

NARRATIVE Report 2017





About Maidstone

The borough of Maidstone is set in the heart of Kent, between the North Downs and the Weald. It has a population of 164,500, occupying a mix of rural and urban areas, and is 32 miles south-east of London and 32 miles from the Eurotunnel terminal at Folkestone.

The total area of the borough is 151 square miles. It includes Maidstone, the County Town of Kent, where around 70% of the population live, and many villages, with larger ones such as Staplehurst, Marden, Headcorn, Lenham and Harrietsham being important local service centres.

The River Medway flows northwards through the borough on its route to Rochester and the Thames Estuary. The Rivers Teise and Beult join the Medway at Yalding, and the River Len joins further downstream at Maidstone. The area has some spectacular landscapes and has a rich historical heritage, with over 2,000 listed buildings.

With nearly 7,000 businesses, we have the largest economy in Kent and a lower than average unemployment rate. Agriculture remains an important industry, and there are new commercial developments including the Kent Medical Campus at junction 7 of the M20, which forms part of the North Kent Enterprise Zone. The council continues to plan for the future with investment in projects recently opened and planned totalling more than £300 million.

The Council faces a number of significant challenges over the next few years. The borough needs to accommodate housing and employment growth, which will put pressure on local infrastructure, whilst at the same time protecting its high quality environment. Public services generally face the challenges of constrained funding and increased service demands.

Maidstone Borough Council is a confident organisation, with a strong ambition to deliver our priorities. Building on our strengths – assets, knowledge and expertise and our track record for innovation and improvement - we are creating a financially sustainable future for our borough.

Maidstone's Strategic Plan

Maidstone has a five year strategic plan covering the years 2015-20. This has been updated in 2016/17 and the council and has identified three areas for action:

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

As a council our mission is to put people first. The three areas of focus will see action that respects our heritage and environment and ensures we continue to have an attractive borough. This year we will start to deliver a new housing and regeneration strategy which will focus on providing much needed sustainable housing for our residents across the borough and further investment in Maidstone town centre.

Key achievements

Key achievements in 2016/17 have been:



A home for everyone

- Our Local Plan will guide the future development of the borough. Following extensive local consultation, it was submitted to the Planning Inspectorate for examination in May 2016. Examination hearings ran from October 2016 to January 2017 and gave rise to a number of modifications in order that the Plan can be found sound. The Inspector is expected to conclude on the soundness of the plan and modifications in Summer 2017.
- The Council set up a property holding company, Maidstone Property Holdings Limited, in September 2016 to progress the acquisition, delivery and retention of housing through direct investment. Two major sites are being progressed in addition to smaller purchases that will support the Council's new temporary accommodation strategy. The Council is also working with housing providers to maximise the potential delivery of affordable housing, which should see an additional 200 plus homes provided this year.



A clean and safe environment

- Over the past 5 years, Maidstone Borough Council has demonstrated its commitment to deliver cost effective and sustainable waste and recycling services. As a result our recycling rate has improved significantly. A food waste campaign was launched in February 2017 with "No Food Waste" stickers being attached to refuse bins, a school theatre workshop campaign and an animated video. The recycling rate is currently 52%.



Regenerating the town centre

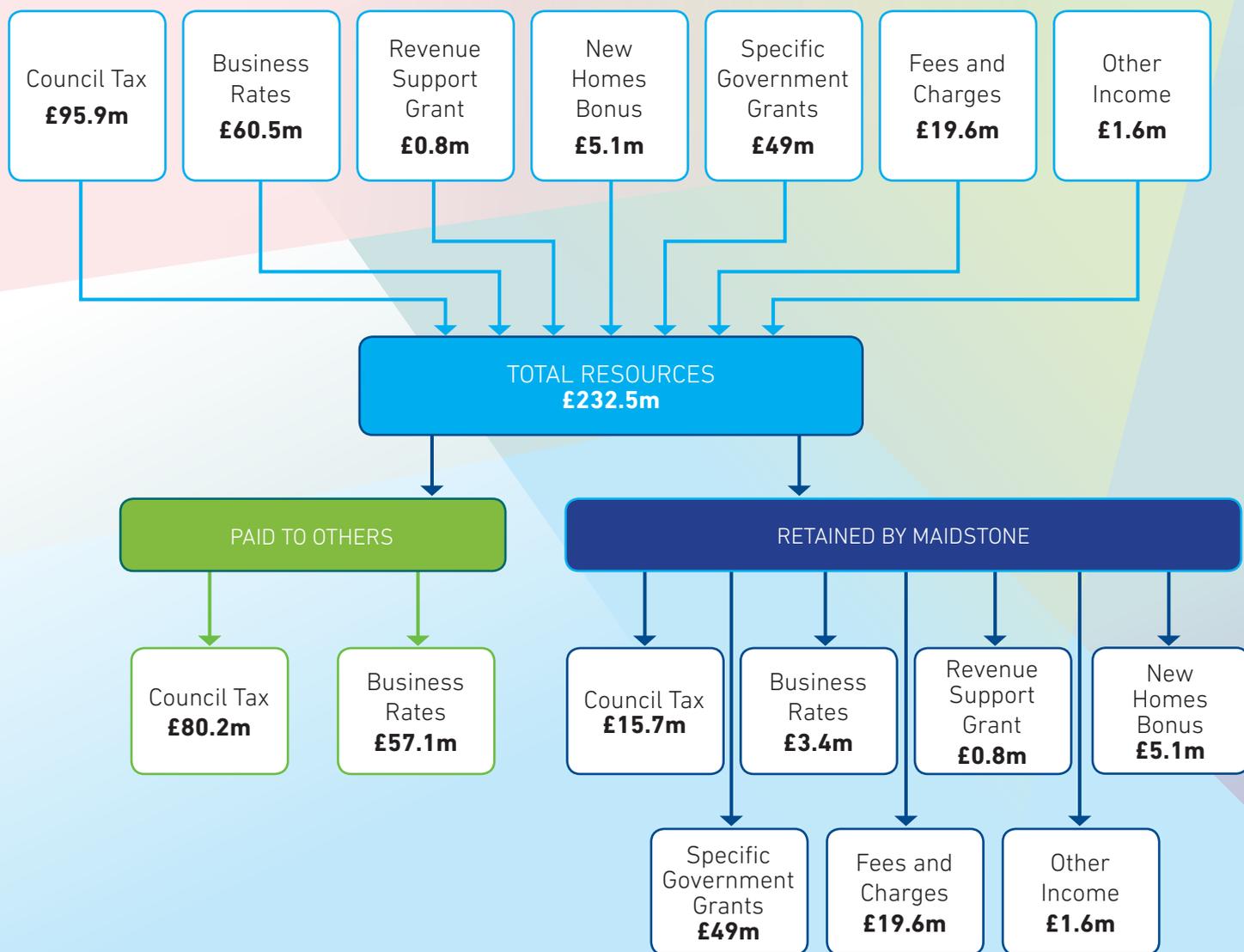
- Progress was made across a wide range of projects. The Council and Kent County Council jointly purchased the former Royal Mail Depot next to Maidstone East station. This is a key site for the town centre and the two Councils are now planning a landmark new mixed use development. The Maidstone bridges gyratory scheme and improvement works to the River Medway cycle path, both part-funded by the Council, were completed. Maidstone Borough Council is now planning to undertake additional public realm improvements to complement the work that has already taken place by upgrading Gabriel's Hill and Week Street.





Financial Performance

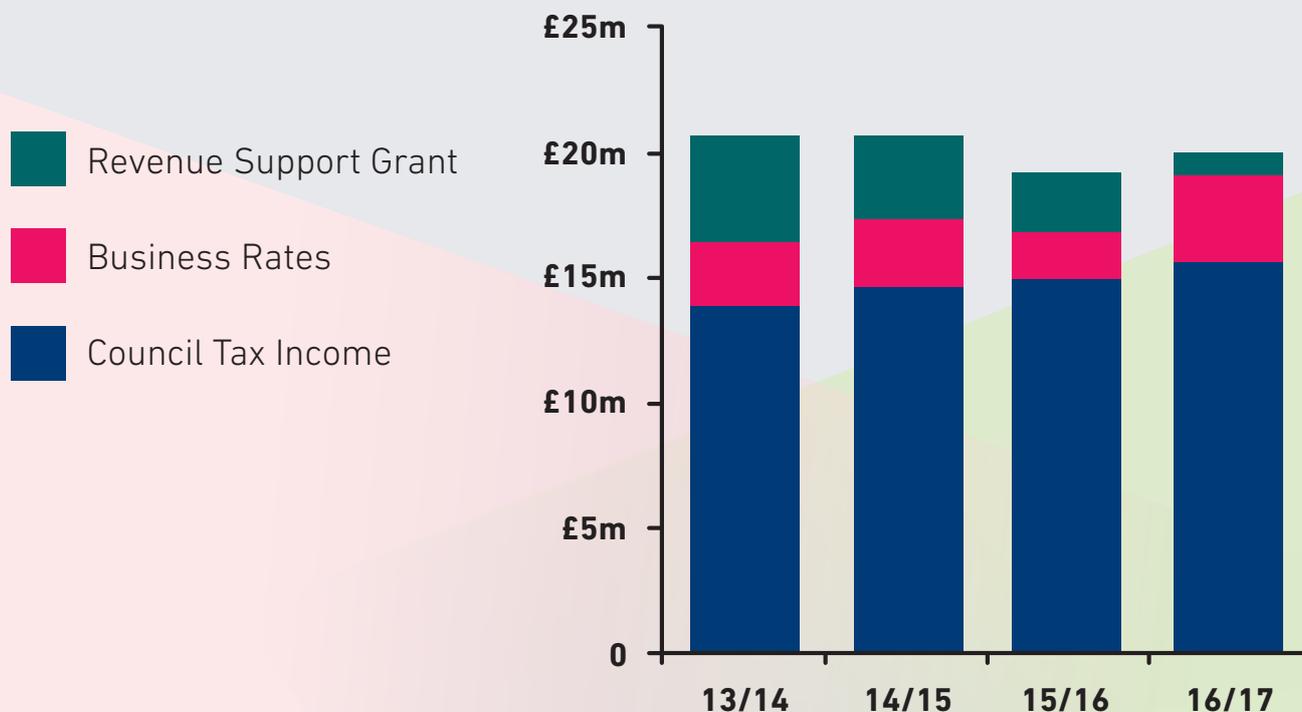
Maidstone Council's financial turnover, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £233 million in 2016/17 (£224 million in 2015/16). The table below shows the flows of income and expenditure.



Income

An increasing proportion of the Council's income is generated locally in Maidstone, through a combination of Council Tax, our share of Business Rates, and Fees and Charges for the services that we provide. By contrast, the Revenue Support Grant from Central Government has fallen from £4.3 million in 2013/14 to £870,000 in 2016/17. It will be zero in 2017/18.

Business rates are increasingly important source of income, but are volatile. Income in 2015/16 was particularly low owing to the need to provide for appeals against business rates valuations.



Fees and Charges account for a further £19.6 million of the Council's income, excluding specific government grants. A new source of income in 2016/17 has come from the Mid Kent Enforcement service, which carries out debt collection previously undertaken by third party bailiffs both for the Council and for other authorities.

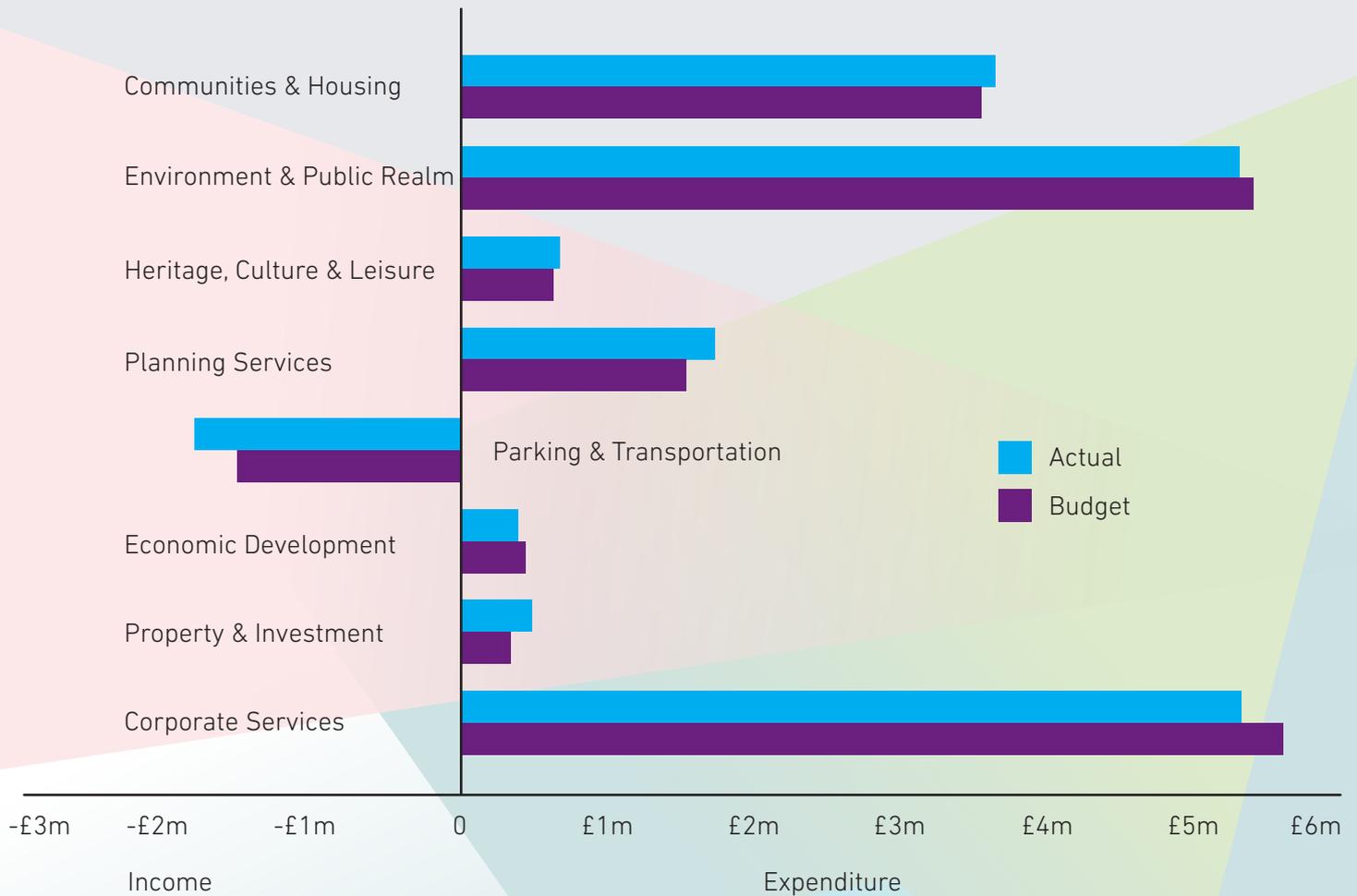


Expenditure

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

Delivering expenditure in line with budget is likewise an important performance indicator. This objective was achieved overall in 2016/17, but there were areas of overspend which were offset by underspends elsewhere.

The outturn for the year was an overall underspend compared with the budget of £0.1m. Variances are detailed below:



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





Balance Sheet

The **Balance Sheet** shows the value of the Council's assets less its liabilities at the end of the year. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The Council's net assets fell from £35.4m to £22.7m, mainly because of the need to set aside a higher provision, shown under long term liabilities, for the cost of meeting our legal obligations to pay current and former employees' pensions.

2015/16 £000		2016/17 £000
57,882	Property, Plant & Equipment	64,222
10,384	Heritage Assets	10,384
16,309	Investment Properties	16,346
452	Other Long Term Assets	463
31,138	Money owed to the Council	31,391
(15,074)	Money owed by the Council	(18,754)
(65,715)	Long Term Liabilities	(81,966)
35,376	Net Assets	22,086
19,302	Usable Reserves	17,850
16,074	Unusable Reserves	4,236
35,376	Total Reserves	22,086

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

Balance Sheet (continued)

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

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

Usable reserves include money set aside for specific purposes and sufficient contingency to cover unforeseen events. In particular, the Council has decided that the New Homes Bonus that it receives will be set aside for capital investment to improve and enhance the borough. £7.2million was held at year end and a capital expenditure programme has been developed setting out how we plan to spend this money.

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

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

Capital Expenditure

The Council made two significant capital investments in 2016/17. It acquired the Royal Mail site next to Maidstone East station for future development, in partnership with Kent County Council, and it acquired Granada House in Gabriel's Hill to generate rental income and to hold as a strategic asset.

The Council plans significant further investment over the next five years as part of its housing and regeneration strategy.

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

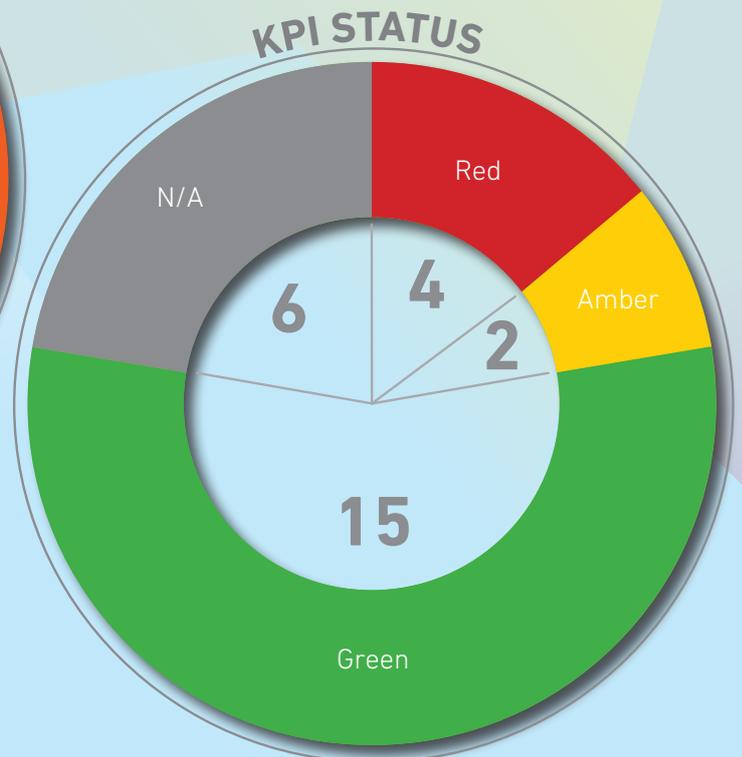
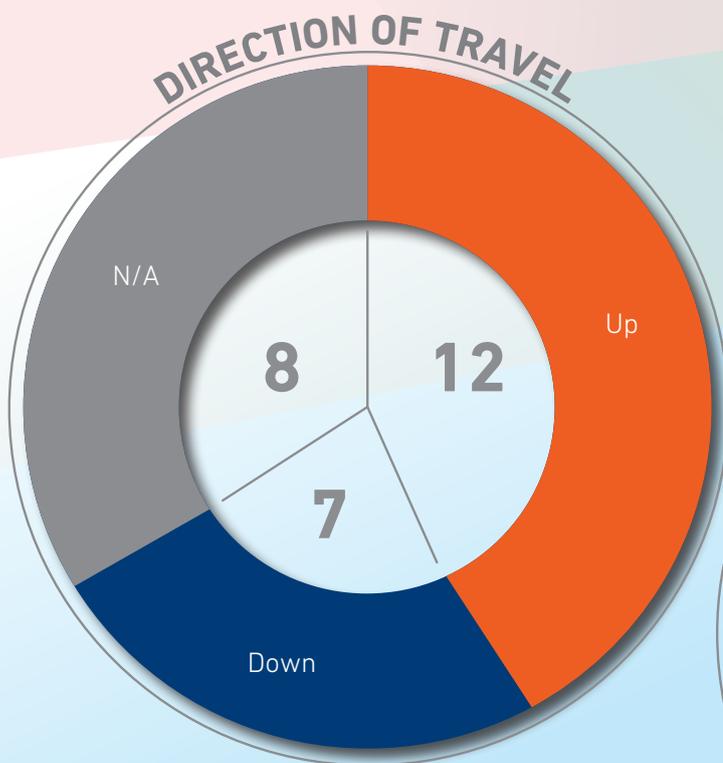


Key Performance Indicators

Performance is judged in two ways; firstly on whether performance has improved, been sustained or declined, compared to the same period in the previous year. For example, 2016/17 annual performance is compared against 2015/16 annual performance. This is termed **direction of travel**. Where there is no previous data, no assessment of direction can be made.

The second way in which performance is assessed looks at whether an indicator has achieved the target set and is termed **KPI status**. Some indicators may show an asterisk (*) after the figure, these are provisional figures that are awaiting confirmation.

Data Only indicators are not targeted but are given a direction. Indicators that are not due to be reported or where there is a delay in data collection are not rated against targets or given a direction.



PRIORITY 1: Keeping Maidstone Borough an attractive place for all

Providing a clean and safe environment

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Percentage of household waste sent for reuse, recycling and composting (former NI 192)	Waste & Recycling	52.50%	50.30%*	↑	Yellow
The percentage of relevant land and highways that is assessed as having deposits of litter that fall below an acceptable level (former NI 195a)	Street Cleansing	6.50%	2.50%	↓	Green
The percentage of relevant land and highways that is assessed as having deposits of detritus that fall below an acceptable level (former NI 195b)	Street Cleansing	18.00%	7.48%	↓	Green
Number of incidences of fly-tipping	Depot Services	1,200	979	↓	Green
Number of safeguarding practitioners trained	Community Partnerships	200	150**		Red
Percentage change in all crime	Community Partnerships		20.1%	↓	White

*Data for March was not available at the time of publication.

**Data for Quarter 4 (January to March) was not available at the time of publication.

Encouraging good health and wellbeing

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Number of completed Disabled Facilities Grants	Housing & Health	100	122	↑	Green
User satisfaction with the leisure centre	Leisure Services	82%	78.18%	↓	Yellow
Number of people successfully completing a course at the leisure centre following referral by GP	Community Partnerships		157		White
Number of older people helped to reduced social isolation through museum projects	Museum		128		White

Respecting the Character of our Borough

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Percentage of Parishes satisfied with the level of communication and engagement they have with MBC	Democratic Services		38.3%	↑	White



PRIORITY 1: Keeping Maidstone Borough an attractive place for all

PRIORITY 2: Securing a successful economy for Maidstone Borough

Ensuring there are good leisure and cultural attractions

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Net Contribution generated from commercial activities	Finance	£623,250	£375,747	↑	Red
Footfall at the Museum and Visitors Information Centre	Museum	78,500	63,541	↓	Red
Number of children taking part in formal educational activities on and off site	Museum	6,500	9,732		Green

Enhancing the appeal of the town centre

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Footfall on High Street	Economic Development	8,745,691	11,256,227	↑	Green
Percentage of vacant retail units in town centre	Economic Development	12%	9.78%	↑	Green

PRIORITY 2: Securing a successful economy for Maidstone Borough

Securing improvements to the transport infrastructure in our Borough

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Number of school journeys undertaken without a car as part of borough wide schemes	Planning Policy	N/A	14,977		
Percentage of sustainable vehicles in Maidstone	Planning Policy	N/A	1.34%		

Promoting a range of employment skills and opportunities across the Borough

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Percentage of people claiming Out of Work Benefits	Economic Development	2%	1.25%	↑	
Percentage of 16 to 18 year olds who are not in education, employment or training (NEETs)	Economic Development	N/A	2.86%	↑	
Number of Businesses/Start-ups receiving information, advice and guidance	Economic Development	800	877		
Net increase in employment (NOMIS)	Economic Development	2,800	-8,800		

Planning for sufficient homes to meet our Borough's needs

Indicator Name	Service	2016/17 Target	2016/17 Performance	Direction	RAG
Number of households prevented from becoming homeless through the intervention of housing advice	Housing & Inclusion	300	329	↑	
Number of households housed through housing register	Housing & Enabling	600	643	↓	
Number of affordable homes delivered (gross)	Housing & Enabling	180	303	↑	
Processing of planning applications: Major applications processed within agreed timescales (former NI 157a)	Development Management	80%	94%	↑	
Net additional homes provided (former NI 154)	Planning Policy	550	1,145	↑	





FUTURE PLANS

The Council has a Medium Term Financial Strategy, which sets out the financial implications of the overall Strategic Plan. During 2016/17, the Council updated its Medium Term Financial Strategy and rolled it forward to cover the years 2017/18 to 2021/22. Key points from the Strategy are a commitment to continue to reduce costs through efficiency savings, commercial initiatives, shared services and partnership working. There is a formal arrangement with Swale and Tunbridge Wells Borough Councils in the form of Mid Kent Services (MKS), and a number of partnership arrangements are now established covering Internal Audit, Revenues & Benefits, ICT Services, Environmental Health, Human Resources & Payroll and Legal Services.

The Council has further developed its commercialisation strategy, with a focus now on housing and regeneration.

The Medium Term Financial Strategy indicates that, given our savings plans, the Council can fund its spending in 2017/18 and 2018/19. On current projections there are shortfalls between projected income and expenditure in subsequent years and work is under way to address these.

The position in the years 2019/20 and beyond is subject to considerable uncertainty, with the Government having committed to introduction of 100% business rates retention in 2019/20, necessitating a thorough overhaul of local government funding. There is also considerable economic uncertainty generally associated with the UK's prospective exit from the EU.

As part of the finance settlement for 2016/17 the Government made an offer of a fixed, four year local government finance settlement. The Council agreed formally to accept this offer in October 2016. The Medium Term Financial Strategy described above serves as the Efficiency Plan, required by the Government to demonstrate how the Council will achieve its objectives within the available resources set out in the settlement.

RISK MANAGEMENT

The Council addresses future uncertainty through an explicit strategy of managing risk. Risks are identified at corporate and service levels, and mitigations developed to address those risks, with the key outputs from the process reported to the Policy and Resources Committee every six months. The budget risks described above are also addressed in a separate Budget Risk Register which is kept under review by the Audit, Governance and Standards Committee.

