area. It should be noted that this measure is about preventing intervention work not a measure of orders imposed.	
KPI 38 - Percentage of all planning applications determined within 8 weeks	94	88	96	88	The percentage of planning applications determined within 8 weeks stands at 96%.	
KPI 40 - Improve community participation through supporting parishes. Please enter the total number of parish plans and neighbourhood plans and provide a progress comment.	4	5 parish plans, 2 neighbourhood plans	7		The target has been met. Collier Street, East Sutton, Lenham, Stockbury, Thurnham, Ulcombe have all published parish plans this year. Marden has published a market town healthcheck. The High Street Community Development Worker is working closely with the local community and the police PACT process to develop a series of local action plans for neighbourhoods in High Street Ward. It is hoped that urban areas, moving towards establishing parish or community councils, will use parish plans as a means of prioritising issues for their areas. However, there is likely to be a 18 month/two year time lag on this.	
KPI 41 - Percentage of population resident in the authority serviced by a kerbside collection on recyclable (two recyclables).	78	63	100		As with the two BVPI indicators measuring recycling performance is at 100%. This KPI has been deleted for 2008-09 onwards and the BVPI's have not been proposed for retention and performance will be sustained at 100%.	
KPI 42 - Improvements in quality in parks, gardens, recreation grounds and other open spaces as measured by quality audits.	11.30	10% improvement	No data		No audits were carried out in 2007-08 as the Council was unable to procure the consultant before 31 March 2008 to undertake the survey work.	

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Indicator	2006-07 Actual	2007-08 Target	2007-08 Actual	2008-09 Target	Comments	Performance and Direction
KPI 43 - Improvements to the accessibility of parks, gardens, recreation grounds and other open spaces as measured by footfall.	Baseline established	2% improvement	10	2% improvement	Assessments of improvement to parks take place on a weekly basis.	
KPI 44 - Implementation of the agreed milestones in the LDS to ensure the timely formulation of the Local Development Document covering the period 2006-2011.	85	95	33	95	In accordance with the LDS which remains in place pending review, one out of three milestones has been achieved. The annual monitoring report has been produced to programme. The Council agreed to delay the programme relating to the Core Strategy (and consequently the Land Allocations) because of the necessity to assess and take a position on the KIG proposals first.	
KPI 45 - Decent Homes - to make 70% of homes occupied by vulnerable households decent by 2010 (600 homes in total).	137	135	221	145	The number of homes made decent in the year has increased from 137 to 221, exceeding the target.	
KPI 46 - Tackling Homelessness - The number of homeless cases prevented through the intervention of housing advice.	173	130	275	200	The target has been exceeded. 275 cases of homelessness were prevented in 2007-08 which is an increase on the 173 in 2006-07.	
KPI 47 - Total number of students receiving the museum education service.	6826	8500	8531	9,000	As part of the Council's work on lifelong learning the museum has been ensuring that a robust education service is provided. This has increased the number of education contacts from 6,826 to 8,531 (a 25% increase).	

Best Value Performance Plan 2008-11

Indicator	2006-07 Actual	2007-08 Target	2007-08 Actual	2008-09 Target	Comments	Performance and Direction
KPI 48a - Average annual conception rate per 1,000 females aged 15-17 (rolling average).			Figures included in commentary		The latest figures refer to 2006, before the time the Council took a significant role in the matter. They show an increase between 1998 and 2006 in Maidstone Borough of 28%, to 40 per 1000 teenagers. The comparable figures for Kent show a decrease of 11.9% over the same period to 37.1 per 1000 teenagers. The figures for England and Wales show a decrease of 13.7% to a rate of 40.7 per 1000 teenagers. Of the 12 Kent Districts 5 had higher teenage pregnancy rates and 7 lower. Three Kent Districts had growing rates of which Maidstone's was the highest. It is worth noting that though Maidstone's figures were going in the wrong direction during this period, the overall rate of under 18 pregnancies in the Borough was slightly below the average for England and Wales as a whole. The newly established Local Children's Services Partnership Board now has reducing teenage pregnancy as a key priority for the Borough and there is a multi agency action plan for this which is currently being refreshed to take into account best practice.	N/A
KPI 48b - Assess the effectiveness of the Teenage Pregnancy out-reach worker project.		Assess effectiveness	Effectiveness assessed	Improve actions	An assessment of the effectiveness of this project has been made based on the past five months. (since it started in November 2007). Inroads have been made into working with alternative curriculum units both in the main stream and voluntary sector providing training to staff as well as sessions with at risk young people. The project is working extensively with young parents groups to tackle second pregnancies and with housing providers including the Foyer and youth workers both in youth clubs and detached. Extending the post beyond its original two years needs to be considered by key partners Local Children's Services Partnerships, MBC & West Kent PCT. There is a concern that the school nursing service has been weakened by the recruitment to other outreach nurse posts within West Kent although it is arguable that the most at risk group is not attending school.	
KPI 49 - Number of members registered with volunteer centres.		1642	2198	5% increase	Data from Voluntary Action Maidstone's database. Performance has improved against the baseline.	

Best Value Performance Plan 2008-11

Indicator	2006-07 Actual	2007-08 Target	2007-08 Actual	2008-09 Target	Comments	Performance and Direction
KPI 51 - Development of a healthier communities plan with Primary Care Trust.		Draft plan for consultation	Draft produced		The Draft Choosing Health Plan has been produced and requires expansion into public health plan. Funding for post has been found to develop this in 2008-09.	
KPI 52 - Ensure that the Choosing Health Programme tackles health issues in Maidstone.		Assess progress			Choosing health activities are in place and are in line with programme targets. Due to late start as a result of late allocations in 2008-9 evaluation of existing projects will take place in mid 2008-9. Awaiting further allocation for 2008-9.	
KPI 54 - Percentage of actions implemented in the Economic Development Strategy.		65	65	65	Shared Intelligence has been appointed to write the Strategy and Action Plan. The first draft was received by the 31st March; a final version should be completed by the end of May, beginning of June 08.	
KPI 55 - Valuation of new development in the borough.		Establish baseline	Work in progress	Establish baseline	The intension of this measure was to quantify the contribution of new development to the borough. Whilst this could possibly be done through valuing building development it is hoped that a wider measurement can be identified. Work on establishing a baseline for this indicator continues.	N/A
KPI 56 - Improve the Council's planning enforcement systems.		Establish baseline	60	Establish baseline	A variety of data has been gathered relating to enforcement measurement. Since January 2008 60% of cases have been closed within eight weeks. This data is now being used to establish a final methodology for measuring KPI 56. A final figure will be available for this KPI in quarter 1. The figure of 60% is the caseload figure that will be used to inform future targets.	
KPI 57 - Establish an action plan, with key partners, designed to close the skills gap.		Establish action plan	Draft action plan established	Consult on plan	The Action Plan of the Economic Development Strategy will be completed in May/beginning of June and will incorporate actions concerning skills and education. These actions are likely to recommend facilitating greater publicity locally of national training programmes rather than introducing new training courses.	

5. National Indicators

The Government have established a set of 198 National Indicators which came into effect from 1 April 2008. These indicators are intended to be cross-cutting and an outcome focused performance management mechanism for the whole of the public sector.

The National Indicators were set as part of the Comprehensive Spending Review 2007 which sets the context within which the economy and public sector will work during the 2008-11 period. The CSR established 30 new Public Service Agreements (PSAs) whilst government departments established Departmental Strategic Objectives (DSOs). Through this mechanism the 198 NIs were derived covering a wide variety of outcomes such as reducing crime, improving recycling and delivering Value for Money. You can find out more about the CSR 2007 from the HM Treasury website:

http://www.hm-treasury.gov.uk/pbr_csr/pbr_csr07_index.cfm.

The Public Service Agreements relate to four themes:

- Sustainable growth and prosperity;
- Fairness and opportunity for all;
- Stronger communities and a better quality of life; and
- A more secure, fair and environmentally sustainable world.

Details of the 30 PSAs can be found at: http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaindex.cfm together with details of the Service Transformation Agreement dealing with service efficiency and improvement.

The single set of 198 NIs were also set in response to concerns from the public sector and wider regarding excessive performance monitoring and target setting. The idea was that the 198 measures would be the definitive set which would replace other reporting requirements. Whilst this is still the intention, it has become clear that there is a range of additional data that individual Government departments wish to collect to ensure that their goals are being measured and attained. With the establishment of baselines and target setting still in early days, the impact of the introduction of the new set of NIs has yet to be fully realised.

The NIs were also introduced as the centrepiece for a new assessment mechanism called Comprehensive Area Assessment (CAA) and the development of the next set of Local Area Agreements (LAAs). The Kent Partnership is the area-based strategic partnership that is responsible for developing the Kent Local Area Agreement. The LAA sets out priorities for the local area together with improvement targets and will form the basis of future assessment. Whilst Maidstone Borough Council will continue to be assessed individually, this will be only one part of a wider assessment of public service delivery in Kent and other areas.

You can find a list of the 198 National Indicators on the Audit Commission website <http://www.auditcommission.gov.uk/performance/>.

In this section you can find the 35 National Indicators that have been adopted by the Kent Partnership. At a national level the definitions of the NIs are still being developed, partly through feedback through negotiations with the LAAs. For example, the

'Place Survey' that will replace the current triennial Best Value Performance Indicator survey, is still being trialled. Agreeing which National Indicators will be adopted across a wide range of partners in Kent and individual improvement targets is taking time; it is believed that baseline data and targets for a number of measures will not be available until later in 2008. At the same time, the Council is looking at the National Indicator set and

developing baseline data and targets where it can for those National Indicators which are not part of the LAA but which the Council is nonetheless expected to report on.

Reports on the progress of implementing the National Indicators will be considered by the Council's Cabinet during 2008.

LAA Theme	National Indicator
Economic Success – Opportunities For All	NI163 Proportion of population aged 19-64 for males and 19-59 for females qualified to at least level 2 or higher
	NI171 New business registration rate
	NI152 Working age people on out of work benefits
	NI 188 Planning to adapt to climate change
Learning For Everyone	NI161 Learners achieving a Level 1 qualification in literacy
	NI162 Learners achieving an entry Level 3 qualification in numeracy
	NI117 16-18 year olds who are not in education, training or employment (NEET)
	NI178 Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths (floor)
Improved Health, Care & Wellbeing	NI120 All-age all cause mortality rate
	NI55 Obesity in primary school age children in Reception.
	NI39 Rate of Hospital Admissions per 1000,000 for Alcohol Related Harm
	NI40 Number of drug users recorded as being in effective treatment
	NI125 Achieving independence for older people through rehabilitation/intermediate care
Environmental Excellence	NI51 Effectiveness of child and adolescent mental health (CAMHS) services
	NI189 Flood and coastal erosion risk management
	NI186 Per capita CO2 emissions in the LA area

	<p>N1191 Residual household waste per head</p> <p>N1197 Improved local biodiversity – proportion of Local Sites where positive conservation management has been or is being implemented</p> <p>N1195 Improved street and environmental cleanliness (levels of graffiti, litter, detritus and fly posting)</p> <p>N115 Serious Violent Crime Rate</p> <p>N121 Dealing with local concerns about anti-social behaviour and crime by the local council and police</p> <p>N111 First time entrants to the Youth Justice System aged 10-17</p> <p>N132 Repeat incidents of domestic abuse</p> <p>N13 Civic participation in the local area</p> <p>N16 Participation in regular volunteering</p>
Stronger & Safer Communities	<p>N111 Engagement in the arts</p> <p>N18 Adult participation in sport</p> <p>N110 Young people's participation in positive activities</p> <p>N198 Children travelling to school – mode of travel usually used</p> <p>N175 Access to services and facilities by public transport, walking and cycling</p> <p>N147 People killed or seriously injured in road traffic accidents</p> <p>N159 Supply of ready to develop housing sites.</p> <p>N187 Tackling fuel poverty % of people receiving income based benefits living in homes with a low energy efficiency rating</p> <p>N154 Net additional homes provided</p> <p>N155 Number of affordable homes delivered (gross)</p> <p>N1141 Number of vulnerable people achieving independent living</p>
Enjoying Life	
Keeping Kent Moving	
High Quality Homes	

6. Data Quality

As an Excellent Council, the Council uses data to inform, to help it measure its services to the public, to benchmark cost and performance and to set targets to improve performance, reduce cost and improve customer care. The Leader of the Council will lead and champion data quality issues.

To be effective, it is vital that data is produced timely, accurately and that it is fit for its intended purpose. To this end, the Council has agreed a procedure for gathering data and an action plan for ensuring that systems are in place for assuring data quality.

The Council works in partnership with other organisations therefore it is important that data provided by partners and other third parties is accurate. Managers will make arrangements to ensure that third party data is in line with authority standards where appropriate.

As the authority's strategic commitment to data quality, this policy has been approved by full Council and applies to all business areas in relation to data collection, recording, analysis and reporting. National standards for data quality will be taken account of as part of the process of securing data quality.

Data Quality Assurance Procedure

As part of the Council's Data Quality Policy the Council has adopted the following assurance procedure relating to systems and the production of performance data:

Assuring systems

1. Overall responsibility for data quality at a strategic level lies with the Chief Executive; however, operational responsibility has been assigned to heads of service and section managers on their behalf.
2. Within service plans, each section manager will produce a statement on how they will assure data quality and publicise expectations to staff. Where appropriate this will cascade into performance appraisals.
3. Heads of service and section managers will ensure that appropriate systems are in place to collate performance data ('right first time'), that they are fit for purpose and that procedure notes/manuals are in place for business-critical systems and that these are reviewed and updated as appropriate.
4. Heads of service and section managers will ensure that staff are aware of their requirements for assuring data quality including, where appropriate, the appointment of data champions.

Producing Performance Indicator Out-turns

5. Heads of service and section managers will ensure that appropriate risk management and business continuity management arrangements are in place.

6. Each performance indicator (BVPI, KPI or other) will have a designated officer ('the responsible officer') who is responsible for regularly monitoring progress against any targets that have been set, for managing risks associated with the indicator and for verifying the accuracy of published outturns.
7. Outturn data will be produced as soon as is practicable after the required timescale has elapsed.
8. The responsible officer will ensure that calculations are checked by a colleague to reduce the potential for mistakes.
9. Working papers for audit inspection will be maintained.
10. The responsible officer will sign a confirmation checklist to confirm that data has been produced accurately.
11. Heads of service will complete and sign a checklist to confirm that all data within their area of responsibility is correct.

7. Further Information

Glossary

Baseline – Performance level either current or historic against which future improvement is measured.

CAA – Comprehensive Area Assessment - one of the ways that the authority is inspected externally.

Cross cutting – This refers to plans, strategies, action plans, performance standards that cut across more than one service.

Excelsis – Our Performance Management Framework System (PMF).

GOSE – Government Office of the South East.

KCVS – Kent Crime and Victimisation Survey.

LAA – Local Area Agreement

Milestone - A significant stage or event in the process and or progress of a larger piece of work.

Outcome – The impact of Council activity on local people and the community.

Performance Standards - Verifiable, measurable levels of services in terms of quality, timing etc.

PI - Performance Indicator

Quartile - A statistical term describing a division of data into four defined intervals based upon the values of the data and how they compare to the entire set of observations.

Service Plan – A plan that sets out what the service aims to achieve operationally, how it will get there and how it will measure and assess progress.

Spatial Level – This is the organisation or level within an organisation responsible for reporting the performance data.

Target - A target is the defining standard of success. A goal to be aimed for.

VFM – Value for Money.

Links

To find out more about performance management or performance indicators please see the links below.

- Audit Commission - <http://www.audit-commission.gov.uk/>
- Department of Communities and Local Government (DCLG) - <http://www.communities.gov.uk/corporate/>
- Local Government Association (LGA)- <http://www.lga.gov.uk/lga/core/page.do?pageId=1>
- Kent Partnership - <http://www.kentpartnership.org.uk/>

- Office of National Statistics (ONS) - <http://www.statistics.gov.uk/>
- Improvement and Development Agency (I&DeA) - <http://www.idea.gov.uk/idk/core/page.do?pageId=1>
- Maidstone Performance Pages - http://www.digitalmaidstone.co.uk/your_council/council_performance.aspx

Contacts

If you require any information about performance management at Maidstone or have any comments or queries about this document please write to the Policy and Performance Team, Maidstone House, King Street, Maidstone, ME15 6JQ. You can also call the office on 01622 602491 or email policyandperformance@maidstone.gov.uk

MAIDSTONE BOROUGH COUNCIL

CABINET

11th June 2008

REPORT OF ASSISTANT DIRECTOR OF DEVELOPMENT AND COMMUNITY SERVICES

Report prepared by John Foster

- 1. SUSTAINABLE CONSTRUCTION OPTIONS FOR THE NEW DEPOT**
- 1.1 Issue for Decision
 - 1.1.1 To consider further sustainable construction features that could be included in the new depot and assess their benefits.
- 1.2 Recommendation of Assistant Director of Development and Community Services
 - 1.2.1 That Cabinet agrees the first two sustainable options listed in Table 1 of the report for inclusion in the new depot, namely additional insulation and solar wet panels, to a value of £60,000.
- 1.3 Reasons for Recommendation
 - 1.3.1 The Cabinet made the decision to commit to the construction of the new depot on the 9th April 2008 and, notwithstanding the building as proposed then would achieve a very good BREEAM rating, asked to consider the potential for more sustainable construction features in a further report covering costs, benefits and funding options.
 - 1.3.2 Carillion, the Council's agent, has considered the costs and benefits of a number of further sustainable features and these are set out in Appendix 1. The report at Appendix 1 makes it clear that it is an overview of options and costs are indicative only. The whole life costs and benefits for each of the options have been estimated. Whole life cost calculations do not include adjustments for inflation. Importantly the report makes an assessment of the suitability of each of the sustainable features specifically for the needs and energy demands of the depot. In other circumstances, building types and uses, sustainable options rejected for the depot may be beneficial. A recommendation is made based on whether it is practical to include

the feature or not. None of the recommended features will improve the building's very good BREEAM rating, but the contribution to the achievement of the Council's commitment to carbon neutrality is an important consideration.

- 1.3.3 There is an emphasis placed on plant as it is this that tends to use the energy to power/heat/cool the building, traditionally by burning fossil fuels and contributing to the carbon footprint. The report focuses on the revenue savings made over time through the reduction in energy bills against the initial capital expenditure i.e. return on investment. A number of sustainable options were considered and rejected and the reasons for doing so are set out in Appendix 1.
- 1.3.4 The report concludes that the most effective and efficient option (the number one preference) would be to employ highly efficient thermal insulation and thereby minimize the need for energy hungry heating /cooling plant in the first place. Clearly the more thermally efficient a building is, the less energy is required to heat/cool it.
- 1.3.5 Only the Wet Solar Panels actually generates a return on investment over time. Table 1 is a summary of all of the features which are considered by Carillion to be practical options should the Council wish to fund them. Any of these features would require an additional commitment from the Capital Programme.

Table 1

Technology	Capital cost	Estimated Life Cycle Cost/Net Present Value	Order of Preference
Additional Insulation	£40,000	Nil costs over 50 years (life of building)	1st
Solar Wet Panels	£20,000	£7,736 surplus over 15 years	2nd
Energy Saving Equipment	£25,000	£2,777 cost over 20 years	3rd
Free Cooling	£5,000	£1,420 cost over 20 years	4th
Thermal Storage	£10,000	£3,223 cost over 20 years	5th
Air to Water Heat Pump	£20,000	£9,525 cost over 15 years	6th

- 1.3.6 The Estimated Life Cycle Cost/Net Present Value aims to show the capital costs of the product if the net savings in energy over the life time of the technology are taken into account today, recognizing that £1 now is worth more than a £1 in 15 or 20 or 50 years time.
- 1.3.7 It should be noted that there is a slight difference to the order preference in Table 1 and Carillion's report at Appendix 1. Carillion considered a highly efficient condensing boiler in their report and rated it as their second preference. This has not been included here as it is already included in the tender sum agreed with Gallagher and is not therefore an additional cost.
- 1.3.8 Carillion have considered a Sedum Roof. The cost of a Sedum roof is approximately £120,000 but it is estimated that an additional £50,000 should be budgeted to take into account the possibility that the steel structure of the building would need to be strengthened to support the additional weight of the Sedum Roof. The whole life cost of the Sedum Roof is estimated to be over £181,000. Moreover the current curved roof design of the depot may not be found to be an appropriate surface for a Sedum Roof. This feature is not recommended for inclusion.
- 1.3.9 Total additional capital costs to the project, if all these items were included, would be £120,000. It should be noted that this is an estimate budget subject to final detailed design and construction drawings being produced. To enable designs to be finalized and the project budget to be agreed with Gallagher, it is essential that a decision is made now to ensure the project is delivered to the agreed timetable.
- 1.4 Alternative Action and why not Recommended
- 1.4.1 The construction of the depot with its current design would achieve a very good BREEAM rating without the additional sustainable construction features. Not incorporating these features is an option, and that would not increase the capital expenditure beyond the existing tender value. However, the additional features would assist the Council's goal of becoming carbon neutral by 2010.
- 1.5 Impact on Corporate Objectives
- 1.5.1 The report supports the key objective in the Council's Strategic Plan 2008-20011 of creating a healthy environment and specifically the aim to reduce energy, water and material consumption in council-owned properties.

1.6 Risk Management

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
The additional capital cost is not recoverable in the short term by the capital receipt achieved by the sale of Armstrong Road	C	2	Armstrong Road should not be put on the open market until later this year when market conditions are hopefully more settled.
Some of the technology advocated is relatively new and may be discovered to be less robust, more costly and inefficient over the course of time.	C	3	The depot will have mains gas, electricity, and water supply connected. Manufacturer guarantees will be sought for all features.

(Likelihood: A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible)

(Seriousness or Impact: 1 = catastrophic; 2 = critical; 3 = marginal; 4 = negligible)

1.7.1 Other Implications

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

- 1.7.2 Financial: The Council is recommended to approve the sustainable features set out in Table 1 at a cost of £60,000. Additional capital funding would be required. The construction costs of the new Depot will ultimately be funded from the sale of Armstrong Road Depot (the purchase of the site having been substantially funded by Growth monies). Clearly however, if the sale of Armstrong Road does not cover the construction costs, then there will be a shortfall. If an additional £120,000 is added to the cost of the project, to pay for all potential sustainable construction features in this report, then the likelihood of a shortfall will increase.
- 1.7.3 The depot already includes many sustainable features and any additional commitments will support the Council's commitment to carbon neutrality.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

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

Is this an Urgent Key Decision? Yes No

Reason for Urgency

None

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MAIDSTONE BOROUGH COUNCIL

CABINET

11th June 2008

REPORT OF ASSISTANT DIRECTOR OF DEVELOPMENT AND COMMUNITY SERVICES

Report prepared by John Foster and Michael Thornton

1. **RESPONSE TO "PROSPEROUS PLACES: TAKING FORWARD THE REVIEW OF SUB-NATIONAL ECONOMIC DEVELOPMENT AND REGENERATION"**
- 1.1 Issue for Decision
- 1.1.1 To consider the Council's response to the government's consultation document Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration (SNR).
- 1.2 Recommendation of Assistant Director of Development and Community Services
- 1.2.1 That the answers to the consultation questions and the attached draft letter detailed in **Appendix 1** form the Council's response to the consultation document.
- 1.2.2 That officers continue to liaise with colleagues to identify options and explore the ways forward to ensure the Council's interests are best represented in new sub-regional working arrangements under the proposed Single Regional Strategy regime, reporting back to the Cabinet Member for Regeneration and Cabinet as appropriate.
- 1.3 Reasons for Recommendation
- Introduction
- 1.3.1 In July 2007 the government published the review of sub national economic development (SNR). The government has now issued a consultation document detailing proposals on how the recommendations of SNR will be implemented called "Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration (SNR)" which runs until the 20th June 2008. The purpose of the review is to put forward new structures and processes related to the development of Regional Policy.

Existing Position

- 1.3.2 The present position is that the South East England Development Agency (SEEDA) formulate the Economic Development Strategy for the region. The South East England Regional Assembly (SEERA) developed the Regional Spatial Strategy (South East Plan). These two bodies will be dissolved and replaced by a Regional Development Agency. The present structure is seen as not having delivered the Government's Housing Growth targets, and too open to influence by Local Authorities. In addition from a District Council's perspective, the strategy process for both the Economic and Spatial Strategy was difficult to influence.

Government Proposals

- 1.3.3 In July 2007 the government published the review of sub national economic development (SNR). The government has now issued a consultation document detailing proposals on how the recommendations of SNR will be implemented called "Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration (SNR)" which runs until the 20th June 2008.
- 1.3.4 The first point to note is that this is not a consultation on the outcome of the SNR, but on how the SNR recommendations should be implemented. There is also no "consultation" on several key points relating to the role of local authorities in the new arrangements. The consultation document makes clear that:
- RDAs will continue to be "business led",
 - there will be no "co-decision" between the RDA and local government in preparing the integrated Regional Strategy, and
 - there will be no local authority "veto".
- 1.3.3 On the integrated regional strategies themselves, the consultation document makes clear that they will:
- reflect national policy imperatives and guidelines,
 - set economic growth objectives,
 - "steer" the activities and investment plans of RDAs, local authorities and other partners,

- reflect formal guidance (from the National Housing and Planning Advisory Unit, a quango set up in the light of the Barker Report to advise on issues relating to housing affordability) on the range of housing provision required,
- set out the distribution of housing numbers, down to the level of individual Local Planning Authorities, and
- constitute the statutory planning framework against which LDFs and planning applications should be judged.

1.3.4 The consultation paper sets out and seeks views on the proposals for implementation contained in the SNR. The document is summarized in **Appendix 2**. The proposed changes essentially cover four areas of reform:

- (i) Transferring lead responsibility for regional planning from Regional Assemblies to the Regional Development Agencies (RDAs) and integrating into one document the Regional Spatial Plan and the Regional Economic Strategy. Important changes in the position and influence of local authorities and non-governmental interest groups flow from this. Following previous reforms this will also encompass regional housing and transportation planning.
- (ii) The introduction of a new statutory duty to “assess local economic conditions” led by Unitary and County authorities. This introduces a high level requirement, higher than that in example in the new planning bill requiring local planning authorities to “have regard” to climate change.
- (iii) Consider a formal legal status for sub regional cross border collaborative arrangements.
- (iv) A regional infrastructure funding process reflecting regional priorities could be attributed more significance, conceptually this flows from the implementation plans developed alongside some of the the current draft regional spatial strategies including that for the southeast.

1.3.5 **Stronger Partnerships for Regional Growth**

1.3.5.1 Under the proposals the RDA’s will still be “business led” but both their boards and staff will change to reflect the skills and staff required to carry out their new responsibilities. The SNR recognises that economic development should be carried out at the most appropriate level. It is proposed that RDA’s become more strategic and devolve funding, where appropriate, to those best placed to

deliver economic improvements as long as there is capacity to undertake this activity. This may mean devolved funding to sub regional partnerships or directly to Local Authorities.

1.3.5.2 The new RDA will now take over the role of the regional planning board, currently with SEERA, to produce the regional components of the statutory development plan. This will include regional district housing targets but also other regional planning guidance on matters. There are considerable legal and "cultural" differences in the elements now being brought together; whilst it can be envisaged that the RDA will embrace the need to set district housing targets it is less easy to envisage the Department of Business Enterprise and Regulatory Reform/RDA embracing the need for, say, clear statutory regional planning guidance on matters such as provision for Gypsies and Travelers. There will be a strong need for sub-regional working arrangements and a professional regional planning support resource to ensure the requirement for a strong evidence base is delivered. The proposals allow flexibility over how this should be achieved in the very different circumstances within and between the different regions.

1.3.5.3 A new regional Leader's Forum to represent all Local Authorities is proposed. The Forum's principle role would be to take strategic decisions and agree priorities on behalf of all local authorities. Views are sought on the structure of this forum but concern must be raised about how such a "streamlined and manageable" forum could possibly be representative of all local authorities and act with their authority. The Leader's Forum would have no powers of veto and if there were disagreements between the RDA's and the Leaders Forum, these differences need only be reported to government when the integrated regional plan was submitted. RDA's will still be accountable to Parliament through the Secretary of State for Business, Enterprise and Regulatory Reform (BERR) but more accountability and scrutiny is being considered through the establishment of nine regional Parliamentary Committees.

1.3.6 **Transition**

1.3.6.1 The current round of Regional Spatial Strategies, including the already planned review of the South east Plan to commence this autumn, will be completed and led by the Regional Assemblies. The RDAs are being encouraged to begin the integration process now even though the changes will not take effect until 2011/2012.

1.3.7 **Integrating Regional Strategies to promote regional growth**

1.3.7.1 The consultation paper argues that introducing a single process of consultation will reduce complexity, allow greater participation from stakeholders and shorten the time to agree a new strategy.

However, entirely new two stage examination process is proposed and the formal role of the local authorities changed to one of scrutiny. Concerns are being expressed about the diminished role of non-governmental voices too. The new style independent examination will continue as a means of engaging stakeholders and testing the evidence on contentious issues. RDA's will lead the process and be responsible for agreeing the draft with the Leaders Forum. The government will approve the Strategy.

1.3.8 Strengthening sub regional economies – the role of local authorities

1.3.8.1 The consultation document seeks views on the practicalities of the proposed duty on local authorities to draw up a "local economic assessment" for their area. The consultation document makes it clear that in shire county areas this duty will lie on county councils, in consultation with named stakeholders which include district and borough authorities. The document seeks views on whether content of the assessment should be dictated by government or left to local areas to decide. Economic assessments, due to commence in 2010/11, are proposed to be reviewed annually and renewed every three years. They should help provide the evidence base to inform Local Development Frameworks and Sustainable Community Strategies. Importantly the assessment will prioritise economic development and regeneration interventions at the local level as well as support the case to the RDA's for devolved funding. Working with Kent County Council and RDA to ensure Maidstone's needs are fully recognized will be critical.

1.3.9 Collaboration across sub regions

1.3.9.1 The consultation document seeks views on the benefits of strengthening the statutory basis to enable working across administrative boundaries, on issues that might improve decision making and deliver economic prosperity. Any arrangements would have to adhere to 4 fundamental principles:

- (i) It would require the agreement of elected members.
- (ii) Should not include an additional council tax precept
- (iii) Not impose additional net costs on local authorities
- (iv) Be transparent and accountable to local residents

1.3.9.3 The government does not intend to propose which functional economic development areas might be covered or the scope of the issues that such a cross border partnership might tackle. Since the demise of the Channel Corridor Partnership the Council needs to consider whether it wishes to engage in cross border working, on what issues and with which authorities.

1.3.10 Regional Funding Allocations

1.3.10.1 The purpose of Regional Funding Allocations (RFA) is to enable regional partners to agree realistic, joined up strategic advice on priorities within agreed levels of central government expenditure. The government intends to launch a second round of RFA advice in the summer of 2008 and expand it to other funding streams, including growth area funding. This appears to include Growth Point funding. The Government will be seeking regions' advice by early 2009 on their strategic priorities and how money might be moved between funding streams to help achieve them. Clearly this marks a potential threat to Maidstone's Growth Point funding allocation.

1.4 Alternative Action and why not Recommended

1.4.1 This is the only opportunity to make representations on the proposals in the document. The consultation period runs until the 20th June.

1.5 Impact on Corporate Objectives

1.5.1 The proposals in the consultation document reflect upon the corporate objectives of ensuring that Maidstone realizes its potential to be prosperous, and Life Long Learning.

1.6 Risk Management

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
A Leader's Forum is introduced that fails to represent the interests of Maidstone both in planning (especially in respect of housing growth targets) and economic development and regeneration.	C	2	Proactive engagement with the RDA, Kent County Council and other Local Authorities will be necessary to ensure Maidstone influences the final structure of the Leaders Forum or whatever Local Authority involvement with the Regional Planning

			process is finally introduced.
Kent County Council introduce their own Assessment of Economic Conditions which results in Maidstone's comparative position being disadvantaged when trying to secure devolved funding or is not rigorous and geared towards Growth Areas	C	2	Engagement with the County Council at officer and political levels is needed to influence decision making.
Sub regional partnerships within Kent or the wrong sub region is established isolating Maidstone	C	2	Engagement with neighbouring authorities, the County Council and Kent Economic Board will be important to ensure new sub-regional working arrangements for preparation of planning policy strategies will be required.
Regional Funding Allocation advises government that Growth Point funding should be channeled into other areas of the region in support of the regional strategy.	C	1	Early proactive engagement with GOSE, the RDA and Kent County Council would be critical to ensure Growth Point funding is retained. MBC's concern about this issue should be raised separately to Appendix 1 in the Council's response.

(Likelihood: A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible)

(Seriousness or Impact: 1= catastrophic; 2 = critical; 3 = marginal; 4 = negligible)

1.7 Other Implications

1.7.1

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

1.7.2 Financial: The requirement to work with County Council on the economic assessment, or if indeed the duty is placed on district authorities, it will represent an additional financial cost. Whilst the consultation document refers to these costs being assessed and met in line with the government's new burden's principle, it may not cover all the additional costs.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

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

Is this an Urgent Key Decision? Yes No

Reason for Urgency

None

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Appendix 1: Maidstone Borough Council response to "Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration

Responses to Consultation Questions

<p>1. How should RDAs satisfy themselves that sufficient capacity exists for programme management and delivery at local or sub-regional level?</p>	<p>RDA's should develop a criteria based approach to determine what pre-requisites should be in place before funding is devolved to local or sub-regional level. This criteria must be proportionate to the level of investment activities the RDA wishes to commission. Not all programme management and delivery will necessarily require an SPV for example. Where a Local Authority or sub regional area does not meet the required criteria, the RDA should provide capacity building funding and expertise to allow satisfactory programme management structures to be established to ensure early delivery.</p>
<p>2. Do you agree that local authorities should determine how they set up a local authority leaders' forum for their region, and that the Government should only intervene if the required criteria are not met or if it failed to operate effectively? If not, what would you propose instead?</p>	<p>The proposed criteria, to govern how the Leader's Forum should function, appears unworkable. A forum of a manageable size will not be fully representative of local government across a region the size of the South East.</p> <p>The transfer of additional powers such as regional planning to a non-elected and non-accountable (and business-led) RDA should not be entertained until there are suitable arrangements in place to ensure all democratically elected bodies within that region are able to properly and effectively examine, influence and scrutinise its proposed policies and expenditure plans. Their role is also overly restricted to one of scrutiny and "sign-off".</p> <p>Devolving such a key responsibility to local authorities to determine collectively within the region is derogation of the Government's own duty to ensure such regional bodies have the correct democratic mandate on which to base its decisions. The</p>

	<p>Government should therefore publish its own proposals on this matter which would apply to all RDAs taking into account the above matters and invite comments from all key parties.</p> <p>Michael Thornton comment – whilst I see Ashford’s point I think it is important that there is the flexibility to have different arrangements in different regions. What suits in areas of established mutual cooperation such as the PUSH authorities or those in a highly dominated city-region will not suit the arrangements we have or want in Kent.</p> <p>There is also a major concern for the non-governmental organisations that currently contribute greatly to SEERA process which will now be excluded. This does not support consensus building and delivery</p>
<p>3. Are the proposed regional accountability and scrutiny proposals proportionate and workable?</p>	<p>No. In the absence of any proper public mandate for RDAs to make key decisions about the future of a region, existing scrutiny powers will be ineffective unless additional powers, such as the power of scrutiny authorities to ‘call-in’ decisions of the RDA prior to their implementation, are awarded to partner bodies. Government should take full and proper responsibility for the development of an effective and inclusive power of scrutiny in relation to RDAs and not, as proposed, seek to delegate such an important matter to the proposed leaders’ forum as currently suggested.</p>
<p>4. Do you agree that the regional strategy needs to cover the elements listed at paragraph 4.13? Are there other matters that should be included in the regional strategy to help in the delivery of key outcomes?</p>	<p>The list of issues at 4.13 begins to provide a definition of sustainable economic development which is helpful. The references to addressing climate change appear inadequate to meet the requirements to ‘have regard’ to climate change including seeking mitigation and adjustment. The strategy should not seek to impose geographical areas of priority for</p>

	<p>future investment, for example, for transport infrastructure or community regeneration.</p>
<p>5. Do you agree with the way in which we propose to simplify the preparation of the regional strategy, as illustrated in the figure (on page 35), in particular allowing flexibility for regions to determine detailed processes? If not what other steps might we take?</p>	<p>As stated above, we do not believe that a Leaders Forum will have a sufficient mandate to oversee the development of the regional strategy on behalf of all elected authorities within that region.</p> <p>The proposed two stage independent examination process does offer potential advantages to the existing stilted EIP process and should make it possible to produce more readily useful outputs from the panel report. This should reduce the extended period required after the Panel report to revise the plan. The current round of RSS panel reports include recommendations that require extensive work by both the regional planning authority and Government Office. However, the timescales in the proposal appear unrealistically short, in particular inadequate to allow for an effective two stage process with additional evidence collection and other work between the two stages.</p>
<p>6. Do you think that the streamlined process would lead to any significant changes in the costs and benefits to the community and other impacts?</p>	<p>Yes, a significant loss of the democratic right for all elected authorities within a region to properly influence the evolving strategy. It is unlikely that that savings will be made by combining the consultation processes or the introduction of an additional stage. Inevitably the integrated process would be dominated by the statutory regional planning aspects of the strategy. This is indicative of the very different legal regimes, processes and "cultures" that are being married into one. This may slow the some current processes used to in economic development and reduce the prominence of regional economic development on an examination's agenda and lead to longer EIP.</p>

<p>7. Which of the options for the local authority economic assessment duty (or any other proposals) is most appropriate?</p>	<p>The difference between statutory guidance and non statutory guidance that the lead authority is then obliged to follow appears to be insignificant.</p> <p>The key question not posed as part of the consultation is to which authorities the new duty should apply. Given that district councils play a significant role in the future planning and economic health of their areas in partnership with their County Council, we believe that, in two tier areas, the duty should apply equally to both county and district tiers, particularly as it is District Councils that deliver Economic Development on the ground.</p>
<p>8. What additional information or support do local authorities consider valuable for the purpose of preparing assessments?</p>	<p>This would depend upon the content and scope of the economic assessment and whether it was considered beneficial for some aspects of the assessment to be produced across district or borough authority administrations e.g. supply and demand analysis of industrial and commercial premises. Such studies are costly in terms of staff time and possible procurement of consultants. Adequate funding could be made available. How the question of sustainable economic assessment is addressed will be of key importance.</p>
<p>9. How should lead local authorities engage partners, including district councils, in the preparation of the assessment?</p>	<p>As noted above, the duty should be a shared one between all local authorities. Thus arrangements for the joint execution of the duty would be a matter for local determination.</p>
<p>10. Which partner bodies should be consulted in the preparation of the assessment?</p>	<p>Such detailed matters should be left to local discretion.</p>
<p>11. Should any duty apply in London and, if so, which</p>	<p>No comment.</p>

<p>of the proposed models is most appropriate?</p>	
<p>12. Do you agree that there is value in creating statutory arrangements for sub-regional collaboration on economic development issues beyond MAAs? What form might any new arrangements take?</p>	<p>Yes, sub regional partnerships, including those groups of districts below the county level are a particularly effective means of delivering economic development and regeneration to localities. Sub regional collaboration should embrace these local partnerships fully and not focus entirely on larger partnerships, for example, between counties or between counties and unitaries. The MAA process should be extended to enable groups of district authorities to collaborate on economic development issues where there is a good reason for such an approach.</p>
<p>13. What activities would you like a sub-regional partnership to be able to carry out and what are the constraints on them doing this under the current legislation?</p>	<p>Smaller sub regional economic partnerships, as described above, should be free to carry out any relevant activities it considers that would lend support to local economic growth and development. The key constraint is not legislation; there is a need to ensure that funding from RDAs is devolved to a range of partners, including groups of districts as well as wider county level groupings, to enable them to undertake the actions they believe are necessary in their areas of concern. The proposal that RDA should operate more strategically and seek to fund 'programmes' rather than 'projects' may lead to an over-concentration of support funding on a limited number of areas at the expense of other areas where smaller levels of support funding could result in significant economic benefit.</p> <p>It will also be important for local flexible arrangements to be made to facilitate joint working on statutory planning activities. These must be allowed to will change over time and topic as required.</p>
<p>14. How would a sub-regional economic development</p>	<p>Other than ensuring that such activity is linked to relevant</p>

<p>authority fit into the local authority performance framework?</p>	<p>national performance indicators, particularly those included within the relevant Local Area Agreement, there is no need for any further requirements.</p>
<p>15. Should there be a duty to co-operate at sub-regional level where a statutory partnership exists? To whom should this apply?</p>	<p>A shared economic duty in two tier areas will overcome any need for additional duties of co-operation in such areas, including where there is not a <i>statutory</i> partnership.</p>

Sub National Review

I refer to your consultation dated _____ on the Sub National Review.

The Council has set out its response to the questions that you have raised but would highlight a number of additional issues. In relation to the proposals for the governance of the new arrangements it is the Council's view that Regional Government should be answerable to the community it serves. The proposals in the review will worsen the democratic position that already exists in the governance at regional level by transferring the regional planning powers from the Regional Assembly to the Regional Development Agency. The Regional Development Agency is not accountable to the local population; it is accountable to Whitehall. It is considered that democratic accountability should be one of the central principles in regional planning and if it does not occur then the system will quickly become the subject of public disrepute. It is also very questionable whether Parliament will have the resources to carry out its part of the scrutiny of the RDAs. Moreover it does appear that there could be an inherent conflict between the Department of Business Enterprise and Regulatory Review and the CLG which is responsible for Planning.

Clear and streamlined decision making processes are needed to create regional strategy but the system that is proposed appears to be more open to the creation of arguments than resolving them. Four different agencies - the RDA, The Local Authority Forum and the two Government departments - would be responsible for establishing the content of the Integrated Regional Strategy. That does not appear to be a structure that will facilitate the plan making process in a timely way.

In relation to the creation of regional strategy it is key that all parties are signed up to it and committed to providing its delivery. Whilst the delivery arrangements are welcomed we do consider that they are weak. It is of particular concern that the RDA would be allowed to submit a strategy to the Minister for approval, in the event of a failure to agree its content with Local Authorities and other Sub Regional parties. The Council considers that not only is this a disincentive to work together but will lead to considerable criticism as to the lack of democracy in the process.

In line with the approach that the SNR gives Local Authorities to establish their own relationships with the RDA there should be a similar freedom for Authorities to relate to one another and choose from a range of more or less formal collaborative arrangements that suit local circumstances.

It is critical that District Councils are involved in the economic assessments and this should be a duty for District Councils as well as County Councils. It is District Councils that prepare the Local Development Framework that provides the land for economic development and it is the District Council that subsequently grants the planning permission for economic development. To exclude District Councils from this duty is to exclude a vital party in the delivery of both economic development and housing.

The Council welcomes the proposals that each region should be allowed to decide how to organise itself in its relationship with the RDA and that the RDA would take a more strategic role and delegate more to a local level, so long as that local level percolates down to include District Councils.

Turning to the issues of process and timetable, the desire for a speedier plan preparation process is shared but this should not be at the expense of proper independent testing, community engagement, and the involvement of democratically elected representatives. The new arrangements should be based on realistic estimates as to what can be delivered by when. The proposed timetable looks seriously unrealistic in the light of the recent experience of the preparation of the South East Plan. None of the Authorities, organisations or Government Departments that have been involved in the process, have provided the speed of delivery envisaged. In addition given the potential conflicts that exist in this plan making process there appears to be no time given to the resolution of conflict. This is of particular concern given that it appears that the views of the Forum can be overridden rough shod.

In relation to the length of time of the process it must also be remembered that that the proposal brings together the Economic Strategy with the Development Strategy and that must have an impact on the process both in terms of plan preparation, consultation and also its subsequent testing at an EIP.

The proposal to integrate the Spatial and Economic Strategy is welcomed but there is the potential risk that because of the greater complexity there will be increased confusion and tensions because the two documents have different purposes and differing requirements for consultation and testing. It is also considered that the list that is set out in the Sub National Review of the content should not be an exhaustive list, as the content will vary from region to region. There should be latitude in the content to deal with regional issues pertinent to a particular area. In addition whilst a proposal to have a concise Regional Strategy is welcomed, particularly with the removal of Structure Plans it will need not only to be a strategic document but will also have to provide the framework for the creation of Local Development Frameworks, local decision making and investment decisions.

On Economic Assessments it is considered that because District Councils deliver economic development then it is right that economic assessment should also be a duty for the District Council. In addition economies of different parts of counties will differ and it is considered that it may be preferable that partnerships of groups of Authorities who have similar economic backgrounds should be able to prepare the Economic Assessment be specific to their area.

Finally in relation to the implementation period it is considered that implementation should move ahead as quickly as possible so as to ensure that uncertainties are resolved as quickly as possible.

Maidstone Borough Council looks forward to receiving a response to these comments in due course.

**PROSPEROUS PLACES: TAKING FORWARD THE REVIEW OF SUB-NATIONAL ECONOMIC DEVELOPMENT AND REGENERATION (SNR)
SUMMARY OF CONSULTATION DOCUMENT - MARCH 2008**

1. INTRODUCTION

- 1.1 The Government published the 'Prosperous Places' consultation document on 31 March 2008. Announced in July 2007, the SNR proposed new arrangements for decision-making and delivery at the regional level, notably the abolition of regional assemblies and the transfer of regional planning responsibilities to regional development agencies (RDAs).
- 1.2 This briefing paper sets out key issues in the consultation document. The consultation document also contains 15 questions on which Government seeks views. These are included in the annex to this paper. The key points of the consultation document are set out in the summary below.

2. SUMMARY

- 2.1 Each region is invited to develop its own model of regional working within given parameters, which are:
- RDAs will take over responsibility for regional planning.
 - They will develop a single integrated regional strategy working closely with local authorities and others to achieve 'co-ownership'.
 - Through a regional leaders' forum local authorities collectively will have responsibility for signing off the draft strategy and for scrutinising its delivery.
 - Forums of council leaders should be streamlined, manageable and representative of all types of authority and key sub-regions.
 - RDAs will remain business-led, although they will need to change significantly and board membership will need to reflect new responsibilities.
 - Stakeholders are important consultees to be 'engaged and managed' by the RDA.
 - RDAs will become increasingly strategic, delegating funding on a programme basis to local authorities and others.
 - RDAs will agree the balance of their funding directed to various policy areas with local authorities and regional partners.
 - RDAs will work with partners to develop and manage the change process in each region, e.g. to create new working arrangements and new structures and to build capacity.

- 2.2 Regional Spatial Strategies and Regional Economic Strategies will be integrated into a single streamlined process involving community engagement, a robust evidence base, sustainability and options appraisal and independent examination in public. The new Regional Strategy will incorporate other regional plans such as sustainable development frameworks, housing and cultural strategies. Each region will set a target to raise 'the sustainable trend rate' of economic growth. If the RDA cannot agree the strategy with local authorities in the region they will refer it, noting differences of view, to Ministers to resolve.
- 2.3 It is proposed that strategic local authorities are given a duty to undertake an economic assessment of their area. This includes provision for sub-regional working across local government boundaries.

3. STRONGER PARTNERSHIPS FOR REGIONAL GROWTH

- 3.1 The consultation document's recurring theme is Government's objective to improve the conditions to achieve 'sustainable economic growth'.

Changing RDAs

- 3.2 RDAs will need to undergo significant change but they will continue to be business-led. Appointees to RDA boards will need experience of working with regional and local partners and stakeholders, and need to reflect new regional planning responsibilities.
- 3.3 RDAs will need to become more strategic in their leadership and facilitate a greater role for sub-regions and local authorities in economic development. RDAs will continue to manage the single funding pot but will need to agree with local authorities and regional partners the balance of investment between policy areas.

Transition to new arrangements

- 3.4 Recognising there is 'no single blueprint' for changes and how to implement them, RDAs are to work with local authority partners to develop a change management programme to implement the SNR. This should establish how local authorities will organise themselves; how RDAs will adapt to address their new role; how RDAs and local authorities will work together and engage with stakeholders.
- 3.5 Assemblies are expected to complete the current round of Regional Spatial Strategies, with further partial reviews where necessary, by 2011. These will continue to be in force as the regional tier of the statutory development plan until replaced by the single integrated Regional Strategy under the new process.

- 3.6 RDAs will not be expected to undertake any further Regional Economic Strategy reviews until new arrangements are in place.
- 3.7 Assemblies and RDAs will begin preparations for the new Regional Strategy within their current statutory responsibilities. Government has made provision in the current Planning Bill to enable regional assemblies to delegate any of their planning functions to the RDAs where both agree.

Delegation of RDA funding

- 3.8 RDAs will delegate funding and devolve decision-making where appropriate. They are expected to ensure that capacity exists to undertake delegated activities at local authority or sub-regional partnership level and to support capacity building. As capacity increases, an increasing amount of funding is expected to be delegated to local authorities and others.
- 3.9 In the short term a memorandum of understanding between RDAs and local authorities could underpin delegation, ensuring proper accountability for public expenditure that is delegated. Longer term the RDA Act requires amendment.

The forum of leaders

- 3.10 Local authorities should decide the most effective structure for the leaders' forum in their region. However the forum should:
- Be streamlined, able to make strategic, long-term decisions and engage effectively with the RDA;
 - Representative of local government across the region, including upper and lower tier authorities;
 - Comprise local authority leaders with sufficient authority to sign-off the draft strategy on behalf of local government in the region.
- 3.11 The Government will intervene if local authorities are unable to reach consensus on a forum that meets the above criteria or if it fails to operate effectively. The forum is expected to develop working protocols with the RDA on the process for developing the Regional Strategy.

Accountability and scrutiny

- 3.12 RDAs will remain accountable to Parliament through the Secretary of State for Business Enterprise and Regulatory Reform (BERR). The House of Commons Modernisation Committee is currently examining proposals to enhance Parliamentary scrutiny of the regional tier through the establishment of regional Parliamentary committees.

- 3.13 Local authorities have existing scrutiny powers which can be applied to RDAs and other government agencies at local level. At the regional level local authorities should develop new arrangements for exercising their scrutiny powers collectively through the leaders' forum.

Engaging with stakeholders

- 3.14 The new arrangements are said to 'place a premium' on effective stakeholder engagement and management. RDAs will lead this and will devise working arrangements which best suit the need of the region.

Regional Funding Allocations

- 3.15 In addition to those transport, housing and economic development budgets included in the first round of Regional Funding Allocations (RFA), the second round will also include:
- Further transport streams to enable regions to provide wider advice on priorities for supporting regional and local transport;
 - The European Regional Development Fund; and
 - Housing and regeneration in the 'growth areas', the Thames Gateway and other regeneration programmes due to be transferred to the Homes and Communities Agency.
- 3.16 Funding provided by the Learning and Skills Council (LSC) to support adult skills development will continue to be allocated as at present. However, the LSC, RDAs, local authorities and partners are expected to develop an agreed view on skills and training priorities within the RFA framework.
- 3.17 Ministers will issue guidance in summer 2008 setting out allocations to the new and existing RFA streams. Regions' advice will be sought by early 2009 on their strategic priorities and how money might be moved between funding streams to help achieve them. The Government will respond in summer 2009.

4. INTEGRATING REGIONAL STRATEGIES TO PROMOTE GROWTH

- 4.1 The new Regional Strategy will set out a high-level vision over the next 15-20 years that ensures closer alignment between economic and spatial planning to support sustainable economic growth, underpinned by sustainable development principles. It is expected to integrate 'other regional strategies, such as sustainable development frameworks, regional cultural strategies and the regional housing and transport strategies' and would be part of the statutory development plan. Legislation is required to make this change.
- 4.2 The Regional Strategy should steer the activities, plans and investment decisions of local authorities and regional partners. It should also

influence central government (including public agencies') policies and plans and give incentives for private sector investment in the region. The aim is to have stronger alignment between national and regional spending plans.

Government's priority outcomes – economic performance and housing

- 4.3 Each region will set a regional economic growth objective, the achievement of which will be a key factor in strategy development.
- 4.4 The Government will issue formal guidance on the ranges of housing provision required in each region, based on independent advice from the National Housing and Planning Advisory Unit. RDAs and local authorities are expected to test these ranges through preparation of the Regional Strategy.
- 4.5 Housing policies should start from local authorities' assessment of housing opportunities and needs in their area and, where possible, be based on the collaborative work done between local authorities within a sub-region. The RDA will work with the leaders' forum, utilising local authorities' knowledge and ensuring they have ownership of the Regional Strategy.
- 4.6 Local authorities should work across administrative boundaries to agree housing requirements at a strategic level. The Regional Strategy may set housing requirements for a housing market or sub-region where local authorities cannot commit to developing joint core strategies to cover that sub-region. In other cases, allocation will need to be made at local planning authority level.
- 4.7 Regions should achieve economic and housing objectives in ways that consider and address the impact of climate change.

Strategy scope

- 4.8 The Regional Strategy should be informed by iterative dialogue between local authorities and the RDAs and other stakeholders. Each region will determine its own priorities for economic growth, but each strategy should cover:
 - Key regional challenges;
 - How economic growth can be delivered having regard to employment and key drivers of productivity as well as regeneration;
 - A distribution of housing supply figures and targets for affordable housing and achieving quality homes for all;
 - How the region will manage the risks and opportunities of climate change;

- Areas identified as priorities for regeneration investment and intervention;
 - Strategic requirements and provision for transport, waste, water, minerals, energy and environmental infrastructure, insofar as these are not already specified in national policy.
- 4.9 The requirement for a delivery plan is under consideration. This would set out actions and investment priorities alongside delivery accountabilities.

Principles for developing the Strategy

- 4.10 It will be up to regions to devise the most effective working arrangements which must meet high standards in relation to stakeholder and public engagement, evidence base, testing and sustainability appraisal. All local authorities must be involved collectively through the leaders' forum throughout the life-cycle of the Strategy, and Government expects sign-off at the regional level to involve both the RDA and leaders' forum.
- 4.10 The process will need to be clear, open and transparent to allow regional partners and stakeholders to engage effectively. To facilitate this:
- Central government will provide clarity on national priority expectations at the beginning of the process;
 - Economic assessments undertaken by local authorities, if introduced, will be an input into the improved regional evidence base;
 - Government will develop a national core sustainability framework with RDAs, local authorities and stakeholders for appraising all regional strategies;
 - Examination in public or independent testing will be embedded as a means of engaging stakeholders.
- 4.12 With good process management a full Regional Strategy review could be achieved within 24 months and a partial review may be possible within 18 months. An independent panel could be appointed early in the process to facilitate debate and appraisal of the options, testing the evidence base and narrowing down contentious issues. On the basis of the panel's view, the RDA and leaders' forum will identify a preferred set of priorities and actions.
- 4.13 The RDA will lead development of the strategy, taking account of the work of local authorities, and will be responsible for agreeing a draft with the leaders' forum who will sign-off the draft strategy on behalf of all individual local authorities. Following this, the RDA will submit the strategy to BERR and Communities and Local Government (CLG) for Ministerial approval. If regional partners fail to agree on the draft

single strategy, the RDA will be expected to submit the draft strategy to Ministers noting points of disagreement.

5. STRENGTHENING SUB-REGIONAL ECONOMIES – THE ROLE OF LOCAL AUTHORITIES

- 5.1 Local authorities and RDAs are expected to work more closely on economic development and regeneration based on a robust, shared evidence base.

The economic assessment duty

- 5.2 The proposed statutory economic assessment duty would fall on upper tier and unitary authorities in consultation with key partners, including district authorities. Lead authorities would also need to consult with appropriate delivery partners such as government agencies, businesses and business organisations. An assessment could be produced jointly by two or more lead authorities, for example all authorities participating in a Multi Area Agreement (MAA).
- 5.3 The resulting assessment would contribute to the analytical underpinning of strategies and targets at local, sub-regional and regional levels, allowing enhanced local authority capacity on economic development issues and higher quality input to the Regional Strategy. Assessments will also assist more effective prioritisation of economic and regeneration interventions and greater delegation of resources to local authorities.
- 5.4 Three options are considered which vary in the extent of formality of the duty and guidance that Government would provide. Local authorities could be asked to undertake their first assessments in 2010-11 in time to contribute to local strategies and LAA targets for 2011-12. A new burden assessment will identify the additional costs to local government.

Collaboration across sub-regions

- 5.5 There are a number of arrangements to encourage economic development decision-making at the sub-regional level, such as MAAs and the Local Transport Bill. There may be advantages in strengthening the statutory basis for sub-regional collaboration where there is demand from local authorities and it is appropriate to do so. The bulk of projects facilitated in this way are expected to have strong links to economic development.

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MAIDSTONE BOROUGH COUNCIL

CABINET

11 June 2008

REPORT OF THE HEAD OF INTERNAL AUDIT AND RISK STRATEGY

Report prepared by Brian Parsons

1. Internal Audit Annual Report 2007/08

1.1 Issue for Decision

1.1.1 To consider the work of the Internal Audit Section over the financial year 2007/08 and the opinion of the Head of Internal Audit in relation to the Council's control environment, in the context of the Annual Governance Statement.

1.1.2 To decide whether the outcomes of Internal Audit work and the other matters referred to in this report provide evidence of a substantial level of internal control within the Authority.

1.2 Recommendation of the Head of Internal Audit & Risk Strategy

It is recommended that Cabinet

1.2.1 Note the Head of Internal Audit and Risk Strategy's opinion that substantial reliance can be placed on the Council's control environment in terms of the overall adequacy and effectiveness of the controls and processes which are in place to achieve the objectives of the Authority.

1.2.2 Note that there are no qualifications to that opinion.

1.2.3 Note the results of the work of the Internal Audit Section over the period October 2007 to March 2008 as shown in Appendix A (as well as the work that was carried out earlier in the year as shown at Appendix B, which was reported to the meeting of the Cabinet in February 2008) and that this is the prime evidence source for the opinion which is shown at 1.2.1.

1.2.4 Agree that the outcomes of the Internal Audit work and the other matters referred to in this report provide evidence of a substantial level of internal control within the Authority, which supports the

findings and conclusions shown in the Annual Governance Statement for 2007/08.

1.2.5 Note the improvements in control that occur as a result of the audit process, as set out in Appendix D.

1.2.6 Refer the report to the Audit Committee for consideration and comment.

The Annual Internal Audit Report

1.2.7 The statutory Code of Practice for Internal Audit in Local Government in the United Kingdom requires that the Head of Internal Audit must provide a written report to those charged with governance, timed to support the Annual Governance Statement.

1.2.8 The Head of Internal Audit's annual report to the organization must:

- Include an opinion on the overall adequacy and effectiveness of the organisation's control environment
- Disclose any qualifications to that opinion, together with the reasons for the qualification
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets
- Comment on compliance with the standards (the Code of Practice) and communicate the results of the internal audit quality assurance programme.

1.2.9 The Accounts and Audit (Amendment) Regulations 2006 also require that "the relevant body shall at least once in each year, conduct a review of the effectiveness of its system of internal audit". A report containing the basis for the review of effectiveness will be provided to a meeting of the Audit Committee for its consideration.

The opinion on the overall adequacy and effectiveness of the Council's control environment

1.2.10 It is the opinion of the Head of Internal Audit & Risk Strategy that substantial reliance can be placed on the Council's control environment in terms of the overall adequacy and effectiveness of the controls and

processes which are in place to achieve the objectives of the Authority. The evidence to support that opinion is contained within this report.

Any qualifications to that opinion, together with the reasons for the qualification

1.2.11 There are no qualifications to that opinion.

A summary of the audit work from which the opinion is derived

1.2.12 The opinion on the control environment is principally formed through the results of Internal Audit work during the financial year. However, the following factors are also considered:

- The results of external audit work during the year (including the Use of Resources assessment) and any concerns expressed by the External Auditor
- The effectiveness of the Council's risk management arrangements
- Significant control breakdowns during the financial year, whether they were found by Internal Audit or not
- The results of any other form of external inspection or assessment, and;
- The effectiveness of senior management in resolving control weaknesses.

Internal Audit work

1.2.13 Twenty audit projects were completed between October 2007 and March 2008, with a further sixteen projects having been completed in the first six months of the financial year. A summary of the reports issued between October 2007 and March 2008 is shown at Appendix A.

1.2.14 The audit work for April to September 2007 was reported to Cabinet on 13 February 2008. For completeness in terms of the financial year, the summary for the first six months of the financial year is repeated at Appendix B. However, as this was reviewed in some detail at the time by Cabinet and the Audit Committee, there is no need for Appendix B to receive any further detailed attention.

1.2.15 The work of the Internal Audit Section has established that for the majority of the areas examined, substantial controls are in place. Where weaknesses have been identified they have been reported to the appropriate Head of Service who is then responsible for taking the necessary action in order to rectify those weaknesses.

The results of external audit work during 2007/08

- 1.2.16 The main part of the external auditors work relates to the Council's financial accounts. The auditors will be considering the accounts for 2007/08 shortly. Internal Audit has had regular, quarterly meetings with the Commission's Audit Manager and Principal Auditor during 2007/08 and no issues have been raised which would give concern in relation to the Council's internal controls. The Use of Resources assessment for 2006/07 is positive, with an overall rating of 3 out of 4.
- 1.2.17 The Annual Audit and Inspection Letter from the Relationship Manager is also very positive about the Council's performance, the audit of the accounts and value for money.

The effectiveness of the Council's risk management arrangements

- 1.2.18 Risk management arrangements are considered to be 'embedded' into the strategic and operational planning and decision making of the Council. During 2007/08 the Strategic Risk Register was 'refreshed' and a specific risk management exercise was carried out for the New Offices Project involving all of the Senior Management Team. Risk management continues to be a consideration in all reports to Management Team and Members.

Significant control breakdowns during the financial year, whether they were found by Internal Audit or not?

- 1.2.19 There were no significant control breakdowns during 2007/08.

The results of any other form of external inspection or assessment

- 1.2.20 There have been no external inspections or assessments during 2007/08, other than the normal external audit work.

The Effectiveness of senior management in resolving control weaknesses

- 1.2.21 When the Head of Service responds to an audit report the response is assessed for adequacy by the Head of Internal Audit and Risk Strategy. If the response is not adequate, for example if the proposed action is not clear, the response is referred back to the Head of Service. In effect, this will occur until an adequate response is received.
- 1.2.22 Internal Audit carries out a follow-up to each audit in order to ensure that the agreed actions have resulted in the desired improvements. Twenty-four follow-ups took place during 2007/08. Usually, a follow-up confirms that effective action has been taken to implement the audit

recommendations. During 2007/08 all areas where limited control assurance was found to be in place were subsequently addressed by management action sufficient to raise the control assurance to 'substantial'.

1.2.23 A revision to the previous reporting process was introduced during 2007/08 whereby, if Internal Audit find that only a limited level of control assurance is in place at the time of the follow-up, the relevant Head of Service will attend the next meeting of the Corporate Governance Group (which is chaired by the Chief Executive) in order to set out an action plan for addressing the control weaknesses. This means that, in effect, all significant issues will be addressed.

1.2.24 It is considered that senior management is effective in resolving control weakness.

Issues that the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement

1.2.25 There are no issues relevant to the Annual Governance Statement arising from Internal Audit work other than the opinion of the Head of Internal Audit and Risk Strategy that substantial reliance can be placed on the Council's control environment.

Performance of the internal audit function against its performance measures and targets

1.2.26 The internal audit function has three performance targets which are measured and reported throughout the year. The targets are:

- Completion of the annual internal audit plan
- Percentage of chargeable time (i.e. time spent on planned audit work) the target is 75%.
- Achievement of the Council corporate customer care targets, for example in respect of telephone answering.

1.2.27 In practice, during 2007/08 the internal audit function achieved 90% of the internal audit plan and on a month by month basis frequently met the other two targets.

Compliance with the CIPFA Code of Practice for Internal Audit in the United Kingdom and with the internal audit quality assurance programme

1.2.28 A detailed self-assessment review of compliance with the Code of Practice was carried out in 2007. The self-assessment was then subjected to a peer review by another Kent local authority Internal Audit team.

- 1.2.29 The review confirmed a very high level of compliance with the Code. Any areas of non-compliance have since been addressed. It is considered that Internal Audit is now fully compliant with the Code of Practice.
- 1.2.30 The 'quality assurance programme' is maintained through the review of reports and working papers by the Head of Internal Audit & Risk Strategy.

Assurance levels

- 1.2.31 Internal Audit use 'assurance levels' or assurance statements to provide the overall 'audit opinion' for the service or area which has been reviewed. The use of an assurance level is more consistent with the requirement for managers (and Members) to consider the degree to which controls and processes can be relied upon to achieve the objectives of the reviewed activity. There are four assurance levels, as detailed at Appendix C. This allows a more structured and balanced view to be taken of the adequacy of internal control in the area concerned.
- 1.2.32 In the financial year 2007/08, a total of 34 audit reports included an 'assurance assessment' for the area that had been audited (two did not). The initial assurance assessments were categorized as follows:

High	0	(3)
Substantial	31	(16)
Limited	3	(6)
Minimal	0	(1)

Note: the figures for 2006/07 area shown in brackets for comparison

For the 3 subject areas where only limited control assurance was in place at the time of the audit, the respective follow-ups have confirmed that the recommendations have been implemented. This has allowed the level of control assurance to be reassessed and in each case the control assurance has increased to substantial. Likewise, the follow-ups relating to areas where substantial assurance was already in place have led to a new assessment that 'high' levels of control assurance are now in place in a number of areas.

- 1.2.33 The upward movement of assurance levels is demonstrated at Appendix D, which shows a graphical representation of the assurance levels for audit work over the last 18 months or so, with the first column showing the initial assessment at the time of the audit and the second column showing the assessment at the time of the follow-up.

1.2.34 The collective assurance level which can be extracted from the complete list of audit work performed during 2007/08 (Appendices A and B) provides considerable evidence to support the statutory Annual Governance Statement. An element of this evidence is the overall improvement in the assurance level at the time of the audit follow-up (Appendix D). This demonstrates the effect of the positive action taken by Heads of Services to implement audit recommendations. It also helps to demonstrate the effectiveness of Internal Audit in improving the overall internal control environment.

Reporting of Internal Audit work to Cabinet and Audit Committee

1.2.35 At its meeting on 3 March 2008, the Audit Committee resolved that changes to the reports to Members should be made so that future reports on audit work should highlight the following issues:

- In respect of limited assurance assessment that it should include an up to date position regarding the action arising out of the Audit.
- In the limited assessment areas there should be a fuller summary of the Audit including where necessary the full report and action plans as appropriate.
- On all Audits there should be included a footnote that any response from the Service Manager include a comment from the Head of Internal Audit & Risk Strategy indicating whether he was satisfied with the response.

1.2.36 In addition, both the Audit Committee and Cabinet have commented that the 'scope' and 'findings' of all of the summary audit reports should be expanded to make it clearer to Members which aspects were covered during the audit and what are the key issues arising from the audit work.

1.2.37 The appendices at A and B have been written to reflect the Committees resolution and comments, as follows:

- A 'Note/Update' comment has been added where appropriate to show the up to date position.
- The summaries have been expanded where necessary to provide more information to Members. The complete report and the management action plan can be provided to Members if required.

Members are asked to note that the Head of Internal Audit and Risk Strategy is satisfied with the final responses from the Service Manager for all of the audit work listed at Appendices A and B.

'Outstanding issues'

1.2.38 At the meeting in July 2006, Cabinet asked that future reports on Internal Audit activity include a section indicating whether there were any important issues outstanding or not. In response, there are no important issues arising from audit work during 2007/08 which are outstanding and need to be brought to the attention of Members in this report.

The Maidstone/Ashford Internal Audit Partnership

1.2.39 The Maidstone/Ashford Internal Audit Partnership has been in place since 1 September 2005. The three year agreement is due to expire on the 31 August 2008.

1.2.40 The partnership works on the principles that the audit team at Maidstone and the audit team at Ashford are managed by just one manager, the Head of Internal Audit and Risk Strategy, and that the auditors can work on both sites.

1.2.41 Members will be aware that the partnership arrangements include a charge to Ashford based on the management costs of the Head of Internal Audit and Risk Strategy; this produces an income to Maidstone Borough Council.

1.2.42 The partnership has continued to operate successfully during 2007/08. Customer satisfaction levels at both authorities remain high, with the last annual survey being carried out in November 2007. A breakdown of the results of the Maidstone based survey is shown in the report on the Effectiveness of Internal Audit elsewhere on the agenda.

1.2.43 In addition to the annual survey, a short questionnaire is provided after every audit to the unit manager who had most contact with the auditor during the audit. This allows a specific feedback and a quality control check on each piece of internal audit work.

1.2.44 The Audit Committee meeting on 19 May 2008 endorsed a five year extension to the partnership agreement with Ashford. The Ashford Audit Committee, meeting on 5 June, will also be asked to endorse the extension.

1.3 Alternative Action and why not Recommended

- 1.3.1 A total of 36 Internal Audit reports were issued during the financial year 2007/08. The reports have led to improvements in control in the areas that were reviewed.
- 1.3.2 Although the audit work identified some areas where controls were in need of improvement, the responsible manager has taken the necessary action to address those weaknesses.
- 1.3.3 It must be emphasized that it is for management to decide whether or not to accept and implement audit recommendations. This decision needs to take account of the practicalities of taking the recommended action, including the costs. Ultimately, management has to decide whether they are prepared to take the risk of not putting controls in place to mitigate the risk.
- 1.3.4 The matters referred to in this report and in the appendices A, B and D provide evidence to support the recommendations at paragraph 1.2. No alternative action could be recommended.

1.4 Impact on Corporate Objectives

- 1.4.1 The Internal Audit service contributes towards the Strategic Plan through its role as an independent and objective appraisal and consulting function, which provides the means to evaluate the adequacy of the controls that management has put in place to achieve its corporate objectives and its objectives for service delivery.

1.5 Risk Management

- 1.5.1 The major risk arising from this report is that, if Members are unable to agree the decision as recommended, it would bring into question the adequacy of the Council's internal control arrangements and particularly the assurances under the statutory Annual Governance Statement. It is considered that the work of Internal Audit over the financial year 2007/08 and the associated matters shown in this report provide sufficient assurance for Members to be able to agree the recommendations shown at paragraph 1.2.

1.6 Other Implications

1.6.1

- 1. Financial
- 2. Staffing

X
X

- 3. Legal
- 4. Social Inclusion
- 5. Environmental/Sustainable Development
- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

X

1.6.2 The work of Internal Audit includes the examination of all aspects of internal control but inevitably contains a strong emphasis on reviewing the adequacy of financial controls.

1.6.3 Each audit involves the participation of those staff that have responsibility for the various systems and processes that are being audited. The results of Internal Audit work are likely to lead to changes in the procedures operated by those staff.

1.6.4 Internal audit is a statutory requirement under the Accounts and Audit Regulations 2006 which state that "A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control." The guidance on the Regulations make it clear that the proper practices for internal audit may be found in the *Code of practice for internal audit in local government in the United Kingdom*, issued by CIPFA.

1.7 Conclusions

1.7.1 The Internal Audit Annual Report 2007/08 highlights the work of the Internal Audit Section during the year and provides assurance to Cabinet as the executive committee that substantial standards of internal control are in place. Where controls were not adequate at the time of the audit, action has since been taken to improve the controls.

1.8 Background Documents

1.8.1 Individual audit reports and working paper files.

1.8.2 The Code of Practice for Internal Audit in Local Government in the United Kingdom.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

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

Is this an Urgent Key Decision? Yes No

Reason for Urgency

[State why the decision is urgent and cannot wait until the next issue of the forward plan.]

Appendix A

Internal Audit Reports issued between October 2007 and March 2008

Service Section: Regulatory and Environmental Services - Facilities Management

Audit Title: Pitch and Putt - Procedures and Cash Management (Report issued 9 October 2007)

Audit Scope: The review set out to establish and test the key controls over the following areas:-

- Security of Income
- Banking and reconciliations
- Monitoring Arrangements

Findings: The audit review was conducted following the theft of pitch and putt income in 2006 and the identification of weaknesses in management controls. The review confirmed that cash management and monitoring procedures have improved. Security of the facility was confirmed to be as good as economically possible and sufficient equipment is available to provide a good level of customer service.

New closedown procedures were reviewed during the audit and confirmed to provide a high level of assurance that both records and assets are secure. *NB: It should be noted that the facility was broken into during January 2007 and remains a prime target for vandalism*

Although the service has suffered from the long term absence of the Grounds Maintenance Supervisor, the report concludes that controls over the day-to-day management of the pitch and putt facility during the 2007/08 season have improved and are now generally strong.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted; several were implemented immediately and the remainder will be implemented prior to the commencement of the 2008/09 season – Easter 2008.

It is noted that the continued long term absence of the Ground Maintenance Supervisor may prevent satisfactory conclusion of all the recommendations. The Facilities Manager is aware of the outstanding issues and is to ensure that adequate arrangements are in place for the 2008/09 season.

Service Section: Customer Services - Private Sector Housing

Audit Title: Housing Improvement Grants (Report issued 11 October 2007)

Audit Scope: The audit set out to examine and evaluate the procedures in place for the processing of Home Improvement Grants. In particular the audit considered the following areas:-

- Policies and procedures
- Grants processed by Private Sector Housing
- Grants processed by external organizations
- In Touch – Maidstone Home Improvement Agency Staying put and handyperson service
- Budgetary Control

Findings: The report concludes that controls over the arrangements are strong. Testing confirmed that good controls exist over the administration of the various schemes in place, however several areas are identified where improvements can be made. These include the need to have a signed contractual agreement in place between the Council and In-Touch 'Maidstone HIA' and ensuring that financial information is provided by In-Touch detailing the cost of operating the handy person scheme. In addition improvements are advocated to ensure that nomination rights to properties which have received landlord grants are enforceable.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

Seven of the eight recommendations have been accepted and are being implemented. The remaining recommendation was that an advertising campaign should be devised to promote first time buyers and home repair grants. However since the audit report was issued the Cabinet Member for Regeneration and CMT has agreed a £200,000 reduction in the budget for Private Sector Housing grants. Management therefore considers that an advertising campaign could lead to a greater demand than can be accommodated by the reduced budget.

Service Section: Chief Finance Officer

Audit Title: Anti Fraud & Corruption (Report issued 30 October 2007)

Audit Scope: The audit set out to:

- identify ways in which the Corporate Anti-Fraud & Corruption policy can be communicated to all staff.
- consider the Anti Fraud & Corruption arrangements in the context of the Key Lines of Enquiry and establish ways in which the requirements set at Level 3 and 4 can be met.

Findings:

The report identifies that:

- The revised Anti Fraud & Corruption policy needs to be communicated to all staff.
- The Benefits Anti-Fraud Strategy is in need of review.
- Members of the Internal Audit Team have outstanding training needs in respect of Fraud and Corruption.
- There are currently no arrangements in place for recording the number of incidents of potential fraud or corruption reported to management or monitoring if these incidents are processed in accordance with the Council's whistle-blowing charter.
- The Council cannot currently demonstrate a strong counter fraud culture throughout the Authority or the level of confidence in the Council's whistle-blowing arrangements.

Assurance Assessment at the time of the audit:

Not applicable

Management Response:

All of the recommendations made have been accepted and the actions are planned to be implemented by March 2008.

Service Section: Customer Services – Revenues and Benefits

Audit Title: Housing & Council Tax Benefits - Payments (Report issued 30 November 2007)

Audit Scope: The review set out to establish and test the key controls in the following areas:-

- The adequacy of the division of duties which exist between staff responsible for the assessment of benefit and those responsible for payment.
- Payment of housing benefit by BACS or cheque.
- Transfer of the benefit payments to the Council Tax system
- Payment of discretionary housing payments
- Landlord payments
- Security surrounding cheque payments
- Weekly and monthly reconciliations

Findings:

The report concludes that controls over the arrangements are generally strong and this is reflected in the report with only two recommendations being made. These relate to the need to run SQL reports to identify those creditors with more than one creditor reference number and the need to have a more proactive programme in place to further reduce the volume of cheques produced. Testing confirmed that good controls exist over the authorisation of BACS payments and the printing and dispatch of cheque payments. Furthermore testing confirmed

that weekly and monthly reconciliations are correct and undertaken on a timely basis.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

Recommendations have been accepted and implemented.

Service Section: Customer Services (Revenues and Benefits)

Audit Title: Council Tax – Valuation, Liability and Billing (Report issued 30 November 2007)

Audit Scope: The audit assessed the arrangements in place for managing the Valuation, Liability and Billing areas of the Council Tax arrangements. The assessment covered controls within the Council Tax IT system; administrative working practices and liaison with the Valuation Office to ensure that property banding records are accurate and provide a sound basis for the subsequent collection and recovery of amounts due. The review focused on key management controls that are in place over the Valuation, Liability and Billing aspects of the system. The audit evaluated and tested the policies, procedures and records which are being managed on a day to day basis within the Revenues and Benefits Section.

Findings: The audit confirmed that overall the controls operating on the various elements of the system are satisfactory. The Council Tax IT system parameters and debit are accurate and the billing arrangements are prompt and comply with the legislation, regulations and guidance in operation. Several areas were identified where further improvements can be made to the system:

- There is a need to complete the evaluation of the empty property module for the Academy IT system with a view to urgent implementation, removing the need for paper based systems.
- An improved management review and control should be introduced over a number of processes – Outstanding Valuation Office Notifications, Discounts and Exemptions and Account and Recovery Suppression and IT system (Academy) access rights.
- Access should be improved to property banding information on the Council’s web site.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

The recommendations are accepted and have been implemented.

Service Section: Corporate Finance

Audit Title: Devolved Receipting (Report issued 13 December 2007)

Audit Scope: The audit was carried out in anticipation of the effects of the closure of the Cashiers function following the office move in June 2008. The audit therefore sought to establish how existing 'devolved receipting' arrangements operate and how the arrangements can be expanded to fill any gap created by the closure of the Cashiers.

Audit Findings: The main issues arising from the audit were:

- A proactive 'campaign' should be put in place to reduce the number of cheques received by the Council generally and to promote payment by other means;
- The opportunity to pay by cheque for the services that receive currently a substantial number of cheque payments should be progressively withdrawn;
- A service should be selected to pilot the change to 'non-cheque' payments;
- Procedures should be put in place to administer 'infrequent payments'.

Assurance Assessment at the time of the audit:

Not applicable

Management Response:

10 recommendations were made within the report, 7 of which were accepted by Management, 2 were rejected and 1 was considered to no longer be applicable. The accepted recommendations have been implemented. *The response is considered by Internal Audit to be adequate.*

Service Section: Customer Services – Revenues and Benefits

Audit Title: NNDR – Billing, Collection and Refunds (Report issued 19 December 2007)

Audit Scope: The review identified and tested the controls in place for:

- Compliance with current regulations and procedures
- Income collection
- Payment of refunds
- Reconciliation of income and refunds
- NNDR contribution and grant management (NNDR2)
- Performance monitoring

Findings:

The report concludes that controls over the arrangements are strong. Several areas were identified where improvements can be made and recommendations have been made in relation to:

- Actively reducing the number of cheque payment received;
- Reducing the number of internal transfers and adjustments needed through misallocated payments;
- Refund payment made through BACS transfer;
- Access control testing for Academy NNDR
- Updating procedures for the issue of refunds to increase efficiency

Assurance Assessment at the time of the audit:

Substantial

Management Response:

The recommendations are accepted and will be implemented.

Service Section: Assistant Director of Regulatory & Environmental Services

Audit Title: Food Safety (Report issued 21 December 2007)

Audit Scope:

The audit set out to:

- To establish if the Food Safety Team operates within European, government and local legislation.
- To identify and evaluate the procedure for registering food premises i.e. receipting of income, issuing of permits and recording details on the Food Premises Register.
- To assess the adequacy of the monitoring, inspection and enforcement of food premises.
- To establish and evaluate the proposed controls that will be used in relation to the 'Scores on the Doors' data publication scheme.

Findings:

The main issues arising from the audit were:

- The records held by the Food Safety Team are currently held in a number of different formats and some of the records held have been duplicated.
- There is an administration shortfall within the Food Safety Team resulting in large delay in the inputting of food registration forms received and filing backlogs meaning that important records i.e. inspection reports cannot be located.
- There is no dedicated Systems Administrator for the M3 system.
- Other users of M3 within the Authority i.e. Licensing and Private Sector Housing can access and amend the Food Safety records without detection. Management do not

currently extract periodic reports to identify unauthorised amendments or deletions.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations made have been accepted and the actions are planned to be implemented by April 2008.

Service Section: Head of Human Resources

Audit Title: Compliance with the Staff Code of Conduct (Report issued 20 December 2007)

Audit Scope: The audit set out to:

- To establish if the existing Code of Conduct is up to date and has received approval from Management / Members.
- To review the arrangements for communicating the Code of Conduct to staff.
- To determine whether the arrangements for the Code of Conduct meet the criteria set by the Audit Commissions "Key Lines of Enquiry".
- To verify if the standards set by the Code of Conduct are adhered to.
- To establish if breaches of the Code are processed in accordance with the agreed procedures.

Findings: The report concludes that the level of awareness of the Code of Conduct throughout the Authority and compliance with its rules is substantial. However, a number of minor issues were identified during the audit. Examples include the need for a periodic review of the declarations made for personal interests and / or gifts and hospitality - to ensure that the procedures laid down in the Code of Conduct are being adhered to; and for declarations made by the Directors and the Chief Executive for gifts and hospitality and for personal interests to be countersigned.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations made are accepted and the actions are planned to be implemented by April 2008.

Service Section: Democratic Services

Audit Title: Members Allowances and Expenses (Report issued 31 January 2008)

Audit Scope: The review tested the procedures and controls in place for:

- The Members Allowances scheme, including standard procedures;
- The payment of Members allowances; and
- The payment of expenses and subsistence claims;

Findings: The report concludes that controls over the arrangements are adequate; however several areas were identified where improvements can be made, with recommendations being made in relation to:

- The introduction of new special responsibility allowances in April 2008;
- Having formalised procedures for Members who cease their duties, including the retrieval of members parking permits;
- Correcting accounting errors for subsistence claims;
- Recalculating the Group Leaders allowance

Assurance Assessment at the time of the audit:
Substantial

Management Response:
The recommendations are accepted and have been implemented.

Service Section: Customer Services - Housing Policy & Development

Audit Title: Affordable Housing (Report issued 31 January 2008)

Audit Scope: The review set out to examine and evaluate the procedures in place for the delivery of Affordable Housing. In particular the audit considered the following areas:-

- Policies and procedures
- Managing the Strategic Risk
- Delivery of Affordable Housing
- Housing Capital Programme

Findings: The delivery of affordable housing has been identified as a Strategic Risk and as such this area has been included in the Councils Strategic Risk Register. An action plan which aims to reduce and manage the risks has been devised by the Chief Housing Officer and is monitored on an ongoing basis. The overall target of 480 dwellings set for the three year period 1 April 2005 to 31 March 2008 is expected to be achieved and may be exceeded. This is due to units being brought forward

and to some additional affordable units being added to the programme. The overall number of completions for the three year period based on the risk assessment undertaken in January 2008 is expected to be 494 affordable dwellings. This figure includes 200 new affordable homes directly funded by the Council.

The audit concludes that there are strong procedures in place which manage the delivery of affordable housing and this is reflected in the small number of recommendations made in this report

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted and have been implemented.

Service Section: Corporate Finance

Audit Title: Creditor Payments (Report issued 29 February 2008)

Audit Scope: The audit focused on; the adequacy of the controls in place throughout the whole Creditor process, the progress of the DIP project and the action taken on the NFI data matches reported by the Audit Commission during 2006/07.

Findings: The audit has identified that the controls over the payment of invoices are strong. However, a number of issues have been identified in relation to separation of duties and the proposed DIP project that require further attention to ensure that this level of assurance is not compromised. Examples of the issues identified include:

- Members of the Finance Team who access the system have not been given formal authority to do so.
- The Systems Administrator and the Payment Assistant are both able to complete most of the processes involved in the payment of Creditor invoices.
- There is no secondary management check completed on the BACS and cheque files prior to submission to ensure the total value of payments sent agrees to the total value of invoices processed.
- The Creditors Team plan to back-scan two years worth of Creditor invoices (2006/07 and 2007/08) to Anite prior to the office move in June 2008. However, at the time of reporting, no dates had been agreed for this exercise to commence and no project plan had been prepared.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

Five of the recommendations are accepted, three are not, as set out below:

- Recommendation 4 suggested that the Systems Administrator authorisation to submit a BACS file be removed. Instead of removing this authorisation the Chief Accountant has introduced procedures where the BACS report will be counter signed by the Chief Finance Officer or the Chief Accountant. *This compensating control is considered satisfactory by Internal Audit.*
- Recommendation 5 suggested that a management check be completed on the BACS and cheque files to ensure the total amount of invoices punched is the amount paid. The Chief Accountant stated that this management check is not possible as the invoices punched may not be paid on the same day i.e. the invoices are paid within 30 days of receipt therefore batch totals are not available for this reconciliation to take place. *Internal Audit accept that this management check is not practicable to implement*
- Recommendation 8 suggested that a reminder be issued to management that they must authorise the purchase order before signing the invoice. This recommendation is no longer relevant as the new 'invoice manager' system removes the need for a second signature. *This is accepted by Internal Audit.*

Service Section: Corporate Finance

Audit Title: Budgetary Control (Report issued 14 March 2008)

Audit Scope: The audit sought to evaluate the key elements required for effective budgetary control and included the overall budget strategy and cycle; budget setting and approval; compliance with the Council's Constitution; the incorporation of the budget into the financial accounting system; reporting structures; budget changes and compliance with the Audit Commission's Key Lines of Enquiry. In addition, two budget managers were visited – Environmental Health and Revenues – to discuss aspects of budgetary control from the budget manager's viewpoint.

Findings: The report confirms that the budget setting process and subsequent monitoring is robust, accurate, well documented and reported. It conforms to the requirements set out in the Council's Constitution and the relevant legislation.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations have been agreed and are due to be implemented by December 2008.

Service Section: Regulatory & Environmental Services

Audit Title: Building Control Fees (Report issued 17 March 2008)

Audit Scope: The audit set out to:

- To establish and review the arrangements for the collection, receipting, banking and recording of fee income;
- To determine the controls for the adequate reconciliation of income to the Councils Financial Management System;
- To establish and review the controls over the updating and maintenance of the APAS system.

Findings:

Overall, adequate controls exist over most of the areas considered during the audit; such as compliance with regulations, financial procedures and banking. However, control/efficiency improvements need to be made in a number of areas. These are not necessarily due to bad practice, but a need to update procedures inline with other Sections of the Council. Recommendations made within the report relate to:

- Updating cash payment procedures
- Increasing the systems of control over income reconciliations to Agresso
- Internal review of the APAS system
- Expanding payment methods to members of the public
- Potential scope for the centralisation of payments in advance of the Office move.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All but one of the seven recommendations is accepted. The remaining recommendation relates to a low risk administrative procedure.

Service Section: Corporate Finance

Audit Title: Payment Security (Report issued 19 March 2008)

Audit Scope: The review focused on security of card payments received throughout the Council for services, taxes and fines to establish if the Council is complying with relevant standards and is adequately protected against fraudulent payments.

- Findings:** The report concludes that the security of card payments is good. However, a few improvements have been suggested within the report to ensure this level of security is maintained and improved. Examples of the main issues arising are as follows:
- Cardholder details are being held longer than specified by the bank. Failure to dispose of these records after 18 months could be a contravention of the Data Protection Act.
 - The Council has not completed a formal self-assessment against the Payment Card Industry Data Security Standards to identify if procedures and systems are secure.

Assurance Assessment at the time of the audit:
Substantial

Management Response:
All of the recommendations made have been accepted and the actions are planned to be implemented after the office move in June 2008.

Service Section: Property and Procurement

Audit Title: Procurement (Report issued 31 March 2008)

Audit Scope: The review set out to examine and evaluate the controls over the procurement process. In particular the audit considered the following areas:-

- Compliance with the Authorities Financial and Contract procedure rules.
- Compliance with EU thresholds for contracts.
- Awareness of the procurement cycle by staff outside of the procurement unit.
- The tender process
- The contracts register

Findings: The extensive testing undertaken during the course of the audit confirmed:-

- Compliance with the Councils financial and contract procedures rules. However, it was noted there was no signed contract in place for three of the contracts reviewed during the audit.
- The EU thresholds had been correctly applied to the sample of contracts reviewed during the audit.
- That adequate competition had occurred, ensuring the integrity of the tender process.
- That a contracts register is maintained to manage and monitor the contracts currently in place.

The Kent Secretaries Group has drafted a set of contract procedure rules which incorporates a purchasing guide to be

used by Kent District Councils. One of the benefits of the Kent wide rules is that joint procurement by the Kent authorities becomes more straightforward. A report is currently being prepared proposing their adoption by the Council.

The report concludes that controls over procurement arrangements are strong. However several areas are identified where improvements can be made, for example; details of the Councils corporate contracts should be promoted to staff using the Councils intranet and staff should be reminded of the need to order goods/services from the appointed suppliers.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted and have been implemented.

Service Section: Human Resources (Payroll)

Audit Title: Payroll (Report issued 31 March 2008)

Audit Scope: The audit set out to test the accuracy of data within the Payroll System and confirm that adequate controls are in place to minimize the risk of error or fraud. Extensive testing was conducted in the following areas:

- Starters
- Leavers
- Deductions from pay
- Variations to pay (including the annual increment)
- Payments

Audit Findings: The report concludes that the controls in place to ensure accurate payments through the payroll system are adequate. This is reflected within the report with only 3 recommendations being made. The recommendations relate to:

- General administrative housekeeping of the Payroll/HR Anite system;
- Requesting valid insurance details for essential car users; and
- Recovery of a maternity overpayment.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

Two of the three recommendations are accepted. The rejected recommendation relates to the annual checking of vehicle insurance certificates by the HR Section. The Head of Human Resources considers that the check should be at the point of recruitment. Thereafter the onus is upon the employee to

ensure that the insurance is fit for purpose. If the employee has not complied with the requirement then the Council would not accept liability. The checks at the recruitment stage will be tightened up and a statement will be added to mileage claim form making it clear that the claimant must have proper insurance.

Service Section: Assistant Director of Customer Services and Monitoring Officer

Audit Title: Corporate Complaints System (Report issued 31 March 2008)

Audit Scope: The review set out to examine and evaluate the procedures in place for the delivery of an effective complaints monitoring and reporting system. In particular the audit considered the following areas:-

- Policies, Strategy and Structure
- The IT system
- Performance monitoring and reporting
- Resolution Procedures
- Training and Communications

Findings: The corporate complaints process is managed jointly by the Monitoring Officer (the Head of Corporate Law and Legal Services) and the Assistant Director of Customer Services. Executive oversight and strategic management and governance are provided by the Cabinet Member for Community Services and the Standards Committee. A dedicated complaints IT system is in place to support the complaints management process. The vast majority of complaints received during the year relate to Waste Collection, Development Control, Parking enforcement and Planning Enforcement. However, Concessionary Fares have received a high number of complaints during 2008.

The audit concludes that a good control framework is in place over the complaints management process and there is minimal requirement for improvement. Recommendations within the report relate to updating the complaints policy document, the extension of the complaints processes to include complaints relating to third party service providers and complaints received from MP's parish councilors etc. Recommendation is also made for the review of policy and guidance materials to improve officer and customer awareness of the complaints handling processes.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

22 of the 23 recommendations are accepted and are to be implemented. All of the actions are scheduled to be completed before September 2008 (within 6 months). The remaining recommendation is minor and will be satisfied by other means.

Service Section: Assistant Director of Change and Support Services

Audit Title: IT Network Controls (Report issued 31 March 2008)

Audit Scope: The audit set out to establish whether:

- A network strategy exists and standards and policies are in place to support its delivery;
- Connections and access to the network are approved and secure;
- Unauthorised access to data transmitted over the network is minimised;
- Sensitive data passing over public networks is secure
- The risk of network failure is minimised.

Findings: The report concluded that controls over the current security of the authority information systems are strong. The IT Networks and Security team are well trained and committed to maintaining a robust and secure facility and automated controls are well used to support this. External consultancy resources are also employed where additional specialist skills and knowledge are required or to carry out objective audit of network systems performance and security controls.

Ten recommendations were made within the report to help to improve controls: Key issues arising include:

- A need to develop management action plans to support identified IT networks related risks
- A need to enforce changes to password controls and laptop/PDA/memory stick data storage controls to protect the Authority data from loss or interception
- A need to maintain more complete records of authorisations for user access to the Authority networks and systems
- A need to extend network performance monitoring to include the wider hours being worked by officers
- A need to improve controls over the collection/receipt of community comments and suggestions from the authority website facility.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations made are accepted and the actions are planned to be implemented by October 2008.

Service Section: Human Resources

Audit Title: Payroll System Implementation (Report issued 31 March 2008)

Audit Scope: The Human Resources Section are currently implementing a new Payroll system acquired through Midland Software. The audit review focused on the key project management controls to ensure the delivery of the new system with minimal risk to data and service provision.

Findings: Although not fully compliant with Authority project management standards, the project was confirmed to be adequately controlled; to have involved officers and consultants with critical skills and competencies; to have been compliant with procurement regulations and legislation and to have achieved pre-determined quality and operational objectives.

Recommendations were made within the report to improve the project management process in line with corporate project and risk management standards, for the development of a detailed project plan to achieve outstanding objectives within the required budget and quality standards; for confirmation to be obtained for the availability of ongoing legacy system data and to confirm ongoing system reporting functionality.

Assurance Assessment at the time of the audit:
Substantial

Management Response:
All of the recommendations are accepted and the actions are planned to be implemented by October 2008.

Other work completed during the six month period includes:

- Risk Management Survey; this was carried out in order to establish the level of awareness among staff of the Council's risk management policy and the principles of risk management.
- Private Sector Housing Investigation: the investigation was able to confirm that a grant application had been properly dealt with
- Ongoing advice to management at all levels regarding internal control.

Appendix B

Internal Audit Reports issued between April 2007 and September 2007 (Note – this information was previously reported to Cabinet on 13 February 2008 and considered by the Audit Committee on 3 March 2008)

Service Section: Finance

Audit Title: Debtors (Key Control Testing) (Report issued 23 April 2007)

Audit Scope: The audit sought to establish and test the key controls over:

- Debtors invoices
- Periodic Income Accounts
- Debt recovery

Findings: The report concludes that controls over the Debtors system are strong in these areas. Invoices are raised correctly and on a timely basis. The Periodic Income Accounts are properly supported by documentation to substantiate the debt. The debt recovery element of the system provides for automatic escalation of the process where payment is not received. Testing confirmed that appropriate debt recovery action is taken in practice. The only significant area of non payment relates to former tenants arrears at the time of the transfer of the housing stock to Maidstone Housing Trust.

Assurance Assessment at the time of the audit:
Substantial

Management Response:
Action has been taken to implement the recommendations.

Service Section: Finance

Audit Title: Creditors (Key Control Testing) (Report issued 23 April 2007)

Audit Scope: The audit set out to evaluate the effectiveness of the key controls within the Creditor Payment system and to determine the accuracy of data. The review tested the following areas.

- Official Orders
- Invoices
- Authorised signatories
- Creditor documents
- Suppliers and Creditor details

Findings: The results of testing confirm that purchase orders are being raised in accordance with financial rules and are being appropriately authorised. Invoices were found to be properly authorised and filed. Some minor errors were identified in relation to supplier details and some updating of the authorized

signatories log was considered to be necessary. All other areas were satisfactory.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

The recommendations are accepted and will be implemented as part of the upgrading process for the latest Creditor payment module of Agresso.

Service Section: Finance

Audit Title: Devolved Budgets (Report issued 27 April 2007)

Audit Scope: The audit set out to review the adequacy of the controls over the Devolved Budget scheme, which provides for an annual budget of £3,000 to each Councillor to be spent at their discretion to fund suitable projects and schemes within their wards, subject to certain guidelines. These projects or schemes have to be linked to local ward priorities to be eligible for consideration. They also have to be for activities which are the responsibility of the Council.

Findings: The report concludes that the Devolved Budget Scheme is well controlled. However, several areas were identified where improvements could be made:

- The Devolved Budget scheme is not regularly reported to Management and other interested parties. The provision of annual updates on the projects assisted by the scheme would help to ensure that the ongoing value of the scheme is reviewed and monitored.
- Members do not always complete the 'Declaration of Interest' statement on the claim application form. This may mean that interests in a particular project are not properly declared.
- Monies to be carried forward from a previous financial year are not being recorded on the current database. As a result the starting balance reported on Agresso does not match the starting balance reported on the Devolved Budget database.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

Consideration of an annual report will be given following the Best Value review of the Council's overall Grants arrangements. The recommendations relating to the other two areas were implemented immediately.

- Service Section:** Customer Services (Housing)
- Audit Title:** Maidstone Housing Trust – Housing Transfer Obligations (Report Issued 30 April 2007)
- Audit Scope:** The review focused on the procedures and frameworks in place to effectively monitor performance and to ensure successful delivery of agreed promises to tenants. The review also considered the relationships in place to optimize the benefits to the parties involved within the partnership agreement to ensure effective delivery of statutory, regulatory and internal obligations and objectives.
- Findings:** The audit established that, since the transfer in February 2004, partnership arrangements have generally been well established and maintained and that monitoring processes have been put in place. The Authority's obligations for the provision of funding and support for 200 additional affordable housing units was confirmed to be well progressed, to the extent that the Authority has made an internal commitment to a further 600 homes by the target deadline of 2008. A number of recommendations are made in the report to:
- Improve the member and officer monitoring arrangements – including consideration of the ongoing objectives and governance responsibilities of the Strategic Housing Advisory Committee; ongoing strategic management of the agreement and improvements to monitoring data.
 - Improve the mid-term review of the financial impacts of the transfer and ongoing income projections
 - Verify the current management assumptions over the validity of financial and operational performance data provided by the Trust.
 - Give consideration to the need to confirm the programme of environmental and communal improvements and disabled facilities and adaptations as stated within the sixth schedule – the Deed of Covenant by the company.

Assurance Assessment at the time of the audit:
Substantial

Management Response:
All of the recommendations are accepted and will be implemented.

Service Section: Corporate Review

Audit Title: Emergency Planning (Report issued 14 June 2007)

Audit Scope: The audit review made use of the Audit Commission's Emergency Planning Self Assessment Toolkit. The audit tested compliance with the 'best practice' advocated by the Commission and examined the evidence that is available to support the self assessment. The audit concentrated on three of the eight sections contained in the Commission's toolkit, being:

- Corporate arrangements
- Risk assessment
- Emergency planning

Findings: The report concludes that most of the best practice set out in the Audit Commission's tool kit is already in place. However, the report recommends that a more formal approach is taken to testing and exercising the plan, with records kept of the lessons learnt and the outcomes of the exercises. The report also recommends that the self assessment against the toolkit should become an annual review, with the results being formally reported through Management Team to the Cabinet.

Assurance Assessment at the time of the audit:
Substantial

Management Response:

Ten of the twelve recommendations are accepted and will be implemented. Of the two remaining, the Emergency Planning Manager considers that the Authority should have direct arrangements with the contractors that may be required in an emergency, rather than identifying contractors through the Kent Resilience Forum. The EPM also believes that a reasonable frequency of self assessment reviews is either 2 or 3 year intervals. Each review produces an action plan and it is that action plan which should be reviewed annually and reported to Management Team and Cabinet.

Note/Update: The Audit Committee meeting on the 3 March 2008 resolved that the Cabinet be informed that in respect of the audit relating to Emergency Planning and the response from the Emergency Planning Manager the Committee had some concerns about the differences between the Internal Audit report and the response from the Manager and suggested that Cabinet should receive a report from the Emergency Planning Manager on the reasons why he had suggested an alternative frequency of self assessment review to that suggested by the Internal Audit report.

Service Section: Development and Community Services

Audit Title: Sports, Play and Youth Development (Report issued 22 June 2007)

Audit Scope: The Hotfoot scheme is run throughout the school holidays at a price per week per child. The audit considered the project management controls for running the scheme and assessed the various project records used to monitor and document the scheme. The review specifically considered the following areas:

- The Hotfoot Easter and Summer sports scheme
- The various individual events within the Freefall programme
- The arrangements for the collection, banking and reconciliation of income
- Service related expenditure, including the payment of temporary staff
- Recruitment and training of staff

Findings: The overall management of the scheme is strong, and its objectives are in line with the Youth Development plan for the Borough. Extensive testing was conducted during the audit to ensure that income received from the scheme is being reconciled and fully banked. Additional testing was conducted on the various other events that are run throughout the year under the 'Freefall' scheme. Several relatively minor weaknesses were identified within the financial controls for the receipting and reconciliation of income. The majority of income is banked promptly; however on occasion banking is delayed until a scheme is fully booked. This exposes the Section and Council to a degree of risk should anything happen to the income between the time it is received and banked.

The audit report confirms that there are good financial controls over service expenditure and budget monitoring. The audit was completed by testing the recruitment process as all members of staff are working with vulnerable children. The procedures are considered to be strong.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted and have been implemented.

Service Section: Development Control

Audit Title: Development Control Fees (Report issued 30 June 2007)

Audit Scope: The review set out to examine and evaluate the procedures in place for the processing of Development Control fees. In particular the audit considered the following areas:-

- The calculation of the fee due
- The receipt and processing of the payment due
- The submission of documents in support of the planning application
- The implementation of a Cash Receipting Terminal to receipt payments
- Reconciliation and banking of income
- Overall reconciliation between APAS and Agresso

Findings: The audit concluded that overall, there are good procedures of control in place over the receipt of Development Control fees. Testing confirmed that fees have been correctly paid and income is banked accurately and on a timely basis. However a number of issues were identified which should be addressed, these include the need to:-

- Prepare written procedures once the revised receipting arrangements are in place.
- Provide VAT receipts for those companies requesting one for the payment of planning advice fees.
- Ensure that the complete system (including the accounting arrangements) is in place prior to the implementation of the electronic cash receipting terminal.
- Ensure that strong procedures of control remain in place over the receipt, banking and reconciliation of income.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted and will be implemented.

Service Section: Regulatory and Environmental Services

Audit Title: The Cemetery (Report issued 31 July 2007)

Audit Scope: The audit review set out to review the financial and administrative arrangements for the Cemetery at Sutton Road, Maidstone. In particular the following aspects were considered:-

- Income
- Expenditure
- Burial records
- Grave digging
- The headstone re-instatement project

- Performance targets
- Cemetery Lodge

Findings:

The audit identified some significant control weaknesses in need of urgent attention. The main areas being:

- The headstone re-instatement project was significantly behind schedule which was resulting in a large number of complaints from the grave 'owners'.
- Due to poor record keeping it was not possible to identify the number of instances where payments have been received in advance from grave owners but where the work was still outstanding.
- The computer system was not updated when a headstone had been re-instated. As a result it was not clear how many headstones had actually been re-instated.
- The paperwork held for headstone re-instatements, memorial permits, exhumations and exclusive rights did not clearly evidence the payment received. As a result it was not clear if income due had been received.

Note: At the time of the audit the Facility Management Officer had become aware of some of the issues identified during the audit and action was being taken to improve the procedures.

Assurance Assessment at the time of the audit:

Limited

Management Response:

The recommendations are accepted and urgent action will be taken to implement them.

Note/Update – a follow-up to the audit was carried out on 29 January 2008. This found that the majority of the recommendations had been fully implemented, with action planned for the remainder. It was concluded that, subject to the implementation of the 3 outstanding recommendations (reducing the risks surrounding the burial ledgers held at the Crematorium and the continued monitoring of the headstone re-instatement project) the controls surrounding the Cemetery have improved from a *limited* level of assurance to a *substantial* level of assurance.

Service Section: Customer Services

Audit Title: Document Imaging Programme (DIP) (Report issued 31 July 2007)

Audit Scope: The audit review of the DIP service established and evaluated the procedures and arrangements in place for the effective and efficient management of electronic imaging of the Authority's records. The audit focused on key management controls which are in place to ensure that scanned documents and records are

accurate and secure. The audit also evaluated and tested the procedures, service agreements and resource planning arrangements which are being managed on a day-to-day basis by the Contact Centre Team Manager for Corporate Support (DIP team Manager).

Findings: The audit report concludes that controls over the arrangements have improved over recent months. However, several areas were identified where significant improvements could and should be made. Recommendations require attention at both a corporate and local level and relate to coordination of the business change programme; electronic records retention; systems support; quality and performance management and internal recharges.

Assurance Assessment at the time of the audit:
Limited

Management Response:
All of the recommendations are accepted and will be implemented; several will link with the office move.

Note/Update: The follow-up on 14 February 2008 noted that only two of eight recommendations had been implemented, meaning that the control assurance level remained at 'limited'. Subsequently the matter was referred to the internal Corporate Governance Group where the Assistant Director of Customer Services put forward an action plan to address the remaining issues. Internal Audit carried out a second follow-up on 30 April 2008; this confirmed that the recommendations have now been implemented. The control assurance has been reassessed as 'substantial'.

Service Section: Regulatory & Environmental Services

Audit Title: Car Parking – Pay & Display Income (Report issued 15 August 2007)

Audit Scope: The review set out to establish and test the key controls over the following areas:-

- Management Information
- Pay & Display Machines
- Fees & Charges
- Season Tickets
- Income

Findings: The audit confirmed that there are good procedures of control in place over the receipt and banking of money relating to the Councils car parks. Extensive testing confirmed that income from the pay and display machines is collected in accordance with the agreed rota and banked on a timely basis. Furthermore

money collected is agreed on a daily basis to the audit tickets produced and is then reconciled overall to Agresso.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted and have been implemented.

Service Section: Corporate Finance

Audit Title: Treasury Management (Report issued 15 August 2007)

Audit Scope: The audit set out to:

- Establish and evaluate the controls over the operational arrangements for Treasury Management.
- Test that transactions are in accordance with the Councils Treasury Management Policy.

Findings: The report concludes that the Treasury Management function is well managed. However, some areas are in need of further attention:

- Procedures documents need to be updated to reflect changes in processes
- Any borrowings that the Council conducts should be fully recorded in a loans register
- The sufficiency of the Bankline back-up data should be confirmed with IT, and supported by sufficient procedures.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All recommendations are accepted. Action will be taken to review and update the procedures notes by December 2007. The Cashflow spreadsheet will be updated to include a register for all loans by October 2007. IT will be consulted to confirm both the regularity and sufficiency of the Bankline back-up data.

Service Section: Corporate Review – Change and Support Services

Audit Title: Data Quality - Best Value Performance Indicators (Report issued 31 August 2007)

Audit Scope: This work has been completed in addition to the external audit checks but is complementary in terms of the assurance over the Council's data quality procedures. The review focused on key management controls that are in place over the quality

management of performance data, for a sample of performance indicators. The indicators were selected for review either due to a significant variance in the performance data being reported for 2006/07 compared to the previous reporting year, or due to a significant risk of misinterpretation of indicator guidance.

Findings: The review comprised an assessment, for each indicator, of the accuracy and completeness of performance data and an assessment of the adequacy of supporting evidence to confirm the validity of the data being reported and the quality controls in place to ensure that reported performance is in line with indicator definitions and supporting guidance. A number of minor weaknesses in supervisory controls were identified during the audit, which were appropriately addressed with relevant managers during the audit. Otherwise the arrangements are considered to be sound and effective

Assurance Assessment at the time of the audit:

Substantial

Management Response:

No recommendations made – no response required.

Service Section: Development & Community Services

Audit Title: Park and Ride (report issued 31 August 2007)

Audit Scope: The review set out to establish and test the key controls over the following areas:-

- Income (Financial Monitoring)
- Expenditure (Payment of Invoices)
- Management of the Contract
- Season Tickets
- Park & Sail Service

Findings: The report concludes that controls over the arrangements are generally strong. Testing confirmed that good controls exist over the financial monitoring of the contract with regard to the accounting of daily income received on each route and the payment of invoices. However, several areas are identified where improvements can be made, including the need to review and revise the Park and Ride procedures manual and to undertake financial monitoring checks to ensure that all issued season tickets are properly accounted for.

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted; several were implemented immediately

Service Section: Regulatory & Environmental Services

Audit Title: Fixed Penalty Notices (Report issued 25 September 2007)

Audit Scope: Fixed penalty notices are issued by various Officers, with the majority being issued by the Environmental Crime Officers within the Pollution team. The Council is also required to enforce the new Smokefree legislation. This will utilise the existing procedures for the issue of Fixed Penalty Notices. The audit review considered the controls surrounding:

- Procedures and records management
- Management and Reporting
- Collection, receipt and banking of income
- Reconciliation of income
- Procedures for the implementation of 'Smokefree' fines

Findings: The report concludes that control weaknesses exist over several areas and improvements should be made in relation to:

- The collection and reconciliation of income
- The accuracy and sufficiency of reports and records management
- Management checks and reporting lines

Assurance Assessment at the time of the audit:

Limited

Management Response:

All of the recommendations are accepted and have been implemented.

Note/Update – An audit follow-up was carried out on 14 April 2008. This concluded that as a result of the successful implementation of the audit recommendations, including the high priority recommendations, the financial controls surrounding the Fixed Penalty Notices scheme have improved from a *limited* level of assurance to a *substantial* level of assurance.

Service Section: The Museums & Heritage Manager

Audit Title: The Museum (Report issued 28 September 2007)

Audit Scope: The audit set out to:

- Consider whether the Museum's artifacts are properly accounted for.
 - Identify and evaluate the security arrangements in place at the Museum.
 - Establish if all income due is received and banked.
 - Test expenditure incurred during 2006/07.
 - Review employment of staff at the Museum, including volunteers and casuals.

Findings: The report concludes that the Museum is well managed and controls are good. However, some areas are in need of further attention.

- There are no additional resources available for the cataloguing project. As a result the cataloguing of artefacts has slowed down.
- The overall insurance value of the Museum artefacts is thought to be considerably understated. It is recommended that items with an exceptionally high value should be valued to ensure that insurance cover for these items is adequate.
- The East Wing Development will mean that a large number of the artefacts will be displaced. This could have serious implications for security and requires a detailed risk assessment and project plan.

Assurance Assessment at the time of the audit:

Substantial.

Management Response:

All of the recommendations have been agreed by the Museums & Heritage Manager. The Museums & Heritage Manager proposes to implement 14 of the 17 recommendations by the end of December 2007. The remaining 3 recommendations, which relate to the ongoing cataloguing project, are due to be implemented by the end of March 2008.

Service Section: Customer Services

Audit Title: KPR (Payment Kiosk) Project Management (30 September 2007)

Audit Scope: The review set out to establish and test the key controls over the following areas:-

- Float Management
- Banking arrangements
- Security of income and data
- System Integration to back office systems
- Business continuity/ reliability
- Project Implementation costs
- Contract Management – KPR, electronic payment processing.
- Business Planning Strategy – relocation and cashless working projects

Findings: The report concludes that controls over the day-to-day management of the payment kiosk are generally strong. Recommendations arising within the report predominantly relate to strategic project management and systems development opportunities to improve income security, physical

security of the kiosk, and project and performance management enhancements to drive increased customer use of the kiosk

Assurance Assessment at the time of the audit:

Substantial

Management Response:

All of the recommendations are accepted and detailed responses have been provided. The recommendations are all scheduled for implementation prior to the office relocation and the expansion of the kiosk payment facility within the new Gateway.

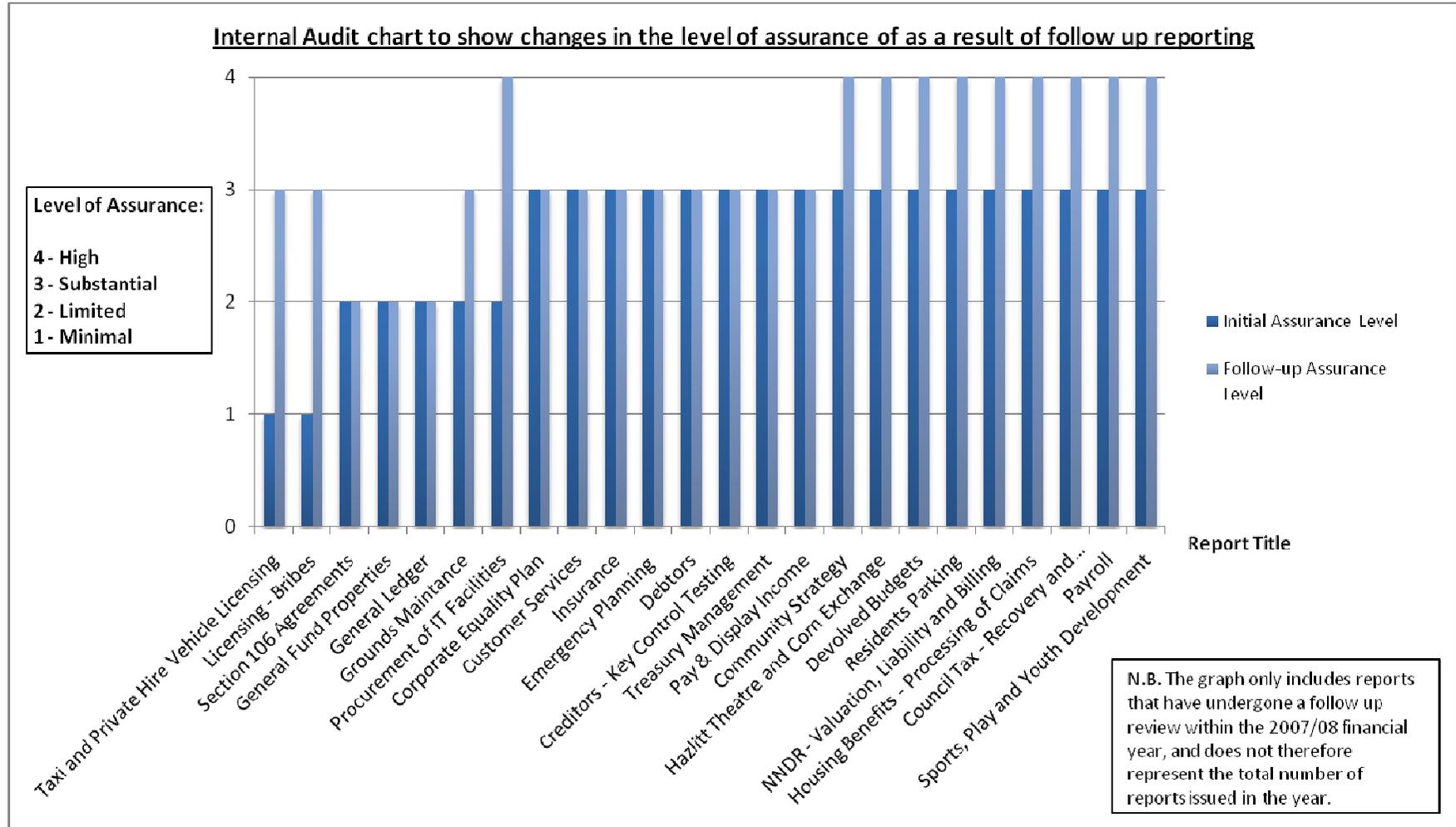
Appendix C

Definitions of Assurance Levels

Our opinion on the adequacy and effectiveness of controls for an audited activity is shown as an **assurance level** within four categories. The use of an **assurance level** is more consistent with the requirement for managers (and Members) to consider the degree to which controls and processes can be relied upon to achieve the objectives of the reviewed activity. The assessment is largely based on the adequacy of the controls over risks but also includes consideration of the adequacy of controls that promote efficiency and value for money. The definitions of assurance levels are provided below:

Controls Assurance Level	Summary description	Detailed definition
Minimal	Urgent improvements in controls or in the application of controls are required	<p>The authority and/or service is exposed to a significant risk that could lead to failure to achieve key authority/service objectives, major loss/error, fraud/impropriety or damage to reputation. This is because key controls do not exist with the absence of at least one critical control or there is evidence that there is significant non-compliance with key controls.</p> <p>The control arrangements are of a poor standard.</p>
Limited	Improvements in controls or in the application of controls are required	<p>The area/system is exposed to risks that could lead to failure to achieve the objectives of the area/system under review. This is because, key controls exist but they are not applied, or there is significant evidence that they are not applied consistently and effectively.</p> <p>The control arrangements are below an acceptable standard.</p>
Substantial	Controls are in place but improvements would be beneficial	<p>There is some limited exposure to risk which can be mitigated by achievable measures. Key or compensating controls exist but there may be some inconsistency in application.</p> <p>The control arrangements are of an acceptable standard.</p>
High	Strong controls are in place and are complied with	<p>The systems/area under review is not exposed to foreseeable risk, as key controls exist and are applied consistently and effectively.</p> <p>The control arrangements are of a high standard.</p>

Appendix D



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MAIDSTONE BOROUGH COUNCIL

CABINET

11 JUNE 2008

REPORT OF THE LEADER OF THE COUNCIL

Report Prepared by Janet Barnes

1. **FORWARD PLAN**

1.1 Issue for Decision

1.1.1 To note the Forward Plan for the period 1 July 2008 – 31 October 2008.

1.2 Recommendation of the Leader of the Council

1.2.1 That the proposed Forward Plan for the period 1 July 2008 – 31 October 2008 be noted.

1.3 Reasons for Recommendation

1.3.1 The Forward Plan is a way to ensure that members of the public have longer from the point at which they learn that a decision is coming up, until the time it is made, to encourage greater interaction between stakeholder and decision makers.

1.3.2 The Forward Plan is published monthly, to cover decisions starting on the first day of each month and is a rolling four month programme of decisions.

1.3.3 The current index to the proposed Forward Plan is attached as an Appendix to this report. However, please note that Officers have until 12 Noon on 13 June 2008 to submit further entries or make any amendments.

1.3.4 If Members wish to receive a complete copy of the Forward Plan it can be obtained from Janet Barnes (01622) 602242 and from 17 June 2008 will be on public deposit in the following locations: The Town Hall, London House Reception, Tonbridge Road Reception, Public Libraries and the digitalmaidstone website.

1.3.5 The following decisions are still expected to be taken in June:-

Cabinet Member for Environment

Park and Ride – Bus Service Contracts

Cabinet Member for Regeneration

Review of Stock Transfer Promises
Gypsy Site Generation Water Lane – A vision for 21st Century

1.4 Alternative actions and why not recommended

1.4.1 The proposed Forward Plan includes key decisions as defined in the Constitution and the development of the budget and plans which form the policy framework. The entries have been made by the relevant managers who have the best idea of the issues likely to be coming up.

1.5 Impact of Corporate Objectives

1.5.1 The Forward Plan should help to realise on the core values set out in the Corporate Plan as follows:

“It (the Council) welcomes, encourages and values public participation in its activities and will inform, advise and listen carefully to people in developing its key strategies, policies and programmes”.

1.6 Risk Management

1.6.1 There are no risk management implications in this report.

1.7 Other Implications

1.7.1	Financial	<input type="checkbox"/>
	Staffing	<input type="checkbox"/>
	Legal	<input type="checkbox"/>
	Social Inclusion	<input type="checkbox"/>
	Environmental/sustainable development	<input type="checkbox"/>
	Community safety	<input type="checkbox"/>
	Human Rights Act	<input type="checkbox"/>
	Risk Management	<input type="checkbox"/>
	Procurement	<input type="checkbox"/>
	Asset Management	<input type="checkbox"/>

1.8 Financial Implications

1.8.1 None resulting directly from this report.

Background Documents

None

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

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

Is this an Urgent Key Decision? Yes No

Reason for Urgency

Not applicable

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**FORWARD PLAN
JULY 2008 – OCTOBER 2008**

CABINET		
Budget Strategy 2009/10 Onwards	9 July 08	3
Local Development Scheme	9 July 08	4
Sale of Coombe Quarry Park and Ride	9 July 08	5

LEADER		
Communication Strategy	August 08	6

COMMUNITY SERVICES		

CORPORATE SERVICES		

ENVIRONMENT		
Dog Control Strategy	July 08	7

**FORWARD PLAN
JULY 2008 – OCTOBER 2008**

LEISURE AND CULTURE		

REGENERATION		
Review of Stock Transfer Promises	July 08	8
Amendments to the Disabled Facilities Grant Programme	July 08	9
Choice Based Lettings	Sept 08	10

OFFICERS		