

POLICY AND RESOURCES COMMITTEE MEETING

Date: Wednesday 27 June 2018
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership: Councillors Mrs Blackmore, Boughton, M Burton, Clark, Cox (Chairman), Field, Garland, Mrs Gooch, Harper, Harvey, McLoughlin, D Mortimer, Newton, Perry (Vice-Chairman) and Springett

The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.

<u>AGENDA</u>	<u>Page No.</u>
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 25 April 2018	1 - 8
9. Minutes of the Meeting Held on 22 May 2018	9
10. Presentation of Petitions (if any)	
11. Questions and answer session for members of the public (if any)	
12. Committee Work Programme	10
13. Corporate Planning Timetable	11 - 16
14. Key Performance Indicator Update Quarter 4 P&R	17 - 27
15. Business Rates - Discretionary Rate Relief Fund	28 - 35
16. Discretionary Rate Relief - Enterprise Zone	36 - 48

Issued on Tuesday 19 June 2018

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

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|--------------------------------------------------------------------------------------------------------------------------------------|---------|
| 17. Reference from Heritage, Culture and Leisure Committee - Request for Monies from the HCL Under Spend to fund a Series of Reviews | 49 |
| 18. Fourth Quarter Budget Monitoring 2017/18 | 50 - 73 |
| 19. Medium Term Financial Strategy - Update | 74 - 98 |

PUBLIC SPEAKING AND ALTERNATIVE FORMATS

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In order to speak at this meeting, please contact Democratic Services using the contact details above, by 5 p.m. 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.

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MAIDSTONE BOROUGH COUNCIL

Policy and Resources Committee

MINUTES OF THE MEETING HELD ON WEDNESDAY 25 APRIL 2018

Present: Councillors Barned, Mrs Blackmore, Boughton, Cox, Garland, Mrs Gooch, Harper, Harvey, Harwood, Hastie, Joy, Perry, Mrs Ring and Mrs Wilson

Also Present: Councillors Daley and Lewins

194. APOLOGIES FOR ABSENCE

It was noted that apologies were received by Councillors Fermor and McLoughlin.

195. NOTIFICATION OF SUBSTITUTE MEMBERS

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

- Councillor Joy for Councillor Fermor; and
- Councillor Ring for Councillor Brice.

196. URGENT ITEMS

There were no urgent items.

197. NOTIFICATION OF VISITING MEMBERS

It was noted that:

- Councillor Daley was present as a visiting member for item 16 Acquisition of Woodland – Hermitage Lane; and
- Councillor Lewins was present as a visiting member for item 16 Acquisition of Woodland – Hermitage Lane.

198. DISCLOSURES BY MEMBERS AND OFFICERS

Mrs Dawn Hudd, Head of Regeneration and Economic Development, declared that she had an interest in relation to item 14. Maidstone Town Centre Business Improvement District (BID). Mrs Hudd explained that she was a board member on One Maidstone CIC, which was the organisation that had proposed the BID.

Councillor Harwood disclosed that in his employment he had a safety and regulatory duty in relation to reservoirs and would therefore leave the room during consideration of item 15. Mote Park Lake Dam.

199. DISCLOSURES OF LOBBYING

Councillors Cox, Harwood and Mrs Wilson disclosed that they had been lobbied on item 16 Acquisition of Woodland – Hermitage Lane.

200. EXEMPT ITEMS

RESOLVED: That all items be taken in public, as proposed.

201. MINUTES OF THE MEETING HELD ON 28 MARCH 2018

RESOLVED: That the minutes be agreed as an accurate record of the meeting and signed.

202. PRESENTATION OF PETITIONS (IF ANY)

There were no petitions.

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

There were no questions from members of the public.

204. AMENDMENT TO THE ORDER OF BUSINESS

RESOLVED: That item 16. Acquisition of Woodland – Hermitage Lane is considered following item 11. Digital Strategy.

205. DIGITAL STRATEGY

Mr Gary Hunter, the Transformation Manager, presented the Council's Digital Strategy to the Committee.

Mr Hunter conveyed the following to the Committee:

- The strategy outlined the Council's approach to digital technology up until 2021. The policy was a continuation of the Council's Customer Services Improvement Strategy.
- The Digital Strategy was split into two themes – Digital Council and Digital Community.
- The theme of Digital Council focussed on how the Council used IT to achieve its objectives, and how the Council enabled its staff to provide an excellent service to residents and businesses in Maidstone.

- The theme of Digital Community focussed on how the Council ensured that services were designed for customers to access in the most convenient way. However this did not exclude those who could not engage with the council digitally.

Mr Mark Green, the Director of Finance and Business Improvement, confirmed that there was provision in the capital programme for spend on IT projects. Any new initiatives identified through the Digital Strategy that met the Council's objectives within the Capital Programme would be eligible for funding from the capital budget.

The Committee identified that there were areas of the borough that had poor mobile phone reception, and it was noted that the Digital Strategy did not mention this problem that some residents faced. The Committee requested that reference to this issue was made in the policy.

In response to a question from a member of the Committee Mrs Georgia Hawkes, the Head of Commissioning and Business Improvement, confirmed that further work was required once the strategy had been agreed and implemented to identify those that were digitally excluded. This work would also include identifying what support was available for those who were digitally excluded.

Mrs Hawkes confirmed that she would bring an update to the Committee next year on the progress of implementing the strategy which would include an update on the progress of work carried out on digital exclusion.

RESOLVED:

That, subject to the addition of 'Work with mobile phone providers to ensure that mobile phone signal remains strong and improves in areas where coverage is poor' to the bullet points under 'We Will' on page 20 of the Strategy, the Digital Strategy is adopted.

Voting: Unanimous

206. ACQUISITION OF WOODLAND - HERMITAGE LANE

Mr Andrew Williams, Parks and Open Spaces Manager, introduced his report outlining an acquisition of woodland at Hermitage Lane, known locally as Bluebell Wood.

Mr Williams explained that the developer of adjacent housing sites had offered this piece of land free of charge to the Council, along with a sum of money to ensure maintenance for at least a 15 year period.

Councillors Daley and Lewins spoke as visiting members in support of the Officer recommendations.

In response to a question from the Committee, Mr Williams confirmed that the proposed maintenance over a 15 year period would ensure the

woodland was managed properly while the woodland adjusted to the new development around it, including a potential increase in footfall.

RESOLVED:

1. That the acquisition of almost 4.5 hectares (12 acres) of woodland shown outlined in red on the attached map (Appendix 1) is agreed.
2. The Director of Finance and Business Improvement is supported in using his delegated authority to conclude negotiations with the freeholder for transfer of land conditional on receiving an appropriate commuted sum or endowment fund to pay for a minimum of 15 years future direct management.
3. That the Head of Mid Kent Legal Services is authorised to complete the transfer of land on the terms as agreed by the Director of Finance & Business Improvement.

Voting: Unanimous

Note: Councillor Blackmore arrived during consideration of this item at 7.15 and chose not to vote on this item as she was not present during the debate.

207. CORPORATE RISK UPDATE

Mr Russell Heppleston, Deputy Head of Audit Partnership, and Mrs Alison Blake, Audit Manager, updated the Committee on Corporate Risk.

Mr Heppleston explained that this was the first time the Committee had considered the Risk Update since the Council had adopted the Risk Appetite Statement. Therefore the risks contained in the risk register had been updated to reflect the Council's agreed risk appetite. A further change to the report was a section outlining the risks identified by key partners. This allowed the Council to anticipate any risks to key partners, and allowed shared insight on risks and the measures that could be taken to control them.

Mr Green confirmed that the financial risk to the Council as a consequence of the United Kingdom leaving the European Union was covered in the regular financial risk update reports that were considered by the Audit, Governance and Standards Committee. However if any Corporate Risks were identified around this issue they would be added to the Corporate Risk Register.

The Committee requested some changes to the report for the next time it was considered, including:

- Further information about external risks that may affect the Council.

- Some wording included on the effects on our residents and businesses if the risk to the Town Centre materialised.
- Reference to other Housing Associations, not just Golding Homes, as there were a variety of different providers of social housing in the borough.

Mr Heppleston confirmed that he would ensure that he would include members in training and induction sessions around the risk register in the new municipal year.

RESOLVED:

That the Corporate risks (as set out in Appendix 1) are noted.

208. KEY PERFORMANCE INDICATORS FOR POLICY AND RESOURCES COMMITTEE 2018-19

Miss Anna Collier, the Policy and Information Manager, introduced the Committee's Key Performance Indicators (KPIs) for 2018-19.

Miss Collier explained that the KPIs were being considered at this meeting as the Committee had requested that the KPIs and their targets be considered at the same meeting as the performance out turns. This would allow target setting to be undertaken with the most recent data on performance.

Regarding the proposed KPIs – these had not changed significant from 2017-18 as the priority areas in the Strategic Plan had stayed the same.

In response to a question from the Committee, Mr William Cornall, Director of Regeneration & Place, confirmed that despite performance showing a decline in Quarter 3 for processing Major, Minor and Other Planning applications, performance had improved in Quarter 4 and was well above target. The Committee was satisfied that the targets set for these indicators were not ambitious.

The Committee highlighted that at its March meeting, it had agreed to include a KPI on flytips removed within 4 working days however this KPI did not appear in the list of KPIs. Miss Collier confirmed that this KPI would appear in the final list.

RESOLVED:

That the Key Performance Indicators, contained in Appendix 1, are agreed.

Voting: Unanimous

209. MAIDSTONE TOWN CENTRE BUSINESS IMPROVEMENT DISTRICT (BID)

Mr William Cornall, Director of Regeneration and Place, presented a report to the Committee which outlined the progress of the proposed Business Improvement District (BID) for Maidstone Town Centre.

Mr Cornall outlined the following to the Committee:

- The BID process was being progressed by One Maidstone CIC, and the Business Plan and proposed BID area were in the final stages of development.
- One Maidstone CIC was a separate organisation to the Council, although the Council held two seats on One Maidstone CIC's board.
- One Maidstone CIC's board had a broad membership from across interested parties in the town centre. There were 14 members of the board representing a range of different types and sizes of businesses.
- If successful, the BID would levy an additional 1.5% on top of business rates for businesses in a defined area of the town centre. The money raised from the levy would be spent on the items listed in the BID's business plan. These items would be in addition to the services that Kent County Council and Maidstone Borough Council already provided in the Town Centre.
- Businesses located in Fremlin Walk, Royal Star Arcade and The Mall would pay a reduced levy of 1% due to having to pay a service charge to their landlord.
- Businesses that were located in premises that had a rateable value of £15,000 or less would be exempt from paying the levy.
- If successful, Maidstone Borough Council would be responsible for collecting the BID levy alongside Business Rates.
- The BID would be successful if 51% of businesses by number of properties, and 51% of businesses by rateable value, voted in favour of the BID.
- One Maidstone CIC had been canvassing businesses who were likely to be in the BID area, and were confident that they would cross this threshold. However this was dependent on Maidstone Borough Council and Kent County Council voting in favour of the BID.
- There was not an active 'No' campaign against the BID, and many of the businesses that previously voted against the BID had stated that they were now in favour of the BID.

In response to questions from the Committee, Mr Cornall confirmed:

- One Maidstone CIC would fold if the BID vote was not successful, therefore it was crucial to the future of the Town Centre for the

Council to cast its votes in favour of the BID.

- The cost of collection of the levy would be billed back to the BID organisation, so there was no financial risk to the council of taking on the collection of the levy on behalf of the BID.
- The Council would be paying a net additional £5,000 p.a. if the BID vote was successful, however it would leverage in an additional £2.15 million of investment in the Town Centre over the 5 year period of the BID.
- Those organisations exempt from paying the BID levy would still have a voice in the BID.

RESOLVED:

1. The ballot for a BID, as proposed by the BID organisation, is supported.

Voting: Unanimous

2. Delegated authority is granted to the Director of Regeneration and Place to cast the Council's 15 votes in favour of a BID in the ballot.

Voting: For - 12 Against - 0 Abstentions - 2

3. The Council will carry out the ballot on behalf of the BID organisation.

Voting: Unanimous

4. If the BID is successful, to enter into an operating agreement and a baseline agreement with the BID organisation.

Voting: Unanimous

210. MOTE PARK LAKE DAM

Mr Mark Green, Director of Finance and Business Improvement, gave a presentation to the Committee outlining the works that were required to be carried out to the Dam in the lake at Mote Park.

Mr Green explained that the Council was legally obliged to carry this work out, in order to ensure that the reservoir was safe for nearby residents and businesses.

In response to a question from a member of the Committee, Mr Green confirmed that detailed ecological surveys were being carried out and there was sufficient budget in the project to replace lost trees. The Committee noted that there was a year of replanting scheduled in to the project plan to ensure replanting was undertaken properly.

Councillor Ring expressed her support for this project as the Ward Member for the area and requested that this was noted in the minutes.

RESOLVED:

1. That the contents and conclusions of the Mote Park Lake Reservoir Engineering Services Options Appraisal Report April 2018 are noted.
2. That Option C1 works to the Mote Park Lake spillway, as outlined in the report, are approved in order to reduce the risk of failure of the dam due to overtopping as low as reasonably practicable.
3. That the Director of Finance & Business Improvement is given delegated authority to seek planning approval for the recommended works and to enter into contracts for the supply, design and construction work to both the dam and sluice gates.

Voting: Unanimous

Note: Councillor Harwood left the room during consideration of this item and did not participate in the vote.

211. DURATION OF MEETING

6.30 pm to 8.57 pm

MAIDSTONE BOROUGH COUNCIL

Policy and Resources Committee

MINUTES OF THE MEETING HELD ON TUESDAY 22 MAY 2018

Present: Councillor Cox (Chairman), and
Councillors Mrs Blackmore, Boughton, M Burton,
Clark, Field, Mrs Gooch, Harper, Harvey, McLoughlin,
D Mortimer, Newton, Perry, Mrs Ring and Springett

1. APOLOGIES FOR ABSENCE

Apologies were received by Councillor Garland.

2. NOTIFICATION OF SUBSTITUTE MEMBERS

Councillor Ring was present as a Substitute for Councillor Garland.

3. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED: That Councillor Perry be appointed as Vice Chairman of the Committee for the Municipal Year 2018/19.

4. DURATION OF MEETING

7.10 p.m. to 7.12 p.m.

2018/19 WORK PROGRAMME

Report Title	Committee	Month	Lead	Report Author
Council Tax Reduction Scheme	P&R	Jul-18	Sheila Coburn	Sheila Coburn
100% Business Rates Retention Pilot - Update	P&R	Jul-18	Mark Green	Ellie Dunnet
Commissioning & Procurement Strategy	P&R	Jul-18	Mark Green	Georgia Hawkes
Communication and Engagement Strategy Action Plan 2018/19	P&R	Jul-18	Angela Woodhouse	Angela Woodhouse
King Street Housing Development	P&R	Jul-18	Dawn Hudd	Andrew Connors
Kent Medical Campus Innovation Centre	P&R	Jul-18	Dawn Hudd	Abi Lewis
Commercial Investment Strategy	P&R	Sep-18	Mark Green	Lucy Stroud
Maidstone East Update	P&R	Sep-18	Dawn Hudd	John Foster
Q1 Budget Monitoring 2018/19	P&R	Sep-18	Ellie Dunnet	Paul Holland
Q1 Performance Report 2018/19	P&R	Sep-18	Angela Woodhouse	Anna Collier
Debt Recovery Policy	P&R	Sep-18	Sheila Coburn	Sheila Coburn
Commissioning and Procurement Strategy	P&R	Sep-18	Georgia Hawkes	Georgia Hawkes
Risk Management Update	P&R	Oct-18	Russell Heppleston	Russell Heppleston & Alison Blake
100% Business Rates Retention Pilot - Update	P&R	Oct-18	Mark Green	Ellie Dunnet
Medium Term Financial Strategy 2019/20 - 2023/24 - Final	P&R	Oct-18	Mark Green	Mark Green
Council Tax Reduction Scheme	P&R	Oct-18	Sheila Coburn	Sheila Coburn
Q2 Budget Monitoring 2018/19	P&R	Nov-18	Ellie Dunnet	Paul Holland
Q2 Performance Report 2018/19	P&R	Nov-18	Angela Woodhouse	Anna Collier
Collection Fund adjustment 2018/19 and Council Tax base 2019/20	P&R	Dec-18	Mark Green	Ellie Dunnet
Draft Strategic Plan	P&R	Dec-18	Angela Woodhouse	Angela Woodhouse
Medium Term Financial Strategy & Budget Proposals 2019/20	P&R	Dec-18	Mark Green	Ellie Dunnet
King Street Housing Development	P&R	Dec-18	Dawn Hudd	Andrew Connors
100% Business Rates Retention Pilot - Update	P&R	Jan-19	Mark Green	Ellie Dunnet
Fees & Charges 2019/20	P&R	Jan-19	Mark Green	Ellie Dunnet
Medium Term Financial Strategy - Capital Programme 2019/20 - 2023/24	P&R	Jan-19	Mark Green	Ellie Dunnet
Draft Strategic Plan Approval for Council	P&R	Feb-19	Angela Woodhouse	Angela Woodhouse
Q3 Budget Monitoring 2018/19	P&R	Feb-19	Ellie Dunnet	Paul Holland
Q3 Performance Report 2018/19	P&R	Feb-19	Angela Woodhouse	Anna Collier
KPIs for 2019-20	P&R	Mar-19	Angela Woodhouse	Angela Woodhouse
Risk Management Update	P&R	Apr-19	Russell Heppleston	Russell Heppleston & Alison Blake
100% Business Rates Retention Pilot - Update	P&R	Apr-19	Mark Green	Ellie Dunnet
Kent Medical Campus Innovation Centre	P&R	Apr-19	Dawn Hudd	Abi Lewis
Economic Development Strategy Review	P&R	TBC		

**POLICY AND RESOURCES
COMMITTEE**

27 June 2018

Corporate Planning Timetable

Final Decision-Maker	Policy and Resources Committee
Lead Director	Chief Executive
Lead Officer and Report Author	Angela Woodhouse, Head of Policy, Communications and Governance
Classification	Public
Wards affected	All

Executive Summary

This report sets out the proposed timetable for the development of the new Strategic Plan for 2019/20 to 2023/24 and updating the Medium Term Financial Strategy (MTFS) and rolling it forward to cover the five year period 2019/20 to 2023/24.

This report makes the following recommendations to this Committee:

1. To adopt the corporate planning timetable.

Timetable

Meeting	Date
Policy and Resources Committee	27 June 2018

Corporate Planning Timetable

1. INTRODUCTION AND BACKGROUND

- 1.1 The corporate planning process within the Council ensures the overall vision for the borough is clear and delivered. The priorities and outcomes in the Strategic Plan are developed alongside the Medium Term Financial Strategy (MTFS) as the financial expression of the Strategic Plan. Service planning allows the Council to convert high level objectives from the Strategic Plan into actions for each directorate, service or team across the Council, which then feeds into individual staff performance objectives.
- 1.2 The current Strategic Plan covers the period until 2020. Following discussion with the Group Leaders and Corporate Leadership Team it was agreed that the plan should be reviewed comprehensively in 2018 so that the Council has an up to date vision and priorities to inform other plans that go beyond 2010 and need to be reviewed in the near future including the Local Plan.
- 1.3 As a first step in the process a Member Workshop was held on 12 June to look at the challenges facing the Borough and how these might be addressed. This has highlighted a number of key themes which will provide a structure for the next stage in strategy development. A summary of the workshop outcomes including the proposed key themes will be shared with all Members. Members will then participate in a number of workshops, each focused on an individual theme, to be held in July and August.
- 1.4 The Workshop used as its starting point a performance index created by accountants Grant Thornton, which uses multiple datasets to provide a framework for understanding the challenges and opportunities in any given local authority area. Throughout the process of planning and implementing the Council's new strategy, we will rely on relevant data for performance measurement, so that we have a clear baseline and a means of monitoring progress.

2. AVAILABLE OPTIONS

Create a new Strategic Plan

- 2.1 To create a new Strategic Plan for 2019-24, so that there is an up to date corporate vision and plan in place prior to the development of the refreshed Local Plan. The Local Plan itself, along with some of the other policies that depend on the new Strategic Plan, will have currency beyond 2024. However, by developing a new Strategic Plan now, we will ensure that the same vision informs both the Strategic Plan and the Local Plan.
- 2.2 The Member Workshop held in June has resulted in the identification of several strategic themes that now require further development with Members. The timetable proposed sets out how a new strategic plan will be developed alongside the MTFS including committee meetings, stakeholder engagement and approval of the Plan by Council in December. It is

proposed that a desktop exercise is carried out to review the plans and priorities of those stakeholders (those organisations who shape our place) so we can ensure there is synergy.

- 2.3 In 2017 we carried out a Resident Survey with responses received across the Borough. This data will also be used to inform the strategic plan work and some of this data was presented to the workshop in June.
- 2.4 We are also required to consult annually on our budget, it is proposed to carry out a consultation with advice from The Consultation Institute both on our budget and strategic plan themes. The results will be reported to Policy and Resources Committee in November. The Policy and Resources Committee will also be involved in strategic plan development alongside the other service committees in October.
- 2.5 The aim is to maximise Member engagement and involvement within the council's governance arrangements making use of workshops, the member sounding board for communications and engagement, Leaders' Forum and the Service Committees.

Corporate Planning Timetable

Date	Action
12 June 2018	All Member Workshop on the Strategic Plan
22 June 2018	Leaders' Forum to look at results of the workshop and consider the themes for the follow up member workshops
W/C 25 June 2018	Summary of workshop outcomes issued to all Members.
16 July to 10 August	Workshops held on themes involving Councillors, Officers, External Support as appropriate
June – September	Data Collection to inform the Strategic Plan including key stakeholder priorities, resident survey data and performance information. This will be reported to Committee with Strategic Plan themes
13 September	Leaders' Forum to consider the themes, actions, analysis and stakeholder engagement
September – October	Resident Consultation on the Budget and to inform the Strategic Plan. Where the engagement is primarily carried out digitally, provision will be made for including those who cannot access consultation in this way. We will involve the Communications Member Sounding Board.

	Service Planning – Heads of Service and Unit Managers
October 2018	Draft Strategic Plan Themes to each Service Committee
November 2018	Medium term Financial Strategy to Service Committees
21 November 2018	Strategic Plan to Policy and Resources Committee
12 December 2018	Medium Term Financial Strategy and Strategic Plan to Council

Retain and update the current Strategic Plan

- 2.6 The Committee could decide to retain and update the current strategic plan for 2019/20 as it has done previously and prepare a new plan in 2020 in line with the current strategic plan's end point. This would however mean that the refreshed Local Plan would be based on a Strategic Plan that is will soon be out of date.

Amend or create a new timetable for a new Strategic Plan

- 2.7 The Committee can amend the timetable proposed for the new plan. It should be noted that the current end point of December has been proposed to ensure the Local Plan refresh follows any new vision agreed.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 It is recommended that the Committee approves the proposed Corporate Planning timetable to create a new Strategic Plan to run concurrently with the Medium Term Financial Strategy from 2019-2024. There are a number of long term challenges that are facing the Borough including the refresh of the Local Plan which go beyond the 2020 deadline. The new Strategic Plan's vision and priorities will inform the refreshed Local Plan and other documents and strategies.

4. RISK

- 4.1 This report sets out proposals for a new Strategic Plan. Risks associated with the delivery of the Strategic Plan will be set out in the Risk Management Framework and operationally through the service planning process

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 Previous consultation results will be used to inform the Strategic Plan including the Resident Survey from 2017. As a first step in the process, an all member workshop was held on 12 June to look at the key challenges for the Borough. This work will be shared with all Members. The ideas will also be developed into themes for additional member workshops prior to Committee review and development. Additional consultation including how we will take into account the views of stakeholders such as key partner agencies has been identified in the timetable.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 Details are set out in 2.1.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Strategic Plan sets the corporate priorities	Head of Policy, Communications and Governance
Risk Management	Already covered in the risk section	Head of Policy, Communications and Governance
Financial	Financial implications of the Strategic Plan will be addressed by developing an updated Medium Term Financial Strategy in parallel with the Strategic Plan.	Section 151 Officer & Finance Team
Staffing	Creating a new strategic plan will have staffing implications for the Policy and Information Team and Leadership Team.	Head of Policy, Communications and Governance
Legal	There are no legal implications	
Privacy and Data Protection	All data collected as part of the Strategic Plan process will be processed in accordance	Head of Policy, Communications and Governance

	with the Data Protection Act.	
Equalities	Equalities will need to be taken into account when we plan the consultation and any service changes resulting from the budget	Head of Policy, Communications and Governance
Crime and Disorder	Crime and Disorder will be considered during the strategic plan process	Head of Policy, Communications and Governance
Procurement	N/A	Head of Policy, Communications and Governance

8. REPORT APPENDICES

None.

Policy & Resources Committee

27 June 2018

Key Performance Indicator Update Quarter 4 2017/18

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	Angela Woodhouse, Head of Policy, Communications, and Governance
Lead Officer and Report Author	Anna Collier, Policy and Information Manager and Ashley Sabo, Performance and Business Information Officer
Classification	Public
Wards affected	All

Executive Summary

Policy & Resources Committee is asked to review the progress of Key Performance Indicators that relate to the delivery of the Strategic Plan 2015-2020. The Committee is also asked to consider the comments and actions against performance to ensure they are robust.

This report makes the following recommendations to Policy & Resources Committee:

1. That the summary of performance for Quarter 4 of 2017/18 for Key Performance Indicators (KPIs) be noted.

Timetable

Meeting	Date
Policy & Resources Committee	27 June 2018

Key Performance Indicator Update Quarter 4 17/18

1. INTRODUCTION AND BACKGROUND

- 1.1 Having a comprehensive set of actions and performance indicators ensures that the Council delivers against the priorities and actions set in the Strategic Plan.
 - 1.2 Following the refresh of the Strategic Plan for 2017/18 the Committees agreed 28 Key Performance Indicators in April 2017.
 - 1.3 Performance indicators are judged in two ways. Firstly on whether performance has improved, sustained or declined, compared to the same period in the previous year. This is known as direction. Where there is no previous data, no assessment of direction can be made.
 - 1.4 The second way is to look at whether an indicator has achieved the target set and is known as PI status. If an indicator has achieved or exceeded the annual target they are rated green. If the target has been missed but is within 10% of the target it will be rated amber, and if the target has been missed by more than 10% it will be rated red.
 - 1.5 Some indicators will show an asterisk (*) after the figure. These are provisional values that are awaiting confirmation. Data for some of the indicators were not available at the time of reporting. In these cases a date has been provided for when the information is expected.
 - 1.6 Contextual indicators are not targeted but are given a direction. Indicators that are not due for reporting or where there is delay in data collection are not rated against targets or given a direction.
-

2. Quarter 4 Performance Summary

- 2.1 There are 28 key performance indicators (KPIs) which were developed with Heads of Service and unit managers, and agreed by the four Service Committees for 2017/18. 14 are reported to the Committee for this quarter.
- 2.2 Overall, 67% (8) of targeted KPIs reported this quarter achieved their target for quarter 4. For 58% of indicators, performance improved compared to the same quarter last year (where previous data is available for comparison).
- 2.3 There are 2 contextual indicators (indicators without targets) represented in the chart below as N/A, these indicators were requested for inclusion as they are important to assessing how the council is performing by examining the outcomes. These indicators are number of litter reports attended to and the number of households living in temporary accommodation on the last night of the month.

RAG Rating	Green	Amber	Red	N/A	Total
KPIs	8	3	1	2	14
Direction	Up	No Change	Down	N/A	Total
Last Year	7	0	5	2	14
Last Quarter	5	0	9	0	14

3. Performance by Priority

Priority 1: Keeping Maidstone Borough an attractive place for all

- 3.1 The percentage of land and highways with acceptable levels of litter was 99.2% against a target of 93.5%. This is exceptionally good this quarter and reflects the hard work carried out by the Street Cleansing Team to review and revise schedules. The new schedules have resulted in greater manual presence in areas where vehicles or the street layout prevents mechanical cleansing which has improved the levels of littering witnessed during the inspection.
- 3.2 The percentage of land and highways with acceptable levels of detritus was 95.5% against a target of 84%. The levels of detritus were lower this quarter and within target. This is also due to the changes within street cleansing which have resulted in revised schedules and a more targeted approach to areas with higher levels of detritus.
- 3.3 A total of 128 litter reports were attended to this quarter. This has reduced slightly which is very positive considering the figure could be expected to increase this quarter due to the die back of vegetation exposing historical litter. The positive impact can be attributed to the revision of the cleansing schedules and the work of the team to target areas where litter accumulates and can't be cleaned with mechanical sweepers.
- 3.4 94.97% of fly-tips were cleared within 2 working days during quarter 4 against a target of 88%. Performance has significantly improved this quarter as result of two actions within the environmental services. Firstly a dedicated resource within Street Cleansing to clear the fly tips more quickly. Secondly greater collaborative working between the waste crime and street cleansing teams now they are both based at the Depot.
- 3.5 47.3% of household waste was sent for reuse, recycling, or composting during January and February. We are currently awaiting figures for March from Kent County Council. The recycling rate is below target this quarter and it is likely to remain below target when the data for March is available. Performance is low due to Christmas catch up and collections after the snow. Whilst performance is also down on the same quarter last year it is minimal at 0.33% and overall the percentage for 2017/18 is up by 1.98%.

- 3.6 Percentage of fly tips resulting in enforcement action was 63.6% against a target of 20%. This quarter showed that the service is maintaining the high number of enforcement actions. Recruitment is now taking place for 3 additional staff which it is hoped will help elevate this number higher.

Priority 1: Keeping Maidstone borough an attractive place for all, & Priority 2: Securing a successful economy for Maidstone Borough

- 3.7 Footfall at the Museum and Visitor Information Centre was 14,063 against a target of 18,000. Although not having met the quarterly target, footfall at the museum has increased quarter on quarter since the opening of the Ancient Lives Gallery in October. The performance is comparable to footfall in quarter 4 in 2016/17, we may therefore have been too ambitious in setting such a high target compared with previous performance. Visitor figures were reduced during the snow which would have had an impact on performance to some degree. We are now working on delivery of the Museums 20 Year plan which is designed to increase footfall in the future and are considering the profiling for next year to ensure it is realistic.

Priority 2: Securing a successful economy for Maidstone Borough

- 3.8 For the last quarter 20 out of 26 major planning applications were determined within the agreed timescales, which equates to 80.77%. The downturn in the performance on major planning applications in the last quarter was primarily due to clearing a large number of backlog cases, as one of the primary aims of the Planning Service's Implementation Project work. The performance for the whole year for majors was 94 out of 108 determined in time, which equates to 87%, which meets and exceeds the KPI target.
- 3.9 The value for processing of minor planning application was 69.5% against a target of 85%. The target was missed for a second quarter and is the result of prioritising and working through the backlog of planning applications, the majority of which were progressed during the back end of the last quarter and the front end of this quarter. This was raised as a significant risk at the start of the planning review. The year to date total, whilst below the target of 85% shows an improved overall performance figure of 75.16%. It is anticipated that performance will return back to target levels by the first quarter of the new financial year as the backlog of applications has now been cleared.
- 3.10 89.18% of 'other' applications were processed in a timely manner, however, for the year to date this stands at 91.51% and the overall target for this category of applications has been achieved. This involved the processing of 1,178 applications with 1,078 being processed within agreed deadlines despite clearing a significant number of backlog applications.
- 3.11 The quarterly target of 150 for the number of applicants housed through the housing register has been exceeded by 18 due to an increase in the amount of available vacant and new build properties received from our Registered Providers. The annual target has also been exceeded.

- 3.12 There were 61 affordable homes delivered during quarter 4. The year-end target (200) for affordable completions has been exceeded by 26 completions, resulting in 226 affordable completions overall, comprising of 95 for shared ownership (42%) and 131 (58%) for affordable rent.
- 3.13 A total of 97 homeless preventions were made during quarter 4 against a target of 75. This represents 44 homeless preventions completed within the Housing Advice Team; 41 with assistance from Discretionary Housing Payments; and 12 Sanctuary Scheme support.
- 3.14 Of the 99 households living in temporary accommodation on the last night of this quarter, 48 are in nightly paid accommodation and the remainder are in stock owed by MBC or units of accommodation provided by Register Providers (Housing Associations). The rise can be attributed to fewer households moving on from temporary accommodation in the last quarter into the social sector or private rented sector compared to the quarter before (only 33 in quarter 4 compared to 53 in quarter 3).
-

4. RISK

- 4.1 This report is presented for information only, committees, managers and heads of service can use performance data to identify service performance and this data can contribute to risk management.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Key Performance Indicator Update is reported quarterly to the Service Committees: Communities Housing and Environment Committee, Strategic Planning, Sustainability and Transportation Committee, and Heritage Culture and Leisure Committee. Each Committee will receive a report on the relevant priority action areas. The report is also presented to Policy & Resources Committee, reporting only on the priority areas of: A clean and safe environment, regenerating the Town Centre, and a home for everyone.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The Council could choose not to monitor the Strategic Plan and/or make alternative performance management arrangements, such as frequency of reporting. This is not recommended as it could lead to action not being taken against performance during the year, and the Council failing to deliver its priorities.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The key performance indicators and strategic actions are part of the Council's overarching Strategic Plan 2015-20 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas, for example waste and recycling.	Head of Policy, Communications & Governance
Risk Management	The production of robust performance reports ensures that the view of the Council's approach to the management of risk and use of resources is not undermined and allows early action to be taken in order to mitigate the risk of not achieving targets and outcomes.	Head of Policy, Communications & Governance
Financial	Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes are also identified and taken into account in the Council's Medium Term Financial Plan and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.	Senior Finance Manager (Client)
Staffing	Having a clear set of targets enables staff outcomes/objectives to be set and effective action plans to be put in place	Head of Policy, Communications & Governance
Legal	There is no statutory duty to report regularly on the Council's performance.	Keith Trowell, Interim Team Leader

	<p>However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. One of the purposes of the Key Performance Indicators is to facilitate the improvement of the economy, efficiency and effectiveness of Council Services. Regular reports on the Council's performance assist in demonstrating best value and compliance with the statutory duty.</p>	(Corporate Governance)
Privacy and Data Protection	<p>We will hold data in line with the Data Quality Policy, which sets out the requirement for ensuring data quality.</p> <p>There is a program for undertaking data quality audits of performance indicators.</p>	Keith Trowell, Interim Team Leader (Corporate Governance)
Equalities	<p>The Performance Indicators reported on in this quarterly update measure the ongoing performance of the strategies in place. If there has been a change to the way in which a service delivers a strategy, i.e. a policy change, an Equalities Impact Assessment is undertaken to ensure that there is no detrimental impact on individuals with a protected characteristic.</p>	Equalities & Corporate Policy Officer
Crime and Disorder	None Identified	Policy & Information Manager
Procurement	<p>Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.</p>	Head of Policy, Communications & Governance, & Section 151 Officer

8. REPORT APPENDICES

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

- Appendix 1: Key Performance Indicator Update Quarter 4 17/18

9. BACKGROUND PAPERS

None

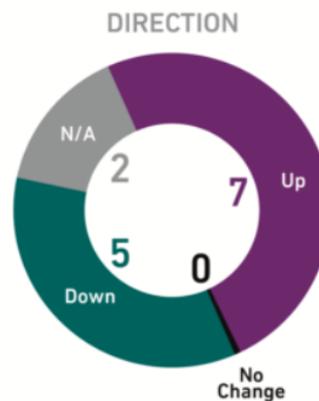
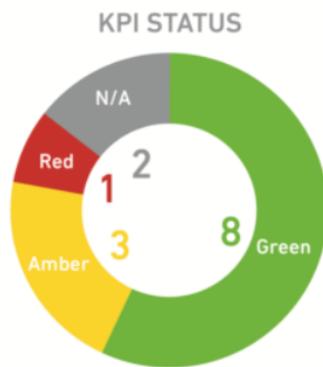
Performance Summary

This is the quarter 4 performance update on Maidstone Borough Council’s Strategic Plan 2015-20. It sets out how we are performing against Key Performance Indicators that directly contribute to the achievement of our priorities. Performance indicators are judged in two ways; firstly, whether an indicator has achieved the target set, known as PI status. Secondly, we assess whether performance has improved, been sustained or declined, compared to the same period in the previous year, known as direction.

Key to performance ratings

RAG Rating	
	Target not achieved
	Target slightly missed (within 10%)
	Target met
	Data Only

Direction	
	Performance has improved
	Performance has been sustained
	Performance has declined
N/A	No previous data to compare



RAG Rating	Green	Amber	Red	N/A	Total
KPIs	8	3	1	2	14
Direction	Up	No Change	Down	N/A	Total
Last Year	7	0	5	2	14
Last Quarter	5	0	9	0	14

Priority 1: Keeping Maidstone Borough an attractive place for all

Providing a clean and safe environment

Performance Indicator	Value	Target	Status	Last Year	Last Quarter
The percentage of land and highways with acceptable levels of litter	99.16%	93.50%			
The percentage of land and highways with acceptable levels of detritus	95.50%	84.00%			
Number of litter reports attended to	128			N/A	
Percentage of fly-tips cleared or assessed within 2 working days	94.97%	88.00%			
Percentage of household waste sent for reuse, recycling and composting (NI 192)	47.31%	52.50%			
Percentage of fly tips resulting in enforcement action	63.63%	20.0%		N/A	

Priority 1: Keeping Maidstone Borough an attractive place for all, & Priority 2: Securing a successful economy for Maidstone Borough

Regenerating the Town Centre

Performance Indicator	Value	Target	Status	Last Year	Last Quarter
Footfall on High Street	2,806,012	3,000,000			

Priority 2: Securing a successful economy for Maidstone Borough

A home for everyone

Performance Indicator	Value	Target	Status	Last Year	Last Quarter
Processing of planning applications: Major applications (NI 157a)	80.77%	85.00%			
Processing of planning applications: Minor applications (NI 157b)	69.49%	85.00%			
Processing of planning applications: Other applications (NI 157c)	89.18%	85.00%			
Number of households housed through housing register	168	150			
Number of affordable homes delivered (gross)	61	50			
Number of households prevented from becoming homeless through the intervention of housing advice	97	75			
Number of households living in temporary accommodation last night of the month (NI 156 & SDL 009-00)	99				

Agenda Item 15

Policy and Resources Committee

27 June 2018

Business Rates Discretionary Rate Relief Scheme

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service/Lead Director	Stephen McGinnes, Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn, Head of Revenues and Benefits Shared Service
Classification	Public
Wards affected	All

Executive Summary

The Government awarded 4 years of funding to councils in 2017-18 to award Discretionary Rate Relief to ratepayers adversely affected by the 2017 revaluation.

Each council needed to approve a policy for the distribution of the funding.

On the 20th September 2017 a policy was approved by Policy and Resources Committee for distribution of the funding in 2017-2018.

This report makes proposals for the distribution of the funding for the 3 subsequent years from 2018-19.

This report makes the following recommendations to this Committee:

1. That delegated authority is given to the Head of Revenues and Benefits to distribute the funding as set out in Option 2 (Section 3) for 2018-2019 and subsequent years.

Timetable

Meeting	Date
Corporate Leadership Team	19 June 2018
Policy and Resources Committee	27 June 2018

Business Rates – Discretionary Rate Relief Scheme

1. INTRODUCTION AND BACKGROUND

- 1.1 In March 2017, Central Government announced that it would make available a £300million discretionary fund to support those businesses that faced the steepest increases in their Business Rates bill as a result of the 2017 revaluation.
- 1.2 It was left to councils to determine how this fund should be targeted and administered to support those businesses and locations within their area that were in the greatest need.
- 1.3 At the Policy and Resources Committee on 20 September 2017, it was agreed that authority was delegated to the Head of Revenues and Benefits to finalise and implement the agreed scheme for 2017-2018.
- 1.4 The funding available for 2017-2018 was £287,000 and the scheme awarded 80% relief of the increase in Business Rates to businesses with a rateable value less than £100,000. The number of businesses that benefitted from the funding was 271.
- 1.5 The number that benefitted was higher than we originally thought would qualify. However, the amount of relief that was awarded in total was £175,000. The reason for this was the increases as a result of 2017 revaluation were not as significant as the Government had anticipated.
- 1.6 The funding for 2018-2019 and subsequent years reduces considerably.

2017-2018	2018-2019	2019-2020	2020-2021
£287,000	£140,000	£57,000	8,000

- 1.7 It is proposed that relief for 2018-2019 and subsequent years is awarded to those businesses that qualified in 2017-2018 without any applications being made, to avoid any delays.
- 1.8 It is proposed that the reduced relief available is apportioned and awarded on a percentage basis of the relief awarded in 2017/18.

2. AVAILABLE OPTIONS

- 2.1 Option 1 – do nothing – there is no requirement for the Council to introduce a scheme to make such awards. However, local businesses would fail to benefit from the funding made available by Government.
- 2.2 Option 2 – Award relief on a percentage basis to those businesses who

qualified for relief in 2017-2018.

- 2.3 Option 3 – Consider awarding relief at a maximum value. However, this would be detrimental to businesses that have a larger rate liability.
-

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 Option 2 is the preferred option as this provides a consistent approach in the awarding of relief, with the majority of businesses benefitting from some amount of relief.
-

4. RISK

- 4.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 There was a statutory duty to consult with major preceptors on the original scheme and this was carried out in 2017.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 Information on the council's website will be updated for the awarding of relief for 2018-2019 and subsequent years.
- 6.2 Eligible businesses will automatically be awarded relief without having to make an application.
-

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The proposed scheme will help secure a successful economy by providing help to businesses adversely affected by 2017 revaluation.	Sheila Coburn Head of Revenues and Benefits

Risk Management	<p>The risks associated with implementing and operating the scheme are considered low.</p> <p>Endorsement of a corporate scheme helps reduce the risk</p>	<p>Sheila Coburn Head of Revenues and Benefits</p>
Financial	<p>The council is to receive funding to compensate for the cost of the scheme.</p> <p>New burdens funding has been provided to meet the cost of administration</p>	<p>[Section 151 Officer & Finance Team]</p>
Staffing	<p>The scheme will be operated within existing resources</p>	<p>Sheila Coburn Head of Revenues and Benefits</p>
Legal	<p>The powers to operate such a scheme are provided by Section 47, Local Government Act 1988</p>	<p>Keith Trowell, Interim Team Leader (Corporate Governance)</p>
Privacy and Data Protection	<p>Accepting the recommendations will increase the volume of data held by the Council. The data will be held and processed in accordance with the data protection principles contained in Schedule 1 to the Data Protection Act 1998.</p>	<p>Keith Trowell, Interim Team Leader (Corporate Governance)</p>
Equalities	<p>The scheme itself does not impact on those with protected characteristics.</p> <p>However, consideration should be given when implementing the scheme in terms of ensuring that it can be accessed by hard to reach groups.</p>	<p>[Policy & Information Manager]</p>
Crime and Disorder	<p>No impact</p>	<p>Sheila Coburn Head of Revenues and Benefits</p>

Procurement	No impact	Sheila Coburn Head of Revenues and Benefits
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8. REPORT APPENDICES

- Appendix 1: Discretionary Rate Relief Scheme MBC
-

9. BACKGROUND PAPERS

Policy and Resources report 20 September 2017

<https://meetings.maidstone.gov.uk/documents/s56966/Discretionary%20Business%20Rate%20Relief%20Scheme.html?CT=2>

Discretionary Rate Relief scheme 2017-18

<https://meetings.maidstone.gov.uk/documents/s56949/Appendix%20I%20Discretionary%20Relief%20Scheme.html?CT=2>

Maidstone Borough Council

Business Rates Discretionary Rate Relief Scheme



Appendix 1: Discretionary Rate Relief Scheme MBC

Purpose of scheme

The purpose of this scheme is to determine the level of Business Rates Discretionary Rate Relief to be awarded to certain defined ratepayers within Maidstone Borough Council's area for 2018/2019, 2019/2020 and 2020/2021.

Central Government was keen that in certain cases, assistance should be provided to businesses that had increases in their Business Rate liability due to the revaluation of premises in April 2017.

This document covers the awarding of the Discretionary Business Rates Relief scheme from 1 April 2018 and subsequent 2 years.

Introduction

In March 2017, Central Government announced that it would make available a discretionary fund over 4 years to help councils support those businesses in their area that experienced the steepest increases, following the 2017 revaluation.

Government determined that councils would be best placed to decide how this fund should be targeted and administered to support those businesses within their area that were in the greatest need.

The Council was expected to use its share of the fund to devise and implement a Discretionary Relief Scheme to target support to those businesses.

The council can operate such a scheme through its discretionary relief powers under S47 of the Local Government Act 1988.

This document explains the scheme Maidstone Borough Council has adopted.

Criteria for awarding relief

Maidstone Borough Council decided that in making such awards the council works to a set of principles including;

- Revaluation – relief is available to businesses that experienced an increase in rateable value from the 1 April 2017 as a result of revaluation, when compared to the rateable value at 31 March 2017
- Rateable value – relief is available to businesses with a rateable value above £12,000, with properties below that level likely to receive Small Business Rate relief.
- Rates liability – relief is available to businesses that have experienced an increase in the level of rates payable, after allowing for all other forms of rate relief.
- Occupation – relief is available to businesses that were in occupation of the premises as at 31 March 2017 and remain in continuous occupation.

Appendix 1: Discretionary Rate Relief Scheme MBC

- Relief is available to businesses that are not entitled to 80% mandatory relief due to their charitable status.
- Relief is available to support local businesses rather than national Businesses

For 2017-18, it was proposed that 80% relief of the increase in Business Rates liability would be awarded to businesses meeting the above criteria.

For 2018-19 and subsequent years, it is proposed the funding is distributed equally on a percentage basis to businesses that were awarded funding in the previous year.

Relief will be automatically awarded to eligible businesses, without applications having to be made.

Authority to award relief

The Council's scheme of delegation allows for the Head of Revenues and Benefits to award, revise or revoke any Discretionary Rate Relief under this scheme.

Appeals

Any ratepayer aggrieved by the non-awarding of Discretionary Rate Relief under this scheme, or the amount of Discretionary Rate Relief awarded can ask for its case to be reviewed by the Head of Revenues and Benefits.

The Head of Revenues and Benefits shall within 21 days advise the ratepayer of the outcome of the appeal.

Consultation

The council consulted with the major preceptors in 2017-18 in relation to the proposed funding of the scheme.

State Aid

Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations 2013. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three-year period.

It will be for the ratepayer to provide confirmation as to whether the State Aid provisions apply to them.

Agenda Item 16

Policy & Resources Committee

27 June 2018

Discretionary Rate Relief – Kent Medical Campus Enterprise Zone

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service/Lead Director	Stephen McGinnes, Mid Kent Services Director
Lead Officer and Report Author	Sheila Coburn, Head of Revenues and Benefits
Classification	Public
Wards affected	All

Executive Summary

To approve a Policy for the award of Discretionary Rate Relief for properties in the Kent Medical Campus Enterprise Zone.

This report makes the following recommendations to this Committee:

That the Policy attached as Appendix 1 to this report is approved.

Timetable

Meeting	Date
Policy & Resources Committee	15 May 2018

1. INTRODUCTION AND BACKGROUND

- 1.1 There are a number of Enterprise Zones across the country. Their aim is to stimulate business growth in designated areas by providing financial incentives and simplified planning arrangements to businesses and to councils, provide jobs and drive local and national growth.
- 1.2 Kent Medical Campus (KMC) has been designated as an Enterprise Zone and forms part of North Kent Enterprise Zone. KMC provides a focus on healthcare, life sciences, med-tech, specialist residential and rehabilitation care, together with training facilities for the medical and health care professions.
- 1.3 A Memorandum of Understanding issued by the Ministry of Housing, Communities and Local Government (formerly Department for Communities and Local Government) has been agreed with this authority.
- 1.4 As part of the financial incentives associated with an Enterprise Zone, Local authorities have the option to award up to 100% Discretionary Business Rates Relief up to the value of £275,000 over five years to any business which sets up operation within the enterprise zone area before 31 March 2022 and is eligible to receive the support within the State Aid De Minimis threshold.
- 1.5 The Government will reimburse Maidstone Borough Council the cost incurred in providing up to 100% Business Rates relief for up to 5 years.
- 1.6 To be able to award Discretionary Rate Relief, it is necessary for the council to adopt a policy.
- 1.7 Maidstone Borough Council can retain 100% of any Business Rate increase which accrues from the Enterprise Zone for a period of 25 years from the start date of the Enterprise Zone (1 April 2017) and will be unaffected by business rate reform, reset or redistribution for this period. The amount the authority retains is required to be redirected to support the development of the Enterprise Zone in the first instance, and initiatives to support enterprise and growth within the wider Maidstone borough area thereafter.

2 AVAILABLE OPTIONS

- 2.1 Option 1 – ‘Do nothing’ option
The ‘do nothing’ option does not fall within the conditions of the Memorandum of Understanding with the Ministry of Housing, Communities and Local Government which expects the authority to provide up to a 100% Business Rates relief.

- 2.2 Option 2 – Award 100% Discretionary Business Rates Relief to businesses that set up operations within the Enterprise Zone site before 31 March 2022 and comply with the policy criteria outlined in Appendix 1.

3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 Option 2 is the preferred option. The awarding of 100% Discretionary Rate Relief for those businesses in the Enterprise Zone will be of no cost to Maidstone Borough Council as the Government will fully fund the cost of the relief and should be viewed as an opportunity to help stimulate investment and development on Kent Medical Campus.
- 3.2 Awarding the relief complies with the conditions set down in the Memorandum of Understanding between the Secretary of State and the authority.

4 RISK

- 4.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council’s Risk Management Framework. We are satisfied that the risks associated are within the Council’s risk appetite and will be managed as per the Policy.

5 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 Availability of the policy will be communicated on the council’s website, and promoted via the Business in Maidstone website and the dedicated Kent Medical Campus site operated by the agents for the site.
- 5.2 As businesses set up within Kent Medical Campus, they will be informed of the availability of relief.
- 5.3 Applications will be considered upon completion of an application form.

6 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities.	Sheila Coburn, Head of Revenues and Benefits
Risk Management	Already covered in the risk	Sheila

	section	Coburn, Head of Revenues and Benefits
Financial	The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation.	[Section 151 Officer & Finance Team]
Staffing	We will deliver the recommendations with our current staffing.	Sheila Coburn, Head of Revenues and Benefits
Legal	Acting on the recommendations is within the Council's powers as set out in Section 47 of the Local Government Finance Act 1988	Keith Trowell, Interim Team Leader (Corporate Governance)
Privacy and Data Protection	Accepting the recommendations will increase the volume of data held by the Council. The data will be held and processed in accordance with the data protection principles contained in Schedule 1 to the Data Protection Act 1998.	Keith Trowell, Interim Team Leader (Corporate Governance)
Equalities	The implementation of this policy presents new opportunity in the borough for businesses. It is important that the equalities impact is considered in order to ensure that this offer is widely communicated, in particular to reach seldom heard groups.	Equalities and Corporate Policy Officer
Crime and Disorder	No impact	Sheila Coburn, Head of Revenues and Benefits
Procurement	No impact	Sheila Coburn, Head of Revenues and Benefits

7 REPORT APPENDICES

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

- Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones
-

8 BACKGROUND PAPERS

None

MAIDSTONE BOROUGH COUNCIL

**POLICY FOR DISCRETIONARY RATE RELIEF
KENT MEDICAL CAMPUS ENTERPRISE ZONE**

Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones

Kent Medical Campus Enterprise Zone Business Rates Relief policy

This policy identifies the circumstances in which Maidstone Borough Council will grant Business Rates Discretionary relief to occupiers of non-domestic properties located within the Kent Medical Campus Enterprise Zone.

What is an Enterprise Zone?

Enterprise Zones were announced by the government in the 2011 budget. There are a number of Enterprise Zones across the country. Their aim is to stimulate business growth in designated areas by providing financial incentives and simplified planning arrangements to businesses and to councils. The aim is that they will provide jobs and drive local and national growth

Where is the Enterprise Zone in Maidstone?

Kent Medical Campus (KMC) forms part of the North Kent Enterprise Zone – a multisite offer comprising KMC, Ebbsfleet Garden City & Innovation Park Medway – and, with a sector focus on healthcare, life sciences and med-tech, provides the opportunity for the development of up to 98,000m² of flexible accommodation including headquarters buildings, specialist residential and rehabilitation care, as well as Higher Education training facilities for the medical and health care professions. The boundary for the Kent Medical Campus Enterprise Zone site, as approved by the Department for Communities and Local Government (now Ministry of Housing, Communities and Local Government), is outlined in Appendix A.

What reduction is awarded on Business Rates?

Businesses that occupy property in the Kent Medical Campus Enterprise Zone before 31 March 2022 may be eligible for a discretionary relief of up to 100% of the Business Rates payable.

This is up to a limit of £55,000 per year and a maximum of £275,000 in any five year period.

To qualify for relief:

- a) The whole or part of the property must be situated within the defined boundary of Kent Medical Campus Enterprise Zone;
- b) The business must demonstrate that the primary focus of the part of the business that is being located within the Enterprise Zone fits within the target sectors of healthcare, med-tech and life science;

Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones

- c) The business must be occupying the property in accordance within Section 43 of the Local Government Finance Act 1988;
- d) The business must be liable to pay Business Rates;
- e) The award of relief will be made on an annual basis and the business will be required to reapply each year;
- f) State Aid de Minimis limits must not be exceeded (see below)
- g) Business Rate Relief for business located within a designated Enterprise Zone is permitted pursuant to section 47 of the Local Government Finance Act 1988, as amended by the Non-Domestic Rating (Designated Areas) Regulations 2013.

The decision whether to award relief is discretionary.

How is it paid?

The relief reduces the amount of Business Rates that the business would have to pay to the Council.

The Business Rate Relief is subject to annual monitoring to make sure that the qualifying business is still eligible for the relief, namely to ensure that the business is still in occupation of the premises.

On-going relief will not be unreasonably withheld, but businesses will only be granted relief for one financial year at a time and relief will automatically terminate at the end of the financial year for which it is granted. In cases where State Aid de Minimis levels would be exceeded, relief will be terminated with immediate effect.

Each case will be considered on its merits.

How do I apply?

Ratepayers will first need to register for Business Rates by contacting Maidstone Borough Council Business Rates Team (if not already registered) at:
businessrates@midkent.gov.uk

If you consider your business might be eligible for relief through this scheme, you will then need to complete an application form and demonstrate your involvement in the Enterprise Zone and provide appropriate evidence of occupation.

Forms can be which can be requested from the Business Rates team via:
businessrates@midkent.gov.uk

Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones

If you require any further information about this relief scheme, please email the Economic Development team at economicdevelopment@maidstone.gov.uk or the Business Rates team at businessrates@midkent.gov.uk

What happens if a business that is already in the zone expands?

Applications for an Enterprise Zone Business Rates relief will be considered based on a material change, the size of the expansion, the impact on jobs in the area and the contribution to the overall success of the zone.

Businesses already located in the Enterprise Zone and already receiving an Enterprise Zone Business Rates relief may be eligible for a relief of 100% of Business Rates payable (within the State Aid regulations), providing:

- the applicant is relocating to larger premises or is materially increasing the total amount of floor space it occupies within the Enterprise Zone; or
- the applicant can demonstrate that it is considerably increasing the permanent workforce.

What if the affected business is entitled to other types of Business Rates relief, for example Small Business Rates Relief?

Existing reliefs will be applied to the Business Rates bill first and the Enterprise Zone relief will then be applied on the amount outstanding.

For example if a business is entitled to 50% Small Business Rate Relief, the relief would be applied to cover the remaining 50% of the Business Rates bill.

What if the property is empty for a period when the business moves into the Enterprise Zone?

Existing reliefs will be applied to the bill first and the Enterprise Zone relief will then be applied on the amount outstanding upon occupation. Enterprise Zone relief will not be awarded in respect of any rates liability whilst the property has been empty.

What happens if a company has more than one property in the Enterprise Zone?

Relief will be awarded for each property subject to State Aid De Minimis rules.

Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones

Who will consider my application?

Applications will be considered by the Head of Revenues and Benefits or through delegation to a senior member of the team.

The Local Authority retains the right to exercise discretion on a case by case basis.

Applications will be determined within 2 weeks of receipt if all information is received.

The outcome of the application will be notified to the applicant by email.

What happens after I claim Enterprise Zone relief?

If you have been given relief on your Business Rates bill you will need to contact the council each year to request a new application.

You will need to advise the council if your circumstances change such as receiving State Aid from elsewhere. Evidence of State Aid awarded will be required.

On-going relief will not be unreasonably withheld, but businesses will only be granted relief for one financial year at a time and relief will automatically terminate at the end of the financial year for which it is granted.

In cases where State Aid de Minimis levels would be exceeded, relief will be terminated with immediate effect.

Part Occupied Relief

Where the ratepayer has made an application for Part Occupied Relief once Enterprise Zone relief has been awarded, the council has the discretion to ask the Valuation Office Agency to apportion the Rateable Value of the occupied and unoccupied parts.

The local authority will treat the occupied part as if it were a new hereditament. This will cause the existing Enterprise Zone relief to cease. Should the ratepayer wish to claim Enterprise Zone relief after apportionment they will be required to submit a new application.

Split, Merger or Reconstitution

For the purpose of this policy, where the hereditament has been split, merged or reconstituted by the Valuation Office Agency, the local authority will treat the revised hereditament as if it were a new hereditament. This will cause the existing Enterprise Zone relief to cease. Should the ratepayer wish to claim

Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones

Enterprise Zone relief after the split, merger or reconstitution they will be required to submit a new application. The fact a property has been split, merged or reconstituted will not give rise to a fresh 5 year relief period. Any new application will take into account the number of years of any previous awards of Enterprise Zone relief.

Insolvency or Receivership

In the event that a ratepayer becomes subject to insolvency proceedings or receivership the local authority will immediately withdraw Enterprise Zone relief. This is because State Aid rules provide that financial assistance cannot be provided by a public sector body where the business is in difficulty.

Non Payment

Where the local authority is owed outstanding sums by the applicant, a parent company of, or a subsidiary of the applicant, however caused, the local authority reserves the right to refuse an application for Enterprise Zone relief until such sum is paid. This is because the local authority feels it would not be in the best interests of the local Council Taxpayer to grant a discretionary relief where the local authority is still owed an outstanding sum by the applicant, a parent company of, or a subsidiary of the applicant.

In the event that the local authority has to commence future legal proceedings to recover an outstanding sum from the ratepayer, however caused, the local authority reserves the right to withdraw future relief for this ratepayer. Accordingly the local authority will provide a 12 month notice period prior to the relief being withdrawn.

Moving in and out

Enterprise Zone relief is a discretionary relief designed to encourage and assist economic growth. Therefore it is not permissible for a business to move in and out of the Enterprise Zone within short and medium periods to take advantage of the relief provisions. A cumulative view will be taken of applicants and any subsidiaries and/or any linked companies when dealing with applications for relief to ensure the objectives of the Enterprise Zone are being met. This may result in applications for relief being refused.

Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones

Appeals

There is no statutory right of appeal against a decision made by the Council regarding discretionary rate relief. However, the Council recognises that ratepayers should be entitled to have a decision reviewed if they are dissatisfied with the outcome.

If an application for Business Rate Enterprise Zone relief has been declined, the applicant may appeal for the decision to be reconsidered.

A request for appeal should be made by email no later than one month after the date of the determination and should include the reasons for requesting a review and any supporting information.

Appeals will be considered by the Head of Revenues and Benefits in consultation with the Head of Regeneration and Economic Development, independent of the original decision maker and this decision will be final.

The applicant will be notified of the outcome of the review by email within one month of receipt of the appeal.

However, this review process does not affect a ratepayer's legal right to seek leave to challenge a decision by way of Judicial Review.

State Aid

Enterprise Zone relief is subject to State Aid rules. State Aid rules exist to avoid publically funded assistance distorting competition within the European Union.

The De Minimis Regulation allows an enterprise to receive up to €200,000 De Minimis aid over any period of three financial years (as set out in EC Regulation 1998/2006 as published in the Official Journal of the European Union on 28 December 2006).

To establish whether you are eligible to receive Enterprise Zone relief, you must tell us the full amount of De Minimis aid which you have already been granted during the previous two financial years and the current financial year.

Any assistance you may have received from a public body might be a De Minimis aid. This could be from central, regional, devolved governments or agencies or a local authority.

Appendix 1: Discretionary Rate Relief Policy – Enterprise Zones

Appendix A: Kent Medical Campus Enterprise Zone boundary



MAIDSTONE BOROUGH COUNCIL

POLICY AND RESOURCES COMMITTEE

27 JUNE 2018

REFERENCE FROM HERITAGE, CULTURE AND LEISURE COMMITTEE

REQUEST FOR MONIES FROM THE HCL UNDER SPEND TO FUND A SERIES OF REVIEWS

At the meeting of Heritage, Culture and Leisure Committee on 5th June 2018, the Committee considered the Fourth Quarter Budget Monitoring 2017/18 report. The Committee was advised that there was an overall under spend on the HCL budget 2017/18 of £125,398.

As part of the Committee's future work programme they undertook to review a number of areas under their responsibility which would include the Arts, Sports, Accessibility and a Fundraising Strategy. It was felt that these reviews could be funded by utilising some of the Committee's under spend of up to £75,000.

RECOMMENDED: That the Policy and Resources Committee approve the allocation of up to £75,000 from the under spend arising out of the Heritage, Culture and Leisure Committee's budget for 2017/18.

Agenda Item 18

Policy & Resources Committee

27 June 2018

Revenue and Capital Outturn 2017/18

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service/Lead Director	Mark Green, Director of Finance & Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance
Classification	Public
Wards affected	All

Executive Summary

This report provides the Committee with an overview of the revenue and capital budgets and outturn at the end of 2017/18. The figures included within the report are still subject to external audit so should be considered provisional at this stage. The report also includes an update on other matters which may have a material impact on the Council's Medium Term Financial Strategy and Balance Sheet.

The Council has ended 2017/18 with an overall positive variance of £185,000 against its revenue budget, after deducting resources to be carried forward.

The Council spent £11.9 million against the planned capital programme during 2017/18, compared with a revised estimate of £14.0 million. Unspent resources required in subsequent years will be carried forward.

This report makes the following recommendations to this Committee:

1. That the revenue position of the Council at the end of 2017/18 as set out within **Appendix 1** is noted;
2. That the revenue resources to be carried forward into the current financial year, detailed at **Appendix 2**, are noted;
3. That the write off of uncollectable debt totalling £13,750 be approved;
4. That the 2017/18 underspend of £185,000 is ringfenced within General Fund balances for one-off expenditure that is required to deliver Council strategic objectives, with a report back to the next meeting of the Committee setting out specific proposals;
5. That the Committee receives a report setting out how it is proposed to use the Kent Business Rates Pool surplus to promote the Council's economic development strategy and as a Growth Fund, as set out in paragraph 1.6;
6. That the use of the 2016/17 underspend detailed at paragraph 1.18 is noted;
7. That the capital outturn and slippage within the capital programme in 2017/18, detailed in **Appendix 3**, are noted;
8. That the performance of the Collection Fund and the level of balances at the 31st March 2018 is noted;

9. That the write-off of unpaid business rates as set out in **Appendix 4** is approved; and
10. That the performance in relation to the Treasury Management Strategy for the final quarter of 2017/18 is noted.

Timetable	
<i>Meeting</i>	<i>Date</i>
Heritage, Culture & Leisure Committee	5 June 2018
Strategic Planning, Sustainability & Transportation Committee	12 June 2018
Communities, Housing & Environment Committee	19 June 2018
Policy & Resources Committee	27 June 2018

Revenue and Capital Outturn 2017/18

1. INTRODUCTION AND BACKGROUND

- 1.1 The Medium Term Financial Strategy for 2017/18 onwards was agreed by full Council on 1 March 2017. This report advises and updates the Committee on how each service has performed in regards to revenue and capital expenditure against the approved budgets within its remit.
- 1.2 The Director of Finance & Business Improvement is the Responsible Financial Officer, and has overall responsibility for budgetary control and financial management. However in practice, day to day budgetary control is delegated to service managers, with assistance and advice from their director and the finance section.

Revenue Budget

- 1.3 Attached at **Appendix 1** is a table detailing the budget and expenditure position in relation to 2017/18. The appendix details the net budget for all service committees including this one. Actual expenditure is shown to the end of March 2018 and includes accruals for goods and services received but not yet paid for.
- 1.4 The columns of the table in the Appendix show the following detail:
- a) The service committee;
 - b) The value of the total budget for the year;
 - c) Amounts to be carried forward from 2017/18 to 2018/19, and amounts which are ring fenced to certain services under legislation;
 - d) Adjusted budget for the year (original budget less amounts carried forward);
 - e) Actual expenditure and income for the year; and
 - f) The variance between the total spend and the adjusted budget.
- 1.5 The figures are analysed in three ways and set out in three tables which show the following levels of detail:
- Table 1: by Committee;
Table 2: by Priority
Table 3: by Expenditure Type.
- 1.6 **Appendix 1** shows that the Council ended the year with an overall underspend against its revenue budgets of £185,000. This is the position after adjustments made for resources to be carried forward or ring fenced to a particular service under legislation or policy.
- 1.7 The Council used £9.8 million of revenue resources to fund the capital programme during 2017/18. These resources derive from New Homes Bonus payments that have been set aside for capital expenditure. £4 million of this represents revenue resources received or set aside during the

year, with the remainder being funded from amounts previously set aside for this purpose.

- 1.8 £638,000 has been transferred to earmarked balances relating to growth retained through the Kent Business Rates Pool. This represents £319,000, being the Council's 30% share of the pool surplus, which the Committee has previously agreed will be used to progress the economic development strategy; and a further £319,000, being the 30% Business Rates Pool Growth Fund. This will be spent in consultation with Kent County Council and has previously been earmarked for the Maidstone East development. It is recommended that the Committee receives a further report setting out proposals for expenditure to support the economic development strategy, and reporting on Growth Fund proposals.
- 1.9 **Appendix 2** details the resources which have not been utilised during 2017/18, but which are required to fund expenditure in subsequent years and are therefore being carried forward into 2018/19. This includes grants and a small number of specific carry forwards which have been agreed by the Director of Finance and Business Improvement in line with the Council's Financial Procedure Rules.
- 1.10 Explanations for variances within individual cost centres which exceed £30,000 have been provided below in accordance with the Council's constitution. These have been considered by the relevant service committees throughout June. Where the variance relates to a shared service, only the Maidstone share of the variance is reported.

	Positive Variance	Adverse Variance
	£000	£000
Heritage, Culture & Leisure Committee		
Museum – This variance relates to staff vacancies and associated recharges.	43	
Leisure Centre – The budget includes cost savings from installation of solar panels that were over-estimated. Monitoring of the installation is taking place to identify any reasons for under-performance. Utilities charges amounting to £14,000 are also reflected in this area, although this is currently under query with the contractor.		-53
Parks & Open Spaces - The variance is a combination of staff vacancies, an underspend on running costs and additional income above the budget for grounds maintenance. There was also an underspend on the budget for trees, as a consequence of vacancies during the year.	59	

	Positive Variance	Adverse Variance
	£000	£000
Playground Maintenance & Improvements - This variance is a consequence of reduced maintenance costs following the recent programme of play area capital works.	74	
Mote Park – The variance has arisen from a combination of factors including higher than budgeted costs for water due to a leak which occurred during August, underachievement of income and the need to undertake a tree survey during the year.		-55
Mote Park Café – The variance arose from the transfer of the contract to new management taking longer than anticipated. These arrangements have now been finalised.		-36
Cemetery – The variance reflects higher than budgeted income, and a vacant post in this area. A business case is currently being developed for investment in the cemetery to improve facilities and generate further income growth.	74	
Market - The adverse variance has arisen from unachieved income in this area, with the most notable shortfall arising from the Tuesday market. This is a continuation of the trend observed in previous years and nationally, which indicates this to be a declining sector. This has been incorporated into the budget for 2018/19 which reflects a reduced income target. Officers are looking at alternative revenue generating opportunities. The other contributor to the increased adverse variance is the service charge for 2017/18 which has increased by 25%.		-39

	Positive Variance	Adverse Variance
	£000	£000
Strategic Planning, Sustainability & Transportation Committee		
Pay & Display Car Parks – Income from pay and display and season tickets has continued to outperform against the budget, in line with previous projections. The variances are particularly significant for Lockmeadow and King Street car parks. It should be noted that the reported variance incorporates adverse variances for Sandling Road (Maidstone East) and Mote Park car parks. This has been offset against the overall underspend.	305	
Development Control Applications – Total planning fee income generated was in line with the budget. This is in spite of the fact that the budget assumed that an increase in fees, introduced by the government, would take place in July 2017, and the increase did not in fact take place until January 2018. There is a favourable variance because the budget assumed that the planning fee increase would be used to fund additional expenditure, whilst in the event the expenditure budget relating to the fee increase was only partially utilised during the year.	107	
Development Control Appeals – This variance includes a provision of £296,300 for anticipated costs in relation to a number of ongoing appeal cases, which has meant that the budget has been exceeded.		-100
Development Management Enforcement – Agency costs required to cover staff absence have given rise to the overspend in this area.		-35
Spatial Policy Planning – The variance relates to staff costs due to vacant posts. This budget is required and it is anticipated that it will be utilised during 2018/19.	63	

	Positive Variance	Adverse Variance
	£000	£000
Building Regulations – Income continues to be above budget in this area, and the underspend is expected to continue through to the end of the year. It should be noted that this service is required to break even on a rolling three year basis.	40	
Communities, Housing & Environment Committee		
CCTV – the overspend has arisen from a combination of factors including an income budget of £21,000 that was not met, a savings target of £73,300 that wasn't met in the year and approximately £29,000 unexpected expenditure relating to CCTV.		-117
Public Conveniences – The overspend has arisen from the transition between direct and contracted out services. The contract is fully funded for 18/19.		-35
Street Cleansing - This overspend relates to overtime and additional contractor costs due to staff sickness and there has been additional spend on fly-tipping and materials.		-64
Commercial Waste – The favourable variance is due to income exceeding the budget, particularly internal trade waste collection.	35	
Recycling Collection – The favourable variance is due to a mixture of income exceeding the budget and an underspend on running cost budgets.	46	
Homelessness – There is an overall underspend on homelessness, following an increase of £235,000 in the budget in 2017/18. The underspend comprises a £22,000 underspend on deposit bond schemes, £123,000 underspend on the Homefinder scheme, £28,000 underspend on professional services and a £15,000 underspend on marketing. This is offset by a £28,000 overspend on overnight accommodation, a £57,000 shortfall on income, and £43,000 provision and write-offs in relation to irrecoverable rent.	63	

	Positive Variance	Adverse Variance
	£000	£000
Community Partnerships & Resilience – The underspend is largely due to vacant posts and maternity leave.	63	
Fleet Workshop & Management – There is a favourable variance caused by unspent operating lease budget. Leases have come to an end and we now own the equipment outright.	30	
Grounds Maintenance – Commercial The commercial side of Grounds Maintenance is doing well in delivering external projects i.e. S106, NHS and KCC.	80	
Policy & Resource Committee		
Contingency – This underspend relates to contingency funding which was set aside but not utilised during 2017/18, and also savings which have been delivered in advance of the timescales set out in the medium term financial strategy.	294	
Unapportionable Central Overheads – An underspend has arisen in this area due to pension and other staff related costs which were lower than budgeted during the year.	69	
NNDR Collection – The overspend relates to NNDR costs written off during the year in excess of the provision made at the end of 2016/17.		-40
Elections - The underspend relates to the unspent borough elections budget as no borough elections were held in 2017/18.	70	
Interest & Investment Income - As was previously reported, returns have continued to be lower than budgeted and have not improved since the end of the 3rd quarter. The 2018/19 budget has been adjusted to reflect this.		-100
Sundry Corporate Properties - Unbudgeted costs totalling £60,994 for the MBC share of Royal Mail Depot have led to an overspend in this area.		-40

	Positive Variance	Adverse Variance
	£000	£000
Phoenix Park – There are a number of vacant properties on this trading estate. However, they are being marketed actively and we do not expect there to be an ongoing shortfall.		-53
Granada House (Residential) – There is a shortfall against the original income budget which is being closely monitored.		-36
Legal Services Section – Income from fees and charges has been higher than budgeted resulting in a positive variance.	33	
Rent Allowances – The variance has been created by an excess of written back rent allowances.	86	
Discretionary Housing Payments – The variance has arisen as expenditure in this area was lower than anticipated.	32	
Procurement Section – This area continues to be overspent due to an unmet income target. This budget will be amended in 2018/19 by reducing costs to offset the unmet income budget.		-54
Maidstone Link – An underspend on running costs and over achievement against the income budget has led to the favourable variance in this area.	47	
IT Operational Services – The underspend relates to a budget for equipment purchases which was underutilised during the year.	35	
Internal Printing – The overspend is a consequence of internal income from recharges being lower than anticipated. This has been corrected in the 2018/19 budget.		-70
The underspends in the following areas have all arisen from posts which were vacant during the year:		
Facilities & Corporate Support	35	
Mid Kent ICT	62	
Mid Kent HR	33	
Youth Development Programme	43	

Table 1: Summary of significant variances by committee

Write Off

- 1.11 The Committee is asked to approve a write off of income following a dispute over contract payments. In order to achieve a resolution of the dispute and to obtain payment of the substantive amount outstanding, it is proposed that £13,750 be written off.

Reportable Virements

- 1.12 In accordance with best practice, virements are reported to this committee as part of quarterly budget monitoring. A virement represents the transfer of a budget between objectives that occurs subsequent to the formal approval of the budget by Council. The following reportable virements were made during the final quarter of 2017/18:

Reason	Value £	Temp/Perm*
Transfer Parks budgets from Head of Regeneration & Economic Development to Head of Environment & Public Realm	20,500	Permanent
Funding transferred from business rates pool to fund economic development strategy	16,520	Temporary
Funding for works in Fant Hall (electrics)	4,750	Temporary
Transfer of funding for Penenden Heath Botanical Garden	6,960	Temporary

Table 2: Reportable virements

* Temporary virements represent one-off budget transfers to fund a discrete project or purchase. Permanent virements reflect alterations to the base budget which will be carried forward into subsequent years.

Revenue Underspend

- 1.13 The overall position for 2017/18, after write-offs and adjustments for amounts to be carried forward, is an underspend of £185,000 against the budget. Policy and Resources Committee is responsible for co-ordinating financial management across the Council and it is therefore appropriate for the Committee to make a decision about the allocation of the underspend.
- 1.14 Heritage, Culture and Leisure Committee recommended at its meeting on 5th June 2018 that the Policy and Resources Committee approve the allocation of up to £75,000 from the underspend to review a number of areas under the HCL Committee's remit, including the Arts, Sports, Accessibility and a Fundraising Strategy.
- 1.15 Policy and Resources Committee is invited to consider the recommendation of the Heritage, Culture and Leisure Committee, and to make an overall decision about the allocation of the underspend. The recommendation in this report is that the underspend is earmarked for one-off expenditure to deliver Council strategic objectives, with a report back to the next Committee setting out detailed proposals.

Reserves & Balances

1.16 The total of earmarked reserves and general fund balances as at 31st March 2018 was £11.9 million. The makeup of this balance, and movements during 2017-18 are set out in the table below:

	1st April 2017	Contribu- tions to/from Balances	31st March 2018
	£000	£000	£000
New Homes Bonus funding for Capital	7,215	(5,811)	1,404
Local Plan	336	(136)	200
Neighbourhood Planning	64	6	70
Trading Accounts	243	(192)	51
Business Rates Growth	158	535	694
Total Earmarked Reserves	8,016	(5,598)	2,419
Asset Replacement	200	(200)	0
Planning Management	30	(30)	0
Commercialisation – contingency	500	0	500
Invest to Save projects	500	0	500
Amounts carried forward from 2016/17	1,254	(838)	416
Amounts carried forward into 2018/19	0	1,057	1,057
Unallocated Balances	6,843	185	7,028
Total General Fund Balance	17,343	(5,424)	11,920

Table 3: General Fund & Earmarked Balances

1.17 The closing position allows for the minimum level of general balances of £2m, as agreed by Council in March 2018, to be maintained.

1.18 At its meeting on 28 June 2017, this Committee agreed to earmark the £89,000 underspend for 2016-17 for any further one-off expenditure that is required to deliver the three key action areas for 2017/18. The Corporate Leadership Team has since agreed to allocate £30,000 of this total to progress feasibility work relating to the establishment of an Innovation Hub situated on Kent Medical Campus.

Capital Budget

1.19 The capital programme was approved by Council on 1 March 2017. Funding for the programme remains consistent with previous decisions of Council in that the majority of capital resources come from New Homes Bonus along with a small grants budget.

1.20 The 2017/18 capital programme for this Committee is set out in **Appendix 3**. The revised estimate for 2017/18 includes resources brought forward from 2016/17.

1.21 The Council has the necessary resources to manage the programme in 2017/18, with the majority of funding coming from New Homes Bonus. However it is projected that the balance of that funding will be used during the course of next year, therefore it may be necessary to borrow to fund any further expenditure. Approval for borrowing has previously been agreed and factored into the programme funding.

1.22 Expenditure of £11.9m has been incurred for 2017/18 against a budget £14m. Unspent budgets totalling £2.1m have been carried forward into 2018/19.

Collection Fund

1.23 The council is increasingly reliant on income generated through Council Tax and Business Rates, which is accounted for through the Collection Fund. Due to the risks in this area, including the risk of non-collection and the pooling arrangements in place for business rates growth, the Council monitors the Collection Fund carefully.

1.24 The collection rates achieved are reported below, alongside the target for the year, and the actual amount collected. The rates are given as a percentage of the debt targeted for collection in the third quarter of 2017-18:

	Target %	Actual %	Amount Collected
Council Tax	98.00%	97.90%	£103,015,077
Business Rates	97.95%	98.60%	£56,744,938

Table 4 : Collection Rates for Council Tax and Business Rates, 2017-18

1.25 The target was over achieved for business rates, but narrowly missed for council tax. Although as a percentage of the overall total, the variance appears small, the sums involved are significant and officers are therefore monitoring this closely.

1.26 The Head of the Revenues and Benefits Partnership follows a recovery timetable and action will continue to be taken after the year end. Officers will continue to pursue payment of any developing arrears along with the arrears from prior years.

1.27 Income from retained business rates growth is slightly higher than forecast, due to a reduction in the level of provision held for appeals following settlement of a significant number of cases at a lower rate than forecast. This is a volatile area of income which can be difficult to predict, with particular uncertainty surrounding appeals which arise against the 2017 list due to changes in the process for how appeals are dealt with by the Valuation Office Agency. A prudent provision is maintained in order to minimise the impact of appeals on the Council's income.

1.28 Growth in business rates measured against the Council's baseline is £2.3 million against a forecast of £2.0 million. There is a further benefit from membership of the Kent Business Rates Pool for 2017-18, amounting to £1.1 million, which represents the difference between the levy of 50% which would have been payable on business rates growth if the council were not part of the pool, compared with the 3.115% payable as a pool member. Of the £1.1 million, £638,000 (60%) has been retained by the Council, comprising £319,000 (30%), which is the Council's own share of the pool surplus and a further £319,000 (30%), being the Business Rates Pool Growth Fund.

Irrecoverable business rates

1.29 The committee are asked to approve the write off of £152,917.40 unpaid business rates debt identified in **Appendix 4**. Please note that information relating to individuals is restricted under the Data Protection Act and has therefore been redacted from this appendix.

1.30 As noted above, the council takes a robust approach to recovery of business rates. This involves progressive action which would typically include:

- Reminder for non-payment
- Final notice for non-payment
- Summons for non-payment
- Application to the Magistrates Court for a liability order
- Instruction of an enforcement agent to recover
- Bankruptcy or liquidation, where appropriate
- Proceeding to seek committal to prison (individuals)

1.31 Throughout the process the Council actively encourages contact from any business experiencing difficulty in order to negotiate arrangement for payment.

1.32 The Council could continue to hold these debts as outstanding, but this option is not recommended as there is no prospect of recovery and this would distort the financial position of the Council.

1.33 For the businesses listed in **Appendix 4**, the Council has exhausted all of the recovery processes in trying to collect the unpaid amounts. It is therefore suggested that these amounts are written off and the Council's accounts are amended to reflect the fact that the payments identified are not expected to be recovered. The Council maintains a provision for bad debts, and there is sufficient resource available within this balance to cover the value of the proposed write offs.

Treasury Management

1.34 The Council has adopted the Treasury Management in Public Services: Code of Practice 2011 Edition (The Code) into its Financial Regulations. The Code covers the principles and guidelines relating to borrowing and investment operations. In March 2017, the Council approved a Treasury Management Strategy for 2017/18 that was based on this code. The strategy requires

that Policy and Resources Committee should formally be informed of Treasury Management activities quarterly as part of budget monitoring.

1.35 During the Quarter ended 31st March 2018:

- UK Consumer Price Inflation (CPI) index fell back to 2.7% after rising to 3.1% in November. The Government are keen to reduce inflation down to 2%, which was largely the reason why the Bank Rate was increased by 0.25% in November.
- The number of unemployed in the economy remained at 4.3% from December 2017.
- The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates as at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.
- 5-year gilts had risen to 1.65% by the end of March. 10-year gilt yields also rose to 1.65% by mid-February before falling back to 1.35% at year-end. 20 year gilt yields peaked to highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.
- In February, Arlingclose advised against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget.
- In March, following Arlingclose's advice, the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criteria, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.

1.36 The table below shows a projection from Arlingclose, the Council's treasury management advisor on future rates:

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-mth money market rate													
Upside risk	0.05	0.10	0.10	0.10	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.60	0.85	0.90	1.10	1.15	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Downside risk	-0.05	-0.30	-0.35	-0.55	-0.60	-0.80	-0.80	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
1-yr money market rate													
Upside risk	0.10	0.20	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	0.90	1.05	1.10	1.20	1.30	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Downside risk	-0.20	-0.35	-0.40	-0.50	-0.60	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5-yr gilt yield													
Upside risk	0.15	0.15	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.20	1.30	1.40	1.50	1.60	1.65	1.65	1.65	1.65	1.60	1.55	1.55	1.55
Downside risk	-0.25	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
10-yr gilt yield													
Upside risk	0.20	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.55	1.65	1.75	1.85	1.90	1.90	1.90	1.90	1.90	1.85	1.85	1.85	1.85
Downside risk	-0.30	-0.35	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
20-yr gilt yield													
Upside risk	0.20	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Downside risk	-0.35	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45
50-yr gilt yield													
Upside risk	0.20	0.20	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.80	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.90	1.90
Downside risk	-0.30	-0.35	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45

Table 5: Arlingclose interest rate projection

- The MPC had increased Bank Rate back in November 2017 and Arlingclose are expecting another 0.25% rise by September 2018 due to MPC maintaining expectations that a rate rise will happen.
- Arlingclose's central case is for Bank Rate is to rise once in 2018 and twice more in 2019, however the risks are weighted to the downside.
- Gilt yields have been volatile, but remain historically low. It's expected that some upward movement from current levels based on the above interest rate projections.

Investments

1.37 At 31 March 2018, the Council held investments totalling £17.4m. A full list of these investments can be found in **Appendix 4**. All investments during the year have been short term which has complied with the current strategy.

1.38 Total investment income for 2017/18 is £120k with an average rate of 0.44% on investments.

Borrowing

1.39 The Council required some short term borrowing in this period, which was due to short term liquidity issues near the year end.

2. AVAILABLE OPTIONS

- 2.1 The principal matters covered by this report are for noting rather than for decision. The Committee is asked to note these matters and may choose to take further action as appropriate.
-

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 In considering the current position on the revenue budget and the capital programme at the end of 2017/18 the Committee can choose to note this information or it could choose to take further action.
- 3.2 The committee is requested to note the content of the report and agree on any necessary action to be taken in relation to the budget position.
-

4. RISK

- 4.1 This report is presented for information only and has no risk management implications.
- 4.2 The Council has produced a balanced budget for both capital and revenue expenditure and income for 2018/19. This budget is set against a backdrop of limited resources and a difficult economic climate. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives this committee the best opportunity to take actions to mitigate such risks.
-

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 No consultation has been undertaken in relation to this report. The fourth quarter budget monitoring reports have been considered by the relevant Service Committees throughout June.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The overall outturn for the year ended 31 March 2018 will be reported as part of the Council's Statement of Accounts, which will be presented to the Audit, Governance and Standards Committee for approval at its meeting 30 July 2018. The Statement of Accounts will be audited and is due to be approved by 31 July 2018 at the latest.
-

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's Medium Term Financial Strategy which is linked to the strategic plan and corporate priorities.	Director of Finance & Business Improvement
Risk Management	This has been addressed in section 4 of the report.	Director of Finance & Business Improvement
Financial	Financial implications are the focus of this report through high level budget monitoring. The process of budget monitoring ensures that services can react quickly to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.	Director of Finance & Business Improvement
Staffing	The budget for staffing represents a significant proportion of the direct spend of the council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.	Director of Finance & Business Improvement
Legal	The Council has a statutory obligation to maintain a balanced budget and this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain a balanced budget for the year.	Mid Kent Legal

Privacy and Data Protection	No specific issues arise.	Director of Finance & Business Improvement
Equalities	The budget ensures the focus of resources into areas of need as identified in the Council's strategic priorities. This monitoring report ensures that the budget is delivering services to meet those needs.	Director of Finance & Business Improvement
Crime and Disorder	No specific issues arise.	Director of Finance & Business Improvement
Procurement	No specific issues arise.	Director of Finance & Business Improvement

8. REPORT APPENDICES

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

- Appendix 1: Revenue Outturn 2017/18
- Appendix 2: Carry Forward of Revenue Resources 2017/18
- Appendix 3: Capital Programme 2017/18
- Appendix 4: Business Rates Write Offs June 2018
- Appendix 5: List of investments as at 31 March 2018

9. BACKGROUND PAPERS

None

Revenue Outturn - Full Summary to March 2018

ANALYSIS BY COMMITTEE

Committee	Budget	Budgets Carried Forward	Adjusted Budget	Actual	Variance ¹
	£	£	£	£	£
Policy & Resources	4,279,120	-408,158	3,870,962	4,526,377	-655,415
Strategic Planning, Sustainability & Transportation	-434,330	-181,219	-615,549	-1,078,404	462,855
Communities, Housing & Environment	8,647,120	-795,580	7,851,540	7,587,774	263,766
Heritage, Culture & Leisure	1,965,710	-74,920	1,890,790	1,776,744	114,046
	14,457,620	-1,459,877	12,997,743	12,812,491	185,252
Transfers to and from Earmarked Reserves	4,439,270	0	4,439,270	9,177,315	-4,738,045
Net Revenue Expenditure	18,896,890	-1,459,877	17,437,013	21,989,806	-4,552,793

Table 1

ANALYSIS BY PRIORITY

Priority	Budget	Budgets Carried Forward	Adjusted Budget	Actual	Variance ¹
	£	£	£	£	£
Character	741,530	-44,533	696,997	713,235	-16,238
Health & Wellbeing	2,210,840	-616,120	1,594,720	1,303,987	290,733
Clean & Safe	4,578,230	-26,590	4,551,640	4,601,528	-49,888
Leisure & Culture	2,830,820	-74,920	2,755,900	2,632,813	123,087
Town Centre	85,640	-23,440	62,200	73,173	-10,973
Employment & Skills	408,760	0	408,760	398,653	10,107
Homes	1,713,320	-191,201	1,522,119	1,375,424	146,695
Infrastructure	440,610	0	440,610	353,633	86,977
Trading	-4,556,610	-51,478	-4,608,088	-4,817,507	209,419
Central & Democratic	6,004,480	-431,595	5,572,885	6,177,552	-604,667
	14,457,620	-1,459,877	12,997,743	12,812,491	185,252
Transfers to and from Earmarked Reserves	4,439,270	0	4,439,270	9,177,315	-4,738,045
Net Revenue Expenditure	18,896,890	-1,459,877	17,437,013	21,989,806	-4,552,793

Table 2

ANALYSIS BY SUBJECTIVE SPEND

Subjective	Budget	Budgets Carried Forward	Adjusted Budget	Actual	Variance ¹
	£	£	£	£	£
Employees	20,173,550	-72,053	20,101,497	19,342,212	759,285
Premises	4,626,950	0	4,626,950	4,518,351	108,599
Transport	1,060,310	0	1,060,310	993,166	67,144
Supplies & Services	19,860,980	-1,357,599	18,503,381	8,992,221	9,511,160
Agency	5,620,640	0	5,620,640	5,505,772	114,868
Transfer Payments	45,724,290	0	45,724,290	47,309,463	-1,585,173
Asset Rents	1,191,980	0	1,191,980	1,161,378	30,602
Income	-83,801,080	-30,225	-83,831,305	-75,010,072	-8,821,233
	14,457,620	-1,459,877	12,997,743	12,812,491	185,252
Transfers to and from Earmarked Reserves	4,439,270	0	4,439,270	9,177,315	-4,738,045
Net Revenue Expenditure	18,896,890	-1,459,877	17,437,013	21,989,806	-4,552,793

Table 3

¹A positive figure represents a favourable variance. A negative figure (ie -£X,XXX) represents an adverse variance.

**Carry Forward of Revenue Resources 2017/18 to 2018/19
Policy & Resources Committee**

Committee	Revised Estimate 2017/18 £	Actual Spend £	Carry Forward £	Service Area	Justification
Heritage, Culture & Leisure	0	0	25,000	Biodiversity Action Plan Refresh	The Heritage, Culture and Leisure Committee approved the proposal to refresh the Biodiversity Action Plan which has been due an update since 2014. This work was also an action of the Green and Blue Infrastructure Action Plan and is needed to support the Local Plan. This work will cost in the region of £25,000 and it is requested that it be funded from the underspend of the Parks and Open Spaces budget as the work could not be completed in 2017/18.
Strategic Planning, Sustainability & Transportation	665,590	596,858	17,500	Planning Support	The carry forward is requested to fund planned additional spend on overtime and agency staffing to deal with the backlog in Planning Support.
Communities, Housing & Environment	65,000	0	30,000	Remedial work at Park Wood Depot	The Park Wood Depot is approaching 9 years old and although a small amount is provided annually for limited repainting, there is no budget for larger maintenance work. There is a requirement to carry out refurbishment work to the kitchen and toilets, repainting throughout, line marking outside and new signage. The team has also increased over the past year and is continuing to grow with addition of the Waste Crime Team and Parks Project Officer. Therefore changes are needed to accommodate more office staff at the depot. It is therefore requested that £30,000 from the additional grounds maintenance income is carried forward to fund the refurbishment of the depot.
Communities, Housing & Environment	40,000	10,000	30,000	Ringfenced income from Fixed Penalty Notices (FPNs)	The income from FPNs is ringfenced to be spent on street cleansing or initiatives to reduce waste crime. Therefore this needs to be carried forward so it can be spent in 2018/19. This is a government requirement for issuing FPNs.
Communities, Housing & Environment	24,240	163	24,080	Occupational Health & Safety	Although the spend for 2017/18 has been negligible, this area can be unpredictable and so amounts are being carried forward as a reserve for potential future costs relating to health and safety requirements.
Communities, Housing & Environment	25,530	0	25,530	Strategic Housing Role - Out of Hours Cover	A carry forward of resources into 2018/19 has been requested to cover 2 years out of hours cover that will be a critical part of ensuring the success of the service.
Communities, Housing & Environment	41,140	15,382	22,310	Community Protection	Amounts are being carried forward to enable the continued funding of a key post within the Community Protection Team for 12 months whilst a permanent solution is implemented. Without the post in place the ability to respond to high visibility and negative impact issues such as unauthorised encampments will be significantly reduced.
Policy & Resources	23,440	0	23,440	Business Terrace	Surplus funding on the Phase 3 expansion of the Business Terrace is being carried forward to fund potential work required to progress Phase 4.
Policy & Resources	8,780	0	8,780	Internal Audit	Agreed by authority partner s151 officers as retained within the service.
Total	893,720	622,403	206,640		

Carry Forward of Grants 2017/18 to 2018/19
Policy & Resources Committee

Committee	Grant Received £	Spend 2017/18 £	Forward Required £	Grant Details	Justification
Heritage, Culture & Leisure	1,530	0	1,530	Ancient Lives	The grant funding is required to replace an activity station in the gallery. This work will be carried out during 2018/19.
Heritage, Culture & Leisure	1,810	1,300	510	Café Culture funding from Golding Homes	Golding Homes grant to be used for the promotion of and running of 'Café Culture' (the legacy to 'Museums on Prescription' project) Being used for fliers, banners, general promotion and resourcing for sessions.
Heritage, Culture & Leisure	13,530	0	13,530	ACE (Arts Council England)	ACE Museums and Schools transition money. Budget to be ring-fenced to sustain Learning Team to the end of July to ensure the schools programme can be offered to schools to the end of the summer term 2018. This will now be used alongside the additional grant given by ACE for Museums and Schools programme to continue through to 2018/19.
Heritage, Culture & Leisure	1,000	0	1,000	Roman Project	Project still in progress.
Heritage, Culture & Leisure	2,000	0	2,000	Study of Japanese Arts & Culture	Japanese Arts and Culture - project still in progress.
Heritage, Culture & Leisure	31,350	0	31,350	Arts & Open Spaces Funding from Golding Homes	Project still in progress. This is a health and wellbeing project with schools in areas of relative deprivation. The project is scheduled for delivery during 2018/19.
Strategic Planning, Sustainability & Transportation	10,290	0	10,290	Custom Build Grant	Original Grant was for £14,650. From this £4,360 of the budget was used in 2017-18 to fund two-fifths of the cost of the temporary S106 Officer from October to end of March 2018.
Strategic Planning, Sustainability & Transportation	5,150	550	4,600	Self Build Grant	The £550 expenditure relates to the annual fee for 2017/18. The carry forward is required for the fees for the next 8 years approximately.
Strategic Planning, Sustainability & Transportation	20,130	0	20,130	Grant for Brownfield Register	£14,645 was received in 2016/17 & £5,485 in 2017/18 none of which has yet been spent to date.
Strategic Planning, Sustainability & Transportation	75,000	0	75,000	HCA Grant	This grant was contracted to Lenham Parish Council in March 2018, to bring forward housing delivery, but will be paid to them early in the 2018/19 financial year.
Communities, Housing & Environment	206,000	0	206,000	Air Quality Grant (DEFRA)	The Air Quality project is jointly owned and managed by Maidstone and Tonbridge & Malling, and is funded through a grant from DEFRA. It is anticipated that this project will be delivered 2018/19. It was not possible to deliver the project during 2017/18 due to dependence on external delivery factors such as working with the bus company to retro fit buses on specific routes.
Communities, Housing & Environment	184,540	146,020	38,520	Public Health (KCC Funding)	External funding to be used to fund new posts in 2018/19. This was approved by the Corporate Leadership Team following consideration of a report on 17 April 2018.
Communities, Housing & Environment	268,420	31,910	236,510	Flexible Homelessness Grant	Allocation of funds is necessary to meet the Council's new duties in relation to the Homelessness Reduction Act, including new posts and other initiatives that are currently being approved and recruited to.
Communities, Housing & Environment	14,710	9,610	5,100	Armed Forces Covenant Grant	This is an external fund which is to be used to promote future events during 2018/19, including WW1 commemoration.
Communities, Housing & Environment	16,260	0	16,260	Troubled Family Grant (Financial Inclusion)	Funding is required in 2018/19 for the Senior Community Protection Officer role which will enable interventions with hard to reach groups.
Communities, Housing & Environment	9,540	250	9,290	Troubled Family Grant (Bal from 15/16)	As above
Communities, Housing & Environment	760	0	760	Lettings agency Redress Scheme	The scheme will be developed during 2018/19, and this fund will contribute towards an awareness raising campaign.
Communities, Housing & Environment	75,470	0	75,470	Homelessness New Burdens	Allocation of funds is necessary to meet the Council's new duties in relation to the Homelessness Reduction Act, including new posts and other initiatives that are currently being approved and recruited to.
Communities, Housing & Environment	35,540	0	35,540	Rough Sleeper Grant	This is a ring-fenced grant to deliver a programme over 2 years (2018/19 being Year 2)
Communities, Housing & Environment	35,930	0	35,930	Custom Build Grant	Grant carry forward to help with the future development of custom grant build as part of the Affordable Housing SPD
Communities, Housing & Environment	37,100	32,816	4,280	Police & Crime Commissioner Grant	External ring-fenced grant which will be used to fund the cost of consultancy work on providing a sustainable CCTV service.
Policy & Resources	138,060	124,937	13,123	Grant received from KCC for £138,060 in 2017/18.	This grant funds ongoing work on Fraud Employee & Transport costs, and the unspent balance will be required to progress this project during 2018/19.
Policy & Resources	101,180	68,530	32,650	Individual Electoral Registration Grant	Carry forward of grant will ensure continued financial support to the individual electoral registration process.
Policy & Resources	301,670	138,780	162,890	Transition Grant	This is a grant from central government to help the Council work more efficiently. It does not have to be spent in a particular year and there are already plans in place for 2018/19 to use some of the remaining grant. The amount carried forward from 2016/17 was £129,710 and the amount received in 2017/18 was £171,970. The total amount spent in 2017/18 was £138,780. Amount to be carried forward is £162,890.
Policy & Resources	128,950	0	151,075	DCLG funding for dealing with legal claims relating to land charges search fees	This grant will be held for any potential legal costs which the Council may incur from claims relating to search fees for land charges. This risk is currently being assessed.
Policy & Resources	16,200	0	16,200	DCLG Transparency Grant	This grant is intended to support the Council's ability to demonstrate transparency and comply with publication requirements for local authorities. Possible uses for this funding are currently being considered.
Total	1,732,120	554,703	1,199,538		

Capital Outturn for 2017/18

	Original Estimate 2017/18	Revised Estimate 2017/18	Outturn 2017/18	Budget carried forward to 2018/19
	£	£	£	£
Continued Improvements to Play Areas	940,140	468,800	650,625	-292,030
Commercial Projects - Mote Park Parking		31,080		31,080
Commercial Projects - Crematorium Projects		264,000	230,831	33,170
Commercial Projects - Mote Park Adventure Zone	629,400	850,760	482,602	368,160
Mote Park Play Area		300,000		300,000
Mote Park Improvements	397,020	285,760	115,775	169,990
Other Parks Improvements	225,000			
Mote Park Visitor Centre	100,000	74,470	53,505	20,970
Museum Development Plan	110,000	145,370	166,195	-20,830
Heritage, Culture & Leisure Total	2,401,560	2,420,240	1,699,533	610,510
Riverside Towpath		40,000	0	40,000
Bridges Gyrotary Scheme		160,000	10,350	149,650
Strategic Planning, Sustainability & Transportation Total	0	200,000	10,350	189,650
Housing Incentives	576,310	110,060	46,197	63,860
Housing - Disabled Facilities Grants Funding	800,000	691,810	535,986	155,820
Housing Investments	3,900,000	3,914,280	3,731,664	182,620
Purchase of Lenworth House		247,500	259,408	
Gypsy Site Fencing Works		42,300		42,300
Brunswick Street	500,000	1,081,814	1,011,349	70,470
Union Street	500,000	191,962	118,749	73,210
King Street	500,000	35,000	7,294	27,710
Street Scene Investment	50,000	50,000	48,787	1,210
Flood Defences	50,000	4,330	4,951	
Commercial Waste	180,000			0
Communities, Housing & Environment Total	7,056,310	6,369,056	5,764,385	617,200
High Street Regeneration	1,400,000	443,530	154,135	289,400
Asset Management / Corporate Property	175,000	200,000	82,560	117,440
Feasibility Studies	50,000	50,000	48,519	24,480
Software / PC Replacement	175,000	143,400	138,616	4,780
Acquisition of Commercial Assets	1,500,000	3,596,827	3,645,756	-48,930
Maidstone East/Sessions Square	288,000	575,542	319,666	255,880
Policy & Resources Total	3,588,000	5,009,299	4,389,252	643,050
TOTAL	13,045,870	13,998,595	11,863,520	2,060,410

Business Rates Write Offs
June 2018

Business Name	Property Address	A/C ref	Fin. Year	O/S debt	Costs	Total to be written off	Reason for write off	Action taken
The Enterprise Foundation - In Liquidation	Pt 2nd Flr Maidstone House, King Street, Maidstone, Kent ME15 6JQ	3269093	2015/16 2016/17	£48,950.95 £73,354.48	£0.00 £55.00	£122,360.43	Liquidation	Following a long ongoing dispute in relation to Charitable Relief. Company entered into Liquidation 16.12.2016 Proof of debts submitted - No Prospect of Dividend at any class of creditor
Bespoke & Period Joinery Ltd T/A Tudor Oak - In Liquidation	Adj Parsonage Farm (Unit I LHS) Heath Road, Boughton Monchelsea, Maidstone, Kent ME17 4JB	3257246	2014/15 2015/16 2016/17	£3407.64 £7823.36 £2787.97	£200.00 £200.00 £0.00	£14,018.97	Liquidation	Various methods of recovery taken. Company entered into Liquidation 31.03.2016
Bespoke & Period Joinery Ltd T/A Tudor Oak - In Liquidation	Unit 2 (RHS) Parsonage Farm, Heath Road, Boughton Monchelsea, Maidstone, Kent ME17 4JB	3257255	2014/15 2015/16	£978.25 £15,159.75	£200.00 £200.00	£16,538.00	Liquidation	Various methods of recovery taken. Company entered into Liquidation 31.03.2016

Total £152,917.40

72

Maidstone Borough Council Investments as at 31st March 2018

Counterparty	Type of Investment	Principal £	Start Date	Maturity Date	Rate of Return	Arlingclose Credit Limits	
						Suggested Term	Maximum Deposit
Santander UK PLC	Notice Account	3,000,000	30/10/2017	28/04/2018	0.70%	6 months	£3,000,000
Standard Life Liquidity Funds	Money Market Fund	1,400,000	29/03/2018	03/04/2018	0.46%	2 Years	£8,000,000
Lloyds Bank PLC	Deposit - Fixed	2,000,000	11/10/2017	11/04/2018	0.36%	6 months	£3,000,000
Lloyds Bank PLC	Deposit - Fixed	1,000,000	03/11/2017	03/05/2018	0.65%	6 months	£3,000,000
Lancashire County Council	Deposit - Local Authority	3,000,000	16/11/2017	16/05/2018	0.42%	5 Years	£8,000,000
Suffolk County Council	Deposit - Local Authority	2,000,000	02/10/2017	01/10/2018	0.50%	5 Years	£8,000,000
Thurrock Borough Council	Deposit - Local Authority	2,000,000	10/11/2017	09/11/2018	0.75%	5 Years	£8,000,000
Coöperatieve Rabobank UA	Certificate of Deposit	2,000,000	16/10/2017	15/10/2018	0.64%	13 months	£3,000,000
Coöperatieve Rabobank UA	Certificate of Deposit	1,000,000	20/10/2017	19/10/2018	0.62%	13 months	£3,000,000
TOTAL		17,400,000					

Agenda Item 19

POLICY AND RESOURCES COMMITTEE

27 June 2018

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

No

Medium Term Financial Strategy 2019/20 – 2023/24 – Initial Scoping and Assumptions

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

Executive Summary

This report sets out the background to be considered in updating the Medium Term Financial Strategy (MTFS) and rolling it forward to cover the five year period 2019/20 to 2023/24. It describes the issues and risks involved, starting with the Council's current financial position. It sets out key assumptions to be made in preparing the MTFS.

The report concludes by setting out the subsequent steps involved in developing an updated MTFS and includes a timetable for consideration by Members.

This report makes the following recommendations to this Committee:

1. That the issues and risks associated with delivering the budget for 2018/19 and updating the Medium Term Financial Strategy are noted.
2. That the assumptions described in this report for planning purposes and to establish the remit for detailed budget development are noted.
3. the approach outlined to development of an updated Medium Term Financial Strategy for 2019/20 – 2023/24 and a budget for 2019/20 is agreed.

Timetable

Meeting	Date
Policy and Resources Committee	27 June 2018
Policy and Resources Committee	21 November 2018
Council	12 December 2018
All Service Committees	January 2019
Policy and Resources Committee	13 February 2019

Medium Term Financial Strategy - 2019/20 – 2023/24 – Initial Scoping and Assumptions

1. INTRODUCTION AND 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. The current Strategic Plan covers the period 2015-20, but given the importance of developing an appropriate vision for the future, work has already started on development of a new Strategic Plan, which will run from 2019-24. Details of the timetable for developing the new Strategic Plan are set out in a report elsewhere on your agenda.
- 1.2 As a result, development of the MTFS will take place in parallel with development of the new Strategic Plan. The framework and context for the MTFS is largely set by external factors, so much of the work on the MTFS will take place before the Strategic Plan is finalised. It is intended to request approval from Council for the MTFS in December 2018, to coincide with final approval of the Strategic Plan.
- 1.3 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2019/20 at the Council meeting on 27 February 2019. This report is the first step towards achieving that objective.

Local authority funding

- 1.4 Local authority funding is currently subject to a four year national settlement announced by Greg Clarke MP, the then Secretary of State for Communities and Local Government, in 2016. This four year settlement runs through to the end of 2019/20, and provides a degree of certainty about the Council's funding position for the first of the five years covered by the MTFS, ie 2019/20.
- 1.5 It was originally anticipated that a new local government funding regime, incorporating 100% business rates retention, would be introduced in 2020. However, the need to legislate for Brexit now prevents the government from introducing the necessary primary legislation. The government's current intention is therefore to implement as much as possible of the new regime within the existing legislative framework.
- 1.6 There is nevertheless likely to be considerable upheaval in local government funding in 2020. The government has indicated that it plans to introduce 75% business rates retention in 2020, as compared with 50% as at present. Unlike 100% business rates retention, this does not require primary legislation.

- 1.7 Whilst 50% of business rates are currently retained by local government, the amounts retained by individual authorities are adjusted through a system of tariffs and top-ups to reflect an authority's supposed financial needs. Under this system, Maidstone retains only 8% of the business rates it collects. In the same way, the notional increase in business rates retained locally from 50% to 75% will be adjusted to reflect the findings of a 'Fair Funding Review', designed to allocate resources to those areas of greatest need. It remains to be seen what this will mean in practice for Maidstone. The overall amounts to be allocated as part of the Fair Funding Review are also subject to a planned Spending Review covering all government departments in 2019. It is therefore difficult to predict with any degree of accuracy what our funding position will be from 2020.
- 1.8 Note that the four year funding settlement has given no Revenue Support Grant (RSG) to Maidstone Borough Council with effect from 2017/18. However, this does not represent the minimum potential level of funding in the funding settlement: the four year funding settlement plans to claw back £1.6 million from the Council in the form of negative RSG in year 4, ie 2019/20. Negative RSG is widely seen as unfair and illogical, and the government has promised to review the position, but at this stage it is appropriate in the interests of prudence to assume that we will still have to pay back £1.6 million to the government in 2019/20.
- 1.9 Local government funding cannot be considered in isolation from wider economic factors. UK growth is lagging behind that of other major economies, so whilst the level of government borrowing is currently falling, the scope for government to reverse the austerity measures of the past few years is limited. The government is also under great pressure to increase NHS spending. All this means that there is unlikely to be much growth, if any, in overall local government funding.
- 1.10 General economic conditions also affect the level of revenue collected directly by the Council. Many businesses in the retail and leisure sectors, which are major contributors to business rates income, are experiencing difficult trading conditions.
- 1.11 Because of this uncertainty, it is proposed that a number of different scenarios are considered when developing the Medium Term Financial Strategy, as follows:

Favourable

Favourable economic conditions and a positive outcome from the Spending Review and the local government Fair Funding Review allow spending to be increased.

Neutral

Current trends are maintained. Overall Council expenditure increases at no more than the rate of inflation, and any new spending pressures have to be met through cuts elsewhere.

Adverse

An adverse outcome from the Spending Review and/or the Fair Funding Review reduces the resources available to the Council, leaving a budget gap that can only be closed through reductions in spending on services.

1.12 Specific assumptions underlying each of the scenarios will be set out in the Medium Term Financial Strategy.

Corporate Objectives and Key Priorities

1.13 The Council's Strategic Plan is refreshed each year. For the current financial year, three areas for action have been confirmed, namely:

- A home for everyone
- A clean, safe and green environment (formerly clean and safe)
- Regenerating the town centre.

1.14 Work has started on development of a new Strategic Plan, which will run from 2019-24. The Medium Term Financial Strategy must reflect the overall corporate objectives set out in the new Strategic Plan and ensure so far as possible that resources are available to meet the objectives.

Revenue Expenditure – Current Position

1.15 A key element in developing the Medium Term Financial Strategy is a consideration of Maidstone's current financial position. An overall summary of the financial position is set out in the Narrative Report that accompanies the 2017/18 Statement of Accounts and is included as Appendix I.

1.16 This section sets out the current revenue spending position, given the final outturn for the 2017/18 financial year and our plans to deliver budget savings in 2018/19. The position is set out in summary below. Note that the final outturn for 2017/18 remains subject to audit.

Table 1: 2017/18 Outturn and 2018/19 Savings and Growth

Committee	Service	2017/18			2018/19	
		Final adjusted budget	Actual outturn for the year	Variance (-Adverse/Favourable)	Budget savings	Budget growth
		£000	£000	£000	£000	£000
CHE	Communities & Housing	4,237	4,155	82	23	-136
	Environment & Public Realm	4,519	4,337	182	245	0
HCL	Heritage, Culture & Leisure	2,056	1,900	156	123	-40
S P S & T	Planning Services	1,429	1,297	132	170	-170
	Parking & Transportation	-1,863	-2,194	331	216	0

P & R	Economic Development	523	564	-41	7	0
	Property & Investment	128	202	-74	387	0
	Corporate and Shared Services	6,596	7,179	-583	419	-467
	Total	17,625	17,440	185	1,590	-813

Details by service area are set out below.

Communities and Housing

- 1.17 Developments in the housing market continue to create very significant budget pressures for the Council. The Council has responded positively to these pressures through direct investment in property to provide temporary accommodation. Whilst this reduces the unit cost of providing temporary accommodation, there has still been considerable growth in the temporary accommodation budget over the past two years - £235,000 in 2017/18 and £100,000 in 2018/19. Additional growth of £94,000 in 2017/18 and £36,000 in 2018/19 has also been built into the budget to address the cost of implementing new homelessness legislation. With the benefit of these additional budgets and the reduction in temporary accommodation costs through the use of our own accommodation, the service has been successful in containing expenditure within budget in 2017/18, reversing the pattern of overspends in previous years.
- 1.18 The capital budget for 2018/19 includes provision for phase 2 of the temporary accommodation investment programme and expenditure on the Brunswick Street and Union Street developments, on both of which construction is planned to commence shortly.
- 1.19 In the longer term, the feasibility of more direct involvement by the Council in providing social housing is being considered.

Environment & Public Realm

- 1.20 These comprise the core services responsible for delivering the 'clean and green' agenda – street cleaning, grounds maintenance and household waste collection. Waste collection is outsourced and the cost of the service is directly linked to inflation indices.
- 1.21 These services are targeted with delivering significant savings in 2018/19, in particular through the generation of external income from grounds maintenance (£50,000) and implementing a new model for fleet management and maintenance (£50,000).

Heritage, Culture & Leisure

- 1.22 This area includes the museum, leisure services and bereavement services. The museum service continues to benefit from an Arts Council grant that helps it deliver a wide range of services. The service benefited from £50,000 additional budget in 2017/18 in anticipation of the grant being lost. However, this is offset by the fact that the museum is due to make savings of £50,000 in 2019/20.
- 1.23 Leisure services are seeing significant capital investment at Mote Park with the Adventure Zone and the forthcoming Visitor Centre. The Adventure Zone is projected to deliver £114,000 additional income annually.
- 1.24 Bereavement services has also seen significant capital investment in the past year and has been successful in exceeding its income targets.

Planning Services

- 1.25 The Planning Service has received additional budget of £170,000 in 2018/19, being £70,000 of expenditure growth funded by planning fee increases and a one-off investment of £100,000 in enforcement. This is offset by £120,000 of planned savings and £50,000 additional income from Local Land Charges. In addition, the current MTFS allows for £800,000 to be spent over the next four years on the Local Plan refresh.
- 1.26 There remains a risk of costs in relation to planning appeals, but known likely costs have been provided for in the accounts as at the end of 2017/18.

Parking & Transportation

- 1.27 Parking has consistently exceeded its income budgets. A further increase in Parking fees has recently been implemented, linked to changes in the Park and Ride service, and this will help deliver the budgeted savings in 2018/19.

Economic Development

- 1.28 The Council has a small ongoing revenue budget for economic development, supplemented by funding from the Business Rates Pool. Initiatives with financial implications in 2018/19 include investment at the Kent Medical Campus Enterprise Zone, which is currently subject to a bid for ERDF funding. A small budget saving of £7,000 will be achieved by charging staff costs against Enterprise Zone business rates income.

Property and Investment

- 1.29 The Council has been able successfully to generate additional income from commercial investments. A capital investment of £2.4 million is planned for 2018/19 and is budgeted to generate further income accordingly. The broader commercial investment strategy will be subject to a report that is due to come to Policy and Resources Committee in September 2018.

Corporate and Shared Services

- 1.30 Corporate services have consistently spent less than budgeted on staffing costs. This will be reflected formally in the budget in 2018/19 with an additional vacancy factor saving of £200,000. Amongst other projected savings, additional income is projected in 2018/19 from shared services expanding their payroll service to Dartford Borough Council.

Overall Position

- 1.31 The overall outturn for 2017/18 is an underspend of £185,000 against the budget. It is proposed that this be ringfenced within the General Fund balances for one-off expenditure that is required to deliver Council strategic objectives. A recommendation to earmark the underspend in this way has been included in the Outturn report which also forms part of the agenda for this meeting of the Policy and Resources Committee.

Funding

Council Tax

- 1.32 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.
- 1.33 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

	2013	2014	2015	2016	2017
Number of dwellings	66,924	67,178	67,721	68,519	69,633
% increase compared with previous year	0.90%	0.38%	0.81%	1.18%	1.63%

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

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.

- 1.34 The Council's ability to increase the level of council tax is limited by the need to hold a referendum for increases over a government set limit. In 2017/18, the limit was the greater of 3% or £5.00 (2016/17 - 2% or £5.00). The Council approved an increase of 2.97%, just below the maximum permissible. The rationale for this approach was that:
- pressures on the Council's budget mean that even a marginal difference in Council Tax income is of value;

- the referendum limit might revert to a lower level in later years;
- because the starting point for calculating the referendum limit in any given year is the previous year's Council Tax, agreeing a lower increase reduces the Council's room for manoeuvre in later years.

1.35 The increase in the referendum limit from 2% to 3%, which was announced in December 2017, only a few weeks before the Council Tax level had to be agreed, reflected the increase in consumer price inflation during the course of 2017 from 2.1% in Quarter 1 to 3.0% in Quarter 4. It could be inferred from this that future changes in the referendum limit will be broadly linked to the rate of inflation. If this is the case, the referendum limit is likely to revert to 2%, being the government's medium term target rate of inflation.

1.36 The current MTFs projections assume that Council Tax increases will be at the referendum limit, and that this limit will be 2%. It is proposed to continue relying on this assumption, for the reasons set out in paragraph 1.34 above.

Retained business rates

1.37 The current business rates regime, where most of the business rates income that we collect is redistributed within local government through a fixed tariff, leads to a high degree of volatility in net income received. This is because the tariff is fixed, whilst business rates income is variable.

1.38 The government's plans for 75% local retention of business rates will mean, as at present, that substantially less than that amount is made available to Maidstone Borough Council. The vast majority of the resource will be redistributed elsewhere within local government.

Business Rates growth

1.39 The local government funding regime that was introduced in 2013/14 set a notional business rates income baseline for each authority. A share of growth above this baseline is retained locally, subject to a levy payable to central government by tariff authorities like Maidstone. It should be noted that in 2020, the baseline will be reset, so all growth accumulated to that point will be reallocated as part of the tariff/top-up arrangements.

1.40 The Council has had the opportunity over the past four years to minimise the levy payable, through its membership of the Kent Business Rates Pool. This is because the levy payable by some pool members (district councils) is offset against the top-up received by the major preceptors (Kent County Council and Kent Fire and Rescue).

1.41 The Council includes the non-pool element of business rates growth as part of its base budget. Maidstone Council's 30% share of the growth arising from membership of the pool is allocated to a reserve which is used for specific projects that form part of the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. This has been used to support the Maidstone East development.

100% Business Rates Retention Pilot

- 1.42 A further element of growth will be retained locally for one year only in 2018/19 as a result of Maidstone’s participation in the Kent & Medway 100% Business Rates Retention pilot. Kent & Medway local authorities were successful in bidding for pilot status, which means that 100% of business rates growth, rather than 50%, is retained locally. In accordance with our bid, the additional growth will be split between a Financial Sustainability Fund (70%) and a Housing and Commercial Growth Fund (30%).
- 1.43 The Financial Sustainability Fund (FSF) is designed to support local authorities in managing the pressures associated with growth and is distributed according to a formula which provides each authority with a guaranteed minimum amount and then links growth in funding with population increase and business rates increase (as a proxy for commercial growth) over the past five years. Our share of the FSF was estimated to amount to £640,000.
- 1.44 The Housing and Commercial Growth Fund (HCGF) is designed to pool a sufficiently large level of resources to make a significant difference to support future delivery, where outcomes can be better achieved by local authorities working together across a wider area. The HCGF funds have been pooled in three ‘clusters’, for North Kent, East Kent and West Kent, with the distribution based on each area’s share of total business rate receipts. Allocation of the funds is to be determined by the relevant Council Leaders in each Cluster.
- 1.45 Kent and Medway authorities will have the opportunity to bid again for pilot status in 2019/20. However, there is no guarantee that we will be successful again, so it is not proposed to make any allowance for future funding from the FSF in the MTFS 19/20 – 23/24.
- 1.46 Total projected business rates income for 2018/19 and the uses to which it will be put are summarised in the table below.

Table 3: Projected Business Rates Income 2018/19

	£000	
Business Rates baseline income	3,136	Included in base budget
Growth in excess of the baseline	1,237	Included in base budget
Pooling gain (MBC share)	297	Earmarked for Economic Development projects
Pooling gain (Growth Fund)	297	Spent in consultation with KCC, eg on Maidstone East
Financial Sustainability Fund (initial estimate)	640	Allocated to 12 projects as agreed by Policy & Resources Committee
Housing & Commercial Growth Fund	-	Pooled and allocated by North Kent Leaders
Total	5,607	

Revenue support grant

1.47 As has already been mentioned, the four year funding settlement announced by the Department for Communities and Local Government in 2017 means that the Council receives zero RSG for the three years 2017/18 to 2019/20. In addition, the four year funding settlement includes a 'tariff / top-up adjustment', effectively negative Revenue Support Grant, of £1.589m in the financial year 2019/20.

Local income from fees and charges

1.48 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.

1.49 In developing the budget for 2018/19 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.

Revenue Projections

1.50 The strategic revenue projections underlying the current MTFS suggested that a small budget gap, having taken account of savings already planned, would arise in 2019/20, increasing to £1.5 million by the end of the five year period, as follows. The projections were based on a 'neutral' scenario.

Table 4: Current MTFS Revenue Projections 2018/19 – 2022/23

	18/19	19/20	20/21	21/22	22/23
	£m	£m	£m	£m	£m
Council Tax	15.4	16.0	16.5	17.1	17.7
Retained Business Rates	3.1	3.2	3.3	3.4	3.5
Business Rates Growth	1.2	1.3	0.0	0.5	0.5
Collection Fund adjustment	-0.4				
Tariff / top-up adjustment (negative RSG)		-1.6	-1.6	-1.6	-1.6
Contingency for changes in local government funding regime				-1.3	-1.3
Budget requirement	19.3	18.9	18.2	18.1	18.8
Fees and Charges	19.5	19.7	19.9	20.1	20.3
Total Funding Available	38.8	38.6	38.1	38.2	39.1
Predicted Expenditure	40.3	39.8	40.1	39.6	39.6
Budget Gap	1.5	1.2	2.0	1.4	0.5
Required Savings – Cumulative	1.5	2.7	4.7	6.1	6.6
Savings identified – Cumulative	1.6	2.6	3.6	4.5	5.1
Still to be identified	-0.1	0.1	1.1	1.6	1.5

1.51 In light of the many uncertainties around future funding, 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 will be modelled as described above. Projections will be 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.

Capital Programme

1.52 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 7th March 2018 and totals £77 million over five years. Major schemes include the following:

- Brunswick Street redevelopment
- Union Street redevelopment
- Further mixed housing and regeneration schemes
- Housing for temporary accommodation
- Flood Action Plan
- Improvements at Mote Park
- Mote Park dam works
- Town centre regeneration
- Infrastructure development envisaged in the Local Plan.

The last heading above, 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 to facilitate access to other sources of funding.

1.53 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.

1.54 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.

1.55 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. Current funding projections indicate that borrowing will not be required in 2018/19, but will be in subsequent years. The cost of any borrowing will be factored into the updated MTFS financial projections.

1.56 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. 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.

1.57 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.

1.58 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. It is anticipated that CIL will be introduced in Autumn 2018.

Reserves

1.59 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.

1.60 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.

1.61 In addition to uncommitted General Fund balances, the Council holds reserves that are earmarked for specific purposes. The most substantial of these has been earmarked New Homes Bonus funding for capital expenditure. This stood at £7.2 million at the start of 2017/18 but has

fallen to £1.4 million as the end of the year, given that it has been deployed to fund the capital programme. Full details of reserves held are set out below.

Table 5: General Fund balances as at 31 March 2018

	£000
General Fund	
Commercialisation – contingency	500
Invest to Save projects	500
Amounts carried forward from 2016/17	416
Amounts carried forward from 2017/18	1,057
Unallocated balance	7,028
General	9,502
Earmarked Reserves	
New Homes Bonus funding for capital projects	1,404
Local Plan Review	200
Neighbourhood Plans	70
Accumulated Surplus on Trading Accounts	51
Business Rates Growth Fund	692
Sub-total	2,418
Total General Fund balances	11,920

The unallocated balance exceeds the £2 million minimum. It represents around 20% of the revenue budget, which is comfortably 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.

2. AVAILABLE OPTIONS

- 2.1 A number of factors that influence the annual budget and the MTFS are not yet known. Consideration could be given to waiting for the information before taking decisions on the issues raised in this report. A significant unknown factor at this time is the future framework to be set by central government for local government funding. However, the disadvantage of this approach is that it could take some time for full information to emerge, and in the meantime the Council needs to take steps to set a budget for the coming year.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 The preferred option is to proceed with development of an updated MTFS. Whilst there is a considerable amount of uncertainty about the future, this can be addressed through careful consideration of the risks and by building flexibility into our financial plans.

4. RISK

- 4.1 The preceding paragraphs have indicated at several points the risks and uncertainty surrounding the Council's financial position. In order to address these 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. The risk register is included as Appendix II.
- 4.2 It should be recognised that risks are not usually discrete. There are interrelationships between the risks, such that (for example) inaccurate inflation projections could impact the overall risk of failing to deliver a balanced budget.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 Consultation with all relevant stakeholders is an important part of the process of developing the MTFS. Specifically, it is proposed to use consultation that takes place as part of Strategic Plan development to elicit views on budget priorities.
-

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 An outline timetable for developing the Medium Term Financial Strategy and budget for 2019/20 is set out below.

<i>Date</i>	<i>Meeting</i>	<i>Action</i>
27 June 2018	Policy and Resources Committee	Agree approach to development of updated MTFS and key assumptions
July - September		Update and roll forward MTFS
21 November 2018	Policy and Resources Committee	Agree updated MTFS for submission to Council
12 December 2018	Council	Approve updated MTFS
October – November		Develop detailed budget proposals for 2019/20
5 December 2018	Policy and Resources Committee	Agree initial 19/20 budget proposals for consideration by Service Committees
January 2019	All Service Committees	Consider 19/20 budget proposals
13 February 2019	Policy and	Agree 19/20 budget proposals for

	Resources Committee	recommendation to Council
27 February 2019	Council	Approve 19/20 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	This has been addressed in section 4 of the report.	Section 151 Officer & Finance Team
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.	Interim Team Leader (Corporate Governance), Mid Kent Legal Services
Equalities	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or	Equalities and Corporate Policy Officer

	function is developed, changed or reviewed, an evidence based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations with be identified.	
Crime and Disorder	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

8. REPORT APPENDICES

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

- Appendix 1: Narrative Report – Review of 2017/18 Financial Year

9. BACKGROUND PAPERS

None.

NARRATIVE

Report 2018





About Maidstone

Maidstone is the largest borough council district by population in Kent, with an estimated 165,700 residents in mid-2016. Around 70% live in the town of Maidstone, which is the county town of Kent. In the surrounding rural area there are local service centres such as Staplehurst, Marden, Headcorn, Lenham and Harrietsham and many smaller villages.

Maidstone is located in the heart of the county of Kent, between the North Downs and the Weald. The M20 from London to the Kent coast at Folkestone runs through the borough. The area has some spectacular landscapes and has a rich historical heritage, with over 2,000 listed buildings. The Medway, the longest river in Kent, flows northwards through Maidstone on its way from the Weald to the Thames Estuary at Rochester.

Maidstone has a diverse economy, with nearly 7,000 businesses across a broad range of sectors including construction, professional and business services, and engineering. The Kent Institute of Medicine and Surgery (KIMS) is the heart of the expanding Kent Medical Campus at junction 7 of the M20, which forms part of the North Kent Enterprise Zone. The diversity of the borough's economy, its good transport links, and access to skills provides great scope for further growth.

Maidstone's Strategic Plan

The Council has a five year Strategic Plan covering the period 2015 to 2020, which is updated on an annual basis. The Strategic Plan informs all the Council's other plans and strategies, including in particular the Local Plan, which sets out the vision and framework for future housing, infrastructure and commercial development in the area.

The current Strategic Plan identifies two overriding priorities – keeping Maidstone Borough an attractive place for all and securing a successful economy for the Borough. Within these overall priorities, three specific areas of focus were identified for 2017/18:

- **A home for everyone**
- **A clean and safe environment**
- **Regenerating the town centre**

This report sets out key achievements in these areas and progress against key performance indicators.

Key achievements



A Home for everyone

- **Temporary accommodation**
In order to provide good quality, affordable temporary accommodation for homeless people, the Council has bought 15 further units, making a total of 50. This has meant that the majority of households in temporary accommodation are in Council-owned property, rather than nightly lets.

- **New housing developments**

The Council will start work in September 2018 on two new housing developments in Maidstone town centre. When complete in Summer 2020, the developments will provide 94 new homes, comprising a mix of affordable housing, housing for market rent and housing for sale, and will help to regenerate the town centre.

- **Adoption of Local Plan**

The Council adopted a new Local Plan in October 2017, covering the period 2011-2031. The plan sets out a clear framework for future development, including 17,660 new homes in the borough, and provides much greater certainty about the location and type of new development.



A clean, green and safe environment

- **Investment in Parks and Open Spaces**

Following a complete review of all play areas in the borough, 30 play areas have been replaced or improved. We are making major improvements at Mote Park, including the opening of an Adventure Zone and a new Visitor Centre.

- **Flood Resilience Measures**

The Council is part of the Medway Flood Partnership, which aims to reduce the risk of flooding in the Medway catchment. Amongst the Partnership's initiatives, it has started to install property flood resilience measures in homes at the greatest risk of flooding around the confluence of the Medway, Beult and Teise rivers.

- **Reducing flytipping**

The Council has made great progress in reducing flytipping. It has pursued enforcement action vigorously, with 52% of fly-tips where there is evidence available leading to legal action. 88% of flytips are cleared within two working days.



Regenerating the Town Centre

- **Public realm improvements**

Work has started on upgrading pavements and walkways in Week Street and Gabriels Hill. The changes complement a similar upgrade of the High Street and King Street, carried out in 2013. They will provide a level surface throughout, giving a more pedestrian feel, and will include features that reference Maidstone's history.

- **Lenworth House**

This building, a long-standing eyesore in a prominent position in the Town Centre, has been acquired by the Council and is being redeveloped to provide 14 new homes.



Securing a Successful Economy

- **Commercial Property Investment**

In order to generate a financial return and to support the local economy, the Council has acquired two groups of commercial / industrial units in the Borough, comprising 19 units in total.

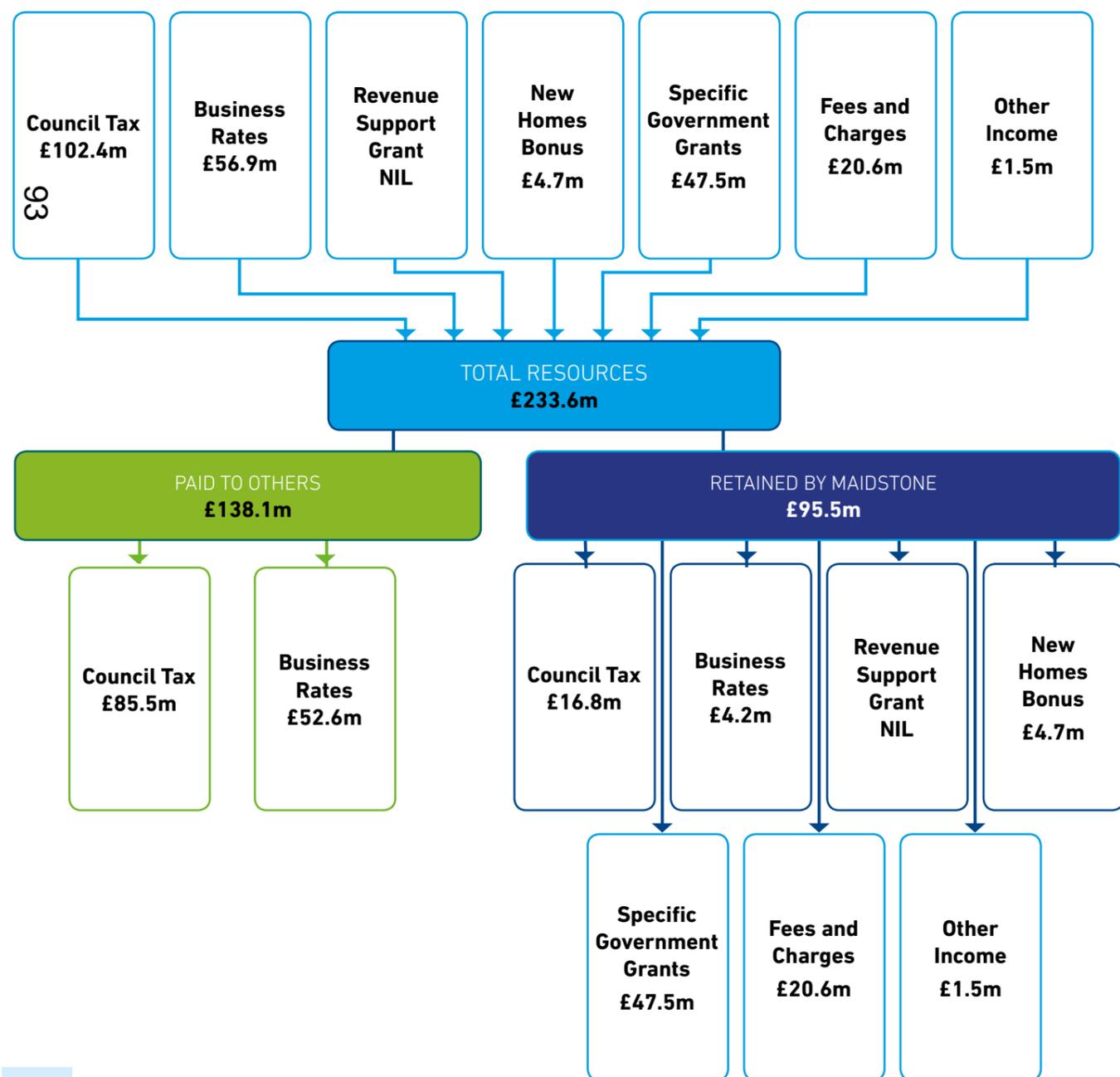
- **100% Business Rates Retention Pilot**

Along with the 14 other principal local authorities in Kent and Medway, the Council bid successfully to the government to pilot 100% Business Rates Retention in 2018/19, and is acting as Lead Authority for the Pilot. The Pilot will help the government design a new local government finance system and provides participating authorities with additional business rates income to help achieve financial sustainability and to promote housing and commercial growth.



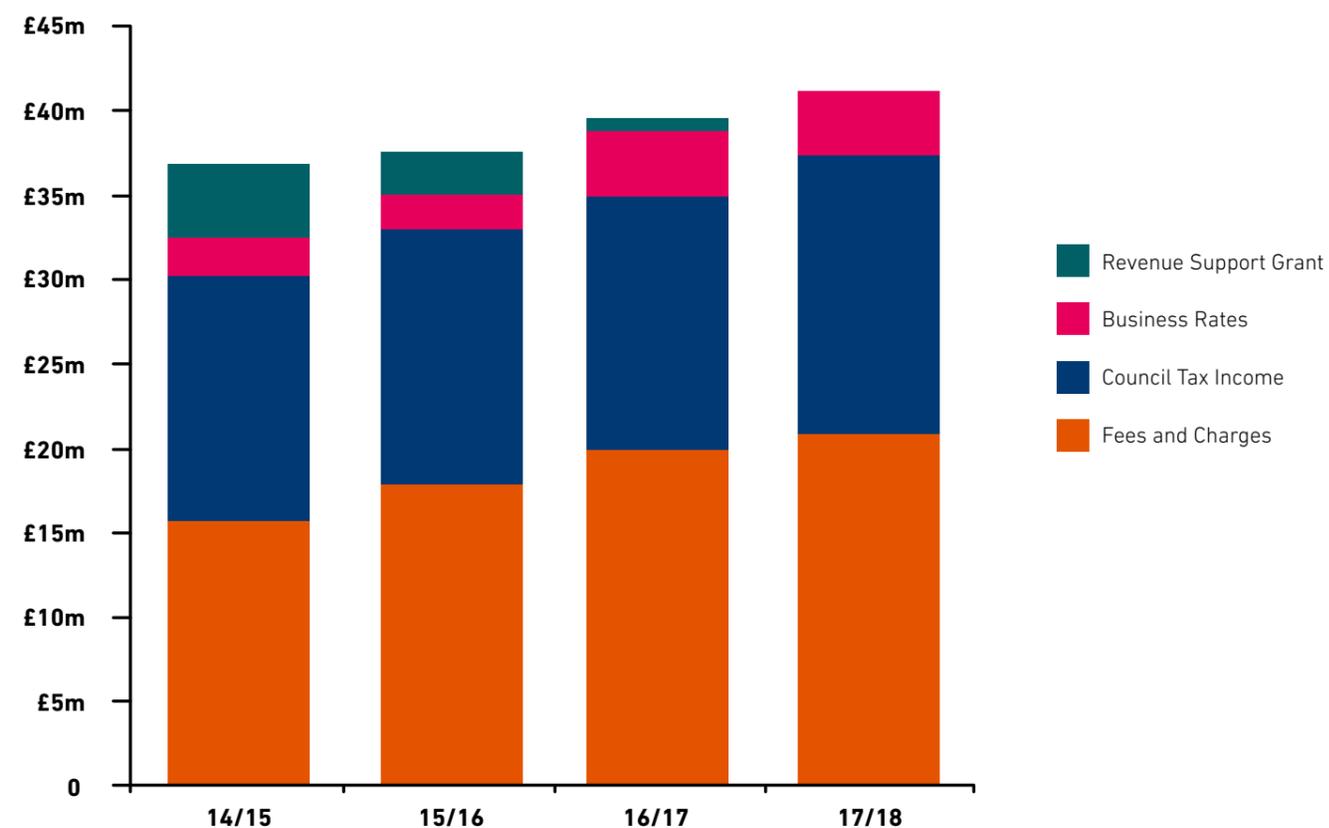
Financial Performance

Maidstone Council's financial turnover, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £234 million in 2017/18 (£233 million in 2016/17). The table below shows the flows of income and expenditure.



Income

The Council no longer receives Revenue Support Grant from central government. It depends entirely on income generated locally in Maidstone, comprising Council Tax, our share of Business Rates, and Fees and Charges for the services that we provide.



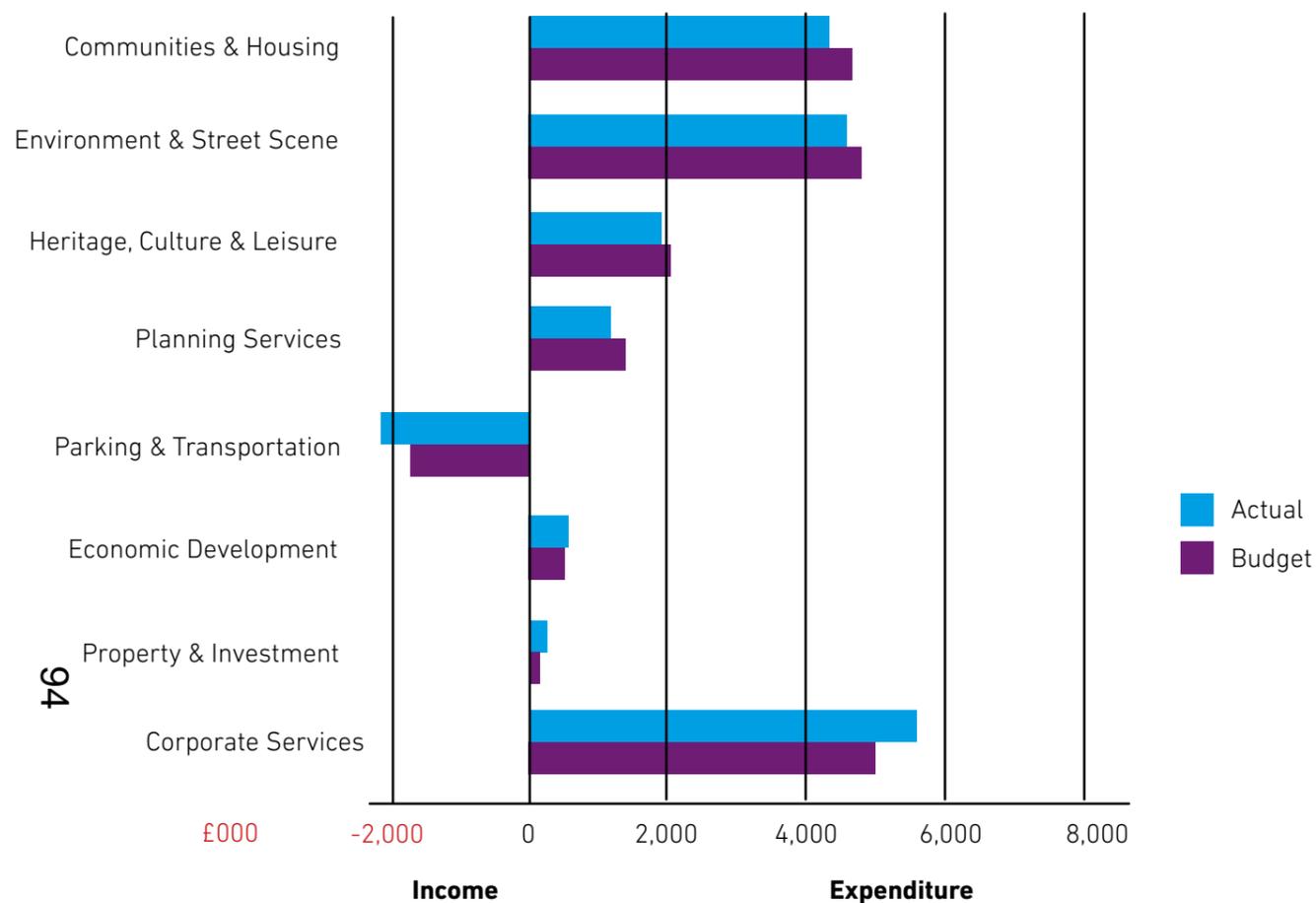
These sources of income are shown in note 11 to the Statement of Accounts, **Taxation & Non-Specific Grant Income**, and in the income totals for the relevant Committee in the **Comprehensive Income and Expenditure Statement**.



Expenditure

The Council spends money to meet its statutory obligations - delivering services like refuse collection, and making transfer payments such as housing benefit – and to meet our strategic priorities.

Delivering expenditure in line with budget is an important performance indicator. This objective was achieved in 2017/18. The outturn for the year was an overall underspend compared with the budget of £0.2 million.



The Council's income and expenditure is shown in the **Comprehensive Income & Expenditure Statement** in the Statement of Accounts.



Balance Sheet

The Balance Sheet shows the value of the Council's assets less its liabilities at the end of the year. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The Council's net assets increased from £18.7 million to £27.3 million, mainly because of property revaluations and revised assumptions by our actuaries about the amount we need to set aside to pay current and former employees' pensions.

2016/17 £000		2017/18 £000
64,222	Property, Plant & Equipment	67,145
10,384	Heritage Assets	10,393
16,346	Investment Properties	19,976
463	Other Long Term Assets	517
31,502	Money owed to the Council	31,645
(15,823)	Money owed by the Council	(20,089)
(88,346)	Long Term Liabilities	(82,207)
18,748	Net Assets	27,380
17,846	Usable Reserves	12,446
902	Unusable Reserves	14,934
18,748	Total Reserves	27,380

Property, Plant and Equipment are assets held by the Council to deliver services or for administrative purposes. The increase reflects capital expenditure during the year. Further details of capital expenditure are shown overleaf.

Money owed to the Council includes amounts receivable from debtors and cash balances, being cash in hand, bank deposits and investments that are readily convertible to cash. **The Cash Flow Statement** provides an analysis of the movement in cash during the course of the year.

Balance Sheet (continued)

Money owed by the Council includes amounts payable to creditors, provisions for business rates appeals and grants received in advance. The Council currently has no long term borrowing.

Usable reserves include money set aside for specific purposes and sufficient contingency to cover unforeseen events. In particular, the Council has decided that the New Homes Bonus that it receives will be set aside for capital investment to improve and enhance the borough. £9.8 million of New Homes Bonus has been used in this way during the year (16/17 - £9.2 million).

Unusable reserves will only become available at some future date, for example if assets are sold. Unusable reserves rose, reflecting the revaluations and change in pension liabilities described above.

Changes in Reserves are shown in the **Movement in Reserves Statement** in the Statement of Accounts.

Capital Expenditure

During the year, £11.9 million was spent on delivering the projects identified within the Council's capital programme.

These projects included:

- Purchase of 15 houses and apartments for use as temporary accommodation for homeless people
- Preparatory expenditure on new housing developments at Brunswick Street and Union Street
- Replacement and improvement of play areas across the borough
- First phase of a project to create an Adventure Zone at Mote Park
- Acquisition of 19 commercial / industrial units in the borough to hold as investment property

The Council has an ambitious capital programme for the coming five years, totalling £77 million. The two largest elements in the capital programme are the Council's housing and regeneration strategy and its commercial property investment strategy. The programme will be funded both through New Homes Bonus receipts and other internal resources, and through external borrowing, in line with the regulatory requirement that such borrowing be affordable, prudent and sustainable.

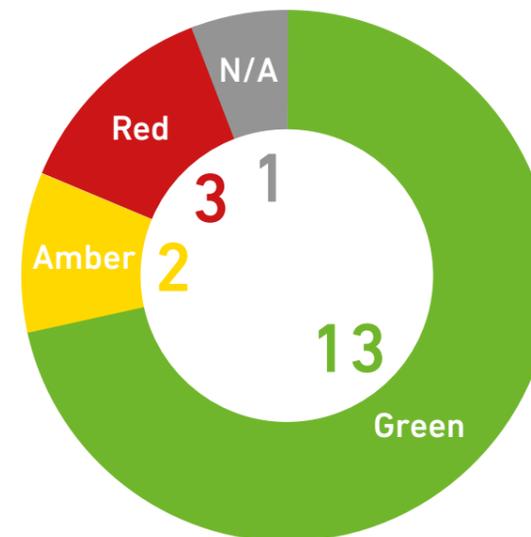
	Actual	Five year plan					Total
	17/18	18/19	19/20	20/21	21/22	22/23	
	£000	£000	£000	£000	£000	£000	£000
Housing Development and Regeneration	1,443	9,301	14,631	3,786	3,350	3,350	34,418
Temporary Accommodation	3,732	4,683	600	600	600	600	7,083
Disabled Facilities Grants	536	1,348	800	800	800	800	4,548
Flood Action Plan	5	500	500	63	0	0	1,063
Mote Park Dam works	0	1,300	600	0	0	0	1,900
Mote Park Visitor Centre	53	583	1,073	0	0	0	1,656
Mote Park Adventure Zone	483	1,098	375	0	0	0	1,473
Improvements to Play Areas	651	589	0	0	0	0	589
Property Investment Strategy	3,646	2,354	2,500	2,500	2,500	2,500	12,354
Infrastructure delivery	0	600	600	600	600	600	3,000
Town Centre Regeneration	154	2,830	0	0	0	0	2,830
Corporate Property improvements	83	874	175	175	175	175	1,574
Section 106 contributions	20	160	209	238	103	782	1,492
Other	1,080	2,492	329	362	0	0	3,183
	11,886	28,712	22,392	9,124	8,128	8,807	77,163



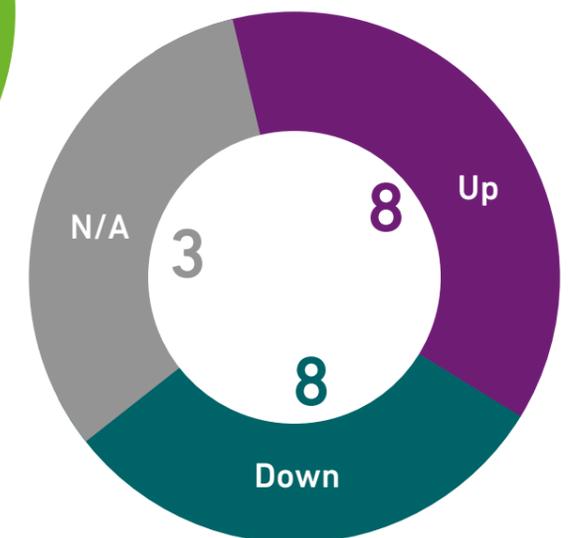
Key Performance Indicators

Key Performance Indicators are set for each Council priority in consultation with the relevant Service Committee. Performance against the indicator is judged in two ways: firstly on whether an indicator has achieved the target set; and secondly on whether performance has improved, been sustained or declined, compared to the same period in the previous year.

KPI STATUS



DIRECTION



PRIORITY 1: Keeping Maidstone Borough an attractive place for all

1 Providing a clean and safe environment

Performance Indicator	Service	Value	Target	Status	Last Year
Number of litter reports attended to	Waste & Recycling	522			N/A
The percentage of land and highways with acceptable levels of litter	Street Cleansing	99.16%	93.50%		
The percentage of land and highways with acceptable levels of detritus	Street Cleansing	95.50%	84.00%		
Percentage of fly tips resulting in enforcement action	Depot Services	52.3%	20.0%		N/A
Percentage of fly-tips cleared or assessed within 2 working days	Depot Services	88.08%	88%		
Percentage of household waste sent for reuse, recycling and composting (NI 192)	Waste & Recycling	52.28%	52.5%		

2 Encouraging good health and wellbeing

Performance Indicator	Service	Value	Target	Status	Last Year
Percentage spend and allocation of Disabled Facilities Grant Budget (YTD)	Housing & Health	100%	100%		
Number of completed home hazard grants	Housing & Health	2			N/A
Number of completed housing assistances	Housing & Health	62			N/A

3 Ensuring there are good leisure and cultural attractions

Performance Indicator	Service	Value	Target	Status	Last Year
Percentage of all available tickets sold at the Hazlitt	Maidstone Culture & Leisure	67.72%	50%		
Number of students benefiting from the Museum's educational service	Museum	8,214	8,340		
Footfall at the Museum and Visitor Information Centre	Museum	52,613	68,000		
Contacts to the Visitor Information Centre	Museum	3067	6000		N/A

4. Regenerating the Town centre

Performance Indicator	Service	Value	Target	Status	Last Year
Percentage of vacant retail units in town centre	Regeneration & Economic Development	N/A*	11%	N/A	N/A
Footfall on High Street	Regeneration & Economic Development	12,378,195	10,600,000		
Business Rates income from the Town Centre	Regeneration & Economic Development	24,820,696			N/A

*Data for 2017/18 was not available at the time of publication



5. A home for everyone

Performance Indicator	Service	Value	Target	Status	Last Year
Processing of planning applications: Major applications (NI 157a)	Development Management	87.96%	85%		
Processing of planning applications: Minor applications (NI 157b)	Development Management	75.97%	85%		
Processing of planning applications: Other applications (NI 157c)	Development Management	91.20%	85%		
Number of affordable homes delivered (gross)	Housing & Enabling	226	200		
Number of households prevented from becoming homeless through the intervention of housing advice	Housing & Inclusion	474	300		
Number of households living in temporary accommodation last night of the month (NI 156 & SDL 009-00)	Housing & Inclusion	99			
Number of households housed through housing register	Housing & Enabling	619	600		
Net additional homes provided (NI 154)	Planning Policy	1,286	880		

Data only indicator - reported for information but no target set

FUTURE PLANS

Given the importance of developing an appropriate vision for the future, work has started on development of a new Strategic Plan to replace the existing 2015-20 Plan. The Council is accordingly engaging with elected members, parish councils, residents, businesses and the voluntary sector to ensure that the Plan realises the aspirations of the whole community.

The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Strategic Plan will be delivered. The current MTFS, which covers the years 2018/19 to 2022/23, will be updated in line with the new Strategic Plan.

The MTFS shows that the Council can deliver its plans within budget over the next two years. A key assumption is the relative certainty provided by the government's four year financial settlement for local authorities covering the period to 2019/20.

However, considerable uncertainty remains about the position for local authorities from 2020/21. Although Maidstone Borough Council no longer receives direct grant funding from central government, the framework for setting Council Tax, and the distribution of business rates collected locally between central government, precepting authorities and the Council itself is subject to change after 2020/21. The details will be critical in determining the level of resources available to the Council.

Given the uncertainty, the Council has planned for a range of feasible scenarios, characterised as favourable, neutral and adverse. In all scenarios, the Council will seek to continue making efficiency savings and generating additional income in order to optimise its financial position. Key elements in the MTFS include the Capital Programme, which is seen both as a means of delivering the Council's priorities, and as an opportunity to generate additional income locally within the framework of the prudential borrowing regime.

The Council is also part of Mid Kent Services (MKS), which provides shared services including Internal Audit, Revenues & Benefits, ICT Services, Human Resources & Payroll, Debt Collection and Legal Services. This offers greater service capacity and resilience and a broader base for overhead recovery.



RISK MANAGEMENT

The Council manages risk through a comprehensive risk management framework. This involves identification of risk at corporate and service levels, ownership of individual risks by named officers, development of controls to mitigate risks, and regular reporting. Quarterly reports are presented to the Corporate Leadership Team and bi-annual reports to Policy and Resources Committee. Members take an active interest in the risk management process and engage fully in discussion about individual risks.

The following table sets out what we have assessed as being the key corporate risks together with how the risk has changed between October 2017 and April 2018.

Risk Title & Movement		
a	Breakdown of Governance Controls	■
b	Legal / Compliance Breaches	▼
c	Workforce Capacity & Skills	■
d	Project Failure	▼
e	ICT Systems Failure / Security	■
f	Poor Partner Relationships	■
g	Housing Pressures Continue to Increase	■
h	Delivery of the Local Plan Review by April 2022	▼
i	Financial Restrictions	■
j	General Data Protection Regulations (GDPR)	+
k	Major Contraction in Retail & Leisure Sectors	+

Key

■ No change in risk score ▼ Reduction in risk score + Risk added



