

APPENDIX A

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 08 July 2009

BUDGET STRATEGY 2010/11 ONWARDS

Issue for Decision

To consider the strategic budget issues for 2010/11 onwards including the revenue and capital spending programme and to give any early view on the level of Council Tax increase.

Decision Made

1. That the current Medium Term Financial strategy as set out in Appendix B of the report of Management Team be noted and that it be updated in line with best practice to integrate service and financial planning for the next 3 year planning period.
2. That the levels of council tax set out in Appendix F of the report of Management Team be used for budget planning purposes but the final council tax level will be set as low as possible.
3. That the "Most Likely" scenario set out in Appendix F of the report of Management Team forms the basis of the need to identify savings of £1.4 million in 2010/11 and that officers work with Cabinet Members to present proposals for savings at the December Cabinet meeting.
4. That the current Capital Programme be noted.
5. That the use of public consultation to inform the budget strategy be supported and that officers bring a report setting out the most effective consultation methods to the next Cabinet meeting.
6. That the timetable for the 2010/11 Budget Strategy, as set out below, be approved.

Reasons for Decision

Background

This Authority has, for many years, adopted best practice and has considered strategic budget issues at this stage in the municipal year. This allows for the early consideration of key issues, with a view to setting a balanced budget for the following financial year at the Council meeting

in February 2010.

The budget strategy needs to be considered in the context of the strategic plan and the resources necessary to deliver the key priorities identified therein. Although the correct context is with the strategic plan for 2010 - 2013, this will not be considered by Cabinet until later in the year, at which time this budget strategy will be aligned with the priorities it will contain. The strategic plan 2009 - 2013 contains five priority themes for which major elements of this budget strategy provide support and any necessary growth. The five priority themes are:

- A place to achieve, prosper and thrive
- A place that is clean and green
- A place that has strong, healthy and safe communities
- A place to live and enjoy
- A place with efficient and effective public services

Appendix A of the report of Management Team is the budget summary for 2009/10 which was agreed by Council in February in 2009. This was developed in the context of the Strategic Plan 2009-2012.

The outturn position for 2008/09 was reported to the Cabinet meetings in May and June 2009. Those reports identified a global issue in relation to income generation due to the economic climate for 2008/09. The 2009/10 budget strategy process identified resources to support income generation during 2009/10 which will naturally carry forward into the 2010/11 base position. Income generation remains a key issue for monitoring during 2009/10 and any significant consequences will be included in quarterly budget monitoring reports to Cabinet during the year.

For further background information, the following is also attached to the report of Management Team.

- a) The currently agreed Medium Term Financial Strategy is set out at Appendix B;
- b) The current statement of balances projected to 2010 is detailed in Appendix C, this takes into account the final outturn position for 2008/09 as previously reported;
- c) The current capital programme is set out at Appendix D as amended to reflect Cabinet's decision on Growth Point funding in May 2009;
- d) The current projection for the use of Capital Receipts is set out in Appendix E;

Strategic Projections

The strategic projection is a financial model used annually by Cabinet to concisely project the effect of major local and national priorities on the future financial circumstances of the Council. In the past Cabinet has used a document that models the most likely outcome, amending and updating

the document as knowledge of the internal and external environment changes. Current best practice suggests that the strategic projection should be a scenario planning tool and that a number of models ranging from a best-case, to a worse case should be developed and used.

Officers developed three alternative models best, worst, and most likely cases, for Cabinet to consider. All three alternatives include a number of assumed factors such as inflation rates, capital expenditure levels and resources available to finance that expenditure, government actions in relation to general grant levels and the council tax increase for each year. The models will be maintained and amended as more accurate information becomes available during the year. Cabinet decided the factors that form the scenario that they wish to adopt. Future reports will now focus on the chosen scenario, providing details of the others as background information.

The models are attached as Appendix F of the report of Management Team and are based on a series of financial assumptions. As the assumptions have been compiled separately for each of the three scenarios the most appropriate way to display the necessary information is in a matrix which is given in Appendix G of the report of Management Team. In addition, the following general assumptions have been made:

- a) With regard to the medium term, no assessment has been included in any scenario for the potential impact of government changes to local government finance following the Lyons review;
- b) It is assumed that members will continue with the previous policy on balances i.e. to maintain levels of uncommitted balances of at least 10% of net revenue spend. As a result of the current level of balances as set out in Appendix C it is assumed that no contribution to balances for 2010/11 onwards will be required;

Appendix F of the report of Management Team shows that, based upon the assumptions detailed, a significant level of saving will be required to insure the provision of a balanced budget without the threat of council tax capping. The level of saving for each year, and for each of the three scenarios, is shown in the table below.

Year	Best Case Scenario	Most Likely Scenario	Worst Case Scenario
2010/11	1,366	1,921	2,853
2011/12	422	864	1,489
2012/13	116	509	1,035
2013/14	10	379	509
2014/15	142	268	670

The annual savings figure is based on the assumption that savings required for each of the previous years have been achieved in the base budget and not from use of balances.

At this early stage in the budget cycle the strategic projection, and therefore the level of savings required, will inevitably move according to changing requirements in council priorities, external factors and the progressive development of more accurate information with regard to the above assumptions.

It was noted that the strategic projection is intended to include the necessary resources to fulfil all developing partnerships and strategies. Any necessary changes to the strategic projection will be reflected in future budgets strategy reports.

Key Risks

In developing the budget strategy over the following months a number of key risks must be addressed. These risks are identified in the strategic projections but constitute key risks for the council financial stability and are significant enough to be brought to the Cabinets attention individually.

The national concessionary fares scheme has badly affected this Authority. From April 2011 the Government may transfer the service to the county council and officers believe there is a high risk of significant cost increases in the final year along with potential transfer costs in 2011/12. The council has been notified of a potential claim for adjudication by one of the major bus operators in the Maidstone area. Were this adjudication claim to be successful, at a level similar to the claim affecting East Kent during 2008/09, the cost to the Council could be £0.4 million. The opinion of the Council's consultant is that there is currently opportunity to partially mitigate this risk through negotiation with the bus operator.

The capital programme, as agreed at Cabinet in May 2009, is funded in its entirety from capital grants, revenue funding and capital receipts in 2010/11. As previously reported to Cabinet, over the forthcoming three financial years, assumed capital receipts and grants in excess of £7 million are included in the financial projections. There remains a significant risk, in the current economic climate, that these capital receipts will not be delivered in the short term and the council may need to borrow to finance its capital programme and insure the achievement of its strategic objectives.

The Homes and Communities Agency (HCA) has indicated in discussions with officers that the resources that have been utilised for grant aid since the Governments recent actions to reinvigorate the housing market are depleting. This means that a future shortage of resource is looming. Although the Council has been very successful at levering additional resources from the HCA in 2008/09 and 2009/10 it is probable that the future shortage of resources will have a significant effect on the Council's programme of support for RSL's.

For the last four years the Council has received Strategic Housing grant aid from the Government. This has been utilised, through programmes such as the rent deposit scheme, to support persons who would otherwise become homeless. The Department for Communities and Local Government has suggested that this grant may be terminated in the near future and Cabinet may wish to consider the benefit of maintaining the scheme against the risk of additional costs of housing homeless families.

Throughout 2008/09 Cabinet received quarterly budget monitoring reports which identified a significant shortfall in income generated throughout the Council's services. Cabinet, and service management, took action to contain the effect of this shortfall which was £1.5 million in the full year. A significant risk was identified in the 2009/10 budget strategy process relating to the continuance of this income shortfall into the current financial year and to mitigate this Cabinet included £0.5 million in budget strategy growth to contain that possibility in the current financial year. The first Budget Monitoring Report for 2009/10 will be completed in time for the August Cabinet and current indications suggest that there continues to be a significant level of shortfall in income generation in many services that have incurred shortfalls in 2008/09 such as development control, commercial rents and park and ride. A number of the actions taken to control this in both 2008/09 and 2009/10 have yet to be seen to take full effect and an analysis will be contained in the quarterly report to the next Cabinet. The strategic projection for the previous budget cycle included an assumption that £0.2m would be necessary in 2010/11 and at present it is proposed to maintain this level of additional provision.

Current economic conditions suggest continued problems although the future predictions are less reserved than they have been, suggesting stability or slight improvement.

- a) From March 2009 through to the current monthly figures, RPI has seen a year on year decrease; current figures for May 2009 are -1.1%. CPI inflation is 2.2% and the current prediction is for inflation to remain stable or slightly increase.
- b) Interest rates are likely to increase slightly throughout the year, from a current average of around 1.5%. This will not be as critical to the Council's financial position as the maturity of its longer term high rate investments and the reduction in balances available for investment.
- c) If, as predicted, economic growth shows an increase over the current year, there will be an increasing benefit to income generating services. At this point in the budget strategy process it would be prudent to maintain the current provisions against income shortfall.

Key Opportunities

The Council has a track record of successfully addressing key risks in the budget and it has a balanced budget for 2009/10 that is based on a sound budget strategy without the use of balances to fund current service costs.

In addition the delivery of value for money is embedded in Council decision making through a number of strands of activity such as business transformation, invest to save funding, robust procurement, regular benchmarking, performance measurement and joint working.

The strategic projections at Appendix F of the report of Management Team consider the current level of service and areas of growth identifying the maximum savings requirement in each year. The revenue resources currently available to the Council include a number of items available to Cabinet to reduce this growth. At present these items are not included in any model given at Appendix F of the report of Management Team.

- a) In 2009/10 the budget strategy provided for a 2.5% increase in inflation. The agreed pay rise for the current year was 1% which means a balance exists within the 2009/10 budget and therefore in the balance brought forward into the current strategic projections. This figure approximates to £0.24m and can be utilised to directly reduce the level of saving required in 2010/11
- b) The Chief Executive's review of structure, completed between February 2009 and May 2009, occurred in two stages. The second stage created a saving of £0.1m. This saving has been utilised in 2009/10 to cover the cost of the restructure but will be available from 2010/11 to directly reduce the level of saving required.
- c) Previous years strategic projections have included an assumption of achieving £0.4m in efficiency savings. This year it is proposed to set this target more generally, requiring feedback from budget managers to identify efficiency first. However in previous years zero inflation on non-contractual items has formed part of the efficiency saving. This would generate approximately £0.1m that would directly reduce the level of saving required.
- d) Appendix C of the report of Management Team details the projected level of balances which, at £3.1m at the beginning of 2010/11, is above the minimum level of working balances agreed by Cabinet. This level is 10% of net revenue expenditure and would be £2.3m for 2010/11. This resource could be utilised to cover the cost of short term growth items such as concessionary fares if the transfer to the County Council occurs as expected. Alternatively it could remain in balances until performance against income targets for 2009/10 can be better assessed.

Capital Programme

At the May 2009 meeting Cabinet agreed proposals for the use of growth point funding. The report and decision included other revisions to the Capital Programme to match Cabinets key priorities. The programme agreed at that meeting is set out in Appendix D of the report of Management Team. This programme currently offers the best options for achieving Cabinet's key priorities, given current information relating to resources available to fund the programme.

The Cabinet decision in May 2009 incorporated consideration of the utilisations of capital receipts. The detail of this is set out in Appendix E of the report of Management Team. The programme is reliant upon the future sale of surplus assets and the receipt of grant and external funding in excess of £7m.

The approved capital programme given in Appendix D of the report of Management Team assumes a need to borrow in 2011/12 to complete the programme. In order to facilitate this possibility the prudential indicators that form part of the current treasury management strategy included potential to borrow up to £4m. The strategic projections at Appendix F of the report of Management Team consider differing levels of use with the most likely scenario incorporating borrowing of £2m in 2009/10.

These issues will be carefully monitored throughout 2009/10 and developments will be reported to Cabinet as part of the quarterly budget monitoring reports.

Consultation

Previous Cabinets have felt it best practice to consult the public on budget options during the autumn period. This has taken a variety of forms over previous years. Budget Consultation is an essential element of the overall Corporate Governance arrangements of the Council and is also an important element in the External Auditors assessment of the Authority's Use of Resources arrangements.

In recent years the methods used for consultation have included focus groups for stakeholders including businesses, staff and young people, road shows and Borough Update surveys with incentives. Budget consultation occurring through the website is achieved through a budget simulator. This allows the public to identify preferences for service savings and service development with the objective of setting a Council Tax increase that they consider satisfactory. In previous years the results of the simulator have closely matched the priorities of the Council and the results of other consultations. This fact and the fact that over 700 responses have been received suggest that this consultation has been successful. The results of the exercise are reported to Cabinet and in the past have validated decisions taken as part of the budget strategy process.

The various consultation exercises have been combined with a general information programme to help the public understand the cost of Borough Council's services.

In view of the increased importance of LAA2, and the LSP, it will also be appropriate for the Cabinet to consider a consultation exercise with the Authority's partners and to seek those partners to consult the Council in their budget proposals.

Previous experience of consultation has demonstrated that early identification of the focus of the consultation and advance preparation produce a more effective result. Cabinet will need to consider, at this

stage, the focus of the Consultation which could follow previous years and cover a broad range of services at a high level in order to match results to Council priorities. Alternatively Cabinet may wish to focus on an issue or range of services, for example discretionary spend areas identified by successive Cabinets through the service priority matrix. Cabinet agreed that officers should bring a report to the next Cabinet meeting outlining the consultation options.

Time Table

Cabinet considered the timetable for their consideration of the Budget Strategy. The updated timetable given below has enabled previous Cabinets to achieve full consideration of all issues in a timely manner.

Action	Date
Initial consideration by cabinet, including reference to Corporate Services Overview and Scrutiny Committee	8 th July 2009
Consideration by Corporate Services Overview and Scrutiny Committee	4 th August 2009
Detailed Consideration by Cabinet Members of budgets, savings options, service enhancements and fees and charges	September to October 2009
Public Consultation	September to November 2009
Cabinet review of budget strategy including reference to Corporate Service Overview and Scrutiny Committee. Data updated by previous activity and external factors	9 th December 2009
Consideration by Corporate Services Overview and Scrutiny Committee	12 th January 2010
Reference back to Cabinet from Corporate Services Overview and Scrutiny Committee	13 th January 2010
Approval by Cabinet Members	January to February 2010
Approval by Cabinet and reference to Council	10 th February 2010
Approval by Council and setting of Council Tax	3 rd March 2010

Conclusions

This first budget strategy report for 2010/11 onwards commences from a strong base of a balanced budget for 2009/10. In addition regular monitoring throughout 2008/09 has provided information about key risks to the budget. These key risks have been identified, along with known opportunities, and form part of the strategic projection.

The strategic projection has been presented as three models. The most likely case model contains the current assessment of internal and external financial factors by officers. It should be noted that the scenarios offer a varied level of Council Tax increases set at levels that avoid the threat of council tax capping and that the scenarios could change over the course of the year.

In view of the detailed analysis of the risks it is prudent at this stage to identify savings of approximately £1.9m. This can be offset by the available opportunities identified. This would require setting a target for savings, including the efficiency target, of £1.4m.

The capital programme has been recently reviewed and the current format was approved by Cabinet in May 2009. At this stage the most appropriate action is continued monitoring in relation to slippage in the scheme and its funding.

Alternatives considered and why rejected

An alternative course of action would be for Cabinet not to consider the initial Budget Strategy at this stage and to defer to consideration of the issues to a later time in the financial year. However, based on practical experience of previous financial years, both Members and officers have generally agreed that an early consideration of budget issues is beneficial in terms of forward planning. The flexibility of amending the Strategy as the year progresses has been acknowledged as an efficient method of delivery of a Strategy at the end of the timetable.

With reference to the specific issues and assumptions, it is inevitable that Cabinet needed to take a view on these and assess, at this early stage, the impact in future years. It was the purpose of the report of Management Team to initiate discussion and to facilitate the opportunity for Members to raise issues and to include other issues in their initial projection. Regular updates will be presented to future meetings of the Cabinet to reflect decisions taken here and at future meetings.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Scrutiny Manager by: **17 July 2009**

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 08 July 2009

AFFORDABLE HOUSING CAPITAL EXPENDITURE

Issue for Decision

To consider a capital allocation of £2.7m that will deliver a range of high-quality new affordable homes across the borough in partnership with various housing associations, as part of the council's capital budget strategy for 2009/10 to 2011/12 and to note that confirmation of the level of HCA funding is still outstanding and once known may require a revision of the recommended allocations.

Decision Made

That an allocation of £2.7m towards the cost of proposed schemes (as outlined in the Part II appendix of the report of Corporate Management Team) in order to provide a range of new, high quality affordable housing schemes across the borough, in partnership with various housing associations until 2011/12, subject to the relevant planning permission being granted (where applicable), be agreed.

Reasons for Decision

The council has identified high levels of housing need both through its Housing Needs Survey 2005, which identified an annual affordable housing shortfall of 962 units, and from 3,161 applicants on the housing register as at 23rd June 2009. In order to meet this need in part the council agreed through its Housing Strategy and as a key priority, to enable the delivery of decent, good quality housing that people can afford.

On 21 May 2009, Cabinet reviewed proposals to determine the level and distribution of capital resources required for the delivery of the council's contribution to the Maidstone Sustainable Communities Strategy (SCS), delivery of the council's Strategic Plan and operational business requirements for the period 2009-10 to 2011/12.

Cabinet agreed the allocation of £6.3m capital resources for housing for the period 2009-10 to 2011-12. The report of Corporate Management Team provided an update on those capital resources and proposed a number of new affordable housing schemes for investment, in order to allocate some of the uncommitted funds. This also helps to shape the programme for delivery during the period 2009-10 to 2011-12.

A total of 8 schemes have been identified which are considered the most deliverable at this stage. The housing associations are seeking a contribution from the council in order to make the proposed schemes viable. There are 5 schemes which are forecast to start on site by the end of 2009-10, with the remaining 3 schemes forecast to start on site early 2010-11. Further details regarding each specific new scheme proposal are provided below.

The existing committed schemes and new scheme proposals, result in a total expenditure of £5.7m leaving £600k uncommitted within the programme. There are other planned schemes under negotiation at present, most notably with Maidstone Housing Trust (MHT), which might require further investment from the council.

There is an urgency to secure funds against schemes due to increasingly limited funds available from the Homes and Communities Agency (HCA) for 2009/10 and 2010/11. Confirmation of allocations available from the council will give the housing associations the assurance they seek to be able to progress with their schemes, and enable them to submit bids to the HCA for approval in a timely fashion.

Bowling Green, Parkwood (18 units)

The scheme has full planning consent for 18 bungalows (10 two-beds and 8 one-beds) on the former bowling green site at Parkwood. All of the properties will be available for social rent. MHT are proposing to start on site in September 2009, in anticipation of the completion of the land transfer with the council.

Armstrong Road & Park and Ride Site (95 units + 35 units)

The growth point site at Armstrong Road has full planning consent for 85 residential dwellings. MHT, in anticipation of the completion of the land transfer with the council, are proposing to submit a new planning application they have been discussing with planning for a revised scheme of 95 units, consisting of 46 two-bed flats, 30 three-bed houses and 19 two bed houses. Start on site (subject to planning consent) is forecast for January 2010.

The former Park and Ride site links into the overall regeneration growth point proposals for Armstrong Road. MHT are proposing to deliver 35 units on this site, comprising 8 two-bed houses, 15 three-bed houses, 9 two-bed flats and 3 three-bed houses. Start on site (subject to planning consent) is forecast for September 2010.

Land to the Rear of Maidstone Fire Station, Loose Road (49 units)

Full planning consent has been granted for the residential development of 122 dwellings on land to the rear of Maidstone Fire Station, Loose Road. The development comprises public open space, car parking and associated works, including minimum provision for 40% affordable housing (49 units).

The s106 agreement has already been completed and Circle Anglia will be providing the affordable housing as a result of successful negotiations with the developers (Taylor-Wimpey). The minimum s106 affordable element consists of mixed tenure with 60% (30 units) for *social* rent comprising 16 three-bed houses and 14 two-bed flats, and the remaining 40% (19 units) for intermediate housing such as discounted market rent and/or shared ownership, comprising 10 three-bed houses, 8 two-bed flats and 1 one-bed flat.

Ashford Drive, Broomfield and Kingswood – Rural Local Needs Housing (18 units)

Broomfield and Kingswood parish council requested Action with Communities in Rural Kent to undertake a Register of Interest survey during January 2007, to update the findings of the previous housing needs survey carried out in June 2004.

The January 2007 survey identified that need has almost doubled with 41 households with a local connection in need of affordable housing. A local needs housing scheme of up to 23 properties was therefore recommended to meet the existing and future needs of people with a local connection to Broomfield and Kingswood wishing to remain in or return to the parish.

Orbit Housing Group has been selected as the RSL partner for this project, and after an extensive feasibility study of suitable and available land, and consultation with the parish council and planners, a suitable site has been identified which the landowner is willing to make available on Ashford Drive.

Plans for a scheme of 18 units have been drawn up in accordance with the housing needs survey consisting of 10 units for social rent (4 one-bed flats, 4 two-bed houses, 1 three-bed house, 1 four-bed house) and 8 units for shared ownership (2 one-bed flats, 4 two-bed houses, 2 three-bed houses). A detailed application was submitted along with supporting documentation in December 2008. The proposals have received approval from the parish council and 'in-principle' approval from planning services, subject to further information being provided to enable the application to be determined.

South Street, Stockbury – Rural Local Needs Housing (8 units)

The Rural Housing Enabler (RHE) from Action with Communities in Rural Kent assisted Stockbury parish council to undertake a parish wide survey in 2006 to ascertain if there are shortfalls in affordable housing provision within the parish.

After analysing the survey results it was recommended that a scheme of up to 8 properties would fulfil the existing and future affordable housing needs of local people in Stockbury. English Rural has been selected by Stockbury parish council to be the RSL partner for the local needs housing project.

Following an extensive feasibility study of suitable and available land, and consultation with the parish council and planners, a suitable site has been identified which the landowner is willing to make available on South Street.

The architects appointed by English Rural have prepared a preliminary scheme layout of 8 units consisting of 2 one-bed flats, 2 two-bed flats, 2 two-bed houses and 2 three-bed houses, which has received positive feedback from the parish council and planning. Much interest has also been shown from local residents following a consultation event held in the parish, where local residents had the opportunity to view proposals for the scheme and register their interest. English Rural is now ready to submit a planning application for approval, with a forecast start on site before the year end.

105 Tonbridge Road (12 units)

Housing have been working closely with Kent County Council (KCC) and housing support providers MCCH in looking for alternative, new-build, self-contained accommodation for mental health clients who are currently living in shared facilities accommodation, which is not fit for purpose or up to modern day standards.

A suitable site has been identified on Tonbridge Road, which has been acquired by the Brownfield Land Assembly Company (BLAC), a consortium established by Hyde Housing Association, RJ Barwick Construction Services and the South East England Development Agency (SEEDA) to acquire and remediate small clusters of brownfield sites for affordable housing in the South East.

The site has already received full planning consent on 27 February 2009 for the erection of a three storey block of self contained flats comprising 10 units and associated works, access and parking. It is also in close proximity to the existing accommodation for mental health clients which is also situated on Tonbridge Road.

Due to their links with BLAC, Hyde Housing have been chosen as the lead RSL for this project and a deal for acquiring the land has been agreed, subject to the necessary revised planning consent and confirmation on grant funding. Pre-application consultation on revised plans for a supported housing scheme of 11 one-bed flats and 1 two-bed flat has taken place with MCCH, KCC and the planning case officer, which has received approval. BLAC are now ready to submit the new revised planning application, with (subject to planning consent) a forecast start on site by the year end.

KCC Library and Archive Centre, James Whatman Way (57 units)

A planning application has been submitted by the developers Bouygues, in partnership with KCC, for the construction of a new library and archive centre at the former army barracks and depot at James Whatman Way, Maidstone. The proposed development seeks to combine a modern archive centre for the county with a new central library. A block of 60

residential units and 57 extra care units will also be provided as part of this mixed-use development.

There are proposals to redevelop the existing Springfield library facility land for residential use, which form part of a separate planning application. Pre-application discussions have already taken place with Housing 21 who have been in negotiation with Bouygues over the provision of the proposed extra care units, which comprise 14 one-bed flats and 43 two-bed flats. Start on site (subject to planning consent) is forecast for early 2010-11.

Investment Options Appraisal

The scheme proposals will mean that 292 affordable homes will be available, providing housing for over 900 local people who would otherwise be waiting for accommodation on the council's Housing Register. They also reflect the aim of building better homes, in terms of design and environmental impact. The homes are being constructed sustainably and to a high standard of design and will also help to form part of a new community, in prime locations, with good access to local services and facilities.

It is anticipated that the relevant housing association will submit a bid to the HCA for the majority of the funding which is required for each scheme. Discussions have already taken place with the HCA regarding the funding proposals for each scheme. The bids will be submitted in accordance with the HCA's new continuous bidding process. The bids will include the following proposed contributions from the council:

RSL	Scheme	Homes	MBC Total Allocation (£)	Allocation Per Unit (£)
MHT	Bowling Green	18	162,000	9,000
MHT	Armstrong Road	95	855,000	9,000
MHT	Park and Ride site	35	315,000	9,000
Circle Anglia	Maidstone Fire Station, Loose Road	49	500,000	10,204
Orbit	Ashford Drive, Kingswood	18	180,000	10,000
English Rural	South Street, Stockbury	8	80,000	10,000
Hyde	105 Tonbridge Road	12	300,000	25,000
Housing 21	KCC Library and Archive Centre	57	285,000	5,000
Totals		292	2,677,000	Av. 9,167

A total number of 292 affordable homes are proposed to be provided in return for the council's investment of £2.67m. This equates to an average cost per unit of just £9k, which represents excellent value for money. Orbit have already been successful in having a bid approved by the HCA for their scheme at Ashford Drive, Kingswood.

The proposed allocation of £25,000 per unit for the scheme at 105 Tonbridge Road is significantly higher than the rest of the proposed scheme allocations due to the fact that this is a supported housing scheme, which requires a greater level of investment than general needs housing, due to specific design and build standards which must be met. The two-bed unit in this scheme is also going to be used as a communal space for residents and as office accommodation for the support workers. This also directly impacts on the allocation required as there will be no rental stream income with this unit. However this unit is a key part of the exit strategy, as it enables a change of use for letting purposes, should this scheme need to be converted to general needs at any point in the future.

Alternatives considered and why rejected

The council could choose not to invest in these affordable housing schemes but to do so would significantly increase slippage in the capital programme, and could lead to the council being criticised for not fulfilling its key objective of enabling the delivery of quality, decent affordable housing. In addition, it would also impact on the bid by Orbit which has already been approved by the HCA and failure to invest in the scheme could potentially impact on the council's very good relationship with the HCA.

A lack of investment from the council would place all the schemes at severe risk in terms of delivery and being financially viable and would also potentially limit the funding that the RSLs can secure from the HCA in the shorter and longer term. There is a pressing need to secure funds against these developments, due to the limited pot of money still available within the HCA's National Affordable Housing Programme budgets for 2009/10 and 2010/11.

The scheme proposals also offer the opportunity to develop sites that will deliver quality affordable housing, in addition to existing s106 contributions, thereby increasing the delivery of affordable housing, and assisting the council to meet its internal and Local Area Agreement (LAA) affordable housing targets.

Background Papers

Housing Strategy 2005-09

These documents can be viewed at the Council offices

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Scrutiny Manager by: **17 July 2009**

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 08 July 2009

BEST VALUE PERFORMANCE PLAN

Issue for Decision

To consider the draft Best Value Performance Plan (BVPP), any recommendations from the Corporate Services Overview and Scrutiny Committee and the draft out-turn results for 2008/09 and targets for 2009-12.

Decision Made

1. That the Best Value Performance Plan 2009-12 as attached at Appendix A to the report of Corporate Management Team be agreed.
2. That the responses to the recommendations from the Corporate Services Overview and Scrutiny Committee be formulated by the Director of Change and Environmental Services in consultation with the Leader of the Council.
3. That the Director of Change and Environmental Services in consultation with the Leader of the Council be given delegated responsibility to make any necessary final amendments arising from Cabinet discussion together with any minor adjustments to data and targets arising from finalisation of the BVPP prior to publication.
4. That the Local Performance Indicator set and targets for 2009-12 be agreed.

Reasons for Decision

Having a comprehensive and relevant set of performance targets is vital to ensure that the Council delivers on the objectives that have been set for the next three years. There are also a range of national indicators that the Council is required to measure on an annual basis, these indicators were recently revised and 2008/09 is the first year that the data has been collected and performance is assessed against other authorities in England. It is important to look at these measures and set targets that reflect the Council's overall aim of continuous improvement.

In addition to the National Indicator Set measures, a range of targets are also set to assess progress against the objectives that are set out in the

Strategic Plan. Finally targets are also set at a local level to monitor service delivery.

Wherever possible the number of targets is kept to a minimum and progress is reported to Cabinet on a regular basis. The Performance Plan therefore contains all the key performance measures and detailed targets for the medium term.

Introduction

The following section provides some further details on the targets that have been included in this year's Plan.

National Indicators and the Place Survey

The Best Value Performance Indicators were replaced by a new set of 188 statutory national indicators (NIs) from 1 April 2008. However, not all of these NIs apply to the Council as several cover services provided by Kent County Council.

In 2008 a Place Survey was also carried out across England. This looked at outcomes for local people and levels of satisfaction. The national data has now been published.

An increasing proportion of the national indicator data is now derived directly from Government departments, which means that there is a delay in reporting some of the 2008/09 results. Because the majority of the indicators for 2008/09 are also new this year the data is not readily available to inform target setting. Targets for those national indicators adopted through the Local Area Agreement have been negotiated between service leads in the Council and the Kent Partnership working groups. Targets for indicators not in the LAA have been set by the Council where the data has been released. Where data has not been released the Best Value Performance Plan (BVPP) contains a timetable setting out when data should be available.

The NIs will form part of the annual assessment of public services in areas. The new Comprehensive Area Assessment (CAA) framework which replaced the Comprehensive Performance Assessment (CPA) will also draw on this information. Under CAA all local authorities are subject to an organisational assessment. Each authority will be assessed on the following themes:

1. Managing finances;
2. Governing the business;
3. Managing resources; and
4. Managing performance.

Themes 1-3 are assessed under the use of resources assessment, Theme 4 is assessed separately. The assessments will be scored separately, with authorities being given a score of between 1 and 4 for the use of resources assessment and the managing performance assessment.

Retained Best Value Performance Indicators

With the introduction of the new national indicators the statutory requirement to report on Best Value Performance Indicators (BVPIs) was removed in 2007/08. However, the Council has retained a number of these BVPIs as they are closely linked to key business activity. Appendix A of the report of the Director of Change and Environmental Services sets out further details on the current Best Value Performance Indicators and also if the indicator has been retained for future years. Where a BVPI is being retained from 2008/09 it will be absorbed into the other sets of indicators (KPIs and LPIS), targets have been set for the next three years.

Key Performance Indicators (KPIs)

The Best Value Performance Plan also contains details on the Council's progress against Key Performance Indicators (KPIs). These relate directly to the key objectives set out in the Strategic Plan and are linked to the delivery of the council's priorities.

Local Performance Indicators (LPIS)

A Local Performance Indicator is used to describe any other performance indicator used by the Council to assess performance towards strategic and service objectives.

In the past few months officers have been reviewing the range of performance indicators that have been collected in the past and rationalising these where there is no longer a business need for this information.

However, there is still a requirement to collect and report on national indicators and measures within the Kent Local Area Agreement which are not necessarily a priority for Maidstone.

Alternatives considered and why rejected

The Council could choose not to produce a Best Value Performance Plan. However, the reporting of performance data and the production of the Plan represents the best way of publishing and tracking performance. The Plan also sets out the key targets for the council. Ceasing publication could reduce the effectiveness of the council (as the organisation and individuals would not be clear on the service targets) and also impacts on external assessments.

Alternative targets could be set for indicators. The targets proposed in the BVPP are based upon previous performance, comparisons with other authorities, planning and resources and also continuous improvement.

Background Papers

Best Value Performance Plan 2008-11

Strategic Plan 2008-11

Strategic Plan 2009-12

These documents can be viewed at the Council offices

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Scrutiny Manager by: **17 July 2009**