

# POLICY AND RESOURCES COMMITTEE MEETING

Date: Wednesday 16 September 2020

Time: 6.30 pm

Venue: Remote Meeting - The public proceedings of the meeting will be broadcast live and recorded for playback on the Maidstone Borough Council Website

Membership:

Councillors Mrs Blackmore, M Burton, Chappell-Tay, Clark, Cox (Chairman), English, Mrs Gooch, Harvey, McKay, Mortimer, Newton, Perry (Vice-Chairman), Purle, Round 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.*

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<b><u>AGENDA</u></b>	<b><u>Page No.</u></b>
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 21 July 2020	1 - 10
9. Presentation of Petitions (if any)	
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**Issued on Tuesday 8 September 2020**

**Continued Over/:**

*Alison Broom*

**Alison Broom, Chief Executive**

**INFORMATION FOR THE PUBLIC**

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If your question is accepted, you will be provided with instructions as to how you can access the meeting.

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**PART II**

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

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

15. Property Acquisition 1	Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)	86 - 97
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## **MAIDSTONE BOROUGH COUNCIL**

### **POLICY AND RESOURCES COMMITTEE**

#### **MINUTES OF THE MEETING HELD ON TUESDAY 21 JULY 2020**

**Present:** Councillors Mrs Blackmore, M Burton, Chappell-Tay, Cox (Chairman), English, Mrs Gooch, Joy, McKay, Mortimer, Newton, Perry, Purle, Round, Springett and Vizzard

**Also Present:** Councillors Brice, Kimmance, J and T Sams

10. **APOLOGIES FOR ABSENCE**

It was noted that apologies were received from Councillors Clark and Harvey.

11. **NOTIFICATION OF SUBSTITUTE MEMBERS**

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

- Councillor Denise Joy for Councillor Brian Clark
- Councillor Bryan Vizzard for Councillor Georgia Harvey

12. **URGENT ITEMS**

There were no urgent items.

13. **NOTIFICATION OF VISITING MEMBERS**

It was noted that Councillors Kimmance, T Sams and J Sams were present as Visiting Members for Item 13 – Council-Led Garden Community Update.

It was noted that Councillor Brice was present as a Visiting Member for all the Items on the agenda.

14. **DISCLOSURES BY MEMBERS AND OFFICERS**

There were no disclosures by Members or Officers.

15. **DISCLOSURES OF LOBBYING**

All Members of the Committee had been lobbied on Item 13 – Council-Led Garden Community Update.

Councillors Chappell-Tay, Cox and English had been lobbied on Item 16 – Equalities Objectives and Action Plan – Update, Item 18 – Financial

Impact of Covid-19 and Development of the Medium-Term Financial Strategy 2021/22-2025/26.

Councillors Chappell-Tay, Cox, English, Purle, Round, Springett and Vizzard had been lobbied on Item 19 – Part II Appendices, Council-Led Garden Community Update.

16. EXEMPT ITEMS

**RESOLVED:** That all items be taken in public unless any member of the Committee indicated a wish to refer to Item 19 – Part II Appendices, Council-Led Garden Community Update, in which case the Committee would enter into closed session.

17. MINUTES OF THE MEETING HELD ON 24 JUNE 2020

**RESOLVED:** That the minutes of the Meeting held on 24 June 2020 be agreed as an accurate record of the meeting and signed at a later date.

18. PRESENTATION OF PETITIONS

There were no petitions.

19. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were three questions from Members of the Public.

Question from Mr Richard Proctor to the Chairman of the Policy and Resources Committee

*'Your second stage masterplan for your garden community proposal at Lenham Heath now acknowledges SOHL's view that the Chapel Farm quarry will significantly delay any kind of housing development for a substantial area of the site. However, your masterplan still believes it will deliver all 4,000 new homes by 2042. How is this possible when over a third of your identified residential land will not be available until the 2050s at the earliest?'*

The Chairman responded to the question.

Mr Richard Proctor asked the following supplementary question:

*'Under these circumstances, would you agree that if there is no definite date, that at this stage the site itself should actually be removed from the local plan to give certainty to the process and to the local people who may be affected by the proposal?'*

The Chairman responded to the question.

Question from Mr Steve Heely to the Chairman of the Policy and Resources Committee

*'Your second stage masterplan for your garden community proposal identifies a total of 100 developable hectares for 4,000 new homes. Your five principal landowners own around half of this land. Can you assure the Public and this Committee's Members that you have the permission from the remaining smaller landowners to include their holdings in your plans and more importantly have their consent to submit it as part of the Council's Call for Sites process?'*

The Chairman responded to the question.

Mr Steve Heeley asked the following supplementary question:

*'Lenham Heath's residents are incredibly angry at the moment with the updated plan, still a large number of homes and land holdings in your map on pages 30-31 of the vision document. These areas are identified for new houses, how do we as residents get our land removed from your plan once and for all?'*

The Chairman responded to the question.

Question from Ms Kate Hammond to the Chairman of the Policy and Resources Committee

*'In April this committee resolved that 'any possible Garden Community at Lenham Heath should be supported by a motorway junction'. Your second stage masterplan now acknowledges that a new junction is not deliverable. With a lack of enabling infrastructure do you now agree that this project has so many significant issues it is unsustainable and simply unviable in the current financial climate?'*

The Chairman responded to the question.

Ms Kate Hammond asked the following supplementary question:

*'We understand the council has government housing numbers to meet, however are members happy to meet these numbers with a scheme that in reality looks to be in the distance and does not work for so many reasons and has a huge financial and reputational risk to the council?'*

The Chairman responded to the question.

The full responses were recorded on the webcast and were made available to view on the Maidstone Borough Council Website.

To access the webcast recording, please use the link below:

<https://www.youtube.com/watch?v=6tb89YrVvXE>

20. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

21. COMMITTEE WORK PROGRAMME

**RESOLVED:** That the Committee Work Programme be noted.

22. COUNCIL-LED GARDEN COMMUNITY UPDATE

Prior to the introduction of the report, Ms Gail Duff addressed the Committee as a representative of the Save Our Heathlands Action Group.

The Director of Regeneration and Place introduced the report that summarised the progress made within the last month. The report included the following topics; the second stage submission to Local Planning Authority (LPA) and the feedback provided, the financial model, the promotional costs and programme, delivery model and the role of Homes England (HE), Landowners, the potential motorway junction, community engagement and broader considerations. The Committee approved the original business case for the Heathlands proposal in September 2019 and the report and documentation provided was a refreshed version. The residual land valuation approach demonstrated the potential for a commercially acceptable margin to be achieved. The ongoing promotional costs, securement of planning consent and land option agreements were included in the report.

The Director of Regeneration and Place highlighted the two emerging delivery scenarios within the report. The first focused on a simplified enabling role whereby it was a reasonable prospect that HE may wish to become more involved in the project, whereas the second scenario would involve HE would draw down land options, carry out a portion of the infrastructure work needed and forward sales parcels to developers. It was possible that the LPA would feature the Heathlands proposal in the Local Plan Review (LPR).

It was noted that the project was consistent with the Council's Strategic Plan priority of "embracing growth and enabling infrastructure" and would provide the land for 4,000 homes of which 40% would be affordable housing, to include social rent housing and employment opportunities. The significant land value capture would fund infrastructure, with the project to inject up to an estimated £1billion of construction work into the local economy across its lifespan. The Council would be able to consider future investment opportunities at a later stage, that would include affordable housing and/or commercial investments.

Visiting Members addressed the Committee and raised the following points. This included the affordability of the 40% affordable housing figure proposed, of which 70% would be for social housing, the reduced transport and infrastructure elements of the proposal, the impact on and need for greater engagement with the local area and residents and the access criteria for restricted documents. It was mentioned that the project

was unsuitable, with the Committee requested to withdraw their support. The Director of Regeneration and Place confirmed that the affordable housing provision was in accordance with the Council's policy and that the remaining 30% of the affordable housing would be provided under shared ownership.

The Committee expressed concerns regarding the unlikelihood of key infrastructure that included a motorway junction and secondary school being achieved within the proposal and that this would impact its sustainability. As such, the Committee considered whether it was appropriate to defer the item, to enable greater discussion and Member involvement within the decision making of the proposal moving forward.

The Chief Executive confirmed that the Interim Local Plan Review Director and Planning Team were considering strategic transport infrastructure as part of the current local plan review, including in the M20 corridor. This would enable consideration to be given to both existing need and that arising from future potential development in the area. The delivery of an additional motorway junction was dependent on both meeting Highways England technical requirements and securing sufficient funding. Highways England required 10,000 homes and 10,000 jobs for consideration of a motorway junction. The Heathlands proposal would not achieve this target, but other developments along this corridor would also be taken into consideration. It was confirmed that the Council was engaging in regular discussions with Ashford Borough Council, Kent County Council and Highways England to pursue consideration of the junction.

The Committee referenced the Strategic Planning and Infrastructure Committee, in its role in deciding which sites are included within the Local Plan Review. A formal decision on the preferred and alternative strategic spatial development options for the Local Plan would be made by that Committee in October 2020, with several member briefings to occur in August and September.

**RESOLVED:** That

1. The Council signals its intention to continue to work with Homes England (HE) to act as master developers to bring forward the Heathlands Proposal and that the second stage submission to the LPA be endorsed;
2. The following be approved:
  - a. The second stage vision document and revised masterplan provided as Appendix G, as well as the other supporting appendices shown;
  - b. The financial model for the Heathlands proposal as provided as private Appendix L;
  - c. The shared (with HE) impending financial commitment to continue the promotion of the proposal through the Local

Plan Review (LPR) process, to secure the land options and Planning consent over the coming years; and

- d. The use of the second stage vision document as a means and bases for further community engagement in collaboration with the Parish Council.

Note: Councillor Purle exited the meeting after the resolutions had been agreed.

23. CORPORATE PLANNING TIMETABLE 2020-21

The Head of Policy, Communication and Governance introduced the report that proposed a refreshed set out Strategic Plan Outcomes for 2021-2026, to replace the 2019-2024 outcomes that had been disrupted by the Coronavirus Pandemic. The proposed outcomes would enable the Council to identify areas of focus for the next five years, in line with the impact of and recovery from the pandemic. The progress made against the 2019-2024 outcomes was shown in Appendix A to the report.

Paragraph 3.6 of the report outlined the Corporate Planning Timetable as proposed. It was confirmed that the creation of a new strategic plan would not be suggested as the current plan was developed in 2018 with a clear set of priorities and vision.

**RESOLVED**: That the existing strategic plan be retained and updated in accordance with paragraphs 3.1-3.6 of the report and the adoption of the timetable contained therein, be agreed.

24. COMMUNICATION AND ENGAGEMENT STRATEGY - ACTION PLAN 2020-21

The Head of Policy, Communication and Governance introduced the report that highlighted the work undertaken by the Communications Team over the last year, with the proposed action plan for 2020-21 shown in Appendix B to the report.

The Committee were informed that the plan would be flexible due to the Communications Team often having unexpected issues to manage, such as the communication work necessary to respond to the flooding experienced earlier this year and in response to the Covid-19 pandemic.

The plans for supporting Covid-19 recovery were shown in Appendix C to the report with the internal engagement plan for completeness shown in Appendix D to the report.

The Committee felt that the work undertaken was to be commended, with their thanks expressed to the teams involved in the work carried out with particular reference made to the improvements to the Council's website.

**RESOLVED**: That the Communication and Engagement Action Plan for 2020-21 be agreed.

Note: Councillor Round was absent for part of the debate on the item and as such decided not to vote on the item.

25. EQUALITIES OBJECTIVES AND ACTION PLAN – UPDATE

The Equalities and Corporate Policy Officer introduced the update report, with the current policy, that sets out how the Council would fulfil its Public Sector Equality Duty Act within the Equalities Act 2010, approved in 2017. Appendix 1 outlined the actions that had been taken within the last year, with highlights of this shown within paragraph 2.11 of the report.

Particular attention was drawn to strength of the Council’s consultation and engagement, with 14 public consultations completed in 2019-20, the Dementia Training that had been provided across the Council with the Museum having implemented Dementia friendly openings, and the Government timescales for EU accessibility standards for public sector websites having been met.

The revised action plan for 2020-21 was shown in Appendix 2, with the Equalities and Corporate Policy Officer having highlighted the diversity and equality issues experienced so far in 2020 related to race and the differential impacts of Covid-19. The impact of the Black Lives Matter movement highlighted the need for continued conversations to ensure that equality of opportunity was achieved. The revised plan as proposed would support this.

The Equalities and Corporate Policy Officer confirmed that the formation of an equalities group would include staff members from different sectors of the Council. The Committee welcomed the report with positive feedback given.

**RESOLVED:** That

- 1.The Equalities Objectives and Action Plan update as Appendix 1 be noted;
- 2.Subject to the insertion of the wording ‘and inclusive’ to the ‘Why it Matters’ section of the Council’s objective as a service provider, the Equalities and Action Plan at Appendix 2 be agreed; and
- 3.The inclusion of a new protected characteristic in the equalities impact statement, as outlined in paragraphs 2.17 to 2.19 of the report, be noted.

26. COUNCIL TAX REDUCTION SCHEME 2021-22 PART 1

The Head of Revenues and Benefits Shared Service introduced the report and referred to the September 2019 meeting of the Committee, whereby further analysis was needed to model the impact of changing the Council Tax Reduction Scheme. The current scheme in place involved means testing and was reactive to the more recent changes made to welfare benefits with specific reference made to Universal Credit. The Department

for Work and Pensions (DWP) would inform the Council each time a change had been made which resulted in revised council tax bills and re-profiled monthly instalments that had led to confusion amongst those in receipt of the reduction. The Committee were informed that last year the Council received over 20k changes for Universal Credit, with 11k already received in the first three months of this year.

The Head of Revenues and Benefits Shared Service confirmed that an income banded scheme would be the fairest and simplest scheme to administer. An example of such a scheme was shown in paragraph 2.22 of the report, with the three models to be included in the mandatory public consultation shown in Appendix 1 to the report. Further details of the consultation were shown within Section 6 of the report. With any of the models proposed, a change would only need to be made if a customer was to move into a different income band.

The three models were explained with model one presented as a simple model with the maximum support level set as 80% which would be the same level provided under the current scheme. Model two would include a 5% uplift in support for those households in receipt of a disability or sickness benefit with the maximum support level at 80%. Model three would provide a maximum support level of 80% for households in receipt of a disability or sickness benefit, with all other households applicable to the scheme to receive a maximum of 70% support. It was noted that the models were considered with the aim of maintaining award costs equal to the current scheme.

The Council had an exceptional hardship policy that would be updated to reflect any changes made to the scheme. A report on the consultation results would be presented to the Committee in November 2020.

The officer confirmed that the Council Tax Reduction Scheme only related to those households that were of working age.

**RESOLVED:** That

1. The findings of the review of the current Council Tax Reduction Scheme be noted;
2. The potential impact of the proposed changes to the scheme on working age claimants with the protected characteristics of disability, age and sex, under the Equalities Act (2010) be noted;
3. Delegated authority be given to the Head of Revenues and Benefits to finalise and commence consultation on the Council Tax Reduction Scheme to be implemented for 2021-22.

27. FINANCIAL IMPACT OF COVID-19 AND DEVELOPMENT OF THE MEDIUM-TERM FINANCIAL STRATEGY 2021/22-2025/26

The Director of Finance and Business Improvement introduced the report, with the Council's current financial position outlined within Section 3 of the

report. A projected deficit of £8.5 million for 2020/21 was shown, with Council to respond by use of unallocated reserves, government funding and mitigations, with the reserves to be reduced to an estimated £4.298 million. This was in part due to the additional government funding that had been received after the publication of the report, that amounted to £274k rather than the estimated £100k.

The Director of Finance and Business Improvement informed the Committee that the Council would likely face a deficit in the next financial year and that it would not be advisable for the reserve levels to fall below £4 million despite the £2 million minimum as previously set by Members. Appendix C to the report detailed the strategic revenue projections for 2021/22-2025/26 under adverse, neutral and favourable scenarios.

Particular attention was drawn to the neutral position, whereby the Council would likely have a £3.3 million budget deficit on an ongoing basis that would take one to two years to close. As part of the Medium-Term Financial Strategy (MTFS), more transformative methods would be needed to achieve the necessary savings, with suggestions for these shown in the report. Reference was made to the prioritisation of services, as previously mentioned within the Response to Recovery report presented to the Committee in June 2020.

The Council's reserves would continue to be drawn upon during this time. A report that contained a draft MTFS would be presented to the Committee in November 2020.

In response to questions, the Director of Finance and Business Improvement confirmed that the Council had collectively engaged with the Local Government Association (LGA) alongside other Kent and Medway Councils, to argue for a greater level of funding. It was likely that the £2 million minimum reserve level would be revisited with a view to having the level increased. The future of the capital programme would be considered by officers in the Autumn of 2020 with a report presented to the Committee in January 2021.

The Committee were informed that the last tranche of government funding is the commitment to fund 75% of the losses that had arisen on sales, fees and charges. The Council had not received clarification on how long this support would be available, as no commitments had been made.

**RESOLVED:** That

1. The impact of Covid-19 on the Council's financial position in 2020/21 be noted;
2. The proposed deployment of reserves and other budget variations to accommodate the projected impact, as set out in paragraph 3.36 of the report, be agreed;

3. The approach outlined to development of an updated Medium-Term Financial Strategy for 2021/22 – 2025/26 and a budget for 2021/22 be noted;
4. The assumptions described in this report for planning purposes and to establish the remit for future budget development be noted; and
5. The principles for transformation initiatives set out at paragraph 5.11 of the report, as the basis for meeting the budget, be agreed.

28. DURATION OF MEETING

6.30 p.m. to 9.39 p.m.

## 2020/21 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Climate Change Action Plan	P&R	21-Oct-20	Governance	?	Angela Woodhouse	Helen Miller
Strategic Plan Review - Update on Priority Milestones	P&R	21-Oct-20	Officer Update	Yes	Alison Broom	Alison Broom
Council Led Garden Community Update	P&R	21-Oct-20	Officer Update	?	William Cornall	William Cornall
Financial Hardship Update	P&R	21-Oct-20	Officer Update	?	Steve McGinnes	Steve McGinnes
Office Provision - Principles	P&R	21-Oct-20	Officer Update	Yes	William Cornall	William Cornall
Heather House	P&R	21-Oct-20	Officer Update		William Cornall	William Cornall
Council Led Garden Community Update	P&R	25-Nov-20	Officer Update	?	William Cornall	William Cornall
Draft Medium Term Financial Strategy 2021/22-2025/26	P&R	25-Nov-20	Governance	Yes	Mark Green	Ellie Dunnet
Q2 Budget, Performance and Risk Management 2020/21	P&R	25-Nov-20	Officer Update	No	Mark Green	Ellie Dunnet
Archbishop's Palace Options Appraisal	P&R	16-Dec-20	Asset Management	Yes	Mark Green	Lucy Stroud
Office Provision	P&R	16-Dec-20	Officer Update	?	William Cornall	
Council Led Garden Community Update	P&R	16-Dec-20	Officer Update	?	William Cornall	William Cornall
Collection Fund adjustment 2020/21 and Council Tax Base 2021/22	P&R	20-Jan-21	Governance	No	Mark Green	Ellie Dunnet
Council Led Garden Community Update	P&R	20-Jan-21	Officer Update	?	William Cornall	William Cornall
Medium Term Financial Strategy - Capital Programme 2021/22 - 2025/26	P&R	20-Jan-21	Governance	Yes	Mark Green	Ellie Dunnet
Medium Term Financial Strategy & Budget Proposals 2021/22	P&R	20-Jan-21	Governance	Yes	Mark Green	Ellie Dunnet
Council Led Garden Community Update	P&R	10-Feb-21	Officer Update	?	William Cornall	William Cornall
Medium Term Financial Strategy & Budget Proposals 2021/22 - Final	P&R	10-Feb-21	Governance	No	Mark Green	Ellie Dunnet

## 2020/21 WORK PROGRAMME

	Committee	Month	Origin	CLT to clear	Lead	Report Author
Q3 Budget, Performance and Risk Management 2020/21	P&R	10-Feb-21	Officer Update	No	Mark Green	Ellie Dunnet
Asset Management Strategy	P&R	TBC	Strategy Update	?	Mark Green	Georgia Hawkes
Commissioning and Procurement Strategy	P&R	TBC	Strategy Update	?	Mark Green	Georgia Hawkes

**Policy and Resources  
Committee**

**16<sup>th</sup> September  
2020**

**Strategic Plan Review – Update on priority milestones**

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Chief Executive
<b>Lead Officer and Report Author</b>	Angela Woodhouse – Head of Policy, Communications and Governance Anna Collier – Policy and Information Manager
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report summarises member feedback on the first steps to review the areas for focus in the Strategic Plan for 2019-24. The report proposes several actions to inform the prioritisation required to enable the council to deliver services within budgetary constraints and respond to recovery from the COVID-19 pandemic.

**Purpose of Report**

Decision

**This report makes the following recommendations to this Committee:**

**That the Committee**

1. Notes the content of the report and provides feedback on the assessment and conclusions drawn from member consultation on council priorities to date
2. Notes the feedback from members concerning capital investment in section 2.9 and agrees that this forms the basis for officers to develop proposals for further development of the capital strategy and programme and for future organisational roles and arrangements and to report back to subsequent Policy and Resources Committee meetings
3. Notes the context for place shaping and economic development set out in the report and agrees the service review briefly described at paragraph 2.15
4. Notes issues which need to be addressed concerning the council's role in community resilience referred to in paragraph 2.19 and agrees that a report concerning a protocol is progressed initially via the Communities Housing and Environment Committee

5. Agrees that the council initiates dialogue with the Business Improvement District concerning current challenges and future investment in the town centre.
6. Agrees that, working at pace with the Communities, Housing and Environment Committee, officers review the scope of work undertaken and resources allocated to the community safety unit.
7. Agrees that, the direction of travel on modernising the arrangements at the museum is now more modest and focuses on making the best use of existing spaces.
8. Agrees that the Economic Regeneration and Leisure Committee review the contribution of the Hazlitt to the town centre economy and consider options for its sustainability. These findings should be reported back to the Policy and Resources Committee
9. Agrees to reduce the priority of raising resident satisfaction with cleanliness to maintaining it.
10. Agrees that the reference to individual projects like Go Green Go Wild are removed from areas of particular focus in the Strategic Plan.
11. Agrees that Climate Change becomes a cross cutting issue for all services to consider proactively and that an officer is no longer required to lead this work.

<b>Timetable</b>	
<b><i>Meeting</i></b>	<b><i>Date</i></b>
Policy and Resources Committee	16 <sup>th</sup> September 2020 21 <sup>st</sup> October 2020 25 <sup>th</sup> November 2020 16 <sup>th</sup> December 2020 20 <sup>th</sup> January 2021 10 <sup>th</sup> February 2021
Council	24 <sup>th</sup> February 2021

# Strategic Plan Review – Update on priority milestones

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>This report considers the proposed areas of focus for the Strategic Priorities for the next five years and identifies action for progressing the shaping of the areas of focus for 2021-2026.</p>	Head of Policy, Communications and Governance
<b>Cross Cutting Objectives</b>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>Members will also consider the cross-cutting objectives when they review and agree areas of focus for 2021-26 and the MTFS as it develops</p>	Head of Policy, Communications and Governance
<b>Risk Management</b>	Already covered in the risk section	Head of Policy, Communications and Governance
<b>Financial</b>	The Strategic Plan sets the Council's Priorities and the direction for the Medium-Term Financial Strategy.	Section 151 Officer & Finance Team
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	Head of Policy, Communications and Governance
<b>Legal</b>	This review of the Council's priorities within the Strategic Plan will enable the Council to deliver services in an efficient and effective manner and which meets the needs and	Head of Legal Services

	<p>aspirations of local inhabitants and stakeholders.</p> <p>In reviewing the priorities, the Council is obliged to ensure that its financial obligations are adhered to. The Council has a legal duty to set a balanced budget and continue to monitor the budget during the course of each municipal year and take remedial action if at any time it appears likely that expenditure will exceed available resources. This review is relevant to the statutory obligation.</p> <p>The S151 Officer has a personal duty under Section 114(3) of the Local Government Finance Act 1988 to report to the Council if it appears that the set budget will be exceeded.</p> <p>This will also include the impacts of Section 115(6) of the Act which prohibits any new agreement which would incur expenditure from being entered into following the release of a S114 report and consideration of the implications by the Council. Having received a S114 report, members are obliged to take all reasonable practical measures to bring the budget back into balance. Key considerations for the Council include the need for an adequate contingency provision, taking into account the S151 officer's guidance on the financial prudence of options before members and ensuring that there are reasonable grounds for making decisions.</p> <p>The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. The review will also contribute to the obligation being discharged.</p>	
<p><b>Privacy and Data Protection</b></p>	<p>The recommendations do not have an impact on privacy and data protection. If as a result of the update to the milestones and the emerging MTFS for 2021-2026 changes are required to services involving personal data, then data privacy impact</p>	<p>Policy and Information Team</p>

	assessments will be undertaken.	
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment. If as a result of the update to the milestones and the emerging MTFS for 2021-2026 changes are required to services, then an Equalities Impact assessment will be undertaken.	Policy & Information Manager
<b>Public Health</b>	One of the Councils cross cutting objectives are that Health Inequalities are Addressed and Reduced The recommendations do not propose a change in service therefore will not require an impact assessment. If as a result of the update to the milestones and the emerging MTFS for 2021-2026 changes are required to services, then a Health Impact assessment will be undertaken.	Head Policy, Communications and Governance
<b>Crime and Disorder</b>	The recommendations include reviewing the areas of focus for 2021-26 for the Safe, Clean and Green Priority and the actions proposed are included at paragraph	Head Policy, Communications and Governance
<b>Procurement</b>	No implications	Head Policy, Communications and Governance

## 2. INTRODUCTION AND BACKGROUND

- 2.1 At its meeting of 21 July 2020 this committee agreed the approach and timetable for a review of the priorities and outcomes in the Strategic Plan 2019 to 2045 and updating the Medium-Term Financial Strategy (MTFS) to cover the five-year period 2021 to 2026. The purpose of this report is to update the Committee and seek decisions arising from the first steps of this process with respect to the review of priority milestones and outcomes in the Strategic Plan.
- 2.2 The current Strategic Plan was developed involving a wide cross section of Councillors, staff and other stakeholders in 2018 before being adopted in December of that year. The vision and priorities are clear and remain relevant. Progress has been made across all priorities and details were set out in the July report. In light of the pandemic and its significant impact, work is now being carried out to review our outcomes for 2019/24 to produce a refreshed set of outcomes for 2021/26 reflecting the change in context and resources arising from the impacts of the COVID-19 health emergency; the outcomes and milestones also need to respond to our COVID-19 recovery approach.
- 2.3 This report covers feedback from Councillors on current priorities. It does not cover actions to respond to recovery from the COVID-19 pandemic in depth. This will be considered more fully in subsequent reports in October

and November when results from the resident COVID-19 Impact and Recovery Consultation are available and workstreams on the four recovery themes agreed by Policy and Resources in June 2020 (i.e. economic recovery, supporting resilience for communities and vulnerable people, adapting the way we work and financial recovery) are more developed.

- 2.4 Feedback has been sought from Councillors concerning the current areas of focus for 2019-24; details are summarised in Appendix A. This has been shared and discussed with the Chairs and Vice Chairs of the Policy and Resources and service committees (i.e. Strategic Planning and Infrastructure, Communities Housing and Environment and Economic Regeneration and Leisure) and this has informed the topics and analysis set out below. This approach is like the engagement process carried out as the Strategic Plan was developed but less extensive reflecting the pace of change needed to respond to the challenges now facing the authority.

### Context

- 2.5 COVID-19 has had a major impact on the Council's financial position. Members were advised of the scale of the impact as currently assessed at the Policy and Resources Committee on 21 July 2020. The impact was set out for the current financial year and for the period of the MTFs. In July this Committee considered 3 scenarios – adverse, neutral, and favourable. The neutral scenario forecast a budget gap for 2021/22 of £3.3m (assuming that the pre-covid19 identified level of savings is achieved), and that there would be a further gap of £0.3m in 2022/23 with the COVID-19 impact diminishing thereafter and levels of saving returning to previously identified levels. Even if there is a rapid recovery from the pandemic, the financial impact will be felt for some time. The Council will have to draw on its reserves to fund the current financial year's deficit. The council will need to consider how quickly reserves can be rebuilt and the right level at which to maintain them in the future and reassess the overall level of resources available for the future.
- 2.6 A great degree of uncertainty remains around financial forecasts and the degree of support from central government. This arises from the complex context for local authority funding and changes that were being formulated pre COVID-19 for example with respect to business rates reform as well as the impact of the pandemic.
- 2.7 This piece of work (i.e. service prioritisation) needs to be conducted and concluded at pace so that the ramifications can be assessed and quantified and a proposed revised MTFs can be properly evaluated and presented to members by December 2020. It will be complemented by several other pieces of work described in the July report to Policy and Resources Committee by the Director of Finance and Business Improvement which will address;
- better use of technology,
  - external grant funding,
  - income generation,
  - office accommodation,
  - overhead costs of delivering the capital programme,

- overhead costs of project delivery,
- service commissioning,
- shared service arrangements,
- staff reward packages,
- the structure of democratic representation; and
- synergies between service areas.

#### Overarching Issues from Member feedback on priorities

- 2.8 The Council remains committed to delivering the vision in our Strategic Plan in a period of significant change and continuing uncertainty. This is not only as a result of the COVID-19 but also from central government policy changes including for spatial planning (currently the subject of consultation) and devolution (consultation is promised in the autumn). These are likely to have significant consequences for how and at what pace we can deliver our vision.
- 2.9 Success in delivering the vision for the borough as reflected in the council's Strategic Plan and the more specific short to medium term priorities depends on community leadership and collaboration with partners in the public, private and voluntary and community sectors.

Feedback from Councillors to date suggests

- There is continued support for the Council's direct capital investment in place shaping to create homes and jobs and greater investment to bring forward infrastructure in a timely way. In the immediate short term this is higher priority than investment in cultural assets.
- Building on our positive progress of working in partnership to achieve co-investment in our place we should identify more opportunities for joint funding and "joint venture" arrangements to enable larger scale investment in key priority areas including: place shaping, housing (in particular social and affordable housing) and infrastructure projects. One approach would be to use the leverage of our existing £110m 5-year capital investment programme and other opportunities including Enterprise Zone status and the Community Infrastructure Levy to accelerate progress. This would need a greater external focus and redirection of resources to build better partnerships faster.
- Consider "joint venture" arrangements such as a "development corporation" for putting place making investment at arm's length; this needs careful consideration in terms of risk, governance/democracy and financial consequences.
- Consider alternative models for bringing forward key infrastructure for example a revolving fund of loans to gap fund.
- There is an acceptance that a greater proportion of the cost of nurturing capital projects should be attributed to and therefore recovered as part of the capital allocation; any change in practice would need to meet appropriate accounting standards
- Appetite to apply similar joint investment principles in the (re) commissioning of services at the appropriate time including for waste collection (where our current contract ends in 2023) and

leisure (where our current contract relating to Maidstone leisure centre ends in 2024)

2.10 While capital projects will enable the council to achieve its Strategic Plan objectives officers' advice is that the scale of the current 5-year programme remains appropriate in terms of the consequences for the revenue budget and in the current circumstances significant expansion of capital borrowing does not offer a realistic strategy for solving the increased revenue budget pressures.

2.11 However, subject to the Policy and Resources confirming the direction of travel described in paragraph 2.9 above, officers will research options and consider the implications for the MTFs capital strategy and programme and for organisational roles and arrangements to improve delivery of growth and infrastructure and report back to subsequent Policy and Resources Committee meetings.

### Embracing Growth and Enabling Infrastructure

2.12 We want Maidstone Borough to work for the people who live, visit and work now and in the future. We want a Borough where there is a variety of jobs, housing need is met, and infrastructure is in place to meet the growing needs of our residents and economy. We also want to ensure we lead and shape our place as it grows, including leading master-planning and investing to bring about high-quality housing and jobs in the Borough. The current adopted plan places importance on the following for 2019-24.

- Engaging with our communities on the Local Plan Review
- The Council taking a proactive role in creating and consider investing in new places
- Expanding the Council's role in the delivery of affordable and market rent housing
- Working with partners to get infrastructure planned, funded and delivered
- Intervening where necessary in the market, to deliver key employment sites

2.13 The Government is currently consulting on far reaching changes to the planning system through its "Planning for the Future" White Paper. Contemporaneously consultation is also underway on changes to planning policy and regulations including the standardised methodology for calculating housing requirements. Draft responses will be considered by the Strategic Planning and Infrastructure Committee on 22<sup>nd</sup> September. The direction of travel is clear and impacts on both what the planning system is being required to deliver and how this is to be conducted. Engaging with our communities on local planning will remain as a key priority.

2.14 Action: As noted in 2.9 above member feedback has indicated a desire to continue and increase the council's role in delivering the capital investment schemes that make the place shaping aspirations in the local plan a reality.

2.15 Considering the new challenges ahead including: the impacts of COVID-19 and increased priority for tackling climate change, increased emphasis for

local councils leading delivery of infrastructure, increased local political appetite for more direct investment and impact on infrastructure delivery and less revenue resources it is recommended that - **Action: We should reflect on the effectiveness of our current services and reconsider our service delivery model looking at: expertise, organisational arrangements, including the synergies between planning policy and economic development, our arrangements for delivering/enabling construction projects, and agility.**

### Homes and Communities

2.16 We want to have a place that people love and where they can afford to live. This means ensuring that there is a good balance of different types of homes, including affordable housing. We will have safe and desirable homes that enable good health and wellbeing for our communities. We will address homelessness and rough sleeping to move people into settled accommodation. We will work with our partners to improve the quality of community services and facilities including for health care and community activities. Residents will be encouraged and supported to volunteer and play a full part in their communities. The current adopted plan places importance on the following for 2019-24.

- Reducing Rough Sleeping in a sustainable way
- Reducing the use of temporary accommodation for homeless families
- Improving housing through use of our statutory powers to promote good health and wellbeing
- Increasing our interventions with Houses of Multiple Occupation
- Supporting the health service to improve access to primary care including local care hubs

2.17 There is clear political commitment to maintaining a strong focus on the core activity relating to rough sleeping and homelessness. The need for this is accentuated by the impacts so far of COVID-19, and the anticipated impact of the removal of protections for people who rent their homes and flexibilities for some who own their homes but whose income has been adversely affected. The focus for resourcing these services will be covered by the other workstreams agreed by the Policy and Resources Committee including transformation and the funding model including greater flexibility in the application of grant funding.

2.18 Our 2019-24 areas of focus did not include giving high priority to developing community capacity/resilience. Although we were able to respond quickly to establish the Community Hub, the experience of COVID-19 has exposed weaknesses in the Council's arrangements for community support and working with others to enable resilience. This suggests the need to strengthen our strategic relationship with the voluntary and community sector, housing providers, KCC and parish councils. A stronger relationship will create clarity, common understanding and expand resources, so that our most vulnerable residents are always appropriately supported and especially at times of crisis.

2.19 This does not mean that the Council should step in and do what others are responsible for but that we should have appropriate and modern protocols in place. **Action: It is proposed that a report be brought to the Communities, Housing and Environment Committee proposing a way forward. This would complement the excellent grant funded work conducted in our housing team to intervene earlier to prevent homelessness and in our revenues and benefits team to maximise household incomes and contribute positively to a borough that works for everyone. Progress on financial hardship work is scheduled to be reported to the Policy and Resources Committee in October 2020.**

#### A Thriving Place

2.20 Our vision is for Maidstone to be a Borough that is open for business, attractive for visitors and an enjoyable and prosperous place to live for our residents. Maidstone is the Business Capital of Kent; we will continue to grow our local economy with high employment, good local jobs and thriving local businesses. We want our town and village centres to thrive and be fit for the future. We will lead investment in the County town and rural service centres through our regeneration projects and working with partners. We are proud of our heritage and will continue to grow our leisure and cultural offer. The current adopted plan places importance on the following for 2019-24:

- Development and commencement of delivering the new gallery at the museum
- Enabling events which assist people in increasing their pride in communities and our environment
- Reviewing and delivering leisure and cultural services that meet future needs e.g. sports facilities
- Building the innovation centre at Kent Medical Campus, promoting inward investment in the Borough
- Working with partners to redevelop the Maidstone East site and modernise the bus station in the County Town
- Developing and delivering plans for the five opportunity sites in the town centre and the Staplehurst regeneration project
- Working with parishes and community groups on neighbourhood plans

2.21 Several projects identified in the 2019-24 milestones have been progressed for example construction of the Innovation Centre and where appropriate have been embedded into our normal processes. The opportunity site policies are now being incorporated into the Local Plan to give structure to the Council's expectations of the private sector landowners and potential developers. Our next steps for the town centre are likely to be via a town centre action/investment plan through the Local Plan Review or a Development Plan Document to become mainstream. **Action: It is suggested that to enable an integrated approach for future opportunities this topic is part of the service delivery model review referred to at 2.15 above**

2.22 There is continued Councillor appreciation of the contribution that the Maidstone Museum and the Hazlitt Theatre make to the quality of life for

residents and visitors. However, the constraints on modernising the arrangements for the museum arising from the various historical trust arrangements mean that political appetite for significant investment at this time is limited. **Action: The direction of travel here may need to be more modest, focussing on unlocking governance constraints and making the best use of our existing spaces e.g. to attract exhibitions and paid for activities rather than undertaking capital investment.**

2.23 Covid19 has had a significant adverse impact for the Hazlitt theatre which is operated by Parkwood leisure and where the council provides a subsidy of £250k per year. While this is significantly less than the previous cost borne by the council for an in-house service it remains a sizeable contribution. Before making judgements on the council's future commitment to the Hazlitt it is key that its contribution to the town centre economy and alternative options for sustaining the theatre or alternative uses of the asset are better understood. **Action: it is proposed that this topic will be examined at a strategic level by the Economic Regeneration and Leisure Committee and in terms of the Strategic Plan, covered through future update to the Policy Resources Committee in conjunction with updating the Medium-Term Financial Strategy.**

2.24 Since the Strategic Plan was adopted a Business Improvement District (BID) has been created for Maidstone town centre run by One Maidstone. In the first year of operation this has particularly enabled additional investment in keeping the public realm clean and tidy and One Maidstone have moved forward too investing in activities to make the town centre attractive to investors and the public including taking over activities like the Christmas lights and some monitoring of CCTV. This has been somewhat impacted by lockdown and One Maidstone has been key in supporting businesses and enabling safe re-opening of the town centre from June onwards. **Action: It is suggested that the council initiates dialogue with the BID concerning current challenges and future investment in the town centre.**

#### Safe, Clean and Green

2.25 We will keep Maidstone an attractive and clean place for all. Maidstone is a safe place to live and we want our residents to feel safe. We want to protect and where possible enhance our environment and make sure our parks, green spaces, streets and public areas are high quality by ensuring they are looked after, well managed and respected. The current adopted plan places importance on the following for 2019-24.

- Taking action against those who do not respect our public spaces, streets, green spaces and parks
- Improving community safety by working with our partners to make people less vulnerable to crime
- Raising resident satisfaction with the cleanliness of the Borough
- Implementing the "Go Green Go Wild" project to embrace and encourage biodiversity and protect and enhance our green spaces
- Improving air quality

- 2.26 Levels of political satisfaction with general cleanliness in the borough are good and there is an emerging view that we should aim to maintain current standards and given other pressing matters **Action: not prioritise raising resident satisfaction with cleanliness of the Borough. There is an appreciation of and support for continued proactive enforcement work with respect to those individuals and organisations that fail to respect our public spaces, streets and parks.**
- 2.27 There is some political appetite to review the Council's role in securing community safety and a recognition that not all Councillors are familiar with the statutory requirements the Crime and Disorder Strategy and, action plan and the impact of our work although this is a topic that regularly receives attention from the Communities, Housing and Environment Committee and the Crime and Disorder Overview and Scrutiny Panel. In brief the primary objective of the Crime and Disorder Act 1998 was to give more responsibility to local authorities with regards to implementing strategies to help with the reduction of crime and public disorder within the local community. This has been developed and added to through various pieces of legislation since 1998. The Council's direct contribution to community safety is delivered via the Community Protection Team and there is a requirement for crime and disorder implications to be considered in all strategic decision making (hence the reference in every committee report). The Crime and Disorder Strategy and priorities are agreed by Full Council each year; the latest plan was agreed in July 2020 with five priorities – protecting our communities against serious, violent and organised crime (including modern day slavery), reducing the harm caused by domestic abuse (including stalking), keeping children and young people safe, reducing the impact of substance mis-use on our community and safeguarding people whose mental health makes them vulnerable. **Action: The Communities, Housing and Environment Committee and, Officers review the scope of work undertaken and resources allocated to the community safety unit.**
- 2.28 Since the Strategic Plan was adopted in December 2018 the council, in April 2019, adopted a motion concerning the climate and biodiversity emergencies which among other things sought to consider a target date of 2030 for the whole of the Borough of Maidstone to be carbon neutral. Given this aspiration and the scale of the challenge **Action: A view has been expressed that reference to individual projects like Go Green Go Wild should be removed from the areas of particular focus in the Strategic Plan. The preferred alternative approach would be for the cross cutting objective 'Biodiversity and Environmental Sustainability is respected' to be broadened to include Climate Change. This will require all services to proactively pursue measures to reduce carbon emissions; it is envisaged that this would negate the need for an officer lead for this work.**

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### 3. AVAILABLE OPTIONS

- 3.1 The Committee agreed at the July meeting that work would go ahead with on refreshing the strategic plan through a review of the areas of focus for 2019-24. This report shows the outcome of the first stage in the process of

reviewing the areas of focus with actions set out to progress the work for a refreshed Strategic Plan and new MTFs for 2021-2026.

- 3.2 The Committee could review the actions and approve or identify new ones to enable the plan to be refreshed.
  - 3.3 The Committee could also request the refresh be undertaken in a different way.
- 

#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The committee is recommended to approve the actions set out in-line with the agreed approach to corporate planning set out in the report in July.
- 

#### **5. RISK**

- 5.1 Risks related to amending actions in the Strategic Plan will be detailed in future reports to this Committee as the changes are finalised.

#### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 All Councillors were consulted on the areas of focus of 2019-2024, they were asked to consider which should be deleted, kept or delayed and whether there were any new areas of action. The results of this are shown at **Appendix 1**. Following the short consultation, a meeting was held with the Chairs and Vice Chairs of the four Service Committees to review the results and identify potential changes to the plan. As a result of the meeting several actions have been identified as set out in the report. Member and public feedback concerning the impact of the Covid19 pandemic is being sought currently; the public consultation period ends on 2<sup>nd</sup> October. A similar survey for councillors is also being conducted. The Officer recovery group is working on impacts and actions which will be informed by this feedback amongst other things and will feed into subsequent reports on priorities for 2021-6.
- 

#### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 Actions if approved will be taken forward by the relevant Committees and Officers including budget prioritisation. Further reports will come to this committee monthly prior to submission to Council for Approval at the end of February.
-

## **8. REPORT APPENDICES**

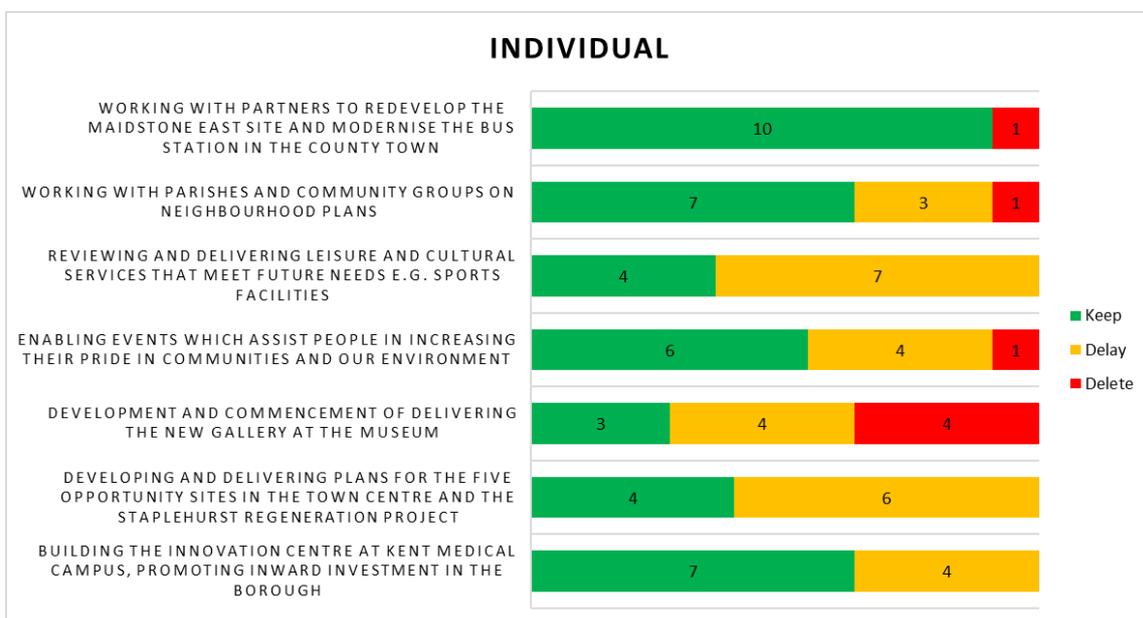
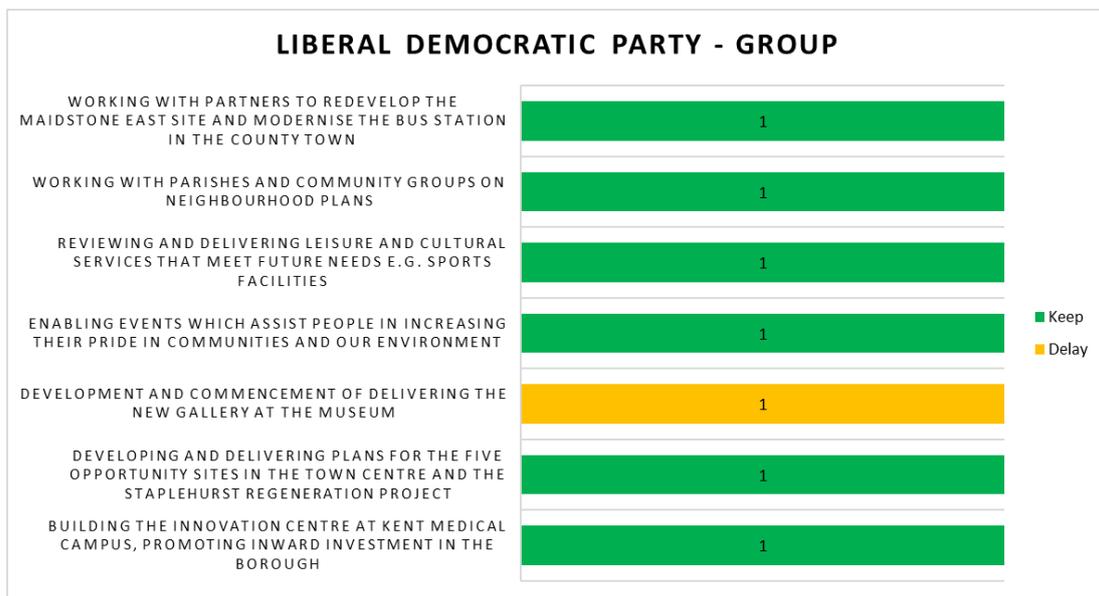
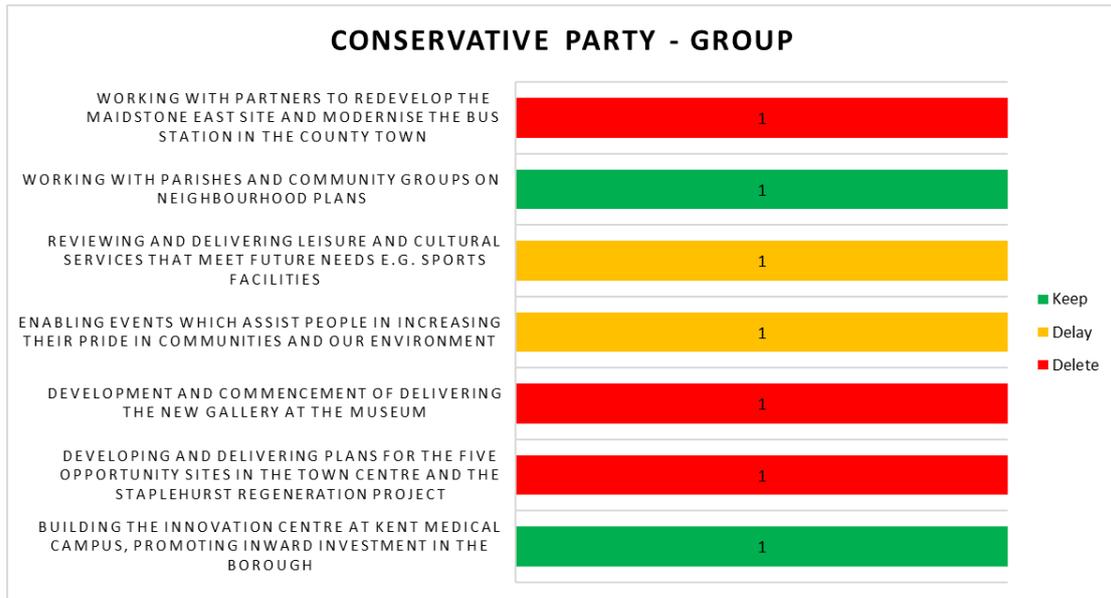
Appendix 1: Results of Member prioritisation of Areas of Focus for 2019-24

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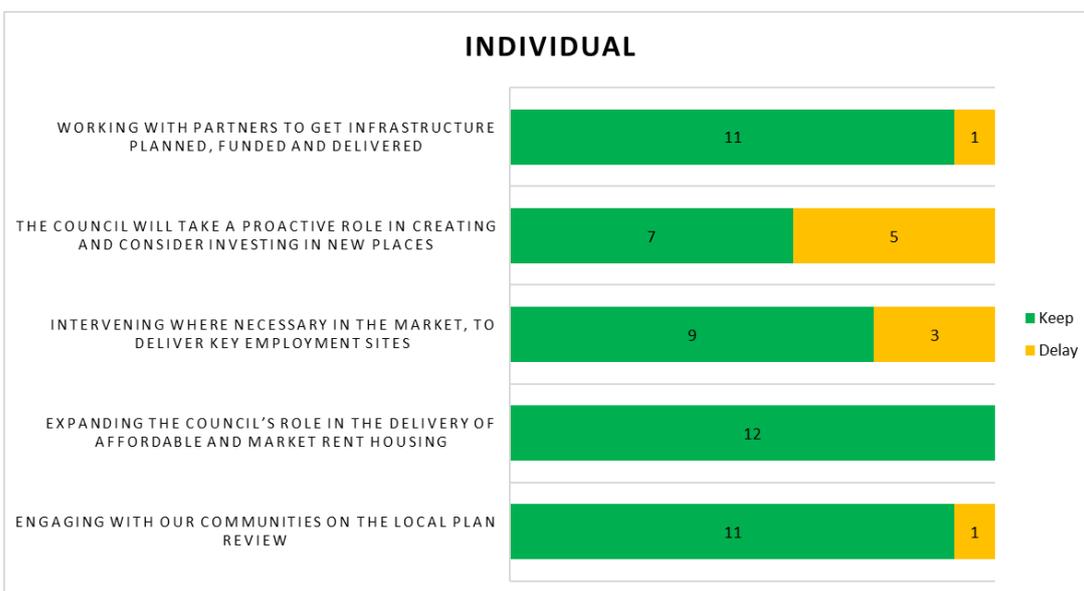
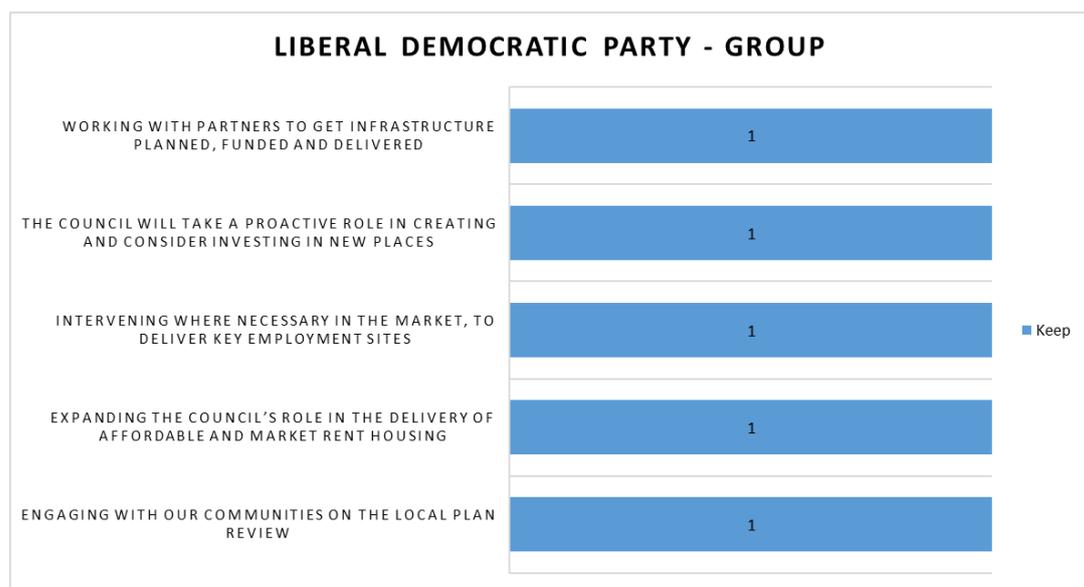
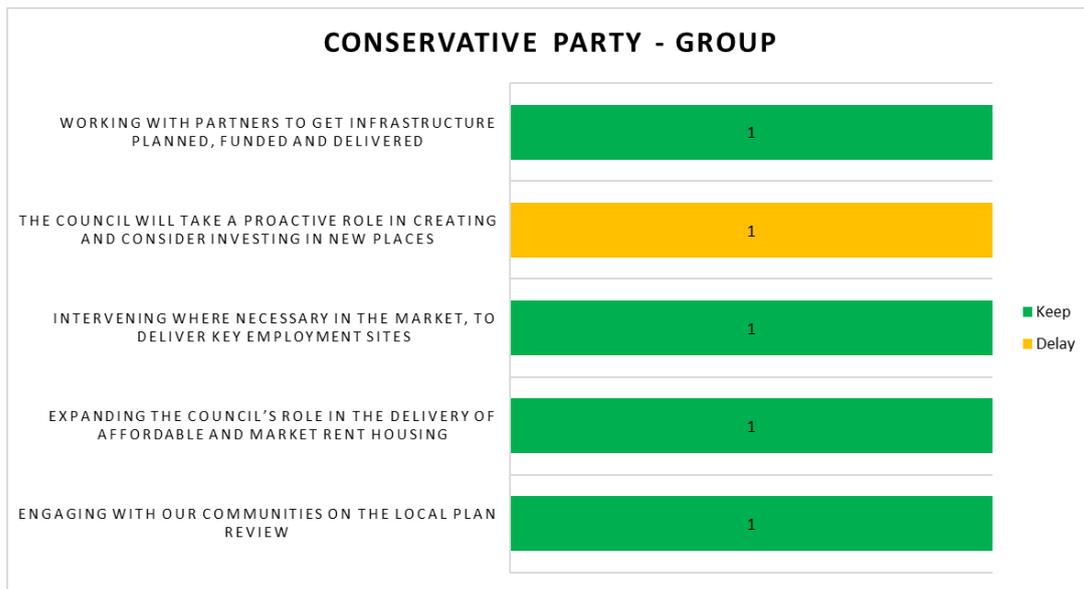
## **9. BACKGROUND PAPERS**

None

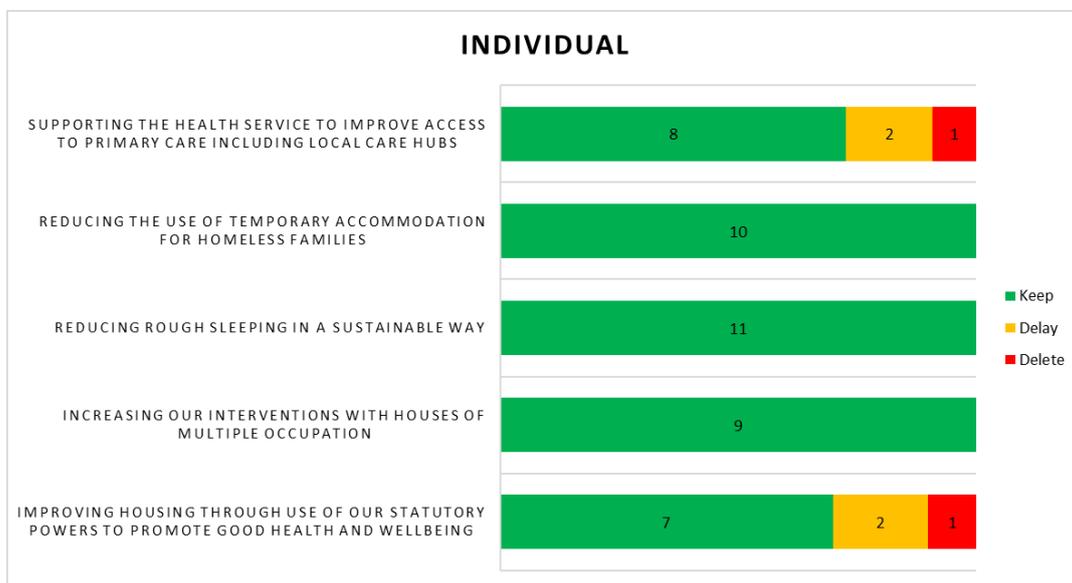
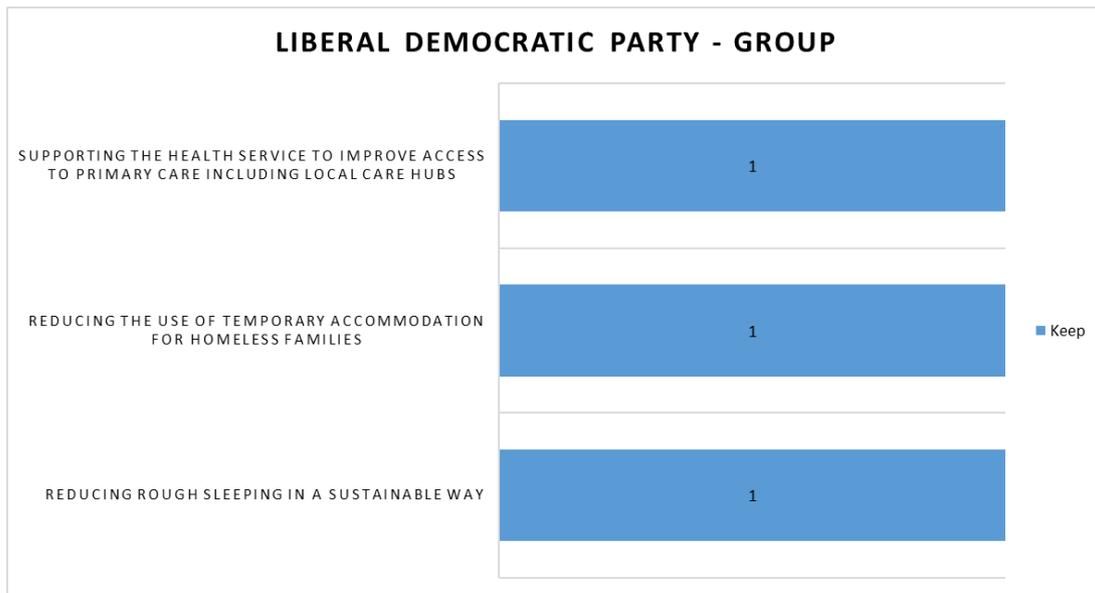
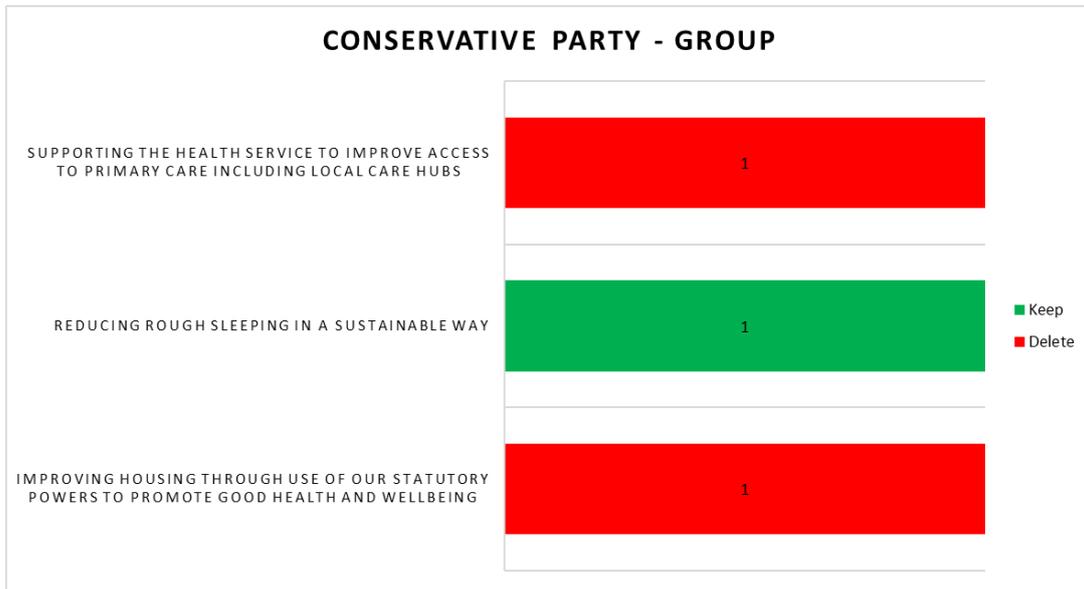
## A Thriving Place



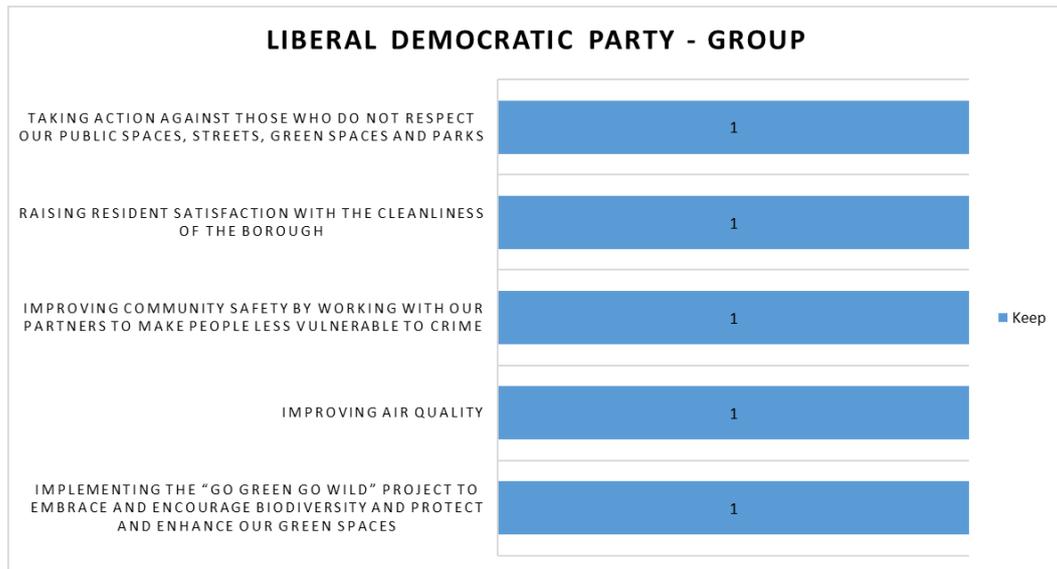
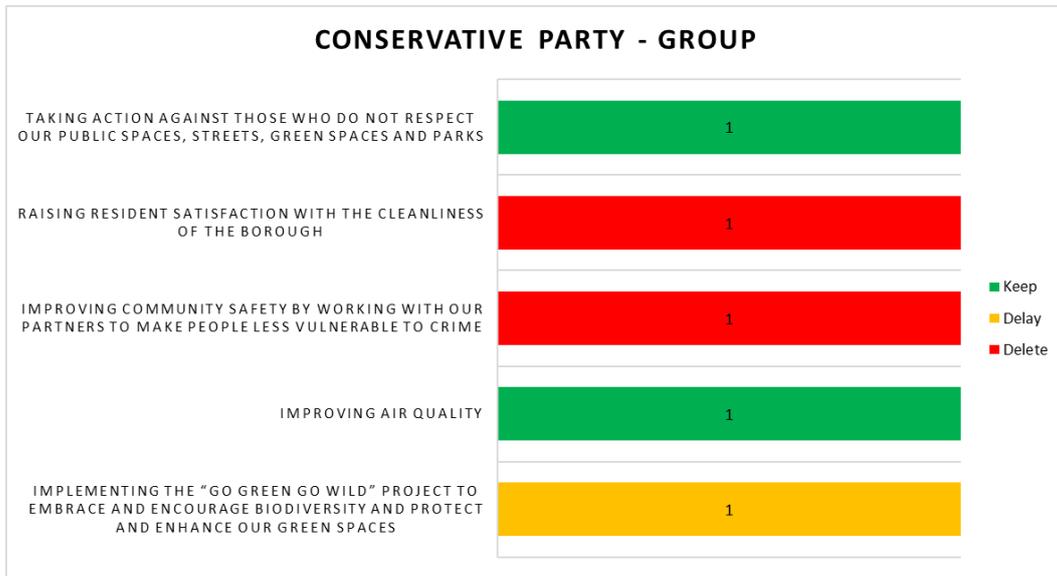
**Embracing Growth and Enabling Infrastructure**



## Homes and Communities



**Safe, Clean and Green**



**POLICY & RESOURCES  
COMMITTEE**

**16 September  
2020**

**1st Quarter Financial Update & Performance Monitoring  
Report 2020/21**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	Mark Green, Director of Business Improvement
<b>Lead Officer and Report Authors</b>	Ellie Dunnet, Head of Finance Paul Holland, Senior Finance Manager (Client) Carly Benville, Senior Business Analyst
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report sets out the 2020/21 financial and performance position for the Council, including services reporting directly into the Policy & Resources Committee (PRC) as at 30<sup>th</sup> June 2020 (Quarter 1). The primary focus is on:

- 2020/21 Revenue and Capital budgets;
- 2020/21 Key Performance Indicators (KPIs) that relate to the delivery of the Strategic Plan 2019-2045;
- Corporate Risk Register

The combined reporting of the financial and performance position enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues in their proper context, reflecting the fact that the financial and performance-related fortunes of the Council are inextricably linked. The report for this quarter has a particular focus on the impact the Covid-19 pandemic has had on the Council's financial position and performance.

*Budget Monitoring*

With regard to revenue, at the Quarter 1 stage, the Council has incurred net expenditure of £5.182m against a profiled budget of £2.614m, representing an overspend of £2.568m. For the services reporting directly to PRC, net expenditure of £3.189m has been incurred against a profiled budget of £1.348m, representing an overspend of £1.841m. It should be noted however that the forecast outturn position for the Council at year-end is a projected overspend of £3.000m, due mainly to Covid-19 related issues.

With regard to capital, at the Quarter 1 stage, the Council has incurred overall expenditure of £2.058m against a budget allocation within the Capital Programme of £54.025m. It is anticipated that there will be slippage of £25.615m at year end. Expenditure for services reporting directly to PRC of £1.472m has been

incurred against the budget at the end of Quarter 1, with forecast year end expenditure of £14.958m.

### Performance Monitoring

A number of targets were missed due to the impact of Covid-19, although there were improvements in a number of other areas.

### Risk Update

Since the previous update, two changes have been made to the assessment of corporate risk:

- Current indications are that the risk of a disruptive exit from existing EU trade arrangements is becoming more severe. The risk rating in this area has therefore increased.
- Reviewing our work with partners during the Covid-19 response phase shows that we have strong relationships already and were able to build new ones. The risk rating for poor partner relationships has therefore decreased.

### **Purpose of Report**

The report enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues as at 30<sup>th</sup> June 2020

### **This report makes the following Recommendations to the Committee:**

1. That the Revenue position as at the end of Quarter 1 for 2020/21, including the actions being taken or proposed to improve the position, where significant variances have been identified, be noted.
2. That the Capital position at the end of Quarter 1 be noted.
3. That the Performance position as at Quarter 1 for 2020/21, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.
4. That the Risk Update, attached at Appendix 3 be noted.

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy & Resources Committee	16 September 2020

# 1st Quarter Financial Update & Performance Monitoring Report 2020/21

## CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p><b>Impact on Corporate Priorities</b></p>	<p>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.</p> <p>The Key Performance Indicators and strategic actions are part of the Council's overarching Strategic Plan 2019-45 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>
<p><b>Cross Cutting Objectives</b></p>	<p>This report enables any links between performance and financial matters to be identified and addressed at an early stage, thereby reducing the risk of compromising the delivery of the Strategic Plan 2019-2045, including its cross-cutting objectives.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>
<p><b>Risk Management</b></p>	<p>This is addressed in Section 4 of this report.</p>	<p>Director of Finance and Business Improvement (Section 151 Officer)</p>

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Financial</b>	<p>Financial implications are the focus of this report through high level budget monitoring. Budget monitoring ensures that services can react quickly enough 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.</p> <p>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 Strategy and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.</p>	Senior Finance Manager (Client)
<b>Staffing</b>	<p>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.</p> <p>Having a clear set of performance targets enables staff outcomes/objectives to be set and effective action plans to be put in place.</p>	Director of Finance and Business Improvement (Section 151 Officer)
<b>Legal</b>	<p>The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.</p> <p>There is no statutory duty to report regularly on the Council's performance. 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 Council performance help to demonstrate best value and compliance with the statutory duty.</p>	Principal lawyer (Corporate Governance), MKLS

Issue	Implications	Sign-off
<b>Privacy and Data Protection</b>	The performance data is held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality. There is a program for undertaking data quality audits of performance indicators.	Policy and Information Team
<b>Equalities</b>	There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change should one be identified.	Equalities and Corporate Policy Officer
<b>Public Health</b>	The performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	There are no specific issues arising.	Director of Finance and Business Improvement (Section 151 Officer)
<b>Procurement</b>	Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.	Director of Finance and Business Improvement (Section 151 Officer)

## 1. BACKGROUND AND INTRODUCTION

- 1.1 The Medium-Term Financial Strategy for 2020/21 to 2024/25 - including the budget for 2020/21 - was approved by full Council on 26th February 2020. This report updates the Committee on how its services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 1.2 The report particularly focuses on the impact of the Covid-19 pandemic on the financial position and performance of the service areas that fall under this committee, and provide some further detail around particular areas of concern.
- 1.3 This report also includes an update to the Committee on progress against its Key Performance Indicators (KPIs), and an update covering corporate risks.
- 1.4 Attached at **Appendix 1**, is a report setting out the revenue and capital spending position at the Quarter 1 stage. Attached at **Appendix 2**, is a

report setting out the position for the KPIs for the corresponding period. Attached at **Appendix 3**, is a report providing an update on corporate risks, in response to the committee's previous request for regular updates on this subject.

## **2. AVAILABLE OPTIONS**

- 2.1 There are no matters for decision in this report. The Committee is asked to note the contents but may choose to take further action depending on the matters reported here.

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## **3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 3.1 In considering the current position on the Revenue budget, the Capital Programme, KPIs and Corporate Risks at the end of June 2020, the Committee can choose to note this information or 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 and/or the KPIs and Corporate Risks position.

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## **4. RISK**

- 4.1 This report is presented for information only and has no direct risk management implications.

The Council agreed a balanced budget for both revenue and capital income and expenditure for 2020/21 in February 2020. However, the Covid-19 pandemic has had a significant impact since then. Corporate risks have been re-appraised, as reported to the Policy and Resources Committee at its meeting in June 2020. As a result, a regular quarterly review of the corporate risk register is now included as an appendix to this report.

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## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 The KPIs update ("Performance Monitoring") is reported to service committees quarterly: Communities, Housing & Environment Committee; Economic Regeneration & Leisure Committee; and the Strategic Planning & Infrastructure Committee. Each committee will receive a report on the relevant priority action areas. The report is also presented to the Policy & Resources Committee, reporting on the priority areas of "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".

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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The Quarter 1 Budget & Performance Monitoring reports are being considered by the relevant Service Committees during September and

October 2020, including this full report to the Policy & Resources Committee on 16<sup>th</sup> September 2020.

- 6.2 Details of the discussions which take place at Service Committees regarding financial and performance management will be reported to Policy and Resources Committee where appropriate.
- 6.3 The Council could choose not to monitor its budget and/or the Strategic Plan and/or make alternative performance management arrangements, such as the frequency of reporting. This is not recommended as it could lead to action not being taken against financial and/or other performance during the year, and the Council failing to deliver its priorities.
- 6.4 There is significant uncertainty regarding the Council's financial position beyond 2020/21, arising from the impacts of the Covid-19 crisis and the Council's role in responding to this. Future finance reports to this committee will ensure that members are kept up to date with this situation as it develops.

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## **7. REPORT APPENDICES**

- Appendix 1: First Quarter Budget Monitoring 2020/21
- Appendix 2: First Quarter Performance Monitoring 2020/21
- Appendix 3: First Quarter Corporate Risks Update 2020/21

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## **8. BACKGROUND PAPERS**

None.

# First Quarter Financial Update 2020/21

Policy & Resources Committee

16<sup>th</sup> September 2020

Lead Officer: Mark Green

Report Authors: Ellie Dunnet/Paul Holland

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# Part A

## Executive Summary & Overview



This report provides members with a financial update for the first quarter of 2020/21, covering activity for both the Council as a whole and this committee's revenue and capital accounts for this period, and a projected outturn for the year.

Members will be aware that since the budget was agreed in February, the position for 2020/21 and future years has changed significantly as a result of the Covid-19 pandemic. Specific impacts include:

- Redirection of existing resources to support vulnerable people
- Administering government support schemes, notably business rate reliefs and grants
- Temporary closure of many Council facilities
- Reduction in levels of activity in many other Council services
- Income generating activities severely impacted by overall contraction in economic activity
- Change in working patterns, with almost all office-based staff now working from home
- Reduced levels of Council Tax and Business Rates collection.

This has resulted in many service areas reporting or projecting adverse variances against the budget for 2020/21, particularly in relation to income. The overall projection for the council is summarised in table 1 below, and shows that the potential impact of Covid-19 on the council's financial position is £8.547m. These projections are based on information submitted to central government as part of the monthly financial monitoring return which councils have been asked to complete to enable a comprehensive picture of the financial impact of Covid-19 on local authorities to be compiled by the Ministry of Housing, Communities and Local Government. The projections are based on the information available to finance officers at the time of submitting the return and are being regularly updated as the situation unfolds and further information becomes available.

	£000
Additional Spending	1,377
Income Reductions:	
Business Rates (MBC share)	1,901
Council Tax (MBC share)	950
Other Income	4,319
<b>Total</b>	<b>8,547</b>

*Table 1, Covid-19 financial impact*

Income reductions related to business rates and council tax were based on estimates made earlier in the financial year. Collection rates have actually proved better than anticipated so this will mitigate the financial impact, although there will still be a significant loss overall.

It should be noted that the projections detailed within table 1 will not necessarily align to the in year budget outturn projections. This is partly due to the statutory accounting arrangements for council tax and business rates which impact on the timing these losses reaching the general fund balance. In addition to this, the variances above reflect an estimate of the financial impact of Covid-19 and do not take into account other factors which may impact on the budget outturn.

To date, support totalling £2.2m has been received from the government. A further support package to compensate for fees and charges losses has been announced recently and will be confirmed later this month. Any residual in year deficit will need to be met from reserves. Given the all-encompassing impact of Covid-19 across many of the council's services, mitigation for losses will be treated as a corporate exercise, and we will therefore not necessarily seek to apportion all unringfenced support received across service committees.

The impacts which arise from areas both within this committee's remit and the other three service committees are detailed within section B of this report.

The analysis also includes both revenue and capital year-end projections (to 30<sup>th</sup> June 2020), and updates the Committee on a range of other inter-related financial matters including Local Tax Collection, Reserves and Balances, Treasury Management and Maidstone Property Holdings.

The headlines for Quarter 1 are as follows:

#### Part B: Revenue Budget – Q1 2020/21

- At the Quarter 1 stage, the Council has incurred net expenditure of £5.182m against a profiled budget of £2.614m, representing an overspend of £2.568m.
- For the services reporting directly to PRC, net expenditure of £3.189m has been incurred against a profiled budget of £1.348m, representing an overspend of £1.841m. It should be noted however that the forecast outturn position for the Council at year-end is a projected overspend of £3.000m, due mainly to Covid-19 related issues.

#### Part C: Capital Budget – Q1 2020/21

- At the Quarter 1 stage, the Council has incurred overall expenditure of £2.058m against a budget allocation within the Capital Programme of £54.025m.
- It is anticipated that there will be slippage of £25.615m at year end. Expenditure for services reporting directly to PRC of £1.472m has been incurred against the budget at the end of Quarter 1, with forecast year end expenditure of £14.958m.

#### Part D: Local Tax Collection 2020/21

- Target collection rates for Council Tax were not met during the first quarter. The target collection rate for business rates was slightly exceeded.
- Forecasts indicate that the Council will retain £0.3m through the Kent Business Rates Pool in 2020/21.

#### Part E: Reserves & Balances 2020/21

- The unallocated balance on the General Fund at 1 April 2020 was £8.8m. It is anticipated that this will decrease during the year, but that balances will remain above the minimum level set by Council.

#### Part F: Treasury Management 2020/21

- The Council held short-term Investments of £16.980m and had £9.0m in outstanding Borrowing as at 31<sup>st</sup> March 2020.

Part G: Maidstone Property Holdings Ltd. (MPH)

- MPH net rental income for the first quarter of 2020/21 was £34,551. Rent arrears at 30 June 2020 totalled £4,353.

# Part B

# First Quarter Revenue Budget 2020/21



## B1) Revenue Budget: Council

B1.1 At the Quarter 1 stage, the Council has incurred net expenditure of £5.182m against a profiled budget of £2.614m, representing an overspend of £2.568m.

B1.2 Tables 1, 2 and 3 below provide further insight into the Council's income and expenditure position for Quarter 1 2020/21 by providing alternative analyses: by Committee, Priority and Subjective Heading.

**Table 1: Net Expenditure 2020/21 (@ 1<sup>st</sup> Quarter): Analysis by COMMITTEE**

Committee	Full Year Budget £000	To 30 June 2020 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance <sup>1</sup> £000
Policy & Resources	13,049	1,348	3,189	-1,841	13,210	-161
Strategic Planning and Infrastructure	-1,297	-78	596	-674	340	-1,636
Communities, Housing & Environment	8,549	1,078	963	114	8,685	-136
Economic Regeneration & Leisure	983	266	434	-167	2,050	-1,067
<b>Net Revenue Expenditure</b>	<b>21,285</b>	<b>2,614</b>	<b>5,182</b>	<b>-2,568</b>	<b>24,285</b>	<b>-3,000</b>

**Table 2: Net Expenditure 2020/21 (@ 1<sup>st</sup> Quarter): Analysis by PRIORITY**

Priority	Full Year Budget £000	To 30 June 2020 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance <sup>1</sup> £000
Safe, Clean and Green	6,307	1,708	1,575	133	6,454	-146
Homes and Communities	1,960	-640	-595	-45	2,069	-109
Thriving Place	1,175	334	429	-94	2,093	-919
Embracing Growth and Enabling Infrastructure	-1,206	-55	596	-651	431	-1,637
Central & Democratic	13,049	1,267	3,177	-1,910	13,238	-189
<b>Net Revenue Expenditure</b>	<b>21,285</b>	<b>2,614</b>	<b>5,182</b>	<b>-2,567</b>	<b>24,285</b>	<b>-3,000</b>

**Table 3: Net Expenditure 2020/21 (@ 1<sup>st</sup> Quarter): Analysis by SUBJECTIVE SPEND**

Subjective	Full Year Budget £000	To 30 June 2020 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance <sup>1</sup> £000
Employees	21,998	5,509	5,357	152	21,898	100
Premises	5,169	2,305	2,457	-152	5,222	-53
Transport	755	167	120	48	755	0
Supplies & Services	12,236	2,320	2,049	272	11,487	749
Agency	6,281	1,561	1,337	224	6,281	0
Transfer Payments	44,854	9,158	8,287	870	44,854	0
Asset Rents	1,041	0	0	0	1,041	0
Income	-71,049	-18,407	-14,426	-3,981	-67,253	-3,796
<b>Net Revenue Expenditure</b>	<b>21,285</b>	<b>2,614</b>	<b>5,182</b>	<b>-2,567</b>	<b>24,285</b>	<b>-3,000</b>

## B2) Revenue Budget: Policy & Resources (PRC)

B2.1 Table 4 below provides a detailed summary of the budgeted net expenditure position for the services reporting directly into PRC at the end of Quarter 1. The financial figures are presented on an 'accruals' basis (e.g. expenditure for goods and services received, but not yet paid for, is included).

**Table 4: PRC Revenue Budget: NET EXPENDITURE (@ 1<sup>st</sup> Quarter 2020/21)**

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2020 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Civic Occasions	42	26	10	16	42	0
Members Allowances	389	97	89	9	389	0
Members Facilities	29	7	4	3	29	0
Contingency	268	67	2,118	-2,051	268	0
Performance & Development	8	3	0	3	8	0
Corporate Projects	42	2	2	0	42	0
Press & Public Relations	38	8	-5	13	38	0
Corporate Management	94	35	41	-7	94	0
Unapportionable Central Overheads	1,419	335	334	1	1,419	0
Council Tax Collection	54	23	38	-15	54	0
Council Tax Collection - Non Pooled	-358	12	34	-22	-358	0
Council Tax Benefits Administration	-152	-152	-146	-7	-152	0
NNDR Collection	1	1	1	-0	1	0
NNDR Collection - Non Pooled	-234	2	10	-8	-234	0
MBC- BID	0	3	0	3	0	0
Registration Of Electors	49	9	1	8	49	0
Elections	168	0	2	-1	168	0
PCC Elections	0	0	6	-6	0	0
General Elections	0	0	0	-0	0	0
Emergency Centre	26	21	3	18	26	0
Medway Conservancy	120	60	60	0	120	0
External Interest Payable	2,062	0	19	-19	800	1,262
Interest & Investment Income	-100	-25	-5	-20	-40	-60
Palace Gatehouse	-8	-2	0	-3	-8	0
Archbishops Palace	-97	-22	-31	9	-97	0
Parkwood Industrial Estate	-311	-69	-70	1	-279	-32
Industrial Starter Units	-33	-4	-2	-2	-28	-5
Parkwood Equilibrium Units	-222	-56	-28	-29	-119	-103
Sundry Corporate Properties	-379	-95	-9	-86	-82	-296
Parks Dwellings	0	0	0	0	0	0
Phoenix Park Units	-207	-52	-62	10	-197	-10
Granada House - Commercial	-109	-27	-34	7	-76	-34
MPH Residential Properties	-280	-19	-21	2	-277	-3
Heronenden Road Units	-151	-41	-46	5	-151	0
Boxmend Industrial Estate	-101	-25	-32	7	-101	0

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 30 June 2020 £000	Actual £000	Variance £000	Forecast 31 March 2020 £000	Forecast Variance 31 March 2020 £000
Lockmeadow	-72	-18	117	-135	-72	0
NEW Lockmeadow Complex	-812	-403	-632	229	-125	-687
Pensions Fund Management	1,674	0	0	0	1,674	0
Non Service Related Government Grants	-4,472	-1,118	-1,126	8	-4,472	0
Rent Allowances	-147	-31	-164	132	-147	0
Non HRA Rent Rebates	-8	210	282	-72	-8	0
Discretionary Housing Payments	1	75	99	-24	1	0
Housing Benefits Administration	-357	-93	-81	-12	-357	0
Democratic Services Section	189	47	37	11	189	0
Mayoral & Civic Services Section	115	29	24	4	115	0
Chief Executive	185	46	45	1	185	0
Communications Section	180	45	44	1	180	0
Policy & Information Section	271	68	40	28	271	0
Head of Policy and Communications	114	29	14	14	114	0
Revenues Section	504	229	240	-11	504	0
Registration Services Section	142	35	29	7	142	0
Benefits Section	483	191	190	1	483	0
Fraud Section	32	-98	-111	13	32	0
Mid Kent Audit Partnership	213	60	-37	96	196	17
Director of Finance & Business Improvement	146	37	35	1	146	0
Accountancy Section	731	198	177	21	731	0
Legal Services Section	507	128	123	6	507	0
Director of Regeneration & Place	145	36	34	2	145	0
Procurement Section	141	35	31	4	141	0
Property & Projects Section	471	115	105	10	471	0
Corporate Support Section	244	61	59	2	244	0
Improvement Section	351	94	98	-5	351	0
Executive Support Section	173	43	39	4	173	0
Head of Commissioning and Business Improvement	103	26	18	9	103	0
Mid Kent ICT Services	582	135	116	19	582	0
GIS Section	116	29	27	1	116	0
Customer Services Section	658	166	167	-1	658	0
Director of Mid Kent Services	46	-59	-61	3	46	0
Mid Kent HR Services Section	396	99	85	14	396	0
MBC HR Services Section	185	46	3	43	164	21
Head of Revenues & Benefits	73	39	37	2	73	0
Revenues & Benefits Business Support	111	39	54	-15	111	0
Dartford HR Services Section	-20	-5	-6	1	-20	0
IT Support for Revenues and Benefits	39	16	19	-3	39	0
Salary Slippage	-261	-65	0	-65	-261	0
Town Hall	100	36	33	3	100	0
South Maidstone Depot	153	83	76	7	153	0
The Link	102	107	100	6	102	0
Maidstone House	1,061	649	645	3	1,061	0
Museum Buildings	273	134	183	-49	326	-53
I.T. Operational Services	566	137	136	1	599	-33
Central Telephones	15	4	2	2	15	0
Apprentices Programme	50	12	4	9	50	0
Internal Printing	-5	-1	1	-2	-5	0
Debt Recovery Service	-36	62	-3	65	-36	0
Debt Recovery MBC Profit Share	-144	-36	35	-71	-0	-144
General Balances	-195	-195	-195	0	-195	0
Earmarked Balances	6,497	-283	-283	0	6,497	0
Invest To Save	10	0	0	0	10	0
Appropriation Account	1,041	0	0	-0	1,041	0
Pensions Fund Appropriation	-1,674	0	0	0	-1,674	0
<b>Totals</b>	<b>4,13,049</b>	<b>1,348</b>	<b>3,189</b>	<b>-1,841</b>	<b>13,210</b>	<b>-161</b>

B2.2 The table shows that, at the Quarter 1 stage, for the services reporting directly to PRC, net expenditure of £5.182m has been incurred against a profiled budget of £1.348m, representing an overspend of £1.841m. It should be noted that this forecast does not take into account further government support for income losses announced recently. The planned scheme will see councils absorbing losses of up to 5% of planned sales, fees and charges income, with the government compensating for 75p in every pound of 'relevant losses' thereafter. We are therefore confident that the position will improve from the forecasts set out in the tables above.

### B3) PRC Revenue Budget: Significant Variances

B3.1 Within the headline figures, there are a number of both adverse and favourable net expenditure variances for individual cost centres. It is important that the implications of variances are considered at an early stage, so that contingency plans can be put in place and, if necessary, be used to inform future financial planning.

B3.2 Table 5 below highlights and provides further detail on the most significant variances at the end of Quarter 1.

**Table 5: PRC Variances (@ 1<sup>st</sup> Quarter 2020/21)**

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Policy &amp; Resources Committee</b>	<b>£000</b>		
<b>External Interest Payable</b> – The budget for the year assumes a higher level of borrowing than we are now projecting, therefore we are anticipating a significant underspend.		-19	1,261
<b>Interest &amp; Investment Income</b> – There has been a drop in interest rates from what was initially forecast, and combined with a Covid-19 related decision to keep funds in more liquid (but lower yield) accounts this means the projected year-end position will be lower than forecast.		-20	-60
<b>Parkwood Equilibrium Units</b> – This budget includes a projected saving of £0.143m representing additional income from new acquisitions. The recent purchase of the units at the Wren Industrial Estate is expected to deliver the bulk of this saving on an ongoing basis but was only completed part way through the current financial year in August.		-28	-103
<b>Sundry Corporate Properties</b> – Included within this budget is a budget strategy item from 2019/20 which was for additional income from property acquisitions. However there have been none to date.		-86	-296
<b>Lockmeadow</b> - The budget is not yet fully in place following the purchase of the complex. Once this exercise is complete it is anticipated that the budget variance will be zero at year-end.		-134	0

<b>Lockmeadow Complex</b> - Due to the closure of the complex during the lockdown period there will be a significant shortfall in the rental income expected.	228		-687
<b>Rent Allowances and Non-HRA Rent Rebates</b> – The current variance is due to timing differences between payments made and income received from central government.	61		0
<b>Mid Kent Audit Partnership</b> – This variance has arisen from a budget underspend brought forward from 2019/20 and also from vacant posts. The year-end forecast assumes these posts will be filled during the second quarter.	96		16
<b>Museum Buildings</b> – Business rates due are in excess of the budgeted figure. There is an appeal being put together, but this may take some time to reach a conclusion.		-48	-53
<b>Debt Recovery Service</b> – The current variance relates to a number of factors. Staff vacancies, a lack of PCN cases being passed for action and Enforcement Officers being unable to make visits due to government restrictions. The year-end forecast assumes that once activity starts to return towards normal levels then the service should achieve a break-even position.	65		0
<b>Debt Recovery MBC Profit Share</b> – This variance and the projected year-end outturn reflect the circumstances outlined above for the Debt Recovery Service.		-70	-144

#### B4) Other Revenue Budgets: Significant Variances

B4.1 Tables 6, 7 and 8 below highlight and provide further detail on the most significant variances (i.e. those meeting or exceeding £30,000, at the end of Q1.

**Table 6: SPI Variances (1<sup>st</sup> Quarter 2020/21)**

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Strategic Planning &amp; Infrastructure Committee</b>	<b>£000</b>		
<b>PLANNING SERVICES</b>			
<b>Development Control Advice</b> – During the first part of the year there has been a 50% reduction in income for pre-application discussions and Planning Performance Agreements. This trend is expected to continue as the effects of Covid-19 continue to be felt.		-40	-63
<b>Development Control – Majors</b> – Income has been on budget for the first quarter thanks to work brought forward from before the Covid-19 pandemic, but there is expected to be a delayed impact from Covid-19 with a forecast reduction in income of potentially up to 75%.		-4	-222

<b>Development Control – Other</b> - Income has been on budget for the first quarter thanks to work brought forward from before the Covid-19 pandemic, but there is expected to be a delayed impact from Covid-19 with a forecast reduction in income of potentially up to 60%.		-1	-215
<b>Mid Kent Planning Support Service</b> – This variance reflects a number of vacancies in the team. One post will remain vacant, but the remainder will be recruited to by the middle of the year.	45		67

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Strategic Planning &amp; Infrastructure Committee</b>	<b>£000</b>		
<b>PARKING SERVICES</b>			
<b>On Street Parking</b> – The effects of Covid-19 have impacted all parking income, although it is recovering slowly now, and this forecast assumes that trend will continue.		-144	-246
<b>Residents Parking</b> – Penalty Charge Notice income has dropped significantly, in part due to restrictions placed on collecting outstanding debts. Income from parking permits has remained at normal levels.		-27	-74
<b>Pay &amp; Display Car Parks</b> - The effects of Covid-19 have impacted all parking income, although it is recovering slowly now, and this forecast assumes that trend will continue.		-478	-650
<b>Off Street Parking – Enforcement</b> – Penalty Charge Notice income has dropped significantly, although as occupancy levels increase in the car parks this is forecast the slowly improve.		-60	-94

**Table 7: CHE Variances (@ 1<sup>st</sup> Quarter 2020/21)**

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Communities, Housing &amp; Environment Committee</b>	<b>£000</b>		
<b>Parks &amp; Open Spaces</b> – This variance has arisen due to vacant posts and less overtime payments due to the parks being closed during the lockdown period.	41		43
<b>Crematorium</b> – The service has seen significant additional demand due to the higher number of mortalities that have occurred from Covid-19. This trend is expected to reverse in the second half of the year.	99		158
<b>Licensing</b> – Due to the impact of Covid-19 a shortfall in income is now forecast for the end of the year.		-15	-101
<b>Recycling Collection</b> – Demand for green bins and wheeled bins continues to high and is forecast to continue to increase for the remainder of the year.	44		60
<b>Community Hub</b> – The hub was set up to help vulnerable people in the community during the early stages of the Covid-19 outbreak. All the costs are expected to be funded by the end of the year.		-97	0
<b>Homelessness Temporary Accommodation</b> - The forecast overspend arises from additional costs to accommodate rough sleepers during lockdown. 84 rough sleepers were brought into temporary accommodation during this period. Additionally, under the emergency Covid19 measures, landlords were prevented from evicting tenants during lockdown. This presents a possible risk of increased demand for temporary accommodation as the restrictions are eased.	615		-106
<b>Depot Operations</b> – This covers the MBS Support Crew and Commercial Grounds Maintenance, and due to the impact of Covid-19 there will be a shortfall in income expected.		-35	-157

**Table 8: ERL Variances (@ 1<sup>st</sup> Quarter 2020/21)**

	Positive Variance Q1	Adverse Variance Q1	Year End Forecast Variance
<b>Economic Regeneration &amp; Leisure Committee</b>	<b>£000</b>		
<b>Museum</b> – The museum was closed during the lockdown period, so there has been no opportunity for any income generating activities to take place.		-4	-127

<b>Hazlitt Arts Centre</b> – Although the theatre has remained closed throughout the lockdown period, the Council has agreed continued to honour contractual payments for the first two quarters of the year.		-8	-142
<b>Festivals &amp; Events</b> – Events planned for spring and summer were cancelled due to the Covid-19 pandemic, and it is unlikely that there will be sufficient further opportunities to significantly reduce the shortfall in income.		-39	-31
<b>Mote Park Adventure Zone</b> – The facility was closed during the lockdown period, and the contractor was granted contract relief in recognition of this. Although it has now re-opened there is unlikely to be a significant reduction in the shortfall for the year.		-58	-56
<b>Mote Park Café</b> – The café was closed during the lockdown period, and therefore the contractor was receiving no income.		-2	-60
<b>Market</b> - The market was closed during the lockdown period, and consequently there was a significant drop in income. Although it has now re-opened the current forecast assumes that there will only be a gradual recovery.		-34	-50
<b>Leisure centre</b> – Following the closure of the leisure centre at the start of the lockdown period, Serco Leisure have indicated that they propose to take advantage of their contractual position and recover their losses from MBC, less £5,000 which would be payable by the Leisure Trust. Details remain subject to negotiation and the projected variance represents a preliminary view of the likely outcome.			-500

## B5) Virements

- B5.1 In accordance with the Council's commitment to transparency and recognized good practice, virements (the transfer of individual budgets between objectives after the overall budget has been agreed by full Council) are reported to the Policy & Resources Committee on a quarterly basis.
- B5.2 Virements may be temporary, meaning that there has been a one-off transfer of budget to fund a discrete project or purchase, or permanent, meaning that the base budget has been altered and the change will continue to be reflected in the budget for subsequent years.
- B5.3 The virements made in Quarter 1 are presented in Table 9 below. These were all temporary virements.

**Table 9: Virements (@ 1<sup>st</sup> Quarter 2020/21)**

Description	From Budget	To Budget	Value £	Perm/Temp*
Health & Safety budget moved	MBC HR Services Section	Property & Projects Section	500	Permanent
Kiosk Maintenance Budget Distribution	Customer Services Section	Council Tax Collection, Housing Benefits Administration, Homechoice Section, Waste Crime	9,360	Permanent
Fund 50% Purchase of Air Quality Station (Upper Stone St)	Pollution Control - General	Appropriation Account	10,400	Temporary
Fund Heritage Cultural Officer & Business Rates Pool Funding	Business Rates Growth Earmarked Balances	Cultural Services Section	38,730	Temporary
BRP Funding to Kent & Medway Growth Hub (COVID-19)	Business Rates Growth Earmarked Balances	Business Support & Enterprise	5,000	Temporary
JR Settlement - Funding for Senior Transport & Development Planner	In-Year Contribution to/from Balances	Development Control Majors, Planning Policy	45,610	Temporary
		<b>TOTAL</b>	<b>109,600</b>	



# Part C

# First Quarter Capital Budget 2020/21



## **C1) Capital Budget: Council**

- C1.1 The overall five-year Capital Programme for 2020/21 to 2024/25 was approved by the Council on 26th February 2020. Some capital funding will now come from prudential borrowing as other sources of funding are not sufficient to cover the costs of the programme, although funding does continue to be available from the New Homes Bonus (NHB).
- C1.2 The 2020/21 element of the Capital Programme (including unused resources brought forward from 2019/20) has a total budget of £54.025m. At the Quarter 1 stage, capital expenditure of £2.058m had been incurred, an underspend of £51.909m. There is currently forecast to be slippage of £25.615m by the end of the year.

## **C2) Capital Budget: Policy & Resources Committee (PRC)**

- C2.1 Progress towards the delivery of the 2020/21 PRC element of the Capital Programme at the Quarter 1 stage is presented in Table 10 below. The budget for 2020/21 includes resources brought forward from 2019/20.
- C2.2 At the Quarter 1 stage, expenditure of £1.472m has been incurred against a budget of £24.996m million for PRC. This is an underspend of £23.524m. There is currently forecast to be slippage of £10.038m by the end of the year.

**Table 10: Capital Expenditure (@ 1<sup>st</sup> Quarter 2020/21)**

Capital Programme Heading	Estimate 2020/21 £000	Actual to June 2020 £000	Budget Remaining £000	Q2 Profile £000	Q3 Profile £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2021/22 £000
<b>Communities, Housing &amp; Environment</b>								
Housing - Disabled Facilities Grants Funding	1,577	100	1,477	150	150	200	600	977
Housing Investments	2,343	-0	2,344	700	700		1,400	944
Brunswick Street - Costs of Scheme	4,233	461	3,772	1,234	1,269	1,269	4,233	-0
Brunswick Street - Receipts	-1,502	-260	-1,242	-407	-769	-67	-1,502	0
Union Street - Costs of Scheme	5,201	432	4,769	1,431	2,503	835	5,201	0
Union Street - Receipts	-2,100	-278	-1,822	-370	-744	-708	-2,100	-0
Springfield Mill	1,807	7	1,800		900	900	1,807	0
Granada House Extension	1,664	11	1,653		114		125	1,539
Indicative Schemes	8,042	2	8,040	98	274	199	573	7,469
Affordable Housing Programme	1,315		1,315					1,315
Acquisitions Officer - Social Housing Delivery Partnership	80	18	62	20	19	23	80	
Street Scene Investment	96	35	60	20	20	20	95	0
Flood Action Plan	400		400		25	25	50	350
Electric Operational Vehicles	100		100	100			100	
Rent & Housing Management IT System	50		50					50
Installation of Public Water Fountains	15		15	15			15	
Commercial Projects - Cemetery Chapel Repairs	230		230		30	200	230	
Continued Improvements to Play Areas	297	11	286	20	20	20	71	226
Other Parks Improvements	99		99	33	33	33	99	-0
<b>Total</b>	<b>23,947</b>	<b>540</b>	<b>23,408</b>	<b>3,044</b>	<b>4,544</b>	<b>2,949</b>	<b>11,077</b>	<b>12,870</b>
<b>Economic Regeneration &amp; Leisure</b>								
Mote Park Visitor Centre (inc.ESB)	2,053	4	2,049	20	10	10	44	2,009
Mote Park Lake - Dam Works	1,723	31	1,692	322	442	377	1,171	552
Museum Development Plan	125		125	25	50	50	125	
<b>Total</b>	<b>3,901</b>	<b>34</b>	<b>3,867</b>	<b>367</b>	<b>502</b>	<b>437</b>	<b>1,340</b>	<b>2,561</b>
<b>Policy &amp; Resources</b>								
Asset Management / Corporate Property	1,748	13	1,735	300	110	75	498	1,250
Feasibility Studies	150	45	105	35	35	35	150	-0
Infrastructure Delivery	1,800		1,800					1,800
Software / PC Replacement	231	68	163	50	50	63	231	-0
Digital Projects	20		20			20	20	
Acquisition of Commercial Assets	7,069		7,069	1,900			1,900	5,169
Kent Medical Campus - Innovation Centre	7,365	1,349	6,016	2,214	3,105	697	7,365	-0
Garden Community	1,613		1,613	300	250	250	800	813
Biodiversity & Climate Change	1,000		1,000					1,000
Lockmeadow Ongoing Investment	4,000	-3	4,003	497	3,500		3,994	6
<b>Total</b>	<b>24,996</b>	<b>1,472</b>	<b>23,524</b>	<b>5,296</b>	<b>7,050</b>	<b>1,140</b>	<b>14,958</b>	<b>10,038</b>
<b>Strategic Planning &amp; Infrastructure</b>								
Mall Bus Station Redevelopment	1,037	12	1,025	15	50	870	947	90
Bridges Gyrotory Scheme	86		86	10	10	10	30	56
<b>Total</b>	<b>1,123</b>	<b>12</b>	<b>1,111</b>	<b>25</b>	<b>60</b>	<b>880</b>	<b>977</b>	<b>146</b>
Section 106 Contributions	57							
<b>TOTAL</b>	<b>54,025</b>	<b>2,058</b>	<b>51,909</b>	<b>8,732</b>	<b>12,156</b>	<b>5,406</b>	<b>28,352</b>	<b>25,615</b>

### C3) Capital Budget Variances (@ 1<sup>st</sup> Quarter 2020/21)

#### **Policy and Resources Committee**

C3.1 The most (financially) notable PRC items in the table above are as follows:

Acquisition of Commercial Assets – There have been no acquisitions in the 1<sup>st</sup> quarter, but the purchase of the Wren Industrial Estate took place during the 2<sup>nd</sup> quarter.

Kent Medical Campus (Innovation Centre) – Despite Covid-19 works were able to continue at the site and construction remains broadly on schedule at this stage.

Garden Community – These are indicative figures at this stage. There are a number of Member decisions due on the project over the next two months which means the figures are subject to further change.

Lockmeadow Ongoing Investment – The majority of the forecast spend is a contribution towards the refurbishment of the Odeon cinema, which will be completed by the end of the 3<sup>rd</sup> quarter.

#### **Communities, Housing and Environment Committee**

C3.2 The most (financially) notable CHE items in the table above are as follows:

Housing Investments – Phase 4 of the purchase and repair scheme to acquire properties for temporary accommodation is now underway. In addition there is a proposal being considered for the purchase of a larger property also for temporary accommodation.

Brunswick Street and Union Street – Construction at both sites was delayed due to Covid-19, and both schemes are now around 4 months behind schedule, but they are both due to be completed by the end of the financial year.

Indicative Schemes – A number of schemes are being considered and are at various stages of development. Where a decision is taken to proceed a more detailed report will be brought forward for consideration as with two schemes which are being considered at this meeting of Policy & Resources Committee.

#### **Strategic Planning and Infrastructure Committee**

C3.3 The most (financially) notable SPI items in the table above are as follows:

Mall Bus Station Redevelopment – work is progressing on the scheme with survey and design work being undertaken so far. It is anticipated that works will commence later in the year with completion due in early 2021.

Bridges Gyrotory Scheme – the residual budget is being used to fund flood prevention works by the Medway Street subway. Designs have been drawn up and the work is now expected to take place during this year.

### **Economic Regeneration and Leisure Committee**

C3.4 The most (financially) notable ERL items in the table above are as follows:

Mote Park Visitor Centre – the project has been deferred for a year while the capital programme is reviewed in light of the Covid-19 pandemic. The budget retained for this year will enable preliminary work such as architecture and design to proceed.

Mote Park Lane – Dam Works – the project is now under way and should be completed by the end of the financial year.

# Part D

# First Quarter Local Tax Collection 2020/21



## D1) Collection Fund

- D1.1 The Council is increasingly reliant on income generated through local taxation (Council Tax and Business Rates), which is accounted for through the Collection Fund.
- D1.2 Due to the risk 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 very carefully.
- D1.3 There are statutory accounting arrangements in place which minimise the in year impact of collection fund losses on the general fund revenue budget, however, losses incurred in one year must be repaid in subsequent years so there is a consequential impact on future budgets

## D2) Collection Rates & Reliefs

- D2.1 The collection rates achieved for local taxation are reported in the table below, alongside the target.

**Table 11: Local Tax Collection Rates (Q1 2020/21)**

Description	Target	Actual
	%	%
Council Tax	28.45%	27.48%
Business Rates	30.45%	30.97%

- D2.2 Note that although these collection rates are close to target, they apply only to the amounts of Council Tax and Business Rates that are still deemed to be collectible. The value of the Council Tax base has fallen owing to an increased number of households claiming Council Tax support. Business Rates excludes all those premises that are currently protected by the 100% business rates relief provided by government for the leisure, retail and hospitality sectors. When this relief comes to an end, business rates payers in these areas may struggle to pay.
- D2.3 Collection rates for Council Tax during the first quarter of the year missed the target of 28.45%. Collection rates have been impacted by the Covid-19 pandemic as measures to pursue non-payment were put on hold at the end of March. Therefore telephone chasing and additional reminder letters which would normally have taken place over the first quarter of the year were suspended and are likely to have adversely impacted on the overall collection rate.
- D2.4 Since the start of lockdown, hardship fund discounts of £150 have been awarded to 6,644 working age local council tax support (LCTS) recipients, using funding from the government's Covid-19 Hardship Fund scheme. A 12% increase in LCTS caseload has been observed since pre-Covid-19 budget expectations were set for 2020/21.

- D2.5 The collection of business rates marginally exceeded performance during the first quarter of the year. It should be noted that as part of the government's support package to businesses in response to the Covid-19 pandemic, 100% business rates relief was granted to retail, hospitality, leisure businesses and nurseries for 2020/21. The government has reimbursed the council for its lost business rates income through grants which are expected to amount to £25.2m. This has improved the council's cash flow position for 2020/21, and also reduced risks associated with non-collection, to some extent.
- D2.6 The grants do introduce some additional risks and complications to future business rates income. Firstly, if businesses cease trading during 2020/21 then the entitlement to rates relief is lost and the council will need to repay its share of the compensating grant to government. Secondly, since the reliefs were announced after councils had set their budgets for 2020/21, the reduction in income from business rates will create a significant deficit within the collection fund. It will be necessary to set aside a proportion of the grants to make good this deficit over the coming years. The future of the government's relief scheme will not be known until later in the year.

### **D3) Kent Business Rates Pool**

- D3.1 The council has continued to participate with other Kent authorities during 2020/21 in order to maximise the proportion of business rates growth it is able to retain. Forecast pooling gains for Maidstone Borough Council amount to £0.3m for 2020/21. As in previous years, this funding is allocated to spending which supports the delivery of the council's Economic Development Strategy.
- D3.2 As part of the pooling arrangements, pool members share the risks, as well as the rewards of pool membership. The additional reliefs and associated grant funding mentioned previously within section D2 help to minimise the risks of pooling during 2020/21.
- D3.3 The eventual impact of Covid-19 on the business rates retention scheme is extremely difficult to forecast, due to the number of unknowns e.g. how long the government's containment and business support measures will be in place for, and the longer term impacts on local, national and global economies.
- D3.4 Some external analysis has therefore been commissioned to inform thinking around the future of the Kent Business Rates Pool. The results of this initial work indicate that pool members would need to incur uniform reductions in business rates income of over 11.9% before the pool would make an overall loss. At present, none of the pool members are forecasting losses at or close to this level, however, we will continue to monitor this closely.



# Part E

# Reserves & Balances 2020/21



## E1) Reserves & Balances

E1.1 The combined total of the General Fund balance and Earmarked Reserves as at 1 April 2020 was £16.6 million. The makeup of the balance, and the forecast movements during 2020/21 are presented in Table 13 below. The provisional year end position reflects an overall reduction of £2m in the unallocated general fund balance, however there are a number of factors which may alter this forecast over the coming months.

E1.2 The closing balance enables a minimum general fund balance of £2.0 million to be maintained, as agreed by full Council in February 2020.

**Table 13: Reserves & Balances at 31<sup>st</sup> March 2020**

	Balance at 1 April 2020	Forecast movement in 2020/21	Estimated Balance at 31 March 2021
	£000		
<b>General Fund</b>			
Unallocated balance	8,819	-2,000	6,819
<b>Sub-total</b>	<b>8,819</b>	<b>-2,000</b>	<b>6,819</b>
<b>Earmarked Reserves</b>			
Local Plan	309	-309	0
Neighbourhood Plans	75	0	75
Planning Appeals	286	0	286
Civil Parking Enforcement	165	-130	35
Homelessness Prevention & Temporary Accommodation	681	-103	578
Business Rates Growth Fund	3,887	-266	3,621
Occupational Health & Safety	31	0	31
Lockmeadow Complex	335	0	335
Future Funding Pressures	1,589	-1,589	0
Trading Accounts	30	-30	0
Future Capital Expenditure	432	-432	0
<b>Sub-total</b>	<b>7,820</b>	<b>-2,859</b>	<b>4,961</b>
<b>Total General Fund balances</b>	<b>16,639</b>	<b>-4,859</b>	<b>11,780</b>

*Table 13: General Fund and Earmarked Balances, forecast at 30 June 2020*

# Part F

## Treasury Management 2020/21



## F1) Introduction

F1.1 The Council has adopted – and incorporated into its Financial Regulations – the “Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice (the CIPFA Code)”.

F1.2 The CIPFA Code covers the principles and guidelines relating to borrowing and investment operations. On 26<sup>th</sup> February 2020 the Council approved a Treasury Management Strategy for 2019/20 that was based on the CIPFA Code. That Strategy requires that the Policy and Resources Committee should formally be informed of Treasury Management activities quarterly as part of the budget monitoring process.

## F2) Economic Headlines

F2.1 During the Quarter ended 30<sup>th</sup> June 2020, the Council’s Advisors, Link Asset Services, reported:

- Due to the impact of the coronavirus and the shutdown in April 2020 of whole sections of the economy, growth had fallen from quarter 4 2019/20 by 2.2% (-1.7% year on year).
- CPI Inflation fell to 0.5% in May from 0.8% in April 2020. It has slightly risen again in June 2020 to 0.6% showing the economy starting to recover from lockdown.
- Bank rate had been cut twice in March 2020 firstly to 0.25% then a further cut to 0.1%. This also led to a increase in Quantitative Easing (QE) of £200bn with a further increase of £100bn in June 2020. Total QE at the end of the quarter was £745bn.

## F3) Council Investments

F3.1 The council held investments totalling £16.98m as at 30<sup>th</sup> June 2020. A full list of investments held at this time is shown at Table 14 below. All investments are held in short term notices accounts and money market funds to be readily available when required so to be available for paying much needed funding to businesses by the way of grants.

**Table 14: Short-Term Investments (1<sup>st</sup> Quarter 2020/21)**

Counterparty	Type of Investment	Principal £	Start Date	Maturity Date	Rate of Return	MBC Credit Limits	
						Maximum Term	Maximum Deposit
Svenska Handelbanken	Notice Account Deposit	3,000,000			0.30%	12 Months	£3,000,000
Lloyds Bank Plc	Notice Account Deposit	1,000,000			0.20%	12 Months	£3,000,000
Aberdeen Asset Management	Money Market Fund	4,000,000			0.25%	2 Years	£8,000,000
Federated Investors LLP	Money Market Fund	7,810,000			0.25%	2 Years	£8,000,000
Goldman Sachs	Money Market Fund	1,170,000			0.04%	2 Years	£8,000,000

16,980,000

F3.2 Investment income for this period is £13,000 against a budget of £25,000 with an average rate of 0.39%. With the Bank of England slashing rates in March 2020, this has meant all investment rates are very low, especially in liquid instruments, which has meant the Council receiving such low returns.

#### F4) Council Borrowing

F4.1 The Council had borrowings of £9m as at 30<sup>th</sup> June 2020, all with Local Authorities. A list is shown at table 15 below. £2m of borrowing had been repaid since 31<sup>st</sup> March 2020. The Council are currently looking at other borrowing options such as UK Municipal Bonds Agency, PWLB and other financial institutions with a view of short and long term borrowing, as the capital programme starts to accelerate.

**Table 15: Council Borrowing (1<sup>st</sup> Quarter 2020/21)**

Counterparty	Type of Institution	Principal £	Start Date	Maturity Date	Rate of Return
North Yorkshire County Council	Local Authority	4,000,000	22/11/2019	20/11/2020	0.97%
Leeds City Council	Local Authority	5,000,000	30/06/2020	30/09/2020	0.25%

9,000,000

# Part G

## First Quarter Maidstone Property Holdings 2020/21



## **G1) Maidstone Property Holdings Ltd. (MPH)**

- G1.1 MPH is a wholly-owned subsidiary of the Council and was incorporated on 30th September 2016. It is primarily a vehicle for letting residential properties on assured short-hold tenancies. The company currently holds two properties on 22 year leases from the council.
- G1.2 An Internal Audit review identified that there should be a mechanism in place to enable the company to formally report to the Council. Given the current level of activity within the company is relatively low, it was decided that this would be done via the quarterly budget monitoring process (to the Policy and Resources Committee). This section of the report provides an overview of the activity and performance of the company for the year to date.
- G1.3 The MPH financial year-end was changed to 31st March, in order to align with the Council's financial reporting period. The external audit of the 2019/20 accounts is ongoing, and the outcome will be reported to the committee once this work has been finalized.
- G1.4 On 18th December 2019, full Council accepted the Policy and Resources Committee recommendations and formally adopted the new Articles of Association, Operational Agreement, Services Agreement and Business Plan. The Services Agreement and Operational Agreement have subsequently been signed and sealed, and the amended Articles of Association submitted to Companies House.

## **G2) MPH Headlines Q1 2020/21**

- G2.1 Net rental income for the first quarter of 2020/21 totals £34,551. This represents rent charged to tenants, less costs recharged by the managing agent. As at 30<sup>th</sup> June 2020, rent arrears totalled £4,353. £1,895 has since been recovered and officers have been working with the managing agent to make arrangements for the payment of the amounts which are still outstanding. Currently, there are two vacant flats in Granada House and all flats in Lenworth House are occupied.
- G2.2 The Council receives income from the company through charges made for services provided, and the property lease. After these charges and other expenses, it is anticipated that the company will achieve a breakeven position for 2020/21.
- G2.3 As company activity increases over time, governance and reporting arrangements will be kept under review to ensure that they remain appropriate and commensurate with the scope of activity and associated risks.

**First Quarter Performance Monitoring  
2020/21**

## Key to performance ratings

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

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

ard

Performance Indicator	Q1 2020/21				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
The percentage of relevant land and highways that is assessed as having acceptable levels of litter	98.18%	98.00%		N/A	
Percentage of successful Relief Duty outcomes	51.97%	60%			
Percentage of successful Prevention Duty outcomes	68.35%	60%			
Satisfaction with Local Area as a place to live	Annual KPI				
Net additional homes provided (NI 154)	Annual KPI				
New Businesses started in borough	Annual PI				
Council Investment in long term assets	Annual PI				

## Q1 2020/21 Targets that were missed by more than 10%

Performance Indicator	Q1 2020/21				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Footfall in the Town Centre ('A Thriving Place')	1,043,484	1,693,083			
Number of students benefitting from the museum's educational service ('A Thriving Place')	0	2,250			
Footfall at the Museum and Visitors Information Centre ('A Thriving Place')	0	7,373.55			
Number of users at the Leisure Centre ('A Thriving Place')	0	209,367			
Number of affordable homes delivered (Gross) ('Embracing Growth & Enabling Infrastructure')	33	45			
Number of households housed through the housing register ('Homes & Communities')	86	112.5			

### **A Thriving Place**

The '**Footfall in the Town Centre**' KPI missed its quarterly target by 38%. Q1 2020/21 fell under the period of lockdown imposed by national government, due to coronavirus (COVID-19). The town centre re-opened on 15 June 2020, and there has been a cautious recovery.

The '**Number of students benefitting from the museum's educational service**' KPI was 0 in Q1 2020/21. This is the same for the '**Footfall at the Museum and Visitors Information Centre**' KPI. No visits were possible in the first quarter of 2020/21 due to lockdown. Although the museum was closed, and school cancellations began at the beginning of March 2020, the Learning Team provided some online services instead. They devised daily learning activities for pupils learning at home with activity sheets and short films. It is not possible to work out how many children took up these activities, however feedback from social media has been positive.

The KPI looking at the '**Number of users at the Leisure Centre**' was also zero in Q1 2020/21. The leisure centre closed in March 2020 due to the lockdown. The leisure centre is expected to open in Q2 2020/21, however capacity will be greatly reduced to allow for social distancing, and some services will not be

available. Demand and user levels will continue to be assessed and reported; however it is expected that the target for Q2 2020/21 will also be missed.

### **Embracing Growth & Enabling Infrastructure**

The '**Number of affordable homes delivered (Gross)**' KPI achieved a figure of 33 in Q1 2020/21, made up of 18 shared ownership homes delivered (gross) and 15 social rented homes delivered (gross). For the same quarter last year (Q1 2019/20), 56 homes had been delivered. Last quarter (Q4 2019/20), 142 affordable homes (gross) had been delivered. Due to coronavirus (COVID-19), RP programmes are being reviewed for all sites, with affordable units being constructed for the remainder of the 2020/21 year. The team responsible for this KPI anticipates that starts on site and completions will be affected and delayed, which can have an impact on Maidstone Borough Council's ability to meet quarterly and end of year targets.

### **Safe, Clean and Green**

All KPIs met their Q1 2020/21 targets except two which missed their targets by less than 10%: '**The percentage of relevant land and highways that is assessed as having acceptable levels of detritus**' and '**Contamination: Tonnage per month rejected**'.

### **Homes & Communities**

The '**Number of households housed through the housing register**' KPI missed its target by 26.5 households, only achieving 86 for the quarter. This compares to 137 households in the same quarter last year and 147 households in Q4 2019/20. This quarter (Q1 2020/21) saw the lowest number of households housed through the housing register since records for this KPI began. The reason for the missed target is twofold; throughout lockdown, the completion of new affordable housing slowed down; and vacant properties were not being advertised or let by Housing Association partners due to the government restrictions.

One KPI missed its quarterly target by less than 10%: '**Percentage of successful Relief Duty outcomes**'.

# First Quarter Risk Update 2020/21

# Risk Management Framework

Effective risk management is a vital part of the Council’s governance, and contributes greatly to the successful delivery of services and key priorities. The Council has always recognised and supported the need to have effective processes to identify, evaluate and manage risks. The processes followed by the Council to manage risk are set out in **Appendix 3B**.

Risk is defined in terms of its impact and likelihood. The way in which these are measured is set out **Appendix 3C**.

All Council services maintain an operational risk register, including Shared Services. Operational risks are the responsibility of the services to manage, and so fall within the remit of our Managers and Heads of Service.

## Corporate Risks

The Council’s corporate risks are those risks which could impede the achievement of our strategic objectives. The corporate risk register was last reported to Members in June 2020. Owing to the increased focus on risk arising from the Covid-19 pandemic, members have asked that details of the corporate risk register be reported on an ongoing quarterly basis, to coincide with the regular budget and performance monitoring reports received by Policy and Resources Committee.

The matrices below provide a snapshot of the corporate risk profile, with the location on the matrix being dependent on the score of risk likelihood and impact. This is based on the **current** risk, i.e. the risk impact and likelihood (as defined in **Appendix 3C**) considering any existing controls in place to manage the risk, but before any further planned controls are introduced. For a base comparison we have included the profile from the previous risk update:

**Risk Profile – June 2020**

Likelihood	5				1	1
	4			1	2	1
	3			2	6	1
	2		1		1	
	1					
		1	2	3	4	5
		Impact				

**Risk Profile – September 2020**

Likelihood	5				1	1
	4			1	2	1
	3			2	6	1
	2		1		1	
	1					
		1	2	3	4	5
		Impact				



The table below lists risks in rank order of their scores and shows changes between June and September.

Risk	Score before mitigation		
	June	Sept	Change
Contraction in retail & leisure sectors	25	25	
Financial restrictions	20	20	
Resurgence of current Covid-19 pandemic	20	20	
Environmental damage	16	16	
Adverse short-term Brexit impacts	12	16	↑
Major unforeseen emergency	15	15	
Poor partner relationships	16	12	↓
Housing pressures increasing	12	12	
IT security failure	12	12	
Loss of community engagement	12	12	
Major project failure	12	12	
Not fulfilling residential property responsibilities	12	12	
Significant contract failure	12	12	
Building of incomplete communities	9	9	
Governance failures	8	8	
Not fulfilling commercial property responsibilities	8	8	
Insufficient workforce capacity & skills	4	4	

The overall risk environment in June 2020 had significantly worsened since the previous report. Contraction in retail and leisure had already been highlighted as a risk; the position of this sector deteriorated significantly as a result of the Covid-19 pandemic. Finally, two new risks were identified arising directly from the Covid-19 pandemic, namely (a) Major unforeseen emergency and (b) Resurgence of current Covid-19 pandemic.

The key changes **since** June 2020 have been as follows.

- Reviewing our work with partners during the Covid-19 response phase shows that we have strong relationships already and were able to build new ones. We hope to formalise this so that these relationships are embedded and allow us better to respond to any future challenges.
- Current indications are that the risk of a disruptive exit from existing EU trade arrangements is becoming more severe.

**Further detail on the corporate risks, including a description of the risk and details of existing and planned key controls can be found in Appendix 3A.**

## Corporate Risks

The table below sets out each of the corporate risks in detail. Risk owners have assessed the impact and likelihood of the risks and identified the key controls and planned actions necessary to further manage the risk to an acceptable level:

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating ( I x L)	Controls planned	Mitigated rating ( I x L)
<b>Major unforeseen emergency</b> with national / international impact (eg new pandemic, environmental disaster)	Alison Broom	<ul style="list-style-type: none"> <li>(1) Strong existing emergency planning framework</li> <li>(2) Active engagement with Local Resilience Forum</li> <li>(3) Flexible and committed workforce</li> <li>(4) Some financial reserves</li> <li>(5) Good partnership working as demonstrated during Covid-19 pandemic</li> </ul>	(5 x 3) 15	<ul style="list-style-type: none"> <li>(1) More structured approach to review of horizon for early warnings</li> <li>(2) Plan for dealing with major emergencies</li> <li>(3) Higher level of financial reserves</li> </ul>	(5 x 3) 15
<b>79</b> <b>Resurgence</b> of current Covid-19 pandemic	Alison Broom	<ul style="list-style-type: none"> <li>(1) Strong existing business continuity planning arrangements</li> <li>(2) Active engagement with Local Resilience Forum</li> <li>(3) Learning from current pandemic has been captured</li> <li>(4) Member consultative forum on recovery arrangements</li> <li>(5) Risk assessments in place for all Council buildings</li> <li>(6) Plans in place to enable staff to return to work safely</li> </ul>	(5 x 4) 20	<ul style="list-style-type: none"> <li>(1) Continuing engagement with local public health officers to ensure rapid response</li> <li>(2) Build up stocks of appropriate equipment</li> <li>(3) Further develop emergency plans</li> </ul>	(4 x 4) 16
Increased effects from climate change or reduction in air quality causes <b>environmental damage</b> reducing residents' quality of life and increasing risks from adverse weather events	Angela Woodhouse	<ul style="list-style-type: none"> <li>(1) Air Quality Action Plan in place</li> <li>(2) Emergency planning arrangements</li> <li>(3) Parks strategy</li> <li>(4) Budget available to deliver actions</li> <li>(5) Member working group</li> <li>(6) Communication / engagement strategy for adverse weather events</li> <li>(7) Biodiversity and Climate Change officer in post</li> </ul>	(4 x 4) 16	<ul style="list-style-type: none"> <li>(1) Climate change action plan (including response to severe weather) to be taken to P&amp;R in October 2020</li> <li>(2) Review by Carbon Trust towards the Council becoming carbon neutral by 2030</li> </ul>	(4 x 4) 16

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating ( I x L )	Controls planned	Mitigated rating ( I x L )
Conflicting expectations or limited engagement leads to <b>poor partner relationships</b> inhibiting the Council's ability to call on others to help achieve its corporate objectives	Alison Broom	(1) Joint working with other local authorities, parishes and voluntary sector during Covid-19 response (2) Regular liaison meetings (e.g. Kent Association for Local Councils) (3) Defined joint working arrangements (e.g. Mid Kent Shared services, waste, licensing) (4) Specific joint working protocols for key relationships (e.g. Joint Transport Board, Safer Maidstone Partnership) (5) Project and topic specific boards for key priorities, including Town centre board, Maidstone East strategic board and Museum board (6) Participation in Integrated Care Partnership board	(4 x 3) 12	(1) Measures to embed relationships built during Covid-19 response (2) Increased joint work with KCC highways & waste teams (3) Joint working arising from post-litigation settlement	(4 x 2) 8
General financial downturns, unexpected changes to government funding or failure to achieve income or savings targets places further <b>financial restrictions</b> on the Council resulting in difficulty maintaining standards or meeting aims. 08	Mark Green	(1) Agreed work programmes in transformation and commissioning (2) Budget monitoring in place (3) MTFS in place and monitored (4) Scenario planning in budget setting (5) Financial independence strategy to maximise our income (6) Strategies for maintaining income (e.g. pricing policies and purchase of Lockmeadow) (7) Commercial investment strategy (8) Holding reserves to mitigate impact of financial restrictions	(4 x 5) 20	(1) Currently updating MTFS to reflect impact of Covid-19 and need to support recovery (2) Review of reserves policy as part of MTFS development (3) Lobbying to avoid unfavourable financial changes to government funding (4) Cost recovery through bidding for additional government support for one-off costs (e.g. Brexit)	(4 x 4) 12
Security breach or system weakness leading to <b>IT security failure</b> results in system unavailability and increased legal and financial liability.	Steve McGinnes	(1) Regular backup programmes (2) External testing (3) ICT policies & staff training, including disaster recovery plan (4) Cyber security testing & training (5) CLT monitoring of performance indicators (6) Nessus scanning software reporting daily on system vulnerabilities	(4 x 3) 12	(1) Cyber awareness campaign underway (2) Online staff awareness training to be delivered (3) New firewall purchased and to be installed (4) A further phishing campaign	(4 x 3) 12
Poor engagement and communications leads to <b>loss of community engagement</b> limiting support for project delivery and regard for public realm.	Alison Broom	(1) Regular communications & engagement (2) Specific community projects	(3 x 4) 12	(1) Member training & awareness (2) More targeted public engagement, including more prominent engagement for Local Plan	(2 x 3) 6

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating ( I x L)	Controls planned	Mitigated rating ( I x L)
<p>The broader housing crisis leads to <b>housing pressures increasing</b> on the Council, affecting both costs associated with homelessness and ability to meet wider housing needs in the borough.</p>	<p>William Cornall</p>	<p>(1) Homelessness prevention team in place with increased resource  (2) MBC obtaining &amp; using own stock for temporary accommodation &amp; market rented housing (within Maidstone Property Holdings)  (3) Closer working with private sector &amp; housing associations  (4) Key policies including, Temporary Accommodation Strategy  (5) Implementation of Housing Management Team  (6) CHE approval in place for MBC to develop up to 250 affordable homes of its own</p>	<p>(4 x 3) 12</p>	<p>(1) Closer working with voluntary sector  (2) Revisiting offer to private sector landlords through Home Finder scheme  (3) Affordable housing development plan within the Local Plan  (4) The completion of the temporary accommodation acquisition programme funded through the MBC capital programme  (5) Seeking to acquire a hostel type facility to assist with TA and move-on provision.  (6) Purchase of more housebuilder stock off plan.</p>	<p>(3 x 3) 9</p>
<p>81  Insufficient awareness / expertise leads to <b>not fulfilling residential property responsibilities</b> resulting in possible health &amp; safety breaches.</p>	<p>William Cornall</p>	<p>(1) Faithfull Farrell &amp; Timms have been retained as a critical friend to allow the new housing management function to up skill.  (2) West Kent Housing Association (WKHA) engaged to provide an asset management service for the whole MBC residential portfolio.  (3) The whole MBC residential portfolio is now being managed by a single team within Housing &amp; Communities, where previously it was split between Housing &amp; Property.  (4) H&amp;S KPI's are now recorded and reported through an interim software solution, FIXFLO.  (5) The H&amp;S KPI's are reported monthly to Corporate Leadership Team.</p>	<p>(4 x 3) 12</p>	<p>(1) A permanent replacement housing management software package is being procured and this will incorporate KPI production and management. This will take over from the previous system, and the interim system (FIXFLO).  (2) Mid Kent Audit Team have been commissioned to give advice around data integrity in respect of KPI production and reporting.  (3) Eventual goal of real time reporting in terms of gas safety, via the WKHA contractor.</p>	<p>(3 x 3) 9</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating ( I x L)	Controls planned	Mitigated rating ( I x L)
<p>82</p> <p>Lack of capacity, capability or planning results in <b>major project failure</b> damaging the Council's reputation as a partner and inhibiting achievement of regeneration and development objectives.</p>	William Cornall	<ul style="list-style-type: none"> <li>(1) Engage external consultants where needed on complex projects</li> <li>(2) Clear project management process - including risk evaluation &amp; monitoring</li> <li>(3) CLT monitoring &amp; oversight, including digital transformation board</li> <li>(4) Specialist software used</li> <li>(5) Staff training &amp; support</li> <li>(6) External funding bids and Capital Programme</li> <li>(7) Housing and Regeneration Investment Plan</li> <li>(8) Close working relationships with experienced partners and stakeholders</li> <li>(9) Adherence to suite of financial hurdle rates reflective of different sector risk profiles</li> <li>(10) Regeneration &amp; Economic Development staffing structure amended to increase focus on project identification &amp; delivery</li> <li>(11) Capital programme project board established</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>(1) Continue development of an expert in-house project management team to act as the client for major project delivery</li> <li>(2) Increased financial checks around potential contractor financial strength.</li> </ul>	(4 x 2) 8
<p>General and localised economic pressure leads to <b>contraction in retail &amp; leisure sectors</b>, limiting the appeal of Maidstone town centre threatening social cohesion and business rates income.</p>	William Cornall	<ul style="list-style-type: none"> <li>(1) Working with Key stakeholders including One Maidstone to safely reopen the High Street.</li> <li>(2) Town Centre strategic advisory board</li> <li>(3) Public realm improvement work</li> <li>(4) Supporting One Maidstone Business Improvement District</li> <li>(5) Acquisition of key property (Royal Mail / Grenada House)</li> <li>(6) Work commissioned to promote Maidstone as business destination</li> <li>(7) Planning Guidelines documents have now been approved by SPI for the Five town Centre Opportunity sites</li> <li>(8) Active management of Lockmeadow to enhance the local economy</li> </ul>	(5 x 5) 25	<ul style="list-style-type: none"> <li>(1) Taking advantage of opportunities to support infrastructure investment</li> <li>(2) Ongoing work on Five Town Centre Opportunity sites</li> <li>(3) Consider a targeted programme of place promotion campaign activities</li> <li>(4) Exploring town centre shop fronts improvement grant scheme</li> </ul>	(4 x 5) 20
<p>Poor management of contracts or financial resilience of contractors leads to <b>significant contract failure</b> disrupting services and creating extra liabilities.</p>	Mark Green	<ul style="list-style-type: none"> <li>(1) Contract management approach in place</li> <li>(2) Additional contract management resources obtained</li> <li>(3) Risk assessments &amp; annual checks (e.g. credit &amp; health &amp; safety)</li> <li>(4) Business continuity plans</li> <li>(5) Training for contract managers on Toolkit</li> <li>(6) Regular updates to senior management and CLT</li> </ul>	(4 x 3) 12	<ul style="list-style-type: none"> <li>(1) Review of existing contracts</li> <li>(2) Additional staff training &amp; support</li> <li>(3) Contract management toolkit</li> <li>(4) Include 'exit plan' as a requirement in the ITT document for all relevant contracts</li> </ul>	(3 x 2) 6

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating ( I x L )	Controls planned	Mitigated rating ( I x L )
Failure in implementation of Local Plan leads to <b>building of incomplete communities</b> in the borough inhibiting residents' quality of life	William Cornall	(1) Communication & liaison with partners (2) CLT oversight, including of developer income & contributions (3) Major projects team in planning (4) Agreed approach to LP review (5) Reg 18a reported to SPI meeting	(3 x 3) 9	(1) Continue with Local Plan Review process (2) Lobby government on 5 year land supply and future legislative proposals	(3 x 3) 9
Exit of EU on unfavourable terms results in adverse <b>short-term Brexit impacts</b> disrupting the Council's ability to offer services and increasing liabilities.	Mark Green	(1) Close working with other members of KRF on Brexit planning (2) Regular briefings for officers & members	(4 x 4) 16	(1) Continued liaison with partners (2) More frequent updates in approach to 31.12.20 (3) Liaison with local business about the support that could be provided	(3 x 4) 12
Increased pressure on controls leads to <b>governance failures</b> resulting in poor decision making and increased legal liability	Alison Broom	(1) Constitutional review (2) Annual Governance Statement and Local Code of Corporate Governance (3) Professional advisory staff (including legal & internal audit) (4) Staff & member training (including political awareness & report writing) (5) Committee agendas and work programmes with sign-off of reports (6) Process for quick decision making in place (7) Information Governance Group	(4 x 2) 8		(4 x 2) 8
Due to difficulties in recruitment, retention or managing absence the Council has <b>insufficient workforce capacity &amp; skills</b> to complete effectively the work necessary to achieve its objectives.	Steve McGinnes	(1) Workforce strategy monitoring & reporting (2) Salary benchmarking across SE England public sector (3) Training & development programme (4) Shared service resilience & specialist agency staff (5) Occupational health & employee support (6) Recruitment process that includes ability to adjust pay (7) Rewards package reviewed regularly (8) Use of Kent Healthy Business Awards self-assessment tools and HSE Stress survey	(2 x 2) 4	(1) Implementation of actions from engagement surveys and pulse surveys (2) New intranet page to enable staff to access information on health & wellbeing	(2 x 2) 4
Insufficient awareness / expertise leads to <b>not fulfilling commercial property responsibilities</b>	Mark Green	(1) Expert advice on compliance (2) Regular monitoring by CLT of corporate property PIs	(4 x 2) 8	(1) Implementation of new Corporate Property systems	(3 x 2) 6

## Maidstone Risk Management Process: One Page Summary

Step 1 – Identify Risks	Step 2 – Evaluate Risks	Step 3 – Risk Response	Step 4 – Monitor & Review																																													
<p>Best done in groups, by those responsible for delivery objectives.</p> <p><b>RISK</b> is a <i>potential future</i> event that, if it materialises, has an <i>effect</i> on the achievement of our objectives.</p> <p>Consider both threats and opportunities.</p> <p>When to consider:</p> <ul style="list-style-type: none"> <li>• Setting business aims and objectives</li> <li>• Service planning</li> <li>• Target setting</li> <li>• Partnerships &amp; projects</li> <li>• Options appraisal</li> </ul> <p>Establish the <b>risk owner</b>.</p> <p>Document in the risk register.</p>	<p>Combination of the <b>impact</b> and <b>likelihood</b> of an event (the <b>CURRENT RISK</b>).</p> <p>Impact score is the highest from the different categories.</p> <p>Establish your <b>key existing controls</b> and whether they are managing the impact and/or likelihood of the risk.</p> <p>Scores can be depicted in the <b>risk matrix</b>:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #000000;"></td> <td style="background-color: #000000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #000000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #00BFFF;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #00BFFF;"></td> <td style="background-color: #00BFFF;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3						2						1								1	2	3	4	5			Impact					<p><b>Black</b> – Above our <i>tolerance</i>, immediate action and reporting to directors.</p> <p><b>Red</b> – Outer limit of our <i>appetite</i>, immediate action.</p> <p><b>Amber</b> – Medium risk, review existing controls.</p> <p><b>Green</b> – Low risk, limited action, include in plans.</p> <p><b>Blue</b> – Minimal risk, no action but annual review.</p> <p>Risk Response – 4Ts</p> <ul style="list-style-type: none"> <li>• Treat (i.e. apply controls)</li> <li>• Tolerate (i.e. accept risk)</li> <li>• Transfer (e.g. insurance / partnership)</li> <li>• Terminate (i.e. stop activity)</li> </ul> <p>After your response; where does the risk score now? (the <b>MITIGATED RISK</b>)</p>	<p>Completed risk registers returned to <b>Mid Kent Audit</b>.</p> <ul style="list-style-type: none"> <li>• <b>Corporate Leadership Team</b> monthly monitoring of <b>black</b> risks. Quarterly reporting of all high level (<b>black</b> and <b>red</b>) risks.</li> <li>• 6-monthly reporting to <b>Wider Leadership Team</b>.</li> <li>• Risk registers sent quarterly to <b>directors</b> and <b>heads of service</b>.</li> <li>• 6-monthly monitoring at <b>Policy &amp; Resources Committee</b>.</li> <li>• Annual monitoring of process by <b>Audit, Governance &amp; Standards Committee</b>.</li> </ul> <p>Mid Kent Audit facilitate the review and update of risk actions (as per your risk register) during the year for and high-level (<b>red / black</b>) risks.</p>
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## Appendix 3C Impact & Likelihood Scales

### Risk Impact

Level	Service	Reputation	H&S	Legal	Financial	Environment
<b>Catastrophic (5)</b>	Ongoing failure to provide an adequate service	Perceived as a failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend Breaches of law punishable by imprisonment	Uncontrollable financial loss or overspend over £500k	Permanent, major environmental or public health damage
<b>Major (4)</b>	Failure to deliver Council priorities Poor Service, 5+ days disruption	Significant adverse national publicity	Fails to prevent death, causes extensive permanent injuries or long term sick	Litigation expected and uncertain if defensible Breaches of law punishable by significant fines	Financial loss or overspend greater than £250k	Long term major public health or environmental incident (1+ yrs)
<b>Moderate (3)</b>	Unsatisfactory performance Service disrupted 3-5 days	Adverse national publicity of significant adverse local publicity	Fails to prevent extensive permanent injuries or long term sick	Litigation expected but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1 yr)
<b>Minor (2)</b>	Marginal reduction in performance Service disrupted 1-2 days	Minor adverse local publicity	Medical treatment required Long term injuries or sickness	Complaint or litigation possible Breaches of regulations or standards	Financial loss or overspend greater than £10k	Short term public health or environmental incident (weeks)
<b>Minimal (1)</b>	No performance reduction Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend under £10k	Environmental incident with no lasting detrimental effect

### Risk Likelihood

Level	Probability	Description
<b>Almost Certain (5)</b>	90% +	Without action is likely to occur; frequent similar occurrences in local government / Council history
<b>Probable (4)</b>	60% - 90%	Strong possibility; similar occurrences known often in local government / Council history
<b>Possible (3)</b>	40% - 60%	Might occur; similar occurrences experienced in local government / Council history
<b>Unlikely (2)</b>	10% - 40%	Not expected; rare but no unheard of occurrence in local government / Council history
<b>Rare (1)</b>	0% - 10%	Very unlikely to occur; no recent similar instances in local government / Council history

# Agenda Item 15

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

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of the Local Government Act 1972.

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# Agenda Item 16

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