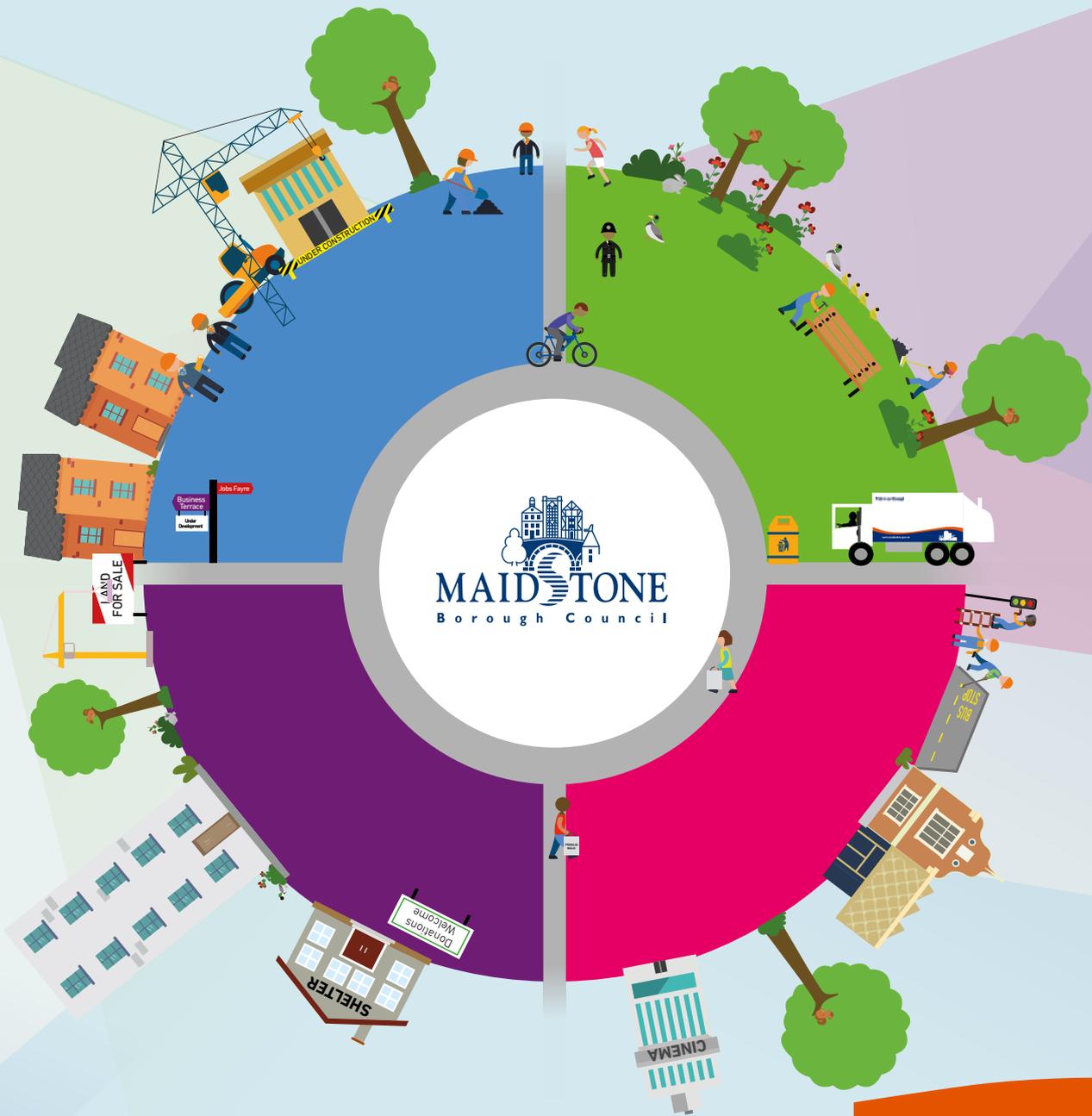


NARRATIVE REPORT

for the year ending
31st March 2020







Key Facts about Maidstone

POPULATION OF MAIDSTONE BOROUGH

2019	171,800
2018	170,000

GROSS VALUE ADDED IN BOROUGH

2018	£4.1 billion
2017	£4.0 billion

NUMBER OF ACTIVE BUSINESSES IN THE BOROUGH

2018	7,990
2017	7,935

BUSINESS RATES GENERATED

2019/20	£60.3 million
2018/19	£59.9 million

WEEKLY PAY FOR A FULL-TIME WORKER

2019	£579.20
2018	£589.50

COUNCIL GROSS REVENUE

2019/20	£96.6 million
2018/19	£97.2 million

COUNCIL REVENUE GENERATED LOCALLY

2019/20	92.7%
2014/15	82.3%

COUNCIL SURPLUS/(DEFICIT) AGAINST BUDGET

2019/20	-1.2%
2018/19	+0.9%

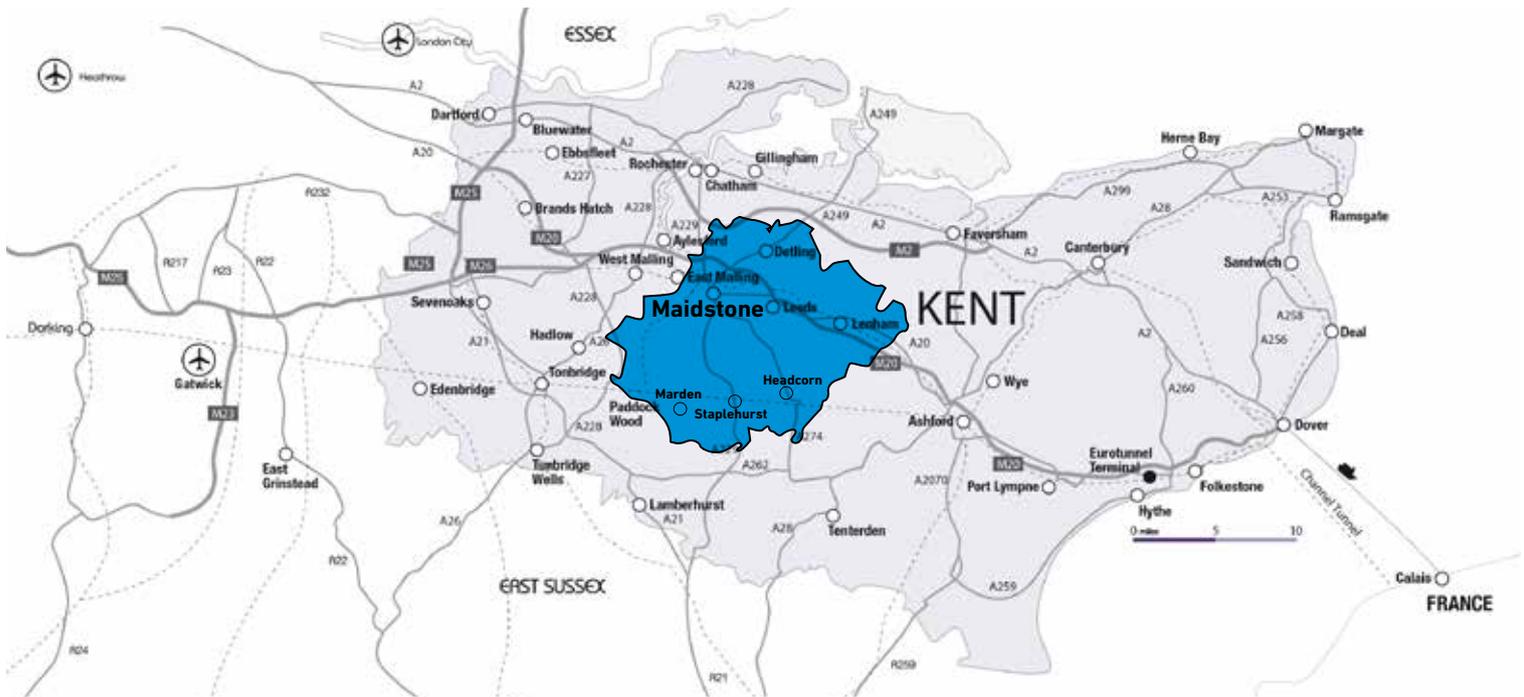
COUNCIL INVESTMENT IN LONG TERM ASSETS

2019/20	£158.9 million
2018/19	£119.1 million

COUNCIL'S USABLE RESERVES

2019/20	£17.2 million
2018/19	£15.7 million

About Maidstone



Maidstone is the largest borough council district in Kent, with an estimated 171,800 residents in mid-2019. 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 and Harrietsham and many smaller villages.

Maidstone has the largest economy of any Kent borough, generating an estimated £4 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.

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. Borough elections were due to be held in May 2020 but have been postponed for a year owing to the Covid-19 pandemic.

Conservative	24
Liberal Democrat	20
Labour	4
Independent	4
Independent Maidstone	2
Vacancy	1

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 540 people (503 full time equivalent) at 31 March 2020, 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.

COVID-19 PANDEMIC

The Council and the community it serves have been profoundly impacted by the Covid-19 pandemic. The Council has been at the forefront of the response to the pandemic, for example in supporting rough sleepers and the homeless, establishing a community hub to support vulnerable members of society, and distributing nearly £30 million of grants to small businesses.

The impact of the pandemic on the period covered by the Statement of Accounts was limited, with lockdown measures only taking effect on 24 March 2020, right at the end of the period. However, there will be a very significant financial impact in the new financial year, both from additional costs incurred by the Council in responding to the pandemic, and from a reduction in income across almost all the Council's revenue streams, including Council Tax, Business Rates, and fees and charges for the services that we provide.

At the time of publishing the draft Statement of Accounts, the government had provided the Council with £1.7 million of non-ringfenced grants to offset additional costs and loss of income, but this is expected only partly to address the likely financial shortfall. As set out in the Statement of Accounts, the Council holds £17 million of usable reserves, which provides the Council with a reasonable level of financial resilience. However, drawing on these reserves would leave the Council with relatively greater exposure to the risk of further pandemic outbreaks and/or other unforeseen events. Furthermore, the need to rebuild reserves would constrain the Council's capacity for service delivery and to support community recovery.

Maidstone's Strategic Plan

The Council adopted a Strategic Plan in December 2018, setting out its aspirations through to 2045. The vision set out in the Plan 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. Achievements in 2019/20 against these objectives and key performance indicators are set out in the following section.

We are currently considering how the Strategic Plan may need to be refreshed in the light of the Covid-19 pandemic.



Key achievements

EMBRACING GROWTH AND ENABLING INFRASTRUCTURE

- **Bus Station Improvements**

The council is leading a project to invest around £1m in improvement works to Maidstone Bus Station. The facility is situated underneath the Mall Shopping Centre in the town centre and has been earmarked for investment within the council's infrastructure delivery plan. This investment decision has been made because of the council's desire to support and promote sustainable transport. The council is working in partnership with the owner of the facility, Capital & Regional, the main bus operator, Arriva, and Kent County Council, all of whom are contributing financially too. The design proposals are now at an advanced stage, and construction is envisaged to start during 2020.

- **Kent Medical Campus Enabling Infrastructure**

The council has facilitated a package of highways improvements adjacent to the Kent Medical Campus that are being accelerated by a successful bid to the National Infrastructure Productivity Fund, with Kent County Council. Monies secured exceeded £9m, to include a £0.5m loan from the council. This will fund improvements to two nearby roundabouts and provide dualling of the road between them. Works on site will commence in 2020. The Kent Medical Campus is one of the largest employment sites in Maidstone, hence our desire to bring about early enabling infrastructure to support the growth in jobs.

- **Junction Improvements**

The council has worked closely with Kent County Council to secure Local Growth Fund (LGF) monies to part fund a programme of junction improvements to mitigate housing development in the current local plan. Whilst programmes such as this are complex to deliver, public consultation by Kent County Council commenced in early 2020 for the detailed design proposals and works on site are expected to commence in the coming months. The allocation of LGF monies demonstrates support for the proposals from the Local Enterprise Partnership.

HOMES AND COMMUNITIES

- **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 late 2020, the developments will provide 94 new homes, comprising a mix of affordable housing, housing for market rent and housing for sale.

- **Temporary accommodation**

Despite an increase in the number of households approaching the Council as homeless, the housing service was able to continue the decrease in the number of families having to go into temporary accommodation. In addition, the Council's strategy to acquire its own temporary accommodation stock led to fewer people being placed into nightly paid accommodation, thereby providing better quality accommodation for the client and reducing the cost to the Council.

- **Helping Rough Sleepers**

Like other towns, Maidstone has seen a significant increase in the rough sleeper population in recent years. The Council has expanded its outreach service, established a centre for emergency supported accommodation, and expanded hostel support. These interventions have had a major impact on the number of rough sleepers.

- **A20 improvements**

A wide range of street scene and landscaping improvements have been carried out along the A20 approach into Maidstone from Willington Street. These have included the planting of 20,000 bulbs, shaping of the wild areas, a new Welcome to Maidstone sign, deep cleaning, white-lining and painting of lamp columns. In addition, a number of focal points have been introduced. Two large tree stumps have been transformed into beautiful sculptures to illustrate Go Green Go Wild and the Borough's farming heritage. A dinosaur sculpture and metal bicycle silhouettes are due to be added. Feedback from residents and visitors has been extremely positive, with many appreciating the colour and vibrancy the work has created.

- **Go Green Go Wild**

The Go Green Go Wild initiative has continued to develop since its launch last year, with more community groups getting involved to promote and support biodiversity. We launched a community grant scheme which has led to a number of new local initiatives being started including tree planting. The project was also recognised by DEFRA this year for the pollinator project where a number of new wildflower meadows were created. Further wildflower meadows have been sown this year with the support of local groups. The Go Green Go Wild website has also been set up to help inspire local residents to get involved and find out about local groups.

- **Mote Park dam works**

The Council has started works to the sluice gates, boat house, spillway, dam and area around Mote Park lake. The lake was formed in the 1830s when the River Len was dammed. As a result of a reservoir safety inspection, which the park is required to undertake every ten years, essential work is now required. If the dam were to fail, the risk posed could see the water swell rapidly over 40 acres of land, which would see Turkey Mill, Mote Park and surrounding areas under water. With estimated depths of 12 feet this would endanger lives and damage homes and businesses. The works will improve the capacity to control the transfer of flow across the dam and ensure that the dam does not fail during extreme flood events.

A THRIVING PLACE

- **Maidstone Innovation Centre**

Maidstone Borough Council has awarded Rydon the contract for the construction of the £9.5m Innovation Centre, which is part funded by the European Regional Development Fund. Located on the Kent Medical Campus, part of the North Kent Enterprise Zone, the Innovation Centre will bring together businesses and organisations involved in finding solutions to complex healthcare issues and scientific research and development. The four storey, 37,000ft² building – designed by Bond Bryan Architects – will provide high quality flexible office, hot desking and meeting space, conference facilities and business support for small and medium-sized enterprises working in the life science, healthcare and med-tech sectors. Work on site started in March 2020.

- **Maidstone East Station Improvement Project**

Planning permission for the refurbished and extended ticket office and new forecourt has been granted to Network Rail. The project is a partnership between Maidstone Borough Council, Kent County Council, Network Rail and Southeastern Railways. The former Victoria Pub has been demolished and ground works have commenced setting out the new forecourt which will include soft landscaping, wayfinding signage and a new public art installation inspired by the Council's coat of arms – an Iguanodon. In addition a further £641,000 of Local Growth Fund has been approved this year to encourage walking and cycling and improved disabled access.

- **Lockmeadow**

Lockmeadow is a leisure centre with an Odeon multiplex cinema, 18-lane bowling alley, a trampoline park, restaurants and a two-level David Lloyd swimming pool and gym complex. The Council already owned the freehold of the site, and in November 2019 acquired the long leasehold interest (105 years unexpired) for £19 million. The acquisition is intended to support the objective of making Maidstone a thriving place, with the Council working as an active landlord to make improvements to the appearance of the building and facilities to help make it a key destination for residents and visitors.

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. Please note that direction of travel indicates an improvement or decline in performance for KPIs with targets. For Data Only Pls it indicates an increase or decrease in volume.

PRIORITY: A Thriving Place

Performance Indicator	Service	2019/20 Out-turn	2019/20 Target	Status	Compared to 2018/19
Percentage of all available tickets sold at the Hazlitt	Leisure & Tourism	66.27%	50%		
Number of visits per month to Visit-Maidstone.com	Economic Development	334,556	367,535		
Footfall in the Town Centre	Economic Development	10,994,050	11,836,415		
Number of students benefiting from the museum's educational service	Economic Development	8,884	8,378		
Footfall at the museum and Visitor Information Centre	Leisure & Tourism	98,314	65,000		
Number of attendees to informal events (at the museum)	Leisure & Tourism	3,532			
Number of people attending paid for exhibitions	Leisure & Tourism	972			
Contacts to the Visitor Information Centre	Leisure & Tourism	3,059	3,315		
Number of users at the leisure centre	Leisure & Tourism	758,290	805,257		
Percentage of vacant retail units in town centre	Economic Development	Data collection suspended owing to Covid-19	11%	N/A	N/A
Business Rates income from the Town Centre	Revenues & Benefits	£21,720,949			
Total value of business ratable properties (New 2019/20)	Revenues & Benefits	£147,123,115			N/A

PRIORITY: Clean, Safe and Green

Performance Indicator	Service	Value	Target	Status	Last Year
Percentage of unauthorised encampments on Council owned land removed within 5 working days	Environmental Crime Team	100%	90%		
Percentage of fly tips resulting in enforcement action	Environmental Crime Team	87%	80%		
Percentage of fly-tips cleared or assessed within 2 working days	Environmental Crime Team	96.38%	94%		
Average weight of fly-tipped collected materials (kg)	Environmental Crime Team	92.80kg			
Percentage of household waste sent for reuse, recycling and composting	Waste & Recycling	49.12%	52%		
Percentage of household waste sent for reuse, recycling and composting	Depot Services	98.18%	98%		
The percentage of land and highways with acceptable levels of detritus	Depot Services	94.87%	95%		
Maintenance per hectare spent on Parks and Open Spaces	Parks & Open Spaces	£6,016			N/A
Number of Green Flag parks	Parks & Open Spaces	3	5		

Section 106 spending (against estimate)	Parks & Open Spaces	£495,335			
Percentage of people using amenity green space at least once a week	Parks & Open Spaces	Due 2020 Resident Survey			N/A

PRIORITY:

Homes & Communities

Performance Indicator	Service	Value	Target	Status	Last Year
Satisfaction with the local area as a place to live (Resident Survey)	Policy & Information	53.10%		N/A	(2017/18)
Percentage spend and allocation of Disabled Facilities Grant Budget (YTD)	Housing & Health	130.40%	100%		
Number of households living in temporary accommodation last night of the month	Housing & Health	94			
Number of households living in nightly paid temporary accommodation last night of the month	Housing & Health	36			
Number of households housed through housing register	Housing & Health	576	600		
Number of households prevented or relieved from becoming homeless	Housing & Health	571	330		
Percentage of successful Relief Duty outcomes	Housing & Health	56.64%	60%		N/A
Percentage of successful Prevention Duty outcomes (New 2019/20)	Housing & Health	62.44%	60%		N/A
Number of completed housing assistances	Housing & Health	471			
Number of houses of multiple occupation brought to compliance by private rented sector licensing	Housing & Health	31			

PRIORITY:

Embracing Growth & Enabling Infrastructure

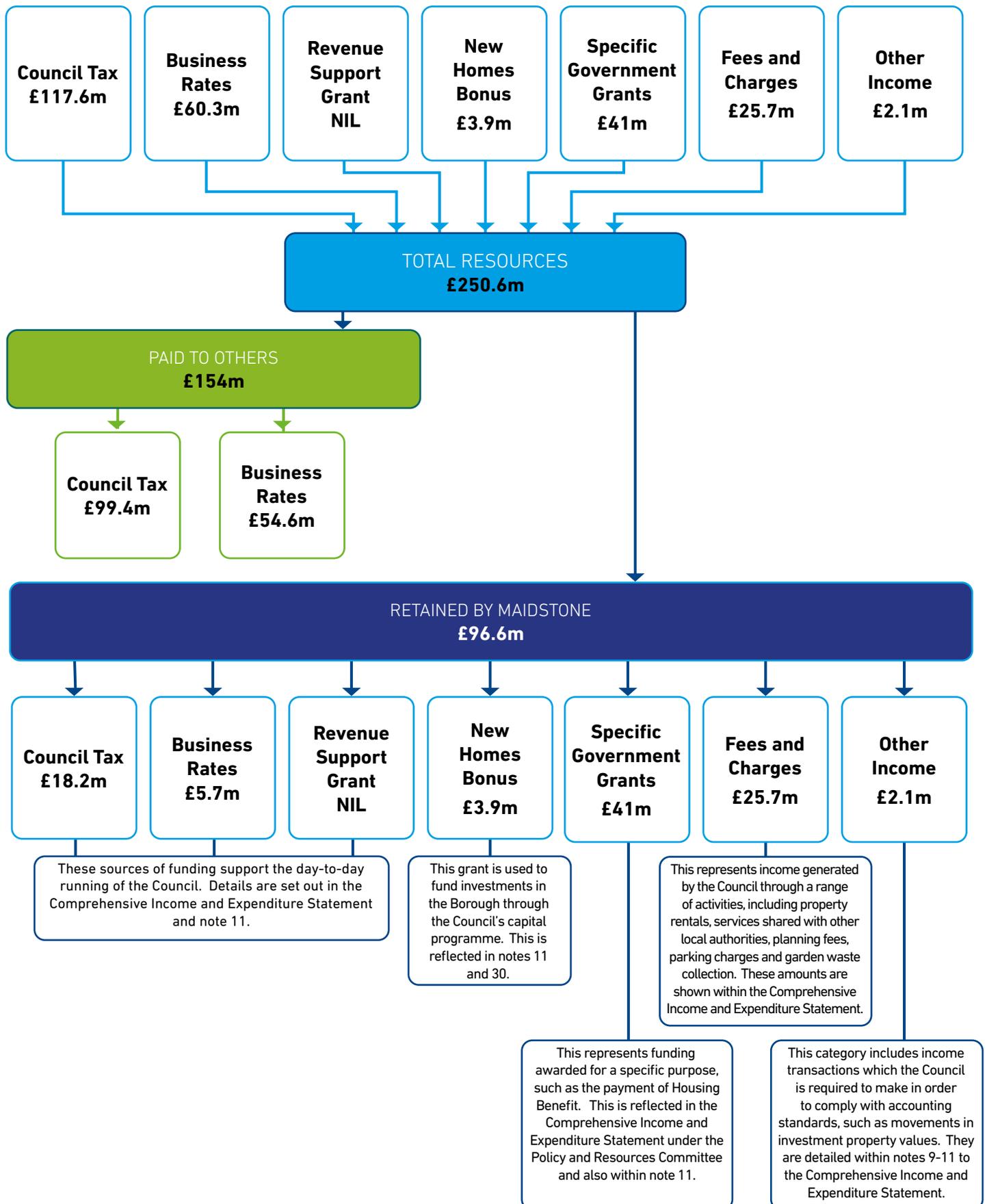
Performance Indicator	Service	Value	Target	Status	Last Year
Percentage of priority 1 enforcement cases dealt with in time (New PI 2019/20)	Development Management	100%	100%		N/A
Percentage of priority 2 enforcement cases dealt with in time (New PI 2019/20)	Development Management	95.10%	90%		N/A
Total number of complaints received within period (New PI 2019/20)	Development Management	566			N/A
Number of priority 1 enforcement cases dealt with in time	Development Management	15			N/A
Number of priority 2 enforcement cases dealt with in time	Development Management	524			N/A
Number of appeals in period	Development Management	93			
MBC success rate at planning appeals (rolling 6 months)	Development Management	66.67%	75%		
Number of affordable homes delivered (gross)	Economic Development	325	180		
Percentage of new homes provided that are affordable	Economic Development	AWAITING DATA FOR THIS KPI	20%	N/A	N/A
Net additional homes provided	Development Management	AWAITING DATA FOR THIS KPI	973	N/A	N/A



Data only indicator - reported for information but no target set *Does not include data for February & March

Financial Performance

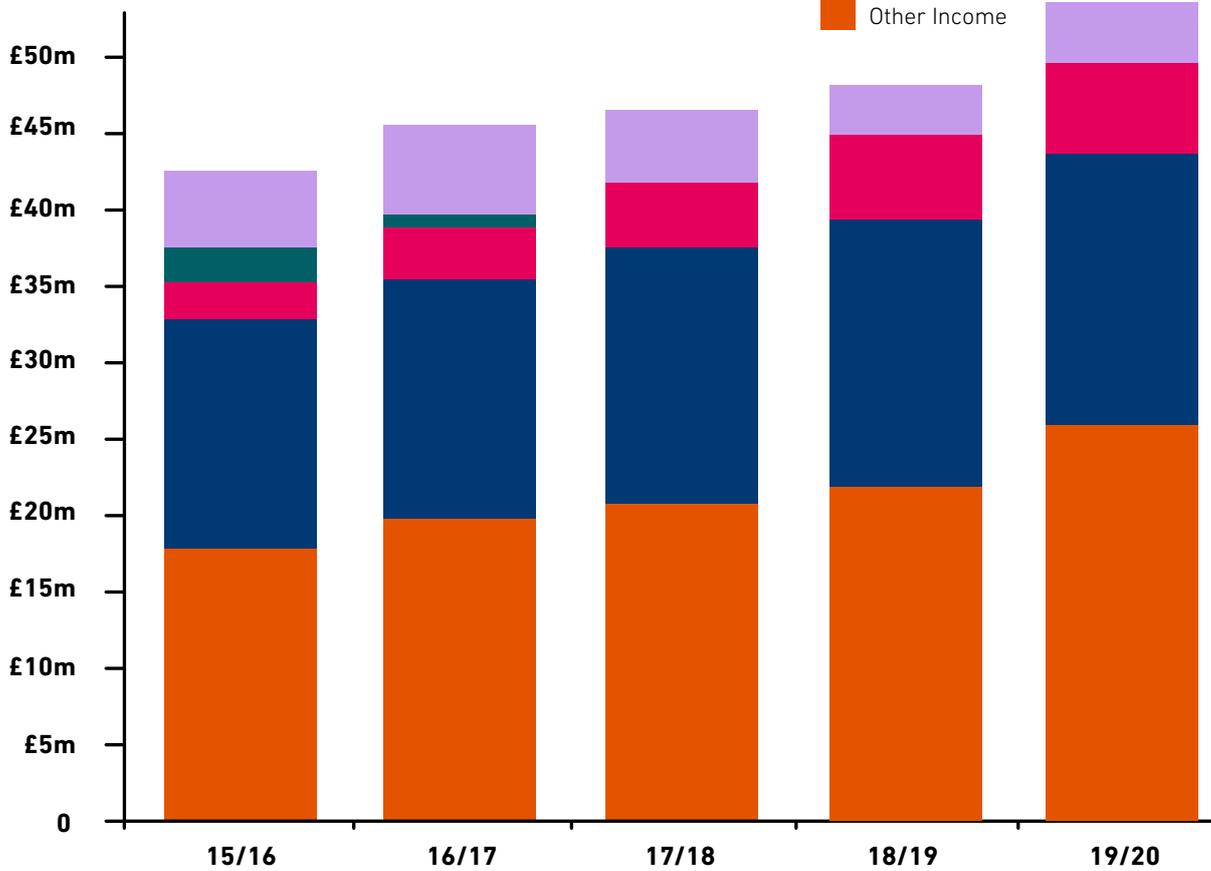
Maidstone Council's financial turnover, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £251 million in 2019/20 (£246 million in 2018/19). The table below shows the flows of income and expenditure.



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.

- Non-ringfenced Government Grants
- Revenue Support Grant
- Business Rates
- Council Tax Income
- Other Income



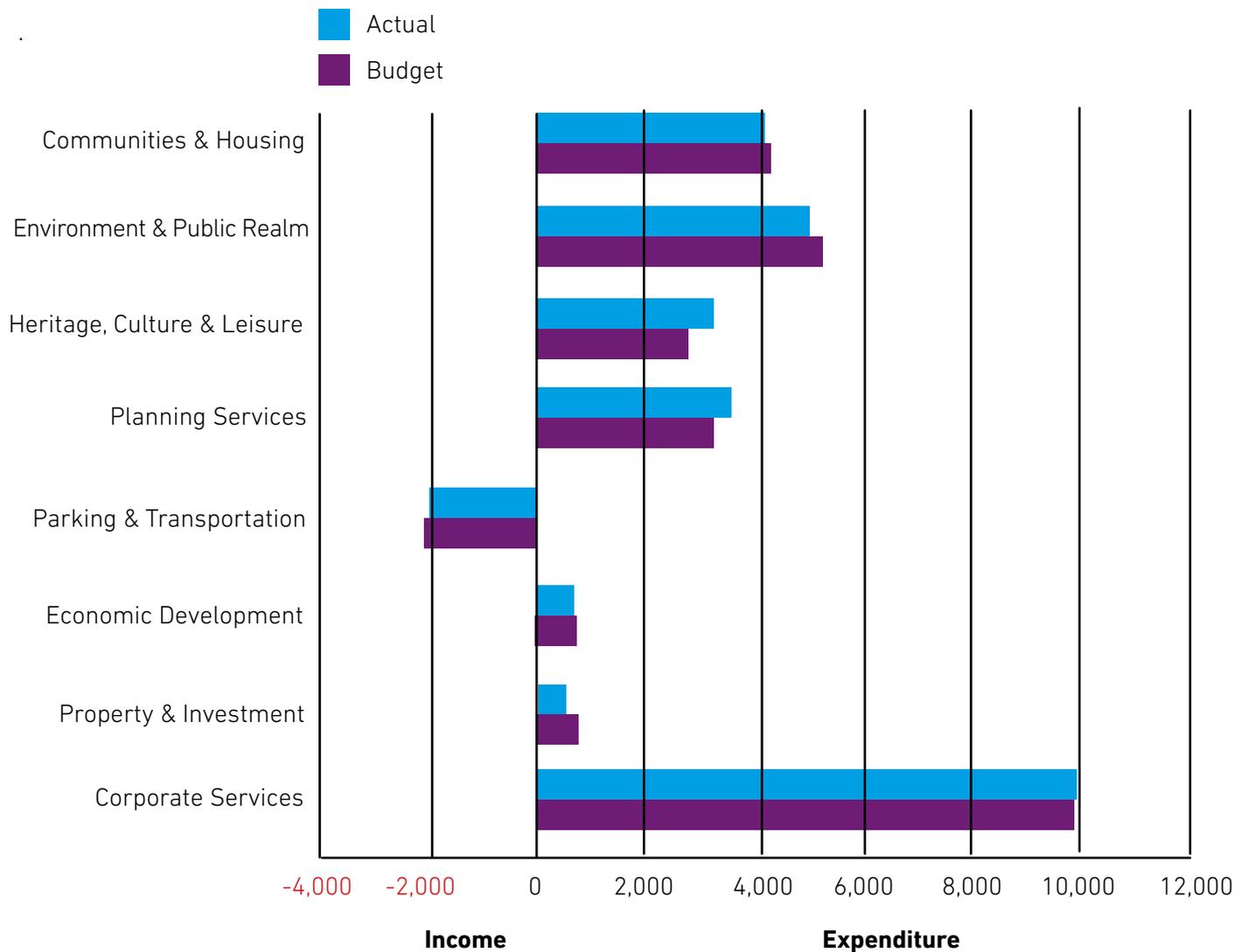
These sources of income are shown in note 11 to the Statement of Accounts, **Taxation & Non-Specific Grant Income**, and in the income totals for the relevant Committee in the **Comprehensive Income and Expenditure Statement**.



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 2019/20. The outturn for the year was an overspend compared with the budget of £237,000 (1.2%).



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 £47.9 million to £62.0 million, mainly because of upward revaluations of the Council's property assets.

2018/19 £000		2019/20 £000
83,038	Property, Plant & Equipment	124,490
10,393	Heritage Assets	10,393
23,014	Investment Properties	23,270
2,647	Other Long Term Assets	715
32,935	Money owed to the Council	31,834
-29,150	Money owed by the Council	-50,946
-74,983	Long Term Liabilities	-77,709
47,894	Net Assets	62,047
15,659	Usable Reserves	17,193
32,235	Unusable Reserves	44,854
47,894	Total Reserves	62,047

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. £3.9 million of New Homes Bonus has been used in this way during the year (18/19 - £4.6 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, £34 million was spent on delivering the projects identified within the Council's capital programme.

These projects included:

- Expenditure on new housing developments at Union Street and Brunswick Street
- Purchase of properties for use as temporary accommodation for homeless people
- Acquisition of long leasehold interest in Lockmeadow Leisure Complex
- Public realm improvements in the Town Centre

The Council has an ambitious capital programme for the coming five years, totalling over £100 million. The largest element in the capital programme is the Council's housing and regeneration 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
	19/20	20/21	21/22	22/23	23/24	24/25	
	£000	£000	£000	£000	£000	£000	£000
Housing Development and Regeneration	5,840	12,022	14,023	12,516	10,680	10,680	59,921
Temporary Accommodation	3,083	2,190					2,190
Disabled Facilities Grants	793	800	800	800	800	800	4,000
Flood Action Plan	0	300	300	300			900
Mote Park Improvements	297	3,650	840				4,490
Town Centre Regeneration	688	40					40
Property Investments	20,281	6,500	3,500	2,500	2,500	2,500	17,500
Kent Medical Campus Innovation Centre	1,535	8,250	1,500				9,750
Infrastructure delivery	0	600	600	600	600	600	3,000
Corporate Property	699	1,430	175	175	175	175	2,130
Biodiversity and Climate Change		1,000					1,000
Mail Bus Station Redevelopment	53	750					750
Section 106 Contributions	0	57	63	480	59	69	728
Other	1,113	676	495	309	270	270	2,020
	34,382	38,265	22,296	17,680	15,084	15,094	108,419

FUTURE PLANS

At the time of publishing the Statement of Accounts, the impact of the Covid-19 pandemic remains very unclear. Whilst the Council is absolutely committed to fulfilling its responsibilities for service delivery and to supporting the community's recovery from the pandemic, the way in which it will do this remains to be determined. The Council's Strategic Plan objectives are currently being reviewed to consider how they might need to be refreshed in light of the pandemic.

The Strategic Plan depends on the Council's five year Medium Term Financial Strategy, which sets out how our strategic priorities will be delivered, given the financial resources available to the Council. The Council's resources are very largely generated locally, with most of its income coming from Council Tax and other local sources, including parking, planning fees and property income. Given the high dependence on self-generated income, which risks being affected adversely by the Covid-19 pandemic, the Council is currently also reviewing the Medium Term Financial Strategy and will modify it as necessary.

The Council's capital programme is intended to support local public services and to help the Council achieve its strategic priorities for the borough. The Council plans to continue investing through the capital programme, to the extent that investments are sustainable in terms of our ability to fund interest payments and ultimately repayment of capital, and provided that resources are available whether through Public Works Loan Board borrowing or other sources of finance.





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	Contraction in retail and leisure sectors	25	20
2=	Resurgence of current Covid-19 pandemic	20	16
2=	Environmental damage	16	16
4	Major emergency with national / international impact	15	15
5=	Financial restrictions	20	12
5=	Poor partner relationships	16	12
5=	IT security failure	12	12
8=	Housing pressures increasing	12	9
8=	Not fulfilling residential property responsibilities	12	9
8=	Short term impacts from end of Brexit transition period	12	9
8=	Building of incomplete communities	9	9
12=	Major project failure	12	8
12=	Governance failures	8	8
14=	Significant contract failure	12	6
14=	Loss of community engagement	12	6
14=	Not fulfilling commercial property responsibilities	8	6
17	Insufficient workforce capacity and skills	4	4

