

AGENDA

POLICY AND RESOURCES COMMITTEE MEETING



Date: Tuesday 25 July 2017

Time: 6.30 pm

Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Barned, Mrs Blackmore, Boughton, Brice, Cox, Fermor, Garland, Mrs Gooch, Harper, Harvey, Harwood, Hastie, McLoughlin, Perry and Mrs Wilson (Chairman)

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1. Apologies for Absence
2. Notification of Substitute Members
3. Urgent Items
4. Notification of Visiting Members
5. Disclosures by Members and Officers
6. Disclosures of Lobbying
7. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
8. Minutes of the Meeting Held on 28 June 2017 1 - 12
9. Presentation of Petitions (if any)

Continued Over/:

Issued on Monday 17 July 2017

Alison Broom

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

10. Questions and answer session for members of the public (if any)	
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PART II

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

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PUBLIC SPEAKING

In order to book a slot to speak at this meeting of the Policy and Resources Committee, please contact Democratic Services on 01622 602263 or by email on democraticservices@maidstone.gov.uk by 5 pm one clear working day before the meeting.

If asking a question, you will need to provide the full text in writing. If making a statement, you will need to tell us which agenda item you wish to speak on. Please note that slots will be allocated on a first come, first served basis.

ALTERNATIVE FORMATS

The reports included in Part I of this agenda can be available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact Democratic Services on democraticservices@maidstone.gov.uk or 01622 602263**. To find out more about the work of the Committee, please visit www.maidstone.gov.uk

Agenda Item 8

Should you wish to refer any decisions contained in these minutes to Council, please submit a Decision Referral Form, signed by five Councillors, to the Mayor by 7 July 2017

MAIDSTONE BOROUGH COUNCIL

Policy and Resources Committee

MINUTES OF THE MEETING HELD ON WEDNESDAY 28 JUNE 2017

Present: Councillors Barned, Brice, D Burton, Butler, Fermor, Garland, Garten, Mrs Gooch, Harper, Harvey, Harwood, Hastie and Mrs Wilson (Chairman)

5. **APOLOGIES FOR ABSENCE**

It was noted that apologies were received by Councillors Boughton, Perry and McLoughlin.

6. **NOTIFICATION OF SUBSTITUTE MEMBERS**

It was noted that the following members were present as substitute members:

- Councillor Butler for Councillor McLoughlin;
- Councillor Garten for Councillor Boughton; and
- Councillor David Burton for Councillor Perry.

7. **URGENT ITEMS**

There were no urgent items.

8. **NOTIFICATION OF VISITING MEMBERS**

There were no visiting members.

9. **DISCLOSURES BY MEMBERS AND OFFICERS**

There were no disclosures by Members or Officers.

10. **DISCLOSURES OF LOBBYING**

There were no disclosures of lobbying.

11. **TO CONSIDER WHETHER ANY ITEMS SHOULD BE TAKEN IN PRIVATE BECAUSE OF THE POSSIBLE DISCLOSURE OF EXEMPT INFORMATION.**

Resolved: It was noted that the following items contained exempt information and would be considered in private:

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- Item 20. Exempt Appendix: Report of the Head of Regeneration and Economic Development - Update on the Maidstone East Project;
- Item 21. Minutes (Part II) of the Meeting Held on 26 April 2017;
- Item 22. Report of the Head of Regeneration and Economic Development - Brunswick and Union Street Developments; and
- Item 23. Report of the Head of Regeneration and Economic Development - Acquisition of Residential Property.

12. MINUTES (PART I) OF THE MEETING HELD ON 26 APRIL 2017

RESOLVED: That the minutes of the meeting held on 26 April 2017 be approved as a correct record and signed.

13. MINUTES OF THE MEETING HELD ON 23 MAY 2017

RESOLVED: That the minutes of the meeting held on 23 May 2017 be approved as a correct record and signed.

14. PRESENTATION OF PETITIONS (IF ANY)

Mrs Yolande Kenward presented a petition to the Committee with the following wording:

We, the undersigned, are committed to working together to making Maidstone a town that we can all feel proud of again – a town where all are good role models for our children. We want our voice to be heard and respected when it comes to spending public money and making planning decisions. We believe that council tax and business rates are too high, and that taxpayers' money is being wasted in Maidstone. We will identify where public money can be managed more efficiently. We expect Maidstone Police to pursue all opportunities to generate revenue and to change their attitude of helping the rich to get richer at the expense of the rest of us. We expect Maidstone Police to change their attitude to our children today.

The Chairman thanked Mrs Kenward for submitting her petition and addressed the elements of the petition that were relevant to the Borough Council. The Chairman also recommended that Mrs Kenward submit the petition to the Police and Crime Commissioner for Kent.

Councillor Garland arrived at the meeting at 7.32 p.m. during the consideration of this item, but did not join the Committee until the consideration of the next item.

15. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC (IF ANY)

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There were no questions from members of the public.

16. COMMITTEE WORK PROGRAMME

The Director of Finance and Business Improvement updated the Committee on the Committee Work Programme. The following changes were noted:

- The Land Disposal Policy had been deferred to July; and
- The Annual Governance Statement had been moved forward to this meeting.

RESOLVED: That the Committee Work Programme be noted.

17. REPORT OF THE HEAD OF POLICY, COMMUNICATIONS AND GOVERNANCE - ANNUAL STATEMENT OF CORPORATE GOVERNANCE AND LOCAL CODE OF CORPORATE GOVERNANCE

The Head of Policy, Communications and Governance gave a presentation to the Committee on the Annual Statement of Corporate Governance and Local Code of Corporate Governance which covered the following key areas:

- A new Local Code of Corporate Governance had been drafted to reflect the 'Delivering Good Corporate Governance' framework which was introduced by SOLACE and CIPFA;
- The format of the Annual Governance Statement had been updated since last year; and
- The Annual Governance Statement and Local Code of Corporate Governance had been considered by the Audit Governance and Standard Committee and they made recommendations regarding:
 - Further clarity on who the Monitoring Officer and Section 151 Officer were and their roles within the organisation; and
 - References made to the Parish Charter and Statement of Community Involvement within the Local Code of Corporate Governance.

The Committee noted the contents of the report and the presentation. The Committee was of the opinion that as the Audit Governance and Standards Committee had thoroughly considered this item in detail, both documents should be agreed by the Committee along with any amendments made by the Audit Governance and Standards Committee.

RESOLVED: That the Annual Governance Statement 2016-17 and Local Code of Corporate Governance 2017 is approved for sign off by the Leader

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of the Council and Chief Executive, subject to the recommendations that the Audit, Governance and Standards Committee made.

Voting: Unanimous

18. REPORT OF THE HEAD OF POLICY, COMMUNICATIONS AND GOVERNANCE - EQUALITIES POLICY

The Policy and Information Manager introduced this item to the Committee and summarised the key points contained in the report:

- The new Equalities Policy would cover the period 2017-21, but the Equalities Objectives Action Plan would be refreshed annually;
- The elements within the policy and action plan that were directly relevant to members had already been consulted on with the Member Sounding Board; and
- The council had three roles in regards to equalities – as a community leader, as an employer and as a service provider. The equalities objectives action plan had been structured around these roles.

The Committee raised concerns about the over-reliance of transferral of services online, due to many areas within the Borough not having reliable access to broadband internet. The Policy and Information Manager confirmed she would take this into account in any future Equalities Objectives Action Plan.

RESOLVED: That the Equalities Policy and Equalities Objectives are approved, subject to typographical amendments and the removal of pages 65-66.

Voting: For - 14 Against - 0 Abstentions – 1

19. REPORT OF THE HEAD OF POLICY, COMMUNICATIONS AND GOVERNANCE - STRATEGIC PLAN PERFORMANCE UPDATE Q4

The Head of Policy, Communications and Governance presented the key points within the Strategic Plan Performance Update for Q4, which were:

- 13 out of 16 indicators were green, which demonstrated strong performance overall; and
- Within this strong performance, particular highlights were:
 - User satisfaction with the Leisure Centre had met its target for the first time this year;
 - Street cleanliness;
 - Processing of Planning Applications within target time was high; and

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- The number of Disabled Facility Grants completed for the quarter was high.

The Committee considered the report and highlighted their satisfaction that the number of fly tipping prosecutions had increased, and requested information on whether the prosecutions had been publicised. The Head of Policy, Communications and Governance agreed that this information would be circulated to the committee by email.

In response to a question from a member of the Committee, the Director of Regeneration & Place agreed to send a heatmap of flytipping incidents to the Committee and the Communities Housing and Environment Committee.

RESOLVED:

- 1) That the summary of performance for Quarter 4 of 2016/17 for Key Performance Indicators (KPIs) and corporate strategies and plans are noted.
- 2) That the areas where complete data is not currently available are noted.
- 3) That the updates of strategic objectives due between 1 November 2016 and 31 March 2017 at Appendix II are noted.

Voting: Unanimous

20. REPORT OF THE DIRECTOR OF FINANCE AND BUSINESS IMPROVEMENT - MEDIUM TERM FINANCIAL STRATEGY 2018/19

The Director of Finance and Business Improvement presented his report on the Medium Term Financial Strategy (MTFS) 2018/19 to the Committee and made the following key points:

- There was no further information about the future of Local Government Finance in the Queen's Speech, including any further details on local Business Rates reform. Therefore the longer term future for Local Government Finance was uncertain after 2020;
- Particular risks were highlighted in the report, for example that the increase in Planning Fees were not likely to be achieved due to legislation not being progressed; and
- The Council was in a strong position in the medium term regarding the elements it could control within the strategy. However the MTFS needed to retain flexibility in order to account for risks highlighted in the report. This was achieved through the strategy proposing a number of different scenarios for the future that the Council could

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act on.

The Committee raised concerns with elements of the Strategy:

- The change in the income targets for the Café at Mote Park;
- The income targets for the Car Park at Mote Park; and
- The risk of investments in Commercial Property.

The Director of Finance and Business Improvement provided the following explanations around the concerns raised:

- The income target had been changed at the Mote Park Café to bring it to a break even point for this financial year. The financial performance of the Café was monitored on a weekly and monthly basis and he assured the Committee that so far the café was on target to break even;
- The income targets for Car Parking at Mote Park had been ambitious and they had not been achieved last year. However parking fees had been increased and the Car Park had been very busy therefore the Car Park was likely to achieve its target this year; and
- Commercial Property had been invested in after being considered very carefully. The scale of investment in this area was limited, to prevent over exposure to this area of investment. Additionally, the investment had been funded from reserves rather than borrowing which further reduced risks to the Council.

RESOLVED:

- 1) That the issues and risks associated with delivering the budget for 2017/18 and updating the Medium Term Financial Strategy are noted.
- 2) That the approach outlined to the development of an updated Medium Term Financial Strategy for 2018/19 – 2022/23 and a budget for 2018/19 is agreed.
- 3) That the assumptions described in this report for planning purposes and to establish the remit for detailed budget development are noted.

Voting: For - 14 Against - 0 Abstentions - 1

21. REPORT OF THE DIRECTOR OF FINANCE AND BUSINESS IMPROVEMENT - 2016/17 REVENUE & CAPITAL OUTTURN

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The Director of Finance and Business Improvement introduced his report on 2016/17 Revenue and Capital Outturns and highlighted the following key themes:

- The largest adverse variance in the budget was a lower than expected return on balances. Further detail on this was set out in the Treasury Management Strategy.
- The areas with the greatest positive variances were an underspend on salaries and an underspend on Grant Funding.
- Overall the position for the council for 2016/17 was that there was an underspend of £89,000.
- It was proposed that this underspend be ringfenced to general fund balances to deliver the three key action areas for 2017/18 as set out in the Strategic Plan.

The Committee considered whether a decision on where the £89,000 underspend could have been made by the Policy and Resources Committee. However it was subsequently clarified that this sum was within the virement limits for the Director of Finance and Business Improvement that were set out within scheme of delegation.

RESOLVED:

- 1) That the revenue and capital outturn at the end of 2016-17 is noted.
- 2) That the carry forward of resources, as detailed in Appendix B, is noted.
- 3) That the £89,000 underspend for 2016-17 be reserved for any further one-off expenditure that is required to deliver the three key action areas for 2017/18.
- 4) That the proposed slippage in the capital programme of £2,974,264 into 2017-18 as detailed in Appendix C is approved.
- 5) That the performance in relation to the treasury management strategy for 2016-17 is noted.
- 6) That the performance of the collection fund and the level of balances at the year-end is noted.

Voting: For - 14 Against - 0 Abstentions - 1

22. REPORT OF THE HEAD OF REGENERATION AND ECONOMIC DEVELOPMENT - NATIONAL PRODUCTIVITY INVESTMENT FUND FOR THE LOCAL ROAD NETWORK

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The Economic Development Officer gave a presentation to the Committee on a proposal for a bid to the National Productivity Investment Fund (NPIF) for the Local Road Network. The presentation covered the following areas:

- The NPIF was set up in 2016 as part of the Chancellor's Autumn Statement. The scheme invited bids for projects that made improvements to transport infrastructure in 2018-20;
- The proposed scheme made improvements to the road infrastructure at the A249 Bearsted Road and A249 Bearsted Road/New Cut Road roundabouts in the vicinity of Junction 7 of the M20. These improvements mitigated the negative effects on traffic of housing development to the south of Maidstone town centre, as well as development on the Kent Medical Campus;
- The improvements would be to the roundabouts rather than dualling on the A249; and
- £500,000 of Council funding was proposed to enable the bid to go ahead, although this would be clawed back through a bilateral undertaking with the landowner. The method of clawback would be through when trigger points outlined in the Section 106 Agreement for Kent Medical Campus were reached, if not realised earlier through other developer payments.

In response to a question from the Committee, the Economic Development Officer confirmed that Kent Highways would be making the bid to central government in their role as the local Highways Authority. Kent County Council had confirmed that this bid was their top priority Countywide out of the bids that had been proposed to the NPIF.

It was noted that if the Committee decided not to put forward the £500,000 match funding the bid would not be able to go ahead.

RESOLVED:

- 1) That the allocation of £500,000 to match investment from the National Productivity Investment Fund is approved.
- 2) That delegated authority is granted to the Director of Finance & Business Improvement, in consultation with the Chairman of Policy and Resources Committee, to agree the detailed terms of a funding agreement with Kent County Council.
- 3) That delegated authority is granted to the Director of Regeneration and Place, in consultation with the Chairman of Policy and Resources Committee, to agree the detailed terms of a bilateral

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agreement with the landowner.

- 4) That an update on progress of the scheme will be reported to a future Strategic Planning, Sustainability and Transportation Committee and the Maidstone Joint Transportation Board.

Voting: For - 12 Against - 2 Abstentions - 1

Councillor Harwood asked for his dissent to be noted.

23. REPORT OF THE HEAD OF REGENERATION AND ECONOMIC DEVELOPMENT - UPDATE ON THE MAIDSTONE EAST PROJECT

The Regeneration and Economic Development Manager updated the Committee on the Maidstone East project. The Committee noted:

- The Maidstone East site had been acquired as a joint asset by Kent County Council and Maidstone Borough Council;
- Development on the site would be carried out using a staged approach, and a short term holding strategy was currently in place to ensure the asset was being properly utilised in the short term;
- That the new Pay & Park car park was operational and provided revenue for the landowners while the longer term strategy on the site was agreed and progressed; and
- The site would eventually become a mixed use development, and work on master planning for this site was still ongoing.

The committee raised concerns about the impact of the scheme on local residents, as the site was adjacent to residential areas. In response the Regeneration and Economic Development Manager assured the Committee that there would be early ward member involvement in the master planning of the site, and also an opportunity for all members to comment as it was a strategic site.

RESOLVED: That progress against the short term holding strategy and approach to the master planning and redevelopment work is noted.

Voting: Unanimous

24. EXCLUSION OF THE PRESS AND THE PUBLIC

RESOLVED: That the press and public be excluded from the meeting for the items set out in Part II of the agenda because of the likely disclosure of exempt information for the reason specified, having applied the Public Interest Test.

25. MINUTES (PART II) OF THE MEETING HELD ON 26 APRIL 2017

Should you wish to refer any decisions contained in these minutes to Council, please submit a Decision Referral Form, signed by five Councillors, to the Mayor by 7 July 2017

RESOLVED: That the minutes (Part II) of the meeting held on 26 April 2017 be approved as a correct record and signed.

26. REPORT OF THE HEAD OF REGENERATION AND ECONOMIC DEVELOPMENT - BRUNSWICK AND UNION STREET DEVELOPMENTS

The Director of Regeneration & Place introduced his report regarding proposed development at Brunswick Street and Union Street.

The Director of Regeneration & Place confirmed that:

- The proposed development supported the refocus of the Commercialisation Strategy to pursue a housing and regeneration agenda;
- Replacing the car park spaces that were let to the NHS with undercroft or underground parking would risk development on the site becoming unviable; and
- The current Pay and Display car parking spaces were proposed to be moved to a different area of the site.

The Committee asked for more detail about the viability of the schemes. In response to these questions the Director of Regeneration & Place advised that the best way forward would be to progress the planning application and then to further explore the financial modelling for the scheme. It was also agreed that a members' financial workshop be held on the scheme.

RESOLVED:

- 1) That the indicative financial returns for both schemes shown at Appendix A, which support the agreed refocus of the Commercialisation Strategy to pursue a housing and regeneration agenda, are noted.
- 2) That agreement be given to the submission of detailed planning applications for Brunswick Street and Union Street car park sites and the invitation of tenders for the works contract.
- 3) That a follow up report be presented to this Committee in Autumn 2017 to approve the final scheme costs and necessary financial commitments associated with the development and management of the sites, subject to the necessary planning consent, tenders for the works contracts and affordable housing prices being received for both schemes.
- 4) That Committee Members be invited to a workshop prior to the aforementioned follow up report to gain a full understanding and

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appreciation of the financial appraisal modelling and assumptions used to calculate the financial returns for both schemes.

Voting: Unanimous

27. REPORT OF THE HEAD OF REGENERATION AND ECONOMIC DEVELOPMENT - ACQUISITION OF RESIDENTIAL PROPERTY

The Director of Regeneration & Place presented the report about the acquisition of a residential property to the Committee. The Committee noted that the proposed scheme recommended the acquisition of a residential property, in order to enable a development on land that Maidstone Borough Council owned.

The Committee raised the following concerns about the proposed scheme:

- That the ward councillors had not been consulted prior to this report being submitted to the Committee;
- A previous, similar development had been extremely controversial with local residents and this scheme could be accused of as being back garden development, something that we were opposed to as a Council;
- Assurances had been made to residents when a development at an adjacent site had taken place that the land in question would not be built on by the Council to prevent further back garden development in the area;
- The area was already over developed and the proposal may result in overlooking of local residents properties due to the site being on elevated land; and
- As a result the Committee were extremely concerned about the potential reputational damage that could be caused to the Council if this development was agreed.

The Director of Regeneration & Place confirmed that the reason that ward councillors had not been involved was that this was an opportunity that was afforded to the Council at short notice. However he committed to ensuring that ward councillors were involved at as earlier stage as possible in the future for similar proposals.

At the conclusion of the debate the following recommendations were moved by Councillor Garland, and seconded by Councillor Blackmore:

- 1) That the purchase price set out in paragraph 1.1 is agreed.
- 2) That the Director of Finance and Business Improvement is granted delegated authority to conclude negotiations with the owner and

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subsequently acquire the property detailed in the report, subject to also agreeing satisfactory terms for the surrender of a lease on adjacent land and to regrant as detailed below and to access to the site through adjacent land.

- 3) That the Interim Head of Legal Partnership is authorised to complete the purchase on the terms as agreed by the Director of Finance & Business Improvement.
- 4) That the Interim Head of Legal Partnership is authorised to complete the contract documentation required for the appointments of Employers Agent and Architect on the terms as agreed by the Director of Finance and Business Improvement.
- 5) That a further report is brought to the Policy and Resources Committee to approve the final proposal and financial costs associated with the development.

Voting: For - 4 Ag - 9 Ab - 2

The motion the motion was therefore lost.

28. LONG MEETING

During the consideration of item 23. Report of the Head of Regeneration and Economic Development – Acquisition of a Residential Property, the Committee:

RESOLVED: That the meeting continue until 11 p.m. if required.

29. DURATION OF MEETING

7.21 p.m. to 10.38 p.m.

2017/18 WORK PROGRAMME SORTED BY COMMITTEE

Report Title	Work Stream	Committee	Month	Lead	Report Author
Land Disposal Policy	New/Updates to Strategies & Policies	P&R	Jul-17	Mark Green	Lucy Stroud
Communication and Engagement Strategy Refresh	Corporate Planning	P&R	Jul-17	Angela Woodhouse	Angela Woodhouse/Helen Bell
Revenues and Benefits Changes	Changes to Services & Commissioning	P&R	Jul-17	Sheila Coburn	Sheila Coburn
Council Tax Reduction Scheme	New/Updates to Strategies & Policies	P&R	Jul-17	Sheila Coburn	Sheila Coburn
Housing Development & Regeneration Investment Plan	New/Updates to Strategies & Policies	P&R	Jul-17	William Cornall	John Foster
Corporate Planning Time Table	Corporate Planning	P&R	Jul-17	Angela Woodhouse	Angela Woodhouse/Anna Collier
Kent Medical Campus Investment Strategy	Corporate Planning	P&R	Jul-17	Dawn Hudd	Abi Lewis
Medium Term Financial Strategy	New/Updates to Strategies & Policies	P&R	Jul-17	Mark Green	Mark Green
Property Acquisition	Regeneration and Commercialisation	P&R	Sep-17	Lucy Stroud	Mark Green
Phase 3 Public Realm - Funding	Regeneration and Commercialisation	P&R	Sep-17	Dawn Hudd	Fran Wallis
First Quarter Budget Monitoring	Corporate Finance and Budgets	P&R	Sep-17	Ellie Dunnet	Paul Holland
Digital Strategy	New/Updates to Strategies & Policies	P&R	Sep-17	Georgia Hawkes	Georgia Hawkes
Office Accommodation Strategy	New/Updates to Strategies & Policies	P&R	Sep-17	David Tibbit	David Tibbit
Flood Alleviation	Updates, Monitoring Reports and Reviews	P&R	Sep-17	David Tibbit	David Tibbit
Q1 Performance Report 2017/18	Updates, Monitoring Reports and Reviews	P&R	Sep-17	Angela Woodhouse	Anna Collier
Discretionary Rate Relief Policy	New/Updates to Strategies & Policies	P&R	Sep-17	Steve McGinnes	Sheila Coburn
Council Tax Reduction Scheme	New/Updates to Strategies & Policies	P&R	Oct-17	Sheila Coburn	Sheila Coburn
Risk Management Update	Audit	P&R	Nov-17	Russell Heppleston	Russell Heppleston & Alison Blake
Collection Fund Adjustment	Corporate Finance and Budgets	P&R	Nov-17	Mark Green	Ellie Dunnet
Second Quarter Budget Monitoring	Corporate Finance and Budgets	P&R	Nov-17	Ellie Dunnet	Paul Holland
Q2 Performance Report 2017/18	Updates, Monitoring Reports and Reviews	P&R	Nov-17	Angela Woodhouse	Anna Collier
Debt Recovery Policy	New/Updates to Strategies & Policies	P&R	Dec-17	Sheila Coburn	Sheila Coburn
Medium Term Financial Strategy & Budget Proposals 2018/19	Corporate Finance and Budgets	P&R	Dec-17	Mark Green	Ellie Dunnet
Tax Base 2018/19 (Council Tax)	Corporate Finance and Budgets	P&R	Dec-17	Mark Green	Ellie Dunnet
Resident Survey Summary Results and Action plan (please note that workshops will be held with all members Oct/Nov)	Corporate Planning	P&R	Dec-17	Angela Woodhouse	Anna Collier
Strategic Plan Action Plan 2018/19	Corporate Planning	P&R	Dec-17	Angela Woodhouse	Angela Woodhouse
Property Strategy	New/Updates to Strategies & Policies	P&R	Dec-17	David Tibbit	David Tibbit
Fees & Charges	Corporate Finance and Budgets	P&R	Jan-18	Mark Green	Ellie Dunnet
Medium Term Financial Strategy & Budget Proposals 2018/19	Corporate Finance and Budgets	P&R	Jan-18	Mark Green	Ellie Dunnet
Medium Term Financial Strategy 2018/19 Onwards - Capital Programme	Corporate Finance and Budgets	P&R	Jan-18	Mark Green	Ellie Dunnet
Strategic Plan Action Plan 2018/19	Corporate Planning	P&R	Jan-18	Angela Woodhouse	Angela Woodhouse
Medium Term Financial Strategy 2018/19 Onwards	Corporate Finance and Budgets	P&R	Feb-18		
Setting new Key Performance Indicators (please note that there will be workshops with each committee prior to the report in January/February)	Corporate Planning	P&R	Feb-18	Angela Woodhouse	Anna Collier
Commissioning & Procurement Strategy	New/Updates to Strategies & Policies	P&R	Feb-18	Mark Green	Steve Trigg/Georgia Hawkes
Q3 Performance Report 2017/18	Updates, Monitoring Reports and Reviews	P&R	Feb-18	Angela Woodhouse	Anna Collier
King Street	Regeneration and Commercialisation	P&R	TBC	William Cornall	Alison Elliott
Mote Park Lake Dam	Capital projects	P&R	TBC	Mark Green	David Tibbit

POLICY AND RESOURCES COMMITTEE	25 July 2017
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Is the final decision on the recommendations in this report to be made at this meeting?	Yes, in Part
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Policy on Disposal of Property

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Estelle Culligan
Lead Officer and Report Author	Estelle Culligan & Lucy Stroud
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. To adopt the Policy on Property Disposals, attached as Appendix 1 to this report.
2. To agree and recommend to Council an addition to the terms of reference of Heritage Culture and Leisure Committee as follows:
 "To declare Open Space surplus to requirements for the purposes of advertising and disposing of open space under section 123 of the Local Government Act 1972 or any other similar enactment and to take the final decision on disposal."
 (With delegation to the Director of Finance and Business Improvement to deal with all disposals up to the value of £100,000).
3. To agree and recommend to Council the amendment of the terms of reference of Policy and Resources Committee as follows (additional words in italics):
 "To make decisions regarding land and property including acquisition (by agreement or compulsorily), disposal, appropriation and development, *with the exception of the declaration of Open Space surplus to requirements for the purposes of advertising and disposing of open space under section 123 of the Local Government Act 1972 or any other similar enactment and the final decision on the disposal of Open Space.*"

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

Timetable	
Meeting	Date
Committee Policy and Resources Committee	25 July 2017
Council – for amendments to terms of ref	27 September 2017

Policy on Disposal of Property

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Policy is proposed to assist both officers and committee members in taking decisions about disposal of Council owned property.
 - 1.2 The report also recommends changes to the procedure for declaring open space surplus, approving advertising the disposal of open space and the final decision to dispose.
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2. INTRODUCTION AND BACKGROUND

- 2.1 There is currently no adopted Policy which covers the disposal of Council owned property.
- 2.2 Officers in the Property team make recommendations for disposals based on their criteria which is known and understood within the team. However, those committees currently involved in decisions about disposing of land (Heritage Culture and Leisure and Policy and Resources) rely on fairly brief reports and there is no policy to guide them.
- 2.3 If adopted, this concise Policy would form the basis on which all decisions on disposals are taken. Officers could refer to the Policy in their reports and committee members would understand the criteria on which to base their decisions.

2.4 The Legislation

- 2.5 Under section 123 of the Local Government Act 1972, a Council may dispose of their land in any way they wish, subject to a few caveats:
 - The disposal must be for the best consideration. An exception to this requirement may arise where the disposal will contribute to the promotion or improvement of economic wellbeing; the improvement of social well-being; the promotion or improvement of environmental well-being and; the difference in the value of the land and the price for disposal does not exceed £2 million (General Disposal Consent Regulations 2003).
 - The Council cannot dispose of any land which is open space unless it advertises its intention to do so for a period of two consecutive weeks and takes into consideration any objections made about the disposal before making a final decision.
 - A short tenancy (a lease of less than 7 years) can be disposed of for less than best consideration.

2.6 The Council's Procedure

- 2.7 Part 3.7 of the Constitution contains the Council's rules for land transactions (Contract Procedure Rules Relating to Land Transactions). Policy and Resources Committee has the responsibility for dealing with all disposals, with officer delegation up to the value of £100,000. All operational land must be declared surplus before sale and, in respect of open space, section 10 states "Before making a final decision on the proposed appropriation or disposal of Open Space, the Head of Finance shall advertise the proposal in accordance with the provisions of the relevant Act and shall consider any representations made as a result of the advertisement in making any decisions."
- 2.8 In practice, the Council has operated a two stage process, with one committee taking the decision to declare open space surplus (usually Heritage Culture and Leisure) and another committee (Policy and Resources) taking the final decision to dispose. It makes sense for one committee to deal with both parts of the decision and it is recommended that Heritage Culture and Leisure is the appropriate committee.
- 2.9 It is suggested that the Committee adopts the Policy on Disposals attached to this report and agrees to amend the terms of reference of Policy and Resources Committee and Heritage Culture and Leisure Committee to enable HCL to deal with all stages of disposing of Open Space. The officer delegation to deal with all disposals under £100,000 would remain. The recommendation to amend the terms of reference would be reported to the next meeting of Council on 27 September to approve. The Contract Procedure Rules relating to the sale of land would also be amended in relation to the sale of Open Space.
- 2.10 In practice, most decisions on dealing with small scale disposals including dealing with the provisions relating to disposal of open space, should be dealt with by the Director of Finance and Business Improvement under the appropriate delegation.

3. AVAILABLE OPTIONS

- 3.1 The proposals are:
- 3.2 To adopt the Policy
- 3.3 To agree to amend (and recommend the amendment to Council) the terms of reference of Heritage Culture and Leisure Committee and Policy and Resources Committee accordingly to simplify the procedure.
- 3.4 The Committee could decide to keep the two stage process which currently operates. This is not recommended, since this is not straightforward. It would also continue to lead to differences in views and decision-making between the two committees.

4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

4.1 The report and Policy has been discussed with group leaders and they are supportive of the adoption of the Policy and the amendments to the process.

5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

5.1 If approved, the Policy will be adopted with immediate effect. The proposed amendments to the Constitution will be reported to the meeting of Council on 27 September for final decision.

6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Policy and amendments to the procedure will enable decision on disposals to be made more efficiently.	Interim Head of the Legal Partnership
Asset Management	Adoption of the Policy and amendment of the process will make the process of declaring property surplus and disposing of it more efficient	Head of Property and Procurement
Risk Management	No implications	Interim Head of the Legal Partnership
Financial	There are no direct financial implications arising from this report. In disposing of property the Authority must comply with S123 of the Local Government Act 1972 and with normal and prudent commercial practices.	S151 Officer
Staffing	No implications	Interim Head of the Legal Partnership
Legal	The legal background is set out in the body of this report.	Interim Head of the Legal Partnership
Equality Impact Needs Assessment	No implications	Interim Head of the Legal Partnership
Human Rights Act	No implications	Interim Head of the Legal

		Partnership
Procurement	No implications	Head of Property and Procurement

7. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Policy on Disposals

Maidstone Borough Council Policy on Disposal of Property

Introduction

Disposals are a means of generating a capital receipt, facilitating regeneration or redevelopment and the transfer of community assets. Therefore, the Council's policy is to dispose of council owned land and buildings ("Property") if certain circumstances and criteria are met.

The Value of Retaining Property

When deciding whether Property is suitable for disposal, officers will assess the Property against a set of criteria. Initially it should be considered whether the Property should be retained for a strategic reason or for the delivery of Council services, now or potentially in the future, for example, by providing community facilities, supporting the Local Development Framework or facilitating regeneration or redevelopment. The loss of development potential and the loss of amenity value should also be considered. If it is decided that it is not appropriate to dispose of Property for these reasons, a clear record will be kept as to the reasons why the property is to be retained, together with a review date. Such considerations should include consultation with other Council services to see if they have a present or future requirement for the Property for the benefit of their service.

Operational Property

Operational Property is held and used by the Council for the direct delivery of services for which it has either a statutory or discretionary responsibility. It should be assessed for disposal by way of its economic or useful life and whether the Property could be improved by refurbishment or better usage as an alternative to disposal.

Investment Property

Investment Property held by the Council for revenue generation purposes should be assessed by its potential for improved rates of return by either better asset management, or disposal and re-investment of the receipt.

Open Space

The Council will not usually dispose of areas of parks or other areas which are classed as public open space. However, on occasions, it might be beneficial to both the Council and the community, to dispose of a small or discrete area of open space. For example, this might be a strip of unused land which is currently open space, but is required to enable a development of a larger area of land; or it might be an area of open space which could benefit the community if the Council transferred it to a third party. In all such circumstances, the Council will have regard in its decision to the Council's Parks and Open Spaces 10 Year Strategic Plan 2017 – 27, which itself ties in with other policies, such as the Local Plan and The Economic Development Strategy.

Considerations

If the Property is considered surplus and/or there is greater benefit in disposing of the Property, officers and/or members should consider the issues set out below. In all cases,

consideration should be given to the timing of the disposal and whether market conditions are favourable at the current time or whether it would be more beneficial to retain the Property until market conditions improve.

It must be confirmed that a disposal of the Property is legal and that there are no restrictive covenants preventing a disposal. There are also legislative requirements of Compulsory Purchase powers and Section 123 of the Local Government Act 1972 which will impact upon disposals. For example, if the Property is currently public open space, the Council must advertise its intention to dispose of the Property in a local newspaper for a period of 14 days and must take into account any representations it receives about the disposal before making a final decision to dispose. (Section 123 of the Local Government Act 1972).

The disposal must also be made for the best consideration (i.e at full market rate). An exception to this requirement is where the disposal will contribute to the promotion or improvement of economic wellbeing; the improvement of social well-being; the promotion or improvement of environmental well-being and; the difference in the value of the land and the price for disposal does not exceed £2 million (General Disposal Consent Regulations 2003).

Methods of Disposal

When, after applying the criteria set out in this Policy, it is decided that the best option for a property is to dispose of it, the Council will issue one of a number of methods for disposal. In most cases, the type of Property will determine the method of disposal.

Freehold Disposal

A freehold disposal is the sale of the whole ownership interest. The Property can be sold with or without future covenants to restrict or protect future use. The Council will use this method when a Property has been assessed as surplus to requirements, and has no future use or benefit. If the Property is to be developed by a third party, the Council will also dispose of the freehold.

Leasehold Disposal

A leasehold disposal is the sale of an interest in the land for a number of years. The Council retains the freehold of the Property.

The Council will use leasehold disposal if a Property is suitable for disposal, but there is a benefit to the Council in retaining freehold title, for example to ensure that the Council's responsibilities in relation to the land are maintained in perpetuity. The Council will usually only dispose of Property to Parish Councils, community groups etc, by way of leasehold disposal. Any leasehold disposal, for any length of term, including short tenancies, would exclude security of tenure under the Landlord and Tenant Act 1954. This prevents the tenant from "holding over" and continuing in the tenancy at the end of the leasehold period and also enables the Council to terminate the tenancy at the end of the leasehold period.

If the Property has development potential at some point in the future, the Council will consider disposing of the Property by way of a short term lease with break clauses so that the land can easily be recovered.

Action Instead of Disposal

In certain cases where the Council does not wish to dispose of its Property, it may be able to grant permanent grants of rights over land. This will generally be in cases where the Council wishes to retain the Property but can allow a third party to use the land without affecting the Council's ability to dispose of the Property in the future. Non-permanent grants of rights might also be granted. These are similar to permanent grants but are time limited.

Criteria

In considering the options for disposing of or retaining Property, analysis will take into account the following criteria:

Property rating

S1-S5. This is a system of scoring used by Property Services where S1 is a high profile Property in the best possible condition, providing an essential service, through to S5 which is a non-operational, non-essential Property, maintained only to meet operational and statutory requirements. The full ratings are shown below

Property Rating classifies property by order of importance;

S1 = Essential service, high profile Property to be in best possible condition

S2 = Essential service, Property to be in good condition operationally.

S3 = Essential service, Property to be reasonable condition to meet operational and statutory requirements.

S4 = Non - essential service, operational Property condition needs to meet minimum operational and statutory requirements

S5 = Non - essential service, non-operational Property maintained to meet statutory requirements only (e.g. surplus assets)

Condition

(A-D). This is a rating of Good, Satisfactory and Poor based on the performance and condition of building elements. The full Condition rating is shown below

A – GOOD - Performing as intended and operating efficiently

B – SATISFACTORY - Performing as intended but minor repairs are required

C – POOR - Exhibits various defects, each of which might not be significant in itself but need attention on a planned basis.

D - Life Expired Exhibits major deterioration. Serious risk of imminent breakdown or is a health and safety hazard

Other

- Running costs – which include utilities, insurance, business rates.
- Occupational efficiency (utilisation) – e.g. reducing m2 per person, increasing occupancy
- Cost of improvement/refurbishment

Agenda Item 13

Policy and Resources Committee

25 July 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Communications Action Plan 2017-18

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Angela Woodhouse, Head of Policy, Communications and Governance
Lead Officer and Report Author	Helen Bell, Communications Manager
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

That the Communications Action Plan 2017-18 be approved.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

The Communications Action Plan is a key document which identifies the actions the team will focus on in relation to the corporate priorities.

Timetable

Meeting	Date
Policy and Resources Committee	25 July 2017

Communications Action Plan 2017-18

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Maidstone Borough Council's Communication Strategy 2016-20, agreed by Policy and Resources Committee last year, outlines the council's responsibility to communicate effectively with our residents and stakeholders.
 - 1.2 The strategy outlines the approach the team will take to ensure communication activity is the best possible and helps achieve the council's vision. This is detailed in the action plan.
 - 1.3 Since the strategy and action plan was presented last year, a number of key changes have occurred within the team and organisation which requires the Communications Action Plan to be updated.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 It is important when communicating with our residents and stakeholders that consistency is maintained so that our messages are clear and regularly reinforced.
- 2.2 Following the update of the council's Strategic Plan 2017/18, three main action areas were outlined (see below) and these now form part of the update to the Communications Action plan:
 - Providing a Clean and Safe Environment
 - A Home for Everyone
 - Regenerating the Town Centre
- 2.3 The Communications Action Plan is an appendix to the Communications Strategy. It details the principles, roles and responsibilities and core offer of the team. The original strategy was approved by Policy and Resources Committee at its meeting on 26 October 2016.
- 2.4 It was agreed as part of the council's budget strategy for 2017-18 that the marketing and communications resource in Maidstone Culture and Leisure and the corporate Communications Team be brought together. The purpose of this was to create one team to carry out marketing and communication across all channels for our whole range of audiences be they visitors, residents, businesses or partners.
- 2.5 The Communications Action Plan details how we share our story through our communications with the narrative being informed by our Strategic Plan. It focuses on the 'what, who, when and why.'
- 2.6 With the update to the Strategic Plan and changes within the communications team, it was felt a refresh of the Communications Action Plan was appropriate.

2.7 Over the course of the previous year many actions set out in the last action plan have been achieved including:

- The launch of our new standalone magazine 'Borough Insight' which is delivered to households across the borough with Royal Mail to communicate directly with our residents.
- A new intranet has been launched on the same CMS (Content Management System) as the main council website, allowing the Communications team flexibility to develop a staff site which can be reactive to the organisation's needs.
- A three month food waste campaign has been carried out engaging with residents and primary school children to encourage the use of food bins. Over 3,000 young people at 11 local primary schools were targeted with the use of a fun theatre workshop educating them about the environmental benefits of food recycling.
- Budget roadshows were held across the borough to engage with residents about how the council spends its money.
- The successful transition of the old Gateway to Maidstone Link which included the design and brand of the new building and internal graphics.
- Our social media engagement continues to grow with now over 11,000 Twitter followers making Maidstone Borough Council the highest for all local authorities in Kent and 2,500 likes on our Facebook page.
- Preparation of a Narrative Report 2017, published with the Statement of Accounts, which provides an annual update on the council's progress towards achieving its strategic plan priorities.
- Publication of 'Who's Who' and introduction of monthly Members' Bulletin to improve regular communication with councillors about staffing and advance notice of council events.

3. AVAILABLE OPTIONS

3.1 Keep the current Communications Action Plan. Whilst there have been no changes to the Code of Recommended Practice on Local Authority Publicity 2011, some of the existing plan's objectives have been completed or superseded therefore providing little effectiveness in terms of communication activity.

3.2 Approve the new Communications Action Plan to enable the organisation to communicate with its residents and stakeholders effectively and respond to changing circumstances.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 As set out in paragraph 3.2, approve the new Communications Action Plan. A comprehensive review has been undertaken of the previous action plan and observations made now form part of the update. The Communications team plays a key role in how residents, staff and stakeholders perceive the council. We recognise the importance of reputation and working to protect and enhance the council’s trusted name. The update to the Communications Action Plan demonstrates our commitment to continue this in an ever changing environment.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 None.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 The Communications Action Plan once adopted will be uploaded to the website as an appendix to the strategy and implemented as set out in Appendix A.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Communications Action Plan is a key document which details how communications activity can support the council’s ongoing commitment to residents by promoting activities and services that support and deliver the strategic priorities in the council’s strategic plan.	Communications Manager
Risk Management	This is an update to the existing Communications Action Plan and is a public document ensuring the council is accountable.	Communications Manager
Financial	There are no direct financial implications from the updated Communications	Section 151 Officer

	Action Plan. The various actions described in the Plan will help Marketing and Communications deliver a planned £50,000 budget saving in 2017/18.	
Staffing	The Communications Action Plan will be monitored and reported on by the Communications Manager. Actions in the plan include internal engagement and communication activities.	Communications Manager
Legal	There are no legal implications arising from this report.	Communications Manager
Equality Impact Needs Assessment	Large campaigns will need to include stakeholder analysis and information on how our residents like to be communicated with and appropriate methods of communication	Communications Manager
Environmental/Sustainable Development	The updated Communications Action Plan will support decisions made by the Council across areas of its work.	Communications Manager
Community Safety	The updated Communications Action Plan will support decisions made by the Council across areas of its work.	Communications Manager
Human Rights Act	The updated Communications Action Plan will support decisions made by the Council across areas of its work.	Communications Manager
Procurement	Any procurement for communication activities will be taken within procurement rules.	Communications Manager
Asset Management	Communications has a key role to play in promoting our assets.	Communications Manager

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Communications Action Plan 2017/18
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9. BACKGROUND PAPERS

Communication and Engagement Strategy 2016-20

http://www.maidstone.gov.uk/_data/assets/pdf_file/0020/90470/Communications-and-Engagement-Strategy-2016-2020.pdf

Appendix A - Communications Action Plan 2017/18

Objective - Encourage pride in Maidstone					
What we plan to do	Anticipated Outcomes	Audience	When	Support level	Strategic Priority
Encourage residents to engage in activities that enhance pride in our borough such as litter picks and other volunteering opportunities.	Residents feel a sense of 'ownership' and duty in making Maidstone a pleasant environment for all.	Residents Councillors	Ongoing	High	Providing a clean and safe environment
Promote pride in Maidstone via officers and members and in regular communications both internally and externally including campaigns such as 'Love Maidstone' and 'Bag that Poo'.	Increased satisfaction in the council and the efforts we are making to improve the borough for residents.	Residents Staff Councillors	Ongoing	High	Providing a clean and safe environment
Market the 'offer' of Maidstone Museum including exhibitions and the new gallery opening plus competitions and other promotions.	Increased awareness and understanding of Maidstone's leisure and culture attractions.	Residents Staff Councillors	At key times throughout 2017-18	High	Ensuring there are good leisure and culture attractions
Objective – Keeping Maidstone Borough an attractive place for all					
What we plan to do	Anticipated Outcomes	Audience	When	Support level	Strategic Priority
Engage with residents through existing and new channels about key improvement projects in the town centre such as the public realm upgrade.	A higher level of understanding from residents about how MBC is improving the borough.	Residents Councillors	Ongoing	Medium	Regenerating the town centre
Highlight everyday work being carried out by grounds maintenance and other teams to keep our borough an attractive place for all.	A better understanding of how the council carries out its work and the work teams do within the borough.	Residents Staff Councillors	Ongoing	Medium	Regenerating the town centre

Objective - Engage with residents in an effective way

What we plan to do	Anticipated Outcomes	Audience	When	Support level	Strategic Priority
Use resident data demographics to target 18-24 year olds, over 75 and BME.	An increase in positive participation from the specific age ranges either via our digital communication channels or face to face.	Residents	Ongoing	Medium	We will communicate our vision clearly, openly, accurately and regularly to residents and stakeholders.
Publicise budget roadshows and other resident focused activity and encourage residents to attend and have their say.	Residents feel better informed and engaged in council decisions and confident to give their feedback.	Residents Staff Councillors	July & October 2017	Medium	We will communicate our vision clearly, openly, accurately and regularly to residents and stakeholders.
Promote council events such as Proms in the Park using all communication channels available and encouraging residents to feedback.	Improved awareness amongst residents of the different cultural events held across the borough.	Residents Staff Councillors	Ongoing	Medium	Ensuring there are good leisure and cultural attractions

Objective - Satisfaction with the way Maidstone Borough Council runs its services

What we plan to do	Anticipated Outcomes	Audience	When	Support level	Strategic Priority
Assist in the production of the council's Narrative Report detailing progress towards achieving strategic plan priorities.	Increased trust in the council. Greater understanding of the council's strategic priorities.	Residents	Annually	Medium	We will communicate our vision clearly, openly, accurately and regularly to residents and stakeholders.

Introduce the council's refreshed branding jointly with the digital services team launching the new look materials and beta website.	Greater recognition of council branding.	Residents Staff Councillors	October 2017	High	We will communicate our vision clearly, openly, accurately and regularly to residents and stakeholders.
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Objective – Information about council services and benefits

What we plan to do	Anticipated Outcomes	Audience	When	Support level	Strategic Priority
Produce two 'Borough Insight' council magazine's for 2017 and consider a further three editions for 2018. The magazine features advertising sold by the communications team in order to keep production costs reasonable.	Residents feeling more informed about the council through a recognised standalone magazine.	Residents Staff Councillors	July 2017 November 2017 March 2018 July 2018 November 2018	High	We will communicate our vision clearly, openly, accurately and regularly to residents and stakeholders.
A review of our external communications channels including our newsletter and social networking accounts.	More effective communication and better value for money.	Residents Staff Councillors	Annually	Low	We will communicate our vision clearly, openly, accurately and regularly to residents and stakeholders.
An update of our Social media Strategy, building on our existing social media profile.	Clear direction for the council's use of social media to make sure that it effectively contributes to the council's priorities	Residents Staff Councillors	December 2017	Medium	We will communicate our vision clearly, openly, accurately and regularly to residents and stakeholders.

Objective – Staff & Member engagement

What we plan to do	Anticipated Outcomes	Audience	When	Support level	Strategic Priority
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Launch a refreshed Wakey Wakey following consultation with staff and councillors.	Improve staff communication channels to ensure new and existing officers have a better understanding of the council and latest updates.	Staff Councillors	October 2017	Medium	Putting People First
Support annual One Council events to ensure topics are relevant and timely and relate to corporate priorities. Ensure events are followed up with staff feedback and this affects any changes necessary.	Increased employee engagement leading to better understanding of the council's strategic plan and priorities.	Staff	Annually	Low	Putting People First
Support HR with their programme of co-ordinated staff communication and engagement activities including - team talks, Staff Forum, health and wellbeing week, and STRIVE awards etc.	Increased employee engagement leading to better understanding of the council's strategic plan and priorities.	Staff Councillors	Ongoing	Low	Putting People First
Improve regular communication with councillors to include advance notice of council events and staffing changes	Improved engagement with Members	Councillors	As appropriate	Medium	Putting People First
Continue to hold regular member sounding board meetings to ensure Councillors have a chance to share their views on officer projects.	Improved engagement with Members	Councillors	When required	Medium	Putting People First
Launch phase 2 of the intranet ensuring the site continues to offer features and functionality that staff	Improved digital communication with staff so they can find information easily and understand	Staff Councillors	October 2017	High	Putting People First

require	what our key priorities are.				
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Policy and Resources Committee	25 July 2017
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Is the final decision on the recommendations in this report to be made at this meeting?	Yes
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Corporate Planning Timetable

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Head of Policy and Communications
Lead Officer and Report Author	Angela Woodhouse
Classification	Public
Wards affected	

This report makes the following recommendations to this Committee:
 That the timetable for refreshing the Strategic Plan and Service Planning be approved.

This report relates to the following corporate priorities:
 The corporate planning process is centred on achieving the Council’s corporate priorities:

- Keeping Maidstone Borough an attractive place for all; and
- Securing a successful economy for Maidstone Borough.

Timetable	
<i>Meeting</i>	<i>Date</i>
Policy and Resources Committee	25 July 2017

Corporate Planning Timetable

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the corporate planning timetable the process for reviewing and identifying the council's priorities and the resources needed to deliver them. The committee considered a report on the timetable for developing the medium term financial strategy in June.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 The Strategic Plan is a core element of our corporate planning. The priorities and outcomes in the Strategic Plan are developed alongside the Medium Term Financial Strategy (MTFS) to ensure consistency between service delivery and budgets. Service Planning allows the Council to convert high level priorities from the Strategic Plan into actions for each directorate, service or team across the Council, which then feeds into individual staff appraisals.
- 2.2 A report on the Medium Term Financial Strategy, elsewhere on the agenda for this meeting, describes the high level of uncertainty about the local government funding environment. This emphasises the importance of linking closely the Strategic Plan update with development of the Medium Term Financial Strategy.
- 2.3 Each year the Policy and Resources Committee are asked to agree whether to refresh the existing strategic plan or create a new one. A timetable of activity is then planned around this process.
- 2.4 The timetable includes a period of public consultation and reports to service committee meetings on the budget.
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3. AVAILABLE OPTIONS

- 3.1 The Committee could either choose to create a new strategic plan, refresh the current plan or that there is no reason to produce either an update or a new plan.
- 3.2 A timetable for corporate planning is outlined in section 4; the Committee can review and amend this timetable as appropriate.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 It is recommended that as the current Strategic Plan was subject to significant change in 2016-17, the present plan is refreshed to ensure contextual information is up to date and areas of focus in relation to the

action areas 2018-19 are agreed. Not updating the plan is not recommended as the local and national context is constantly changing and the Council needs to demonstrate how it is planning and managing change.

4.2 A refresh of the Strategic Plan for 2018-19 would include:

- Identification of areas of focus for 2018-19;
- Refresh of any contextual information in the document such as statistics; and
- An updated foreword and performance measures.

4.3 Outlined below is a proposed timetable for updating the Strategic Plan and development of budget proposals.

Timetable

Date	Action
25 July 2017	Policy and Resources Committee consider the corporate planning timetable; Policy and Resources Committee agree roll forward of Medium Term Financial Strategy to 2018/19 – 2022/23 and updates as appropriate
September 2017	Workshop with councillors to feedback results from the resident survey, to inform budget setting and the refresh of the Strategic Plan
September 2017 – March 2018	Service planning with Heads of Service and Unit Managers
September 2017 – November 2017	Develop detailed budget proposals for 2018/19
December 2017 – January 2018	Budget Consultation
13 December 2017	Budget Proposals considered by Policy and Resources Committee; Strategic Plan priorities considered
January 2018	Consultation with Service Committees on Budget Proposals
January 2018	Priorities and performance measures workshop with Councillors if appropriate
14 February 2018	Policy and Resources consider Strategic Plan refresh and final Medium Term Financial Strategy
28 February 2018	Strategic Plan and Medium Term Financial Strategy considered at full Council

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 As outlined in the table above the resident survey held in summer 2017 and budget consultation will inform the refresh of the Strategic Plan and the Medium Term Financial Strategy.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 The timetable in section 4 sets out the next steps.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The corporate planning process is centred on reviewing and identifying the council's priorities and the resources needed to deliver them.	Head of Policy and Communications
Risk Management	Risks associated with the delivery of the Strategic Plan will be set out in the Strategic Risk Register	Head of Policy and Communications
Financial	The timetable includes budget consultation and development of the Medium term Financial Strategy which will set the council's budget including growth and savings required.	Section 151 Officer
Staffing	Creating a new strategic plan will have significant staffing implications in terms of input into the process and embedding the priorities recently agreed. Staff resources have been allocated for updating the present plan.	Head of Policy and Communications
Legal		
Equality Impact Needs Assessment	Equalities will need to be taken into account when we plan the consultation and any service changes resulting from the budget	Head of Policy and Communications

Environmental/Sustainable Development	N/A	Head of Policy and Communications
Community Safety	N/A	Head of Policy and Communications
Human Rights Act	N/A	Head of Policy and Communications
Procurement	N/A	Head of Policy and Communications
Asset Management	N/A	Head of Policy and Communications

8. REPORT APPENDICES

None

9. BACKGROUND PAPERS

None

Agenda Item 15

POLICY AND RESOURCES COMMITTEE

25 July 2017

Is the final decision on the recommendations in this report to be made at this meeting?

No

Medium Term Financial Strategy

Final Decision-Maker	Council
Lead Head of Service	Director of Finance and Business Improvement
Lead Officer and Report Author	Director of Finance and Business Improvement
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the assumptions described in the draft Medium Term Financial Strategy set out at Appendix I for planning purposes are noted.
2. That the financial projections contained within the draft Medium Term Financial Strategy are noted.
3. That the draft Medium Term Financial Strategy set out at Appendix I is agreed for submission to Council.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

The Medium Term Financial Strategy and the budget set out in financial terms how the Council will deliver its strategic priorities.

Timetable

Meeting	Date
Policy and Resources Committee	25 July 2017
Council	20 September 2017
Policy and Resources Committee	13 December 2017
All Service Committees	January 2018
Policy and Resources Committee	14 February 2018
Council	28 February 2018

Medium Term Financial Strategy

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out a draft Medium Term Financial Strategy (MTFS) covering the five year period 2018/19 to 2022/23.
- 1.2 Agreeing the MTFS is an essential step in the process of agreeing a budget for 2018/19 and setting next year's Council Tax, decisions which the Council is due to make on 28th February 2018.

2. INTRODUCTION AND BACKGROUND

- 2.1 The context in which the MTFS is to be prepared was set out in the previous report on this subject to the Policy and Resources Committee. In summary, there is considerable uncertainty about the local government funding environment. The Government offered a four year funding settlement to local authorities in 2016, covering the years 2016/17 to 2019/20, which provides some certainty about the level of income that the Council can expect for the first two years covered by the MTFS, ie 2018/19 and 2019/20. However, the position for 2020/21 onwards is very uncertain.
- 2.2 The Council starts the financial planning process from a relatively strong position. The outturn for 2016/17 was within budget and most planned savings for 2017/18 are on track for delivery. The Council has an adequate, but not excessive, level of reserves.
- 2.3 The financial projections in the current Medium Term Financial Strategy 2017/18 – 2021/22 indicated that a budget gap would arise in 2020/21, but the position over the next two years was manageable, assuming delivery of planned savings.
- 2.4 These projections have now been updated, taking account of:
 - An assessment of external opportunities and threats
 - Evaluation of existing budget savings in the five year plan
 - Latest emerging information about economic developments and government policy.
- 2.5 Given the uncertainty about the future, various potential scenarios have been modelled, representing (a) favourable, (b) neutral and (c) adverse sets of circumstances. Projections have been prepared for each of the scenarios modelled. This gives rise to the following overall projected budget position by the end of the five year planning period, assuming existing planned budget savings are delivered:

Favourable – Income exceeds expenditure by £800,000
Neutral – Budget gap of £2.2 million (6% of available resources)
Adverse – Budget gap of £7.7 million (22% of available resources)

- 2.6 In accordance with legislative requirements the Council must set a balanced budget. Under the neutral scenario modelled there will be a budget gap from 2019/20 onwards, and in the adverse scenario from 2018/19 onwards. The MTFS proposes that budget proposals are developed for consideration by Members that will address all the potential scenarios. This work will take place during Autumn 2017.
-

3. AVAILABLE OPTIONS

- 3.1 Do nothing.
- 3.2 Defer agreement of a Medium Term Financial Strategy. It could be argued that deferring agreement of a Medium Term Financial Strategy would allow more information to emerge that would help the Council make detailed budget decisions.
- 3.3 Agree the attached Medium Term Financial Strategy.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is to agree the attached Medium Term Financial Strategy. It sets a framework that will allow Officers and Members to proceed with detailed budget planning. Whilst there remains considerable uncertainty about the future, it is important that work starts on detailed plans so the maximum time is available for their preparation and implementation.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Policy and Resources Committee received an initial report on the MTFS at its meeting on 28 June 2017 and it agreed the approach set out in that report to development of an updated Medium Term Financial Strategy for 2018/19 - 2022/23 and a budget for 2018/19.
- 5.2 Consultation with stakeholders will form a key part of the ongoing development of the MTFS. This year the Council is carrying out its two-yearly Residents' Survey and the opportunity has been taken to incorporate questions about the Council's budget priorities. The results of this consultation will be used to inform the preparation of detailed budget proposals.
- 5.3 As a second step, consultation will be carried out in December 2017 - January 2018 on the detailed budget proposals. Individual Service Committees will consider the budget proposals relating to the services within their areas of responsibility. Full details of the proposals will be published and residents' and businesses' views sought.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 An outline timetable for developing the Medium Term Financial Strategy and budget for 2018/19 is set out below.

Date	Meeting	Action
25 July 2017	Policy and Resources Committee	Agree updated MTFS for submission to Council
20 September 2017	Council	Approve updated MTFS
September – November		Develop detailed budget proposals for 2018/19
13 December 2017	Policy and Resources Committee	Agree initial 18/19 budget proposals for consideration by Service Committees
January 2018	All Service Committees	Consider 18/19 budget proposals
14 February 2018	Policy and Resources Committee	Agree 18/19 budget proposals for recommendation to Council
28 February 2018	Council	Approve 18/19 budget

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Risk Management	Matching resources to priorities in the context of the significant pressure on the Council's resources is a major strategic risk. As described in the report, a Budget Risk Register is maintained to ensure that the specific risks inherent in the	Section 151 Officer & Finance Team

	budget setting and management process are monitored and appropriate action taken.	
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Legal Team
Equality Impact Needs Assessment	The report sets out a policy that will have a positive impact as it will enhance the lives of all members of the community through the provision of resources to core services. In addition it will affect particular groups within the community. It will achieve this through the focus of resources into areas of need as identified in the Council's strategic priorities.	Section 151 Officer & Finance Team
Environmental/Sustainable Development	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Community Safety	The resources to achieve the Council's objectives are allocated through the development of the Medium	Section 151 Officer & Finance Team

	term Financial Strategy.	
Human Rights Act	The resources to achieve the Council’s objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council’s objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Asset Management	Resources available for asset management are contained within the strategic revenue Projections that support the MTFS.	Section 151 Officer & Finance Team

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Medium Term Financial Strategy 2018/19 – 2022/23

9. BACKGROUND PAPERS

None.

MAIDSTONE BOROUGH COUNCIL
MEDIUM TERM FINANCIAL STRATEGY
2018/19 – 2022/23

DRAFT

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1. OVERVIEW AND SUMMARY OF MEDIUM TERM FINANCIAL STRATEGY

Background

- 1.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years.
- 1.2 The broad economic context for the Strategy is one of considerable uncertainty, particularly in the final three years of the planning period. The Government offered a four year funding settlement to local authorities in 2016, covering the years 2016/17 to 2019/20, which provides some certainty about the level of income that the Council can expect for the first two years covered by the MTFS, ie 2018/19 and 2019/20. However, the position for 2020/21 onwards is very uncertain.
- 1.3 The Government's four year funding offer was conditional on the council preparing an Efficiency Plan setting out proposals for utilising the available funding. Council agreed a combined Medium Term Financial Strategy 2017/18 – 2021/22 and Efficiency Plan and accepted the funding offer at its meeting on 21 September 2016.
- 1.4 The MTFS is reviewed and updated on an annual basis. The current document therefore updates the strategy agreed in 2016 in light of the Council's developing strategic priorities, the external environment, and the latest financial projections, in order to provide a new MTFS for the five year period 2018/19 to 2022/23.

Strategic Context

- 1.5 The Council has set two overriding corporate priorities: keeping Maidstone Borough an attractive place for all; and securing a successful economy for Maidstone Borough. These will be delivered both through our day-to-day revenue expenditure and through investment in the borough's infrastructure as part of the Council's capital programme. Funding for revenue spending is tightly constrained, as set out below, but the Council will seek to optimise delivery of the priorities within these constraints.
- 1.6 Capital investment faces a different set of constraints. As set out in section 4 below, funds have been set aside for capital investment and further funding is available, in principle, through prudential borrowing. The challenge is to ensure that capital investment delivers against the Council's priorities, providing the required return on investment for the community.

Financial Projections

- 1.7 The strategic revenue projections underlying the current Medium Term Financial Strategy suggested that a budget gap would arise in 2020/21, as follows.

Table 1: Current MTFS Revenue Projections 2017/18 – 2021/22

	17/18	18/19	19/20	20/21	21/22
	£m	£m	£m	£m	£m
Council Tax	14.8	15.0	15.5	15.9	16.4
Retained Business Rates	4.1	4.2	4.4	4.5	4.6
Tariff / top-up adjustment (negative RSG)			-1.6	-1.6	-1.6
Budget requirement	18.9	19.2	18.3	18.8	19.4
Fees and Charges	16.4	16.6	16.7	16.9	17.1
Total Funding Available	35.3	35.8	35.0	35.7	36.5
Predicted Expenditure	37.1	35.7	36.4	36.9	36.4
Budget Gap	1.8	-0.1	1.4	1.2	-0.1
Required – Cumulative	1.8	1.7	3.1	4.3	4.2
Budget Savings	1.8	2.7	3.2	3.4	3.4
Still to be identified	0.0	-1.0	-0.1	0.9	0.8

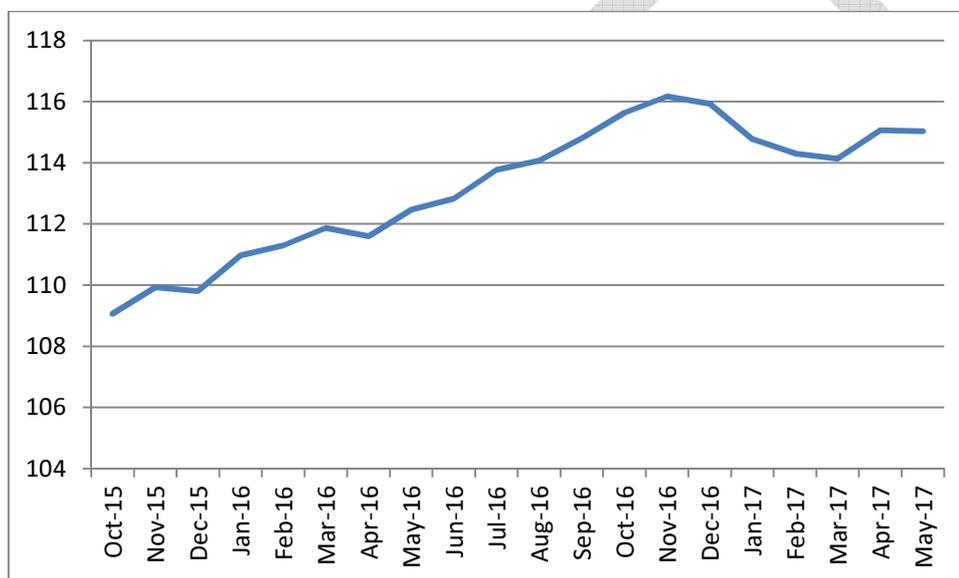
- 1.8 In light of the many uncertainties faced by the Council, it is important to note that projections like these can only represent a 'best estimate' of what will happen. In updating the projections, various potential scenarios have been modelled. Projections were prepared for each of the scenarios modelled, giving consideration to:
- Assessment of external opportunities and threats
 - Evaluation of existing budget savings in the five year plan
 - Latest emerging information about economic developments and government policy.
- 1.9 In accordance with legislative requirements the Council must set a balanced budget. Under the 'business as usual' scenario there will be a budget gap from 2020/21 onwards, and in the 'adverse' scenario from 2018/19 onwards. The MTFS sets out a proposed approach that seeks to address this.

2. NATIONAL AND LOCAL CONTEXT

Economic Outlook 2018 – 2023

- 2.1 Following the EU referendum in June 2016, the national economy continued to grow strongly, contrary to many expectations. However, growth is now slowing. In the first quarter of 2017, growth in GDP was just 0.2%. Because the UK's population is increasing, the rate of growth in GDP per head was zero. This was the lowest rate of growth of any EU country.
- 2.2 Both continued growth in the immediate aftermath of the EU referendum, and now the more recent slowdown, have been driven by consumer spending. See below.

Figure 1: Retail Sales Volumes (3 month moving average, 2005 = 100)

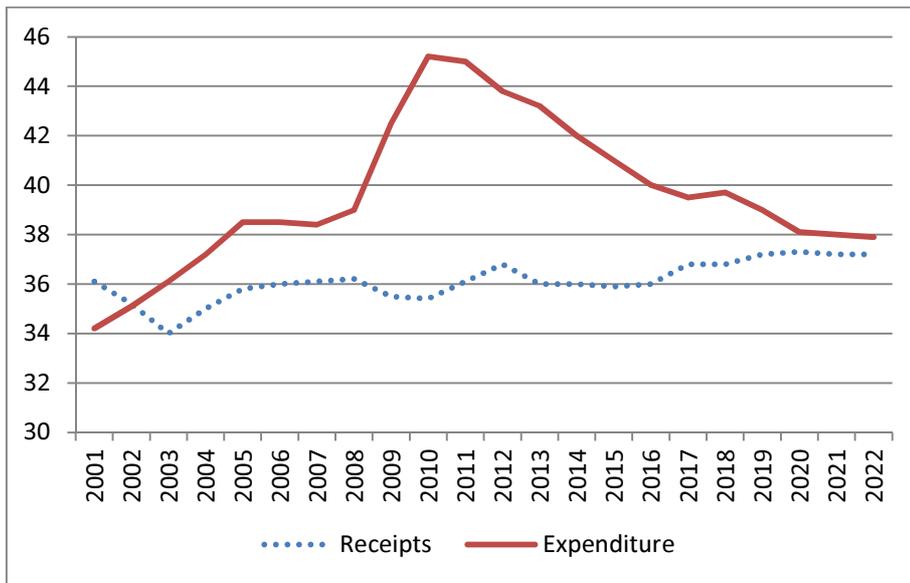


- 2.3 The Bank of England's May 2017 Inflation Report attributes the slowdown in consumer spending to the impact of sterling depreciation. However, the Bank of England also states that weaker consumption may be balanced by rising net trade and investment, since the global economy is continuing to grow.
- 2.4 Sterling depreciation has meant that inflation has risen above the Bank of England target of 2%. The latest Consumer Price Inflation figures show an annual rate of 2.9%. However, wage growth has remained weak, leading to falling real incomes.
- 2.5 The outlook for future economic growth remains very uncertain. It is likely to be highly sensitive to the eventual trading arrangements reached between the UK and its economic partners following Brexit.

Public Finances

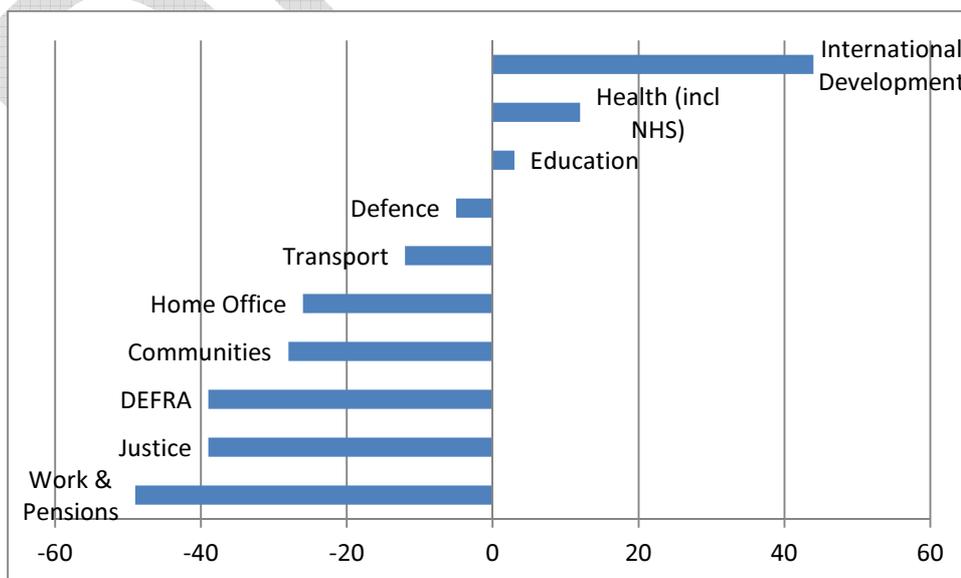
2.6 Following the financial crisis of 2008 and the demands that it placed on the public finances, national governments followed an explicit policy of deficit reduction. This has brought public expenditure down to a similar level as a proportion of national income to that in 2007/08, immediately before the financial crisis.

Figure 2: Tax and Spend as a percentage share of national income



However, the impact of expenditure reduction has varied in different parts of the public sector – see figure 3 below.

Figure 3: Planned real change to Departmental Expenditure Limits 2010-11 – 2019-20 (per cent)



- 2.7 Central government funding for local authorities, in particular, has reduced very substantially since 2010. At the same time, the coalition government of 2010-15 and David Cameron's Conservative government of 2015-16 made significant changes to the way that local government is financed. A key change was the introduction of 50% business rates retention for local authorities in 2013. This was part of an agenda of 'localism', giving more freedom and flexibility to local authorities.
- 2.8 Prior to the 2017 General Election, the Government was preparing to move to 100% business rates retention with effect from 2020. As with 50% business rates retention, this would have been linked to a mechanism for rates equalisation. The additional income would have been accompanied by devolution of further responsibilities to local government. However, the relevant legislation was not included in the Queen's Speech. The local government sector therefore assumes that 100% business rates retention has been postponed if not dropped altogether.
- 2.9 In the absence of any firm alternative to 100% business rates retention, the likely funding arrangements for local government after 2020 are very unclear. Pressures to spend more money elsewhere in the public sector, together with the potential for lower tax receipts if the economy slows down, mean that local government faces a very real risk of further reductions in funding.
- 2.10 Maidstone no longer benefits directly from central government support in the form of Revenue Support Grant. However, the existing four year funding settlement contains a mechanism for government to levy a 'tariff / top-up adjustment' – effectively reverse Revenue Support Grant – on local councils. This mechanism could be used to extract funding from the sector for other priorities. Accordingly, Maidstone Borough Council needs to plan for the risk that the tariff / top-up adjustment of £1.6 million payable in 2019/10 will increase in subsequent years.
- 2.11 There is the potential for the Council to grow both its Council Tax and Business Rates income, if the numbers of households and businesses respectively grow. This depends in turn on the performance of the national and local economy. Given the uncertainty about future economic growth, forecasts have been reflected in the Strategic Revenue Projection using a range of different scenarios.
- 2.12 Further details of how the Council funds its services are set out in section 4.

3. STRATEGIC PLAN AND ACTION AREAS

3.1 The Medium Term Financial Strategy is intended to deliver the Council's Strategic Plan. As part of the Strategic Plan, the Council has agreed two corporate priorities for 2015-2020 underpinned by 8 action areas:

Corporate Priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

Action Areas:

- Providing a clean and safe environment;
- Encouraging good health and wellbeing;
- Respecting the character and heritage of our Borough;
- Ensuring there are good leisure and cultural attractions;
- Regenerating the Town Centre;
- Securing improvements to the transport infrastructure of our Borough;
- Promoting a range of employment opportunities and skills required across our Borough; and
- A home for everyone.

The 2017/18 refresh of the Strategic Plan highlighted the following action areas for specific focus:

- A clean and safe environment;
- Regenerating the Town Centre;
- A home for everyone – tackling homelessness and improving supply.

3.2 The financial resources available to deliver these actions are set out in the following sections of the MTFs. Day-to-day expenditure is met from the revenue budget, which is funded primarily from Council Tax, our share of Business Rates income and Fees and Charges. It will be seen that there are severe constraints on the funding available for the revenue budget. In addition, there are budget pressures which must be managed in order to ensure that there are sufficient resources available for the Council's priorities. This inevitably means that spending against the revenue budget must be prioritised.

3.3 Investment for the longer term is delivered through the capital programme, which is funded from the New Homes Bonus, borrowing and third party contributions such as Section 106 payments on new developments. Capital investment is essential to the realisation of the Strategic Plan. The constraints in this case are different from those facing revenue expenditure, because the current local authority funding regime does not set cash limits for borrowing. However, borrowing must be sustainable in terms of the Council's ability to fund interest payments and ultimately repayment of capital. Capital investment plans also depend on having the capacity, in terms of internal resources, to develop projects, work effectively with partners, and secure third party funding.

4. FINANCIAL RESOURCES

Council Tax

- 4.1 Council Tax is a product of the tax base and the level of tax set by Council. The tax base is a value derived from the number of chargeable residential properties within the borough and their band, which is based on valuation ranges, adjusted by all discounts and exemptions.
- 4.2 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. See table below.

Table 2: Number of Dwellings in Maidstone

	2012	2013	2014	2015	2016
Number of dwellings	66,325	66,924	67,178	67,721	68,519
% increase compared with previous year	1.19%	0.90%	0.38%	0.81%	1.18%

Note: Number of dwellings is reported each year based on the position shown on the valuation list in September.

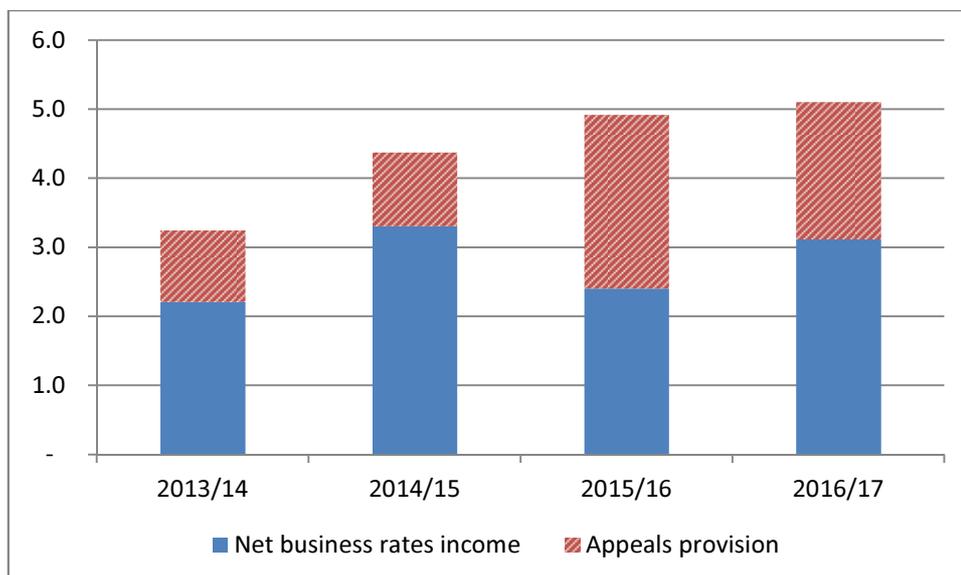
- 4.3 The level of council tax increase for 2018/19 is a decision that will be made by Council based on a recommendation made by Policy and Resources Committee. The Council's ability to increase the level of council tax has been limited firstly by a cap and more recently by the need to hold a referendum for increases over a government set limit. The limit set by the government for 2017/18 remained the greater of 2% or £5.00. For 2017/18, the Council approved an increase of £4.95 (2.1%).
- 4.4 In the Medium Term Financial Strategy 2017/18 – 2021/22, it was assumed that the Council Tax base would increase by 1% per annum for the MTFs period, and Band D Council Tax will continue to increase by £4.95 per annum, reverting to 2% in 2020/21 when this becomes a greater figure than £4.95.

Business Rates

- 4.5 The current business rates regime, where 50% of business rates is retained by local authorities, but is then subject to tariffs and top-ups in order to equalise the amounts actually received by each authority, leads to a high degree of volatility. This is because the tariff is fixed, whilst business rates income is variable. This variability is exacerbated by the number of appeals outstanding at any one time. As a result, it has proved very difficult to project business rates income. See graph below.

Figure 4: Net Business Rates Income receivable by Maidstone BC

£ million



- 4.6 As a member of the Kent Business Rates Pool, the council has the ability to retain more of the income from growth in business rates than it otherwise would. This is because the pool members who are charged a levy on business rates growth (district councils) are sheltered by the pool members who receive a top-up (major preceptors).
- 4.7 Originally the Council held all income from business rates growth in reserve and committed it in the year following its receipt. In setting the 2016/17 budget the Council approved the use of the non-pool element of business rates growth, which is retained by the Council regardless of whether or not it is a member of the pool, into its base budget to maintain overall resource levels. An earmarked reserve holds the growth protected by membership of the pool. The reserve is used for specific projects that form part of the Council's economic development strategy, such as the Maidstone East development.

Fees and Charges

- 4.8 Fees and charges income is an increasingly important source of funding for the Council. We have a policy that guides officers and councillors to set the appropriate level of fees and charges based on demand, affordability and external factors. The policy is not influenced directly by the MTFs with the exception that charges should be maximised within the limits of the policy.
- 4.9 In developing the strategic revenue projection for 2017/18 a broad assumption of a 1% increase in future fees and charges was used for the development of the MTFs, in line with overall inflation assumptions.

- 4.10 Fees and charges includes amounts recharged to other Mid Kent Services authorities where Maidstone is the host authority.

Balances and Earmarked Reserves

- 4.11 The Council maintains reserves as a safety net to allow for unforeseen circumstances. There is no statutory definition of the minimum level of reserves: the amount required is a matter of judgement. However, the Council has agreed to set £2 million as the minimum General Fund balance.
- 4.12 Within the General Fund balance, amounts have been allocated for specific purposes. These amounts do not represent formal commitments. Instead, they represent the level of reserves considered to be required for specific purposes, including asset replacement, commercialisation and Invest to Save projects.
- 4.13 In addition to uncommitted General Fund balances, the Council holds reserves that are earmarked for specific purposes. The most substantial of these is the earmarked New Homes Bonus funding for capital expenditure, which stood at £7.2 million as at the end of 2016/17. Full details of reserves held are set out below.

Table 3: General Fund balances as at 31 March 2017

	£000
General Fund	
Asset Replacement	167
Planning Management	200
Commercialisation – contingency	500
Invest to Save projects	547
2016/17 underspend earmarked for Action Areas	89
Unallocated balance	5,855
Sub-total	9,329
Earmarked Reserves	
New Homes Bonus funding for capital projects	7,214
Local Plan	336
Neighbourhood Plans	64
Accumulated Surplus on Trading Accounts	243
Business Rates Growth Fund	158
Sub-total	8,014
Total General Fund balances	17,343

The unallocated balance exceeds the £2 million minimum. It represents 17% of the revenue budget, which is in excess of the 10% benchmark that is sometimes cited as a reasonable level. It can therefore be seen that the level of reserves is adequate without being excessive.

5. CURRENT EXPENDITURE

- 5.1 In order to provide some context for budget prioritisation, this section sets out current budgeted expenditure by Committee and by Service, and describes planned savings and known budget pressures.

Table 4: 2017/18 Revenue Budgets by Committee and Service

Ctee	Service	2016/17 Actual £000	2017/18 Budget		
			Expenditure £000	Income £000	Net £000
CHE	Communities & Housing	3,758	4,764	-1,381	3,383
	Environment & Public Realm	5,473	7,098	-1,740	5,359
HCL	Heritage, Culture & Leisure	750	3,558	-3,052	506
S P S & T	Planning Services	1,842	3,371	-2,472	899
	Parking & Transportation	-1,883	2,221	-4,141	-1,919
P & R	Economic Development	489	747	-448	299
	Property & Investment	491	1,973	-1,893	80
	Corporate & Shared Services	8,935	12,465	-2,175	10,291
	Total	19,857	36,198	-17,301	18,897

Communities and Housing

- 5.2 Developments in the housing market continue to create very significant budget pressures for the Council. The pressures are illustrated by the number of homeless applications, which amounted to nearly 600 in 2016/17 and to 79 alone in the first month of 2017/18. As a result, the cost of providing temporary accommodation led to an overspend for this area in 2016/17.
- 5.3 The Council has responded positively to these pressures through direct investment in property to provide temporary accommodation. Whilst this will reduce the cost of providing temporary accommodation over time, in the short term growth of £235,000 has been included in the budget for 2017/18. Early indications are that the continuing high number of homeless applications, and the length of time taken to bring our own property on stream, mean that it will be challenging to remain within budget even having taken into account the growth of the budget.
- 5.4 The Council is also anticipating the implementation of new homelessness legislation, and is investing in revenue resources for homelessness prevention. Further growth of £94,000 was built into the budget for 2017/18 to allow for additional recruitment to the preventions team, giving total growth of £329,000.

Environment & Public Realm

- 5.5 This service includes the core services responsible for delivering the 'clean and green' agenda – street cleaning, grounds maintenance and household waste collection. The service is planning savings of £114,000 in 2017/18, principally arising from additional income from commercial waste and garden waste collections. In addition to the challenge of delivering these savings, there will be £180,000 additional costs for waste collection in 2017/18 arising from the effect of contract indexation. The service has identified a number of measures which are intended to mitigate this cost and so achieve a balanced outturn.

Heritage, Culture & Leisure

- 5.6 This service includes the museum, leisure services and bereavement services. The area is planning savings of £130,000 in 2017/18, including additional Crematorium income of £55,000, £25,000 of operating savings at the Museum and £50,000 from a new operating model for Parks and Open Spaces. Recent performance of the Crematorium indicates that it should achieve its savings target. Careful monitoring will be required to ensure that the other savings are delivered.
- 5.7 There was an overspend in 2016/17 on the Mote Park Café, arising from it failing to achieve its income targets. The income target for the Mote Park Café has been removed in 2017/18, for one year only, such that it only has to break even to achieve budget. Early indications are that this objective will be achieved. The operation of the Café will be recommissioned during 2017/18 with the intention of generating a net surplus in future years.
- 5.8 Growth of £50,000 was allowed for the Museum in 2017/18, in anticipation of it failing to secure external funding for outreach activities. In the event, the Museum has secured an Arts Council grant of £70,000 for 2017/18. The Museum will therefore be expected to deliver a surplus in 2017/18.

Planning Services

- 5.9 This area has a savings target of £84,000 in 2017/18, comprising additional income for Building Control and Planning Support and a modest reduction in staffing levels. These savings are considered to be achievable. However, there will be pressures on the budget in 2017/18 arising from the potential cost of planning appeals. Additionally, the service area was expecting additional income of £120,000 from increasing Planning Fees by 20%. The legislation to implement this has been delayed by the General Election, so any additional income will be reduced and the service area will need to plan accordingly.
- 5.10 Growth of £200,000 has been built into the budget for 2017/18, to allow for work to commence on the Local Plan refresh that will be required for 2020.

Parking & Transportation

- 5.11 This service generates a strong positive contribution, primarily from the Council's Pay and Display car parks. £300,000 of savings are built into the 2017/18 budget arising from expected strong parking income performance and increased charges that took effect in April 2017.

Economic Development

- 5.12 Savings of £126,000 are projected for 2017/18, arising from the capitalisation of some staffing costs and use of the Business Rates Pool for certain revenue costs which meet the criteria for generating business growth. Whilst these are not cash savings, it is legitimate to maximise alternative sources of funding such as capital resources and the Business Rates Pool at a time when revenue resources are under pressure.

Property and Investment

- 5.13 Savings are projected in this area from commercial investments (£200,000) and office accommodation (£165,000). The saving from commercial investments is expected to be deliverable following a new acquisition at Heronden Road. Office accommodation savings were based principally on the opening of the Link as a shared facility with the DWP and should also be achievable.

Corporate and Shared Services

- 5.14 Substantial savings are projected in this area in 2017/18, of which the major items are Revenues and Benefits restructuring (£108,000), Finance Service savings arising from the deletion of the Head of Finance and Resources post (£100,000) and income from the new Debt Recovery Service (£88,000). All savings in this area are considered to be deliverable.
- 5.15 A Contingency Fund of £200,000 has been included under Corporate and Shared Services. It will be allocated, if necessary, to other Council services. Use of the Contingency Fund is a last resort and Service Areas will be expected in the first instance to offset any potential overspend with savings elsewhere within the Service.

6. FUTURE SCENARIOS

6.1 Owing to the high degree of uncertainty facing the Council, financial projections have been prepared for three different scenarios, as follows.

1. Favourable – Local authority growth

Central government accepts the logic of devolution and gives greater autonomy to local authorities. Most authorities no longer receive revenue support grant, but in return are able to increase Council Tax and to set their own business rates. This creates winners and losers, with some of the losers being unable to set balanced budgets and being forced to accept central government control. However, the winners are able to attract residents and businesses to their areas and to generate a higher rate of economic growth locally through enhanced capital investment.

2. Neutral - Business as usual

The government sticks to the current business rates retention model. A fair funding review to deal with pressing issues in the current system leaves the overall funding position broadly unchanged. In order to maintain services at current levels, the government accepts a higher level of overall public sector borrowing. An orderly Brexit means that the markets make only a marginal upward adjustment in their assessment of UK credit risk, so the cost of servicing public sector borrowing remains manageable. Local authorities are able to continue providing services at broadly the current level.

3. Adverse - Economic downturn

The continued fall in the pound deters consumers from spending and the economy slows down sharply. Businesses close, reducing rates income. Increasing unemployment leads to greater homelessness and more pressures on local authority housing services. Under pressure to maintain spending on the NHS, pensions and other benefits, the government squeezes local government's share of total spending by cutting what is left of revenue support grant and reducing local government's share of business rates. This leaves many more authorities paying central government 'negative revenue support grant'. The government continues to restrict the amount local authorities can raise by way of Council Tax in order to limit overall public spending, but wage inflation will grow, forcing authorities to make severe cuts.

Details of key assumptions underlying each of these scenarios are set out below.

Council Tax

6.2 It is assumed in all scenarios that Band D Council Tax will continue to increase by £4.95 per annum, reverting to 2% in 2020/21 when this becomes a greater figure than £4.95. This is in line with the current provisions for a referendum to take place if higher increases are proposed.

- 6.3 The 'favourable' scenario outlined above would allow the Council to increase Council Tax by more than 2%. It has been assumed for the purpose of the projections that if the Council were to do this the additional revenue would be used to fund additional services, such that there would be no 'bottom line' impact on the budget gap.
- 6.4 The other key assumption regarding Council Tax is the number of new properties. The number of new properties has been increasing in recent years, from a low of 0.38% in 2014 to 1.18% in 2016. The rate of increase in 2017 is likely to be higher still, but remains lower than that implied by Local Plan new homes targets. Assumptions are as follows:

Favourable – 2%
Neutral – 1.5%
Adverse – 1%

Tariff / top-up adjustment

- 6.5 The current four year funding settlement provides no Revenue Support Grant from 2017/18 onwards. Instead, a 'negative Revenue Support Grant' payment to government of £1.6 million is due to be paid in 2019/20. Whatever system is adopted for funding local authorities from 2020/21, it is likely that the government will look to recoup at least this much from Maidstone in subsequent years.
- 6.6 In addition, as provided for in the current MTFS, it is appropriate to include a provision, currently £1.3 million, to allow for additional burdens placed on the Council following the end of the current four year settlement. Originally it was expected that the Council might face additional responsibilities under 100% business rates retention from 2020/21 and a provision of £1.3 million was made in the MTFS to allow for this. Even if 100% business rates retention is not now introduced as originally intended, the pressures on UK-wide public finances mean that the Council risks facing corresponding burdens, whether in the form of additional responsibilities or an increased tariff / top-up adjustment. With an adverse outcome this figure is treated as increasing to £2 million.

Business Rates

- 6.7 As described above, the net business rates income received by the Council is highly volatile, being sensitive to the number of appeals as well as to the overall economy.
- 6.8 A further factor to be considered is the likely resetting of the government's business rates baseline in 2020/21. This represents the level above which the Council benefits from a share in business rates growth. It is likely that the government will reset the baseline in order to redistribute resources from those areas that have benefitted most from business rates growth in the years since the current system was introduced in 2013, to those areas that have had lower business rates growth.

6.9 Assumptions are as follows:

Favourable – annual increase in business rates 3%; Council retains all existing business rates growth, ie no adverse impact from business rates growth reset

Neutral – annual increase in retained business rates 2%; business rates growth reset to zero in 2020/21, £500,000 growth per annum from 2021/22 onwards.

Adverse –base level of retained business rates falls to the 'safety net' threshold; business rates growth reset to zero in 2020/21 and no further growth subsequently.

Fees and Charges

6.10 Current projections imply that fees and charges will increase in line with overall inflation assumptions. For the Council, the main component of inflation is pay inflation. In practice, it is not possible to increase all fees and charges by this amount as they are set by statute. Accordingly, the inflation assumptions for fees and charges are for somewhat lower increases than the corresponding expenditure assumptions.

6.11 The aggregate change in fees and charges income includes both inflation assumptions and volume assumptions, based on the buoyancy of income streams. For example, in a favourable economic environment we would expect volumes to grow. Details are as follows:

- Favourable – 0% price increase + 2% volume increase = 2%
- Neutral – 0% price increase + 1% volume increase= 1%
- Adverse – 1% price increase less 1% volume decrease = 0%

Inflation

6.12 The past year has seen a steady increase in inflation. The annual rate of increase in Consumer Price Index inflation (CPI) for the year to May 2017 was 2.9%. Although wage inflation in the public sector has been significantly below this level, there is increasing political pressure to relax the limits on public sector pay increases.

6.13 The following table sets out the assumptions made for the purposes of preparing Strategic Revenue Projections.

Table 5: Inflation Assumptions

	Favourable	Neutral	Adverse	Comments
Employee Costs	1.00%	1.00%	2.00%	The adverse assumption is that current government pay guidelines are relaxed
	0.50%	0.50%	0.50%	The annual cost of performance related incremental increases for staff
Electricity	3.00%	5.00%	9.00%	Based on guidance from

	Favourable	Neutral	Adverse	Comments
				supplier
Gas	3.00%	5.00%	11.00%	Based on guidance from supplier
Water	-3.50%	-1.75%	0.00%	Decrease in prices expected from deregulation of the water supply market
Fuel	1.00%	2.00%	3.00%	A predicted average increase based on previous trends as no forward looking information is available.
Insurance	1.00%	2.00%	3.00%	A predicted average increase based on previous trends as no forward looking information is available.
General	1.00%	2.00%	3.00%	2% is the government's target inflation rate but the current level of CPI inflation is 2.9%

Spending Pressures

- 6.14 Allowance has been made for known spending pressures within the projections, with optimistic, neutral and pessimistic views taken on likely temporary accommodation pressures in the three different scenarios.
- 6.15 As there will be a delay in generating returns from capital investment following the initial borrowing and commitment of cash, the line 'revenue costs of capital programme' shows additional pressures in the first three years of the MTF period, which are gradually reversed in years 4 and 5. In the adverse scenario, returns from the capital investment are 50% lower than in the neutral and favourable scenarios.
- 6.16 A summary of the projected budget gaps under each of the scenarios is set out below.

Table 6: Projected Budget Gap 2018/19 – 2022/23

	18/19	19/20	20/21	21/22	22/23
	£m	£m	£m	£m	£m

Scenario 1 – Favourable

Budget Gap ¹	-0.1	1.1	-0.2	0.8	-0.8
Required – Cumulative	-0.1	1.0	0.8	1.6	0.8
Savings identified to date ²	-0.9	-1.4	-1.6	-1.6	-1.6
Still to be identified	-1.0	-0.4	-0.8	-0.0	-0.8

Scenario 2 – Neutral

Budget Gap ¹	0.4	1.5	1.4	0.8	-0.3
Required – Cumulative	0.4	1.9	3.3	4.1	3.8
Savings identified to date ²	-0.9	-1.4	-1.6	-1.6	-1.6
Still to be identified	-0.5	0.5	1.7	2.5	2.2

Scenario 3 – Adverse					
Budget Gap ¹	2.3	2.0	1.2	3.0	0.8
Required – Cumulative	2.3	4.3	5.5	8.5	9.3
Savings identified to date ²	-0.9	-1.4	-1.6	-1.6	-1.6
Still to be identified	1.4	2.9	3.9	6.9	7.7

¹ A positive figure here indicates a budget gap; a negative figure (-) indicates a surplus

² Savings included in existing 2017/18 – 2021/22 MTFS / Efficiency Plan

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7. SAVINGS AND EFFICIENCY PLAN

- 7.1 It is inherent in the Medium Term Financial Strategy that the Council seeks to balance income and expenditure, and therefore identifies measures to eliminate any budget gap. In addition to the legal requirement to set a balanced budget for 2017/18, it is to be expected that the Council will have credible plans in place to address any budget gap in subsequent years. In the interests of prudence, these plans need to address not only a neutral set of projections but also the potential adverse scenario outlined in the previous section.
- 7.2 It was acknowledged in preparing the current MTFs, for the five years 2017/18 – 2021/22, that the size of the potential revenue budget shortfall meant that no single initiative could be expected to close the gap. Accordingly, a blend of different generic approaches were taken, each of which have contributed to the £3.4 million of savings in the current projections, as follows:

Table 7: Budget savings by category

	£000
Efficiency savings	1,008
Increased income	1,093
Transformation and business improvements	851
Service reductions	456
Total	3,408

The preferred approach to delivering savings is through efficiencies, increased income or transformation. Service reductions are a last resort.

- 7.3 The blended approach to delivering savings has proved successful so far. Most savings for 2017/18 are on track to be delivered. If an individual saving is not delivered, the wide spread of approaches and savings ideas means that overall risk is minimised. Note that this approach is not the same as 'salami slicing'. Each savings proposal has been carefully developed and evaluated. Savings are not based on an arbitrary percentage cut in a service budget.
- 7.4 In addressing the budget gaps identified under the scenarios outlined above, it is proposed to adopt a similar approach. Whilst the size of the budget gap is potentially greater, it is considered that this approach is scalable and is appropriate for the task that now requires to be undertaken. Budget proposals will be developed during the course of September – November 2017, prior to consideration by Service Committees and the wider stakeholder group in December 2017 – January 2018. Budget proposals will be sought addressing the worst case, ie a maximum budget gap of £7 million, in order that the Council is suitably prepared for this eventuality.

8. CAPITAL PROGRAMME

8.1 The capital programme plays a vital part in delivering the Council's strategic plan, since it is only through long term investment that our ambitions for the borough can be realised. The capital programme is a rolling five year programme. The existing capital programme was approved by Council at its budget meeting on 1st March 2017 and totals £60 million over five years. Details are set out below.

Table 8: Five Year Capital Programme 2017/18 – 2021/22

	Actual	Five year plan					Total
	16/17	17/18	18/19	19/20	20/21	21/22	
	£000	£000	£000	£000	£000	£000	£000
Housing and regeneration schemes	21	1,500	7,500	11,500	8,500	3,000	32,000
Housing investments	754	3,900	600	600	600	600	6,300
Other housing	840	1,376	1,150	1,150	1,150	1,150	5,976
Commercial property investments	3,653	1,500	0	0	0	0	1,500
Parks and open spaces	641	2,292	1,919	625	0	0	4,836
Town Centre regeneration	131	1,400	1,400	0	0	0	2,800
Maidstone East	2,783	288	212	0	0	0	500
Flood defences	28	50	50	300	550	50	1,000
Infrastructure delivery	500	0	3,000	0	0	0	3,000
Bridges Gyrotory Scheme	941	0	0	0	0	0	0
Other	1,559	740	601	520	415	225	2,501
Total	11,851	13,046	16,432	14,695	11,215	5,025	60,413

8.2 Infrastructure development in the Local Plan will be primarily funded from S106 contributions and the Community Infrastructure Levy. However, an allocation of £3 million has been included in the capital programme to cover investment by the Council itself. This may be used in advance of receiving S 106 contributions.

8.3 The above figures do not include potential capital investment in the Kent Medical Campus, part of the North Kent Enterprise Zone (EZ). This capital investment, which is expected to be an important driver for economic development, would be funded on a stand-alone basis from business rates income generated by the EZ.

8.4 Since the capital programme was agreed by Council, a requirement has emerged for a capital investment to strengthen the dam at the western end of Mote Park Lake. Detailed costings still have to be prepared but the cost is likely to be in the region of £1 million.

8.5 Schemes may be included in the capital programme if they fall within one of the four following categories:

- Required for statutory reasons, eg to ensure that Council property meets health and safety requirements;
 - Self-funding schemes focused on strategic plan priority outcomes;
 - Other schemes focused on strategic plan priority outcomes; and
 - Other priority schemes which will attract significant external funding.
- 8.6 All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code and the following locally set principles:
- a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant service committee.
 - b) Where schemes can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must first be prepared.
- 8.7 Maidstone Borough Council has so far not borrowed to fund its capital programme, instead relying primarily on New Homes Bonus to fund the capital programme. The funding projections for the Capital Programme envisage that borrowing will not be required in 2017/18, but will be in subsequent years. The cost of any borrowing will be factored into the updated MTFS financial projections.
- 8.8 There has been a reduction of the period for which New Homes Bonus would be paid from six years to five in 2017/18 and then to four in 2018/19. The reduction takes immediate effect, such that it affects six year payments already being received. An allowance is also made in calculating New Homes Bonus for the natural growth in housing from 'normal' levels of development. This means that New Homes Bonus will now only be paid on growth in excess of 0.4% per annum.
- 8.9 Many of the external grants that were available to the council for funding capital projects in the past no longer exist. However, recent projects have received support through grants and contributions, eg the Museum, Mote Park, and the High Street. Government funding is also available through the South East Local Enterprise Partnership (SELEP). Opportunities to bid for funding are pursued energetically wherever possible.
- 8.10 Funding is also available through developer contributions (S 106) and, in future, through the Community Infrastructure Levy (CIL). Members have been consulted in relation to the levy and a draft charging schedule was approved by Council at its meeting on 7 December 2016. The way will be clear for the Council to introduce a CIL when its Local Plan is adopted, subject to an examination of the Council's CIL proposals.
- 8.11 The current funding assumptions used in the programme are set out in the table below along with the expected total expenditure.

Table 9: Capital Programme Funding

Funding Source	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Earmarked Reserves	11,216	3,059	2,935	2,800	2,800	22,810
Capital Grants	800	800	800	800	800	4,000
Internal Borrowing	1,030	3,570				4,600
Prudential Borrowing	0	9,003	10,960	7,615	1,425	29,003
Total Resources	13,046	16,432	14,695	11,215	5,025	60,413

- 8.12 A review of the schemes in the capital programme will take place during the course of Autumn 2017. Proposals will be considered for any new schemes to be added to the capital programme. The affordability of the capital programme will be considered as part of this review, as it is essential that any borrowing to fund the capital programme is sustainable and affordable in terms of its revenue costs. The outcome of this review will be reported to Policy and Resources Committee in January 2018 and an updated capital programme recommended to Council for approval.

9. RISK MANAGEMENT

- 9.1 As indicated in the previous sections, the Council's MTFS is subject to a high degree of risk and certainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.
- 9.2 The major risk areas that have been identified as potentially threatening the Medium Term Financial Strategy are as follows.
- Failure to contain expenditure within agreed budgets
 - Fees & Charges fail to deliver sufficient income
 - Commercialisation fails to deliver additional income
 - Planned savings are not delivered
 - Shared services fail to perform within budgeted levels.
 - Insufficient Balances - minimum balance is insufficient to cover unexpected events OR minimum balances exceed the real need
 - Inflation rate predications underlying MTFS are inaccurate
 - Adverse impact from changes in local government funding
 - Constraints on council tax increases (ie 2% referendum limit)
 - Reduction or total loss of funding sources for capital programme
 - Increased complexity of government regulation
 - Business Rates & Council Tax collection
 - Other Kent Business Rates Pool members require support from the Council.
- 9.3 It is recognised that this is not an exhaustive list. By reviewing risks on a regular basis, it is expected that any major new risks will be identified and appropriate mitigations developed.
- 9.4 An assessment of the relative impact and likelihood of the risks identified is set out below.

Table 10: Budget Risk Matrix

Likelihood	5					
	4			B		
	3			C	H	
	2		E	F,G, I,L,M	A, D, J	
	1		K			
		1	2	3	4	5
		Impact				

Key

- A. Failure to contain expenditure within agreed budgets
- B. Fees and Charges fail to deliver sufficient income
- C. Commercialisation fails to deliver additional income
- D. Planned savings are not delivered
- E. Shared services fail to meet budget
- F. Council holds insufficient balances
- G. Inflation rate predictions underlying MTFS are inaccurate
- H. Adverse impact from changes in local government funding
- I. Constraints on council tax increases
- J. Funding the capital programme
- K. Increased complexity of government regulation
- L. Collection targets for Council Tax and Business Rates missed
- M. Business Rates pool fails to generate sufficient growth

9.5 For all risks shown on the Budget Risk Register, appropriate controls have been identified and their effectiveness is monitored on a regular basis.

10. CONSULTATION

10.1 Each year the Council carries out consultation as part of the development of the MTF5. This year the Council is carrying out its two-yearly Residents' Survey and the opportunity has been taken to incorporate questions about the Council's budget priorities, as follows:

- What funding approach do you think we should take for each of the Council's funding priorities (reduce spending/maintain current spending/increase spending)
- Which of the priorities is most important to you?
- Which of the following actions should the Council prioritise to balance the budget? (Increase council tax / Increase fees and charges for the services you use / Stop delivering non essential services / Provide services less frequently or to a lower standard)

The results of this consultation will be used to inform the preparation of detailed budget proposals.

10.2 As a second step, consultation will be carried out in December 2017 – January 2018 on the detailed budget proposals. Individual Service Committees will consider the budget proposals relating to the services within their areas of responsibility. Full details of the proposals will be published and residents' and businesses' views sought.

**REVENUE ESTIMATE 2018/19 TO 2022/23
STRATEGIC REVENUE PROJECTION (Favourable)**

2017/18 £,000		2018/19 £,000	2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000
AVAILABLE FINANCE						
14,828	COUNCIL TAX	15,191	15,805	16,439	17,093	17,766
	TARIFF / TOP-UP ADJUSTMENT		-1,589	-1,589	-2,889	-2,889
3,044	RETAINED BUSINESS RATES	3,142	3,254	3,352	3,452	3,556
1,025	BUSINESS RATES GROWTH	1,076	1,130	1,187	1,246	1,308
18,897	BUDGET REQUIREMENT	19,409	18,600	19,389	18,902	19,741
16,599	OTHER INCOME	19,319	19,654	19,995	20,342	20,697
35,496	TOTAL RESOURCES AVAILABLE	38,729	38,254	39,384	39,245	40,438
EXPECTED SERVICE SPEND						
35,625	CURRENT SPEND	37,315	38,729	38,254	39,384	39,245
	INFLATION INCREASES					
560	PAY, NI & INFLATION INCREASES	530	572	698	711	725
	NATIONAL INITIATIVES					
25	LOSS OF ADMINISTRATION GRANT	100				
0	PENSION DEFICIT FUNDING	60	60	150	150	150
180	PLANNING SERVICE	70				
	LOCAL PRESSURES					
94	HOMELESSNESS PREVENTION	36				
	MAIDSTONE HOUSE RENT INCREASE	40	40			
235	TEMPORARY ACCOMMODATION	-235				
200	REPLACE CONTINGENCY					
50	MUSEUM	50				
200	LOCAL PLAN REVIEW					
96	MOTE PARK CAFÉ - REVIEW OF OPTIONS	-96				
	PLANNING APPEALS	500	-500			
	REVENUE COSTS OF CAPITAL PROGRAMME	227	415	71	-225	-488
50	GROWTH PROVISION	50	50	50	50	50
37,315	TOTAL PREDICTED REQUIREMENT	38,647	39,365	39,223	40,070	39,682
1,819	SAVINGS REQUIRED	-82	1,111	-161	825	-756
1,819	SAVINGS IDENTIFIED IN MTFS 17/18	928	476	159	26	

**REVENUE ESTIMATE 2018/19 TO 2022/23
STRATEGIC REVENUE PROJECTION (Neutral)**

2017/18 £,000		2018/19 £,000	2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000
AVAILABLE FINANCE						
14,828	COUNCIL TAX	15,117	15,650	16,199	16,760	17,335
	TARIFF / TOP-UP ADJUSTMENT		-1,589	-1,589	-2,889	-2,889
3,044	RETAINED BUSINESS RATES (BR)	3,142	3,254	3,319	3,385	3,453
1,025	BR GROWTH	1,035	1,046	0	500	500
18,897	BUDGET REQUIREMENT	19,294	18,361	17,929	17,757	18,399
16,599	OTHER INCOME	19,178	19,366	19,556	19,749	19,944
35,496	TOTAL RESOURCES AVAILABLE	38,471	37,727	37,485	37,506	38,343
EXPECTED SERVICE SPEND						
35,625	CURRENT SPEND	37,315	38,471	37,727	37,485	37,506
INFLATION INCREASES						
560	PAY, NI & INFLATION INCREASES	629	676	808	827	846
NATIONAL INITIATIVES						
25	LOSS OF ADMINISTRATION GRANT	100				
0	PENSION DEFICIT FUNDING	60	60	150	150	150
180	PLANNING SERVICE	70				
LOCAL PRESSURES						
94	HOMELESSNESS PREVENTION	36				
	MAIDSTONE HOUSE RENT INCREASE	40	40			
235	TEMPORARY ACCOMMODATION	-118				
200	REPLACE CONTINGENCY					
50	MUSEUM	50				
200	LOCAL PLAN REVIEW	0				
96	MOTE PARK CAFÉ - REVIEW OF OPTIONS	-96				
	PLANNING APPEALS	500	-500			
	REVENUE COSTS OF CAPITAL PROGRAMME	227	415	71	-225	-488
50	GROWTH PROVISION	50	50	50	50	50
37,315	TOTAL PREDICTED REQUIREMENT	38,864	39,212	38,806	38,287	38,065
1,819	SAVINGS REQUIRED	393	1,485	1,320	781	-279
1,819	SAVINGS IDENTIFIED IN MTFS 17/18	928	476	159	26	

**REVENUE ESTIMATE 2018/19 TO 2022/23
STRATEGIC REVENUE PROJECTION (Adverse)**

2017/18 £,000		2018/19 £,000	2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000
AVAILABLE FINANCE						
14,828	COUNCIL TAX	15,042	15,496	15,960	16,432	16,912
	TARIFF / TOP-UP ADJUSTMENT		-1,589	-1,589	-3,589	-3,589
3,044	RETAINED BUSINESS RATES (BR)	2,907	3,010	2,840	2,679	2,528
1,025	BR GROWTH	0	0	0	0	0
18,897	BUDGET REQUIREMENT	17,949	16,918	17,212	15,523	15,852
16,599	OTHER INCOME	19,065	19,141	19,219	19,299	19,380
35,496	TOTAL RESOURCES AVAILABLE	37,014	36,059	36,431	34,822	35,232
EXPECTED SERVICE SPEND						
35,625	CURRENT SPEND	37,315	37,014	36,059	36,431	34,822
	INFLATION INCREASES					
560	PAY, NI & INFLATION INCREASES	912	974	1,121	1,156	1,194
	NATIONAL INITIATIVES					
25	LOSS OF ADMINISTRATION GRANT	100				
0	PENSION DEFICIT FUNDING	60	60	150	150	150
180	PLANNING SERVICE	70				
	LOCAL PRESSURES					
94	HOMELESSNESS PREVENTION	36				
	MAIDSTONE HOUSE RENT INCREASE	40	40			
235	TEMPORARY ACCOMMODATION					
200	REPLACE CONTINGENCY					
50	MUSEUM	50				
200	LOCAL PLAN REVIEW	0				
96	MOTE PARK CAFÉ - REVIEW OF OPTIONS	-96				
	PLANNING APPEALS	500	-500			
	REVENUE COSTS OF CAPITAL PROGRAMME	227	415	260	75	-188
50	GROWTH PROVISION	50	50	50	50	50
37,315	TOTAL PREDICTED REQUIREMENT	39,265	38,052	37,640	37,862	36,028
1,819	SAVINGS REQUIRED	2,251	1,994	1,210	3,040	796
1,819	SAVINGS IDENTIFIED IN MTF5 17/18	928	476	159	26	

**Budget Proposals
2017/18 - 2021/22**

APPENDIX B

Service	Proposal	17/18	18/19	19/20	20/21	21/22	Total	Category
Street Cleansing	Bring large mechanical sweeper in-house	20	40				60	Efficiency
Commercial Waste Services	Increase income generation	5	5				10	Income
Recycling Collection	Reduce general publicity and focus on increased garden waste income generation	89		44	22		155	Income, Efficiency
Grounds Maintenance	Increase income generation		50				50	Income
Fleet Workshop & Management	Alternative delivery model for fleet and relevant maintenance along with a reduction in fleet		50				50	Transform
Private Sector Renewal	Charging staff costs to Disabled Facilities Grants	50					50	Efficiency
Homeless Temporary Accommodation	New temporary accommodation strategy		100				100	Transform
CCTV	Commissioning review	50	75	25			150	Reduction
Environmental Enforcement	Commissioning review of enforcement			125			125	Transform
Parking Enforcement								
Public Conveniences	Review of public toilet cleaning contract	10					10	Efficiency
Licences	Shared Service - increased levels of income and greater efficiency.	10					10	Efficiency
Environmental Protection	Unspent professional services budget	10					10	Efficiency
Food Safety Section	Unspent professional services budget	10					10	Efficiency
Voluntary Sector Grants*	Phase out direct grants over MTFS period	11	11	11	11	11	55	Reduction
Grants to outside bodies *	Uncommitted project budgets	27	11				38	Reduction
Communities, Housing & Environment Total		292	342	205	33	11	883	
Museum **	Review operating and governance model	25	50	50			125	Efficiency
Parks & Open Spaces	New operational model to be incorporated within Parks and Open Spaces 10 Year Plan.	50	100	50			200	Efficiency
Festivals & Events **	Cease direct delivery of festivals and events		10	10	10		30	Reduction
Festivals & Events	Withdrawal of Christmas lights provision			30			30	Reduction
Crematorium	Increased income from fees & charges (to be agreed under fees & charges report)	55					55	Income
Heritage, Culture & Leisure Total		130	160	140	10	0	440	
Members' Allowances	Saving on allowances and expenses	20					20	Efficiency
Members' Facilities	Saving on running costs	20					20	Efficiency
Press & Public Relations	Centralise marketing and communications	50					50	Efficiency
Corporate Management	External audit contract	50		10			60	Efficiency
Registration Of Electors	Reduce frequency of canvassing	10					10	Reduction
New commercial investments	Additional income from new commercial acquisitions	200	100				300	Income
Economic Research	Move discretionary budgets into business rates retention pool and remove from base budget	70					70	Efficiency
Business Support & Enterprise	Capitalise staff costs for project work	56					56	Efficiency
Customer Services Section	Reduce staff costs following shift from face to face to digital contacts.	20	20	20			60	Transform
ICT Non-pooled	Retire redundant ICT systems		10				10	Efficiency
Office Cleaning Contract	Review office cleaning contract		10				10	Efficiency
Office Accommodation **	Charging for non-essential staff parking	15					15	Income
Finance	Recover cost of credit card payments		10				10	Income
Corporate Support	Office stationery commissioning exercise	5					5	Efficiency
Finance and Business Improvement	Restructure/review following departure of Head of F & R	100					100	Efficiency
Debt Recovery Service *	Business growth as part of the commercialisation agenda	88					88	Income
Council Tax Collection	Various savings	88	50				138	Efficiency
Council Tax Collection	Reduction in staff costs resulting from changes in empty property relief	20					20	
Legal Services Section *	Various savings	51					51	Efficiency, Income
Fraud Partnership	Fraud partnership			10			10	Efficiency
Gateway	Gateway rationalisation	150					150	Transform
Policy & Resources Total		1,013	200	40	0	0	1,253	
Development Control Applications	Savings arising from Planning Review including income generation		120				120	Income, Transform
Development Control Appeals	Reduction following adoption of local plan.		40				40	Reduction
Planning Policy	Following conclusion of local plan work, reduction in staff levels based on Planning Review	45	50				95	Efficiency
Building Regulations Chargeable	Increase income recovery on chargeable services (to be agreed under fees & charges report)	25					25	Income
Planning Support	Increase in shared service income - planning	14					14	Income
Pay & Display Car Parks *	5% increase in income (to be agreed under fees & charges report)	300			100		400	Income
Park & Ride	Potential opportunity to re-specify service and deliver at reduced cost.			75			75	Reduction
Grants to outside bodies	Remove grants as part of voluntary sector grants reduction strategy		16	16	16	15	63	Reduction
Strategic Planning, Sustainability and Transportation		384	226	91	116	15	832	
GRAND TOTAL		1,819	928	476	159	26	3,408	

* = New / amended budget proposal

** = Reprofiled budget proposal

Agenda Item 16

Policy and Resources Committee

25th July 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Council Tax Reduction Scheme 2018/2019

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Sheila Coburn, Head of Revenues and Benefits
Lead Officer and Report Author	Nita Golding, Benefits Manager
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the options in section 4 of this report are agreed as the basis for public consultation concerning the Council Tax Reduction Scheme, with the preferred option identified as Option 1.
2. That the potential impact of the changes on working age claimants with the protected characteristics of disability, age and sex, under the Equalities Act (2010) are noted.
3. That the fact that the proposed changes will have no material impact on Council Tax Reduction Scheme customers not in receipt of Universal Credit is noted.
4. That delegated authority is given to the Head of Revenues and Benefits to finalise and commence consultation on the updated Council Tax Reduction Scheme, incorporating these changes, to be implemented for 2018/2019.

This report relates to the following corporate priorities:

- Securing a successful economy for Maidstone Borough – providing an effective scheme supports low income households the meet their financial obligations.

Timetable

Meeting	Date
Policy and Resources Committee	25 th July 2017
Policy and Resources Committee	25 th October 2017
Council	6 th December 2017

Council Tax Reduction Scheme 2018/2019

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to recommend changes to the scheme in readiness for public consultation, and to give delegated authority to the Head of Revenues and Benefits to finalise and commence consultation.
- 1.2 In amending the scheme for 2018/19 the intention is to mitigate the impact of Universal Credit (UC) on the administration of the Council Tax Reduction Scheme (CTRS), billing and collection of council tax.

2. INTRODUCTION AND BACKGROUND

- 2.1 The Council Tax Reduction Scheme (CTRS) was introduced in April 2013 as a replacement for Council Tax Benefit (CTB), a national scheme administered on behalf of the Department for Work and Pensions (DWP).
- 2.2 As part of its introduction, Central Government set out a number of key elements:

The duty to create and consult on a local scheme for Working Age applicants was placed with Billing Authorities;
Funding was initially reduced by the equivalent of 10%, with funding subsequently withdrawn altogether in line with the Revenue Support Grant.
Persons of Pension Age, although allowed to apply for CTRS, would be protected from any reduction in support through regulations prescribed by Central Government.
- 2.3 Each year the scheme must be approved by Full Council before 31 January.
- 2.4 Across Kent, a common 'platform' approach was adopted for the design of local schemes, with the new schemes broadly replicating the former CTB scheme but with a basic reduction in entitlement for working age claimants. In Maidstone, working age claimants must pay at least 20% of the council tax liability.
- 2.5 Since its introduction in April 2013, the scheme has been 'refreshed' annually and further changes introduced to ensure that the scheme remains affordable whilst providing support for those most in need.
- 2.6 In amending the scheme for 2018/19 the intention is to mitigate the impact of Universal Credit (UC) on the administration of the CTRS, billing and collection of council tax.

3. Reason for Change

- 3.1 UC has introduced fundamental changes to how the welfare system operates and replaces a number of existing benefits including income

support, job seekers allowance, employment support allowance, working tax credits, child tax credits and housing benefit.

- 3.2 CTRS is administered as a local discount, putting it outside of the welfare system and scope of UC.
- 3.3 The gradual roll out of UC has meant limited impact locally to date but that will change in August 2018 when the new system will be applied to all new claimants of the above benefits. The transfer of existing claimants onto the new system will be managed over a longer timeframe with full migration to UC not expected for all claimants until 2022 at the earliest.
- 3.4 A key difference in the way that UC operates is that it uses real time earnings information held by HMRC to calculate UC awards without the need for the customer to report changes. The principle being that UC entitlement goes up and down each month in line with earnings so that claimants receive the right amount of help and are encouraged to do additional work when they can, without fear that their benefits will stop.
- 3.5 Whilst the frequent change in UC entitlement to mirror earnings provides a benefit to the recipient, it represents a challenge for the administration of the CTRS due to the increase in reported changes through UC and DWP.
- 3.6 CTRS is calculated as a means tested benefit taking into account the claimants' income and wider circumstances. Earnings are averaged at the start of the claim and reviewed periodically, with the claimant under a duty to report material changes such as an increase in the working hours, someone moving in or out of the property. On average, customers report between 2-4 changes per year.
- 3.7 Information from councils that are already operating a full UC Service suggest that changes reported through UC and DWP are significantly higher, reflecting the link between monthly earnings and benefit payments, with 11-32 changes reported per customer annually.
- 3.8 Given the link between the calculation of CTRS and collection of council tax, this could mean customers receiving a new council tax bill every month due to what could be minor variations in their earnings and UC award.
- 3.9 Its believed that such a situation would provide confusion for customers, limit the effectiveness of the council in recovering unpaid council tax and add further cost to the administration of the CTRS.

4. AVAILABLE OPTIONS

- 4.1 To address that situation it is proposed that the Council consult regarding the following options:
- 4.2 Option 1 - apply a fixed income period to avoid multiple changes - This option will enable the council to calculate or recalculate a person's entitlement through the CTRS every 6 months. There may be exceptions to this timeframe if there is a significant change in the household or income.

Customers will still have a responsibility to report changes in their circumstances, such as a partner moving in or a change in employer. Currently, every change to a person's income or capital will potentially generate a change in their CTR leading to changes in their council tax instalments.

By fixing the assessment period, this will avoid multiple changes, be less confusing, avoid the constant recalculation of council tax instalments and aid administration.

- 4.3 Option 2 – apply a tolerance to avoid multiple changes – This option will enable the authority to recalculate a person's entitlement to CTR where the change would result in alterations of entitlement of greater than / less than a set amount. This could be set at around £3 per week difference in award (approx. £15 per week income). Currently, every change to a person's income or capital will potentially generate a change in their council tax reduction leading to a change in their council tax instalments
- 4.4 Option 3 – not applying any changes received from the DWP – This option would continue with the existing scheme operated by the council but changes in UC notified by the DWP would not be actioned automatically. Changes would only be actioned if reported by the claimant.

The result of this approach would be to significantly reduce the number of changes undertaken but it would place the onus on the applicant to notify the council of changes (this is already a duty imposed under the existing scheme). The council would need to decide when to apply beneficial/non-beneficial changes and whether non reported changes should be subject to a penalty.

- 4.5 Further information regarding the pros and cons of each option is provided as appendix A.

5 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 5.1 It is proposed that for the purpose of the consultation Option 1 is identified as the Council's preferred change for the following reasons.

It can be easily understood by those affected
It provides stability around council tax to be paid, supporting budgeting
It enables work and resources to be effectively planned and managed

- 5.2 The outcome of the consultation will be taken into account in making a final recommendation to Committee in October.

6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The service plans to consult with key stakeholders to include voluntary sector, registered social landlords and a representative group of benefit claimants.

- 6.2 The consultation will be open for a minimum of 6 weeks and be promoted online and through the Maidstone Link.
- 6.3 The results of the consultation and final recommendation will be presented to Policy and Resources Committee in October 2017.

7 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The final decision regarding changes to the scheme will be notified to households affected and key stakeholders.

8 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Securing a successful economy for Maidstone Borough – providing an effective scheme supports low income households the meet their financial obligations.	Nita Golding Benefits Manager
Risk Management	Implementing change before the full roll out of UC will provide opportunity to evaluate the impact of the mitigation before significant numbers of households are affected.	Nita Golding Benefits Manager
Financial	The cost of CTRS impacts on the council tax base and thereby the council tax yield. If the cost of awards were to increase, this would mean the council tax base and overall council tax income would reduce. Any change in cost of the scheme is shared through the collection fund with major preceptors.	Section 151 Officer & Finance Team
Staffing	Should the council not take steps to mitigate the impact of universal credit additional resources would be required to manage the additional	Nita Golding Benefits Manager

	<p>workload.</p> <p>Early projections suggest this could be as much as 3 FTEs.</p>	
Legal	<p>The Local Government Finance Act 1992 requires Council to approve a scheme for 2018/2019 by 31 January 2018.</p> <p>The Act contains a statutory duty to consult on a proposed scheme, with guiding principles for fair consultation set out in case law.</p>	[Legal Team]
Equality Impact Needs Assessment	<p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p> <p>The options considered in this report could directly impact on end users.</p> <ul style="list-style-type: none"> • The changes proposed within the consultation will continue to maintain a range of additional allowances and income disregards for people with disabilities and carers and apply a consistent percentage reduction to the benefit award for all people of working age. • All options could impact on working age claimants with one or more of the protected characteristics of disability, 	Policy & Information Manager

	<p>age, sex or race, to varying degrees.</p> <ul style="list-style-type: none"> The earlier introduction of an exceptional hardship scheme will provide a means to help mitigate possible impact. <p>In giving delegated authority to the Head of Revenues and Benefits to finalise and commence consultation, members should note that further consideration of the impacts will take place which will include an analysis of the actual impacts of the changes introduced in 2017/2018. Further analysis of the impacts of the proposed changes will be considered and set out in the consultation documents, where appropriate. The findings from the analysis will be presented to Committee in October 2017 along with the consultation results.</p>	
Environmental/Sustainable Development	No impact	Nita Golding Benefits Manager
Community Safety	No impact	Nita Golding Benefits Manager
Human Rights Act	No impact	Nita Golding Benefits Manager
Procurement	No impact	Nita Golding Benefits Manager
Asset Management	No impact	Nita Golding Benefits Manager

9 REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Report on implications for the introduction of Full Service Universal Credit

10 BACKGROUND PAPERS

None

Mid Kent Services
Council Tax Reduction - Implications for the introduction of Full Service
Universal Credit
June 2017

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1.0 Introduction and background

- 1.1 Following discussions with the partnership, a request has been made to analyse the issues which are likely to occur within Council Tax Reduction with the implementation of Full Service Universal Credit (UC).
- 1.2 This briefing paper provides the following information as agreed:
 - a. Commentary on each of the issues experienced by authorities within Full Service areas including potential options to change to the CTR scheme ;
 - b. Whether the option requires consultation;
 - c. Where consultation is required, suggested wording to be used in the consultation process; and
 - d. Indications of the changes needed to the current Council Tax Reduction scheme documentation.
- 1.3 For clarity, the main issues fall in the following areas:
 - a. The reluctance of Universal Credit (UC) claimants to make a prompt claim for Council Tax Reduction (CTR);
 - b. The number of changes to Universal Credit cases received through the data hub requiring a change to Council Tax Reduction entitlement;
 - c. The changes in Council Tax Reduction resulting in changes to Council Tax liability, the re-calculation of instalments, delays and potential loss in recovery; and
 - d. The increased costs of administration through multiple changes (staff time), increase in documentation and postage etc.
- 1.4 The option shown address one or more of the issues identified in paragraph 1.3.

2.0 Analysis of Issues

The reluctance of Universal Credit (UC) claimants to make a prompt claim for Council Tax Reduction (CTR)

- 2.1 Universal Credit claimants are often slow or even reluctant to claim Council Tax Reduction. We have undertaken some analysis and it would appear that there is confusion in that they do not appear to understand, in a number of cases, that a separate claim is actually required. Poor information provided by the Department for Work and Pensions (DWP) is also often blamed.
- 2.2 The effect of this is that either no claim is made (resulting in a higher Council Tax liability or non-payment) or a delay in claiming again resulting in a higher than necessary Council Tax liability.

Universal Credit cases - accepting DWP information (data hub) as an intention to claim for CTR

Commentary	This option would allow each Council to accept any information received from the Secretary of State for DWP as an intention to claim, for Council Tax Reduction.
Consultation Required?	No - the current scheme allows for anything to be treated as an intention to claim or to accept information from DWP.
Changes to documentation	None required

Universal Credit cases - accepting DWP information (data hub) as a claim for CTR

Commentary	This option would allow each Council to accept any information received from the Secretary of State for DWP as a claim, for Council Tax Reduction. The current scheme allows for claims to be received in writing which includes emails or electronic format and it could be argued that the option could be undertaken immediately without changing the scheme itself. The main advantage is that Council Tax Reduction could be processed automatically once information is received from the data hub and will maximise entitlement. It will also assist in the recovery of Council Tax and reduce administration. It could be argued that there may be an increase in scheme costs where a claim is automatically processed.
Consultation Required?	No
Changes to documentation	The current documentation allows for this option. However, we would suggest that further wording is added to ensure clarity in these cases.

Dealing with multiple changes to CTR cases through changes in Universal Credit

- 2.3 From information obtained from the Full-Service UC sites, large volumes of changes in UC are received on a daily basis via the data hub. The amount of changes vary from authority to authority. The number of changes received ranges from **11** changes per annum **per case** to **32** changes per annum **per case**. Clearly not all changes are correct or have to be actioned although in all cases, work has to be undertaken to establish whether action should be taken to align CTR with the UC changes. In effect this could mean that a large number of UC cases would receive 12 Council Tax bills per annum with the corresponding confusion and administration costs.
- 2.4 It should be noted that there is no immediate likelihood that the accuracy of the data from DWP will be improved and in any event the data hub information does not necessarily agree with information held on CIS.
- 2.5 The following options have been taken, or are being considered by authorities to reduce the impact of these changes.

Universal Credit cases - applying a fixed income period to avoid multiple changes

<p>Commentary</p>	<p>This option will allow each authority to set 'assessment periods' during which any changes in universal credit entitlement will not be actioned. Each authority will need to decide what changes or exceptions (if any) would trigger a change and also the period for which this would last.</p> <p>Traditionally fixed periods of this sort have been 6 months (previously used within Family Credit). Decisions will also need to be made as to whether this will apply just to Universal Credit cases or to the caseload generally.</p> <p>The fixed period approach cannot be made to the pension age CTR scheme which is prescribed by Central Government.</p>
<p>Consultation Required?</p>	<p>Yes</p>
<p>Suggested Consultation wording</p>	<p>Fixed Period Assessments</p> <p>This option will enable the authority to calculate or recalculate a person's entitlement to Council Tax Reduction every xxx months. Currently, every change to a person's income or capital will potentially generate a change in their Council Tax Reduction leading to changes in their Council Tax instalments.</p> <p>By fixing the assessment period, this will avoid multiple changes, be less confusing, avoid the constant recalculations of Council Tax instalments and will aid administration.</p>

The benefit of this is:

- It is a clear and simple change to the current scheme;
- It is administratively simple and will potentially make administrative savings; and
- It may benefit some applicants as changes that may decrease Council Tax Reduction for a person would not be taken into account until the new assessment period.

The drawbacks of doing this are:

- It may disadvantage some applicants as changes that may increase Council Tax Reduction for a person would not be taken into account until the new assessment period.

Do you agree with this change to the scheme?

Yes No Don't know

If you disagree what alternative would you propose?

Changes to documentation

We would need to agree with each authority the exact wording in the working age scheme to ensure that it achieves the required outcomes. We assume that this would not be a blanket policy and that there would need to be certain 'triggers' that would allow for further assessment prior to the end of the existing assessment period.

Universal Credit cases - applying a tolerance to avoid multiple changes

Commentary

The option would continue with the existing scheme operated by each Council but significantly changes which would increase or decrease entitlement below an agreed level would not effect any change to the award of Council Tax Reduction. Each Council would need to decide the following:

- What level of change (£) would not be actioned;
- Whether the tolerance would apply to both increases in entitlement and decreases in entitlement equally;
- Whether changes should be 'accumulated' and then actioned when all changes 'add up' to more than the tolerance level; and

Whether the tolerance should apply to all applicants irrespective of the income / benefits they receive.

	<p>The tolerance approach cannot be made to the pension age CTR scheme which is prescribed by Central Government.</p>
<p>Consultation Required?</p>	<p>Yes</p>
<p>Suggested Consultation wording</p>	<p>Tolerances</p> <p>This option will enable the authority only to recalculate a person's entitlement to Council Tax Reduction where the change would result in an alteration of entitlement of greater than / less than £xx. Currently, every change to a person's income or capital will potentially generate a change in their Council Tax Reduction leading to changes in their Council Tax instalments.</p> <p>By fixing a tolerance level, this will avoid multiple changes, be less confusing, avoid the constant recalculations of Council Tax instalments and will aid administration.</p> <p>The benefit of this is:</p> <ul style="list-style-type: none"> • It is a clear and simple change to the current scheme; • It is administratively simple and will potentially make administrative savings; and • It may benefit some applicants as changes that may decrease Council Tax Reduction for a person would not be taken into account. <p>The drawbacks of doing this are:</p> <ul style="list-style-type: none"> • It may disadvantage some applicants as changes that may increase Council Tax Reduction for a person would not be taken into account due to the tolerance. <p>Do you agree with this change to the scheme? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Don't know</p> <p>If you disagree what alternative would you propose?</p>
<p>Changes to documentation</p>	<p>We would need to agree with each authority the exact wording in the working age scheme to ensure that it achieves the required outcomes. We assume that this would not be a blanket policy and that there would need to be certain 'triggers' that would allow for further assessment despite the tolerance level being set.</p>

Universal Credit cases - not applying any changes received from the DWP

	<p>The option would continue with the existing scheme operated by each Council but changes in UC notified by the DWP would not be actioned automatically. Changes would only be actioned if reported by the applicant.</p> <p>The result of this approach would be to significantly reduce the number of changes undertaken but it would place the onus on the applicant to notify each Council of changes (this is already a duty imposed under the existing schemes). Each Council would need to decide the following:</p> <ol style="list-style-type: none"> How it would deal with changes notified by the applicant that are beneficial in nature (this is particularly relevant with effective dates); How it would deal with changes notified by the applicant that are non- beneficial in nature (this is particularly relevant with effective dates); and Whether non-reported changes should be subject to a penalty <p>This approach cannot be made to the pension age CTR scheme which is prescribed by Central Government.</p>
<p>Consultation Required?</p> <p>Suggested Consultation wording</p>	<p>Yes</p> <p>Not actioning DWP notified changes</p> <p>This option will mean that the Council would only action changes to Council Tax Reduction where notified by the applicant. Currently, every change reported to the Council by the Department for Work and Pensions that would potentially generate a change in their Council Tax Reduction is actioned.</p> <p>This approach places additional emphasis on the applicant reporting changes. It should be noted that this is already a duty under the current scheme.</p> <p>The benefit of this is:</p> <ul style="list-style-type: none"> It is a clear and simple change to the current scheme and will avoid the use of incorrect data sent through by the DWP It is administratively simple and will potentially make administrative savings; and It may benefit some applicants as only correct changes will be actioned

The drawbacks of doing this are:

- It may disadvantage some applicants as changes not reported, albeit that they may increase Council Tax Reduction would not be actioned.
- The failure to notify any changes may result in loss of Council Tax Reduction and the imposition of penalties for late notification.

Do you agree with this change to the scheme?

Yes No *Don't know*

If you disagree what alternative would you propose?

Changes to documentation

This is a simple change in the document. Replacing the word 'shall' with 'may'.

POLICY & RESOURCES

25TH JULY 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

HOUSING DEVELOPMENT & REGENERATION INVESTMENT PLAN

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	William Cornall, Director of Regeneration & Place
Lead Officer and Report Author	William Cornall, Director of Regeneration & Place
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the Housing Development and Regeneration Investment Plan is adopted.
2. That Officers arrange a Members workshop in the new-year to explore the potential for the long term expansion of the Plan.
3. That the Housing Development element of the Housing Development and Regeneration Investment Plan is adopted as the renewed Business Plan for Maidstone Property Holdings Limited.

This report relates to the following corporate priorities:

- A home for everyone – the adoption of this plan is instrumental to delivering the Council’s own housing building aspirations.
- Regenerating the town centre – the adoption of this plan will mean that some of the Council’s own resources are targeted to direct investment in town centre projects that will bring about the physical regeneration of the built environment.

Timetable

Meeting	Date
Policy & Resources Committee	25 th July 2017

HOUSING DEVELOPMENT & REGENERATION INVESTMENT PLAN

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report builds upon the decision taken by the Policy & Resources Committee on 23rd November 2016, when it was decided to refocus the Council's Commercialisation Strategy upon housing and regeneration.
- 1.2 This direction of travel was cemented by the Policy & Resources Committee approving the Council's capital investment programme, with £28m ring fenced for housing developments over the rolling five-year Medium Term Financial Strategy (MTFS) period, commencing 2017/18.
- 1.3 This plan sets out the principles that will guide the Council's long-term "housing development" investment decisions. This will be the main thrust of the plan, setting out how to create a portfolio of market rented homes.
- 1.4 The second element of the plan will set out the need to create a "regeneration" revolving fund for short to medium term investment in land assembly and master-planning activities that will enable large-scale private sector led projects. As well as again setting the principles that will guide the Council's investment decisions, the plan will also set out six opportunity areas that may be suitable for this intervention.

2. INTRODUCTION AND BACKGROUND

- 2.1 Beyond this plan, the Council is already doing much to increase housing delivery through the Housing Strategy and Local Plan, but this plan focuses upon the Council's direct investment and interventions as part of the ongoing commercialisation agenda. Within this section, the two areas will be addressed separately.

Housing Development

- 2.2 The primary motive for this emerging area of work is for it to be commercially focussed, so as to maximise long term revenue returns to the Council through developing homes for market rent. This is a very realistic proposition as the Council can borrow to invest on extremely competitive terms (through the Public Sector Loans Board), so positive cash-flows (from new developments) should be possible from the outset together with an appreciating asset base that could be realised at a future date.
- 2.3 However, no new venture can be without risk, and so the following SWOT analysis sets out the Councils' current position in terms of embarking on this new area of work:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Trusted brand. • Local property market. Intelligence. • Ability to borrow on attractive terms. • Ability to invest for longer term returns. 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Developing commercial focus. • Competing priorities (staff & funds). • Lost housing management infrastructure. • Limited land holdings, competition for sites.
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • To share risk & reward with private sector. • To diversify the Council's income streams. • Positive public perception on housing crisis. • Positive revenue returns and capital growth. 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Changing market conditions, BREXIT. • Construction skills shortage (rising prices). • Potentially more central government oversight of CAPEX. • Realistic delivery timescales.

2.4 Furthermore, in terms of evaluating the current operating environment, as a back drop for formulating this investment plan, the following PEST analysis has been undertaken:

<p><u>Political (Housing White Paper 2017)</u></p> <ul style="list-style-type: none"> • Seeks more council housebuilding. • Seeks to grow the private rented sector (PRS). • Seeks to raise PRS standards. • Seeks new developer entrants to the market. 	<p><u>Economic</u></p> <ul style="list-style-type: none"> • Housing delivery is falling short of demand • Private sector rental growth is stable • House price inflation is stable • There are high levels of employment
<p><u>Social</u></p> <ul style="list-style-type: none"> • Home ownership is not within reach for some. • PRS is attractive for those seeking job mobility. • There is an appetite for longer PRS tenancies. • A desire for sophisticated management services. 	<p><u>Technological</u></p> <ul style="list-style-type: none"> • Opportunities for off-site construction. • Eco enhancements could reduce running costs. • Digital services could reduce management costs. • Car sharing infrastructure could boost returns.

2.5 Having considered the context, in order to create mixed-communities and also to maximise financial returns, our housing development projects will generally be delivered with the following (approximate) tenure mix;

- 1/3 for market rented housing to be retained by Maidstone Property Holdings (MPH), the Council's housing company that was incorporated in September 2016.

- 1/3 for market sale housing to be delivered in most cases by the appointed development contractor (the builder) or by way of a joint venture between the appointed development contractor and the Council.
- 1/3 for affordable housing to be delivered by local housing associations (HA) via the Section 106 agreements attached to our housing development projects.

N.B.1 On smaller schemes the tenure will be typically be loaded to, or even exclusively, market rent, as these will fall below the affordable housing threshold, and owner occupiers will tend to prefer schemes where there is a critical mass (of owner occupiers).

N.B.2 It is also possible that some residential led schemes will have an element of commercial property in them too, so the Council will most definitely consider mixed use opportunities, which would grow the commercial property portfolio too.

2.6 Therefore, by developing homes for market rent, the Council will be leveraging in additional monies on top of the Councils' own investment, from contractor and HA partners. In approximate terms, the Council's £28m investment will yield a portfolio of around 140 market rented homes (a total scheme cost of circa £200k per home), as well as attracting a similar sum from contractor partners for the market sale homes, and a little less from housing associations (they will pay 80% of market value) for the affordable housing, so around £78m of investment in total.

2.7 The main focus will be to develop new homes for the portfolio, rather than acquire second hand stock, because:

- It will enable Council to bring forward some of its own sites for development.
- It will bring about the physical regeneration of the borough.
- It will show leadership in the delivery of the Local Plan.
- It will create new jobs and opportunities, some of which may be for local firms and people, and these could be contractually guaranteed through the Employers' requirements within build contract documents.
- It will maximise financial returns by taking the development risk.
- It will give the Council the opportunity to showcase exemplar housing developments.
- New stock will be more attractive to the customer for the long term, as it will be designed with market renters in mind.

2.8 However, the development of new homes is an area of work that the Council has not undertaken for several years. Therefore, in readiness for this plan, those skills have been replenished within the Corporate Leadership team, and a new “capital projects delivery” team has been created under the Head of Regeneration & Economic Development. The team is led by John Foster, Regeneration and Economic Development Manager, and comprises five further staff with the necessary skills and experience, brought together from other areas within the Council. This team has undertaken a programme of specialist training already, and is supplemented by external consultancy advice specific to each project, for; Architectural services, Employers’ Agent (cost, contract and project management) and Principal Designer (client Health & Safety), as well as internal expertise from the Property Team.

2.9 This new team has now carefully considered what the Council’s market rent offer should be, and this is presented as a “marketing-mix”, as follows:

<p><u>Product</u></p> <ul style="list-style-type: none"> • Apartments (predominantly). • High quality design. • Open-plan plus en-suite to master bedrooms. • Unfurnished (+ carpets, curtains, white goods). 	<p><u>Place</u></p> <ul style="list-style-type: none"> • Brownfield sites. • Predominantly town centre. • Regeneration areas. • Good public transport areas (reduced parking).
<p><u>Price</u></p> <ul style="list-style-type: none"> • Mid-price point. • Longer tenancies. • Affordable service charge. • Good quality management & maintenance. 	<p><u>Promotion</u></p> <ul style="list-style-type: none"> • Maidstone Property Holdings branding. • Local letting agents. • All Council media channels. • Housing Register.

2.10 In terms of identifying suitable housing development projects, the Council has now made positive decisions in respect of Brunswick Street and Union Street, and there are also other possibilities within the Council’s existing land holdings that are already being explored. Needless to say, where these are existing car parks, the emphasis will be upon maintaining the car parking income whilst facilitating residential development, either by building above or through consolidation of car parking sites (as per the Integrated Transport Strategy and the emerging results from the WSP study on town centre car parking, park & ride and bus station).

2.11 Realistically, given the Council’s limited land holdings, it will be necessary to secure new sites in the market too, either through our own enquiries, or by approaches made by developers / contractors that already own or control suitable sites, that would also be willing to build them out in partnership with the Council. On this front, the Council is now already receiving a stream of high quality opportunities from potential private sector partners, as they start to respond to the programme of engagement that has been put in place, in terms of the Council’s ambitions on this front.

2.12 In readiness for this new area of work, the Council is using a market leading software package to financially appraise new housing development opportunities, ProVal by Shelton Development Services (SDS). Within this software, the client organisation is required to enter their specific development assumptions and hurdle rates, under guidance by SDS, and this exercise has now been completed in conjunction with the Director of Finance & Business Improvement. These have been agreed by the Director of Finance & Business Improvement and are set out in **Appendix 1 of this report**.

2.13 Whilst the capital programme for the Councils' £28m investment into this sector has already been approved, each individual project will also need to be assessed and approved by the Policy & Resources Committee prior to the following milestones:

- Land acquisition, submission of Planning application (if required) and for approval to tender the construction works, and again prior to;
- Start on site, once prices are confirmed for the construction works and the price payable for the affordable housing by the housing association partner.

2.14 When seeking approval from the Policy & Resources Committee, the first report will provide full details of the development opportunity, to be considered under the following headings;

- Introduction (to include proposed accommodation / tenure schedule)
- Land ownership
- Partners
- Early ward member engagement
- Planning
- Programme
- Financial analysis
- Risks / unknowns

2.15 Prior to entering into binding commitments, the project delivery team will secure at the appropriate juncture, expert third party advice in respect of the following:

- The land value payable.
- A satisfactory Report on Title from the acting solicitor.
- A satisfactory Report on Contract from the Employers' Agent, being a detailed analysis of the proposed contract sum and programme, so as to evidence best value to the Council. This will include the details of an appropriate 10% Performance Bond in favour of the Council that the contractor will enter into prior to start on site, as well as details of an appropriate Housebuilder Guarantee scheme (such as NHBC, Premier or similar), details of the proposed defects liability period and retention arrangements, as well as the suitability and overall robustness of the proposed building contract or development agreement.

- A satisfactory assessment of the contractors' financial standing commissioned via Finance colleagues through an external agency such as Dunn & Bradstreet or similar.

2.16 In terms of the approved £28m capital investment programme for this area of work, the programme of projects is now starting to take shape as follows:

Project	Tenure	Start on Site	Practical Completion	Net Cost
Brunswick St	24 market rent (MPH) 10 market sale (developer) 13 affordable housing (HA)	Jan 18	July 19	£4,967,000
Union St	16 market rent (MPH) 17 market sale (developer) 14 affordable housing (HA)	Jan 18	July 19	£2,800,000
Lenworth House	14 market rent (MPH)	Oct 17	Oct 18	£2,579,000
				£10,346,000

2.17 Therefore, the Council has a maximum £17,654,000 of further projects to identify. However, the figures above assume that the Council will not take any sales exposure (by way of a joint venture with the developer / contractor) on the private sale elements of both Brunswick Street and Union Street. Were the Council to take a 50% stake in the private sale element of both of these projects, this would mean a further cash exposure of circa £4.5m, so leaving a further £13,154,000 to invest over the MTFs period.

2.18 When contractors are invited to tender for the construction of Brunswick Street and Union Street, they will be invited to bid under the following three scenarios:

- The construction of the projects only.
- The construction of the projects and the delivery of the market sale element of the schemes too (as an offer to purchase from the Council the market sale plots).
- The construction of the projects and the delivery of the market sale element of the schemes by way of a joint venture with the Council.

2.19 Therefore, in terms of Brunswick Street and Union Street, the Council's approach to the market sale element will be decided upon in the autumn when the tenders have been returned and evaluated. Larger mixed tenure projects such as this will be explored in a similar way. Accordingly, the Council will need to work with high quality progressive contractors that have market sale expertise as well as a commitment to partnership working.

2.20 Whilst it is not necessary to make any decisions in respect of market sale exposure at this time, the Corporate Leadership Team favour the joint venture scenario, for the following reasons:

- It will provide some exposure to the sales market.

- It will allow the Council to work alongside and learn from private sector partners.
- It will mean that all the available monies do not quickly become tied up in a small number of projects, which would ultimately slow the rate at which the market rented portfolio could be grown.

2.21 Having discussed already the approach to risk management, in terms of financial analysis and required returns, construction procurement and management, realistically, the largest area of risk would be around exposure to the housing market in terms of investment in the market sale tenure, either as sole investor or by way of a joint venture. In all instances, should sales values fall so that it would be unprofitable to sell, the exit position would be that the properties instead be retained and made available for market rent. This will present two further issues to consider:

- Homes designed for market sale will not be as high yielding as those designed specifically for market rent. I.e. typically homes for market sale will be houses, and homes designed for market rent will be apartments.
- Cash-flow, so the Council will always need to have sufficient borrowings in place to cover this eventuality (the event that market sale receipts do not materialise). Clearly this cannot be an open ended commitment, so a maximum Council contractual exposure to market sale activity will never exceed more than £5m/ 25 units at any one time, and also the availability of sufficient funds that could be drawn down to cover this risk will need to be monitored as part of the overall reporting regime around the capital programme.

2.22 In terms of external assistance in delivering new housing, the Homes & Community Agency (HCA) could well be a key partner to the Council too. At present the HCA are offering Council's tailored assistance packages (Accelerated Delivery Fund) to ramp up housebuilding, under the following themes:

- Subsidised development loans
- Market sale guarantees (underwriting sales risk)
- Subsidy to facilitate the use of modern methods of construction to accelerate delivery on site.
- Subsidy to meet abnormal site costs (in terms of contamination and ground conditions) on brownfield land.

2.23 The Council has already submitted a bid for an assistance package from the HCA, and a decision is awaited from them, but their announcements have been delayed because of the purdah period prior to the General Election.

2.24 Turning to the housing management service for the portfolio, this is at present (for the existing portfolio to include the 20 apartments at Granada House) contracted out to Sibley Pares. This could be a suitable arrangement for the first housing developments, or it might be appropriate to explore whether the selected HA partner could offer a compelling service offer for the Councils' market rented homes. Ultimately, the Council's portfolio of

residential property is now growing, especially when the temporary accommodation portfolio (soon to be 50 units) is taken into account, and so a report making recommendations on this matter will be brought to the Communities, Housing and Environment Committee in the next financial year. At this stage, it is clear that there is insufficient critical mass to consider bringing a housing management infrastructure back in house. Needless, to say the events recently at the Grenfell Tower illustrate the need for the Council to consider its housing management service in a strategic and consistent manner.

- 2.25 To conclude, this plan brings together a number of previous decisions, so is effectively in place and being delivered upon. It would be helpful however for the Committee to provide some further direction as to the future ambition for this area of work, both in terms of appetite for market sale exposure, and the overall size of the portfolio that the Council plans to develop in the longer term. For example, were there a desire to make a greater market impact in terms of the size of the portfolio, it could be possible to seek further external long term funding, perhaps from a partner Council or indeed a partner contractor/s, and so ultimately move the Council's portfolio into an arms-length joint venture type structure. If the Committee would like to more fully explore the opportunities for greater growth beyond the current capital programme commitment, a Members workshop could be organised to explore the opportunities and risks, pending a follow up report early in the next financial year.

Maidstone Property Holdings Limited

- 2.26 In order to fulfil its ambitions to acquire property for market rent, the Council set up a company called Maidstone Property Holdings Limited. This report asks the Committee to expand the business plan of Maidstone Property Holdings by adopting the Housing Development elements of the Housing Development & Regeneration Investment Plan as its renewed business plan.

Regeneration

- 2.27 The Council has broader regeneration ambitions that are of a scale and value in excess of what can be brought about by our own direct investment. However, the Council has a leadership role to play in signalling to partners and stakeholders as to what these regeneration opportunities could be and could also undertake activities or interventions that would make them more deliverable and viable for the private sector to take forward.
- 2.28 An example of this way of working is the Council working in partnership with Kent County Council at the former Royal Mail Sorting Office. The strategy for this site has been to tie in neighbouring land owners, and put in place a masterplan for the combined site, before bringing in development partners to take forward different phases of development. For this site, the interventions are around providing clarity around the vision for the site, and de-risking the future development for partners by forming a detailed understanding of the site constraints and opportunities, and so ensuring that the masterplan responds to these. Whilst it is possible that the Councils may ultimately choose to take a longer term investment stake in the

development, the starting position is that the Council's investment in the land and consultancy costs is returned in full, perhaps even with a profit, when the developers come forward to acquire plots for the different phases, possibly on a deferred payment basis.

- 2.29 The former Royal Mail Sorting Office was clearly an "opportunity area" for regeneration, and realistically the Councils seized a market opportunity to acquire the site. This approach would not be possible, viable or even necessary for all the opportunity areas to be brought forward in this way.
- 2.30 Realistically, the starting point for the Council is to identify what are its most important opportunity areas and what are the Council's aspirations for them. Once this work is done, a SWOT analysis of each can be undertaken, and this will ultimately inform what, if any, intervention from the Council would be required from the Council for each area, and the Council could then start to rank them in terms of deliverability and value.
- 2.31 To commence this process, the Strategic Planning team have started to explore what the main potential opportunity areas are for regeneration, and in no particular order, these are shown in **Appendix II**;
- 2.32 This list has also been informed by work undertaken by the Maidstone Town Centre 5 Year Investment & Development Plan, led by Dawn Hudd, Head of Regeneration and Economic Development. An update on the action plan arising from the plan can be seen at **Appendix III**. Whilst exploratory analysis has been undertaken on the above areas, they now need to be taken firstly through consultation with local Ward Councillors and then the strategic planning process, so that they can be more fully explored. Many of these opportunity areas will be largely mixed use, possibly with a residential emphasis, but others may be around the provision of improved public space and amenities or indeed improved green spaces.
- 2.33 Ultimately, identifying and facilitating the development of opportunity areas will put the Council in a strong position when it comes to the review of the current Local Plan in 2021 and also for the next Local Plan period too, as this work would in part, create a more structured and informed backdrop for subsequent "call for sites" exercises.
- 2.34 Therefore, in terms of the Council's regeneration aspirations, the first step will be for the Planning team to take a scoping paper on opportunity areas through the Strategic Planning Sustainability & Transportation Committee, and once the principal and broad locations of the opportunity areas is agreed, the Planning team can then go on to engage with landowners and other stakeholders with a view to creating an overarching opportunity areas document to contain design briefs / masterplans for each location within it. This document could ultimately be consulted upon and adopted as material planning policy.
- 2.35 Realistically, this will be a 24-month body of work, and once complete, the Council can then start to explore what if any interventions it intends to make to facilitate the delivery of the action areas, and these will ultimately need to be brought forward as a proposal to the Policy & Resources

Committee, as was the case with the Royal Mail Sorting Office.

- 2.36 Needless to say, market opportunities may arise before the exercise concludes, and these will be considered on a case by case basis, and intuitively, there may well be areas that will require a more immediate intervention from the Council.

In terms of creating a revolving fund for short to medium term investment in facilitating regeneration, the Council has already made a circa £3m commitment at the Former Royal Mail Sorting Office. Accordingly, the proposal is that the Council's existing infrastructure fund provision (within the existing capital programme) of £3m is ring-fenced for this type of activity, and so beyond a £6m exposure, the Council would not make further investments until proportionate incoming cash-flows are received.

3. AVAILABLE OPTIONS

- 3.1 Policy and Resources Committee could choose to adopt this Housing Development and Regeneration Investment Plan to include agreeing that officers arrange a Member's workshops in the new-year to explore the potential for the long term expansion of the initiative.
- 3.2 Policy and Resources Committee could choose not to adopt this housing development and regeneration investment plan.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is 3.1 as this option provides a clear framework within which previous Council decisions can be delivered, in terms of the capital programme as well as more general regeneration aspirations.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 This plan has been developed jointly with the Director of Finance and Business Improvement and has been considered also by the Corporate Leadership Team, and the general thrust of this plan have been approved previously by the Policy & Resources Committee, when approving the refocussing of the Commercialisation Strategy as well as the current Capital programme.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The approved plan will be communicated to the teams that will be charged with its delivery, and the governance arrangements around new projects will also need to be agreed and understood by the different Committee Chairs. Furthermore, the work-stream around regeneration, in terms of

opportunity areas, will need to be added to the forward plan for the Strategic Planning Sustainability and Transportation Committee.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>A home for everyone – the adoption of this plan is instrumental to delivering the Council’s own housing building aspirations.</p> <p>Regenerating the town centre – the adoption of this plan will mean that some of the Council’s own resources are targeted to direct investment in town centre projects that will bring about the physical regeneration of the built environment.</p>	[Head of Service or Manager]
Risk Management		[Head of Service or Manager]
Financial	<p>The Investment Plan set out in this report is consistent with the Council’s agreed Medium Term Financial Strategy 2017/18 – 2021/22 and with the capital programme agreed by Council at its meeting on 1st March 2017. Individual projects are subject to financial appraisal and must meet the investment criteria set out in Appendix I to this report.</p>	Section 151 Officer
Staffing		[Head of Service]
Legal		[Legal Team]
Equality Impact Needs Assessment		[Policy & Information Manager]
Environmental/Sustainable Development		[Head of Service or Manager]

Community Safety		[Head of Service or Manager]
Human Rights Act		[Head of Service or Manager]
Procurement		[Head of Service & Section 151 Officer]
Asset Management		[Head of Service & Manager]

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Development Assumptions & Hurdle rates.
- Appendix II: Potential Opportunity Areas
- Appendix III: Maidstone Town Centre 5 Year Investment and Development Plan update.

9. BACKGROUND PAPERS

None.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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