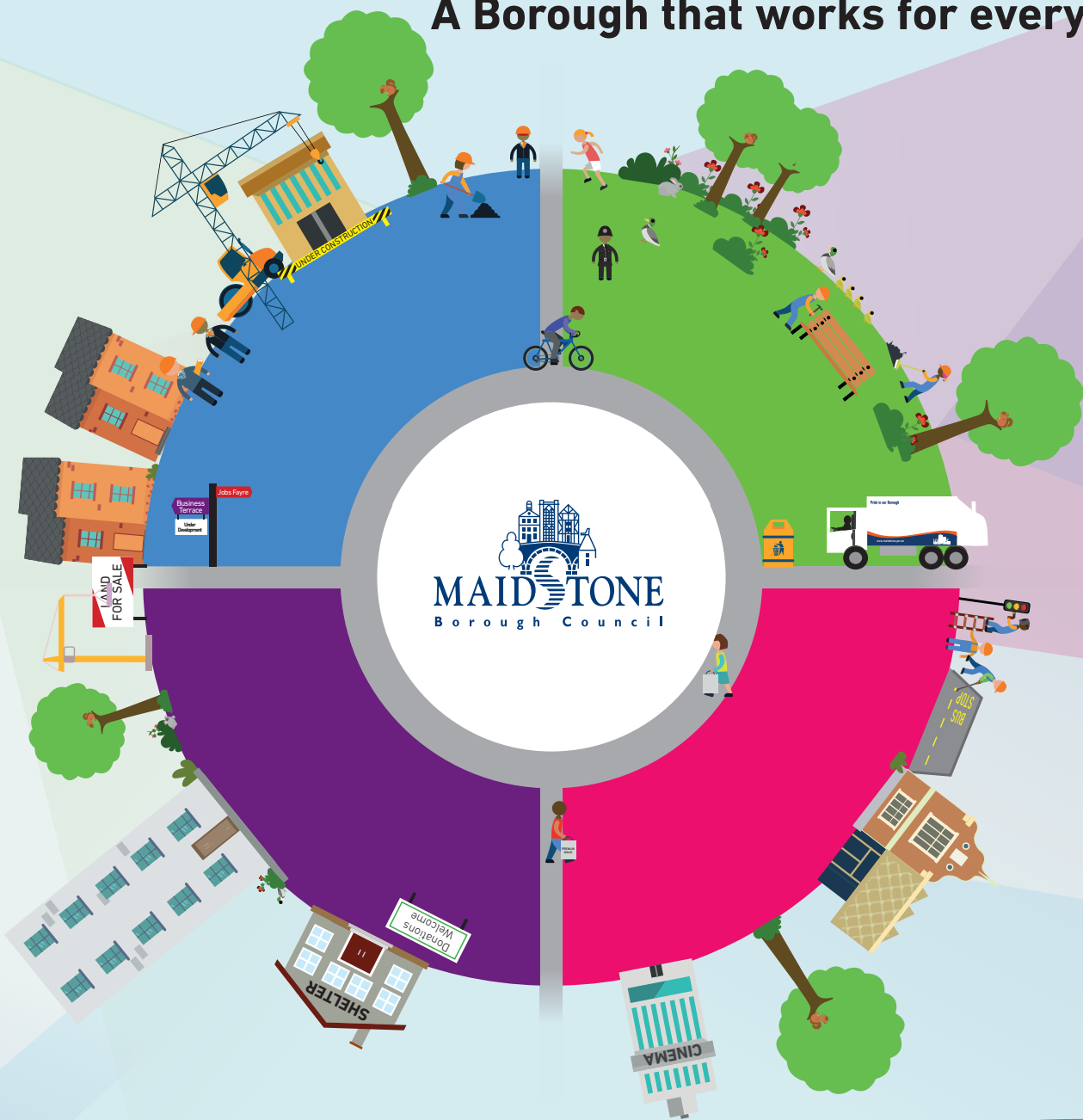


NARRATIVE Report 2019

PRIDE IN OUR BOROUGH
A Borough that works for everyone





Key Facts about Maidstone

POPULATION OF MAIDSTONE BOROUGH

2017	167,700
2016	165,700

GROSS VALUE ADDED IN BOROUGH

2016	£3.8 billion
2015	£3.6 billion

NUMBER OF ACTIVE BUSINESSES IN THE BOROUGH

2017	7,935
2016	7,755

BUSINESS RATES GENERATED

2018/19	£59.9 million
2017/18	£56.9 million

WEEKLY PAY FOR A FULL-TIME WORKER

2018	£589.50
2017	£562.90

COUNCIL GROSS REVENUE

2018/19	£97.2 million
2017/18	£95.5 million

COUNCIL REVENUE GENERATED LOCALLY

2018/19	93.3%
2014/15	82.3%

COUNCIL SURPLUS AGAINST BUDGET

2018/19	0.9%
2017/18	1.1%

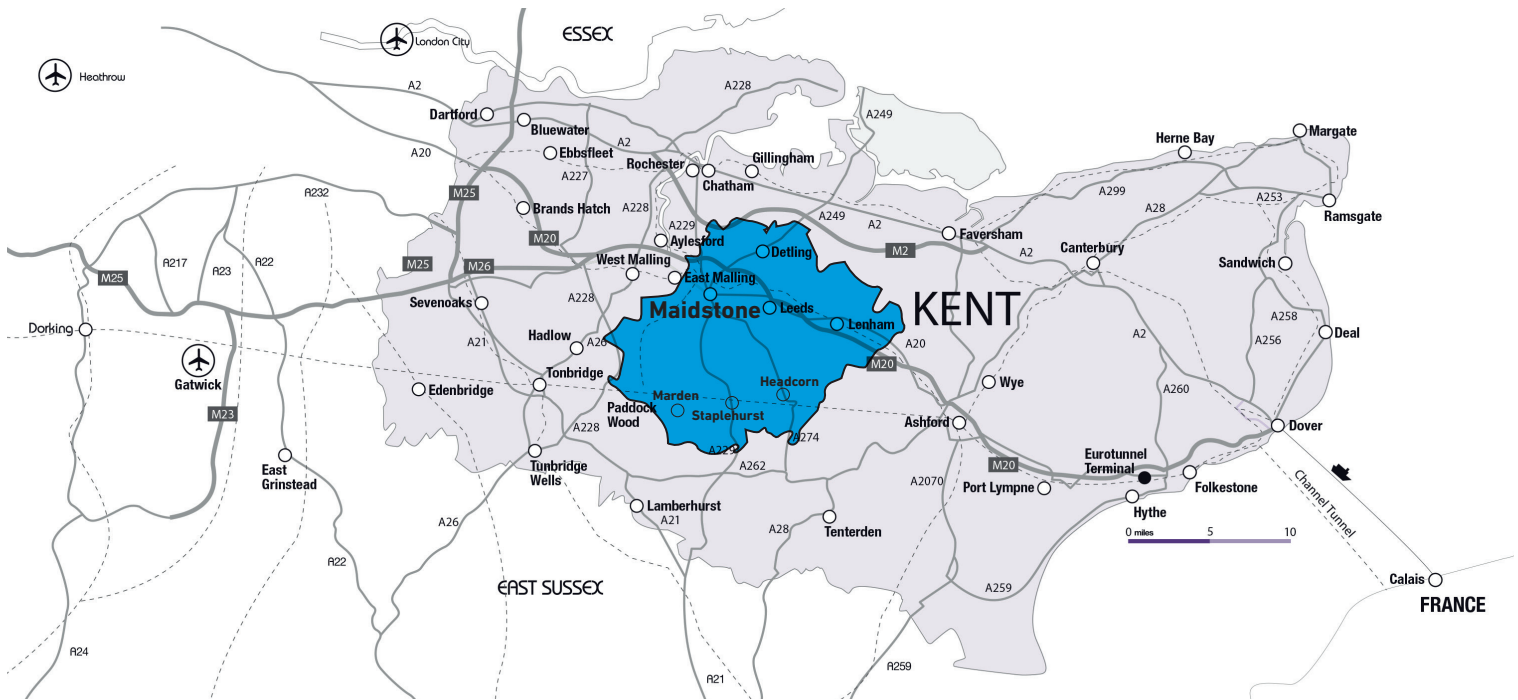
COUNCIL INVESTMENT IN LONG TERM ASSETS

2018/19	£119.1 million
2017/18	£99.7 million

COUNCIL'S USABLE RESERVES

2018/19	£15.7 million
2017/18	£13.1 million

About Maidstone



Maidstone is the largest borough council district in Kent, with an estimated 168,000 residents in mid-2017. Around 70% live in Maidstone, which is the County Town of Kent. In the surrounding rural area there are local service centres such as Staplehurst, Marden, Headcorn, Lenham, Harrietsham and many smaller villages.

Maidstone has the largest economy of any Kent borough, generating an estimated £3.8 billion Gross Value Added per annum. The borough has around 8,000 businesses covering a diverse range of sectors including life sciences, healthcare, ICT, construction and civil engineering, professional and business services, agriculture and horticulture, and education.

The M20 from London to the Kent coast runs through the borough, providing good transport links and the opportunity for further business growth. New developments along the M20 corridor include the following:

- The Kent Medical Campus, located just off Junction 7, is a 30-acre site designed to stimulate and support research-led health and life science businesses and clinical service providers, supported by universities and specialist training providers. Cygnet Hospital opened in late 2018 on the site, providing services for patients suffering from a variety of mental health problems. The Council is also building an Innovation Centre there, providing flexible office space, facilities and business support for businesses in the life science, healthcare and med-tech sectors, with a target opening date of summer 2021.
- Planning permission has been granted for a new commercial business park at Junction 8 of the M20, which will provide office, warehouse and light industrial space to serve the borough's growing economy. A new state-of-the-art commercial business park is planned which will deliver more than 47,500m² of employment space, creating up to 1,200 jobs.



- A strategic site south of the M20 at Junction 6 covering an area of 4,600m² will become an industrial park, comprising a local firm's head office and offering local employment opportunities to businesses looking to locate in the area.

The town of Maidstone is surrounded by a rural area that stretches from the Kent Downs Area of Outstanding Natural Beauty in the north to the Weald in the south. The borough has a rich historical heritage, with 2,000 listed buildings and 28 scheduled ancient monuments. The River Medway flows through the borough and the town centre and, together with its tributaries, is one of the borough's prime assets. All these natural and physical advantages help the borough attract around four million visitors each year.

About the Council

The Council is accountable to local residents through its 55 councillors, who are elected by thirds for terms of four years, such that elections are held in three years out of every four. Following the May 2019 Borough Elections, the political composition of the Council is:

Conservative	25
Liberal Democrat	20
Labour	4
Independent	4
Independent Maidstone	2

The Council operates a Committee system, with decisions being made by four main Committees: Policy and Resources; Communities, Housing and Environment; Economic Regeneration and Leisure; and Strategic Planning and Infrastructure. The Council elects a Leader each year, who is also Chairman of the Policy and Resources Committee. The current Leader of the Council is Martin Cox (Liberal Democrat).

The Council employed 526 people (489 full time equivalent) at 31 March 2019, based at the Council's administrative offices in Maidstone House, King Street, and at service locations including the Council's depot at Bircholt Road, Parkwood.

Maidstone's Strategic Plan

The Council has a Strategic Plan which is updated on an annual basis. 2018/19 was year four of the five year Strategic Plan adopted in 2015. A new long term Strategic Plan was agreed in December 2018, and is described in the 'Future Plans' section below.

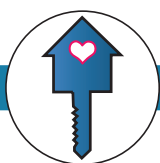
The 2015 Strategic Plan identified two overriding priorities – keeping Maidstone Borough an attractive place for all and securing a successful economy for the Borough. Within these overall priorities, three specific areas of focus were identified for 2018/19:

- **A Home for Everyone;**
- **Providing a Safe, Clean and Green environment; and**
- **Regenerating the Town Centre.**



Key achievements

Key achievements in the priorities from the Strategic Plan and progress against key performance indicators are set out below:



A HOME FOR EVERYONE

- **New housing developments**

Work is under way on two new housing developments in Maidstone town centre, at Union Street and Brunswick Street. When complete in Summer 2020, the developments will provide 94 new homes, comprising a mix of affordable housing, housing for market rent and housing for sale.

- **Lenworth House**

The regeneration of Lenworth House on Ashford Road has transformed a derelict Georgian building into 14 new apartments, which have been let to private sector tenants through the Council's housing company. The Council acquired Lenworth House in 2017 as part of its commitment to deliver high-quality housing to the borough.

- **Temporary accommodation**

The Council dealt with 1,212 homelessness applications in 2018/19 and has provided temporary accommodation to an average of over 100 households at any one time. In order to provide good quality, affordable temporary accommodation, the Council has continued its programme of acquiring suitable properties. In 2018/19 it bought a further 17 units, making a total of 76.



A CLEAN, SAFE AND GREEN ENVIRONMENT

- **Mote Park**

Mote Park is Maidstone's 'jewel in the crown', a Grade 2 listed 460 acre park, 10 minutes walk from the Town Centre. It attracts thousands of visitors and hosts a range of events throughout the year. The Council is investing in the park to provide even more attractions. A new play area and an Adventure Zone, offering high ropes, mini adventure golf, climbing walls and a skate park opened in Spring 2019.

- **Reducing flytipping**

The Council has continued to make progress in reducing flytipping. It has pursued enforcement action vigorously, with 83% of fly-tips where there is evidence available leading to enforcement action. 94% of fly-tips are cleared within two working days.

- **Go Green Go Wild**

Go Green Go Wild is an exciting new project that is intended to encourage people to look after the nature that is on their doorstep. We want to help residents create wildlife corridors, encourage native species and provide habitats so that wildlife can thrive throughout Maidstone. The initiative provides advice and information, promotes local wildlife groups and is leading the creation of new wildflower meadows to increase biodiversity.



REGENERATING THE TOWN CENTRE

- **Public Realm**

Maidstone town centre is the largest traditional high street in Kent and a thriving location for retail businesses. A major programme of works to improve the public realm in the town centre was completed in Spring 2019, making it more pedestrian friendly by removing kerbs and street clutter and introducing new seating, trees and wayfinding signage. Key features of the works included patterns in the paving to create distinctive squares along the length of the road, and text engraved in the paving to highlight key historic events.

- **Maidstone East redevelopment**

Maidstone Borough Council and Kent County Council own the old Post Office Sorting Office next to Maidstone East railway station and are bringing forward ambitious plans to redevelop the area, including the adjacent commuter car park and Cantium House. A new square, linked to the public realm improvements to the north end of Week Street, will be created, alongside an extended and refurbished station ticket office. This multi-million-pound landmark regeneration project will be crucial to transforming this key gateway to the County Town.

- **Business Improvement District**

Working with One Maidstone, the Borough Council has supported the creation of a Business Improvement District. Businesses in the town centre have overwhelmingly voted to support the establishment of a BID which will generate over £2 million in additional revenue, to be spent on tackling anti-social behaviour, enhanced street cleansing, floral displays, more events, marketing and christmas lights.

- **Opportunity areas**

The Council has identified five areas in the town centre that provide the opportunity for distinctive developments. It has liaised with the landowners and prepared planning guidance to demonstrate the Council's ambition for the sites and help unlock funding for development. Where appropriate the Council will lead the master-planning process and co-ordinate land assembly.



KEY PERFORMANCE INDICATORS

Key Performance Indicators are set for each Council priority in consultation with the relevant Service Committee. Performance against targets is set out below.

PRIORITY: A Home for Everyone

Performance Indicator	Service	Value	Target	Status	Last Year
Processing of planning applications: major applications (NI 157a)	Development Management	96.33%	88.00%		
Processing of planning applications: minor applications (NI 157b)	Development Management	94.49%	80.00%		
Processing of planning applications: other applications (NI 157c)	Development Management	97.04%	90.00%		
Number of affordable homes delivered (gross)	Economic Development	205	180		
Number of households living in temporary accommodation last night of the month (NI 156 & SDL 009-00)	Housing & Health	113			
Number of households living in nightly paid temporary accommodation last night of the month	Housing & Health	58			
Number of applications where Prevention Duty has ended as applicant has suitable accommodation for at least six months	Housing & Health	189	300		N/A
Number of households housed through housing register	Housing & Health	578	600		

PRIORITY: Providing a Clean, Safe and Green Environment

Performance Indicator	Service	Value	Target	Status	Last Year
The percentage of land and highways with acceptable levels of litter	Depot Services	98.17%	94.00%		
The percentage of land and highways with acceptable levels of detritus	Depot Services	95.25%	94.00%		
Percentage of report of littering attended to	Depot Services	48.77%			N/A
Percentage of fly tips resulting in enforcement action	Environmental Crime Team	83.3%	50.0%		
Percentage of fly-tips cleared or assessed within two working days	Environmental Crime Team	93.99%	89.00%		
Percentage of fly-tips clear or assessed within four working days	Environmental Crime Team	101%	94%		N/A
Percentage of household waste sent for reuse, recycling and composting (NI 192)	Waste & Recycling	51.40%	52.50%		

Data only indicator - reported for information but no target set

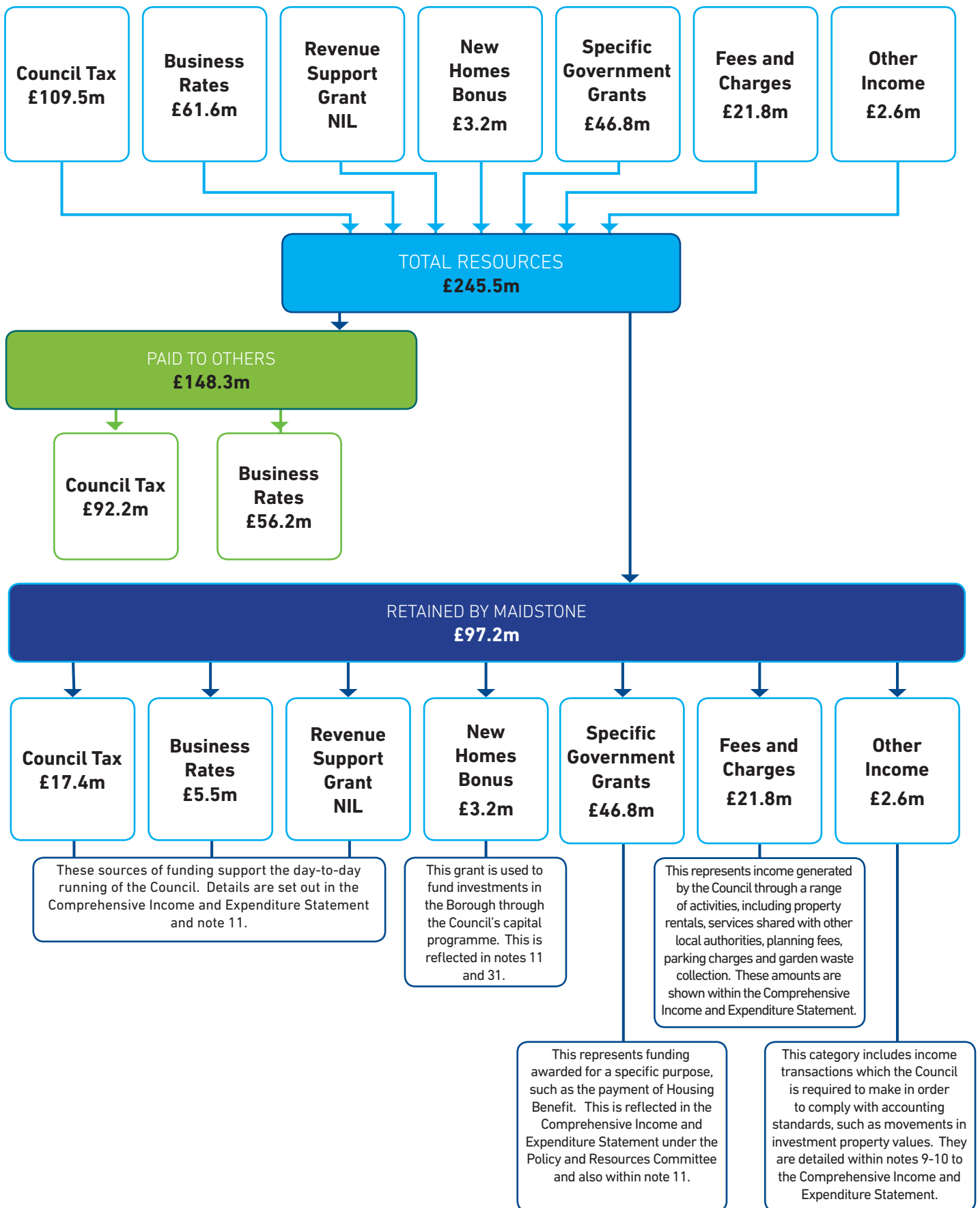
PRIORITY: Regenerating the Town Centre

Performance Indicator	Service	Value	Target	Status	Last Year
Percentage of vacant retail units in town centre	Economic Development	12.13%	11%		
Footfall on the High Street	Economic Development	11,719,223	10,600,000		
Business Rates income from the Town Centre	Revenues & Benefits	£23,531,680.79			



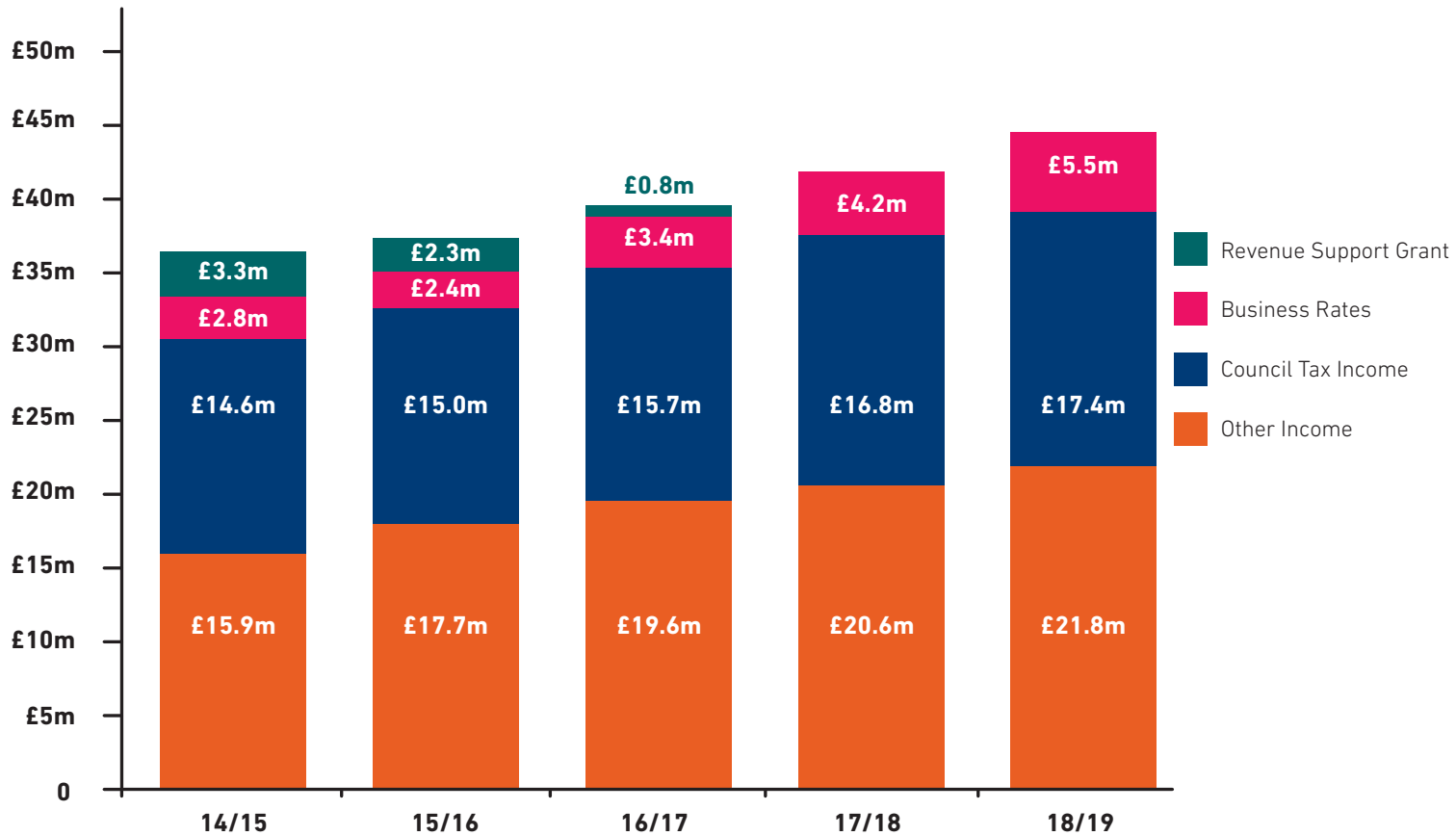
Financial Performance

Maidstone Council's financial turnover, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £246 million in 2018/19 (£234 million in 2017/18). The table below shows the flows of income and expenditure.



Income

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



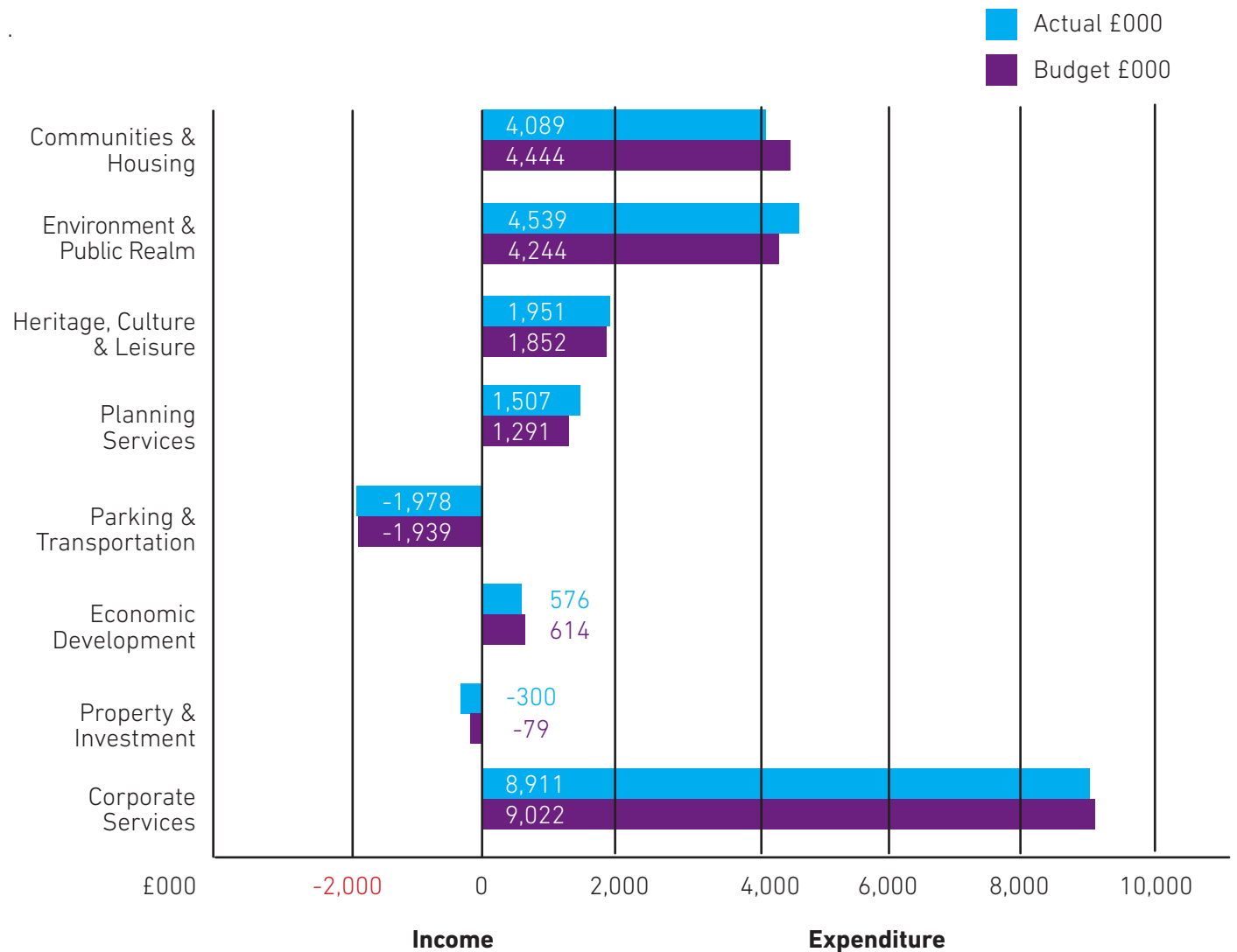
These sources of income are shown in note 11 to the Statement of Accounts, **Taxation & Non-Specific Grant Income**, and in the income totals for the relevant Committee in the **Comprehensive Income and Expenditure Statement**.



Expenditure

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

Delivering expenditure in line with budget is an important performance indicator. This objective was achieved in 2018/19.



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





Balance Sheet

The Balance Sheet shows the value of the Council's assets less its liabilities at the end of the year. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The Council's net assets increased from £29.1 million to £47.9 million, mainly because of upward revaluations of the Council's property assets and growth in pension fund assets managed by Kent County Council.

2017/18 £000		2018/19 £000
68,835	Property, Plant & Equipment	83,038
10,393	Heritage Assets	10,393
19,976	Investment Properties	23,014
517	Other Long Term Assets	2,648
31,645	Money owed to the Council	33,998
-20,089	Money owed by the Council	-30,216
-82,207	Long Term Liabilities	-74,983
29,070	Net Assets	47,892
13,052	Usable Reserves	15,657
16,018	Unusable Reserves	32,235
29,070	Total Reserves	47,892

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

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

Balance Sheet (continued)

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

Usable reserves include money set aside for specific purposes and sufficient contingency to cover unforeseen events. In particular, the Council has decided that the New Homes Bonus that it receives will be set aside for capital investment to improve and enhance the borough. £4.6 million of New Homes Bonus has been used in this way during the year (17/18 - £9.8 million).

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

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

Capital Expenditure

During the year, £16.1 million was spent on delivering the projects identified within the Council's capital programme.

These projects include:

- Expenditure on new housing developments at Union Street and Brunswick Street
- Acquisition of Lenworth House to provide private sector rented accommodation
- Purchase of properties for use as temporary accommodation for homeless people
- Construction of an Adventure Zone and new Play Area at Mote Park
- Public realm improvements in the Town Centre

The Council has an ambitious capital programme for the coming five years, totalling £80 million. The two largest elements in the capital programme are the Council's housing and regeneration strategy and its commercial property investment strategy. The programme will be funded both through New Homes Bonus receipts and other internal resources, and through external borrowing, in line with the regulatory requirement that such borrowing be affordable, prudent and sustainable.

	Actual	Five year plan					Total
	18/19	19/20	20/21	21/22	22/23	23/24	
	£000	£000	£000	£000	£000	£000	£000
Housing Development and Regeneration	4,142	8,965	3,658	7,675	7,675	7,675	35,648
Temporary Accommodation	4,446	3,000					3,000
Disabled Facilities Grants	578	800	800	800	800	800	4,000
Flood Action Plan	67	1,000	63				1,063
Mote Park Improvements	2,501	2,290	1,650	100			4,040
Town Centre Regeneration	2,283						0
Property Investment Strategy	5	2,500	2,500	2,500	2,500	2,500	12,500
Kent Medical Campus Innovation Centre	251	750	8,250	1,500			10,500
Infrastructure delivery	0	600	600	600	600	600	3,000
Corporate Property Improvements	542	1,115	467	175	175	175	2,107
Mail Bus Station Redevelopment	0	1,500					1,500
Section 106 Contributions	376	201	280	63	754	60	1,358
Other	937	401	637	270	134	70	1,513
	16,128	23,122	18,906	13,683	12,638	11,880	80,229

FUTURE PLANS

The Council agreed a new long term Strategic Plan in December 2018, setting out its aspirations through to 2045. Our vision is for Maidstone to be a vibrant, prosperous, urban and rural community at the heart of Kent, where everyone can realise their potential. Within the overall Strategic Plan, we have defined four Strategic priorities: embracing growth and enabling infrastructure; making Maidstone safe, clean and green; providing homes and supporting communities; and making the borough a thriving place.

At the same time as it agreed its Strategic Plan, the Council approved a new five year Medium Term Financial Strategy. This sets out how our strategic priorities will be delivered, given the financial resources available to the Council. Resources depend first of all on the overall economic environment. The combination of relatively slow economic growth and pressure on government expenditure from other areas of the public sector mean that the Council cannot rely on government support to increase spending, and in the worst case may have to cut back. The Council is already very largely self-sufficient, with most of its income coming from Council Tax and other local sources, including parking, planning fees and property income.

The Council plans to invest through its capital programme. Any such investment must be sustainable in terms of the Council's ability to fund interest payments and ultimately repayment of capital. The capital programme is intended to support local public services and to help the Council achieve its strategic priorities for the borough.

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

Given this uncertainty, the Council has planned for a range of feasible scenarios, characterised as favourable, neutral and adverse. In all scenarios, the Council will seek to continue making efficiency savings and generating additional income in order to optimise its financial position.





RISK MANAGEMENT

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

The following table sets out what we have assessed as being the key corporate risks

Ranking	Risk description	Risk rating	
		Inherent risk	After planned mitigations
1	Housing pressures increasing	20	12
2=	Major project failure	16	12
2=	Financial restrictions	16	12
4	Poor partner relationships	16	9
5	Impact of Brexit	12	12
6=	Contraction in retail and leisure sectors	12	8
6=	Significant control failure	12	8
8=	Failure to implement Local Plan	9	9
8=	Environmental damage	9	9
10=	Governance failures	8	8
10=	IT security failure	8	8
12	Loss of community engagement	6	6
13	Workforce capacity and skills	4	4

