



NARRATIVE REPORT

2021/2022



Overview

The year ending 31 March 2022 saw Maidstone Borough Council and the community that it serves starting to recover from the Covid-19 pandemic. Central government financial support, which had helped the Council during the pandemic, was reduced, but this was offset by renewed growth in local sources of income such as parking and planning fees. As a result, the Council's financial position remains sound.

Prospects for the future are much more uncertain, with inflation likely to affect the cost of inputs to council services, at the same time as there are constraints on the capacity of the council to recoup these costs, particularly if the government continues to limit the level of Council Tax increases to 2%.

This narrative report summarises the Council's financial position as follows:

- Background information about Maidstone as a place and about the Council
- The Council's corporate strategy and how this is reflected in its financial strategy
- Key achievements and performance over the past year, including a summary of financial performance
- Details of the risks that the Council faces
- Outlook for the future





Key Facts about Maidstone

POPULATION OF MAIDSTONE BOROUGH

2021	175,800
2020	173,100

UNEMPLOYMENT IN BOROUGH

2021	3.6%
2020	3.8%

NUMBER OF ACTIVE BUSINESSES IN THE BOROUGH

2021	7,995
2019	7,650

BUSINESS RATES GENERATED

2021/22	£43.5 million*
2020/21	£31.7 million*

*net of Covid-19 Business Rates relief

WEEKLY PAY FOR A FULL-TIME WORKER

2021	£631.40
2020	£605.50

COUNCIL GROSS REVENUE

2021/22	£105.4 million
2020/21	£103.2 million

COUNCIL REVENUE GENERATED LOCALLY (Excluding Covid-19 Grants)*

2021/22	93.5%
2020/21	91.5%

COUNCIL SURPLUS AGAINST BUDGET

2021/22	2.4%
2020/21	5.7%

COUNCIL INVESTMENT IN LONG TERM ASSETS

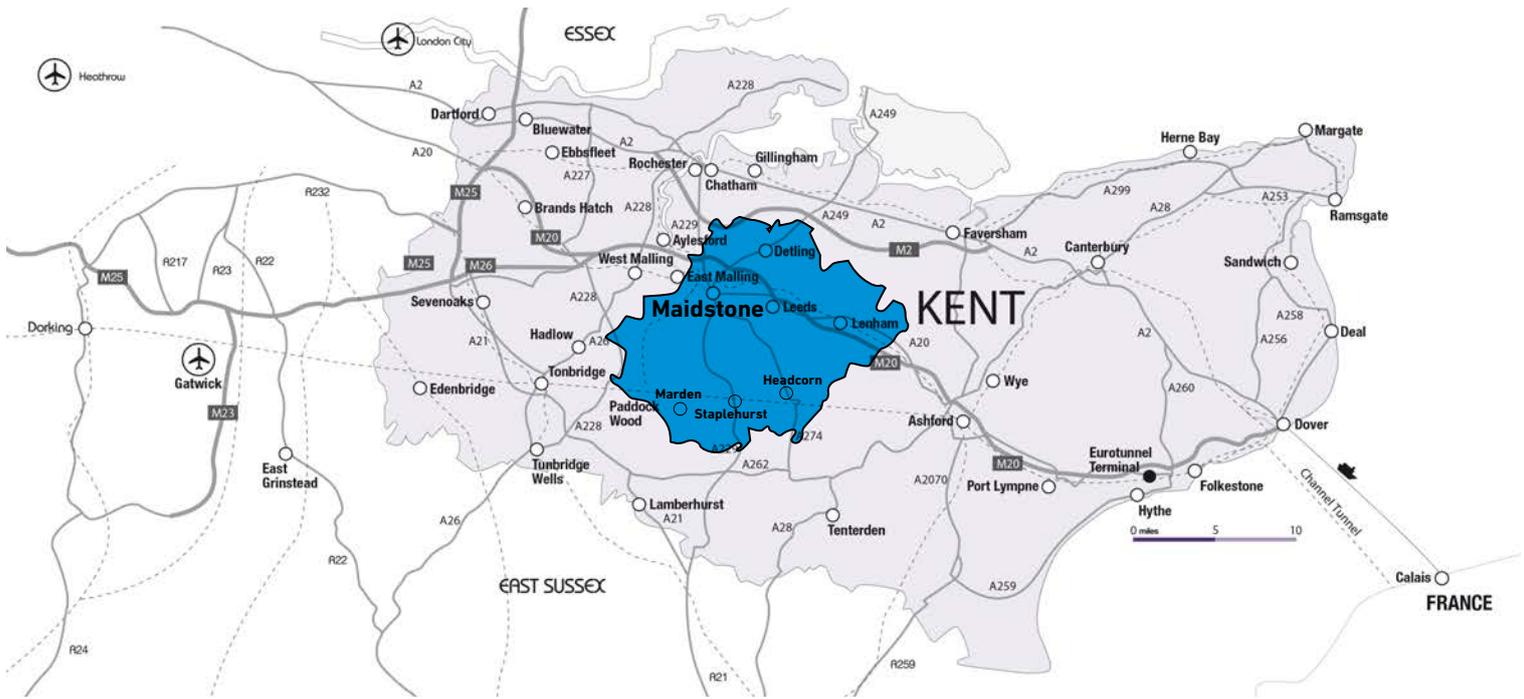
2021/22	£193.7 million
2020/21	£163.5 million

COUNCIL'S USABLE RESERVES (excludes funding of Collection Fund deficit)

2021/22	£25.5 million
2020/21	£21.0 million

* 2014/15 comparator used to indicate position at commencement of current local government funding regime

About Maidstone



Maidstone is the largest borough council district in Kent, with 175,800 residents recorded in the 2021 census. 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 normally help the borough attract around four million visitors each year.



About the Council

The Council is accountable to local residents through its 55 councillors.

Following the latest borough elections in May 2022, the political composition of the Council is:

Conservative	28
Liberal Democrat	12
The Independent Group (including 1 Green Party)	10
Labour	5

The Council operates an Executive system, with decisions being made by seven Executive members, appointed by the Leader of the Council. The Council elects a Leader each year; the current Leader is Councillor David Burton (Conservative).

The day-to-day management of the council and its services is carried out by the Corporate Leadership Team, headed by Alison Broom, Chief Executive.

The Council employed 524 people (485 full time equivalent) at 31 March 2022, 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 and Medium Term Financial Strategy

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 2021/22 against these objectives and key performance indicators are set out in the following section.

The Strategic Plan has been refreshed in light of the Covid-19 pandemic. The overall strategic priorities remain the same, but specific areas of focus for the next five years have been agreed. So far as recovery from Covid-19 is concerned, the Council's approach will be based around four themes: economic recovery, supporting resilience for communities and vulnerable people, adapting the way we work, and financial recovery.

The Strategic Plan is reflected in a five year Medium Term Financial Strategy (MTFS), which is updated on an annual basis. Recognising that there is a high degree of uncertainty about the medium term financial position, the MTFS incorporates various potential scenarios, representing favourable, neutral and adverse sets of circumstances. An annual budget is drawn up and agreed by councillors based on the neutral scenario, but with consideration paid to the appropriate level of reserves to build resilience to accommodate a range of potential scenarios.

In drawing up a budget for 2022/23, the Council anticipated the likely rise in the rate of inflation by setting up an in-year corporate contingency budget of £1.3 million to address the likely impact of inflation rising above the government's target of 2%. Whilst the Council was able to set a balanced budget for the year, including the contingency budget, if inflation remains in excess of the current Council Tax referendum limit of 2%, it will need to make savings to balance the budget in future years.

When setting the budget for 2022/23, the Council set aside £3.2 million of New Homes Bonus receipts as an initial contribution towards the subsidy required for the Affordable Housing programme.

The Council's balance sheet position remains strong, with £9 million of unallocated General Fund reserves at the end of 2021/22.

Key achievements

EMBRACING GROWTH AND ENABLING INFRASTRUCTURE

- **Garden Community**

The Heathlands Garden Community projects has progressed well over the past twelve months, working in partnership with Homes England. As a result of the promotional work undertaken to date, the project now features as a draft “allocation” in the Council’s Local Plan Review, that goes to Examination in Public in the Autumn of 2022. The project therefore remains firmly on track, and will deliver 5,000 homes and 5,000 jobs, with the first houses to be built in the late 2020’s. The collaboration agreement that has been signed with Homes England has been referred to by them as an exemplar model that they intend to roll out with other councils.

- **Innovation Centre**

The Maidstone Innovation Centre completed in November 2021. The building is of the highest design quality, designed by Bond Bryan architects, and achieved an excellent BREEAM rating in terms of its environmental performance. Rydon were the contractor, and the project was part financed through the European Regional Development Fund. Businesses that locate within the Innovation Centre benefit from wraparound business support packages, which are also be available to other businesses operating across the Local Enterprise Region that are also focussed upon the health and med-tech sectors. There is very strong occupier demand for the building, which is ahead of the business plan forecast in terms of lettings.

HOMES AND COMMUNITIES

- **Recovery and Renewal Strategy**

The Council has put in place a Recovery and Renewal Strategy through which it will work with the borough’s communities, the community and voluntary sector, parish councils and anchor institutions to build back better from the Covid-19 pandemic. The strategy focusses on building resilience, avoiding duplication, improving communication and identification of common goals, improving and making best use of our community infrastructure and empowering our communities to help themselves. Key elements of the strategy include a new Town Centre strategy for Maidstone, activities and events to bring visitors and residents back to the Town Centre, a community resilience fund to help the voluntary sector and measures to promote financial inclusion.

- **Trinity Place**

The Council has completed the refurbishment of an existing community asset, Trinity Place, that further supports our housing and homelessness services. This facility was previously used as a Foyer by a local housing association, providing housing and training for young people, but funding for these services had ended and the building was empty and falling into disrepair. The refurbishment has now completed allowing residents to move in from July 2022. It provides 23 self-contained one and two-bedroom apartments and studios and will cost around £1.5m to complete. The Ministry of Housing, Communities & Local Government have supported the MBC project through a Capital and Revenue Grant, with the combined sums being for circa £545k, through their Next Steps Accommodation Programme. Our housing teams will also deliver many of their frontline services directly from the community spaces situated on the ground floor of the building.

- **Completion of Brunswick Street and Union Street housing developments**

The Council completed two high quality housing developments in May 2021, both of which are redevelopments of underutilised town centre car parks. The two schemes provided 94 new homes in total, of which it has retained one third for Private Rented Sector Housing (in its housing company Maidstone Property Holdings Limited), one third for affordable housing that has been acquired by a local housing association partner, and one third of the homes for market sale through a joint venture with the Council’s developer / contractor partner, Purelake. The sales and lettings demand for all the new homes were extremely strong, with residents enjoying features to include high energy efficiency ratings, electric car charging points and balconies.

- **Maidstone Bus Station**

The Council worked closely with the facility owner, Capital & Regional, the bus operators, and Kent County Council, to lead and fund the comprehensive refurbishment of this important sustainable transport asset. The works completed in Autumn 21, at a cost of circa £1.5m, with the user experience having been transformed by this investment.

A THRIVING PLACE

- **Love Food @ Lockmeadow**

The Council has continued to invest in the Lockmeadow leisure complex with the objective of making Maidstone a thriving place. In November 2021, the Council opened Love Food @ Lockmeadow, a food court featuring globally inspired street food from eight independent local food and drink producers including Thai, Jamaican, Asian, vegan, and American.

- **Maidstone House**

In December 2021 the Council acquired a 199 year lease over Maidstone House and the adjoining Link building from Capital & Regional, owners of the Mall shopping centre for £7.1 million. The Council already occupied three floors of Maidstone House based in King Street, and delivered customer services from the Link. The acquisition will allow the Council to reduce its occupancy costs and give it greater flexibility over how it uses the space. Ownership of a key site in the town centre also supports the Council's objective to make Maidstone a thriving place, by giving it the opportunity to invest in Maidstone House and the Link and continue developing the facilities they offer.

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 Thriving Place

Performance Indicator	Service	2021/22 Out-turn	2021/2022 Target	Status	Compared to 2019/20
Customer satisfaction with the Hazlitt	Leisure & Tourism	-	75.00%	-	-
Percentage of vacant retail units in the town centre	Economic Development	18%	20%	✓	↓
Number of visits per month to Visit-Maidstone.com	Economic Development	231,840	137,121	✓	↓
Footfall in the Town Centre	Economic Development	5,024,169	5,848,834.6	⊘	↓
Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS]	Economic Development	5.0%	5.3%	⊘	-
Number of students benefitting from the museums educational service	Leisure & Tourism	60	9,000	⊘	↓
Footfall at the Museum and Visitors Information Centre	Leisure & Tourism	6,825	29,494.2	⊘	↓
Number of users at the Leisure Centre	Leisure & Tourism	101,646	805,257	⊘	↓
Business Rates income from the Town Centre	Economic Development	£23,771,451.95	-	⊘	↑
Total value of business rateable properties	Economic Development	£150,212,625.00	-	⊘	↑

PRIORITY: A Thriving Place

Performance Indicator	Service	2021/22 Out-turn	2021/2022 Target	Status	Compared to 2010/21
Customer satisfaction with the Hazlitt	Leisure & Tourism	100%	75.00%	✓	N/A
Percentage of vacant retail units in the town centre	Economic Development	15.6%	11%	✓	↑
Number of visits per month to Visit-Maidstone.com	Economic Development	411,895	240,000	✓	↑
Footfall in the Town Centre	Economic Development	9,990.725	11,836.415	⬢	↑
Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS]	Economic Development	3.5%	-	⬢	↑
Number of students benefitting from the museums educational service	Leisure & Tourism	8,541	9,000	▲	↑
Footfall at the Museum and Visitors Information Centre	Leisure & Tourism	33,490	29,494.2	✓	↓
Number of users at the Leisure Centre	Leisure & Tourism	275,096	645,890	✓	↓
Business Rates income from the Town Centre	Economic Development	£32,458,692.55	⬢	⬢	↓
Total value of business rateable properties	Economic Development	£149,236,854.00	⬢	⬢	↓

PRIORITY: Clean, Safe and Green

Performance Indicator	Service	2020/21 Out-turn	2020/21 Target	Status	Compared to 2019/20
Percentage of unauthorised encampments on Council owned land removed within 5 working days	Community Protection	100.00%	100.00%	✓	↑
The percentage of relevant land and highways that is assessed as having acceptable levels of litter	Waste Crime Team	97.22%	98.00%	▲	↑
The percentage of relevant land and highways that is assessed as having acceptable levels of detritus	Waste Crime Team	94.43%	95.00%	▲	↓
Percentage of fly tips with evidential value resulting in enforcement action	Waste Crime Team	127.40%	87.00%	✓	↑
Maintenance per Hectare Spent on Parks and open Spaces	Parks & Open Spaces	£6020	⬢	⬢	-
Number of Green Flag Parks	Parks & Open Spaces	4	4	✓	-
Actual Spend of Section 106 money	Parks & Open Spaces	£412,283.00	⬢	⬢	↓
Percentage of household waste sent for reuse, recycling and composting	Waste & Recycling	53.14%	52.00%	✓	↑
Contamination: Tonnage per month rejected	Waste & Recycling	1349.99	1150.00	⬢	↑
Percentage of fly tips assessed within 2 working days	Street Cleansing	83.22%	94.00%	⬢	↓

PRIORITY:

Homes & Communities

Performance Indicator	Service	2021/22 Out-turn	2021/22 Target	Status	Compared to 2020/21
Number of completed housing assistances	Housing & Health	266			
Number of houses of multiple occupation brought to compliance by private rented sector licensing	Housing & Health	44	30		
Number of households living in temporary accommodation last night of the month (NI 156 & SDL 009-00)	Housing & Health	141			
Number of households living in nightly paid temporary accommodation last night of the month	Housing & Health	46			
Number of households housed through the housing register	Housing & Health	713	600		
Percentage of successful Prevention Duty outcomes	Housing & Health	75.06%	60.00%		
Number of households prevented or relieved from becoming homeless	Housing & Health	492	450		
Percentage of successful Relief Duty outcomes	Housing & Health	47.61%	60.00%		
Percentage of gas safety certificates in place on all residential properties	Housing & Health	99.64%	100.00%		
Percentage of all electrical safety certificates on all residential properties	Housing & Health	100.00%	100.00%		
Percentage of high priority fire safety certificates on all residential properties	Housing & Health	100.00%	100.00%		
Percentage spend and allocation of Disabled Facilities Grant Budget (YTD)	Housing & Health	97.20%	75.00%		

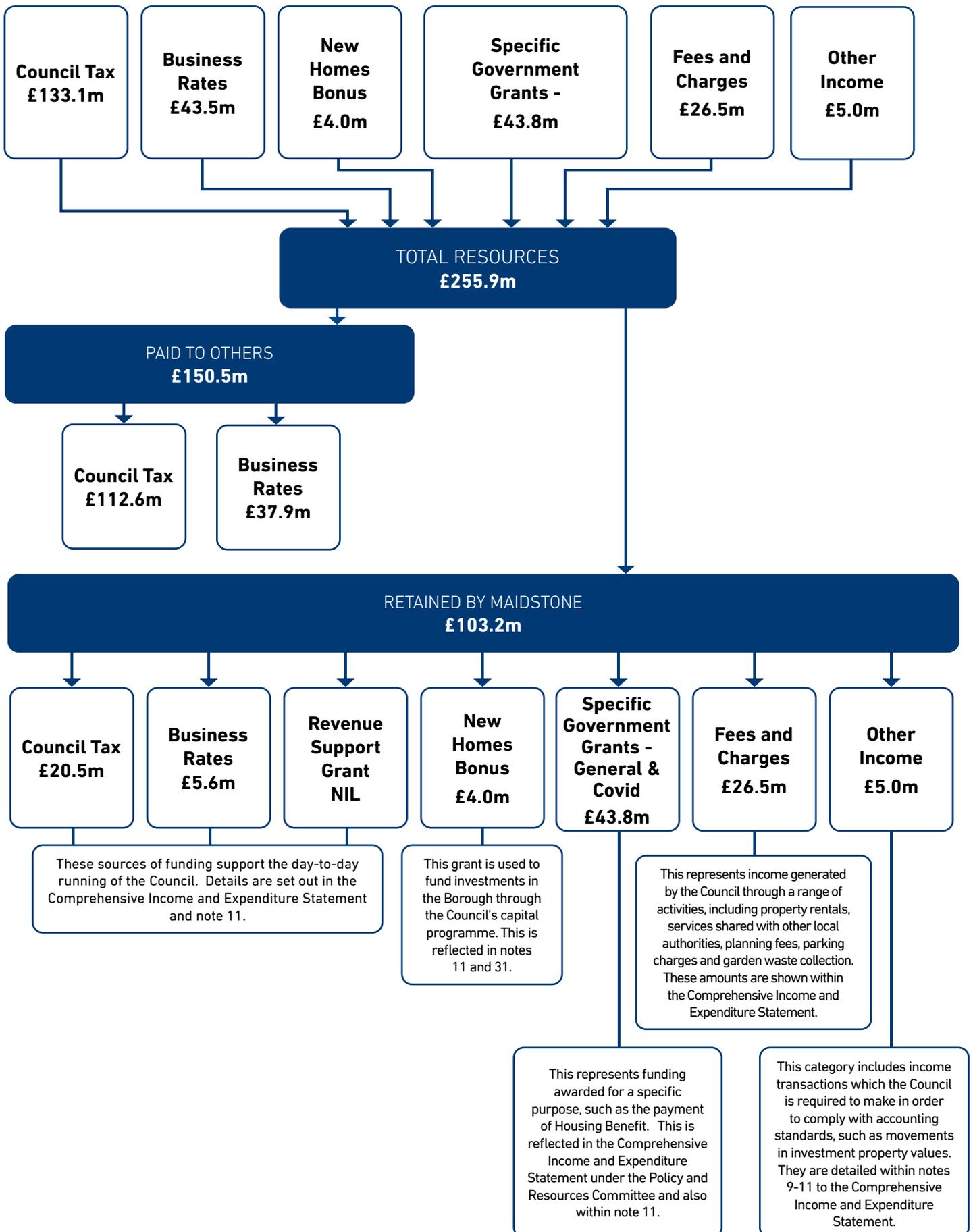
PRIORITY:

Embracing Growth & Enabling Infrastructure

Performance Indicator	Service	2020/21 Out-turn	2020/21 Target	Status	Compared to 2019/20
Percentage of priority 1 enforcement cases dealt with in time	Development Management	100.00%	95.00%		
Percentage of Priority 2 enforcement cases dealt with in time	Development Management	85.85%	90.00%		
Number of enforcement complaints received	Development Management	525			
Open planning enforcement cases (as of start of March 2021)	Development Management	378			
Processing of planning applications: Major applications (NI 157a)	Development Management	90.00%	90.00%		
Processing of planning applications: Minor applications (NI 157b)	Development Management	96.13%	95.00%		
Processing of planning applications: Other applications (NI 157c)	Development Management	99.45%	98.00%		
Number of affordable homes delivered (Gross)	Economic Development	390	180		
Affordable homes as a percentage of all new homes	Economic Development	Data not yet available			
Net additional homes provided (NI 154)	Development Management				

Financial Performance

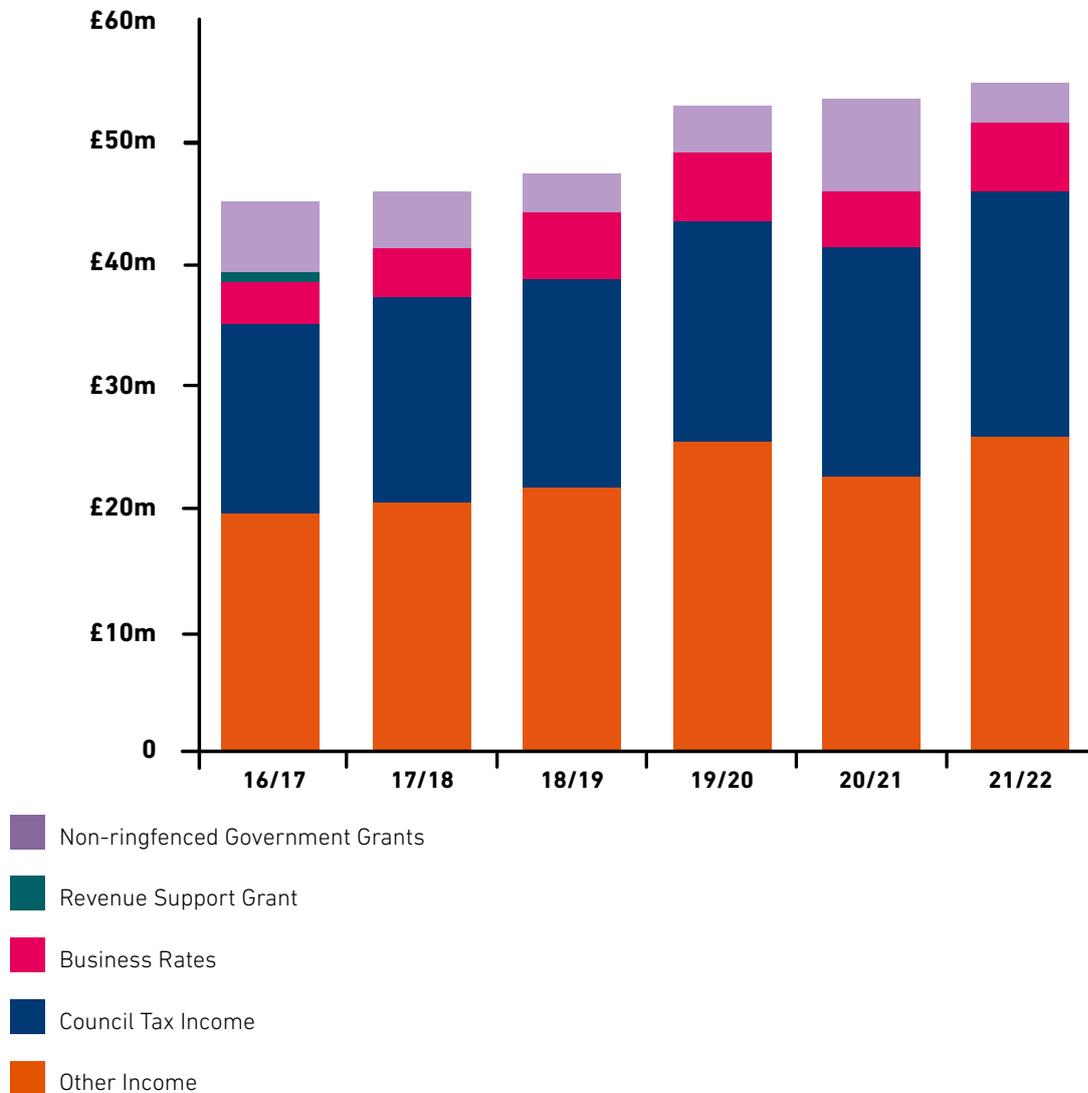
Maidstone Council's financial turnover, including Council Tax and Business Rates collected on behalf of other local authorities and government, amounted to £XXX million in 2021/22 (£234 million in 2020/21). The table below shows the flows of income and expenditure.



Expenditure

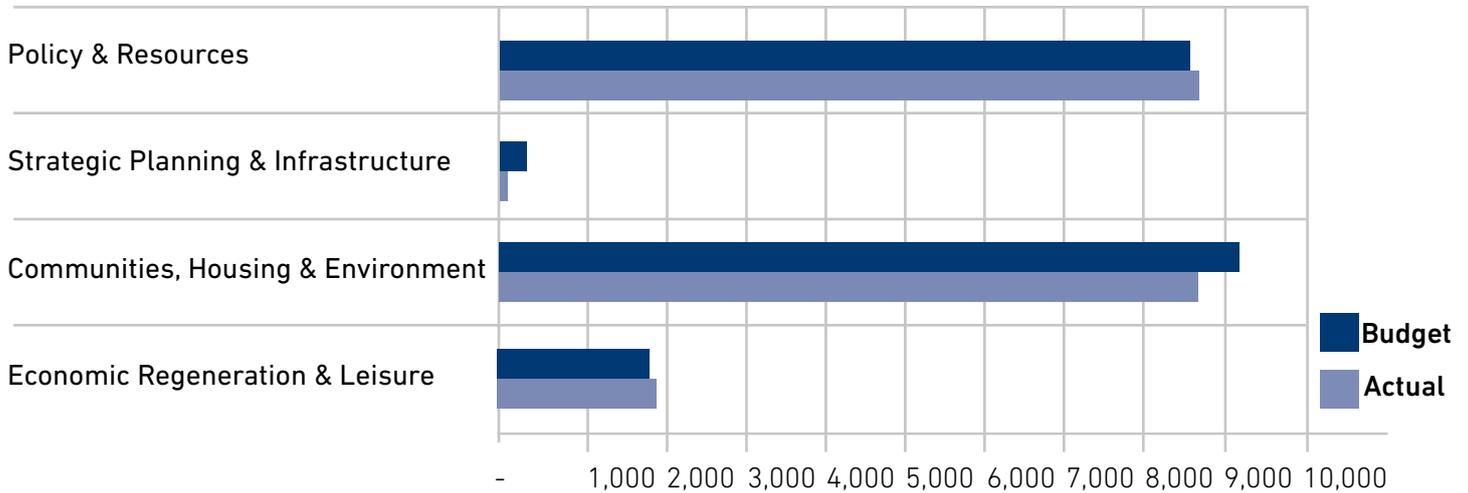
Income retained by Maidstone is used to meet its statutory obligations - delivering services like refuse collection, and making transfer payments such as housing benefit – and to meet our strategic priorities.

Compared with 2020/21, income has recovered strongly from the Covid-19 pandemic, offsetting the reduction in non-ringfenced Government Grants that helped to bridge the gap between income and expenditure when the pandemic was its height.



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**. The above figures do not include money received from central government that the council distributes purely as an agent, eg energy rebates.

The table below compares income and expenditure with budget, and shows how a better than budget performance in services like Parking and Planning (which form part of Strategic Planning and Infrastructure) and Garden Waste (part of Communities, Housing and Environment), which generate external income, has led to an overall budget surplus for the year.



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 £46.5 million to £70.4 million, mainly because of upward revaluations of the Council's property assets.

2020/21 £000		2021/22 £000
125,671	Property, Plant & Equipment	137,490
23,270	Investment Properties	41,356
10,433	Heritage Assets	10,433
2,959	Other Long Term Assets	4,378
35,849	Money owed to the Council	50,964
-57,257	Money owed by the Council	-76,328
-96,857	Long Term Liabilities	-97,854
46,495	Net Assets	70,437
33,691	Usable Reserves	34,146
12,804	Unusable Reserves	36,291
46,495	Total Reserves	70,437

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.

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

Capital investment during the year was less than planned, with the most important factor being the scarcity of property buying opportunities at reasonable valuations meant that we were unable to add significantly to our portfolio of temporary accommodation. £XX million was spent during the year on delivering 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
- Construction of an Innovation Centre for growing businesses in the life science, healthcare and med-tech sectors
- Reinforcement of Mote Park Lake dam to reduce risk of flooding downstream

The Council has an ambitious capital programme for the coming five years, totalling £230 million. The largest element in the capital programme is the Council's Affordable Housing programme, which aims to provide 1,000 homes over the next 10 years.

	22/23	23/24	24/25	26/27	24/25	Total
	£M	£M	£M	£M	£M	£M
Affordable Housing	6.2	11.4	28.4	28.4	39.8	114.2
PRS	2.3	4.6	11.6	11.6	16.2	46.3
Market Sale	0.5	5.7	5.7	5.2	5.2	22.3
Market Sale - receipts			-1.9	-12.4	-12.4	-26.7
Leisure provision	0.1	0.1	0.5	14.3	15.0	30.0
Corporate property acquns	2.5	2.5	2.5	2.5	2.5	12.5
Infrastructure delivery	1.0	1.0	1.0	1.0	1.0	5.0
Biodiversity & climate change	1.4	0.0	0.5	0.5	0.5	2.9
Other	13.5	5.8	3.1	2.5	2.1	27.0
	27.5	31.1	51.4	53.6	69.9	233.5



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 the Council has assessed as being the key corporate risks.

No	Corporate risk	Feb-22	Jun-22	
		Current Risk	Current Risk	Mitigated Risk
1	Contraction in retail sector	25	25	20
2	Financial Uncertainty	20	25	16
3	Construction Costs / Insolvency	20	20	16
4	Environmental damage	16	16	16
5	Housing pressures increasing	16	16	12
6	Major unforeseen emergency	15	15	12
7	IT network failure	12	12	9
8	Not fulfilling residential property responsibilities	12	12	9
9	Major contractor failure	12	12	12
10	Governance changes	12	12	6
	Covid-19: Restrictions to Council operations	12	Removed	
11	Ability to access / leverage new funding	9	9	9
12	Reduced effectiveness of relationships with strategic partners	9	9	9
13	Resilience of the voluntary & community sector	9	9	6
14	Loss of workforce cohesion and talent	9	12	9
	Covid-19: Community & business recovery	8	Removed	



FUTURE PLANS

The focus of the Council will continue to be on delivering its four key strategic priorities:

- Embracing Growth and Enabling Infrastructure
- Homes and Communities
- A Thriving Place
- Safe, Clean and Green.

This will have to be balanced against the financial challenges that may arise from continuing high levels of inflation and a potential downturn in the economy. Whilst the Council is largely self-sufficient financially, drawing most of its income from Council Tax and a range of other locally generated sources of income, including Parking, Planning Fees and the Council's property portfolio, it operates within the local authority funding framework set by central government. The most significant element of this is the restriction set by central government on the amount by which Council Tax can be increased. If this remains at 2%, at a time when input prices are likely to be increasing at a much higher rate, this will pose significant challenges.

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, so long as investment opportunities demonstrate a return that allows interest payments and ultimately repayment of capital to be funded. The capital programme is largely funded through external sources, so it depends on the availability of funding, whether through Public Works Loan Board borrowing or other sources of finance. The Council has locked in £80 million of future borrowing, to be drawn down between 2024 to 2026, in order to mitigate the funding risk.



MEADOW
ENTERTAINMENT • LEISURE