

EXECUTIVE MEETING

Date: Wednesday 8 February 2023
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership: Councillors Burton (Chairman), Cooper, Parfitt-Reid, Perry, Round, Russell and S Webb

The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.

AGENDA

Page No.

1. Apologies for Absence
2. Urgent Items
3. Notification of Visiting Members
4. Disclosures by Members or Officers
5. Disclosures of Lobbying
6. To consider whether any items should be considered in private due to the possible disclosure of exempt information
7. Minutes of the Meeting Held on 25 January 2023 1 - 7
8. Presentation of Petitions (if any)
9. Questions from Local Residents to the Leader or Individual Lead Member (as appropriate)
10. Questions from Members to the Leader or Individual Lead Member (as appropriate)
11. Matters Referred to the Executive for Reconsideration (if any)
12. Issues Arising from Overview and Scrutiny (if any)
13. Matters Referred to the Executive by another Committee (if any)
14. Any Matter Relating to a Serious Service Failure of Nuisance (if any)

Issued on 31 January 2023

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

15. Receipt of Written Representations from Members of the Council (if any)	
16. Executive Forward Plan	8 - 15
17. Strategic Plan refresh 2023-28	16 - 24
18. 3rd Quarter Financial Update & Performance Monitoring Report	25 - 99
19. Medium Term Financial Strategy and Budget Proposals 2023/24	100 - 244
20. Maidstone Leisure Centre	245 - 273

INFORMATION FOR THE PUBLIC

In order to ask a question at this meeting, please call **01622 602899** or email committee@maidstone.gov.uk by 5 p.m. one clear working day before the meeting (i.e. by 5 p.m. on Monday 6 February 2023). You will need to provide the full text in writing.

If your question is accepted, you will be provided with instructions as to how you can access the meeting.

In order to make a statement in relation to an item on the agenda, please call **01622 602899** or email committee@maidstone.gov.uk by 4 p.m. one clear working day before the meeting (i.e. by 4 p.m. on Monday 6 February 2023). You will need to tell us which agenda item you wish to speak on.

If you require this information in an alternative format please contact us, call **01622 602899** or email committee@maidstone.gov.uk.

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MAIDSTONE BOROUGH COUNCIL

EXECUTIVE

MINUTES OF THE MEETING HELD ON WEDNESDAY 25 JANUARY 2023

Attendees:

Committee Members:	Councillors Burton (Chairman), Cooper, Parfitt-Reid, Perry, Russell and S Webb
Visiting Members:	Councillor English

109. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Round.

110. URGENT ITEMS

While there were no urgent items, the Chairman noted that updated papers had been published for Item 12 - Report of the Overview and Scrutiny Committee - The Council's Performance against the Waste and Recycling Strategy and Item 21 - Maidstone Local Development Scheme (LDS) Update.

111. NOTIFICATION OF VISITING MEMBERS

Councillor English was present as a Visiting Member in his capacity as the Chairman of the Overview and Scrutiny Committee, to introduce Item 12 - Report of the Overview and Scrutiny Committee - The Council's Performance against the Waste and Recycling Strategy.

112. DISCLOSURES BY MEMBERS OR OFFICERS

There were no disclosures by Members or Officers.

113. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

114. EXEMPT ITEMS

RESOLVED: That all Items be taken in public unless any Member of the Committee wished to specifically refer to any of the information contained within Item 25 – Exempt Appendices to Item 23 – Property Acquisition for 1,000 affordable homes programme (Staplehurst) or Item 26 – Exempt Appendices to Item 24 – Property Acquisition for 1,000 affordable homes programme (Bridge), in which case the Executive would enter into closed session due to likely disclosure of exempt information.

115. MINUTES OF THE MEETING HELD ON 21 DECEMBER 2022

RESOLVED: That the Minutes of the meeting held on 21 December 2022 be approved as a correct record and signed.

116. PRESENTATION OF PETITIONS

There were no petitions.

117. QUESTIONS FROM LOCAL RESIDENTS TO THE LEADER OR INDIVIDUAL LEAD MEMBER

There were no questions from Local Residents.

118. QUESTIONS FROM MEMBERS TO THE LEADER OR INDIVIDUAL LEAD MEMBER

There were no questions from Members.

119. MATTERS REFERRED TO THE EXECUTIVE FOR RECONSIDERATION

There were no matters referred to the Executive for reconsideration.

120. REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEE - THE COUNCIL'S PERFORMANCE AGAINST THE WASTE AND RECYCLING STRATEGY

The Chairman of the Overview and Scrutiny Committee introduced the report and outlined the context and aim of the Committee's review into the Council's Performance against the Waste Strategy, 2018-2023. The Executive were asked to consider the resulting recommended actions, which cut across several portfolios. The urgent update provided Officer comments on the actions.

In response to questions, the Chairman of the Overview and Scrutiny Committee explained that recommendation 1 could be managed by contacting local manufacturers directly with the request of reviewing their packaging, and lobbying local supermarkets which may have excessive requirements for the packaging of their products. The purpose of recommended action 4, which concerned the measurement of waste produced per person, was to enable the volume of waste produced to be monitored and communications tailored accordingly. The information would be calculated statistically rather than by measuring actual volume produced per household. Recommendation 5 which concerned the addition of questions to the residents' survey aimed to identify the reasons for residents not recycling, for example whether it was due to a lack of understanding, or a lack of facility. It was confirmed that collaboration had taken place between the Council and Kent County Council, both via the working group and representation at the waste forum.

RESOLVED: That the report be considered by the Executive, and a response provided to the Overview and Scrutiny Committee.

121. MATTERS REFERRED TO THE EXECUTIVE BY ANOTHER COMMITTEE

There were no matters referred to the Executive by another Committee.

122. ANY MATTER RELATING TO A SERIOUS SERVICE FAILURE OR NUISANCE

There were no matters which related to a serious service failure or nuisance.

123. RECEIPT OF WRITTEN REPRESENTATIONS FROM MEMBERS OF THE COUNCIL

There were no written representations from Members of the Council.

124. EXECUTIVE FORWARD PLAN

RESOLVED: That the Forward Plan be noted.

125. MEDIUM TERM FINANCIAL STRATEGY AND SAVING PROPOSALS 2023/24

The Lead Member for Corporate Services introduced the report and explained that the Policy Advisory Committees (PACs) had each considered the item within their terms of reference and provided comments and feedback. Although the PACs had agreed with the recommendations put forward, there had been discussion on the level of staff salary increases and the available options to fund the increase.

The Executive expressed concern regarding the impact on staff of the rising cost of living, and the increase in inflation since the budget-setting process started. It was requested that further information be provided to model the use of the core spending guarantee to supplement staff salary increases.

The Chief Executive advised that it was important to balance the risk of using the funding guarantee to supplement staff salary, as it was a one-off sum being granted for 2023/24, and not guaranteed for future years. Officers would model the scenario as requested, as well as alternative options for funding staff salary increases. An assessment of the risk for each option would be carried out, and the report presented to the Corporate Services PAC for comment before being considered by the Executive.

The Director for Finance, Resources and Business Improvement added that the risks would be fully assessed for the Executive to consider at its next meeting, and the impact on other areas of using the funding guarantee to supplement staff salaries would be explored.

RESOLVED: That

1. The revenue budget proposals set out in Appendix A and B to the report be approved and that, given the concerns expressed by the Executive for staff coping with cost-of-living pressures (inflation at 10-11%), the Executive ask that by using additional revenue support provided by the government from the core spending guarantee officers include in the 2023/24 budget report to CS PAC on 6 February 2023 and Executive on 8 February 2023 a further 2% to supplement the budget for pay; and
2. An hourly rate of £258 for legal services be approved.

See Record of Decision.

126. MEDIUM TERM FINANCIAL STRATEGY – CAPITAL PROGRAMME

The Lead Member for Corporate Services introduced the report and updated the Executive that the recommendations had been supported by the Corporate Services Policy Advisory Committee.

In response to questions, the Director of Finance, Resources and Business Improvement confirmed that the funding guarantee did not form part of the Capital Programme and therefore any change to the use of the funding would not cause an impact on the figures presented in the report.

RESOLVED: That

1. The capital strategy principles set out in paragraph 2.6 be agreed;
2. The capital funding projection set out in Appendix 2 to the report be agreed;
3. The capital programme 2023/24 onwards as set out in Appendix 3 to the report be agreed;
4. In agreeing Appendices 2 and 3, a prudential borrowing limit of £193.6 million over the period of the programme which will be recommended to Council as part of the Treasury Management Strategy 2023/24 be noted.

See Record of Decision.

127. COUNCIL TAX BASE 2023/24 AND COLLECTION FUND ADJUSTMENT.

RESOLVED: That

1. Pursuant to this report and in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as its Council Tax Base for the year 2023-24 will be as £67,161.69;
2. In accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as the Council Tax Base for each parish area for the year 2023-24 will be as identified in Appendix 2 to the report; and
3. The 2022-23 Council Tax projection and proposed distribution detailed in Appendix 3 of this report be agreed.

See Record of Decision.

128. EQUALITIES POLICY AND ACTION PLAN - UPDATE

RESOLVED: That

1. Progress on the Equalities Objectives and Action Plan update at Appendix 1 to the report be noted;
2. The changes to the Equalities Policy at Appendix 2 of the report be agreed;

3. The revised actions for the Equalities Action Plan at Appendix 3 of the report be agreed; and

4. The inclusion of Poverty as an additional protected characteristic be agreed.

See Record of Decision.

129. MAIDSTONE LOCAL DEVELOPMENT SCHEME (LDS) UPDATE

RESOLVED: That the updated Local Development Scheme 2023-2025 incorporating an updated timetable following review by the Local Plan Inspector, attached as Urgent Update: Appendix 1 to the report, be recommended for adoption by Council.

See Record of Decision.

130. PROVISION OF CYCLE RAMP OFF CHURCH ROAD OTHAM

RESOLVED: That

1. The provision of the cycle ramp be approved; and

2. The provision of the link way be approved.

See Record of Decision.

131. PROPERTY ACQUISITION FOR 1,000 AFFORDABLE HOMES PROGRAMME (STAPLEHURST)

RESOLVED: That

1. The financial returns for the proposed acquisition as shown in Appendix 1, which is part 2 of the report, which support the Housing Development and Regeneration Investment Plan and the overall Development Strategy be approved;

2. The Director of Finance, Resources and Business Improvement be granted delegated authority to:

a) Negotiate terms for the purchase of the site, for the sum as shown in the Exempt Appendix 1 of this report.

b) Procure and enter into all such deeds, agreements, contracts, and documents which may be required to facilitate the purchase of the site and the subsequent redevelopment works required to deliver the scheme referred to in this report. Including (but not limited to) any related appointments such as suitably qualified consultants and Contractor.

- c) Subject to satisfactory conclusion of all due diligence, to negotiate and finalise and complete all legal formalities, deeds and agreements which may be required to facilitate the purchase.
- 3. The Head of Mid Kent Legal Services be authorised to appoint the solicitors required to negotiate and complete the necessary contract documentation, deeds and agreements associated with the purchase and construction works on the terms as agreed by the Director of Finance, Resources & Business Improvement; and
- 4. Post completion of the procurement process, to employ the necessary consultants to progress the planning application. To appoint a contractor to bring forward for approval to this Committee a detailed project delivery and investment plan (prior to the development itself commencing).

See Record of Decision.

132. PROPERTY ACQUISITION FOR 1000 HOMES PROGRAMME (BRIDGE)

RESOLVED: That

- 1. The financial returns for the proposed acquisition as shown in Exempt Appendix 2 of the report, which supports the Housing Development and Regeneration Investment Plan and overall Development Strategy, be approved;
- 2. The Director of Finance, Resources and Business Improvement be granted delegated authority to:
 - a) Negotiate terms for the purchase of the proposed acquisition for the sum as shown in the Exempt Appendix 2 of this report.
 - b) Procure and enter into all such deeds, agreements, contracts and documents which may be required to facilitate the purchase of the site, and the subsequent redevelopment works required to deliver the scheme referred to in this report. Including (but not limited to) any related appointments such as a suitably qualified consultants and Contractor.
 - c) Subject to satisfactory conclusion of all due diligence to negotiate and finalise and complete all legal formalities, deeds and agreements which may be required to facilitate the purchase.
- 3. The Head of Mid Kent Legal Services be authorised to appoint Solicitors to negotiate and complete the necessary contract documentation, deeds and agreements associated with the purchase and construction works on the terms as agreed by the Director of Finance, Recourses & Business Improvement; and
- 4. Post completion of the procurement process to appoint a contractor, to bring forward for approval a detailed project delivery and investment plan (prior to the development itself commencing).

See Record of Decision.

133. EXEMPT APPENDICES TO PROPERTY ACQUISITION FOR 1,000 AFFORDABLE HOMES PROGRAMME (STAPLEHURST)

RESOLVED: That the item be taken alongside Item 23 – Property acquisition for 1,000 affordable homes programme (Staplehurst) due to the related content.

134. EXEMPT APPENDICES TO PROPERTY ACQUISITION FOR 1,000 HOMES PROGRAMME (BRIDGE)

RESOLVED: That the item be taken alongside Item 24 – Property acquisition for 1000 affordable homes programme (Bridge) due to the related content.

135. DURATION OF MEETING

6.30 p.m. to 7.34 p.m.

MAIDSTONE BOROUGH COUNCIL FORWARD PLAN FOR THE FOUR MONTH PERIOD 1 JANUARY 2023 TO 30 APRIL 2023

This Forward Plan sets out the details of the key decisions which the Executive or Lead Members expect to take and the non-Key decisions that the Executive or Lead Members expect to take during the next four-month period. The plan will be updated weekly for the relevant period and a new plan for a new four-month period, published monthly on the last Friday of the month.

A Key Decision is defined as one which:

1. Results in the Council incurring expenditure, or making savings, of more than £250,000; or
2. Is significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough

The current members of the Executive are:

 <p>Councillor David Burton Leader of the Council DavidBurton@maidstone.gov.uk 07590 229910</p>	 <p>Councillor John Perry Deputy Leader and Lead Member for Corporate Services JohnPerry@Maidstone.gov.uk 07770 734741</p>	 <p>Councillor Lottie Parfitt-Reid Lead Member for Communities and Public Engagement LottieParfittReid@Maidstone.gov.uk 07919 360000</p>	 <p>Councillor Martin Round Lead Member for Environmental Services MartinRound@maidstone.gov.uk 07709 263447</p>
 <p>Councillor Simon Webb Lead Member for Housing and Health SimonWebb@Maidstone.gov.uk 07878 018997</p>	 <p>Councillor Claudine Russell Lead Member for Leisure and Arts ClaudineRussell@Maidstone.gov.uk</p>	 <p>Councillor Paul Cooper Lead Member for Planning and Infrastructure PaulCooper@Maidstone.gov.uk 01622 244070</p>	

Anyone wishing to make representations about any of the matters listed below may do so by contacting the relevant officer listed against each decision, within the time period indicated.

Under the Access to Information Procedure Rules set out in the Council's Constitution, a Key Decision or a Part II decision may not be taken, unless it has been published on the forward plan for 28 days or it is classified as urgent:

The law and the Council's Constitution provide for urgent key and part II decisions to be made, even though they have not been included in the Forward Plan.

Copies of the Council's constitution, forward plan, reports and decisions may be inspected at the Maidstone House, King Street, Maidstone, ME15 6JQ or accessed from the Council's website: www.maidstone.gov.uk

Members of the public are welcome to attend meetings of the Executive which are normally held at the Town Hall, High St, Maidstone, ME14 1SY. The dates and times of the meetings are published on www.maidstone.gov.uk or you may contact the Democratic Services Team on telephone number 01622 602899 for further details.



David Burton
Leader of the Council

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
<p>Strategic Plan refresh 2023-28 This report proposes refreshed areas of focus for the Council's Strategic Plan for the period 2023-2028.</p> <p>10</p>	Executive	Leader of the Council	8 Feb 2023	Yes	No Open	<p>Planning and Infrastructure Policy Advisory Committee 11 Jan 2023</p> <p>Communities, Housing and Environment Policy Advisory Committee 17 Jan 2023</p> <p>Corporate Services Policy Advisory Committee 18 Jan 2023</p> <p>Economic Regeneration and Leisure Policy Advisory Committee 10 Jan 2023</p>	Strategic Plan refresh 2023-28	<p>Anna Collier</p> <p>annacollier@maidstone.gov.uk</p>
<p>Maidstone Leisure Centre To decide the future of Maidstone Leisure Centre</p>	Executive	Lead Member for Leisure and Arts	8 Feb 2023	Yes	No Part exempt	Economic Regeneration and Leisure Policy Advisory Committee 7 Feb 2023	Maidstone Leisure Centre	<p>Mike Evans</p> <p>mikeevans@maidstone.gov.uk</p>

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
Medium Term Financial Strategy and Budget Proposals 2023 - 2024 budget report detailing the budget for 23/24 and associated financials for capital, council tax and NDR To allow sign off of balanced budget by council on 22nd Feb 23	Executive	Lead Member for Corporate Services	8 Feb 2023	Yes	No Open	Corporate Services Policy Advisory Committee 6 Feb 2023	Medium Term Financial Strategy and Budget Proposals 2023 - 2024	Adrian Lovegrove Head of Finance adrianlovegrove@maidstone.gov.uk
Award of Arboricultural Services Contract Report to advise committee on the scope of the contract to provide tree pruning, tree safety works, planting and emergency call out service relating to Maidstone Borough Council owned land and tree stock. Committee are asked to endorse the award of contract to the selected company.	Lead Member for Environmental Services	Lead Member for Environmental Services	23 Feb 2023	Yes	No Open	Communities, Housing and Environment Policy Advisory Committee 14 Feb 2023	Award of Arboricultural Services Contract	Andrew Williams andrewwilliams@maidstone.gov.uk

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
Commissioning Support from the VCS Support services delivered by VCS	Lead Member for Communities and Public Engagement	Lead Member for Communities and Public Engagement	27 Feb 2023	No	No Open	Communities, Housing and Environment Policy Advisory Committee 14 Feb 2023	Commissioning Support from the VCS	Anna Collier annacollier@maidstone.gov.uk
Review of Housing Assistance Policy (including DFG) This policy addresses a number of services and funding streams delivered from within the Housing and Community Services department, to include the Disabled Facilities Grant and the Help You Home scheme too. The document sets out how these funding streams are utilised to deliver the desired community benefits.	Executive	Lead Member for Housing and Health	22 Mar 2023	Yes	No Open	Communities, Housing and Environment Policy Advisory Committee 14 Feb 2023	Review of Housing Assistance Policy (including DFG)	John Littlemore Head of Housing & Regulatory Services johnlittlemore@maidstone.gov.uk

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
Housing Strategy 2022-27 The proposed themes for the new housing strategy were approved by the CHE Committee in early 2022, and these have since been subject to public consultation. Therefore the new housing strategy, as drafted, takes account of these consultation responses, and is now ready for consideration for adoption.	Executive	Lead Member for Housing and Health	22 Mar 2023	Yes	No Open	Communities, Housing and Environment Policy Advisory Committee 14 Feb 2023	Housing Strategy 2022-27	John Littlemore Head of Housing & Regulatory Services johnlittlemore@maidstone.gov.uk
Property Acquisition for 1,000 Affordable Homes Programme Report regarding acquisition of site for 1,000 Affordable Homes Programme	Executive	Lead Member for Housing and Health	22 Mar 2023	Yes	No Part exempt	Communities, Housing and Environment Policy Advisory Committee 14 Feb 2023	Property Acquisition for 1,000 Affordable Homes Programme	Philip Morris philipmorris@maidstone.gov.uk
Heather House and Royal British Legion site A report seeking approval to enter into contract with contractors for proposed works to	Executive		22 Mar 2023	Yes	No Part exempt	Communities, Housing and Environment Policy Advisory Committee 14 Feb 2023	Heather House and Royal British Legion site	Alison Elliott Housing Enabling Officer, alisonelliott@maidst

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
Heather House and Royal British Legion Buildings.								one.gov.uk
14 Strategic CIL Assessments & Spend	Executive	Lead Member for Planning and Infrastructure	22 Mar 2023	Yes	No Open	Planning and Infrastructure Policy Advisory Committee 8 Mar 2023	Strategic CIL Assessments & Spend	William Cornall, Rob Jarman, Carole Williams Director of Regeneration & Place, Head of Development Management, williamcornall@maidstone.gov.uk, Robjarman@maidstone.gov.uk, carolewilliams@maidstone.gov.uk
1000 Homes Update To update on progress made.	Executive	Lead Member for Housing and Health	22 Mar 2023	No	No Open	Communities, Housing and Environment Policy Advisory Committee 14 Feb 2023	1000 Homes Update	William Cornall Director of Regeneration & Place williamcornall@maidstone.gov.uk

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
Temporary Closure Of The Kent Homechoice Housing Register Notify of a temporary closure of the housing register for one month from 1st June 2023 until 1st July 2023 or dates close to those so that the new IT system can be implemented	Communities, Housing and Environment Policy Advisory Committee		11 Apr 2023	No	No Open		Temporary Closure Of The Kent Homechoice Housing Register	Tony Stewart tonystewart@maidstone.gov.uk
Cobtree Manor Park Llama House A report to agree repairs to the llama house at Cobtree Manor Park	Cobtree Manor Estate Charity Committee	Leader of the Council	18 Apr 2023	No	No Part exempt		Cobtree Manor Park Llama House	Mike Evans mikeevans@maidstone.gov.uk

Agenda Item 17

Executive

8 February 2023

Strategic Plan Refresh 2023-28

Timetable	
Meeting	Date
Economic Regeneration and Leisure PAC	10 January 2023
Planning and Infrastructure PAC	11 January 2023
Communities, Housing and Environment PAC	17 January 2023
Corporate Services PAC	18 January 2023
Executive	8 February 2023
Council	22 February 2023

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Executive
Lead Head of Service	Angela Woodhouse Director of Strategy, Insight and Governance
Lead Officer and Report Author	Anna Collier Insight, Communities and Governance Manager
Classification	Public
Wards affected	All

Executive Summary

This report proposes refreshed areas of focus for the Council's Strategic Plan for the period 2023-2028 following consultation with the Policy Advisory Committees.

The Executive are asked to consider the recommended changes from the Policy Advisory Committees and approve the revised areas of focus.

Purpose of Report

Decision

This report makes the following recommendations:

1. That the Executive note the feedback from the Policy Advisory Committees
2. That the Executive approve the areas of focus for the Council's Strategic Plan for the period 2023-2028, set out in Appendix A

Strategic Plan Refresh 2023-28

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>This report considers the proposed areas of focus for the Strategic Priorities for the next five years and identifies action for progressing the shaping of the areas of focus for 2023-2028.</p>	Insight Communities and Governance Manager
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>Consideration has been given to the crosscutting objectives in formulating the proposed areas of focus for the Strategic Plan.</p>	Insight Communities and Governance Manager
Risk Management	The Council's corporate risk strategy includes strategic risks associated with the Strategic Plan.	Insight Communities and Governance Manager
Financial	The Strategic Plan sets the Council's Priorities and the direction for the Medium-Term Financial Strategy.	Section 151 Officer & Finance Team

Staffing	We will deliver the recommendations with our current staffing.	Insight Communities and Governance Manager
Legal	<p>The Council has a statutory duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council's Strategic Plan demonstrates compliance with this duty. This review of the Council's priorities within the Strategic Plan will enable the Council to deliver services in an efficient and effective manner which meets the needs of the borough and aspirations of local inhabitants and stakeholders.</p> <p>In reviewing the priorities, the Council is obliged to ensure that its financial obligations are adhered to. The Council has a legal duty to set a balanced budget and continue to monitor the budget during the course of each municipal year and take remedial action if at any time.</p>	Interim Team Leader (Contentious and Corporate Governance)
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes. If as a result of the update to the milestones and the emerging MTFS for 2023-2028 changes are required to services involving personal data, then Data Protection Impact Assessments will be undertaken.	Insight Communities and Governance Manager
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment. If as a result of the update to the milestones and the emerging MTFS for 2023-2028 changes are required to services involving personal data, then an Equalities Impact Assessment will be undertaken.	Insight Communities and Governance Manager

Public Health	One of the Council's cross cutting objectives is that Health Inequalities are addressed and reduced. The recommendations do not propose a change in service therefore will not require an impact assessment. If as a result of the update to the milestones and the emerging MTFS for 2023-2028 changes are required to services involving personal data, then Data Protection Impact Assessments will be undertaken.	Public Health Officer
Crime and Disorder	The recommendations include proposals for amendments to the areas of focus under Safe Clean and Green.	Insight Communities and Governance Manager
Procurement	No implications	Insight Communities and Governance Manager
Biodiversity and Climate Change	The recommendations includes proposals for amendments to the areas of focus under Safe Clean and Green	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 The Strategic Plan was adopted in December 2018, following wide spread consultation and engagement with Councillors staff and other stakeholders and covers the period until 2045. The decision was taken for it to be a 26-year plan to ensure continuity, longevity and a basis on which all other Maidstone Borough Council plans and strategies could be developed. The vision and priorities are clear and remain relevant.
- 2.2 The areas of focus were last refreshed in 2021 to respond to the significant impact of the pandemic and to plan the Council's approach to the recovery.
- 2.3 In July the Executive approved a recommendation that the Strategic Plan 2019-45 milestones be refreshed for 2023-28. The Council's Wider Leadership Team reviewed the existing areas of focus at an away day and the proposals were discussed and amended at a series of meetings by the Executive.
- 2.4 The refreshed areas of focus for 2023-2028 are consistent with the Council's vision and four priorities; and there have been no significant changes. They continue to reflect both the long-term ambitions of the Council whilst also responding to the current national and local environment including recovery

from the pandemic, increased housing need, financial insecurity and the climate crisis.

- 2.5 Amendments were made to language to demonstrate emphasis, priorities and to reflect progress on objectives. There has been some broadening of actions for example in parks and public spaces, to reflect not only enforcement activities but also promotion of these spaces.
- 2.6 Under Safe Clean and Green an additional action has been included to reflect the work and investment being made in the service and to reflect the need to meet the requirements of all new government legislation.
- 2.7 Under Thriving Place changes have been made to combine actions to demonstrate focus. The previous area of focus on community resilience and to encourage pride in our borough has been merged under homes and communities.
- 2.8 Under Homes and Communities two new actions have been included. The first has been added to reflect the Council's commitment to support residents and reflect the current financial crisis. The second is the commitment to deliver 1,000 affordable homes.
- 2.9 There has also been a change of emphasis on the milestone on temporary accommodation from reduction in use to increase in supply. Whilst the use of temporary accommodation is not desirable the change in emphasis reflects the current climate of financial insecurity which has resulted in an increased demand which the Council is required to support. The new milestone reflects that the Council will meet this demand but do so by investing in accommodation.
- 2.10 The changes were presented to Policy Advisory Committees in January and their feedback can be seen in section six of the report. The revised areas of focus following amendments proposed by Policy Advisory Committees can be seen at Appendix A.
- 2.11 The foreword and updates to data and images will be completed prior to republication.

3. AVAILABLE OPTIONS

- 3.1 The Strategic Plan was adopted in December 2018 and covers the period until 2045. It was developed involving a wide cross section of Councillors, staff and other stakeholders. The vision and priorities are clear and remain relevant.
- 3.2 The Executive could approve the revised areas of focus as amended following committee consultation as has been set out in Appendix A. Alternatively, they could amend the wording or add or delete areas of focus.
- 3.3 The Executive could decide to revert to their original proposals before the committee feedback.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Executive is recommended to approve the new areas of focus as presented at Appendix A.
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5. RISK

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework.
-

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Key officers and the Executive have been consulted in the development of these areas of focus at independent away days.
- 6.2 The revised areas for focus were presented to Policy Advisory Committees in January, Members across parties in engaged in discussion and made the following recommendations
- Make more succinct and tidy up language
 - Use proactive verbs
 - Add the word communities back in to 1.1
 - Add the word communities back in to 2.2
 - Revisit and review the use of the word 'whole', as the council aren't responsible for all areas at 2.3
 - TA change to Temporary Accommodation at 4.1
 - ensure that Pride in the borough is reinserted at 4.3
 - include the wording 'sustainable in both financial and ecological terms' at 4.4
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The approved refreshed areas of focus will be submitted to Council for approval as the Strategic Plan is a budget and policy framework document.
- 7.2 Once approved the new areas of focus will be shared with all officers to ensure the delivery of the Council's priorities. The refreshed Strategic Plan will be made available on the Council's website.
-

8. REPORT APPENDICES

- Appendix A: Strategic Plan Proposed Areas of Focus 2023-28

9. BACKGROUND PAPERS

Strategic Plan 2019-2045 -

https://maidstone.gov.uk/_data/assets/pdf_file/0009/269721/Strategic-Plan2019.pdf

Embracing Growth and Enabling Infrastructure
Between 2021-26 we will place particular importance on:
1.1 Engaging with our communities throughout the continuous development of the local plan
1.2 Proactively take a role in creating and investing in new places
1.3 Working with partners to get strategic infrastructure planned, funded and delivered
1.4 Intervening where necessary in the market, to deliver key employment sites

Safe Clean and Green
Between 2021-26 we will place particular importance on:
2.1 Promoting and enhancing our parks and open spaces to meet the needs of residents and visitors, whilst taking action against those who do not respect them
2.2 Working with our partners to take action against those who break the law to ensure our communities feel safe
2.3 Working to ensure resident satisfaction with the cleanliness and appearance of the borough
2.4 Ensuring that the impact on climate change and biodiversity is central to all decisions.
2.5 Maintaining the resilience and quality of the waste service

Thriving Place
Between 2021-26 we will place particular importance on:
3.1 Delivering a sustainable and vibrant leisure and cultural offer. Utilising all opportunities to maximise funding
3.2 Promoting inward investment in the Borough to ensure a diverse employment and business offer
3.3 Developing an ambitious Town Centre Strategy which reflects the needs of the wider community, creating a vibrant and transformed town centre for all.

Homes and Communities
Between 2021-26 we will place particular importance on:
4.1 Continuing our holistic and innovative approach to reduce rough sleeping in Maidstone
4.2 Increasing the supply of Temporary Accommodation to reduce cost, whilst working towards long-term housing solutions.
4.3 Working with Anchor Institutions and partners to improve community resilience, pride in the borough, well-being and financial inclusion so no-one to be left behind
4.4 Urgently identify and deliver a 1000 affordable homes to ensure availability of good quality housing that's sustainable in both financial and ecological terms.
4.5 Improving the quality of housing through the consistent use of our statutory powers to promote good health and wellbeing

EXECUTIVE

8 February 2023

3rd Quarter Finance, Performance & Risk Monitoring Report 2022/23

Timetable	
Meeting	Date
Corporate Services Policy Advisory Committee	6 February 2023
Executive Meeting	22 March 2023

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Executive
Lead Head of Service	Mark Green, Director of Finance, Resources & Business Improvement
Lead Officer and Report Author	Paul Holland, Senior Finance Manager Georgia Harvey, Senior Information Governance Officer Alison Blake, Interim Head of Mid Kent Audit Orla Sweeney, Senior Policies & Communities Officer Charlotte Yarnold, Programme Manager (Strategic Planning)
Classification	Public
Wards affected	All

Executive Summary

This report sets out the 2022/23 financial and performance position for the services reporting into the Corporate Services Policy Advisory Committee (CS PAC) as at 31st December 2022 (Quarter 3). The primary focus is on:

- The 2022/23 Revenue and Capital budgets; and
- The 2022/23 Key Performance Indicators (KPIs) that relate to the delivery of the Strategic Plan 2019-2045.
- Corporate Risk Register

The combined reporting of the financial and performance position enables the Committee to consider and comment on the issues raised and actions being taken to

address both budget pressures and performance issues in their proper context, reflecting the fact that the financial and performance-related fortunes of the Council are inextricably linked.

Budget Monitoring

At the Quarter 3 stage the Council has incurred net expenditure of £8.476m against the approved profiled budget of £10.306m, representing an underspend of £1.830m.

Overall net expenditure at the end of Quarter 3 for the services reporting to CS PAC is £2.199m, compared to the approved profiled budget of £2.960m, representing an underspend of £0.761m.

At the Quarter 3 stage, the Council has incurred overall expenditure of £12.232m against a budget allocation within the Capital Programme of £32.631m.

Capital expenditure at the end of Quarter 3 for CS PAC was £2.197m against a total budget of £10.079m.

The budgets used in this report are the revised estimates for 2022/23.

Performance Monitoring

A number of targets were missed due to current issues with the economy and the continuing after-effects of Covid-19, although there were improvements in a number of other areas.

Corporate Risk Update

Appendix 3 outlines all the Council's corporate risks. Of note are changes to the retail / leisure sector risk which has decreased and been re-framed. The other corporate risks have been reviewed and updated with some changes to risk descriptions and/or controls or actions. The report also includes the operational risk profile of the Council and the most significant (black) operational risks.

Recovery & Renewal Update

A number of actions across the three areas of focus in the Recovery and Renewal Action have now been completed. This is shown in the update at Appendix 4.

UK Shared Prosperity Fund Update

An update on progress made against schemes using this funding is shown at Appendix 5.

Purpose of Report

The report enables the Committee to consider and comment on the issues raised and actions being taken to address both budget pressures and performance issues as at 31st December 2022.

This report makes the following recommendations to the Executive:

1. That the Revenue position as at the end of Quarter 3 for 2022/23, including the actions being taken or proposed to improve the position, where significant variances have been identified, be noted;
2. To write-off irrecoverable outstanding rent due of £25,152 from Chillington House.
3. That the Capital position at the end of Quarter 3 for 2022/23 be noted;
4. That the Performance position as at Quarter 3 for 2022/23, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.
5. That the Risk Update, attached at Appendix 3 be noted.
6. That the Recovery & Renewal Update, attached at Appendix 4 be noted.
7. That the reallocation of Recovery and Renewal Funding for a number of projects as shown at 2.4 in this report be endorsed.
8. That the UK Shared Prosperity Fund update, attached at Appendix 5 be noted.

3rd Quarter Finance, Performance & Risk Monitoring Report 2022/23

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>This report monitors actual activity against the revenue budget and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's Medium-Term Financial Strategy which is linked to the Strategic Plan and corporate priorities.</p> <p>The Key Performance Indicators and strategic actions are part of the Council's overarching Strategic Plan 2019-45 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas.</p>	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Cross Cutting Objectives	This report enables any links between performance and financial matters to be identified and addressed at an early stage, thereby reducing the risk of compromising the delivery of the Strategic Plan 2019-2045, including its cross-cutting objectives.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Risk Management	This is addressed in Section 5 of this report.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Financial	<p>Financial implications are the focus of this report through high level budget monitoring. Budget monitoring ensures that services can react quickly enough to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of strategic priorities.</p> <p>Performance indicators and targets are closely linked to the allocation of resources and determining good value for money.</p>	Senior Finance Manager (Client)

	The financial implications of any proposed changes are also identified and taken into account in the Council's Medium-Term Financial Strategy and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.	
Staffing	<p>The budget for staffing represents a significant proportion of the direct spend of the Council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p> <p>Having a clear set of performance targets enables staff outcomes/objectives to be set and effective action plans to be put in place.</p>	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Legal	<p>The Council has a statutory obligation to maintain a balanced budget and the monitoring process enables the Committee to remain aware of issues and the process to be taken to maintain a balanced budget.</p> <p>There is no statutory duty to report regularly on the Council's performance. However, under Section 3 of the Local Government Act 1999 (as amended) a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. One of the purposes of the Key Performance Indicators is to facilitate the improvement of the economy, efficiency and effectiveness of Council services. Regular reports on Council performance help to demonstrate best value and compliance with the statutory duty.</p>	Interim Team Leader (Contentious and Corporate Governance) MKLS
Information Governance	The performance data is held and processed in accordance with the data protection principles contained in the Data Protection Act 2018 and in line with the Data Quality Policy, which sets out the requirement for ensuring data quality.	Policy and Information Team

	There is a program for undertaking data quality audits of performance indicators.	
Equalities	There is no impact on Equalities as a result of the recommendations in this report. An EqIA would be carried out as part of a policy or service change, should one be identified.	Equalities and Communities Officer
Public Health	The performance recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	There are no specific issues arising.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Procurement	Performance Indicators and Strategic Milestones monitor any procurement needed to achieve the outcomes of the Strategic Plan.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and there are no direct implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 The Medium-Term Financial Strategy for 2022/23 to 2026/27 - including the budget for 2022/23 - was approved by full Council on 23rd February 2022. This report updates the Committee on how its services have performed over the last quarter with regard to revenue and capital expenditure against approved budgets.
- 2.2 This report also includes an update to the Committee on progress against its Key Performance Indicators (KPIs), and an updated covering corporate risks.

2.3 Attached at Appendix 1 is a report setting out the revenue and capital spending position at the Quarter 2 stage. Attached at Appendix 2 is a report setting out the position for the KPIs for the corresponding period. Attached at Appendix 3 is a report providing an update on corporate risks, in response to the Policy & Resources Committee's previous request for regular updates on this subject. Attached at Appendix 4 is an update on progress against the Recovery & Renewal Plan and attached at Appendix 5 is an update on the UK Shared Prosperity Fund.

2.4 We have reviewed the spend against projects planned as part of the Recovery and Renewal Action Plan. The following projects will not spend all or part of their allocated funds and therefore require a reallocation of funding.

- Vibrant Economy - Mid Kent College skills hub – £60k.
- Resilient Communities - Support and Encourage Volunteering in the Borough – reallocate £11,583 (out of original £25K)
- The Way We Work - Embedding new ways of working and ensuring the office is fit for purpose £30k (out of original £50k)

The amount to be reallocated is £101,583. It is proposed that this money is redistributed to two successful projects already in the plan.

- Resilient Communities – Community Resilience Fund -£52,083
- Resilient Communities – Extension of Let's Talk Maidstone on a three-year subscription – £49,500

The full details of this proposal are shown in **Appendix 4** to this report.

3. AVAILABLE OPTIONS

3.1 The Committee is asked to note the contents but may choose to comment on the content.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 In considering the current position on the Revenue budget, the Capital Programme, KPIs and Corporate Risks at the end of September 2022, the Committee can choose to note this information or could choose to comment.

5. RISK

5.1 This report is presented for information only and has no direct risk management implications.

5.2 The Council produced a balanced budget for both revenue and capital income and expenditure for 2022/23. The budget is set against a continuing backdrop of limited resources and a difficult economic climate, even before

the impact of the Covid-19 pandemic became clear. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives the Executive the best opportunity to take actions to mitigate such risks.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The KPIs update ("Performance Monitoring") are reported to the Policy Advisory Committees (PAC) quarterly: Communities, Housing & Environment PAC; Economic Regeneration & Leisure PAC; and the Planning & Infrastructure PAC. Each committee also receives a report on the relevant priority action areas. The report will also be presented to the Corporate Services PAC reporting on the priority areas of "A Thriving Place", "Safe, Clean and Green", "Homes and Communities" and "Embracing Growth and Enabling Infrastructure".
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The Quarter 3 Budget & Performance Monitoring reports are being considered by the relevant Policy Advisory Committees during February 2023.
-

8. REPORT APPENDICES

- Appendix 1: Third Quarter Budget Monitoring 2022/23
 - Appendix 2: Third Quarter Performance Monitoring 2022/23
 - Appendix 3: Risk Update 2022/23
 - Appendix 4: Recovery & Renewal Update 2022/23
 - Appendix 5: UK Shared Prosperity Fund Update 2022/23
-

9. BACKGROUND PAPERS

None.

Third Quarter Financial Update 2022/23

Corporate Services – Policy Advisory Committee

6th February 2023

Lead Officer: Mark Green

Report Author: Paul Holland

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Part A

Executive Summary & Overview

This report provides members with the financial position as at 31 December 2022, covering activity for both the Council as a whole and this committee's revenue and capital accounts for the third quarter of 2022/23.

In 2021/22, income recovered more strongly than expected from the pandemic and the Council generated a modest surplus compared with budget. For 2022/23, there is no more direct government funding to cover the costs of Covid, but the Council has been able to set a balanced budget. Additional provision of £1.3 million was made within the 2022/23 budget for the expected impact of higher inflation on the Council's input costs. The projected peak level of inflation has continued to increase since the budget was set and this is likely to have an impact in particular on contract and energy costs, so the requirement for this provision will be monitored carefully to assess whether it will be adequate. If at any stage it appears that an overspend is likely, measures will need to be taken in-year to bring the budget back into balance.

The third quarter monitoring report provides the forecast year end position for revenue and capital and updates the Committee on a range of other inter-related financial matters including Local Tax Collection, Reserves and Balances, Treasury Management and Maidstone Property Holdings.

The budgets in this report are the revised estimates for 2022/23.

The headlines for Quarter 3 are as follows:

Part B: Revenue Budget – Q3 2022/23

- At the Quarter 3 stage, the Council has incurred net expenditure of £8.476m against a profiled budget of £10.306m, representing an underspend of £1.830m.
- For the services reporting directly to CS PAC, net expenditure of £2.199m has been incurred against a profiled budget of £2.960m, representing an underspend of £0.761m.

Part C: Capital Budget – Q3 2022/23

- At the Quarter 3 stage, the Council has incurred overall expenditure of £12.232m against a budget allocation within the Capital Programme of £32.631m.
- Expenditure for services reporting directly to CS PAC of £2.197m has been incurred against the budget of £10.079m.

Part D: Local Tax Collection 2022/23

- Collection rates were not met for the third quarter, but only by a small margin. Going forward we will need to monitor how the financial environment impacts the level of collection.
- The Council is working with other Kent councils to establish the third quarter forecast for the Kent Business Rates Pool in 2022/23.

Part E: Reserves & Balances 2022/23

- The unallocated balance on the General Fund at 1 April 2022 was £13.2m. It is anticipated that balances will remain above the minimum level set by Council.

Part F: Treasury Management 2022/23

- The Council held short-term investments of £28.13m and had £5.000m in long term PWLB borrowing as at 31st December 2022.

Part G: Maidstone Property Holdings Ltd. (MPH)

- MPH net rental income for Quarter 3 2022/23 was £663,654. Rent arrears as at 31st December 2022 were minimal.

Part B

Third Quarter Revenue Budget 2022/23

B1) Revenue Budget: Council

B1.1 At the Quarter 3 stage, the Council has incurred net expenditure of £8.476m against a profiled budget of £10.306m, representing an underspend of £1.830m.

B1.2 Tables 1, 2 and 3 below provide further insight into the Council's income and expenditure position for Quarter 3 2022/23 by providing alternative analyses: by Policy Advisory Committee (PAC), Lead Member, Priority and Subjective Heading.

Table 1: Net Expenditure 2022/23 (@ 3rd Quarter): Analysis by PAC

Policy Advisory Committee	Full Year Budget (Revised 2022/23) £000	To 31 December 2022 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Corporate Services	11,666	2,960	2,199	761	11,012	654
Planning and Infrastructure	882	595	-102	697	576	307
Communities, Housing & Environment	10,790	6,986	6,643	343	11,080	-290
Economic Regeneration & Leisure	-107	-235	-264	29	118	-225
Net Revenue Expenditure	23,232	10,306	8,476	1,830	22,786	446

Table 2: Net Expenditure 2022/23 (@3rd Quarter): Analysis by PRIORITY

Priority	Full Year Budget (Revised 2022/23) £000	To 31 December 2022 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Safe, Clean and Green	7,269	5,235	4,561	675	6,768	500
Homes and Communities	1,268	103	376	-273	1,985	-717
Thriving Place	1,354	1,360	1,650	-290	1,771	-418
Embracing Growth and Enabling Infrastructure	907	613	-127	740	542	364
Central & Democratic	12,435	2,995	2,016	979	11,719	716
Net Revenue Expenditure	23,232	10,306	8,476	1,830	22,786	446

Table 3: Net Expenditure 2022/23 (@ 3rd Quarter): Analysis by SUBJECTIVE SPEND

Subjective	Full Year Budget (Revised 2022/23) £000	To 31 December 2022 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Employees	24,163	18,061	17,143	918	23,458	705
Premises	6,444	5,273	5,391	-118	7,266	-822
Transport	652	473	347	125	617	35
Supplies & Services	18,179	9,122	8,695	427	18,150	28
Agency	7,113	5,225	5,016	208	7,113	0
Transfer Payments	36,772	24,361	22,706	1,656	36,772	0
Asset Rents	1,887	0	0	0	1,887	0
Income	-71,977	-52,209	-50,822	-1,387	-72,477	499
Net Revenue Expenditure	23,232	10,306	8,476	1,830	22,786	446

Table 4: Net Expenditure 2022/23 (@ 3rd Quarter): Analysis by LEAD MEMBER

Lead Member for	Full Year Budget (Revised 2022/23) £000	To 31 December 2022 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Corporate Services	11,666	2,960	2,199	761	11,012	654
Planning & Infrastructure	882	595	-102	697	576	307
Communications & Public Engagement	2,450	1,637	1,474	163	2,300	151
Environmental Services	6,391	4,810	4,427	383	6,162	230
Housing & Health	1,810	439	649	-210	2,483	-673
Leader of the Council	594	758	893	-135	768	-175
Leisure & Arts	-561	-893	-1,065	171	-514	-48
Net Revenue Expenditure	23,232	10,306	8,476	1,830	22,786	446

B2) Revenue Budget: Corporate Services PAC

B2.1 Table 4 below provides a detailed summary of the budgeted net expenditure position for the services reporting directly into CS PAC at the end of Quarter 3. The financial figures are presented on an accruals basis (i.e. expenditure for goods and services received, but not yet paid for, is included). The Lead Member for Corporate Services is responsible for all the services shown below.

Table 4: CS Revenue Budget: NET EXPENDITURE (@ 3rd Quarter 2022/23)

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31 December 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Maintenance of Closed Churchyards	11	8	0	8	11	0
Drainage	32	24	8	16	32	0
Street Naming & Numbering	-73	-55	-25	-30	-33	-40
Sandling Road Site	28	21	192	-171	248	-220
Maidstone House - Landlord	-375	-598	-472	-126	-125	-250
Civic Occasions	55	52	64	-12	55	0
Members Allowances	408	306	331	-25	408	0
Members Facilities	18	13	10	4	18	0
Contingency	1,849	956	13	942	1,849	0
Corporate Projects	50	0	0	0	50	0
Corporate Management	414	75	99	-24	414	0
Unapportionable Central Overheads	1,488	1,099	1,003	96	1,363	125
Council Tax Collection	57	52	44	8	57	0
Council Tax Collection - Non Pooled	-356	-12	-9	-4	-356	0
Council Tax Benefits Administration	-164	-164	-164	0	-164	0
NNDR Collection	2	1	3	-2	2	0
NNDR Collection - Non Pooled	-239	7	18	-11	-239	0
MBC- BID	1	-3	-16	13	1	0
Registration Of Electors	61	44	43	1	61	0
Elections	181	178	227	-49	231	-49
Emergency Centre	22	18	14	4	22	0
Medway Conservancy	128	128	128	0	128	0
External Interest Payable	2,233	0	46	-46	1,433	800
Interest & Investment Income	-100	-75	-341	266	-410	310
Palace Gatehouse	-3	-2	3	-6	-3	0
Archbishops Palace	-105	-77	-74	-3	-55	-50
Parkwood Industrial Estate	-287	-214	-211	-3	-287	0
Industrial Starter Units	-17	-11	20	-31	-17	0
Parkwood Equilibrium Units	-89	-65	7	-72	-89	0
Sundry Corporate Properties	-213	-161	-49	-112	137	-350
Phoenix Park Units	-219	-164	-16	-148	-219	0
Granada House - Commercial	-93	-116	-129	12	-93	0
MPH Residential Properties	-730	-542	-502	-40	-693	-37
Heronden Road Units	-151	-115	-36	-78	-151	0
Boxmend Industrial Estate	-100	-75	24	-99	-100	0
Wren Industrial Estate	-103	-87	-104	17	-103	0
General Fund Residential Properties	-57	-43	-34	-9	-57	0
Pensions Fund Management	2,169	0	0	0	2,169	0
Non Service Related Government Grants	-4,216	-3,162	-3,199	37	-4,253	37

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Cost Centre	Approved Budget for Year £000	Budget to 31 December 2022 £000	Actual £000	Variance £000	Forecast 31 March 2023 £000	Forecast Variance 31 March 2023 £000
Rent Allowances	-115	-66	-400	334	-115	0
Non HRA Rent Rebates	-9	651	1,033	-383	-9	0
Discretionary Housing Payments	0	174	191	-17	0	0
Housing Benefits Administration	-327	-252	-253	1	-327	0
Democratic Services Section	266	201	170	31	221	45
Mayoral & Civic Services Section	117	88	87	1	115	2
Chief Executive	188	141	142	-1	189	-1
Head of Policy and Communications	45	34	39	-6	53	-7
Director of Strategy Governance and Insight	77	44	47	-3	81	-4
Revenues Section	565	526	509	17	543	23
Registration Services Section	92	69	65	4	87	5
Benefits Section	508	459	437	21	480	28
Fraud Section	50	38	30	8	39	11
Mid Kent Audit Partnership	204	157	35	122	154	50
Director of Finance, Resources & Business Improvement	147	111	108	3	144	3
Accountancy Section	834	645	538	106	704	130
Legal Services Section	628	471	436	36	583	45
Director of Regeneration & Place	146	110	109	1	145	1
Procurement Section	113	-10	0	-10	113	0
Property & Projects Section	345	260	251	10	332	13
Corporate Support Section	287	215	201	15	268	19
Improvement Section	375	281	229	53	325	50
Executive Support Section	93	69	69	0	92	0
Head of Commissioning and Business Improvement	19	16	15	1	17	2
Mid Kent ICT Services	571	425	419	5	564	7
GIS Section	123	92	90	2	121	2
Director of Mid Kent Services	45	11	21	-10	45	0
Mid Kent HR Services Section	397	298	274	24	365	31
MBC HR Services Section	120	95	99	-4	120	0
Head of Revenues & Benefits	76	71	53	19	51	25
Revenues & Benefits Business Support	99	87	89	-1	101	-2
Dartford HR Services Section	-15	-11	-10	-1	-14	-1
IT Support for Revenues and Benefits	26	23	24	-0	26	-1
Emergency Planning & Resilience	122	91	79	12	106	16
Head of Property and Leisure	49	38	38	0	49	1
Facilities Section	245	184	136	48	190	55
Salary Slippage 1PR	-286	-214	0	-214	0	-286
Town Hall	122	93	67	26	122	0
South Maidstone Depot	220	176	177	-1	220	0
The Link	55	71	63	8	55	0
Maidstone House - MBC Tenant	674	577	502	75	624	50
Museum Buildings	303	236	217	20	303	0
I.T. Operational Services	633	451	413	38	585	48
Central Telephones	16	12	8	4	16	0
Apprentices Programme	71	53	11	42	16	55
Internal Printing	-4	-0	5	-6	-4	0
Debt Recovery Service	-18	38	-8	46	-18	0
Debt Recovery MBC Profit Share	-132	-99	-61	-38	-93	-39
General Balances	-1,179	-1,179	-1,179	0	-1,179	0
Earmarked Balances	3,453	-333	-333	0	3,453	0
Appropriation Account	1,887	0	0	0	1,887	0
Pensions Fund Appropriation	-2,169	0	0	0	-2,169	0
Totals	11,666	2,960	2,199	761	11,012	654

- B2.2 The table shows that, at the Quarter 3 stage, for the services reporting directly to CS PAC, net expenditure of £2.199m has been incurred against the budget of £2.960m, representing an underspend of £0.761m.

B3) CS Revenue Budget: Significant Variances

- B3.1 Within the headline figures, there are a number of both adverse and favourable net expenditure variances for individual cost centres. It is important that the implications of variances are considered at an early stage, so that contingency plans can be put in place and, if necessary, be used to inform future financial planning. Variances will be reported to each of the Policy Advisory Committees on a quarterly basis throughout 2022/23.
- B3.2 Table 5 below highlights and provides further detail on the most significant variances at the end of Quarter 3.

Table 5: CS PAC Variances (@ 3rd Quarter 2022/23)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Corporate Services	£000		
Sandling Road Site - Security costs for the site were not budgeted for when the Council took responsibility for the site. There have also been some issues with collecting all the income due, and additional energy costs are anticipated.		-170	-220
Maidstone House – Landlord – There is some significant rental income that it appears it is unlikely that we will receive. There is also the possibility of further electricity costs that could worsen the forecast variance.		-125	-250
Contingency – It is anticipated that this will be fully utilised to deal with budget pressures that are likely to arise over the remainder of the year.	942		0
Unapportionable Central Overheads - Due to staff vacancies payments to the Kent County Council Pension Fund are lower than forecast.	96		125
Elections – This variance is due to an increase in postal costs, due to Royal Mail price rises and an increase in the size of the electorate. There was also an increase in the recharge from the Depot.		-49	-49
External Interest Payable - A significant portion of this budget relates to the Minimum Revenue Provision the Council has to make to meet the costs of borrowing for the capital programme. The budget assumed that there would be a higher level of borrowing at this stage than there actually has been.		-45	800
Interest & Investment Income – Interest rates are higher now than had been forecast when the budget was set.	266		310
Archbishops Palace – Further energy costs are anticipated before the end of the financial year.		-3	-50
Sundry Corporate Properties - The budget includes a Medium-Term Financial Strategy saving for additional income from new property acquisitions. However, to date there have been no acquisitions this year. Further energy costs are also anticipated before the end of the financial year.		-112	-350
Salaries – This variance broadly reflects vacant posts throughout the year, after taking into account projected slippage.	288		265
Maidstone House – MBC Tenant – There are underspends against the repairs and maintenance budgets, but there is the possibility that further electricity costs could impact the forecast variance.	75		50
Apprentices Programme – There has only been one apprentice in the programme this year. There was also budget for a Kent & Medway Medical School scholarship that has not been awarded.	42		55

B4) Other Revenue Budgets: Significant Variances

B4.1 Tables 6, 7 and 8 below highlight and provide further detail on the most significant variances.

Table 6: Planning Services PAC Variances (@ 3rd Quarter 2022/23)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Planning & Infrastructure	£000		
PLANNING SERVICES			
Development Control Advice – Income from Pre-application discussions and Planning Performance Agreements is down against the budgeted figures.		-68	-91
Planning Policy – The budget is projected to be fully spent by the end of the year.	366		0
Salaries - This variance broadly reflects vacant posts throughout the year, after taking into account projected slippage.	236		199

Local Plan Review

B4.1 The Local Plan Review (LPR) process is an important, high profile and continuous task undertaken by the Planning Services team. The associated revenue spending profile however is cyclical and does not fit the conventional 12-month financial planning process for general revenue expenditure. Instead, spending tends to follow the five-year production period of each Local Plan with various peaks and troughs over that time period.

B4.2 The LPR process is therefore funded through an annual £200,000 revenue contribution, in addition to the existing service budget, with any remaining unspent balances at year end automatically rolled forward into the following financial year. The table below shows the available revenue resources currently allocated to fund LPR activities, and the spend as at 31st December 2022.

Opening Balance 01/04/2022	Spending April - December 2022	Forecast Spending January - March 2023	Forecast Spending Balance 31/03/2023
£'s	£'s	£'s	£'s
1,461,727	546,956	950,644	-35,873

Table 6a, Local Plan Review budget (Q3, 2022/23)

B4.3 In addition to the annual funding a further £1m was allocated from the New Homes Bonus for 2022/23 for the LPR.

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Planning & Infrastructure	£000		
PARKING SERVICES			
Pay & Display Car Parks – Occupancy levels continue to be higher than forecast with the majority of car parks performing better than budgeted for.	118		140
Sandling Road Car Park – Running costs budgets are underspent and income greater than forecast.	47		60
Former Park & Ride Sites – Spend against the running costs budgets is lower than forecast.	34		50

Table 7: Communities, Housing & Environment PAC Variances (@ 3rd Quarter 2022/23)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Communities, Housing & Environment Committee	£000		
Cemetery – Income is greater than forecast, and it is proposed to use some of this to install a music and webcast system in the chapel when it re-opens.	55		25
Crematorium – Income is higher than forecast due to a continuing high level of demand for the service, with the death rate being higher than normal recently.	129		127
Public Conveniences - This variance relates to a growth item for the cost of the new toilets at Mote Park, which have only just opened.	95		95
Household Waste Collection - The overspend relates to additional bin purchases and the costs of a consultant for the waste contract renewal.		-64	-90
Commercial Waste Services – Income from internal MBC customers has increased, as has the demand from trade sacks from external customers.	35		48
Recycling Collection – There has been additional income from green bin hire.	38		50
Homelessness Temporary Accommodation – Demand continues to be high for temporary accommodation, and this is due mainly to the rise in the cost of living over the last few months. There are also issues with getting people out of temporary accommodation as soon as possible, this has proved very difficult. Housing are looking at how the Homefinder scheme can help boost access to more private letting.		-508	-735
Salaries - This variance broadly reflects vacant posts throughout the year, after taking into account projected slippage.	227		115

Table 8: Economic Regeneration & Leisure PAC Variances (@ 3rd Quarter 2022/23)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Economic Regeneration & Leisure Committee	£000		
Innovation Centre – As reported previously there is an overspend on business rates for empty offices. There have also been additional maintenance costs incurred which were not anticipated when the building was opened. No allowance has yet been made for Non-Domestic Rates paid in advance from October 2022 to March 2023. Once this has been adjusted this will show a breakeven financial position.		-82	-104
Lockmeadow Complex – This variance reflects an increase in rental income from the units at the complex. However, further energy costs are anticipated before the end of the financial year.	92		-10
Business Terrace Expansion (Phase 3) – Not all the units are occupied, and it is anticipated that this will continue to be the case for the remainder of the year.		-47	-60
Market – Income for lettings for all streams are down against the budget.		-38	-50

B5) Virements

- B5.1 In accordance with the Council's commitment to transparency and recognised good practice, virements (the transfer of individual budgets between objectives after the overall budget has been agreed by full Council) are reported to the CS PAC on a quarterly basis.
- B5.2 Virements may be temporary, meaning that there has been a one-off transfer of budget to fund a discrete project or purchase, or permanent, meaning that the base budget has been altered and the change will continue to be reflected in the budget for subsequent years.
- B5.3 The virements made in Quarter 3 are presented in Table 9 below.

Table 9: Virements (@ 3rd Quarter 2022/23)

Reason	From	To	Value £	Perm/Temp*
Establish Budget for Business Terrace Coordinator	Economic Development Section	Facilities Section	22,040	Permanent
Adjust Leasing Estimates	Parks & Open Spaces/Street Cleansing	Revenue Funding & Capital - Vehicle & Equipment Funding	20,010	Permanent
Fund Policy & Implementation Programme Manager	New Homes Bonus	Additional Staff LPR	41,270	Temporary
Additional Fund for New Website	Business Rates Growth Earmarked Balances	Website	1,780	Temporary
Fund Jubilee Street Party	Business Rates Growth Earmarked Balances	Jubilee Street Party	340	Temporary
Fund Greater North Kent Partnership	Business Rates Growth Earmarked Balances	Financial Contribution to TGKP	28,000	Temporary
Fund Borough Wide Support Membership	Business Rates Growth Earmarked Balances	Borough Wide Support	15,000	Temporary
Fund Charges from Reserve	Homelessness Prevention & TA Reserve	Homelessness Prevention Grant	80,000	Temporary
Fund New Crematorium Lawnmowers	Revenue Funding for Capital	Cremation Fees	18,730	Temporary
Fund Officer Honorarium	Beechwood Community Hall	Facilities Section	1,290	Temporary

Write-off of unpaid rent

There is a sum of £25,152 in unpaid rent in respect of 2 Chillington House, and this report is recommending that the Executive write this sum off as it is considered uncollectable.

Mid-Kent Legal Services have been involved throughout the process working closely with the Housing team to try and recover some or all of this sum. A formal procedure was followed which included writing to the tenant, seeking further advice from Counsel and finally issuing a notice to forfeit the lease.

The tenant had been granted a 22-year lease on the property and when it became clear payments were not being made attempts were made by the Housing team to provide support and assistance. The nature of the lease meant that the tenant could not claim any housing benefit.

Attempts were subsequently made to trace the former tenant to continue to pursue recovery, but these have proved to be unsuccessful, so it is now considered appropriate to write-off this sum as irrecoverable.

Part C

Third Quarter Capital Budget 2022/23

C1) Capital Budget: Council

- C1.1 The overall five-year Capital Programme for 2022/23 to 2026/27 was approved by the Council on 23rd February 2022. Some capital funding will now come from prudential borrowing as other sources of funding are not sufficient to cover the costs of the programme, although funding continued to be available from the New Homes Bonus (NHB) in 2022/23.
- C1.2 The 2022/23 element of the Capital Programme (including unused resources brought forward from 2021/22) has a revised budget of £32.631m. At the Quarter 3 stage, capital expenditure of £12.232m had been incurred, with budget remaining of £20.400m.

C2) Capital Budget: Corporate Services PAC

- C2.1 Progress towards the delivery of the 2022/23 CS PAC element of the Capital Programme at the Quarter 3 stage is presented in Table 10 below.
- C2.2 At the Quarter 3 stage, expenditure of £2.197m has been incurred against a revised budget of £10.079m million for CS PAC. This leaves a remaining budget of £7.882m.

Capital Programme Heading	Revised Estimate 2022/23 £000	Actual to December 2022 £000	Budget Remaining £000	Q4 Profile £000	Projected Total Expenditure £000	Projected Slippage to 2023/24 £000
Communities, Housing & Environment						
Housing - Disabled Facilities Grants Funding	1,640	758	882	400	1,158	482
Temporary Accommodation	4,330	294	4,036	1,147	1,441	2,889
Springfield Mill - Phase 2	731	734	-3		734	-3
Affordable Housing Programme - Trinity Place	500	375	125		375	125
Commercial Development - Maidstone East	200		200	50	50	150
Private Rented Sector Housing Programme	2,310	1,653	657	120	1,773	537
1,000 Homes Affordable Housing Programme	7,600	2,672	4,928	1,618	4,290	3,310
Acquisitions Officer - Social Housing Delivery P/ship	160	153	7	7	160	
Granada House Refurbishment Works	100	40	60	60	100	
Street Scene Investment	70	74	-4		74	-4
Flood Action Plan	430		430			430
Electric Operational Vehicles	84	24	60	60	84	
Vehicle Telematics & Camera Systems	35	35	-0		35	-0
Rent & Housing Management IT System	11	14	-3		14	-3
Installation of Public Water Fountains	15		15	15	15	
Crematorium & Cemetery Development Plan	250	213	37	37	250	
Continued Improvements to Play Areas	126	29	97	97	126	
Parks Improvements	152	127	25	25	152	
Gypsy & Traveller Sites Refurbishment	1,421	1,079	342	342	1,420	0
Waste Crime Team - Additional Resources	25		25	25	25	
Section 106 funded works - Open Spaces	400	116	284	284	400	-0
Total	20,589	8,391	12,198	4,287	12,677	7,912
Economic Regeneration & Leisure						
Mote Park Visitor Centre	1,307	1,337	-30	270	1,607	-300
Mote Park Lake - Dam Works	486	307	179	60	367	119
Leisure Provision	100		100			100
Tennis Courts Upgrade	20		20			20
Mote Park Kiosk Refurbishment & Extension	50		50	50	50	
Total	1,963	1,643	320	380	2,023	-60
Corporate Services						
Corporate Property Acquisitions	3,181		3,181			3,181
Kent Medical Campus - Innovation Centre	341	101	240	160	261	80
Lockmeadow Ongoing Investment	203	18	185	296	314	-111
Garden Community	1,100	175	925	600	775	325
Infrastructure Delivery	1,000		1,000			1,000
Asset Management / Corporate Property	1,261	474	787	200	674	587
Other Property Works	100		100			100
Biodiversity & Climate Change	250	38	212		38	212
Feasibility Studies	122	55	67	67	122	
Digital Projects	25	26	-1		26	-1
Software / PC Replacement	336	110	226	10	120	216
Maidstone House Works	1,000	569	431	306	875	125
Automation Projects	200		200	50	50	150
New Ways of Working - Make the Office Fit for Purpose	40	9	31	31	40	
Fleet Vehicle Replacement Programme	900	623	277	277	900	
Election Polling Booths	20		20	20	20	
Total	10,079	2,197	7,882	2,018	4,215	5,864
Planning & Infrastructure						
No schemes						
Total						
TOTAL	32,631	12,232	20,400	6,684	18,916	13,715

Table 10: Capital Expenditure (@ 3rd Quarter 2022/23)

C3) Capital Budget Variances (@ 3rd Quarter 2022/23)

Corporate Services PAC

C3.1 The most (financially) notable CS PAC items in the table above are as follows:

Corporate Property Acquisitions – This budget will be utilised if any suitable properties for purchase are identified.

Lockmeadow Ongoing Investment – Construction costs rose after the budget was set, hence the overspend. The budgets for future expenditure can be adjusted to compensate for this overspend.

Garden Community – Work is continuing on developing this project, with any unused balance being carried forward into 2023/24.

Infrastructure Delivery – At this stage there are no plans to spend this budget, and it will be carried forward to 2023/24.

Communities, Housing and Environment PAC

C3.2 The most (financially) notable CHE PAC items in the table above are as follows:

Disabled Facilities Grant Funding – The time taken to approve DFG payments has improved significantly, with the average time reducing from 50 days to 11 days. A review of the DFG process has been completed by an independent organisation and the recommendations have either been implemented or informed the new Housing Renewal Policy 2023. The draft policy is due to be considered by CHE PAC in February 2023 before adoption by the Executive. The new working practices and policy will provide for a better experience for our residents and see further improvements in the delivery of grants.

Temporary Accommodation – This is the funding for the latest phase of property acquisitions to provide accommodation for temporarily homeless families and persons. There has been one acquisition to date this year and other properties are being actively pursued as house prices start to retreat from the elevated levels reached during Summer 2022.

Private Sector Rented Housing Programme/ 1,000 Homes Affordable Housing Programme

A number of schemes are at various stages of development at this stage, and further land/property acquisitions are likely to take place before the end of March. Some schemes will also contain elements of both private rented and affordable housing so the costs may change depending on the mix at the sites where this happens.

Flood Action Plan – At this stage there are no plans to spend this budget, and it will be carried forward to 2023/24.

Economic Regeneration and Leisure PAC

C3.3 The most (financially) notable ERL PAC items in the table above are as follows:

Mote Park Visitor Centre - There have been some unanticipated costs that mean the project will cost around £300,000 more than initially budgeted for. Funding has been identified for this overspend.

Part D

Third Quarter Local Tax Collection 2022/23



D1) Collection Fund

- D1.1 A large proportion of the Council's income is generated through local taxation (Council Tax and Business Rates), which is accounted for through the Collection Fund.
- D1.2 Due to the risk in this area, including the risk of non-collection and the pooling arrangements in place for Business Rates growth, the Council monitors the Collection Fund very carefully.
- D1.3 There are statutory accounting arrangements in place which minimise the in-year impact of collection fund losses on the general fund revenue budget, however, losses incurred in one year must be repaid in subsequent years so there is a consequential impact on future budgets and the medium-term financial strategy.

D2) Collection Rates & Reliefs

- D2.1 The collection rates achieved for local taxation are reported in the table below.

Table 11: Local Tax Collection Rates (Q3 2022/23)

Description	Target Q3 2022/23	Actual Q3 2022/23
Council Tax	82.42%	81.80%
Business Rates	81.03%	82.61%

- D2.2 The amount of Council Tax and Business Rates collected is marginally lower than the quarter 3 target. This will be closely monitored to understand the impacts of the UK financial environment on residents and businesses.

D3) Kent Business Rates Pool

- D3.1 The council has continued to participate with other Kent authorities during 2022/23 to maximise the proportion of business rates growth it is able to retain. Forecasts from those in the pool have been requested and we will have an update for quarter 3. As in previous years, any funding will be allocated to spending which supports the delivery of the council's Economic Development Strategy.
- D3.2 As part of the pooling arrangements, pool members share the risks, as well as the rewards of pool membership. Business rates retention scheme is extremely difficult to forecast, due to the number of unknowns e.g. the impact of the removal of expanded reliefs to businesses affected by Covid-19, and the longer term impacts on local, national and global economies.

Part E

Reserves & Balances 2022/23

E1) Reserves & Balances

E1.1 The combined total of the General Fund balance and Earmarked Reserves as at 1 April 2022 was £34.8 million, including £10.2 million set aside to fund future collection fund deficits. The makeup of the balance, and the forecast movements during 2022/23 are presented in Table 13 below.

E1.2 The closing balance enables a minimum general fund balance of £4.0 million to be maintained, as agreed by full Council in February 2022.

Table 13: Reserves & Balances Quarter 3 2022/23

	Balance 1st April 2022	Estimated movement in 2022/23	Estimated Balance as at 31st March 2023
	£000	£000	£000
General Fund			
Unallocated Balance	11,362	0	11,362
Subtotal	11,362		11,362
Earmarked Reserves			
Spatial Planning EM reserve	1,000	(1,000)	0
Neighbourhood Planning	97	(20)	77
Planning Appeals	286	0	286
Trading Accounts	0	0	0
Civil Parking Enforcement	400	(110)	290
Future Capital Expenditure	2,426	0	2,426
Future Funding Pressures	969	500	1,469
Homelessness Prevention & Temporary Accommodation	1,279	(500)	779
Business Rates Earmarked Balances	3,681	(153)	3,529
Funding for Future Collection Fund Deficits	10,284	(10,284)	0
Commercial Risk	500	0	500
Invest to Save	500	(50)	450
Recovery and Renewal Reserve	778	(180)	598
Renewable Energy	119	0	119
Enterprise Zone	4	0	4
Majors Works (MH) Sinking Fund	0	200	200
Resources carried forward from 2021/22 to 2022/23	1,184	(1,184)	0
Subtotal	23,508	(12,781)	10,727
Total General Fund and Earmarked Reserves	34,870	(12,781)	22,089

Table 14: General Fund and Earmarked Balances at Q3 2022/23

Part F

Treasury Management 2022/23

F1) Introduction

The Council has adopted and incorporated into its Financial Regulations, the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code).

The CIPFA Code covers the principles and guidelines relating to borrowing and investment operations. On 23rd February 2022, the Council approved a Treasury Management Strategy for 2022/23 that was based on this code. The strategy requires that Policy & Resources Committee should formally be informed of Treasury Management activities quarterly as part of budget monitoring.

F2) Economic Headlines

During the Quarter ended 31st December 2022, the Council's Advisors, Link Asset Services, reported:

- A 0.5% month on month rise in GDP in October, mostly driven by the reversal of bank holiday effects;
- Signs of economic activity losing momentum as households increased their savings;
- CPI inflation fall to 10.7% in November after peaking at 11.1% in October;
- A small loosening in the labour market which pushed the unemployment rate up to 3.7% in October;
- Interest rates rise by 125 basis points over Quarter 3, taking Bank Rate to 3.50%;
- Reduced volatility in UK financial markets but a waning in global risk appetite.

F3) Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Table 14: Interest Rate Forecast

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

BANK RATE

The above forecast for interest rates has been updated on 19th December 2022 and reflected a view that the Monetary Policy Committee would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government's policy will probably mean Bank Rate will not increase to further than 4.5%.

It is anticipated that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Quarter 3 (December CPI is 10.5%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiraling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure.

In the upcoming months, Link's forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

PWLB RATES

The yield curve has shifted upwards since our August update and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.25% to 5.75%. The yield curve is

It's Link's view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

F4) Council Investments

The council held investments totaling £38.75m at the start of the year which has reduced to £28.13m on 31st December 2022. Investment levels are likely to reduce further by the end of 2022/23 due to the reduction of Council Tax and Business Rates income.

A full list of investments held at this time is shown at Table 15 below. All investments are held in either short term notice accounts or money market funds, to be readily available to fund the Council's liabilities, including the capital programme.

Table 15: Short-Term Investments (3rd Quarter 2022/23)

Counterparty	Type of Investment	Principal £	Start Date	Maturity Date	Rate of Return	MBC Credit Limits	
						Maximum Term	Maximum Deposit
Handelsbanken	Call account	370,000			3.30%	12 Months	£5,000,000
Aberdeen Standard Liquidity Fund	Money Market Fund	8,790,000			3.28%		£10,000,000
Federated Hermes Short-Term Sterling Prime Fund	Money Market Fund	7,970,000			3.26%		£10,000,000
Landesbank Hessen	Fixed Term Deposit	3,000,000	29/07/2022	30/01/2023	2.36%	6 Months	£5,000,000
Standard Chartered Bank Sustainable Deposit	Fixed Term Deposit	3,000,000	10/11/2022	10/02/2023	3.36%	6 Months	£5,000,000
National Bank of Kuwait London	Fixed Term Deposit	3,000,000	06/05/2022	07/03/2023	3.55%	6 Months	£5,000,000
Landesbank Hessen	Fixed Term Deposit	2,000,000	26/10/2022	13/03/2023	3.65%	6 Months	£5,000,000
Total Investments		28,130,000					

Investment income as at 31st December 2022 totals £0.359m against a budget of £0.075m with an average rate of 1.8% over the year. The increase is due to interest rates increasing throughout the year as detailed in F3 Interest Rates above.

F5) Council Borrowing

The Council held external borrowing amounting to £9m on 31st March 2022. Total borrowing as at 31st December 2022 was £5m with a breakdown shown in Table 15 below. £4m short term borrowing was repaid to Middlesbrough Teeside Pension Fund on 19th August 2022 as funds were available and as interest rates were starting to rise, the cost of refinancing would have been greater than the current rate. No further borrow has been required during the quarter.

Table 16: Council Borrowing (3rd Quarter 2022/23)

Counterparty	Type of Institution	Principal £	Start Date	Maturity Date	Interest Rate
Public Works Loans Board	Central Government	2,000,000	11/11/2021	11/11/2071	1.73%
Public Works Loans Board	Central Government	3,000,000	30/12/2021	30/12/2071	1.56%
Total Loans		5,000,000			

Part G

Maidstone Property Holdings 2022/23







G1) Maidstone Property Holdings Ltd. (MPH)




- G1.1 MPH is a wholly-owned subsidiary of the Council and was incorporated on 30th September 2016. It is primarily a vehicle for letting residential properties on assured short-hold tenancies.
- G1.2 An Internal Audit review identified that there should be a mechanism in place to enable the company to formally report to the Council. Given the current level of activity within the company is relatively low, it was decided that this would be done via the quarterly budget monitoring process (previously to the Policy and Resources Committee, now to this Committee). This section of the report provides an overview of the activity and performance of the company for the year to date.
- G1.3 The MPH financial year-end is 31st March, in order to align with the Council's financial reporting period.

G2) MPH Headlines









- G2.1 During 2021/22 management of residential accommodation transferred from an external agent to the Council's in-house accommodation team. MPH also took on the lease of new flats at Tower Hill (Brunswick Street), Tylers Place (Union Street) Springfield Place and Springfield Mill. Granada House and a number of other individual residential properties are also included in the portfolio.
- G2.2 Net rental income up to the end of the third quarter of 2022/23 totals £663,654 (2021/22 £517,666) This represents rent collected, less running costs, maintenance costs and recharges for staff time. As at 31st December 2022, there were minimal rent arrears.
- G2.3 The Council receives income from the company through charges made for services provided, and the property lease. After these charges and other expenses, it is expected that the company will achieve a breakeven position for 2022/23.
- G2.4 As company activity increases over time, governance and reporting arrangements will be kept under review to ensure that they remain appropriate and commensurate with the scope of activity and associated risks.

Key to performance ratings







RAG Rating	
	Target not achieved
	Target slightly missed (within 10%)
	Target met
	Data Only

Direction	
	Performance has improved
	Performance has been sustained
	Performance has declined
N/A	No previous data to compare





Communities

Performance Indicator	Q3 2022/23				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Number of new Council Tax Support (CTS) applications received	598				
Total number of live Council Tax Support (CTS) cases as of the end of the quarter	9,555				

The Council's Financial position










Performance Indicator	Q3 2022/23				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Percentage of Non-domestic Rates Collected (BV 010)	82.61%	81.03%			
Percentage of Council Tax collected (BV 009) (average is taken October – December 2022)	73.03%	73.31%			

The Way We Work

Performance Indicator	Q3 2022/23				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Total running costs of Maidstone House in the period	£772,799.00				

KPI **“Total running costs of Maidstone House in the period”** is £58,622 higher than Q2 2022/23, owing to large electricity bills.

Q3 2022/23 KPIs across service Committees that were missed by more than 10%

Performance Indicator	Q3 2022/23				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Percentage of successful Relief Duty outcomes	45.79%	60%			
Percentage of unemployed people in Maidstone (out-of-work benefits) [NOMIS]	2.9%	2.0%			
Number of youths unemployed (18-24)	550	373			

We have created a dashboard to facilitate access to this data live from the Office of National Statics here: <https://maidstone.gov.uk/home/primary-services/council-and-democracy/primary-areas/information-and-data/tier-3-primary-areas/performance-And-stats/tier-3-primary-areas/dashboards/dashboards/out-of-work-benefits-and-average-property-prices-data>

Economy

The **“Number of youths unemployed (18-24)”** KPI achieved a figure of 550 against a target of 373 as an average for Q3 2022/23. The target of 373 is taken from the average monthly number of youths employed in 2019/20 (pre-pandemic). Unemployment among youth figure slightly increased in October 2022 (535) against the September 2022 figure (525). The number of youths unemployed in Q3 2022/23 (1650) is greater than in Q2 2022/23 (1550). However, it is still significantly higher by 39.2% than the pre-pandemic figure of 1185 for Q3 2018/19.

“Percentage of unemployed people in Maidstone (out of work benefits)” KPI achieved a figure of 2.9% for October – December 2022 against an average target of 2.0%. Unemployment rates in Maidstone have stayed consistent in October 2022 at a volume of 2.8%. In November 2022 the figure slightly shifted and increased by 0.1%. Figures are still higher than pre-pandemic figures of 2% (Q3 2018/19).

Communities

The **“Percentage of successful Relief Duty outcomes”** indicator outcome achieved a result of 45.79% which has grown against last quarter (42.17%), however, declined against Q3 2021/22 (58.51%). An indicator missed its target by 14.2%.

The performance of 45.79% of homelessness relieved in the quarter demonstrates average performance and is much higher than the national average of homelessness relieved for the quarter of 38.2%, taken from the detailed LA tables for statutory homelessness Jan-Mar 22. It is also much higher than the Kent average of 33.8%, also taken from the LA tables for statutory homelessness.

It is recognised that relieving homelessness is more difficult than preventing homelessness, in particular with restricted access to the Private Rented Sector as a result of unaffordable market rents and an increase in demand for privately rented accommodation from those who are not economically disadvantaged.

Additionally, applicants who are in priority need and unintentionally homeless can only be owed the relief duty of 56 days, before they become owed the main housing duty, giving only a short window of opportunity to relieve homelessness.



Third Quarter Risk Update 2022/23

February 2023
Corporate Services PAC
Report Author: Alison Blake
(Interim Deputy Head of Audit)

Introduction

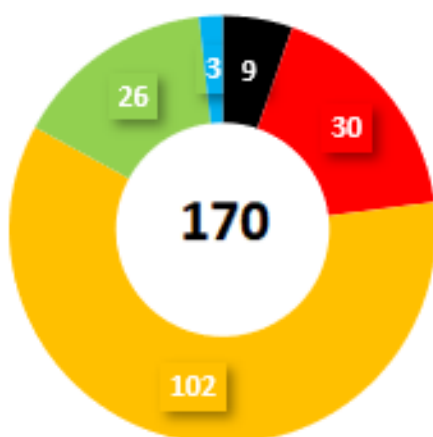
A key principle of good governance is managing the ***effect of uncertainties on the achievement of our objectives*** (our risks). Having arrangements in place to identify and manage our risks increases the probability of achieving corporate and operational objectives by controlling risks in balance with resources. Good risk management also increases our ability to cope with developing and uncertain events and helps to instil a culture of continuous improvement and optimisation.

The Risk Management Framework sets out how the Council identifies, manages and monitors risks. This includes the risk appetite statement, which articulates how much risk the Council is comfortable with and able to bear.

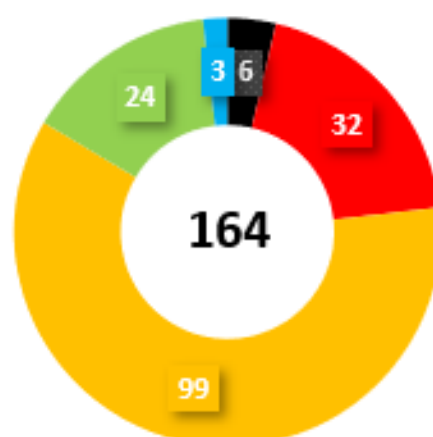
A key part of the risk management process is to report risk information to understand how the risks to the Council are changing and what risks are emerging. **The purpose of the report is to provide Members with the Council's key risks and how they have changed since they were last reported in November.** The role of this committee is to provide oversight and challenge over the management of the Council's most significant risks.

This report sets out the Council's corporate risks and describes the risks 'on the horizon'. Finally, the report includes the Council's operational risk profile and details the most significant operational risks. The Council's overall risk profile is pictured in the diagrams below. These show a slight decrease in the overall number of risks, a decrease in the number of black risks and a slight increase in the number of red risks.

Current Risk Profile (Nov' 22)



Current Risk Profile (Feb' 23)



The decrease in the black risks results from a corporate risk being down graded (as described later in the report) and two black operational risks within housing being reviewed and integrated within the corporate *housing pressures* risk.

Corporate Risks

The Council's corporate risks are reported quarterly to the Corporate Services Policy Advisory Committee to ensure effective oversight and monitoring. The risks have been reviewed by risk owners with existing and planned controls being updated and the risk ratings reviewed and amended where necessary.

The table below summarises the **15** risks on the corporate risk register. Further detail on the corporate risks, including a description of the risk and details of existing and planned key controls are included in Appendix A. Appendix B outlines the impact and likelihood scoring criteria.

No	Corporate risk	Nov' 2022 Current Risk	January 2023		Corporate Priority			
			Current Risk	Mitigated Risk				
1	Financial uncertainty	25	25	16	✓	✓	✓	✓
2	Election failure / challenge	25	25	20	✓	✓	✓	✓
3	Construction costs / contractor insolvency	20	20	16	✓		✓	✓
4	Housing pressures increasing	20	20	16	✓		✓	
5	Diminished local retail and leisure sector	25	16	12	✓			✓
6	Environmental damage	16	16	16		✓	✓	✓
7	Major unforeseen emergency	15	15	12	✓	✓	✓	✓
8	Major contractor failure	12	12	12	✓	✓	✓	✓
9	IT network failure	12	12	9	✓	✓	✓	✓
10	Not fulfilling residential property responsibilities	12	12	9	✓		✓	
11	Ability to access / leverage new funding	12	12	9	✓	✓	✓	✓
12	Loss of workforce cohesion and talent	12	12	9	✓	✓	✓	✓
13	Governance changes	9	9	6	✓	✓	✓	✓
14	Reduced effectiveness of relationships with strategic partners	9	9	9	✓	✓	✓	✓
15	Resilience of the voluntary & community sector	9	9	6		✓	✓	

Our Priorities

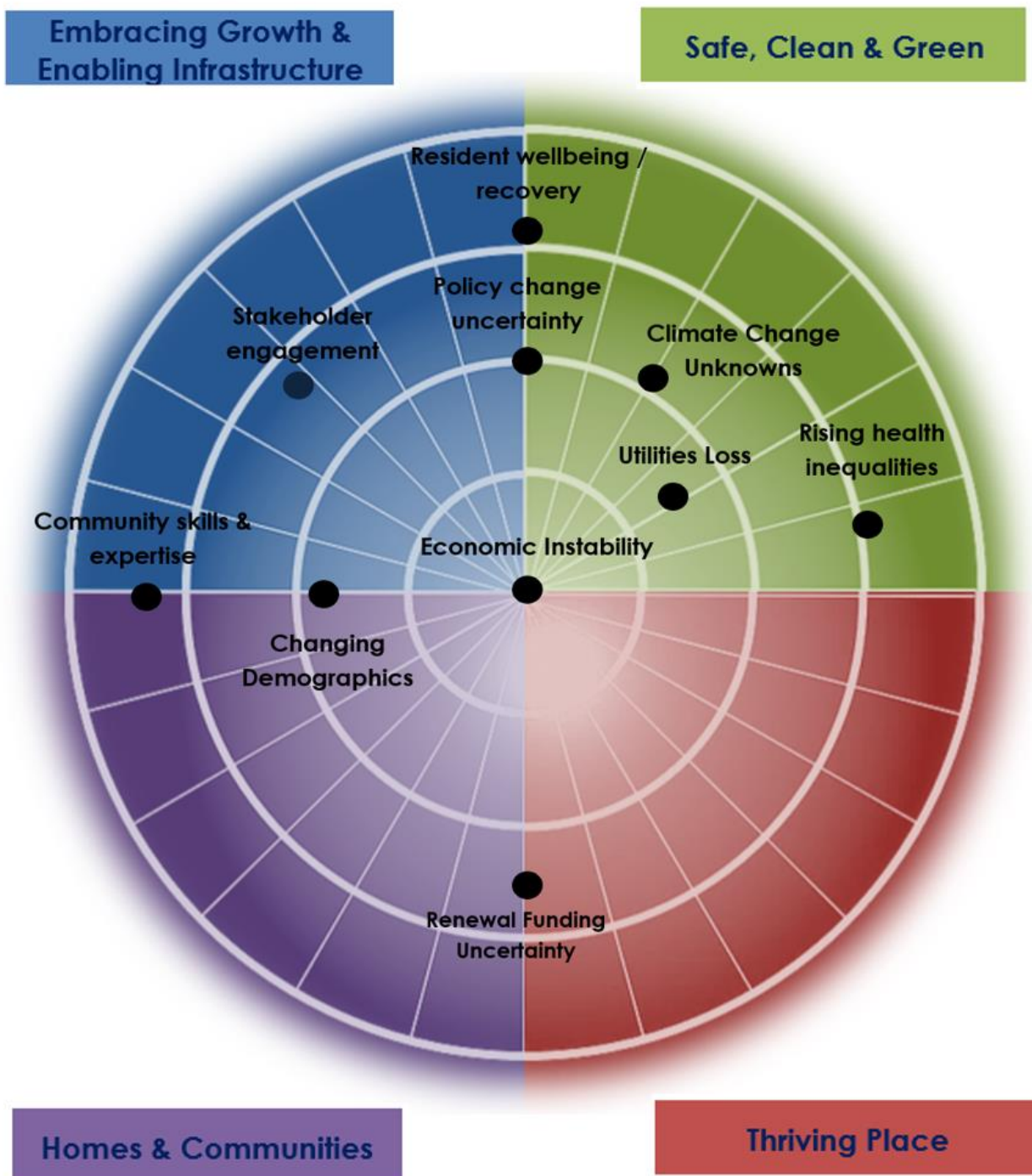


The **diminished local retail and leisure sector** risk (formerly *contraction in retail sector*) has been re-framed and the scoring reduced to reflect how the sector is adapting to economic conditions.

External Threats (horizon scanning)

Our horizon scanning process identifies external threats over which we have no direct control or ability to manage the impact on delivery of our priorities. Our response to these threats will be an important factor in how we develop our strategies, policies and how we translate that into service delivery. As such, we can draw down any of these threats into our corporate risk register if (or when) the time is right.

For the time being, we will keep our eye on these threats and continue to provide updates as part of the quarterly monitoring report. The diagram summarises the external threats aligned to each of our priorities with those closest to the centre being those likely to happen soonest.



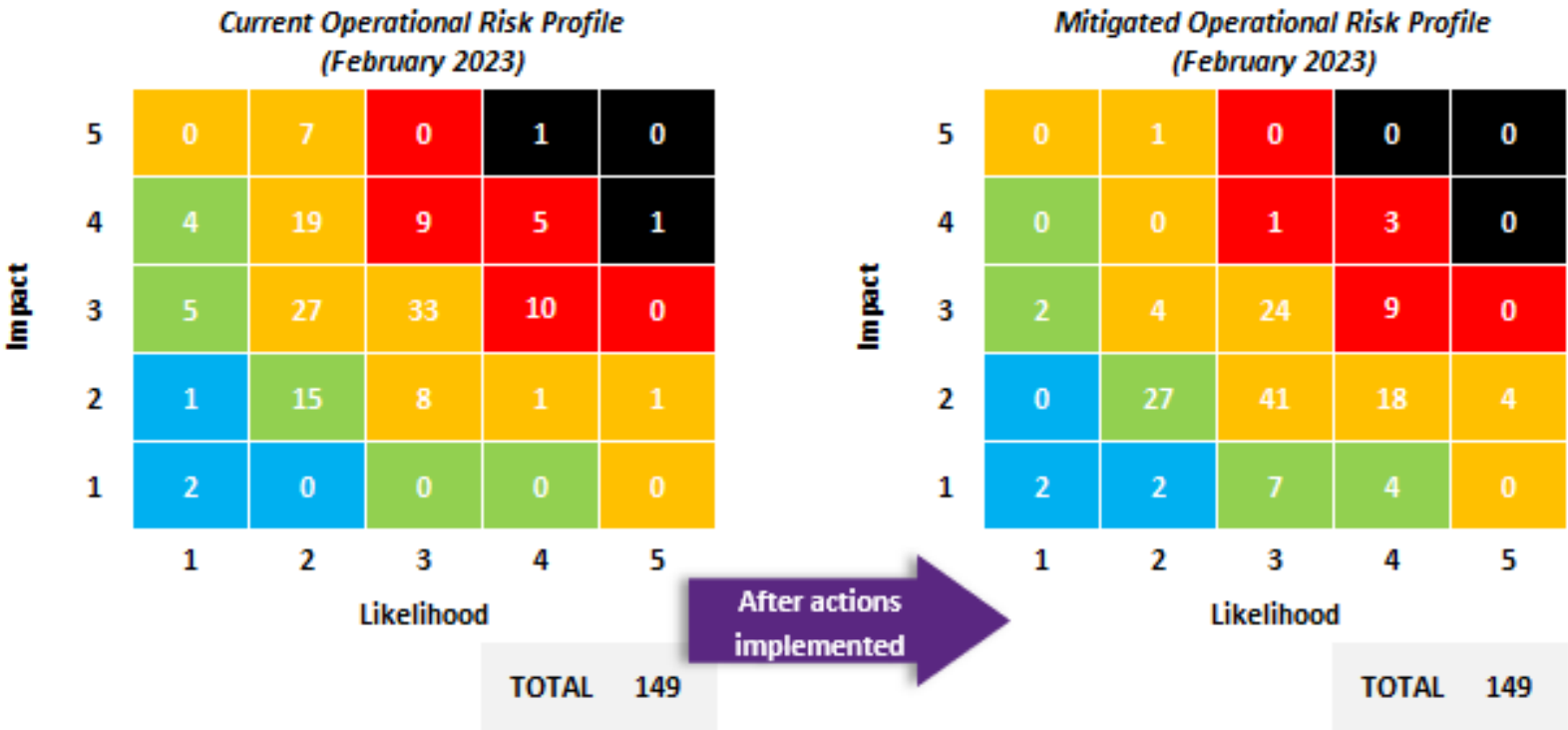
The following points provide some more detail on the threats outlined in the diagram above:

- **Economic Instability** – uncertainty around employment rates, interest rates and inflation increases, and the affect this will have on the local economy, residents financial position and our operational and contractual costs and wage bill.
- **Climate change unknowns** – some of the implications of climate change are already captured within the corporate risk register. But this reflects the possibility of other as yet unknown implications from climate change.
- **Policy change uncertainty** – potential for changes in legislation and other central government policy changes.
- **Funding uncertainty** – ability of Maidstone BC to get funding which matches its aspirations and delivery goals.
- **Stakeholder engagement** – heightened sensitivity to Council plans leading to increased intolerance and complaints.
- **Resident Wellbeing and recovery** – potential for residents in the borough to not have long term improvements to their wellbeing
- **Rising health inequalities** – increasing inequality in access to health care provisions.
- **Community skills and expertise** – decline in diversity of skills and expertise within communities.
- **Utilities Loss** – loss of water, electricity or telecoms over a wide area in the Borough.
- **Changing Demographics (New)** – changes in local demographics as local residential development expands and consensus results become clearer, changes predicted service provision.

Rising construction costs has been removed from the horizon as it is now adequately captured within existing risks.

Operational Risks

The following matrix sets out the operational risk profile of the Council including shared service risks. It shows the ‘business as usual’ position (*current risk*) and the position once all planned actions are implemented (*mitigated risk*). Compared to November 2022 the overall number of risks has decreased slightly from 155.



The 2 black operational risks and how the Council is responding to them are detailed below.

Waste Collection Contract costs increase. Annual contract financial review could result in increase in costs associated with the contract, or contract not being viable for the contractor.				
Service Area: Environmental Services & Public Realm		Ownership: Jen Stevens		Current Score: 15 x L4
<p>Causes</p> <p>National HGV driver shortage is having impact on collection costs due to substantial pay increases to attract and retain staff</p> <p>New contract from 2023 could be financially unviable given the requirements set out in the specification and if the full extent of the carbon reduction requirements are to be realised e.g. full electric RCV fleet</p> <p>Consequences</p> <p>Financial burden on the council.</p> <p>Potential reconsideration of how the service is provided.</p>		<p>Existing Controls</p> <ul style="list-style-type: none"> • Agreed waste contract and T&Cs around termination of contract and changes to the contract • Opportunities to review fees and charges to residents in line with costs • Quarterly monitoring of property growth and estimation of growth included in budget • Budget set aside from fees and changes to cover garden waste increases • Monitoring with finance on financial position • Income from Council tax growth to cover increase in service • Updated MTFS with likely increases in contract costs 		<p>Risk Response</p> <ul style="list-style-type: none"> • New waste collection contract awarded
Next Risk review: April 2023		Risk direction over time: <i>Mitigated rating decreased</i>		Mitigated Score: 14 x L4

20

16

Infrastructure improvements to road, rail, public transport, cycling, community & social infrastructure and broadband within the borough fail to take place.

Service Area: Spatial Planning & Economic Development		Ownership: Chris Inwood		Current Score: 14 x L5	20
<div>Causes</div> <div>Lack of investment Change to government priorities</div> <div>Consequences</div> <div>Residents of the Borough do not have access to Broadband Residents of the Borough are not served adequately by Public Transport Cycling is not encouraged as cycle lanes are not introduced Roads cannot cope with existing and future traffic demands</div>		<div>Existing Controls</div> <div><ul style="list-style-type: none">Continue to work with KCC, Network Rail and Helen Grant MP to secure Thameslink services and further improvementsDedicated officer appointed to deliver the Integrated Transport StrategyCIL/S106 team and planning policy officers provide advice until Integrated Transport Strategy Officer is in postWorking with Kent County Council on Broadband issuesKCC Transport Planner working for and assisting MBCManager supervision and regular 1:1sOngoing agenda item for SPED (Spatial Planning & Economic Development)</div>		<div>Risk Response</div> <div><ul style="list-style-type: none">Monitor what will replace the SE Rail franchise. Government leading on this.Making Maidstone More Active project to identify sports facility requirements across the Borough</div>	
Next Risk review: April 2023		Risk direction over time: no change		Mitigated Score: 14 x L3	12

Appendix A Corporate Risk Register

The following table shows the detail of the Council's Corporate Risks including the **current** rating (business as usual position) and the rating after the introduction of planned controls (the **mitigated** rating).

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
General financial uncertainty . Unexpected changes to government funding, failure to achieve income or savings targets, and increases in inflation and contractor costs places further financial restrictions on the Council resulting in difficulty maintaining standards or meeting aims.	Mark Green	<ul style="list-style-type: none"> • Agreed work programmes in transformation and commissioning • Budget monitoring in place • MTFS in place and monitored • Scenario planning in budget setting • Strategies for maintaining income (e.g. pricing policies and proactive management of property portfolio) • Holding reserves to mitigate impact of financial restrictions • Robust risk assessment of new business opportunities 	(5 x 5) 25	<ul style="list-style-type: none"> • Currently updating MTFS to reflect impact of inflation • Lobbying to avoid unfavourable financial changes to government funding • Cost recovery through bidding for additional government support for one-off costs and strategic investments • Identifying measures to address future budget gaps • Maximise Council Tax to referendum limit 	(4 x 4) 16
76 Elections Act 2022 introduction of Voter ID for May 2023 elections results in the election failing or being challenged . Leading to reduced electoral integrity, reputational damage, and potential impact on political leadership and decision-making capability for 2023/24.	Angela Woodhouse	All usual election risk mitigations are in place including project planning, contingency planning and risk assessments. In addition DES Manager on DLUHC BCN group working on Elections Act 2022 implementation and liaising with AEA.	(5 x 5) 25	Increased election staffing for 2023, All Council staff to be on standby to support elections, utilise internal comms, early contact of election staff, targeted training, prioritising of elections over corporate functions within Corporate and Electoral Support, contingency planning for post-election challenge impacts. However, risk mitigation is limited due to dependency on external factors (i.e. DLUHC delivering)	(4 x 5) 20

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Inflation continues to rise and a significant economic event (e.g. further pandemic impacts, BREXIT, supply chain issues) causes significant changes in construction costs which may also result in a contractor insolvency, as they are generally locked into delivering schemes at a fixed price, and so need to manage their exposure to rising costs in their supply chain. For the Council, this leads to a narrowing gap between build price and end of property values, increased costs to the Council and a possible time lag in delivery of 1000 affordable new homes, owing to a lack of capacity in the construction sector.</p>	William Cornall	<ul style="list-style-type: none"> • Use of "off-site" and other Modern Methods of Construction where possible to ensure schemes are delivered efficiently • Designing buildable efficient schemes • Financial stability and overall exposure checks for contractor • Performance bonds and quality monitoring • Realistically set financial scheme approval hurdle rates • Appointment of a single architect (BPTW), employers agent (Calfordseaden) and development management specialist (Red Loft) as a consistent professional team to support the Council in it delivery of the 1,000 homes programme 	<p>(4 x 5)</p> <p>20</p>	<ul style="list-style-type: none"> • Exploration of suitable contractor frameworks to access. • Managing exposure levels to different contractors as the programme gathers momentum. • Delaying the letting of key contracts if tendering does not yield VFM proposals that are financially robust. <ul style="list-style-type: none"> • Careful scheme design evolution to enhance the "buildability" of new projects. • Exploration of the use of Modern Methods of Construction (MMC) to help generate construction costs savings and benefits, most likely in terms of time and quality. 	<p>(4 x 4)</p> <p>16</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>The broader housing and cost-of-living crisis leads to housing pressures increasing on the Council, affecting both costs associated with homelessness and ability to meet wider housing needs in the borough.</p> <p>78</p>	William Cornall	<ul style="list-style-type: none"> • Homelessness prevention team in place with increased resource • Access to our own housing stock to use for temporary accommodation & market rented housing (within Maidstone Property Holdings) • Closer working with private sector & housing associations • Key policies are in place: Temporary Accommodation Strategy • Implementation of Housing Management Team • Council approval in place for MBC to develop up to 1000 affordable homes of its own • We work closely with the voluntary sector and community partners • Home Finders scheme in place and supported through Government funding • Affordable Housing supplementary guidance adopted in Summer 2020 • The first circa 400 residential plots for the 1,000 homes programme have been acquired / approved. <ul style="list-style-type: none"> • Maximise use of government grants to assist those in financial difficulty • Increase the use of OneView to identify households who may become homeless • Undertaking roadshows with colleagues from Revs & Bens and other stakeholders to support those in financial/housing difficulty • Use of government grants specifically to support households in financial difficulty as a result of cost-of-living crisis • Trinity now open offering Mon-Fri services for immediate intervention and support/guidance 	(4 x 5) 20	<ul style="list-style-type: none"> • Continued progress towards the temporary accommodation acquisition programme funded through the MBC capital programme • Leader of Council ambition to build 1000 new Council homes as soon as possible and plans to meet this aspiration have been approved and the programme is underway with the second major new land acquisition. Around 40% of the required plots are now either acquired or approved by the Executive. • New draft Housing Strategy has been considered by the CHE committee and is now out for public consultation with a view to it being adopted in Q4 • The Council continues to work with Homes England to promote the 5,000 home Heathlands garden community through the Local Plan Review, with a view to the project delivering new homes from the late 2020's. • Review of the Home Finder Scheme offer to landlords to increase the supply of stock at our disposal. • Improve access to private rented sector through the MBC incentive scheme. • Explore alternative approaches to obtaining TA accommodation. Officers will, restart some "direct lets" to households in TA to the RP sector, procure nightly paid TA in a more long-term manner, and make proposals to the Executive to bolder investment in Council owned TA via the new capital programme in the MTFS. 	(4 x 4) 16

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Changes to national shopping patterns and the after-effects of the pandemic leads to Maidstone town centre continuing to diminish as a retail and leisure destination, limiting the appeal of Maidstone town centre threatening social cohesion and business rates income.</p>	William Cornall	<ul style="list-style-type: none"> Working with Key stakeholders including One Maidstone to safely reopen the High Street. Regular network meetings with town centre retailers Public realm improvement work Supporting One Maidstone Business Improvement District Acquisition of key property (Royal Mail former sorting office planning application to be submitted Q4 / Grenada House refurbishment works expected to commence Q4) Work commissioned to promote Maidstone as business destination Planning Guidelines documents have now been approved by SPI for the Five town Centre Opportunity sites. Planning permissions have now been granted on two of these and pre-application advice given in respect of land parcels on Maidstone Riverside. Active management of Lockmeadow to enhance the local economy Support delivered to the sector through Business Rates grants and assistance grants Town Centre Opportunity guidance published and actively being used 	(4 x 4) 16	<ul style="list-style-type: none"> Taking advantage of opportunities to support infrastructure investment A targeted programme of place promotion campaign activities Development of a Town Centre strategy to guide the reallocation of land uses within the Town Centre (including retail) A programme of town centre events and activities is now in place funded through covid response monies. UKSPF Local Government Plan intends to continue and expand this (subject to release of funding) Covid related Business Support grants will continue to be focussed upon this sector in part. The Council has now received a circa £1.2m Shared Prosperity Fund allocation for the next three years, and officers are in the process of preparing a draft investment plan for the monies for consideration by Members. The Leader has agreed the LIP and it has been submitted; we are awaiting the outcome; successful bid to the safer Streets Fund which has secured £565k investment for community safety in the town centre Town Centre Strategy now underway with We Made That appointed, with work scheduled to complete by Dec 2023. 	(3 x 4) 12

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Increased impacts from climate change (including flooding, severe storms, heatwaves and drought) causes environmental damage reducing residents' quality of life and increasing adaptation support required from the Council.</p>	Angela Woodhouse	<ul style="list-style-type: none"> Comprehensive Biodiversity and Climate Change Strategy and action plan has been developed and is being implemented across council Air Quality Action Plan in place Emergency planning arrangements Parks and open spaces strategy to reduce risk of damage from trees and nature based mitigation of climate impacts Budget available to deliver actions and additional funding allocated Communication / engagement activities to increase resilience and awareness of residents and businesses for adverse weather events Use of Severe Weather Impacts Monitoring System (SWIMS) to understand impacts of severe weather in borough Member of the Kent Climate Change Network Permanent Biodiversity and Climate Change Manager in post Permanent Biodiversity and Climate Change engagement officer in post to support public and business adaptation to climate change Part of Medway Flood Partnership and Kent Resilience Forum Strong governance arrangements in place with operational board chaired by Director of Strategy Insight and Governance, Fortnightly oversight meetings with the Leader and quarterly reports to Corporate Leadership Team, Policy Advisory Committee and the Executive KPIs in place and a dashboard of performance has also been developed 	(4 x 4) 16	<ul style="list-style-type: none"> Continue Implementation of the B&CC strategy and action plan to engage with public and businesses to adapt to and mitigate impacts of climate change Review of our own estate in line with ambition to be carbon neutral by 2030, and work with partners to reduce carbon, reduce surface run off and increase natural solutions to mitigate impacts of climate change and pollution Partner with KCC, other Kent districts and private landowners on widescale tree planting and nature recovery to mitigate impacts of climate change Newly appointed Emergency Planning Officer will be trained on SWIMS and take on the task of uploading impacts on SWIMS more regularly and with closer ties to KCC. Work with Medway Flood Partnership to identify and develop actions, including natural flood management (nature-based solutions and sustainable urban drainage), which can help to reduce flooding. Ensure Local Plan review considers level of current and future projected flood/drought risk and that new developments are planned accordingly. Work with the Kent Resilience Forum, spatial planners and other partners to enhance adaptation and emergency planning contingencies for severe weather and other climate impacts. 'Strengthening' of power and water supply and other critical infrastructure should be a priority alongside ensuring more resilient settlements 	(4 x 4) 16

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
Major unforeseen emergency with national / international impact (e.g. new pandemic, environmental disaster)	Alison Broom	<ul style="list-style-type: none"> • Strong existing emergency planning framework • Active engagement with Local Resilience Forum • Flexible, committed and appropriately trained workforce • Quarterly oversight & monitoring through the Emergency Planning Group (EPG) • Some financial reserves • Good partnership working as demonstrated during Covid-19 pandemic • Continued update to Business Continuity Plans and arrangements • Ongoing considerations of financial reserves which have been increased 	(5 x 3) 15	<ul style="list-style-type: none"> • Plan for dealing with different types of major emergencies, including water supply interruptions • Review and update of the Council's IT Disaster Recovery arrangements and Business Continuity Plans • Embedding arrangements over the quarterly review of emergency threats and risks through the EPG including horizon scanning and early warnings • Recovery and renewal funding allocated to strengthen work on community resilience • Report to CLT in detailing improvements to the business continuity arrangements 	(4 x 3) 12
Failure of a major contractor: As a result of market pressures one of the Council's contractors goes into liquidation / administration or seeks to negotiate an increase in the cost of the contract. Leading to disruption and increased costs.	Mark Green	<ul style="list-style-type: none"> • Regular contract monitoring and communication with contractors • Procurement expertise made available through the Partnership with Tunbridge Wells • Financial performance and sustainability embedded into the procurement process • Contractor business continuity plans in place and alternative contractors may be available • 'Exit plan' included as a requirement in the ITT document for all relevant contracts 	(4 x 3) 12	<ul style="list-style-type: none"> • Ongoing financial performance and resilience checks of our suppliers and contractors • Risk register work being completed for each of the Council's strategic contracts • Increased consideration of in-house provision or alternative commissioning routes 	(4 x 3) 12

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
82 Security breach or system weakness leading to IT network failure results in wide-spread system unavailability, increased legal and financial liability and reputational damage.	Georgia Hawkes	<ul style="list-style-type: none"> • Regular backup programmes • External testing of IT security by specialists –resulting findings and actions are implemented and tested • ICT policies & staff training, including disaster recovery plan • Mandatory cyber security training was rolled out and completed • CLT monitoring of performance indicators, including ICT incidents • Nessus scanning software reporting daily on system vulnerabilities • New firewall tested and installed • Ongoing programme of awareness raising through Cyber events, training, and tests • Ongoing programme of IT campaigns including phishing • IT Business Continuity Plan which prioritises the systems that need to be brought back online. • Bulk messaging system to ensure adequate communication lines available. Gov.notify used and an awareness campaign run to encourage staff to sign up. • Cyber Security Incident BC Exercise undertaken in November 2022 	(4 x 3) 12	<ul style="list-style-type: none"> • Business Impact Assessments are being reviewed and updated and will be used to update all BC Plans • Consider how to implement the recommendations from Zurich Cyber security report - New role of Security manager is now in post to support this 	(3 x 3) 9
Insufficient awareness / expertise leads to not fulfilling residential property responsibilities resulting in possible health & safety breaches.	William Cornall	<ul style="list-style-type: none"> • Faithfull Farrell & Timms have been retained as a critical friend to allow the new housing management function to up skill. • The whole MBC residential portfolio is now being managed by a single team within Housing & Communities, where previously it was split between Housing & Property. • H&S KPIs are now recorded and reported through a permanent software solution. • The H&S KPIs are reported monthly to Corporate Leadership Team. • Good level of awareness from officers around H&S obligations and compliance • Excellent levels of compliance being reported to the CLT monthly. • New Residential Portfolio Manager, and associated team appointed and in place since Sept 22, working exclusively on housing management and compliance. 	(4 x 3) 12	<ul style="list-style-type: none"> • Eventual goal of real time reporting in terms of gas safety • Review of existing resources and skills underway to support the housing portfolio and management of properties. • Policy & Resources Committee has approved a sizable re-investment in the Council owned Gypsy & Traveller site portfolio and works nearing completion • Implementation of new specialist housing management software to support the growing portfolio. • The current provider of asset management services to the MBC and MPH residential portfolios, West Kent Housing Association, has served notice to end the contract in Jan 2023. New Contractors appointed DMS (repairs and voids) and Clareglow (gas) to deliver a more tailored service for the Council. 	(3 x 3) 9

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Difficulties in recruiting and retaining the right skills and adapting to hybrid working leads to a loss of workforce cohesion and talent. This results in a loss of productivity.</p>	Georgia Hawkes	<ul style="list-style-type: none"> Workforce strategy monitoring & reporting Training & development programme (including hybrid working skills) Occupational health, employee support and HSE Stress Survey Recruitment process that includes ability to adjust pay and market supplement for hard to recruit jobs Rewards package reviewed regularly Commissioning specialist external support as required Online onboarding of new staff Use of ClearReview to encourage continuous conversations and clear objectives Hybrid Policy and service review of hybrid working arrangements Market Supplement Policy reviewed and updated Graduate microsite has been created to allow the council to recruit graduates in less skilled roles in order to provide the training to increase skill levels to progress in the role 	<p>(3 x 4) 12</p>	<ul style="list-style-type: none"> Review of paygrades completed and changes in pay to come in place from 1st April 2023 once agreed at Full Council Use of SmartPath to offer additional support to managers Specialist consultant (RedQuadrant) in place to support the culture change programme Engagement with all staff through listening sessions in each service the output from which will create an action plan for the Council Review potential for different approaches to recruitment Consider the use of personalised development plans, and offer this during recruitment 	<p>(3 x 3) 9</p>
<p>Uncertainties relating to the Council's ability to access new funding and availability of PWLB loans. Increases difficulty securing and leveraging funding to help stabilise and support the delivery of our capital programme.</p>	Mark Green	<ul style="list-style-type: none"> Access to professional networks to identify opportunities for funding Experienced officer capacity Good relationships with funding partners, e.g. Homes England Obtaining forward borrowing 	<p>(3 x 4) 12</p>	<ul style="list-style-type: none"> Investment of one-off resources for putting together funding bids 	<p>(3 x 3) 9</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>As a result of significant changes to the Councils' governance (including moving to executive model and the boundary review) sound governance processes may not be maintained during the change or poor processes may be introduced. Leading to delays in decision making, reputational damage or legal implications.</p>	Angela Woodhouse	<ul style="list-style-type: none"> Monitoring Officer in place to oversee Council activities and provide advice Code of Conduct Timeline agreed for the Local Government Boundary Commission review and work overseen by the Director of Finance and Business Improvement Software to facilitate consultation on ward boundaries Templates and system for agendas and decision publication updated New constitution agreed and in place Training carried out with Officers and Members on the new governance arrangements 	(3 x 3) 9	<ul style="list-style-type: none"> Recruit two additional officers into Democratic Services to support the new model Review of the constitution by Democracy and General Purposes Committee underway, expected to report March 2023. Review focussed on effectiveness of the constitution. Log of issues kept by Democratic Services – contributed to by the Monitoring Officer, Democratic Services and Director of Strategy, Insight and Governance 	(3 x 2) 6
<p>Reduced effectiveness of relationships with strategic partners Financial constraints and requirements from Government or regulators change the priorities or commitments of our strategic partners or their capacity to work with us. This causes a dislocation with our work and increases Member pressure to highlight concerns.</p>	Alison Broom	<ul style="list-style-type: none"> Collaboration with Kent County Council via a variety of project teams including Town Centre Strategy The Community Safety Partnership with the Police and other key parties The West Kent Health and Care Partnership Board which includes Executive Board (officers) and Elected Members Forum with Participation in Kent One Public Estate Board Maidstone Health and Well-being Partnership Group Maidstone Inclusion Board Survey of all voluntary and community sector to understand changes in community need and demand for services Good integration with County-wide networks Anchor Institutions engaged in various projects including UK Shared Prosperity Fund Local Investment Plan Whole System event to review partnership working effectiveness – July 2022 	(3 x 3) 9	<ul style="list-style-type: none"> Strengthen processes for continued horizon scanning with partners to understand changes in priorities and formulate an overview of all key partners Regular programme of Anchor Institutions stakeholder meetings planned from October 2022 Review of outputs from Whole System Event and significant actions to strengthen partnership working on key priorities 	(3 x 3) 9

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Controls planned	Mitigated rating (I x L)
<p>Resilience of the voluntary & community sector</p> <p>The pressures facing the voluntary and community sectors are unprecedented and increasing, threatening the resilience and stability of these support networks. This could result in increased financial pressures for residents of the Borough with knock-on effects for the Council.</p>	Angela Woodhouse	<ul style="list-style-type: none"> • Commitments obtained to establish an architecture to support the voluntary and community sector and provide funding. • Project to increase engagement in volunteering underway • Networking session organised to advise VCS on increasing funding • Investment has been made in Trinity Foyer and it has opened as a Community Hub • Love Where You Live & Get Involved project has been launched and continues to be delivered • Financial Inclusive Strategy has been agreed • The Community resilience fund first round of funding has been distributed across a range of VCS groups across the borough • Agreed part funding with the Citizens Advice Bureau for a Debt Management post • Community Sector newsletter established • VCS repository is live and under review to ensure it is kept up to date 	(3 x 3) 9	<ul style="list-style-type: none"> • Launch second round of community resilience fund bids • Undertake further engagement with VCS to establish change in needs • Establish a community sector forum • Review Financial Inclusion Strategy in light of cost-of-living crisis 	(3 x 2) 6

Appendix B Impact and Likelihood Definitions

Risks are assessed for impact and likelihood. So that we achieve a consistent level of understanding when assessing risks, the following definitions were agreed and have been used to inform the assessment of risks on the risk register.

RISK IMPACT

Level	Service	Reputation	H&S	Legal	Financial	Environment
Catastrophic (5)	Ongoing failure to provide an adequate service	Perceived as a failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend Breaches of law punishable by imprisonment	Uncontrollable financial loss or overspend over £500k	Permanent, major environmental or public health damage
Major (4)	Failure to deliver Council priorities Poor Service, 5+ days disruption	Significant adverse national publicity	Fails to prevent death, causes extensive permanent injuries or long term sick	Litigation expected and uncertain if defensible Breaches of law punishable by significant fines	Financial loss or overspend greater than £250k	Long term major public health or environmental incident (1+ yrs)
Moderate (3)	Unsatisfactory performance Service disrupted 3-5 days	Adverse national publicity of significant adverse local publicity	Fails to prevent extensive permanent injuries or long term sick	Litigation expected but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1 yr)
Minor (2)	Marginal reduction in performance Service disrupted 1-2 days	Minor adverse local publicity	Medical treatment required Long term injuries or sickness	Complaint or litigation possible Breaches of regulations or standards	Financial loss or overspend greater than £10k	Short term public health or environmental incident (weeks)
Minimal (1)	No performance reduction Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend under £10k	Environmental incident with no lasting detrimental effect

RISK LIKELIHOOD

Level	Probability	Description
Almost Certain (5)	90% +	Without action is likely to occur; frequent similar occurrences in local government / Council history
Probable (4)	60% - 90%	Strong possibility; similar occurrences known often in local government / Council history
Possible (3)	40% - 60%	Might occur; similar occurrences experienced in local government / Council history
Unlikely (2)	10% - 40%	Not expected; rare but no unheard of occurrence in local government / Council history
Rare (1)	0% - 10%	Very unlikely to occur; no recent similar instances in local government / Council history

Appendix 4 - Recovery and Renewal Action Plan

A VIBRANT ECONOMY					
Action	Agreed funding	Target Start	Target End	Expected Success	Progress at January 2023
-	£60,000 Recovery Fund	Sep-21	TBC	<p>Provision of a town centre venue to provide accessible training, careers advice, and employability support for all residents. Courses delivered to a range of participants including book-keeping and computerised accounting, skills development online courses, essential digital skills, certified work skills programmes, food hygiene and employability workshops and support. Courses delivered to a range of participants including bookkeeping and computerised accounting, skills development online courses, essential digital skills, certified work skills programmes, food hygiene and employability workshop and support. With space for ten participants to be physically present in the hub it is envisaged that 208 people would be able to take advantage of the hub for courses</p>	<p>No change in position since November 22.</p> <p>(The college was unable to identify and agree commercial terms on a suitable premises and have confirmed that they are no longer in a position to undertake this project. It remains a strategic priority for the college who would welcome collaboration with the council in the future when other future opportunities and funding sources become available.)</p>

Appendix 4 - Recovery and Renewal Action Plan

				and support over 26 weeks.	
Invest in industrial and warehouse premises to help de risk new employment sites coming forward	Capital Programme funding	Sep-21	N/A	Projects are identified to invest in and Maidstone is seen and delivers its promise of being open for business, businesses can expand and locate to the Borough.	A package of Town Centre Capital Bids to the value of £5m in support of the new Town Centre strategy have been submitted. A further bid for £250k has been submitted for Maidstone Innovation Centre to facilitate more flexible workspace (wet labs) and associated shared high-tech equipment.
Vibrant Visitor Economy	£32,000 Business Rates Pool	Jul-21	Jul-23	Maidstone has an enhanced arts and culture offer with increased visitors to key attractions and an increase in footfall in the town centre.	Complete
Capacity to develop projects and bids to take advantage of new funding opportunities	£45,000 Recovery Fund	Sep-21	Sep-25	Successful bids and projects completed that meet our priorities.	No action

Appendix 4 - Recovery and Renewal Action Plan

Transform the Town Centre through the development and delivery of a town centre strategy.	£175,680 Recovery Fund	Sep-21	TBC	Town Centre Strategy in place by 1 March 2023, projects may begin prior to this. Maidstone town centre becomes a centre of excellence for urban sustainability with a strong focus around arts, culture, leisure and visitor economy creating a place where people want to live, feel safe and which prides itself upon being a town centre which is relevant to all of the Borough's residents and to which all of the borough's residents can relate.	Consultant appointed; inception meeting held in December 2022. Town Centre Walk about meeting took place on 18 January 2023.
RESILIENT COMMUNITIES					
Establish Community Compact	N/A	May-21	N/A	Partnership in place between the community and voluntary sector and the council. Joint projects completed and greater resilience	KCC established a Strategic Partnership Board for the VCSE and a VCSE Steering Group, which is independent of KCC and brings together a range of VCS representatives. The terms of reference for this group have now been formalised and MBC will be represented by the Insight, Communities and Governance Manager.

Appendix 4 - Recovery and Renewal Action Plan

Support and Encourage Volunteering in the Borough.	£25,000 Recovery Fund	Jun-21	Oct-22	Increase in the number of volunteers, volunteering in the Borough and as a consequence more community initiatives delivered. Work with involve to develop an indicator	The Council's Community website pages have been developed to include support for volunteering and now include a publicly available repository of VCS (Voluntary and Community Sector) groups in Maidstone. Faith Groups and Places of Worship have also now been mapped and contacted with a view to including them in the repository. MBC hosting a 'Volunteering & Funding Advice Event' on 30 November at Trinity House. This event provided advice and support to volunteers and organisations from the VCS on volunteering and funding and explored opportunities for volunteer engagement. 1:1 appointment with funding advisors throughout the day. A second event is planned to focus on volunteering opportunities.
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Appendix 4 - Recovery and Renewal Action Plan

Online Community Participation	£15,000 Recovery Fund	Sep-21		<p>Online tool in place and used to successfully engage with the public on projects and initiatives.</p> <p>Two engagement 'hubs' have been developed on the platform – 1 for Economic Development and 1 for Planning. Economic Development also used 'Let's Talk Maidstone' to develop an Innovation Centre Research and Development event with the Business Community. A Planning Hub was launched for the 'Sustainability and Design Mapping exercise'. This sought to find out resident views on features and characteristics of the borough. Closed 12 December. The Resident survey closed at the end of September. A total of 5027 people responded to the questionnaire, of which 3584 provided age and gender allowing these responses to be weighted in line with the population of Maidstone.</p> <p>Since its launch in July the platform has been used to deliver the following</p>
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Appendix 4 - Recovery and Renewal Action Plan

					<p>Consultation and Engagement activities:</p> <p>Operation Broc, Mote park arts, Scarecrow festival, Marden Task Force, Waste and Recycling Newsletter, Community Governance Review, Budget Survey Community Wi-Fi, Air Quality Action Plan, Resident Survey, Sutton Valence Polling Places Review.</p>
Community Resilience Fund	£150,000 Recovery Fund	Oct-21	Oct-24	30 projects delivered by a variety of community and voluntary sector groups and organisations.	<p>1st wave of funding – £89,842 allocated to 23 projects. The 2nd wave of funding – £30,086 allocated to a further 18 projects. Sufficient funds remain to launch a 3rd of funding. Timescale to be confirmed.</p>
Equip Trinity Foyer to be a Community Hub	£30,000 Recovery Fund	Jun-21	Oct-21	New community hub delivered for all housing and related support services in Trinity.	Complete

Appendix 4 - Recovery and Renewal Action Plan

Financial Inclusion Strategy and Actions	£34,320 Recovery Fund	N/A	N/A	<p>The number and value of unclaimed benefits that residents are supported to claim.</p> <p>A reduction in the number of households in financial crisis or at risk of moving into crisis.</p> <p>Increased take up of debt advice services by households with problem debt.</p> <p>A reduction in the number of households identified as being in a repeated pattern of Council Tax debt.</p> <p>The number of low-income households supported with energy efficiency measures.</p> <p>The number of low-income households supported to access a more appropriate tariff</p>	<p>Currently targeting residents living in Houses of Multiple Occupation (HMOs), 254 Landlords of registered HMO's have been contacted as far and as a result tenants have been supported with food vouchers from the Household Support Grant.</p> <p>In addition, the Compliance Officer, working with internal teams, is also supporting vulnerable individuals and households via a separate allocation of funding from the Household Support Grant, providing fuel vouchers for pre-payment meters and food vouchers. £2779.00 in fuel and food vouchers have been issued and £3323.00 in other support awarded.</p> <p>MBC Pension Credit take up to Jan 2023: MBC – 177 residents identified. 95 applications submitted 56 successful 33 awaiting DWP assessment</p>
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Appendix 4 - Recovery and Renewal Action Plan

					<p>6 non qualifiers. Total yearly award of £154,805.04.</p> <p>MBC Council Tax Support/ Universal Credit applications: -747 residents contacted, 115 awarded – yearly award of £89,942.56</p> <p>TWBC (Pension Credit)– 154 residents identified. 62 applications submitted, 36 successful, 24 awaiting DWP assessment and 2 non qualifiers. Total yearly award of £107,233.36.</p> <p>TWBC (Council Tax Support/Universal Credit)- 625 residents contacted, 149 awarded - Total yearly award of £93,718.56.</p>
Love Where You Live and Get Involved.	£35,000 Recovery Fund	Sep-21	Sep-22	8 community environmental projects delivered. Civic Pride increased as measured by the Resident's Survey. Baseline the number of participants in the project.	1 Community Project delivered. Project cancelled.
THE WAY WE WORK					
Increase HR capacity to facilitate agile working and	£50,000 Recovery Fund	Oct-21	Oct-22	Better understanding from staff on impact of changes to organisation	Complete

Appendix 4 - Recovery and Renewal Action Plan

new ways of working				culture Actions taken to meet future workforce requirements.	
Embedding new ways of working and ensuring the office is fit for purpose	£50,000 Recovery Fund £40,000 Capital Programme	Oct-23	TBC	Flexible office space that supports the new ways of working with the right technology and facilities.	The pilot for OneDrive and Teams document collaboration is being configured. A proposed governance structure for the M365 programme was approved by MKS Exec Board on 5th January 2023.
Ensure staff have the right equipment (office and home) to enable new ways of working	Capital Programme	Oct-21	TBC	Staff able to effectively work anywhere	No further update to report.
Planning Development Control fixed term post	£35,000 Recovery Fund	ASAP	N/A	Backlog resolved and staff able to meet demands on the service	Complete
Planning Enforcement fixed term post	£35,000 Recovery Fund	ASAP	Mar-22	Backlog resolved and staff able to meet demands on the service	Complete
Increased capacity in Heritage and Landscape	£70,000 Recovery Fund	ASAP	N/A	Backlog resolved and staff able to meet demands on the service	Complete
Increased capacity within Data Analytics to provide support for recovery and renewal projects	£50,000 Recovery Fund	Jul-22	Jul-23	18 dashboards in place by 2023	<ul style="list-style-type: none"> 12 dashboards have been completed. 2 dashboards are pending additional changes. 8 dashboards under development. The team remain on target to achieve 18 by summer 2023 and have improved the

Appendix 4 - Recovery and Renewal Action Plan

					information published on the website, with dashboards accessible here.
Business Grant Distribution	£30,000 New Burdens Funding	Ongoing	N/A	Maidstone continues to be the business capital of Kent	COMPLETE
Revenues and Benefits – Citizens Advice Maidstone Post	£18,000 Contain Outbreak Management Fund	Aug-21	N/A	Residents with debt problems are assisted to maximise income, reduce debt by claiming the benefits they are entitled to	COMPLETE

Since Quarter 1, progress has been made against a number of remaining actions including those contributing to 'a vibrant economy.' A package of Town Centre Capital Bids to the value of £5m in support of the new Town Centre strategy have been submitted. A further bid for £250k has been submitted for Maidstone Innovation Centre to facilitate more flexible workspace (wet labs) and associated shared high-tech equipment. With regards to the development of the Town Centre and a Town Centre Strategy, a Consultant has been appointed and an inception meeting was held in December 2022. On 18 January a Town Centre Walk about meeting took place.

Work is on-going to support resilient communities across Maidstone as part of financial inclusion workstreams. In addition to the continued work being undertaken to maximise the uptake of Pension Credit and Council Tax Support, the Welfare team and other front facing teams supported financially vulnerable households with funding from the Household Support Grant. £2779.00 fuel and food vouchers have been issued and £3323.00 has been awarded in other support.

The Community Resilience Fund was open for a second wave of applications for funding in December 2022. Applications were assessed by a Member panel in January 2023. A further 18 projects have been supported, with a total of £30,086 awarded to organisations supporting the well-being of communities in Maidstone. Sufficient funds remain to launch a 3rd of funding.

REALLOCATION OF FUNDING

We have reviewed the spend against projects planned as part of the Recovery and Renewal Action Plan. The following projects will not spend all or part of their allocated funds and therefore require a reallocation of funding.

- Vibrant Economy - Mid Kent College skills hub – £60k.
- Resilient Communities - Support and Encourage Volunteering in the Borough – reallocate £11,583 (out of original £25K)
- The Way We Work - Embedding new ways of working and ensuring the office is fit for purpose £30k (out of original £50k)

Mid Kent College was unable to secure a fit for purpose empty property for less than double the available funds. The College has now moved on to exploring other options. Work is continuing on the volunteering project and officers are exploring how this may be achieved in partnership with KCC and other district Councils, without such significant investment. The investment in office space and IT equipment has been met from other funding, 5k has recently been allocated from the original pot for new ways of working to new hybrid working equipment to ensure the meeting rooms on floor 6 are fit for purpose.

The amount to be reallocated is £101,583. It is proposed that this money is redistributed to two successful projects already in the plan.

- Resilient Communities – Community Resilience Fund -£52,083
- Resilient Communities – Extension of Let's Talk Maidstone on a three year subscription – £49,500

The Community Resilience Fund has been an extremely successful project for which we receive more applications than we are able to support, the money enables community groups and organisations across the borough to continue to support and provide services to local residents. There is currently only enough funding for one more round around spring/summer, this will enable us to go out to go out for an additional round in winter 2023.

UKSPF Quarter 3 Update:

On 5th December the Department for Levelling up, Housing & Communities approved the Investment Plan submitted in August 2022, since then the authority has returned the Memorandum of Understanding and is hoping to receive year 1 grant in January 2023. Spending is on track to spend all of the year 1 grant by 31st March 2023 and this is supported by the table below. Preparatory work for year 2 projects (starting April 2023) has started with project leads, the year 2 projects are listed below:

- Activation of open spaces
- Creative Communities Fund
- Continued Events expertise and Advertisements for events
- Iggy Sculpture Trail
- Arts Carnival
- Feasibility Study for a Community Arts Hub
- Borough Insight
- Green volunteering project to improve Town Centre Green Spaces

Intervention	Project	Detail	2022/23 budget	Amount spent:	£ Committed	Q3 Update:
E1: Improvements to town centres & high streets	Project B A Safe and Attractive Town Centre achieved through Greening and Lighting	Feasibility study in year 1, The feasibility study will be combined with other work required for the Town Centre Strategy so the amount allocated reflects the study being partly funded from the TCS allocation	£20,000			Consultant started work in January 2023, project scope discussions are underway with the consultant to complete the feasibility study.
E6: Local arts, cultural, heritage & creative activities	Project A - Building Pride in Place through promotion of the Town Centre and Events.	Creative communities funds for local organisations and groups to support events	£30,000		£30,000	Submission closed in January 2023, funding to be distributed across 18 projects.
		Festive Trail event – working with One Maidstone to create a festive trail to run through the Town Centre	£20,000	£19,340		Festive Trail completed in December.

		Events Expertise to develop bespoke events	£4,500	£2,106		Support for the Festive Trail and Magic of Xmas Parade
		Equipment purchase to support events	£15,000	£6,268	£1,531	Videography equipment, speaker on wheels, Go Pro and accessories, uplighters for events, equipment storage.
E8: Campaigns to encourage visits and exploring of local area	Project A - Building Pride in Place through promotion of the Town Centre and Events.	Advertising budget to promote events across all channels	£20,000	£4,901	£2,849	Support the Festive Trail and Magic of Xmas Parade
		Borough Insight Events and Town centre focussed	£25,000	£25,000		Completed.
		Promotional video for business and events in TC	£5,218	£1,750		Promotional video for the Magic of Xmas Parade.
Management Overheads			£5,822			
		Total:	£145,540	£59,365	£34,380	
				£93,745		

EXECUTIVE

8 February 2023

Medium Term Financial Strategy and Budget Proposals 2023/24

Final Decision-Maker	Council
Lead Head of Service/Lead Director	Mark Green, Director of Finance, Resources and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance, Resources and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

This report represents the final stage in the consideration of the budget for 2023/24. It brings together revenue and capital budget proposals for 2023/24, including a proposed level of Council Tax, so that a balanced budget may be recommended to Council on 22nd February 2023. The budget proposals are consistent with the Medium Term Financial Strategy approved by the Executive on 23rd November 2022. The budget proposals have been considered by the Policy Advisory Committees and the Executive. An amendment proposed by the Planning and Infrastructure PAC and a request by the Executive for inclusion of an additional 2% increase in the budget envelope for pay are included within this report.

The report also deals with the proposed capital programme 2023/24 to 2027/28 and the Council's level of reserves.

This report recommends that the Executive:

1. Notes the outcomes of consideration of budget proposals by the Policy Advisory Committees;
2. Agrees the Budget Growth and Savings Proposals set out in Appendix A;
3. Agrees that the first £300,000 of 2023/24 unringfenced government grant be allocated for spatial policy and planmaking, with the balance transferred to the Housing Investment Fund, to be used to subsidise the Council's Affordable Housing programme;
4. Agrees the updated Strategic Revenue Projection set out in Appendix B;
5. Agrees a £8.19 annual increase in Band D Council Tax for 2023/24 for recommendation to Council;
6. Agrees the Revised Estimates for 2022/23 and the Budget Estimates for 2023/24 set out in Appendix C for recommendation to Council;
7. Agrees the Capital Programme set out at Appendix D for recommendation to Council;

8. Agrees the Treasury Management Strategy, Investment Strategy and Capital Strategy set out in Appendix E for recommendation to Council;
 9. Notes that the projected level of General Fund balances in Appendix F exceeds the agreed minimum level of £4 million;
 10. Agrees the updated Medium Term Financial Strategy set out in Appendix G;
 11. Recommends to Council the appropriate matters for decision to set a balanced budget for 2023/24 and the necessary level of Council Tax in accordance with the Local Government Finance Act 1992 and the Localism Act 2011 including the decisions made above.
 12. Recommends to the Council that it makes provision to implement with effect from 1 April 2024 the measures in the Regeneration and Levelling-up Bill to reduce the period before charging a Council Tax premium on empty property from two years to one and to charge a Council Tax premium on second homes.
- Further recommendation:**
13. Considers the options, consequences and risks regarding the allocation of resources for pay set out in paragraph 2.18.

Timetable	
Meeting	Date
Corporate Services Policy Advisory Committee	6 February 2023
Executive	8 February 2023
Council	22 February 2023

Medium Term Financial Strategy and Budget Proposals

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy (MTFS) and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Cross Cutting Objectives	The MTFS and the budget support the cross-cutting objectives in the same way that they support the Council's strategic priorities.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	<p>Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. The legal implications are detailed within the body of the report which is compliant with statutory and legal regulations such as the CIPFA Code of Practice on Treasury Management in Local Authorities.</p> <p>The Council is required to set a council tax by the 11 March in any year and has a statutory obligation to set a balanced budget. The budget requirements and basic amount of Council Tax must be calculated in accordance</p>	Interim Team Leader (Contentious and Corporate Governance)

	<p>with the requirements of sections 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011).</p> <p>The Council is required to determine whether the basic amount of council tax is excessive as prescribed in regulations - section 52ZB of the 1992 Act as inserted under Schedule 5 to the Localism Act 2011. The Council is required to hold a referendum of all registered electors in the borough if the prescribed requirements regarding whether the increase is excessive are met.</p> <p>Approval of the budget is a matter reserved for full Council upon recommendation by the Executive.</p>	
Privacy and Data Protection	Privacy and Data Protection is considered as part of the development of new budget proposals. There are no specific implications arising from this report.	Policy and Information Team
Equalities	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or function is developed, changed or reviewed, an evidence-based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations will be sought.	Equalities and Communities Officer
Public Health	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Public Health Officer
Crime and Disorder	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Biodiversity and Climate Change	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

2.1 This section sets out revenue and capital budget proposals for 2023/24 as follows:

- Background
- Feedback from Policy Advisory Committees on budget proposals
- Updates to budget proposals
- Updates to Strategic Revenue Projection
- Revenue Estimates
- Capital Programme
- Treasury Management Strategy
- Balances / Earmarked Reserves

Background

- 2.2 The framework for the annual budget setting process is set out in the Medium Term Financial Strategy (MTFS). The MTFS 2023/24 – 2027/28 was considered by this Policy Advisory Committee on 16 November 2022 and subsequently approved by the Executive at its meeting on 23 November 2022.
- 2.3 The core MTFS scenario (Scenario 4) assumed that, even after increasing the Council Tax by the maximum possible within the referendum threshold, there would still be a budget gap of £2.5 million in 2023/24, mainly owing to the impact of inflation on the Council's costs, with a steadily increasing budget gap in subsequent years.
- 2.4 This position has now improved, following the Chancellor's Autumn Statement on 17 November 2022 and the Provisional Local Government Finance Settlement, announced on 19 December 2022. In addition, savings proposals totalling £1.1 million for 2023/24 have been developed. Whilst the longer term position remains challenging, these recent developments have had a positive impact, such that the Council can set a balanced budget for 2023/24, provided that the savings proposals are adopted and Council Tax is increased up to the referendum threshold.
- 2.5 Separately from ongoing income from Council Tax and Business Rates, the Local Government Finance Settlement confirmed the following unringfenced government grants:

	2023/24
	£000
New Homes Bonus	1,889
Services Grant	127
Funding Guarantee	2,640
Total	4,656

The Funding Guarantee effectively substitutes for New Homes Bonus, which has reduced from £4.2 million in 2022/23 to £1.9 million in 2023/24.

- 2.6 The Council has had a longstanding policy of deploying New Homes Bonus to support the capital programme. This has helped the Council to

implement an ambitious programme, including major new developments at Union Street and Brunswick Street, together with the acquisition of the Lockmeadow Leisure Complex and Maidstone House, whilst employing minimal external borrowing and containing pressure on the revenue budget.

- 2.7 In the Autumn of 2021, the Leader of the Council announced his ambition for the council to build 1,000 affordable homes in the shortest period possible. This will require external borrowing on a scale not previously undertaken by the Council. In order to ensure the availability of funds for the first phase of this programme at a guaranteed cost, the Council has committed to forward borrowing of £80 million, to be drawn down between 2024 to 2026. Any such borrowing must meet the Prudential Code requirement to be sustainable and affordable.
- 2.8 The provision of affordable housing involves an inherent requirement for subsidy, as the level of borrowing required could not be sustained by affordable rents alone. It is anticipated that some of this subsidy will be met through external grant, but there will be a residual requirement for the Council to provide a subsidy, which has been estimated as £50,000 per unit.
- 2.9 Accordingly, in 2022/23 New Homes Bonus was set aside for a Housing Investment Fund, from which the subsidy element of each new unit of affordable housing will be funded as and when they are brought into use. It is envisaged that the residual amount of 2023/24 unringfenced government grants shown in paragraph 2.5 will likewise be transferred to the Housing Investment Fund. This is consistent with previous decisions of the Council and with the Medium Term Financial Strategy, which has been considered regularly by the Policy Advisory Committees and the Executive throughout the last 12 months.
- 2.10 In 2022/23 New Homes Bonus was also subject to a top slice of £1 million for strategic and spatial policy and plan making, in recognition of the requirement for a range of policies including a new Town Centre Strategy and the need to complete the review of the Local Plan including the Examination. It is estimated that ongoing Local Plan expenditure amounts to £500,000 per annum, of which £200,000 is already included in the base budget. It is therefore now proposed that £300,000 of unringfenced government grant for 2023/24 will be set aside for the unavoidable costs of spatial policy and plan making, with this sum being built into the revenue budget on an ongoing basis ie in subsequent years savings will be needed elsewhere in the council's budgets to make base budget provision for spatial planning/plan making.
- 2.11 Drawing £300,000 from unringfenced government grant will leave £4.356 million. A further potential drawing of £400,000 from unringfenced government grant is also set out as an option in paragraph 2.18 below at the request of the Executive, in order to provide an expanded budget envelope for staff pay.

Feedback from Policy Advisory Committees and Executive on Budget Proposals

- 2.12 Economic Regeneration and Leisure Policy Advisory Committee (10 January 2023)

It was recommended that the Executive approve the revenue budget proposals for services within the remit of the Committee.

2.13 Planning and Infrastructure Committee (11 January 2023)

It was recommended that the Executive approve the revenue budget proposals for services within the remit of the Committee, subject to one amendment as set out below.

2.14 Communities, Housing and Environment Policy Advisory Committee (17 January 2023)

It was recommended that the Executive approve the revenue budget proposals for services within the remit of the Committee.

2.15 Corporate Services Policy Advisory Committee (18 January 2023)

It was recommended that the Executive approve the revenue budget proposals for services within the remit of the Committee.

2.16 Executive (25 January 2023)

The revenue budget proposals were approved. In addition, the Executive requested that officers include in the 2023/24 budget report a further 2% to supplement the pay budget by using the government's Funding Guarantee.

Updates to budget proposals

Parking income

- 2.17 The Planning and Infrastructure Policy Advisory Committee has recommended that the proposed saving of £100,000 from adjusting parking fees be removed and that this be replaced by an increase of £100,000 in parking income, deriving from increased activity. Volumes in the current financial year provide a reasonable level of assurance that this alternative savings proposal can be delivered. The change has no net impact on the budget.

Pay budget

- 2.18 The Executive has proposed that the staff pay budget be increased by a further 2%; the proposals that have been subject to consultation through the budget making process to date include an increase in the pay budget of 5% for pay increases for staff in general and 1% to accommodate incremental progression ie 6% in total. An additional 2% provision amounts to approximately £400,000. The Executive have expressed a preference for this to be drawn from the Funding Guarantee.
- 2.19 This has the effect of reducing the amount available for the Affordable Housing programme by £400,000. The amount of subsidy per home has been estimated at £50,000, so to deliver the programme over a period of ten years, £5 million has to be set aside every year. It should be noted that

the figure of £50,000 is an estimate, and could be significantly higher if less subsidy is received from external funders (eg Homes England) and/or construction costs escalate.

2.20 To date, £3.2 million has been set aside. See table below.

	Notional funding required (A)	Transfer to Housing Investment Fund (B)	Notional shortfall (A-B)	Cumulative shortfall
	£000	£000	£000	£000
2022/23	5,000	3,216	1,784	1,784
2023/24 (initial proposal)	5,000	4,356	644	2,428
Alternative proposal 2023/24 (amount transferred reduced by £400,000)	5,000	3,956	1,044	2,828

It can be seen that reducing the transfer to the Housing Investment Fund by £400,000 will make it even more difficult to subsidise the Affordable Housing programme.

2.21 The challenge is compounded because an increase in the pay budget in 2023/24 will, broadly speaking, reduce the amount of available funds by £400,000 for every subsequent year. There is no guarantee that the Funding Guarantee will continue to be paid at the same level as in 2023/24, which poses a risk of a greater budget gap in future.

2.22 A critical issue here is the date, currently projected to be 2027/28, on which the Council opens a Housing Revenue Account (HRA), which it is required to do if it provides 200 or more affordable homes. The transfer of housing into an HRA must be at a level which ensures it does not require further subsidy, so the Housing Investment Fund will need to provide the necessary subsidy for these homes – currently assumed to be £10 million (£50,000 x 200) - at the point of transfer.

2.23 An alternative approach to funding the £400,000 would be identify further savings from the base budget. In the process of developing budget proposals, a number of savings were considered and rejected without being brought to the Policy Advisory Committees. These savings proposals could be revisited.

Legal charges

2.24 The Executive approved an hourly rate of £258 for legal services, being an increase of 10%, rather than 5.56% as set out in the original fees and charges proposals considered in December 2022.

Other updates to Strategic Revenue Projection

Council Tax

- 2.25 The Executive agreed at its meeting on 25 January 2023 that the Council Tax Base for 2023/24 would be 67,161.69. This is in line with the increase in the Council Tax Base assumed in the MTFS. The agreed Council Tax Base will yield total Council Tax income of £19,106,829 if Band D Council Tax is increased by 3% (£8.19).
- 2.26 Assuming the maximum potential increases in precepts from other organisations, the overall level of Band D Council Tax would be as follows:

	% change from last year	£
Kent County Council	5.0	1,287.99
Kent Police and Crime Commissioner	6.6	243.15
Kent Fire and Rescue Service	6.1	87.35
Maidstone Borough Council	3.0	284.49
ANNUAL CHARGE FOR 2023/24	4.9	£2,149.22

- 2.27 The Council Tax base report to the Executive on 25 January 2023 projected a surplus of £616,000 as at 31 March 2023, which will be credited to the General Fund in 2023/24. This amount is after an adjustment to spread the abnormal deficit suffered in 2021/22 across three years, as prescribed by legislation.
- 2.28 Within the Council Tax base, allowance has been made for the Council Tax that may currently be collected on empty homes and second properties. However, the Regeneration and Levelling-Up Bill that is currently passing through Parliament will allow Councils to collect further Council Tax on such properties.
- 2.29 Currently, if a property has been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% council tax premium can be applied to the property. The Bill is proposing to shorten that 2-year period to 1 year. This will encourage owners to bring properties back into use so they are not left empty for extended periods.
- 2.30 So far as second homes are concerned, it will become possible to charge a council tax premium on second homes. Second homes are already liable for Council Tax, but the Bill proposes that councils may apply a 100% council tax premium on second homes. This would mean an owner of a second home in the borough would pay double the normal council tax charge.
- 2.31 The earliest that both of these changes can come into effect is 1 April 2024. However, approval must be granted by the Council to implement the changes at least 12 months before then, so it is proposed to include a provision to do so in this year's budget.

Business Rates

- 2.32 The Business Rates income estimate for 2023/24 is based on the recently completed NNDR1 return that has to be provided to the Department for Levelling Up Housing and Communities each January.
- 2.33 The Business Rates baseline, ie the notional amount of business rates due to the Council, after payments to preceptors and the government's tariff, excluding any growth, is £4.186 million, as set out in the Provisional Local Government Finance Settlement. As described above, the government has increased the Business Rates baseline by inflation even though business rate payers will not face an increase. This is worth an additional £592,000 compared with the amount anticipated in the MTFS.
- 2.34 The NNDR1 return indicates that, as in previous years, business rates will be higher than the baseline, owing to growth in excess of inflation over the years since the baseline was set in 2013/14.
- 2.35 Kent County Council and eight of the Kent districts continue to pool their business rates growth, which has the effect of reducing the levy on business rates growth that would otherwise be payable to central government. As previously agreed by Council, Maidstone's 30% share of the saving on the levy is ringfenced for investment in the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. Neither of these amounts are reflected in the Strategic Revenue Projection, as they have been earmarked for specific purposes.
- 2.36 As with Council Tax income, an adjustment is made in respect of the deficit arising in 2022/23.

Unringfenced government grant

- 2.37 As announced in the Local Government Finance Settlement, unringfenced government grant will be received in 2023/24 comprising New Homes Bonus (£1.9 million), Services Grant (£127,000) and the Funding Guarantee Grant (£2.6 million). These are unringfenced revenue grants that may be deployed by the Council at its discretion, so for accounting purposes they are included within the Council's revenue resources along with Council Tax and Business Rates.
- 2.38 The Council has previously ringfenced New Homes Bonus payments for capital expenditure. Similarly, in 2022/23, £3.2 million was transferred to a Housing Investment Fund, which will be used to subsidise the Council's Affordable Housing programme. It is proposed that the residual amount of unringfenced government grants will be transferred to the Housing Investment Fund in 2023/24. As set out in paragraph 2.20 above, the initial budget proposals presented to the Policy Advisory Committees included a proposed transfer of £4.356 million. An alternative proposal has been put forward by the Executive which would mean transferring £3.956 million.

Fees and Charges

- 2.39 The level of fees and charges made by each Service Area was considered by Policy Advisory Committees and the Executive at their meetings in December 2022. The combined effect of changes in fees and charges has been incorporated in the projections in Appendix B. An adjustment has been made in respect of the further increase in legal charges agreed by the Executive at its meeting on 25th January. The latest projection is £55,000 more than in the MTFS.

Inflation

- 2.40 For the purpose of the draft Medium Term Financial Strategy presented to the Executive in November 2022, it was assumed that the cost services would increase by 5% for the rate of inflation was assumed. The detailed budget proposals in the SRP at Appendix 2 now include line-by-line estimates for individual categories of expenditure. In some cases the assumption is for a higher increase, eg where contract prices are linked to inflation indices.
- 2.41 The assumption in relation to pay costs in the Medium Term Financial Strategy was a 6% increase in the pay envelope, representing 5% for basic pay and 1% to allow for increments awarded as staff move up the spine points on their pay grade. The Executive has now recommended that the staff pay budget be increased by 2%, which amounts to approximately £400,000. Under the Constitution, responsibility for undertaking negotiations and consultation with staff through their trade unions on all matters relating to employment lies with the Chief Executive as the Head of Paid Service. These matters include the annual pay settlement, as the Council is not part of any national pay agreements. An increased budget envelope would give the Chief Executive greater flexibility in agreeing a pay settlement for 2023/24 and this is included amongst the available options in section 3 below.

Revenue costs of capital programme

- 2.42 A review of the budget provision for the revenue costs of the capital programme, ie financing costs and Minimum Revenue Provision, in the light of the 5-year capital programme proposals, indicates that the budget does not need to be increased for 2023/24. It will increase in subsequent years in line with the expansion of the capital programme.

Summary

- 2.43 In summary, the impact of the above changes to the Strategic Revenue Projection for 2023/24, as compared with the position shown in the scenario 4 within the Medium Term Financial Strategy agreed by the Executive on 23 November 2022, is as follows:

	£000	£000
Projected budget deficit for 2023/24 as per MTFS presented to Executive 23.11.2022		(2,544)
<u>Less:</u>		
Council Tax:		
- Increase in Council Tax base	77	
- Increase in referendum limit	186	263
Business Rates:		
- Increase in baseline	592	
- Additional growth	762	1,354
Increase in other income		55
Reduction in pension deficit repayments		541
New and amended savings		690
		2,903
<u>Add:</u>		
Increased cost of services		(417)
Collection Fund adjustments		31
Budget surplus brought forward from 2022/23		76
Updated budget surplus – see Appendix B		49

2.44 The updated Strategic Revenue Projections indicate that there will be a budget gap in 2024/25. The likely impact of a business rates reset and the implementation of fair funding means that a still larger deficit is projected in 2025/26, and this deficit will increase over the remaining term of the MTFS.

Revenue Estimates

2.45 Attached at Appendix C is a summary of the revenue budget for 2023/24, based on the assumptions above. The summary shows the Original Estimate 2022/23 as approved by Council in February 2022; the Revised Estimate 2022/23 calculated as part of the budget development work completed this year; and the Estimate for 2023/24 based upon the details set out in this report. The Estimate for 2023/24 is analysed between gross expenditure, income and net expenditure, so that Members may see clearly how income generated by the Council contributes towards expenditure budgets.

2.46 Appendix C presents the Committee with the budget structured in line with the relevant Policy Advisory Committees and separately structured in line with the strategic priorities set out in the Strategic Plan.

2.47 The Revised Estimate 2022/23 shown in Appendix C totals £23.232 million. This figure is net of all income with the exception of the use of balances and the council tax requirement.

2.48 The Estimate for 2023/24 shown in Appendix C totals £25.664 million. This incorporates all the items discussed above. The figure is net of all income with the exception of Council Tax and Business Rates income. It excludes precepts.

Capital Programme

2.49 A draft Capital Programme was reported to the Executive at its meeting on 25 January 2023. The Capital Programme totals £202 million over five years. Details are set out Appendix D.

Treasury Management Strategy

2.50 The framework for funding the capital programme and the Council's activities generally is set out in the Treasury Management Strategy. The Council has adopted CIPFA's Code of Practice for Treasury Management in Public Services, which requires the Council to produce three linked strategy documents: a Treasury Management Strategy, an Investment Strategy and a Capital Strategy. These are included as Appendix E and have already been considered by the Audit, Governance and Standards Committee at its meeting on 16th January 2023.

2.51 In summary, the Treasury Management Strategy envisages that the capital programme will be funded by borrowing, as permitted subject to the guidance set out in the Prudential Code. In 2012 the Council approved in principle the use of prudential borrowing. The proposals set out in this report indicate a need for up to £194 million of prudential borrowing over the lifetime of the capital programme. The revenue costs of this borrowing are reflected in the Strategic Revenue Projections.

Balances / Earmarked Reserves

2.52 Attached at Appendix F is a statement of general fund balances and details of earmarked reserves. The earmarked reserves incorporate a capital reserve that includes all of the retained New Homes Bonus and other revenue support to the capital programme available from previous years.

2.53 Unallocated General fund balances are estimated to be £11.362 million by 31 March 2023. In considering the level of reserves that should be maintained the Committee should consider the minimum below which the Committee cannot approve the use of balances without agreement by the Council. It was agreed by Council at its meeting on 24 February 2021 that the minimum level of balances be increased to £4 million and no change is proposed to this amount.

2.54 It can be seen that the level of reserves is comfortably in excess of the minimum level of £4 million.

Medium Term Financial Strategy

- 2.55 Attached as Appendix G is the Medium Term Financial Strategy, updated to reflect the latest position as described in this report.
- 2.56 The financial projection that complements the Medium Term Financial Strategy is the Strategic Revenue Projection given at Appendix B. The financial projection considers the need for growth and savings over the period of the Medium Term Financial Strategy and incorporates assumptions about inflation and changes in local and national pressures.
- 2.57 The financial projection that complements the Capital Medium Term Financial Strategy Statement is the capital programme given at Appendix E.
- 2.58 Amendments to the Strategy may be recommended by the Policy Advisory Committee. The Strategy may require amendment following the Executive's consideration of this report or following consideration by Council on 22nd February 2023. The final versions will be published as part of the budget documents on the Council's website following the Council meeting.

3 AVAILABLE OPTIONS

- 3.1 **Option 1:** To recommend a budget as set out in this report, including the proposed increase in Council Tax.

The Council is statutorily required to set a balanced budget in time for the new financial year and in time for council tax billing to be achieved. This option allows this requirement to be met.

- 3.2 **Option 2:** To recommend a budget as set out in this report, with a further £400,000 being added to the pay budget envelope, this amount to be funded by drawing on unringfenced government grant (see paragraph 2.18).

This option allows a balanced budget to be set for 2023/24. However, as any additional pay award would be built into staff salaries, it would require ongoing funding. There is no guarantee that the amounts of unringfenced government grant will be maintained at the same levels as in 2023/24. Drawing on these grants also reduces the amount available to subsidise the 1,000 Affordable Homes programme.

- 3.3 **Option 3:** To recommend a budget as set out in this report, with a further £400,000 being added to the pay budget envelope, this amount to be funded by making further budget savings (see paragraph 2.23).

This option allows a balanced budget to be set for 2023/24. Further ongoing annual savings would need to be selected amounting to £400,000.

4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Option 2 is not recommended, as the use of unringfenced government grant to fund additional pay depletes the available resources for the 1,000 Affordable Homes programme. Whilst the exact amount of subsidy required over the lifetime of the programme cannot be calculated precisely at this stage, it would be prudent to maximise the amount of the transfer to the Housing Investment Fund, given the risks associated with delivering capital projects at a time of high inflation and extreme pressure on resources in the construction sector.
 - 4.2 Option 3 is acceptable in terms of setting a balanced budget, but would require further savings to be made above and beyond those already considered by the Policy Advisory Committees.
 - 4.3 The preferred option is accordingly Option 1. This ensures a balanced budget, avoids the need to make further savings above and beyond those already considered by the Policy Advisory Committees and maximises the resources available for the 1,000 Affordable Homes programme.
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5 RISKS

- 5.1 The Council's finances are subject to a high degree of risk and uncertainty. The draft MTFS includes an evaluation of the Council's financial resilience, from which it can be seen that it has adequate, but not excessive, reserves and is positioned well to manage the financial challenges that it faces.
 - 5.2 In order to address risk on an ongoing basis in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each of its meetings.
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6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The Executive received an initial report on the MTFS at its meeting on 20 July 2022 and has subsequently received further reports on the development of the budget for 2023/24.
 - 6.2 A Residents' Survey was carried out in Autumn 2022 to obtain their views on the issues to be considered when setting a budget. The findings were reported to Policy Advisory Committees and the Executive in January 2023.
 - 6.3 Detailed budget proposals were considered by the Policy Advisory Committees. The outcomes of this consultation are set out in this report at paragraphs 2.12 to 2.15.
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7 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The timetable for setting the budget for 2023/24 is set out below.

<i>Date</i>	<i>Meeting</i>	<i>Action</i>
8 February 2023	Executive	Agree 2023/24 budget proposals for recommendation to Council
22 February 2023	Council	Approve 2023/24 budget

8 REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Budget Savings Proposals 2023/24 to 2027/28
 - Appendix B: Strategic Revenue Projection 2023/24 to 2027/28
 - Appendix C: Revised Estimates for 2022/23 and Draft Budget Estimates for 2023/24
 - Appendix D: Capital Programme 2023/24 to 2027/28
 - Appendix E: Treasury Management Strategy, Investment Strategy and Capital Strategy
 - Appendix F: Statement of General Fund Balances and Earmarked Reserves
 - Appendix G: Updated Medium Term Financial Strategy 2023/24 to 2027/28
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9 BACKGROUND PAPERS

There are no background papers.

Economic Regeneration and Leisure

Service	Proposal	23/24	24/25	25/26	26/27	27/28	Total
		£000	£000	£000	£000	£000	£000
Economic Development	Recharge of salaries to Business Rates Pool	-100					-100
Mote Park Café	Adjust income target	-30					-30
Market	Reduce market income budget	45					45
Innovation Centre	Building maintenance and business rates for the communal space & car park	124					124
OVERALL CHANGE IN BUDGET (£000)		39	0	0	0	0	39

Corporate Services

Service	Proposal	23/24	24/25	25/26	26/27	27/28	Total
		£000	£000	£000	£000	£000	£000
Corporate Property	Property Investment Strategy		-125	-125	-125	-125	-500
Corporate Property	Office accommodation savings		-55				-55
Corporate Property	Service improvements	-20	-25				-45
Housing & Transformation	New Maidstone Property Holdings developments	-42	-228				-270
Transformation	Service improvements and restructuring	-120					-120
Transformation	Automation of transactional services		-50				-50
Transformation	Review of print and post including handling and processing cheques	-33	-10				-43
All	Council-wide reduction in travel costs	-40					-40
All	Green Travel - changes to essential user and lease car allowance	-20					-20
Elections	Whole Council elections	0	-60				-60
Communications	Integration of Visitor Economy within Communications team	-30					-30
MKS ICT	Efficiency improvements	-11			-14		-25
HR	Deleting HR Advisor post			-18			-18
Finance	Review of structure		-15				-15
Finance	Investment income	-50		50			0
Governance, Communities and Insight	Resource data analytic function to report real time data monitoring and data analytics	35					35
OVERALL CHANGE IN BUDGET (£000)		-331	-568	-93	-139	-125	-1,256

Communities, Housing and Environment

Service	Proposal	23/24	24/25	25/26	26/27	27/28	Total
		£000	£000	£000	£000	£000	£000
Waste Services	Replacement of wheeled bins	-100					-100
Garden Waste	Changes to charging arrangements	-20	-80		-80		-180
Cemetery	Additional income from Cemetery - based on increased volume not price increase.	-60					-60
Crematorium	Additional income from Crematorium - based on increased volume not price increase.	-60					-60
Housing & Regulatory Services	Review of section codes to identify areas of savings.	-26					-26
Strategy, Insight and	Digital Borough Insight	-18					-18
Housing	Increased pollution control income	-5					-5
Housing	Licensing expenditure budgets not required	-5					-5
Community Protection	Review of CCTV budgets	-4					-4
OVERALL CHANGE IN BUDGET (£000)		-298	-80	0	-80	0	-458

Planning and Infrastructure

Service	Proposal	23/24	24/25	25/26	26/27	27/28	Total
		£000	£000	£000	£000	£000	£000
Spatial Planning	Recharge to Business Rates Pool	-150					-150
Parking	Increased Parking volumes	-200					-200
Development	Recover administrative costs from CIL	-50					-50
Land Charges	Migration of land charges register to HM Land Registry		-30	63			33
Land Charges	Staff reduction		-13				-13
MK Planning Support	Process improvement and automation			-15			-15
Spatial Planning	Strategic policy and plan making	300					300
OVERALL CHANGE IN BUDGET (£000)		-100	-43	48	0	0	-95

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets.
Positive figures indicate increased expenditure, or a reduction in the income budget.

REVENUE ESTIMATE 2022/23 to 2027/28

STRATEGIC REVENUE PROJECTION - SCENARIO 4

Continuing high inflation, increased spending pressures, recession, but local government retains flexibility for time being.

3% COUNCIL TAX

2022/23 £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
18,207	COUNCIL TAX	18,921	19,489	20,073	20,675	21,296
	INCREASE BY 1% TO 3%	186	186	186	186	186
	BUSINESS RATES					
3,967	RETAINED BUSINESS RATES	4,186	6,639	6,772	6,907	7,045
1,692	BUSINESS RATES GROWTH	2,453	133	135	138	141
	COLLECTION FUND ADJUSTMENT					
319	COLLECTION FUND ADJUSTMENT (COUNCIL TAX)	616	0	0	0	0
-2,333	COLLECTION FUND ADJUSTMENT (BUSINESS RATES)	-585	0	0	0	0
1,380	COLLECTION FUND SMOOTHING	0	0	0	0	0
23,232	RESOURCE - COUNCIL TAX AND BUSINESS RATES	25,777	26,446	27,167	27,907	28,668
23,167	OTHER INCOME	23,167	24,091	25,231	26,427	27,683
	FORECAST CHANGE IN INCOME	924	1,140	1,197	1,256	1,319
23,167	RESOURCES - OTHER INCOME	24,091	25,231	26,427	27,683	29,003
46,399	TOTAL RESOURCES AVAILABLE	49,868	51,677	53,594	55,590	57,671
42,155	CURRENT BUDGET / PROJECTED SPEND	45,975	49,081	51,544	54,143	56,886
	INFLATION & CONTRACT INCREASES					
	PAY, NI & INFLATION INCREASES	3,106	2,463	2,599	2,743	2,894
4,244	BUDGET SURPLUS / (GAP) - BEFORE PRESSURE AND SAVINGS	788	133	-550	-1,296	-2,110
40	EXTERNAL BUDGET SAVINGS					
	PENSION DEFICIT FUNDING REDUCTION	-541	25	26	26	26
0	OTHER SERVICE PRESSURES					
	ONE OFF PROVISION - WASTE CONTRACTS	1,057	143	0	0	0
	TEMPORARY ACCOMMODATION	600	0	0	0	0
	VACANT PROPERTIES	152	0	0	0	0
	MEMBERS ALLOWANCES	50	0	0	0	0
	EXTERNAL AUDIT FEES	135	0	0	0	0
0	REVENUE COSTS OF CAPITAL PROGRAMME	0	1,058	2,656	2,728	2,936
1,300	CONTINGENCY FOR FUTURE PRESSURES	0	0	0	0	0
50	GENERAL GROWTH PROVISION	50	50	50	50	50
1,390	PRESSURE AND SAVINGS	1,504	1,276	2,732	2,804	3,012
43,545	TOTAL PREDICTED REQUIREMENT	50,584	52,819	56,875	59,690	62,793
2,854	BUDGET SURPLUS / (GAP)	-716	-1,142	-3,281	-4,099	-5,122
-324	NEW AND AMENDED SAVINGS / (GROWTH)	690	690	45	219	125
2,530	SURPLUS / (DEFICIT)	-26	-452	-3,237	-3,880	-4,997
76	CUMULATIVE SURPLUS / (DEFICIT)	49	-403	-3,640	-7,520	-12,517
0	COLLECTION FUND ADJUSTMENTS	-31	0	0	0	0
0	BUDGET GAP EXCLUDING COLLECTION FUND ADJUSTMENTS	-58	-452	-3,237	-3,880	-4,997

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES**REVISED ESTIMATE 2022/23 AND ESTIMATE 2023/24****COMMITTEE SUMMARY**

Committee	Original Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Corporate Services	8,830,090	9,277,520	7,733,380
Planning & Infrastructure	-267,900	-102,370	26,470
Communities, Housing & Environment	10,172,260	10,794,290	13,007,780
Economic Regeneration & Leisure	-166,360	-144,100	-159,980
	18,568,090	19,825,340	20,607,650
Transfers to Reserves	4,663,970	3,406,720	5,056,010
Net Revenue Expenditure	23,232,060	23,232,060	25,663,660

CORPORATE SERVICES POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Contingency	1,355,110	1,844,420	982,680		982,680
Unapportionable Central Overheads	1,499,050	1,487,680	961,570		961,570
Non Service Related Government Grants	-4,216,190	-4,216,190		-4,656,010	-4,656,010
Appropriation Account	1,781,780	1,867,790	1,861,790		1,861,790
Pensions Fund Appropriation	0	0	0		0
Balances, Pensions & Appropriation	419,750	983,700	3,806,040	-4,656,010	-849,970
Street Naming & Numbering	-73,350	-73,350		-73,350	-73,350
Building Control	-73,350	-73,350	0	-73,350	-73,350
Sandling Road Site	29,380	27,660	30,150		30,150
Business Support	29,380	27,660	30,150	0	30,150
Council Tax Collection	56,510	56,510	110,710	-44,530	66,180
Council Tax Collection - Non Pooled	-356,420	-356,420	68,440	-444,500	-376,060
Council Tax Benefits Administration	-152,120	-164,320		-164,320	-164,320
NNDR Collection	1,530	1,530	3,240	-1,430	1,810
NNDR Collection - Non Pooled	-233,630	-239,010	16,350	-256,760	-240,410
MBC- BID	670	670	18,860	-18,120	740
Registration Of Electors	51,020	60,600	71,150	-2,510	68,640
Elections	147,540	181,200	164,720	-460	164,260
External Interest Payable	2,262,550	2,232,550	2,202,550		2,202,550
Interest & Investment Income	-100,000	-100,000		-150,000	-150,000
Central Services to the Public	1,677,650	1,673,310	2,656,020	-1,082,630	1,573,390
Palace Gatehouse	-7,500	-3,000	4,730	-12,000	-7,270
Archbishops Palace	-97,110	-104,500	45,480	-42,360	3,120
Parkwood Industrial Estate	-287,040	-286,940	4,590	-305,990	-301,400
Industrial Starter Units	-16,500	-17,190	30,070	-48,470	-18,400
Parkwood Equilibrium Units	-76,670	-88,600	49,070	-142,250	-93,180
Sundry Corporate Properties	-236,590	-228,340	47,480	-227,290	-179,810
Phoenix Park Units	-216,000	-218,850	33,430	-263,030	-229,600
Granada House - Commercial	-93,230	-93,490	75,040	-174,420	-99,380
MPH Residential Properties	-830,140	-729,930	23,800	-881,050	-857,250
Heron Road Units	-147,670	-151,400	12,230	-171,150	-158,920
Boxmend Industrial Estate	-95,140	-99,660	14,900	-119,500	-104,600
Wren Industrial Estate	-120,150	-102,580	70,320	-178,540	-108,220
Commercial Investments	-2,223,740	-2,124,480	411,140	-2,566,050	-2,154,910
Corporate Projects	50,000	50,000	0		0
Corporate Management	476,770	413,610	425,540		425,540
Corporate Management	526,770	463,610	425,540	0	425,540
Democratic Services Section	262,980	266,080	288,040	-1,720	286,320
Mayoral & Civic Services Section	117,730	117,350	125,080		125,080
Chief Executive	188,160	188,380	197,850		197,850
Head of Policy and Communications	116,420	45,120	0		0
Director of Strategy Governance and Insight	0	76,900	131,680		131,680
Registration Services Section	95,830	92,170	94,050		94,050
Director of Finance, Resources & Business Improvement	148,110	147,320	153,160	-4,890	148,270
Accountancy Section	818,820	833,670	910,140	-24,400	885,740
Director of Regeneration & Place	147,100	146,310	156,480	0	156,480
Procurement Section	113,170	113,170	132,860	-14,030	118,830
Property & Projects Section	565,940	344,640	369,820	-5,970	363,850
Corporate Support Section	283,260	287,480	314,560		314,560
Improvement Section	374,840	375,330	279,510	-27,310	252,200
Executive Support Section	91,250	92,610	98,970		98,970
Head of Commissioning and Business Improvement	109,840	27,900	0		0
Emergency Planning & Resilience	65,120	126,700	134,180	0	134,180
Head of Property and Leisure	0	40,990	115,790		115,790
Facilities Section	0	243,470	257,250		257,250
Salary Slippage 1PR	-284,570	-285,760	-253,970		-253,970
Corporate Support Services	3,214,000	3,279,830	3,505,450	-78,320	3,427,130
Civic Occasions	44,010	54,930	46,030		46,030
Members Allowances	408,000	408,000	455,540		455,540
Members Facilities	17,870	17,880	18,300	0	18,300
Democratic Representation	469,880	480,810	519,870	0	519,870
Emergency Centre	22,040	22,350	23,680		23,680
Emergency Planning	22,040	22,350	23,680	0	23,680
Drainage	32,440	32,440	34,070		34,070
Flood Defences & Land Drainage	32,440	32,440	34,070	0	34,070
Housing Benefits Administration	-339,450	-327,250	54,320	-369,200	-314,880
Housing Benefit Administration	-339,450	-327,250	54,320	-369,200	-314,880
General Fund Residential Properties	-77,120	-57,340	10,960	-66,880	-55,920
Housing Strategy	-77,120	-57,340	10,960	-66,880	-55,920
Medway Conservancy	127,990	127,990	134,390		134,390
Levies	127,990	127,990	134,390	0	134,390
Maidstone House - Landlord	196,970	-399,770	934,190	-1,347,270	-413,080
Town Hall	120,810	121,590	128,070	-1,500	126,570
South Maidstone Depot	170,630	219,860	177,360		177,360
The Link	119,940	54,540	336,250	-286,660	49,590
Maidstone House - MBC Tenant	274,710	673,620	776,530	-93,530	683,000
Museum Buildings	252,790	267,530	269,550	-1,170	268,380
Office Accommodation	1,135,850	937,370	2,621,950	-1,730,130	891,820
Maintenance of Closed Churchyards	10,500	10,500	11,030		11,030
Open Spaces	10,500	10,500	11,030	0	11,030
Rent Allowances	-115,330	-115,330	29,933,730	-30,047,800	-114,070
Non HRA Rent Rebates	-8,760	-8,760	1,102,410	-1,111,170	-8,760
Discretionary Housing Payments	1,450	0	231,980	-231,980	0
Rent Rebates	-122,640	-124,090	31,268,120	-31,390,950	-122,830
Revenues Section	531,330	565,280	980,800	-410,450	570,350
Benefits Section	507,390	507,970	855,810	-302,200	553,610
Fraud Section	31,920	49,790	252,970	-211,980	40,990

CORPORATE SERVICES POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Mid Kent Audit Partnership	211,660	203,950	701,890	-482,200	219,690
Legal Services Section	627,860	627,860	734,220	-74,790	659,430
Mid Kent ICT Services	573,840	571,180	1,691,410	-1,082,560	608,850
GIS Section	122,220	122,840	215,130	-86,000	129,130
Director of Mid Kent Services	48,370	44,710	146,820	-97,880	48,940
Mid Kent HR Services Section	399,500	396,780	686,870	-268,460	418,410
MBC HR Services Section	170,430	101,510	179,690	-2,240	177,450
Head of Revenues & Benefits	76,710	76,290	129,620	-45,220	84,400
Revenues & Benefits Business Support	108,670	99,270	401,480	-284,380	117,100
Dartford HR Services Section	-13,680	-14,750	62,990	-78,730	-15,740
IT Support for Revenues and Benefits	25,680	25,510	45,690	-18,300	27,390
I.T. Operational Services	624,630	633,310	664,490		664,490
Central Telephones	15,510	15,510	16,290		16,290
Shared Services	4,062,040	4,027,010	7,766,170	-3,445,390	4,320,780
Apprentices Programme	51,300	71,290	54,180		54,180
Internal Printing	-3,580	-3,580	56,000	-56,920	-920
Debt Recovery Service	-14,150	-17,920	1,016,570	-1,036,000	-19,430
Debt Recovery MBC Profit Share	-95,470	-132,340		-120,440	-120,440
Trading Accounts	-61,900	-82,550	1,126,750	-1,213,360	-86,610
Corporate Services	8,830,090	9,277,520	54,405,650	-46,672,270	7,733,380

CORPORATE SERVICES POLICY ADVISORY COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	859,770	822,540	863,670
Allowances	403,760	403,760	453,760
Benefits	34,491,910	34,497,690	31,268,120
Employee Direct	8,440,580	8,711,240	9,270,280
Employee Other	2,033,210	1,865,160	1,223,790
Equipment & Furniture	939,310	1,032,910	1,060,110
Fees & Charges	-1,033,960	-1,162,960	-1,175,760
General Insurances	14,510	14,400	15,110
Grants & Contributions Paid	2,360,450	2,346,960	2,301,700
Grants & Contributions Received	-42,869,160	-43,206,990	-40,309,630
Income Other	-1,003,330	-1,353,440	-1,432,960
Information & Communications	3,200	1,810	1,890
Leasing & Capital Charges	1,783,800	1,869,810	1,861,790
Premises Other	1,557,940	1,020,900	1,022,990
Printing & Stationery	104,610	103,680	107,250
Professional Services	502,660	822,340	944,990
Rent	-2,888,190	-3,704,400	-3,753,920
Repairs & Maintenance	521,780	828,820	795,390
Security & Protection	35,420	35,420	37,210
Subsistence & Training	181,800	124,760	190,770
Supplies & Services Other	1,742,700	3,143,810	1,883,050
Utilities	504,890	906,340	989,100
Vehicle & Transport	142,430	152,960	114,680
Corporate Services	8,830,090	9,277,520	7,733,380

PLANNING & INFRASTRUCTURE POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Building Regulations Chargeable	-354,290	-375,160	7,750	-402,540	-394,790
Building Control	-990	-990		-1,040	-1,040
Building Control	-355,280	-376,150	7,750	-403,580	-395,830
Land Charges	-264,690	-264,590	27,030	-290,400	-263,370
Central Services to the Public	-264,690	-264,590	27,030	-290,400	-263,370
Spatial Policy Planning Section	452,660	473,260	345,670		345,670
Head of Planning and Development	113,410	121,330	118,920		118,920
Building Surveying Section	457,530	472,150	511,880		511,880
Heritage Landscape and Design Section	212,950	343,280	347,780		347,780
CIL Management Section	64,260	55,500	102,820	-91,250	11,570
Development Management Section – Majors	298,260	293,270	314,060		314,060
Development Management Section – Others	971,580	1,077,190	1,144,950		1,144,950
Head of Spatial Planning and Eco	0	0	115,540		115,540
Parking Services Section	324,150	372,920	545,940	-141,560	404,380
Salary Slippage 2SPI	-97,490	-97,490	-175,280		-175,280
Corporate Support Services	2,797,310	3,111,410	3,372,280	-232,810	3,139,470
Development Control Advice	-257,400	-292,700	0	-292,700	-292,700
Development Control Appeals	131,850	131,850	138,450		138,450
Development Control Majors	-510,640	-558,060	22,710	-579,740	-557,030
Development Control – Other	-640,420	-772,030	6,640	-778,400	-771,760
Development Control Enforcement	71,240	71,240	74,800		74,800
Development Control	-1,205,370	-1,419,700	242,600	-1,650,840	-1,408,240
Environment Improvements	6,960	7,480	7,310		7,310
Name Plates & Notices	19,440	19,440	20,420		20,420
Network & Traffic Management	26,400	26,920	27,730	0	27,730
On Street Parking	-310,400	-304,720	483,520	-797,550	-314,030
Residents Parking	-202,720	-202,320	65,370	-261,280	-195,910
Pay & Display Car Parks	-1,180,670	-1,203,350	628,450	-1,957,110	-1,328,660
Non Paying Car Parks	14,850	14,850	15,300	-10	15,290
Off Street Parking – Enforcement	-112,010	-107,030	188,800	-276,690	-87,890
Mote Park Pay & Display	-185,400	-195,380	40,140	-234,150	-194,010
Sandling Road Car Park	0	-670	54,410	-55,080	-670
Parking Services	-1,976,350	-1,998,620	1,475,990	-3,581,870	-2,105,880
Planning Policy	200,000	301,170	520,750	0	520,750
Neighbourhood Planning	-20,000	-20,000		-20,000	-20,000
Conservation	-11,390	-11,390	4,210	-15,600	-11,390
Planning Policy	168,610	269,780	524,960	-35,600	489,360
Park & Ride	137,160	135,920	109,040		109,040
Other Transport Services	-4,320	-4,220	33,210	-36,110	-2,900
Public Transport	132,840	131,700	142,250	-36,110	106,140
Mid Kent Planning Support Serv	324,630	322,890	571,080	-221,220	349,860
Mid Kent Local Land Charges Section	84,000	93,990	236,690	-149,460	87,230
Shared Services	408,630	416,880	807,770	-370,680	437,090
Planning & Infrastructure	-267,900	-102,370	6,628,360	-6,601,890	26,470

**PLANNING & INFRASTRUCTURE POLICY ADVISORY COMMITTEE -
SUBJECTIVE ANALYSIS**

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	459,810	475,370	532,410
Employee Direct	3,339,530	3,721,360	4,015,520
Employee Other	144,530	155,530	-42,170
Equipment & Furniture	93,210	84,190	88,270
Fees & Charges	-5,323,950	-5,523,850	-5,743,850
General Insurances	17,240	16,950	17,270
Grants & Contributions Paid	19,670	19,670	20,470
Grants & Contributions Received	-489,770	-542,631	-527,660
Income Other	-245,820	-263,470	-322,980
Information & Communications	190	190	200
Premises Other	352,650	354,380	354,940
Printing & Stationery	30,820	15,640	17,130
Professional Services	498,330	492,141	791,450
Rent	-7,050	-7,050	-7,400
Repairs & Maintenance	231,660	262,920	255,610
Security & Protection	79,200	132,800	83,160
Subsistence & Training	2,690	17,280	2,820
Supplies & Services Other	416,760	378,510	400,280
Utilities	29,350	29,350	32,200
Vehicle & Transport	83,050	78,350	58,800
Planning & Infrastructure	-267,900	-102,370	26,470

COMMUNITIES, HOUSING & ENVIRONMENT POLICY ADVISORY COMMITTEE

	Original Approved Estimate 2022/23	Revised Estimate 2022/23	Estimate 2023/24 (Expenditure)	Estimate 2023/24 (Income)	Estimate 2023/24
Cost Centre/Service	£	£	£	£	£
Cemetery	68,050	32,870	218,520	-242,080	-23,560
National Assistance Act	-410	-410	2,310	-2,740	-430
Crematorium	-849,770	-840,160	560,760	-1,527,240	-966,480
Bereavement Services	-782,130	-807,700	781,590	-1,772,060	-990,470
Grants	165,950	165,950	165,950		165,950
Delegated Grants	2,140	2,140	2,140		2,140
Parish Services	144,490	137,130	144,490		144,490
Central Services to the Public	312,580	305,220	312,580	0	312,580
Social Inclusion	0	53,430	0	0	0
Community Development	0	53,430	0	0	0
Community Safety	29,030	31,030	32,590	0	32,590
PCC Grant - Building Safer Communities	0	0	31,880	-31,880	0
C C T V	72,680	39,310	37,450		37,450
Community Safety	101,710	70,340	101,920	-31,880	70,040
Performance & Development	11,930	41,930	47,520		47,520
Press & Public Relations	21,570	21,570	4,660	0	4,660
Corporate Management	33,500	63,500	52,180	0	52,180
Visitor Economy Section	120,210	156,160	96,140		96,140
Head of Environment and Public Realm	114,060	113,730	120,320		120,320
Bereavement Services Section	262,470	292,750	315,510		315,510
Community Partnerships & Resilience Section	464,020	511,890	539,840		539,840
Licensing Section	117,790	125,550	124,740		124,740
Environmental Protection Section	280,410	280,410	294,430		294,430
Food and Safety Section	274,720	274,720	288,460		288,460
Depot Services Section	887,520	905,890	967,170	-44,690	922,480
Communications Section	198,520	240,310	256,520	-440	256,080
Policy & Information Section	395,400	483,300	512,010	0	512,010
Head of New Business & Housing Development	0	7,230	242,820	-123,060	119,760
Head of Housing & Community Services	113,750	113,030	118,370		118,370
Homechoice Section	222,820	229,610	345,640	-110,200	235,440
Housing & Inclusion Section	275,100	340,970	1,139,830	-821,810	318,020
Housing & Health Section	281,400	280,150	591,610	-301,280	290,330
Housing Management	286,140	231,810	423,310	-179,540	243,770
Homelessness Outreach	3,760	45,400	418,960	-370,690	48,270
Customer Services Section	680,350	675,970	730,150	0	730,150
Salary Slippage 3CHE	-190,280	-215,120	-439,110		-439,110
Corporate Support Services	4,788,160	5,093,760	7,086,720	-1,951,710	5,135,010
Festivals and Events	-24,970	-24,970	5,300	-31,520	-26,220
Culture & Heritage	-24,970	-24,970	5,300	-31,520	-26,220
Homeless Temporary Accommodation	287,380	287,380	1,080,750	-170,470	910,280
Homelessness Prevention	191,020	177,970	186,820	0	186,820
Aylesbury House	46,950	43,420	119,030	-69,140	49,890
Magnolia House	3,060	-470	52,270	-50,070	2,200
St Martins House	60	60	12,920	-12,240	680
Marshall Street	62,740	62,740	175,480	-104,220	71,260
Sundry Temporary Accommodation (TA) Properties	-12,340	-12,520	76,250	-84,430	-8,180
2 Bed Property - Temporary Accommodation	-32,700	-32,860	111,560	-137,760	-26,200
3 Bed Property - Temporary Accommodation	-70,650	-70,490	82,780	-147,180	-64,400
4 bed Property - Temporary Accommodation	10,140	6,740	50,600	-40,990	9,610
1 Bed Property- Temporary Accommodation	3,200	-3,550	10,760	-13,730	-2,970
Trinity	20,850	51,620	150,240	-119,000	31,240
Chillington House	-5,610	-5,650	11,510	-16,250	-4,740
Homelessness	504,100	504,390	2,120,970	-965,480	1,155,490
Housing Register & Allocations	14,090	14,090	14,790		14,790
Housing Advice	14,090	14,090	14,790	0	14,790
Strategic Housing Role	11,840	11,840	12,440		12,440
Housing Strategy	11,840	11,840	12,440	0	12,440
Parks & Open Spaces	976,600	914,340	1,177,620	-182,560	995,060
Playground Maintenance & Improvements	144,010	144,400	151,570		151,570
Parks Pavilions	45,620	33,550	48,190	-10	48,180
Mote Park	256,660	268,090	303,480	-16,980	286,500
Allotments	13,480	13,510	14,390		14,390
Open Spaces	1,436,370	1,373,890	1,695,250	-199,550	1,495,700
Marden Caravan Site (Stilebridge Lane)	19,460	19,430	52,300	-31,860	20,440
Ulcombe Caravan Site (Water Lane)	6,680	6,650	49,020	-42,000	7,020
Other Council Properties	26,140	26,080	101,320	-73,860	27,460
Private Sector Renewal	-47,100	-47,100	3,050	-50,000	-46,950
HMO Licensing	-20,380	-20,380		-20,380	-20,380
Private Sector Housing Renewal	-67,480	-67,480	3,050	-70,380	-67,330
Public Health - Obesity	0	0	0	0	0
Public Health - Misc Services	0	0	0	0	0
Public Health	0	0	0	0	0
Lettable Halls	-3,450	-3,470	7,830	-11,450	-3,620
Community Halls	49,630	47,800	70,330	-17,550	52,780
Recreation & Sport	46,180	44,330	78,160	-29,000	49,160
Recycling Collection	911,980	1,016,460	3,557,100	-1,619,690	1,937,410
Recycling	911,980	1,016,460	3,557,100	-1,619,690	1,937,410
Licences	-4,590	-4,590	25,520	-30,330	-4,810

COMMUNITIES, HOUSING & ENVIRONMENT POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Licensing Statutory	-60,290	-60,290	85,080	-148,410	-63,330
Licensing Non Chargeable	8,110	8,110	8,520	0	8,520
Dog Control	28,700	28,700	34,240	-3,900	30,340
Health Improvement Programme	9,710	5,370	5,640		5,640
Pollution Control - General	13,360	24,240	24,640	-14,510	10,130
Contaminated Land	600	600	1,160	-4,000	-2,840
Waste Crime	41,690	-2,240	31,300	-32,300	-1,000
Food Hygiene	9,560	9,560	13,270	-3,570	9,700
Sampling	3,650	3,650	3,830		3,830
Occupational Health & Safety	-6,450	-6,450		-7,550	-7,550
Infectious Disease Control	1,170	1,160	1,390		1,390
Noise Control	1,210	1,220	1,280		1,280
Pest Control	-11,840	-11,840	160	-12,000	-11,840
Public Conveniences	312,870	394,230	319,770		319,770
Licensing - Hackney & Private Hire	-59,070	-59,070	79,060	-146,060	-67,000
Regulatory Services	288,390	332,360	634,860	-402,630	232,230
Street Cleansing	1,190,910	1,185,550	1,309,850	-42,500	1,267,350
Street Cleansing	1,190,910	1,185,550	1,309,850	-42,500	1,267,350
Commercial Waste Services	-49,830	-51,310	213,140	-265,480	-52,340
Trade Waste	-49,830	-51,310	213,140	-265,480	-52,340
Fleet Workshop & Management	232,570	232,440	250,820		250,820
MBS Support Crew	-57,930	-58,870	93,650	-147,250	-53,600
Grounds Maintenance - Commercial	-130,420	0	0	0	0
Trading Accounts	44,220	173,570	344,470	-147,250	197,220
Household Waste Collection	1,386,500	1,476,940	2,515,070	-329,990	2,185,080
Waste Collection	1,386,500	1,476,940	2,515,070	-329,990	2,185,080
Communities, Housing & Environment	10,172,260	10,794,290	20,940,760	-7,932,980	13,007,780

**COMMUNITIES, HOUSING & ENVIRONMENT POLICY ADVISORY
COMMITTEE - SUBJECTIVE ANALYSIS**

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	4,895,870	5,057,690	6,897,330
Employee Direct	7,800,200	8,252,890	8,726,000
Employee Other	228,870	225,460	122,260
Equipment & Furniture	456,820	501,620	588,860
Fees & Charges	-3,073,670	-3,201,660	-3,427,280
General Insurances	15,620	16,340	16,880
Grants & Contributions Paid	348,520	377,760	350,210
Grants & Contributions Received	-1,528,910	-3,136,880	-1,819,850
Income Other	-1,572,790	-1,382,950	-1,682,070
Information & Communications	46,850	42,850	44,990
Leasing & Capital Charges	20,010	0	0
Premises Other	504,920	551,900	558,940
Printing & Stationery	34,500	61,520	21,200
Professional Services	796,300	993,940	1,382,950
Rent	-873,980	-1,046,240	-1,003,780
Repairs & Maintenance	773,610	880,840	803,210
Security & Protection	85,560	70,560	74,090
Subsistence & Training	600	36,450	640
Supplies & Services Other	605,580	1,786,950	632,830
Utilities	207,640	301,280	311,420
Vehicle & Transport	400,140	403,970	408,950
Grand Total	10,172,260	10,794,290	13,007,780

ECONOMIC REGENERATION & LEISURE POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Innovation Centre	-175,910	-186,230	440,010	-475,600	-35,590
Business Terrace	84,440	92,230	197,630	-98,150	99,480
Business Terrace Expansion (Phase 3)	-9,280	-5,900	195,890	-206,730	-10,840
Business Support	-100,750	-99,900	833,530	-780,480	53,050
Lockmeadow	167,080	230,970	398,840	-156,310	242,530
Lockmeadow Complex	-1,380,000	-1,456,390	1,235,280	-2,687,760	-1,452,480
Commercial Investments	-1,212,920	-1,225,420	1,634,120	-2,844,070	-1,209,950
Leisure Services Section	57,360	57,680	108,030	-39,730	68,300
Cultural Services Section	479,050	382,350	406,070		406,070
Economic Development Section	182,010	202,920	92,520	-14,600	77,920
Market Section	89,920	88,140	94,880		94,880
Head of Regeneration and Economic Development	98,910	88,750	0	0	0
Innovation Centre Section	196,740	196,960	273,620	-60,490	213,130
Biodiversity & Climate Change	98,480	92,100	99,280		99,280
Salary Slippage 4ERL	-26,710	-26,710	-43,250		-43,250
Corporate Support Services	1,175,760	1,082,190	1,031,150	-114,820	916,330
Cultural Development Arts	10,720	68,910	71,880		71,880
Museum	20,400	23,550	94,920	-75,130	19,790
Carriage Museum	3,970	3,590	5,910	-1,600	4,310
Museum-Grant Funded Activities	0	30	0	0	0
Hazlitt Arts Centre	298,530	297,510	330,710		330,710
Culture & Heritage	333,620	393,590	503,420	-76,730	426,690
Market	-23,790	-23,700	127,530	-101,500	26,030
Economic Dev - Promotion & Marketing	1,840	37,080	5,800	-3,500	2,300
Economic Development	-21,950	13,380	133,330	-105,000	28,330
Climate change	0	30,650	7,050		7,050
Flood Defences & Land Drainage	0	30,650	7,050	0	7,050
Mote Park Adventure Zone	-71,550	-68,420	9,670	-81,900	-72,230
Mote Park Cafe	-32,250	-32,430	8,100	-72,030	-63,930
Parks & Open Spaces Leisure Activities	-1,600	-1,600		-1,600	-1,600
Mote Park Leisure Activities	-18,930	-18,930		-19,690	-19,690
Open Spaces	-124,330	-121,380	17,770	-175,220	-157,450
Leisure Centre	-178,120	-179,540	23,620	-210,000	-186,380
Cobtree Golf Course	-35,000	-35,000		-35,000	-35,000
Recreation & Sport	-213,120	-214,540	23,620	-245,000	-221,380
Tourism	18,600	18,600	35,850	-16,220	19,630
Museum Shop	-21,270	-21,270	12,270	-34,550	-22,280
Tourism	-2,670	-2,670	48,120	-50,770	-2,650
Economic Regeneration & Leisure	-166,360	-144,100	4,232,110	-4,392,090	-159,980

**ECONOMIC REGENERATION & LESIURE POLICY ADVISORY COMMITTEE -
SUBJECTIVE ANALYSIS**

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	295,460	310,230	344,120
Employee Direct	975,840	1,000,750	924,890
Employee Other	145,240	83,590	-71,170
Equipment & Furniture	26,950	50,630	27,900
Fees & Charges	-659,640	-191,430	-147,190
General Insurances	39,450	39,250	41,700
Grants & Contributions Paid	18,120	20,650	20,160
Grants & Contributions Received	-285,820	-421,025	-285,820
Income Other	-1,376,050	-1,568,260	-1,625,520
Information & Communications	83,400	85,250	89,150
Premises Other	719,570	599,140	679,170
Printing & Stationery	11,930	11,910	12,260
Professional Services	927,920	1,237,990	1,153,200
Rent	-1,838,450	-2,314,270	-2,333,560
Repairs & Maintenance	372,670	473,170	573,160
Security & Protection	3,750	3,750	3,940
Subsistence & Training	4,850	8,050	5,090
Supplies & Services Other	220,460	284,145	279,900
Utilities	133,060	127,480	139,600
Vehicle & Transport	14,930	14,900	9,040
Economic Regeneration & Leisure	-166,360	-144,100	-159,980

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES**REVISED ESTIMATE 2022/23 AND ESTIMATE 2023/24****PRIORITY SUMMARY**

Priority	Original Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Safe, Clean and Green	6,975,710	7,362,470	9,096,850
Homes and Communities	963,230	1,188,240	1,678,090
Thriving Place	1,269,920	1,309,840	1,409,110
Embracing Growth and Enabling Infrastructure	-243,760	-78,230	12,860
Central and Democratic	9,602,990	10,043,020	8,410,740
	18,568,090	19,825,340	20,607,650
Transfers to Reserves	4,663,970	3,406,720	5,056,010
Net Revenue Expenditure	23,232,060	23,232,060	25,663,660

SAFE, CLEAN & GREEN

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Mote Park Adventure Zone	-71,550	-68,420	9,670	-81,900	-72,230
Parks & Open Spaces	976,600	914,340	1,177,620	-182,560	995,060
Playground Maintenance & Improvements	144,010	144,400	151,570		151,570
Parks Pavilions	45,620	33,550	48,190	-10	48,180
Mote Park	256,660	268,090	303,480	-16,980	286,500
Mote Park Cafe	-32,250	-32,430	8,100	-72,030	-63,930
Parks & Open Spaces Leisure Activities	-1,600	-1,600	0	-1,600	-1,600
Mote Park Leisure Activities	-18,930	-18,930		-19,690	-19,690
Allotments	13,480	13,510	14,390		14,390
Cemetery	68,050	32,870	218,520	-242,080	-23,560
National Assistance Act	-410	-410	2,310	-2,740	-430
Crematorium	-849,770	-840,160	560,760	-1,527,240	-966,480
Maintenance of Closed Churchyards	10,500	10,500	11,030		11,030
Community Safety	29,030	31,030	32,590	0	32,590
PCC Grant - Building Safer Communities	0	0	31,880	-31,880	0
C C T V	72,680	39,310	37,450		37,450
Drainage	32,440	32,440	34,070		34,070
Licences	-4,590	-4,590	25,520	-30,330	-4,810
Licensing Statutory	-60,290	-60,290	85,080	-148,410	-63,330
Licensing Non Chargeable	8,110	8,110	8,520		8,520
Dog Control	28,700	28,700	34,240	-3,900	30,340
Health Improvement Programme	9,710	5,370	5,640		5,640
Pollution Control - General	13,360	24,240	24,640	-14,510	10,130
Contaminated Land	600	600	1,160	-4,000	-2,840
Waste Crime	41,690	-2,240	31,300	-32,300	-1,000
Food Hygiene	9,560	9,560	13,270	-3,570	9,700
Sampling	3,650	3,650	3,830		3,830
Occupational Health & Safety	-6,450	-6,450		-7,550	-7,550
Infectious Disease Control	1,170	1,160	1,390		1,390
Noise Control	1,210	1,220	1,280		1,280
Pest Control	-11,840	-11,840	160	-12,000	-11,840
Public Conveniences	312,870	394,230	319,770		319,770
Licensing - Hackney & Private Hire	-59,070	-59,070	79,060	-146,060	-67,000
Street Cleansing	1,190,910	1,185,550	1,309,850	-42,500	1,267,350
Household Waste Collection	1,386,500	1,476,940	2,515,070	-329,990	2,185,080
Commercial Waste Services	-49,830	-51,310	213,140	-265,480	-52,340
Recycling Collection	911,980	1,016,460	3,557,100	-1,619,690	1,937,410
Climate change	0	30,650	7,050		7,050
Medway Conservancy	127,990	127,990	134,390		134,390
Head of Environment and Public Realm	114,060	113,730	120,320		120,320
Bereavement Services Section	262,470	292,750	315,510		315,510
Community Partnerships & Resilience Section	464,020	511,890	539,840		539,840
Licensing Section	117,790	125,550	124,740		124,740
Environmental Protection Section	280,410	280,410	294,430		294,430
Food and Safety Section	274,720	274,720	288,460		288,460
Depot Services Section	887,520	905,890	967,170	-44,690	922,480
Head of New Business & Housing Development	0	7,230	242,820	-123,060	119,760
Fleet Workshop & Management	232,570	232,440	250,820		250,820
MBS Support Crew	-57,930	-58,870	93,650	-147,250	-53,600
Grounds Maintenance - Commercial	-130,420	0	0	0	0
Safe, Clean & Green	6,975,710	7,362,470	14,250,850	-5,154,000	9,096,850

SAFE, CLEAN & GREEN - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	4,895,870	5,057,690	6,897,330
Employee Direct	4,093,600	4,161,510	4,629,170
Employee Other	172,540	130,150	106,450
Equipment & Furniture	389,930	421,840	511,770
Fees & Charges	-3,003,480	-3,131,470	-3,354,330
General Insurances	21,390	25,450	26,000
Grants & Contributions Paid	24,350	24,350	25,440
Grants & Contributions Received	-31,880	-174,530	-31,880
Income Other	-1,600,830	-1,386,140	-1,739,840
Information & Communications	29,080	26,580	27,910
Leasing & Capital Charges	20,010	0	0
Premises Other	256,800	264,140	273,600
Printing & Stationery	17,070	16,550	17,420
Professional Services	243,140	313,290	250,760
Rent	-25,620	-26,630	-27,950
Repairs & Maintenance	443,070	547,030	466,030
Security & Protection	22,820	7,820	8,210
Subsistence & Training	100	14,620	110
Supplies & Services Other	413,100	454,110	361,950
Utilities	249,460	267,240	286,670
Vehicle & Transport	345,190	348,870	362,030
Safe, Clean & Green	6,975,710	7,362,470	9,096,850

HOMES & COMMUNITIES

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Social Inclusion	0	53,430	0	0	0
Grants	165,950	165,950	165,950		165,950
Delegated Grants	2,140	2,140	2,140		2,140
Parish Services	144,490	137,130	144,490		144,490
MPH Residential Properties	-830,140	-729,930	23,800	-881,050	-857,250
General Fund Residential Properties	-77,120	-57,340	10,960	-66,880	-55,920
Strategic Housing Role	11,840	11,840	12,440		12,440
Housing Register & Allocations	14,090	14,090	14,790		14,790
Private Sector Renewal	-47,100	-47,100	3,050	-50,000	-46,950
HMO Licensing	-20,380	-20,380		-20,380	-20,380
Homeless Temporary Accommodation	287,380	287,380	1,080,750	-170,470	910,280
Homelessness Prevention	191,020	177,970	186,820	0	186,820
Aylesbury House	46,950	43,420	119,030	-69,140	49,890
Magnolia House	3,060	-470	52,270	-50,070	2,200
St Martins House	60	60	12,920	-12,240	680
Marsham Street	62,740	62,740	175,480	-104,220	71,260
Sundry Temporary Accommodation (TA) Properties	-12,340	-12,520	76,250	-84,430	-8,180
2 Bed Property - Temporary Accommodation	-32,700	-32,860	111,560	-137,760	-26,200
3 Bed Property - Temporary Accommodation	-70,650	-70,490	82,780	-147,180	-64,400
4 bed Property - Temporary Accommodation	10,140	6,740	50,600	-40,990	9,610
1 Bed Property- Temporary Accommodation	3,200	-3,550	10,760	-13,730	-2,970
Trinity	20,850	51,620	150,240	-119,000	31,240
Chillington House	-5,610	-5,650	11,510	-16,250	-4,740
Marden Caravan Site (Stilebridge Lane)	19,460	19,430	52,300	-31,860	20,440
Ulcombe Caravan Site (Water Lane)	6,680	6,650	49,020	-42,000	7,020
Homechoice Section	222,820	229,610	345,640	-110,200	235,440
Housing & Inclusion Section	275,100	340,970	1,139,830	-821,810	318,020
Housing & Health Section	281,400	280,150	591,610	-301,280	290,330
Housing Management	286,140	231,810	423,310	-179,540	243,770
Homelessness Outreach	3,760	45,400	418,960	-370,690	48,270
Homes & Communities	963,230	1,188,240	5,519,260	-3,841,170	1,678,090

HOMES & COMMUNITIES - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Employee Direct	2,442,470	2,621,380	2,820,050
Employee Other	36,710	97,400	44,940
Equipment & Furniture	54,120	93,540	63,670
Fees & Charges	-90,720	-90,720	-94,240
General Insurances	150	150	150
Grants & Contributions Paid	319,390	312,030	319,740
Grants & Contributions Received	-1,497,030	-2,785,030	-1,787,970
Income Other	-45,030	-44,880	-48,920
Information & Communications	17,120	15,620	16,400
Premises Other	256,870	298,110	298,140
Printing & Stationery	150	1,650	1,740
Professional Services	539,640	574,790	1,119,910
Rent	-1,773,500	-1,825,250	-1,910,040
Repairs & Maintenance	375,410	377,240	383,830
Security & Protection	57,220	57,220	60,080
Subsistence & Training	0	14,800	0
Supplies & Services Other	162,460	1,287,160	217,450
Utilities	62,290	137,520	132,480
Vehicle & Transport	45,510	45,510	40,680
Homes & Communities	963,230	1,188,240	1,678,090

THRIVING PLACE

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Cultural Development Arts	10,720	68,910	71,880		71,880
Museum	20,400	23,550	94,920	-75,130	19,790
Carriage Museum	3,970	3,590	5,910	-1,600	4,310
Museum-Grant Funded Activities	0	30	0	0	0
Hazlitt Arts Centre	298,530	297,510	330,710		330,710
Festivals and Events	-24,970	-24,970	5,300	-31,520	-26,220
Lettable Halls	-3,450	-3,470	7,830	-11,450	-3,620
Community Halls	49,630	47,800	70,330	-17,550	52,780
Leisure Centre	-178,120	-179,540	23,620	-210,000	-186,380
Cobtree Golf Course	-35,000	-35,000		-35,000	-35,000
Tourism	18,600	18,600	35,850	-16,220	19,630
Museum Shop	-21,270	-21,270	12,270	-34,550	-22,280
Sandling Road Site	29,380	27,660	30,150		30,150
Innovation Centre	-175,910	-186,230	440,010	-475,600	-35,590
Business Terrace	84,440	92,230	197,630	-98,150	99,480
Business Terrace Expansion (Phase 3)	-9,280	-5,900	195,890	-206,730	-10,840
Market	-23,790	-23,700	127,530	-101,500	26,030
Economic Dev - Promotion & Marketing	1,840	37,080	5,800	-3,500	2,300
Leisure Services Section	57,360	57,680	108,030	-39,730	68,300
Cultural Services Section	479,050	382,350	406,070		406,070
Visitor Economy Section	120,210	156,160	96,140		96,140
Economic Development Section	182,010	202,920	92,520	-14,600	77,920
Market Section	89,920	88,140	94,880		94,880
Head of Regeneration and Economic Development	98,910	88,750	0	0	0
Innovation Centre Section	196,740	196,960	273,620	-60,490	213,130
Head of Spatial Planning and Economic Development	0	0	115,540		115,540
Thriving Place	1,269,920	1,309,840	2,842,430	-1,433,320	1,409,110

THRIVING PLACE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	295,460	310,230	344,120
Employee Direct	1,065,860	1,091,330	1,110,710
Employee Other	104,380	87,900	-95,540
Equipment & Furniture	35,100	32,250	36,460
Fees & Charges	-639,110	-170,900	-125,900
General Insurances	33,380	29,840	32,310
Grants & Contributions Paid	18,320	23,570	17,980
Grants & Contributions Received	-285,820	-421,025	-285,820
Income Other	-480,290	-485,100	-472,960
Information & Communications	65,960	67,810	70,840
Premises Other	404,460	387,290	458,180
Printing & Stationery	12,060	12,040	12,400
Professional Services	156,430	271,530	163,190
Rent	-34,310	-536,130	-548,640
Repairs & Maintenance	153,810	191,420	276,270
Security & Protection	3,750	3,750	3,940
Subsistence & Training	5,050	8,250	5,300
Supplies & Services Other	177,570	233,485	226,720
Utilities	159,290	153,710	168,150
Vehicle & Transport	18,570	18,590	11,400
Thriving Place	1,269,920	1,309,840	1,409,110

EMBRACING GROWTH & ENABLING INFRASTRUCTURE

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Building Regulations Chargeable	-354,290	-375,160	7,750	-402,540	-394,790
Building Control	-990	-990		-1,040	-1,040
Street Naming & Numbering	-73,350	-73,350		-73,350	-73,350
Development Control Advice	-257,400	-292,700	0	-292,700	-292,700
Development Control Appeals	131,850	131,850	138,450		138,450
Development Control Majors	-510,640	-558,060	22,710	-579,740	-557,030
Development Control - Other	-640,420	-772,030	6,640	-778,400	-771,760
Development Control Enforcement	71,240	71,240	74,800		74,800
Planning Policy	200,000	301,170	520,750	0	520,750
Neighbourhood Planning	-20,000	-20,000		-20,000	-20,000
Conservation	-11,390	-11,390	4,210	-15,600	-11,390
Land Charges	-264,690	-264,590	27,030	-290,400	-263,370
Environment Improvements	6,960	7,480	7,310		7,310
Name Plates & Notices	19,440	19,440	20,420		20,420
On Street Parking	-310,400	-304,720	483,520	-797,550	-314,030
Residents Parking	-202,720	-202,320	65,370	-261,280	-195,910
Pay & Display Car Parks	-1,180,670	-1,203,350	628,450	-1,957,110	-1,328,660
Non Paying Car Parks	14,850	14,850	15,300	-10	15,290
Off Street Parking - Enforcement	-112,010	-107,030	188,800	-276,690	-87,890
Mote Park Pay & Display	-185,400	-195,380	40,140	-234,150	-194,010
Sandling Road Car Park	0	-670	54,410	-55,080	-670
Park & Ride	137,160	135,920	109,040		109,040
Other Transport Services	-4,320	-4,220	33,210	-36,110	-2,900
Spatial Policy Planning Section	452,660	473,260	345,670		345,670
Head of Planning and Development	113,410	121,330	118,920		118,920
Building Surveying Section	457,530	472,150	511,880		511,880
Mid Kent Planning Support Service	324,630	322,890	571,080	-221,220	349,860
Heritage Landscape and Design Section	212,950	343,280	347,780		347,780
CIL Management Section	64,260	55,500	102,820	-91,250	11,570
Mid Kent Local Land Charges Section	84,000	93,990	236,690	-149,460	87,230
Development Management Section – Majors	298,260	293,270	314,060		314,060
Development Management Section – Others	971,580	1,077,190	1,144,950		1,144,950
Parking Services Section	324,150	372,920	545,940	-141,560	404,380
Enabling Growth & Enabling Infrastructure	-243,760	-78,230	6,688,100	-6,675,240	12,860

EMBRACING GROWTH & ENABLING INFRASTRUCTURE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	459,810	475,370	532,410
Employee Direct	3,454,900	3,836,730	4,095,580
Employee Other	126,650	137,650	-62,460
Equipment & Furniture	93,210	84,190	88,270
Fees & Charges	-5,397,300	-5,597,200	-5,817,200
General Insurances	17,240	16,950	17,240
Grants & Contributions Paid	19,670	19,670	20,470
Grants & Contributions Received	-489,770	-542,631	-527,660
Income Other	-245,820	-263,470	-322,980
Information & Communications	190	190	200
Premises Other	352,650	354,380	354,940
Printing & Stationery	30,820	15,640	17,130
Professional Services	498,330	492,141	791,450
Rent	-7,050	-7,050	-7,400
Repairs & Maintenance	231,660	262,920	255,610
Security & Protection	79,200	132,800	83,160
Subsistence & Training	2,690	17,280	2,820
Supplies & Services Other	416,760	378,510	400,280
Utilities	29,350	29,350	32,200
Vehicle & Transport	83,050	78,350	58,800
Embracing Growth & Enabling Infrastructure	-243,760	-78,230	12,860

CENTRAL & DEMOCRATIC

Cost Centre/Service	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Lockmeadow	167,080	230,970	398,840	-156,310	242,530
Lockmeadow Complex	-1,380,000	-1,456,390	1,235,280	-2,687,760	-1,452,480
Maidstone House - Landlord	196,970	-399,770	934,190	-1,347,270	-413,080
Civic Occasions	44,010	54,930	46,030		46,030
Members Allowances	408,000	408,000	455,540		455,540
Members Facilities	17,870	17,880	18,300	0	18,300
Contingency	1,355,110	1,844,420	982,680		982,680
Performance & Development	11,930	41,930	47,520		47,520
Corporate Projects	50,000	50,000	0		0
Press & Public Relations	21,570	21,570	4,660	0	4,660
Corporate Management	476,770	413,610	425,540		425,540
Unapportionable Central Overheads	1,499,050	1,487,680	961,570		961,570
Council Tax Collection	56,510	56,510	110,710	-44,530	66,180
Council Tax Collection - Non Pooled	-356,420	-356,420	68,440	-444,500	-376,060
Council Tax Benefits Administration	-152,120	-164,320		-164,320	-164,320
NNDR Collection	1,530	1,530	3,240	-1,430	1,810
NNDR Collection - Non Pooled	-233,630	-239,010	16,350	-256,760	-240,410
MBC- BID	670	670	18,860	-18,120	740
Registration Of Electors	51,020	60,600	71,150	-2,510	68,640
Elections	147,540	181,200	164,720	-460	164,260
Emergency Centre	22,040	22,350	23,680		23,680
External Interest Payable	2,262,550	2,232,550	2,202,550		2,202,550
Interest & Investment Income	-100,000	-100,000		-150,000	-150,000
Palace Gatehouse	-7,500	-3,000	4,730	-12,000	-7,270
Archbishops Palace	-97,110	-104,500	45,480	-42,360	3,120
Parkwood Industrial Estate	-287,040	-286,940	4,590	-305,990	-301,400
Industrial Starter Units	-16,500	-17,190	30,070	-48,470	-18,400
Parkwood Equilibrium Units	-76,670	-88,600	49,070	-142,250	-93,180
Sundry Corporate Properties	-236,590	-228,340	47,480	-227,290	-179,810
Phoenix Park Units	-216,000	-218,850	33,430	-263,030	-229,600
Granada House - Commercial	-93,230	-93,490	75,040	-174,420	-99,380
Heronden Road Units	-147,670	-151,400	12,230	-171,150	-158,920
Boxmend Industrial Estate	-95,140	-99,660	14,900	-119,500	-104,600
Wren Industrial Estate	-120,150	-102,580	70,320	-178,540	-108,220
Non Service Related Government Grants	-4,216,190	-4,216,190		-4,656,010	-4,656,010
Rent Allowances	-115,330	-115,330	29,933,730	-30,047,800	-114,070
Non HRA Rent Rebates	-8,760	-8,760	1,102,410	-1,111,170	-8,760
Discretionary Housing Payments	1,450	0	231,980	-231,980	0
Housing Benefits Administration	-339,450	-327,250	54,320	-369,200	-314,880
Democratic Services Section	262,980	266,080	288,040	-1,720	286,320
Mayoral & Civic Services Section	117,730	117,350	125,080		125,080
Chief Executive	188,160	188,380	197,850		197,850
Communications Section	198,520	240,310	256,520	-440	256,080
Policy & Information Section	395,400	483,300	512,010	0	512,010
Head of Policy and Communications	116,420	45,120	0		0
Biodiversity & Climate Change	98,480	92,100	99,280		99,280
Director of Strategy Governance and Insight	0	76,900	131,680		131,680
Revenues Section	531,330	565,280	980,800	-410,450	570,350
Registration Services Section	95,830	92,170	94,050		94,050
Head of Housing & Community Services	113,750	113,030	118,370		118,370
Benefits Section	507,390	507,970	855,810	-302,200	553,610
Fraud Section	31,920	49,790	252,970	-211,980	40,990
Mid Kent Audit Partnership	211,660	203,950	701,890	-482,200	219,690
Director of Finance, Resources & Business Improvement	148,110	147,320	153,160	-4,890	148,270
Accountancy Section	818,820	833,670	910,140	-24,400	885,740
Legal Services Section	627,860	627,860	734,220	-74,790	659,430
Director of Regeneration & Place	147,100	146,310	156,480	0	156,480
Procurement Section	113,170	113,170	132,860	-14,030	118,830
Property & Projects Section	565,940	344,640	369,820	-5,970	363,850
Corporate Support Section	283,260	287,480	314,560		314,560
Improvement Section	374,840	375,330	279,510	-27,310	252,200
Executive Support Section	91,250	92,610	98,970		98,970
Head of Commissioning and Business Improvement	109,840	27,900	0		0
Mid Kent ICT Services	573,840	571,180	1,691,410	-1,082,560	608,850
GIS Section	122,220	122,840	215,130	-86,000	129,130
Customer Services Section	680,350	675,970	730,150	0	730,150
Director of Mid Kent Services	48,370	44,710	146,820	-97,880	48,940
Mid Kent HR Services Section	399,500	396,780	686,870	-268,460	418,410
MBC HR Services Section	170,430	101,510	179,690	-2,240	177,450
Head of Revenues & Benefits	76,710	76,290	129,620	-45,220	84,400
Revenues & Benefits Business Support	108,670	99,270	401,480	-284,380	117,100
Dartford HR Services Section	-13,680	-14,750	62,990	-78,730	-15,740
IT Support for Revenues and Benefits	25,680	25,510	45,690	-18,300	27,390
Emergency Planning & Resilience	65,120	126,700	134,180	0	134,180
Head of Property and Leisure	0	40,990	115,790		115,790
Facilities Section	0	243,470	257,250		257,250
Salary Slippage 1PR	-284,570	-285,760	-253,970		-253,970
Salary Slippage 2SPI	-97,490	-97,490	-175,280		-175,280
Salary Slippage 3CHE	-190,280	-215,120	-439,110		-439,110
Salary Slippage 4ERL	-26,710	-26,710	-43,250		-43,250
Town Hall	120,810	121,590	128,070	-1,500	126,570
South Maidstone Depot	170,630	219,860	177,360		177,360
The Link	119,940	54,540	336,250	-286,660	49,590

CENTRAL & DEMOCRATIC

	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 (Expenditure) £	Estimate 2023/24 (Income) £	Estimate 2023/24 £
Cost Centre/Service					
Maidstone House - MBC Tenant	274,710	673,620	776,530	-93,530	683,000
Museum Buildings	252,790	267,530	269,550	-1,170	268,380
I.T. Operational Services	624,630	633,310	664,490		664,490
Central Telephones	15,510	15,510	16,290		16,290
Apprentices Programme	51,300	71,290	54,180		54,180
Internal Printing	-3,580	-3,580	56,000	-56,920	-920
Debt Recovery Service	-14,150	-17,920	1,016,570	-1,036,000	-19,430
Debt Recovery MBC Profit Share	-95,470	-132,340		-120,440	-120,440
Appropriation Account	1,781,780	1,867,790	1,861,790		1,861,790
Pensions Fund Appropriation	0	0	0		0
Central & Democratic	9,602,990	10,043,020	56,906,240	-48,495,500	8,410,740

CENTRAL & DEMOCRATIC - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2022/23 £	Revised Estimate 2022/23 £	Estimate 2023/24 £
Agency & Contractor	859,770	822,540	863,670
Allowances	403,760	403,760	453,760
Benefits	34,491,910	34,497,690	31,268,120
Employee Direct	9,499,320	9,975,290	10,281,180
Employee Other	2,111,570	1,876,640	1,239,320
Equipment & Furniture	943,930	1,037,530	1,064,970
Fees & Charges	-960,610	-1,089,610	-1,102,410
General Insurances	14,660	14,550	15,260
Grants & Contributions Paid	2,365,030	2,385,420	2,308,910
Grants & Contributions Received	-42,869,160	-43,384,310	-40,309,630
Income Other	-1,826,020	-2,388,530	-2,478,830
Information & Communications	21,290	19,900	20,880
Leasing & Capital Charges	1,783,800	1,869,810	1,861,790
Premises Other	1,864,300	1,222,400	1,231,180
Printing & Stationery	121,760	146,870	109,150
Professional Services	1,287,670	1,894,660	1,947,280
Rent	-3,767,190	-4,676,900	-4,604,630
Repairs & Maintenance	695,770	1,067,140	1,045,630
Security & Protection	40,940	40,940	43,010
Subsistence & Training	182,100	131,590	191,090
Supplies & Services Other	1,815,610	3,240,150	1,989,660
Utilities	374,550	776,630	852,820
Vehicle & Transport	148,230	158,860	118,560
Grand Total	9,602,990	10,043,020	8,410,740

	Current Estimate 2022/23 £000	Revised Estimate 2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total (5 years) £000
Communities, Housing & Environment								
Private Rented Sector Housing	4,133	2,273	3,090	6,765	6,832	9,578	6,861	33,125
1,000 Homes Affordable Housing Programme - Expenditure	5,179	7,600	6,123	20,080	22,825	25,487	22,442	96,958
1,000 Homes Affordable Housing Programme - Social Housing Grant			-5,790	-3,120	-1,290	-8,250	-6,060	-24,510
Temporary Accommodation	4,330	4,330	12,000	12,000	8,000			32,000
Commercial Development - Maidstone East		200	156	623	623	468	100	1,970
Heather House Community Centre		150	319	701	351	75		1,446
Market Sale Housing Programme - Heather House & Pavilion Building	515							
Housing - Disabled Facilities Grants Funding	1,640	1,640	800	800	800	800	800	4,000
Springfield Mill - Phase 2	731	731						
Affordable Housing Programme - Trinity Place	500	500						
Acquisitions Officer - Social Housing Delivery P/ship	160	160	200					200
Street Scene Investment	70	70	50	50	50	50	50	250
Flood Action Plan	430	430	200	200	150			550
Electric Operational Vehicles	84	84						
Vehicle Telematics & Camera Systems	22	22						
Rent & Housing Management IT System	11	11						
Installation of Public Water Fountains	15	15						
Crematorium & Cemetery Development Plan	137	250						
Continued Improvements to Play Areas	126	126	50	50	60	60	60	280
Parks Improvements	152	152	50	60	70	70	80	330
Gypsy & Traveller Sites Refurbishment	1,421	1,421						
Waste Crime Team - Additional Resources	25	25						
Section 106 funded works - Open Spaces	400	400	400	400	400	400	400	2,000
Expansion of Cemetery (New scheme)			80	120				200
Expansion of Crematorium (New scheme)			340					340
Purchase of New Waste Collection Vehicles (New scheme)			5,800					5,800
Total	20,080	20,589	23,868	38,730	38,871	28,737	24,733	154,939

	Current Estimate 2022/23 £000	Revised Estimate 2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total (5 years) £000
Economic Regeneration & Leisure								
Mote Park Visitor Centre	1,307	1,307						
Mote Park Lake - Dam Works	486	486	20					20
Museum Development Plan	389		389					389
Leisure Provision	100	100	3,000	1,000	1,000	1,000	1,000	7,000
Tennis Courts Upgrade	20	20	20					20
Riverside Walk Works	250		250					250
Mote Park Kiosk Refurbishment & Extension (New scheme)		50	200					200
Town Centre Strategy (New scheme)			450	2,700	2,350			5,500
Total	2,552	1,963	4,329	3,700	3,350	1,000	1,000	13,379
Corporate Services								
Asset Management / Corporate Property	1,561	1,261	875	175	175	175	175	1,575
Corporate Property Acquisitions	3,181	3,181	2,500	2,500	2,500	2,500	2,500	12,500
Kent Medical Campus - Innovation Centre	341	341		250				250
Lockmeadow Ongoing Investment	203	203	500	250	250	250	250	1,500
Garden Community	1,633	1,100	733	200	200	200	200	1,533
Infrastructure Delivery	1,000	1,000	1,000	1,000	1,000	1,000	1,000	5,000
Other Property Works	980	100	500	380				880
Biodiversity & Climate Change	1,478	250	2,788	1,540	500	500		5,328
Photovoltaic Panels			234					234
Feasibility Studies	122	122	50	50	50	50	50	250
Digital Projects	25	25	28	28	28	28	28	140
Software / PC Replacement	336	336	200	200	200	200	200	1,000
Maidstone House Works	1,000	1,000	500	250	250	250	250	1,500
Automation Projects	200	200						
New Ways of Working - Make the Office Fit for Purpose	40	40						
Fleet Vehicle Replacement Programme	533	900	456	457	270	96	250	1,529
Election Polling Booths (New scheme)		20						

	Current Estimate 2022/23 £000	Revised Estimate 2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total (5 years) £000
Automation of Transactional Services (New scheme)			150					150
Total	12,633	10,079	10,514	7,280	5,423	5,249	4,903	33,369
Planning & Infrastructure								
Bridges Gyratory Scheme	206		206					206
Total	206		206					206
TOTAL	35,471	32,631	38,917	49,710	47,644	34,986	30,636	201,893

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement
and Annual Investment Strategy

2023/24

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1.1 Background

The Treasury Management Strategy Statement 2023/24 complies with the 2021 revised CIPFA Treasury Management Code and Prudential Code, details of which can be found in Key Considerations at the end of this Strategy Statement.

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management Reporting

The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. Under current constitutional arrangements this role would be undertaken by the Audit Governance and Standards Committee.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council/Board but do require to be adequately scrutinised. This role is undertaken by the Executive Committee as part of the quarterly Budget Monitoring. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.3 Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Authority
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).

- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

Training on the Treasury management and Capital Strategies was undertaken by Members on 17th January 2022 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by the Head of Finance. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Head of Finance.

1.5 Treasury Management Consultants

The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2025/26

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
32.631	39.517	49.710	47.644	34.986	30.636

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £m	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Capital grants	1.500	2.470	2.832	1.500	1.500	1.500
Capital reserves	3.500	0.000	0.000	0.000	0.000	0.000
Revenue	4.450	5.450	5.450	5.450	5.450	5.450
Net financing need for the year	23.181	31.597	41.428	40.694	28.036	23.686

2.2 The Authority's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Authority is not required to separately borrow for these schemes. The Authority currently has £1.473m of such schemes within the CFR.

The Authority is asked to approve the CFR projections below:

£m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement						
Total CFR	88.048	119.335	159.113	197.423	222.558	242.970
Movement in CFR	22.316	30.346	38.528	37.061	23.885	19.162

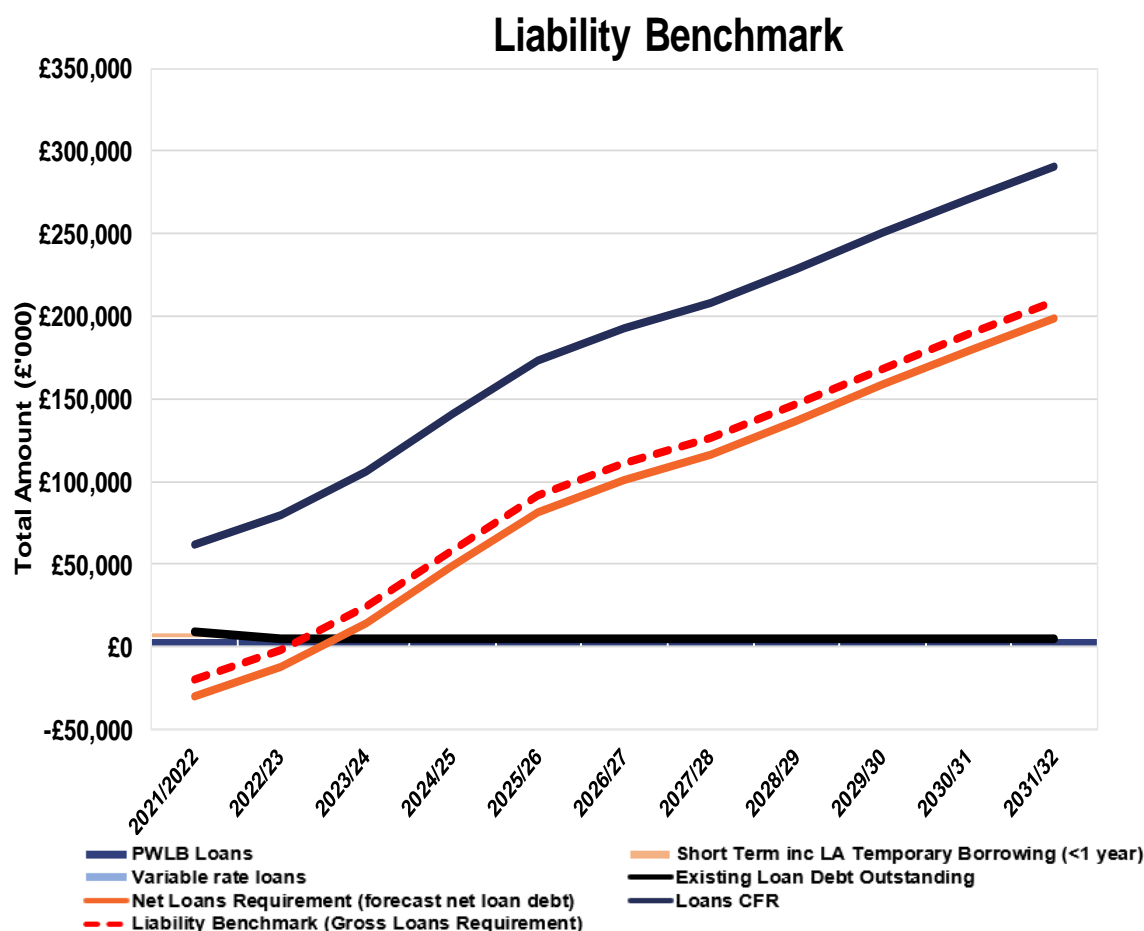
Movement in CFR represented by						
Net financing need for the year	23.181	31.597	41.428	40.694	28.036	23.686
Less MRP/VRP and other financing movements	-0.865	-1.251	-2.900	-3.634	-4.151	-4.524
Movement in CFR	22.316	30.346	38.528	37.061	23.885	19.162

2.3 Liability Benchmark

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum however, CIPFA strongly recommends that the LB is produced for at least 10 years and should ideally cover the full debt maturity profile of a local authority.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years. At the end of 2021/22, the Council had £9m of external borrowing (£4m short term LA borrowing and £5m 50 year PWLB. The Council repaid £4m LA borrowing in 2022/23 which leaves the £5m PWLB loans.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



Net Investment balance from 2021/22 was £19.75m. As the Capital Programme ramps up, the borrowing increases to net loans of £161m over a 10 year period. This balance is expected to stay below the Loans CFR over this period.

2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

2.4 Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed

capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full council approval (or closest equivalent level) in advance of each financial year.

The Authority is recommended to approve the following MRP Statement

From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset life method (straight line)** – MRP will be based on the estimated life of the assets;

Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24, or in the year after the asset becomes operational

The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

MRP Overpayments - Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made to date are £0m.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

3.1 Current Portfolio Position

The overall treasury management portfolio as at 31.3.22 and for the position as at 31.12.22 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual 31.3.22	actual 31.3.22	current 31.12.22	current 31.12.22
Treasury investments	£000	%	£000	%
Banks	26,000	67%	11,370	40%
Building societies - unrated	0	0%		0%
Building societies - rated	3,000	8%		0%
Local authorities	0	0%		0%
DMADF (H.M.Treasury)	0	0%		0%
Money Market Funds	9,750	25%	16,760	60%
Certificates of Deposit	0	0%		0%
Total managed in house	38,750	100%	28,130	100%
Bond Funds	0	0%		0%
Property Funds	0	0%		0%
Total managed externally	0	0%	0	0%
Total treasury investments	38,750	100%	28,130	100%
Treasury external borrowing				
Local Authorities	4,000	44%		0%
PWLB	5,000	56%	5,000	100%
LOBOs	0	0%		0%
Total external borrowing	9,000	100%	5,000	100%
Net treasury investments / (borrowing)	29,750	0	23,130	0

The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing

need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
External Debt						
Debt at 1 April	9.000	33.086	60.992	102.420	143.114	166.800
Expected change in Debt	23.181	27.597	41.428	40.694	23.686	28.860
Other long-term liabilities (OLTL)	1.473	0.905	0.309	0.000	0.000	0.000
Expected change in OLTL	-0.568	-0.596	-0.309	0.000	0.000	0.000
Actual gross debt at 31 March	33.086	60.992	102.420	143.114	166.800	195.660
The Capital Financing Requirement	88.048	119.335	159.113	197.423	222.558	242.970
Under / (over) borrowing	54.962	58.343	56.693	54.309	55.758	47.311

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance, Resources and Business Improvement reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m	£m
Ext Borrowing	37.181	68.778	110.206	150.900	178.936	202.622
Other LT Liab	1.473	0.905	0.309	0.000	0.000	0.000
Total	38.654	69.683	110.515	150.900	178.936	202.622

The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

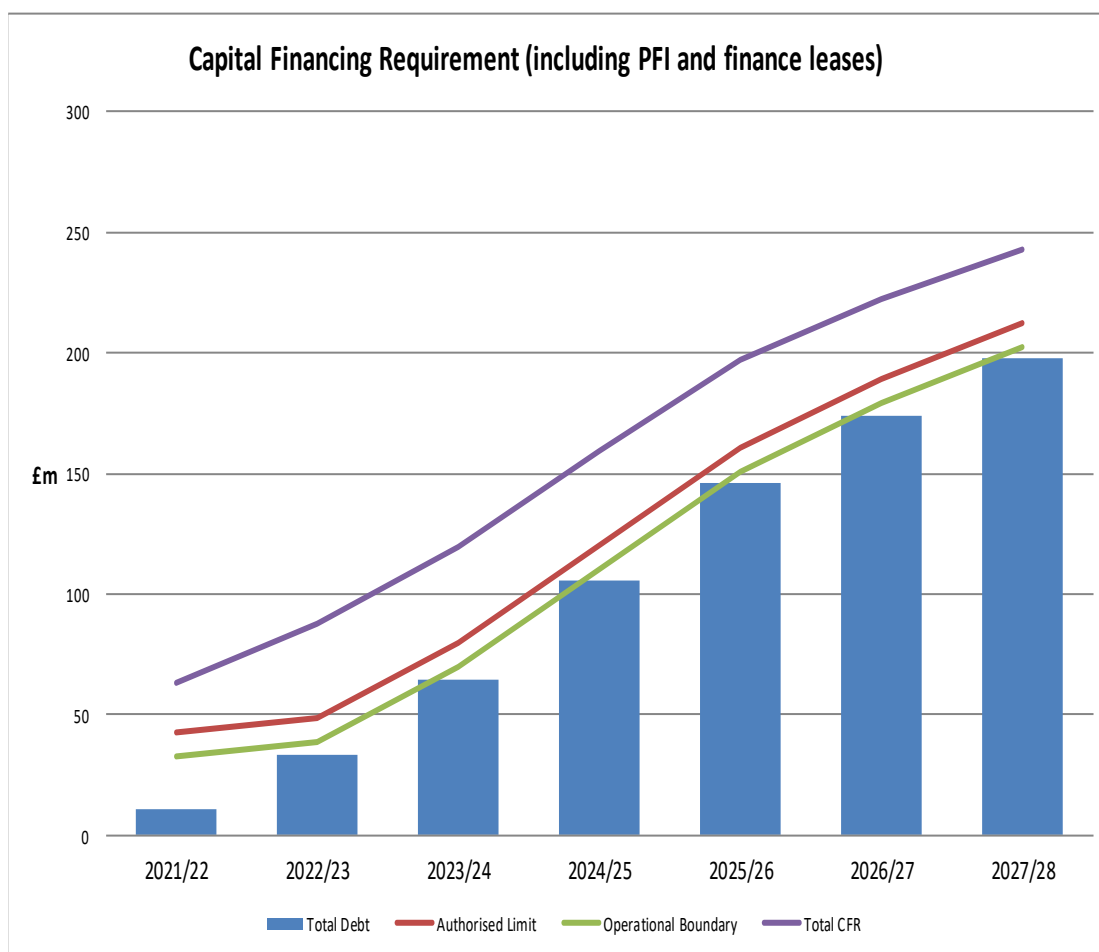
- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following Authorised Limit:

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Ext Borrowing	47.181	78.778	120.206	160.900	188.936	212.622
Other LT Liab	1.473	0.905	0.309	0.000	0.000	0.000
Total	48.654	79.683	120.515	160.900	188.936	212.622

The graph below forecasts the Council's debt profile, Operational Boundary and Authorised Limit remains below its CFR.

PRUDENTIAL INDICATORS GRAPH

CAPITAL FINANCING REQUIREMENT including PFI and finance leases							
	Act 2021/22	Est 2022/23	Est 2023/24	Est 2024/25	Est 2025/26	Est 2026/27	Est 2027/28
	£m	£m	£m	£m	£m	£m	£m
GF CFR	63.0	88.0	119.3	159.1	197.4	222.6	243.0
Total CFR	63.0	88.0	119.3	159.1	197.4	222.6	243.0
External Borrowing	9.0	32.2	63.8	105.2	145.9	173.9	197.6
Other long term liabilities	2.0	1.5	0.9	0.3	0.0	0.0	0.0
Total Debt	11.0	33.7	64.7	105.5	145.9	173.9	197.6
Authorised Limit	42.6	48.7	79.7	120.5	160.9	188.9	212.6
Operational Boundary	32.6	38.7	69.7	110.5	150.9	178.9	202.6



3.3 Prospects for Interest Rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 08.11.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 08.11.22		Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE		3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings		3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings		4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings		4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB		4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB		4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB		4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB		4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

Additional notes by Link on this forecast table: -

Our central forecast reflects a view that the MPC will be keen to demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened throughout 2022, but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures have lessened – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market. Wage increases, excluding bonuses, are currently running at 5.7%.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present. This approach will prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

Yield curve movements have become less volatile under the Sunak/Hunt government. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.50%. The medium to longer part of the yield curve is currently inverted (yields are lower at the longer end of the yield curve compared to the short to medium end).

We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside. Indeed, the Bank of England projected two years of negative growth in their November Quarterly Monetary Policy Report.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.

- **The Government** acts too slowly to increase taxes and/or cut expenditure to balance the public finances, in the light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly, if inflation numbers disappoint on the upside, and pull gilt yields up higher than currently forecast.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are now above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are as follows: -

Average earnings in each year	
2022/23 (remainder)	3.95%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Finance, Resources & Business Improvement will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Audit, Governance & Standards Committee at the next available opportunity.

3.5 Policy on Borrowing in Advance of Need

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

If rescheduling is to be undertaken, it will be reported to the Audit, Governance & Standards Committee, at the earliest meeting following its action.

3.7 New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills		●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Authority's investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This Authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The Authority has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 25%.
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This Authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This Authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2022/23 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local

authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. At the current juncture it has not been determined whether a further extension to the over-ride will be agreed by Government

However, this Authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

Creditworthiness Policy

This Authority applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

1. "watches" and "outlooks" from credit rating agencies;
2. CDS spreads that may give early warning of changes in credit ratings;
3. sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration for investments. The Authority will, therefore, use counterparties within the following durational bands

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. The Authority is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money Limit	Transaction limit	Time Limit
Banks *	yellow	£8m	£8m	5yrs
Banks	purple	£7m	£7m	2 yrs
Banks	orange	£5m	£5m	1 yr
Banks – part nationalised	blue	£5m	£5m	1 yr
Banks	red	£5m	£5m	6 mths
Banks	green	£3m	£3m	100 days
Banks	No colour	Not to be used	£0m	
Other institutions limit	-	£3m	£3m	5yrs

DMADF	UK sovereign rating	unlimited	£5m	6 months
Local authorities	n/a	£8m	£8m	5yrs
Housing associations	Colour bands	£8m	£8m	As per colour band
	Fund rating**	Money Limit	Transaction limit	Time Limit
Money Market Funds CNAV	AAA	£10m	£10m	liquid
Money Market Funds LVNAV	AAA	£10m	£10m	liquid
Money Market Funds VNAV	AAA	£10m	£10m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£8m	£8m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£8m	£8m	liquid

* Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt – see appendix 5.4.

** Please note: “fund” ratings are different to individual counterparty ratings, coming under either specific “MMF” or “Bond Fund” rating criteria.

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they

have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Limits

Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.

- a. **Non-specified treasury management investment limit.** The Authority has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 20% of the total treasury management investment portfolio.
- b. **Country limit.** The Authority has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other limits. In addition: -

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies/institutions;
- sector limits will be monitored regularly for appropriateness.

4.2 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to reach 4.5% in Q2 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2022/23 (remainder)	3.95%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Against this view the Treasury officers expect the Council's average returns to be around the 3 month SONIA rate as investments will be short term to meet liabilities of the Capital Programme.

For its cash flow generated balances, the Authority will seek to utilise its call and notice accounts, Money Market Funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Changes of investment strategy

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Authority is asked to approve the following treasury indicator and limit: -

Upper limit for principal sums invested for longer than 365 days			
£m	2023/24	2024/25	2025/26
Principal sums invested for longer than 365 days	£2m	£2m	£2m
Current investments as at 31/12/2022 in excess of 1 year maturing in each year	0	0	0

4.3 Investment Performance / Risk Benchmarking

This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of 3 month SONIA.

4.4 End of Year Investment Report

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

4.5 External Fund Managers

£16.76m of the Council's funds is externally managed within Money Market Funds with following institutions:

- Goldman Sachs Asset Management International
- Aberdeen Standard Investments
- Federated Investors (UK) LLP
- CCLA – The Public Sector Deposit Fund

The Authority's external fund managers will comply with the Annual Investment Strategy. The agreements between the Authority and the fund managers additionally stipulate guidelines on duration and other limits in order to contain and control risk.

The Authority fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Authority is provided with a suite of regular reporting from its manager.

5 APPENDICES

1. Prudential and treasury indicators
2. Interest rate forecasts
3. Economic background
4. Treasury management practice
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2023/24 – 2025/26

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.1.1 Capital Expenditure

2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
£m	£m	£m	£m	£m	£m
32.631	39.517	49.710	47.644	34.986	30.636

5.1.2 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators: -

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Interest Paid £000	1,079	2,374	3,907	5,209	5,896	6,488
Interest Paid (Aviva) £000	0	0	1,146	1,707	2,268	2,243
Interest Received £000	-320	-350	-320	-300	-280	-250
Net Revenue Exp £000	23,232	24,373	25,810	26,518	27,245	27,993
%	3.27	8.31	18.34	24.95	28.94	30.30

The estimates of financing costs include current commitments and the proposals in this budget report.

5.1.3 Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits: -

Maturity structure of fixed interest rate borrowing 2023/24

	Upper Limit %	Lower Limit %
Under 12 months	50	0
5 years to under 10 years	100	0
10 years and within 20 years	100	0
20 years and within 30 years	100	0
30 years and within 40 years	100	0
40 years and within 50 years	100	0

5.1.4. Control of Interest Rate Exposure

Please see paragraphs 3.3, 3.4 and 4.4.

5.2 INTEREST RATE FORECASTS 2022-2025

Link Group Interest Rate View 08.11.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

PWLB forecasts are based on PWLB certainty rates.

5.3 ECONOMIC BACKGROUND

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.0%	1.5%	3.75%-4.00%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
Unemployment Rate	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.

Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.

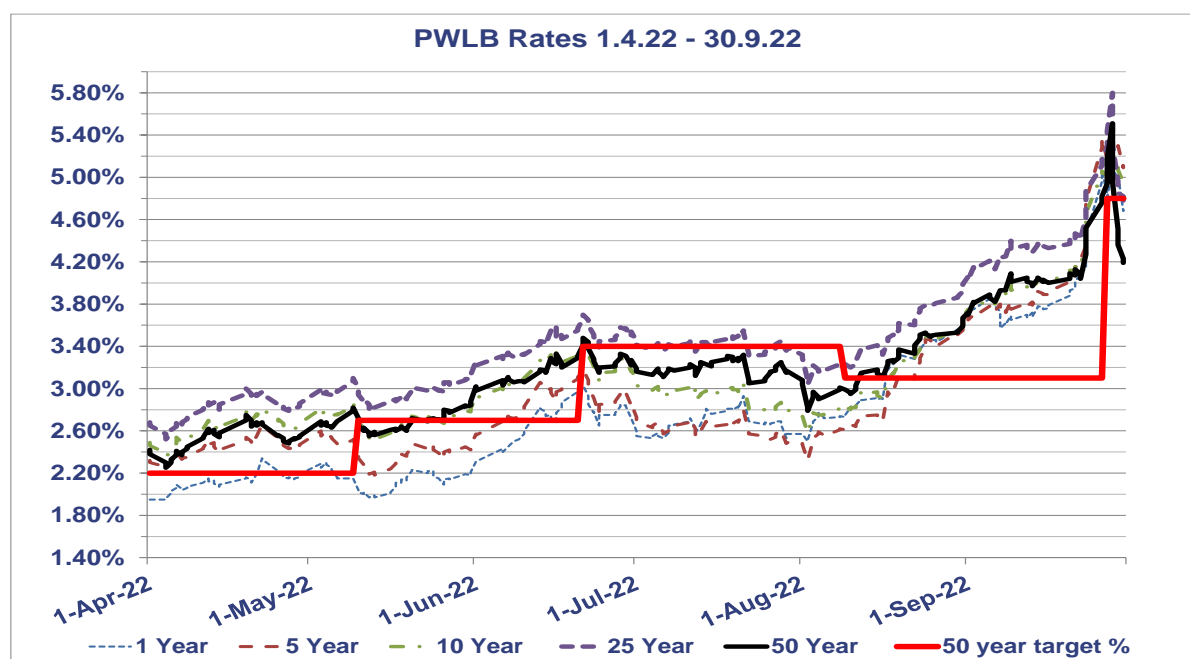
Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted

barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17th November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.20. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28th September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – NOVEMBER 2022

At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.

Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

5.4 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.)

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of 20% will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	yellow	£8m	6 months (max. is set by the DMO*)
UK Government gilts	yellow	£8m	5 years
UK Government Treasury bills	yellow	£8m	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	yellow	£8m	5 years
Money Market Funds CNAV	AAA	£10m	Liquid
Money Market Funds LNAV	AAA	£10m	Liquid
Money Market Funds VNAV	AAA	£10m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	£8m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	£8m	Liquid

Local authorities	yellow	£5m	5 years
Term deposits with housing associations	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£5m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£8m	

* DMO – is the Debt Management Office of HM Treasury

Use of external fund managers – It is the Authority’s policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories and are contractually committed to keep to the Authority’s investment strategy.

The Authority fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Authority is provided with a suite of regular reporting from its manager. This includes:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INVESTMENTS: These are investments with institutions that score highly on environmental and societal responsibility scales as determined by third party, independent. This is an area which has been fastest growing in financial markets, even though

The ESG market is still in its infancy and there are still limited deals that meet the key criteria for borrowing and investing and therefore Security, Liquidity and Yield will remain the fundamentals of the strategy. We hope as the market develops, there will be more options and therefore we can adapt our criteria to support ESG during 2023/24.

5.5 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- **U.K.**

THIS LIST IS AS AT 2.12.22

5.6 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Audit Governance & Standards Committee/ Executive Committee / Full Council

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit Governance & Standards Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.7 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe (*say 20+ years – to be determined in accordance with local priorities.*)
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following : -
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

Key Considerations

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised Codes on 20th December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. This Authority, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

-

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code will require an authority to implement the following: -

- 1. Adopt a new liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
- 2. Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
4. Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;
5. **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;
6. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are: -

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

An authority's Capital Strategy or Annual Investment Strategy should include: -

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;

- 2.** An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);
- 3.** Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
- 4.** Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
- 5.** Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);
- 6.** State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return;

As this TMSS and AIS deals solely with treasury management investments, the categories of service delivery and commercial investments should be addressed as part of the Capital Strategy report.

However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

MAIDSTONE BOROUGH COUNCIL CAPITAL STRATEGY 2023/24

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1. INTRODUCTION

- 1.1. CIPFA's Prudential Code, which governs the Council's capital investment and borrowing, requires councils to have a Capital Strategy. This document should provide a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with a description of how associated risk is managed and the implications for future financial sustainability.
- 1.2. Accordingly, the Capital Strategy articulates in a single place a number of strategies and policies that the Council already addresses elsewhere: it is an overarching document linking the Strategic Plan, the Medium-Term Financial Strategy, the Treasury Management Strategy and the Asset Management Plan.
- 1.3. The strategy focuses upon the long-term ambition of the Council for its local area, residents and business, and is aligned with the Strategic Plan in this regard. It is not purely a financial document but a whole organisation approach setting out how investment will support the delivery of the Council's strategic goals.

2. CAPITAL EXPENDITURE AND LINKS TO OTHER CORPORATE STRATEGIES

Strategic Plan

- 2.1. Capital expenditure at Maidstone Borough Council plays a vital part in the Council's Strategic Plan, since long term investment is required to deliver many of the objectives of the plan.
- 2.2. The current Strategic Plan went through a thorough process of discussion and refinement over the period June – October 2018 and was approved by Council on 12 December 2018. It sets out four objectives, as follows:
 - Embracing Growth and Enabling Infrastructure.
 - Homes and Communities.
 - A Thriving Place.
 - Safe, Clean and Green.

The ways in which capital expenditure can support these priorities are described below.

Embracing Growth and Enabling Infrastructure

The Council has a vital role in leading and shaping our borough as it grows. This means being proactive in policy and master planning for key sites in the borough, and where appropriate, investing directly ourselves.

Separate objectives, set out below, address specifically the development of new housing, and other investments intended to make Maidstone a thriving place. In order to enable these developments to take place, investment in infrastructure will be needed. In general, infrastructure schemes are funded from the benefits gained from the development. To address any potential funding gap, the Council will enable infrastructure spending, to the extent that it meets our strategic priorities.

Accordingly, £5 million has been set aside within the current capital programme to contribute towards provision of local infrastructure, and to indicate our intention to invest to unlock development and attract matching funding.

The Property Services section carries out a 5-year cycle of condition surveys of Council property which provide a costed programme of essential replacement or refurbishment of building elements to ensure the proper, compliant and efficient operation of the buildings in accordance with the Asset Management Plan. There is no financial return from the

projects, but they do eliminate the accumulation of a backlog of maintenance, reduce the risk of failure and interruption of service and the cost of reactive maintenance. £1.75m is set aside for this project.

£1.5m has been set aside to allow further investment in Maidstone House to make it an attractive place to work for staff and tenants, to protect existing rental income streams and to encourage prospective new tenants.

The emerging Town Centre strategy action plan will present short-, medium- and long-term projects for improvements in the Town Centre, as part of a wider package of town centre projects. The capital programme includes an indicative sum of £5.5m to assist with delivery of these projects

Home and Communities

The Strategic Plan seeks to make Maidstone a place where people love to live and can afford to live. This means a range of different types of homes, including affordable housing.

We aim, and are required by law, to address homelessness and rough sleeping. The Council has invested in temporary accommodation for homeless families, thereby ensuring a good standard of accommodation and providing a more cost-effective solution than is offered by the private sector.

The Leader of the Council announced his ambition to build 1,000 affordable homes in the shortest period possible. A development strategy setting out how this ambition can best be achieved was agreed by Policy & Resources Committee on 19th January 2022. It is likely that the whole programme will take ten years. The programme is likely to provide only Affordable Rented homes that will be let at 80% of market rent, capped at the Local Housing Allowance. The scheme has managed to secure a grant from the likes of Homes England of £58.6m and is estimated to cost £236.8m over this period. Expenditure in the initial years of the programme will be relatively modest as the focus will be upon land identification and acquisition, and the more costly works contracts will follow in the later years.

Private Rented Sector Housing Programme incorporates a number of schemes that are in the process of being developed. These will be the subject of separate committee reports at the point a decision to proceed or not is required. This budget includes the refurbishment works being undertaken at Granada House. Total cost of scheme is £48.2m.

The Council has a Temporary Accommodation programme to acquire housing on the open market for temporary accommodation, as it is more cost-effective to use our own property for this purpose and enables delivery of a revenue saving. It is proposed to buy further units in over the next three years to deal with the rising numbers of people who are

being made homeless as a result of the current economic crisis. Cost of the project is £32m.

The Council also works with Kent County Council Social Services to deliver adaptations and facilities to enable disabled people to remain at home. This work forms part of the capital programme, although it is funded directly by central government grant. £8m has been provided in the capital programme for Disabled Facilities Grants.

A Thriving Place

The Strategic Plan seeks to make Maidstone a borough that is open for business, attractive for visitors and is an enjoyable and prosperous place to live for our residents. This can be achieved through investment in the County town and rural service centres.

There are a number of ways in which the Council will take the lead, including working with partners and through direct investment ourselves. The Council has a successful track record of acquiring property within the borough to support wider regeneration objectives. These acquisitions both generate a return that supports the viability of the investment and contribute to making Maidstone a thriving place. We will continue to seek good quality investment opportunities which deliver value and support our strategic goals.

Where appropriate, we will seek to achieve the necessary scale of investment by identifying joint venture partners. The amount available for direct investment by Maidstone Council is governed by the overall size of the capital programme, but we will adopt a flexible approach within this constraint in order to take advantage of investment opportunities that meet our criteria.

£2.75m is set aside for investment within the Lockmeadow Leisure Complex due to the current economic environment, further investment in the site will be needed to encourage both existing tenants to continue to operate and to also attract new ones in the future, as well as continuing to make it an attractive place to visit. This will help protect existing rental income streams and possibly increase them in due course.

Leisure Provision budget of £12m is in the Capital Programme to be used for the ongoing repairs and maintenance to Maidstone Leisure Centre.

The Fleet Replacement Programme has a budget of £3m set aside to replace vehicle located at the depot. Funding comes from capital receipts, including the sale of older vehicles when they reach the end of their useful life.

Safe, Clean and Green

The Council seeks to protect and where possible enhance our environment and to make sure our parks, green spaces, streets and public areas are of a high quality.

Mote Park Dam works have been ongoing for a couple of years to help prevent flooding to the park. There is a sum set aside of £20k for the completion of these works.

The Mote Park Kiosk has been closed for some time now, and works are required to enlarge it and the adjacent toilets to bring it up to standard and reopen it. Sums set aside for this project are £200k.

The Council works with the Environment Agency and Kent County Council as part of the Medway Flood Partnership to develop measures to manage and reduce flood risk. A capital budget of £1 million was set aside for a flood action plan following the last major floods in the Maidstone area in winter 2013/14. No large scale flood mitigation scheme was found to be feasible and individual household flood mitigation measures have been funded through central government grants. The residual budget of £550k is therefore being carried forward to fund further schemes that may be developed, including natural flood management schemes.

Play Areas and Parks Improvements have a budget of £610k to enable upgrades to play equipment and to allow for any works to be undertaken, particularly where there is a health & safety issue. There also Section 106 funded works for open spaces of £2m within the programme.

As part of the new waste collection contract the Council is planning to fund the capital costs of the new vehicle fleet, as it can access cheaper borrowing at lower rates than the contractor, and this will significantly reduce the costs of the contract. The budget sum of £5.8m in 2023/24 includes a contingency for potential material and labour cost increases during the manufacturing process. The capital cost of the fleet was included within the evaluation process to ensure value for money is achieved

A full list of the Council's Capital Programme can be found within Table 1 on page 14.

Medium-Term Financial Strategy

- 2.3. The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council adopted a Strategic Plan for the period 2021 - 2045 in December 2018. 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.

2.4. The overall context for the MTFS is to consider the economic environment and the Council's own current financial position. The external environment is challenging because of an impending economic recession, high inflation and the state of the UK's public finances. The state of the international economy, with tensions between the superpowers, high energy prices and the continuing war in Ukraine, only serves to exacerbate these challenges. The Council is increasingly dependent on locally generated resources, whether from Council Tax or a range of other income streams, including parking income, planning fees and the Council's property portfolio. COVID-19 has led to a massive increase in public expenditure and has had an impact on income streams. Even though there has been some recovery, with some areas recovering more quickly than others. In assessing the Council's current financial position attention therefore needs to be paid to its resilience, including the level of reserves that it holds. The MTFS supports the Council's need to become financially self-sufficient.

2.5. In drawing up the capital programme, there is therefore a focus on schemes that both meet strategic priorities and are self-funding. Specifically:

Property investment will build on the Council's existing property portfolio and assumes that we will continue to expand the portfolio, where appropriate, subject to identifying viable opportunities which support regeneration and economic development, as outlined within the Economic Development Strategy and the Local Plan.

- the Housing Development and Regeneration Investment Plan provides for the Council to develop housing ourselves and supports the commitment to deliver 1000 affordable homes. Thereby addressing the need for new affordable homes in the borough as well as generating long term revenue returns through developing homes for market rent.

2.6. Below is a table of the latest draft capital programme which is due to be Discussed at Corporate Services Policy Advisory Committee on 18th January 2023.

The draft MTFS was considered by the Executive on 23rd November 2022.

Treasury Management Strategy

2.7. The Treasury Management Strategy sets out how the Council manages its investments and cash flows, including banking, money market and capital market transactions, and how optimum performance is assured whilst managing the risks associated with these activities.

2.8. These specific aspects of the Treasury Management Strategy addresses the Council's capital expenditure plans and how borrowing needs are

met. Capital expenditure is funded from the internal resources, borrowing and third party contributions such as Section 106 and Community Infrastructure Levy (CIL) payments on new developments. The Council allocates some internal resources to fund capital expenditure, including revenue funding and internal borrowing, along with external funding via grant funding and borrowing externally. Long term borrowing costs have been budgeted for within the MTFs, although borrowing was initially short term in nature, for liquidity purposes. The Council currently has long-term loans with the PWLB, and whilst rates were starting to rise, it procured some forward funding to assist with the capital programme. Details of this borrowing can be found in 4.5 of this report.

- 2.9. The Prudential Code 2021 requires that Authorities include a long-term projection of external debt and the capital financing requirement (CFR). This projection should enable review of how the level of underlying borrowing for capital purposes (the CFR) is offset by other cash flows and balances, which (in nearly all authorities) reduce the level of actual debt required. This can be found within the Treasury Management Strategy Statement (TMSS) 2023/24.

Asset Management Plan

- 2.10. The longer term maintenance of the Council's capital assets is addressed by the Council's Asset Management Plan. The Asset Management Plan ensures that the Council's assets, as a resource, support the delivery of the Council's objectives by:-
- Providing a suitable standard of accommodation for services including those shared with other authorities
 - Maintaining property assets and ensuring that they continue to represent an appropriate investment for the Council
 - Providing an asset management service to the property holding company
 - Meeting the needs of the local community by maintaining assets in parks and open spaces and other community assets
 - Safeguarding local heritage through ownership and preservation of historic and scheduled ancient monuments.

The current capital programme includes a provision of £1.2 million for Corporate Property Improvements and improvements and £880k for works to industrial properties. There is also a provision of £2.75m for works to the offices of Maidstone House, based on the requirements of the Asset Management Plan.

The Asset Management Strategy is currently under review.

3. GOVERNANCE FRAMEWORK

Background

- 3.1. Capital expenditure proposals are developed in response to the Council's strategic priorities, as described in the previous section. Individual schemes are incorporated in the capital programme, which is included within the Council's Medium Term Financial Strategy.
- 3.2. The MTFS states that capital schemes will be reviewed and developed so that investment is focused on strategic priorities. The MTFS is updated on an annual basis, as part of the annual budget cycle.
- 3.3. Subsequent to preparation of the MTFS and its approval by Council each year, capital estimates form part of the annual budget that is submitted to Council for approval.

Developing capital expenditure proposals

- 3.4. The development of capital expenditure proposals follows certain core principles for the inclusion of schemes within the capital programme. Schemes may be included in the capital programme if they fall within one of the four following categories:
 - (i) Required for statutory reasons, eg to ensure that Council property meets health and safety requirements;
 - (ii) Self-funding schemes focused on Strategic Plan priority outcomes;
 - (iii) Other schemes focused on Strategic Plan priority outcomes; and
 - (iv) Other priority schemes which will attract significant external funding.
- 3.5. All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code and the following locally set principles:
 - (a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, such as the Asset Management Plan, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant service committee.
 - (b) Where schemes require the use of prudential borrowing, a business case must first be prepared setting out the viability and justification in terms of necessity or contribution to the delivery of strategic goals
 - (c) Where schemes might improve the Environmental, Social and Governance (ESG) issues that are important to the Council. Some examples would be:
 - Promoting greater environmental sustainability
 - Local Community benefits
 - Ethical sourcing practices
- 3.6. Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed, they may still be included within

the programme if they fall within one of the four categories set out above.

- 3.7. If, following all considerations, there are a number of approved schemes that cannot be accommodated within the current programme, a prioritised list of schemes that can be added to the programme as future resources permit will be created and approved by the relevant Committee, thus allowing officers to focus funding efforts on delivering schemes that are next in priority order.
- 3.8. The MTFS requires the Council to identify actual funding before commencement of schemes. Accordingly, while schemes may be prioritised for the programme, ultimately commencement of any individual scheme can only occur once all the necessary resources have been identified and secured.
- 3.9. The MTFS principles require that the Council will maximise the resources available to finance capital expenditure, in line with the requirements of the Prudential Code, through:
 - (a) The use of external grants and contributions, subject to maintaining a focus on the priority outcomes of its own strategies;
 - (b) Opportunities to obtain receipts from asset sales as identified in the Asset Management Plan and approved for sale by Policy and Resources Committee;
 - (c) The approval of prudential borrowing when the following criteria also apply to the schemes funded by this method:
 - i. financial viability of the schemes can be clearly evidenced;
 - ii. the outcome returns economic value commensurate to the cost incurred by borrowing to fund the schemes;
 - iii. after covering the cost of funding, a further benefit accrues to the Council that directly or indirectly supports the objectives of the strategic plan or the medium term financial strategy.
 - (d) The use of residual one-off funding such as New Homes Bonus for capital purposes (after any topslice to support the revenue budget), in line with the Council's strategic plan priorities;
 - (e) Council's strategic plan priorities'. This is because NHB is now partially replaced by the Funding Guarantee, so we need to make the wording more generic ;
 - (f) The implementation of a community infrastructure levy (CIL) and the management of its use, along with other developer contributions (S106), to deliver the objectives of the infrastructure delivery plan.
- 3.10. Service managers submit proposals to include projects in the Council's capital programme. Bids are collated by Corporate Finance who calculate the financing cost (which can be nil if the project is fully externally financed). Each Committee appraises the proposals with reference to corporate priorities set out in the strategic plan. Corporate Service Policy

Advisory Committee recommends the capital programme which is then presented to Council in March each year.

- 3.11. Prior to any capital commitment being entered into, a detailed report setting out a full project appraisal and detailed financial projections is considered by the relevant service committee.
- 3.12. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). Further details are set out in section 4 of the Capital Strategy.

Performance Monitoring

- 3.13. The Council has a corporate project management framework that applies to most of the projects included within the capital programme. This provides for designation of a project manager and sponsor, and includes a mechanism for progress on corporate projects to be reported quarterly to a Corporate Projects Board.
- 3.14. The delivery of the capital programme and emerging schemes are also subject to oversight by the Strategic Investment Board, which meets regularly throughout the year. Membership of the board includes the Chief Executive (Chair), Director of Finance, Resources and Business Improvement, Director of Regeneration and Place, Monitoring Officer and Head of Finance.
- 3.15. Financial monitoring of capital projects is addressed by the Council's Financial Procedure Rules. Individual Member Service Committees receive quarterly reports on capital expenditure for the services for which they are responsible.

Capitalisation

- 3.16. Accounting principles govern what counts as capital expenditure. Broadly, it must yield benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of non-current assets which are charged directly to service revenue accounts.
- 3.17. The Council has adopted a minimum threshold of £10,000 for capitalisation.

Asset Disposals

- 3.18. The Council's policy for asset disposals is set out in a policy adopted by Policy and Resources Committee at its meeting on 25th July 2017.

3.19. The policy distinguishes between the following categories.

- Operational Property held and used by the Council for the direct delivery of services for which it has either a statutory or discretionary responsibility. Assets may be disposed of if they have reached the end of their economic or useful life.
- Investment Property held by the Council for revenue generation purposes, which should be assessed by its potential for improved rates of return by either better asset management, or disposal and re-investment of the receipt.
- Community assets such as open space. The Council will not usually dispose of areas of parks or other areas which are classed as public open space.

3.20. Certain schemes within the capital programme are partially funded through sale of some of the completed asset(s) to partner organisations. In this case, the capital scheme value is shown net of these receipts in the capital programme, as the receipt is ringfenced for this purpose.

4. FINANCING THE CAPITAL PROGRAMME

4.1. Typically, local authorities fund capital expenditure by borrowing from the Public Works Loan Board, however there are various borrowing options within the commercial sector which is open to the Authority. All capital expenditure must be financed, either from external sources (government grants, including New Homes Bonus, and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and other long-term liabilities). The planned Capital Programme 2023/24 to 2032/33 is set out in Table 1 below along with the planned funding for the programme in Table 2.

Table 1: Capital Programme 2023/24 to 2032/33

	Revised Estimate 2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total (5 years) £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	Total (10 years) £000
Private Rented Sector Housing	2,273	3,090	6,765	6,832	9,578	6,861	33,125	6,046	6,046	2,015	970		48,204
1,000 Homes Affordable Housing Programme - Expenditure	7,600	6,123	20,080	22,825	25,487	22,442	96,958	27,890	27,239	31,040	30,609	23,094	236,831
Temporary Accommodation	4,330	12,000	12,000	8,000			32,000						32,000
Commercial Development - Maidstone East	200	156	623	623	468	100	1,970						1,970
Heather House Community Centre	150	319	701	351	75		1,446						1,446
Market Sale Housing Programme - Heather House & Pavilion Building													
Housing - Disabled Facilities Grants Funding	1,640	800	800	800	800	800	4,000	800	800	800	800	800	8,000
Springfield Mill - Phase 2	731												
Affordable Housing Programme - Trinity Place	500												
Acquisitions Officer - Social Housing Delivery P/ship	160	200					200						200
Street Scene Investment	70	50	50	50	50	50	250	50	50	50	50	50	500
Flood Action Plan	430	200	200	150			550						550
Electric Operational Vehicles	84												
Vehicle Telematics & Camera Systems	22												
Rent & Housing Management IT System	11												
Installation of Public Water Fountains	15												
Crematorium & Cemetery Development Plan	250												
Continued Improvements to Play Areas	126	50	50	60	60	60	280	60	60	60	60	60	580
Parks Improvements	152	50	60	70	70	80	330	80	80	80	80	80	730
Gypsy & Traveller Sites Refurbishment	1,421	600					600						600
Waste Crime Team - Additional Resources	25												
Section 106 funded works - Open Spaces	400	400	400	400	400	400	2,000	400	400	400	400	400	4,000
Expansion of Cemetery (New scheme)		80	120				200						200
Expansion of Crematorium (New scheme)		340					340						340
Purchase of New Waste Collection Vehicles (New scheme)		5,800					5,800			6,380			12,180
Communities, Housing & Environment Total	20,589	24,468	38,730	38,871	28,737	24,733	155,539	29,057	29,935	29,366	29,519	16,294	289,710
Mote Park Visitor Centre	1,307												
Mote Park Lake - Dam Works	486	20					20						20
Museum Development Plan		389					389						389
Leisure Provision	100	3,000	1,000	1,000	1,000	1,000	7,000	1,000	1,000	1,000	1,000	1,000	12,000
Tennis Courts Upgrade	20	20					20						20
Riverside Walk Works		250					250						250
Mote Park Kiosk Refurbishment & Extension (New scheme)	50	200					200						200
Town Centre Strategy (New scheme)		450	2,700	2,350			5,500						5,500
Economic Regeneration & Leisure Total	1,963	4,329	3,700	3,350	1,000	1,000	13,379	1,000	1,000	1,000	1,000	1,000	18,379

Asset Management / Corporate Property	1,261	875	175	175	175	175	1,575	175	175	175	175	175	2,450
Corporate Property Acquisitions	3,181	2,500	2,500	2,500	2,500	2,500	12,500	2,500	2,500	2,500	2,500	2,500	25,000
Kent Medical Campus - Innovation Centre	341		250				250						250
Lockmeadow Ongoing Investment	203	500	250	250	250	250	1,500	250	250	250	250	250	2,750
Garden Community	1,100	733	200	200	200	200	1,533						1,533
Infrastructure Delivery	1,000	1,000	1,000	1,000	1,000	1,000	5,000	1,000	1,000	1,000	1,000	1,000	10,000
Other Property Works	100	500	380				880						880
Biodiversity & Climate Change	250	2,788	1,540	500	500		5,328						5,328
Photovoltaic Panels		234					234						234
Feasibility Studies	122	50	50	50	50	50	250	50	50	50	50	50	500
Digital Projects	25	28	28	28	28	28	140	28	28	28	28	28	280
Software / PC Replacement	336	200	200	200	200	200	1,000	200	200	200	200	200	2,000
Maidstone House Works	1,000	500	250	250	250	250	1,500	250	250	250	250	250	2,750
Automation Projects	200												
New Ways of Working - Make the Office Fit for Purpose	40												
Fleet Vehicle Replacement Programme	900	456	457	270	96	250	1,529	300	300	300	300	300	3,029
Election Polling Booths (New scheme)	20												
Automation of Transactional Services (New scheme)		150					150						150
Corporate Services Total	10,079	10,514	7,280	5,423	5,249	4,903	33,369	4,753	4,753	4,753	4,753	4,753	57,134
Bridges Gyrary Scheme		206					206						206
Total		206					206						206
TOTAL	32,631	39,517	49,710	47,644	34,986	30,636	202,493	34,810	35,688	35,119	35,272	22,047	365,429

Table 2: Capital Financing

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total 23/24 to 32/33
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
External sources	1,500	2,470	2,832	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,802
Own resources - incl Internal borrowing	7,950	5,450	5,450	5,450	5,450	5,450	4,450	4,450	4,450	4,450	4,450	49,500
External Borrowing	23,181	31,597	41,428	40,694	28,036	23,686	28,860	29,738	29,169	29,322	16,097	298,627
TOTAL	32,631	39,517	49,710	47,644	34,986	30,636	34,810	35,688	35,119	35,272	22,047	365,429

- 4.2. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue, which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is set out below; no assumptions have been made here about capital receipts.

Table 3: Replacement of debt finance

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	Total £000
MRP	865	1,251	2,900	3,634	4,151	4,524	4,808	5,068	5,327	6,225	6,484	45,237
Capital receipts	1,400	300	300	300	300	300	300	300	300	300	300	4,400
TOTAL	2,265	1,551	3,200	3,934	4,451	4,824	5,108	5,368	5,627	6,525	6,784	49,637

- 4.3. The Council's full minimum revenue provision statement is included within the Treasury Management Strategy.

- 4.4. The cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £240m over the next 10 years. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000
Brought forward	62,987	88,048	119,335	159,113	197,423	222,558	242,970	268,272	294,193	319,284	343,631
Capital Expenditure	32,631	39,517	49,710	47,644	34,986	30,636	34,810	35,688	35,119	35,272	22,047
External funding	-1,500	-2,470	-2,832	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500	-1,500
Own resources	-4,300	-4,200	-4,200	-4,200	-4,200	-4,200	-3,200	-3,200	-3,200	-3,200	-3,200
MRP	-865	-1,251	-2,900	-3,634	-4,151	-4,524	-4,808	-5,068	-5,327	-6,225	-6,484
TOTAL CFR	88,953	119,644	159,113	197,423	222,558	242,970	268,272	294,193	319,284	343,631	354,494

Borrowing Strategy

4.5. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. Due to increasing interest rates, the Council secured £80m of long term borrowing through Aviva Life & Pensions UK Limited to fund the increasing capital programme at a cost of 2.89%. The forward borrowing will be received due to be received on the following dates:

- February 2024 £40m
- February 2025 £20m
- February 2026 £20m

4.6. Projected levels of the Council's total outstanding debt (which comprises borrowing and other long-term liabilities) are shown below, compared with the capital financing requirement

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement

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	31.03.23 forecast £000	31.03.24 budget £000	31.03.25 budget £000	31.03.26 budget £000	31.03.27 budget £000	31.03.28 budget £000	31.03.29 budget £000	31.03.30 budget £000	31.03.31 budget £000	31.03.32 budget £000	31.03.33 budget £000
Debt (excl.PFI & leases)	32,181	63,778	105,206	145,900	173,936	197,622	226,482	256,220	285,389	314,711	330,808
Capital Financing Requirement	88,953	119,644	159,113	197,423	222,558	242,970	268,272	294,193	319,284	343,631	354,494

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 5, the Council expects to comply with this.

- 4.7. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Authorised limit and operational boundary

Authorised Limit

	31.03.23 budget £m	31.03.24 budget £m	31.03.25 budget £m	31.03.26 budget £m	31.03.27 budget £m	31.03.28 budget £m	31.03.29 budget £m	31.03.30 budget £m	31.03.31 budget £m	31.03.32 budget £m
Borrowing	47.181	78.778	120.206	160.900	188.936	212.622	241.482	271.220	300.389	329.711
Other Long Term Liabilities	1.473	0.905	0.309	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	48.654	79.683	120.51	160.9	188.94	212.622	241.482	271.22	300.389	329.711

Operational Boundary

	31.03.23 forecast £m	31.03.24 budget £m	31.03.25 budget £m	31.03.26 budget £m	31.03.27 budget £m	31.03.28 budget £m	31.03.29 budget £m	31.03.30 budget £m	31.03.31 budget £m	31.03.32 budget £m
Borrowing	37.181	68.778	110.206	150.900	178.936	202.622	231.482	261.220	290.389	319.711
Other Long Term Liabilities	1.473	0.905	0.309	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	38.654	69.683	110.51	150.9	178.94	202.622	231.482	261.22	290.389	319.711

- 4.8. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 4.9. The Council’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the short term is invested securely, for example with the

government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 7: Treasury Management Investments

	31.03.23 budget £000	31.03.24 budget £000	31.03.25 budget £000	31.03.26 budget £000	31.03.27 budget £000	31.03.28 budget £000	31.03.29 budget £000	31.03.30 budget £000	31.03.31 budget £000	31.03.32 budget £000
Short-term investments	8,000	30,000	20,000	20,000	4,000	4,000	4,000	4,000	4,000	4,000
Longer-term investments	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total	10,000	32,000	22,000	22,000	6,000	6,000	6,000	6,000	6,000	6,000

- 2016
- 4.10. In years 2023/24 to 2025/26, it is envisaged short term balances will be high due to the forward loans with Aviva Life & Pensions UK Ltd which will be received in February of each financial year. This is expected to be short term as the funds will be utilised within the capital programme.
- 4.11. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance, Resources and Business Improvement and staff, who must act in line with the treasury management strategy approved by council. Quarterly reports on treasury management activity are included within the budget monitoring reports which are presented to the council Policy & Resources Committee with the half yearly and annual reviews which are scrutinised by Audit, Governance and Standards Committee then recommending to Full council. The Audit, Governance and Standards Committee is responsible for scrutinising treasury management decisions.

- 4.12. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. Full budget provision is made for capital financing costs within the Council's revenue budgets. This is based on estimates derived from the capital programme, and projected 50 year borrowing costs.

Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream

	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget	2027/28 budget
Financing costs (£m)	0.759	2.024	4.733	6.616	7.884	8.481
Proportion of net revenue stream (%)	3.266	8.305	18.338	24.950	28.938	30.298

- 4.13. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend beyond 5 years into the future. The Director of Finance, Resources and Business Improvement is satisfied that the proposed capital programme is prudent, affordable and sustainable.
- 4.14. The Authority is required to estimate and measure the Liability Benchmark which

Other Long Term-Liabilities

- 4.15. This section deals with other long term liabilities to which the Council has committed itself in order to secure capital investment. The Council has no Private Finance Initiative Schemes, but the following scheme is a similar contract as it is defined as a service concession arrangement.
- 4.16. The Council entered into an agreement during 2009/10 with Serco, the managing contractor of Maidstone Leisure Centre, to undertake a major refurbishment of the centre. Under the terms of the agreement Serco have initially funded the cost of the works through a loan, and the Council are then repaying this loan over a 15 year term, by equal monthly instalments which is due to be finished in 2025/26. The principal element of this loan is reflected on the Council's Balance Sheet and will be written down annually by the amount of principal repaid. Interest paid on the loan is charged to revenue.

5. Investment Strategy

Service Investments: Loans

- 5.1. The Council can make investments to assist local public services, including making loans to local service providers, local small businesses

to promote economic growth, Charities and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to provide value for money to the tax payer.

- 5.2. The Council has made loans to Kent Savers for £25,000 in 2017/18 which is repayable in 2027/28 at an interest rate of 1% and an interest free loan of £60,000 to One Maidstone CIC Limited which is to be repaid in 2022/23. A loan to Cobtree Manor Estates Trust towards the construction of the new car park which had been agreed in 2019/20 for an amount of £323,000 repayment over 5 years at an annual interest rate of 3%. There has been no agreement to enter into further service loans in the immediate future.
- 5.3. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. As these loans are very small materially, no loss allowance is required to be accounted for.
- 5.4. The Authority assesses the risk of loss before entering into a loan agreement assessing the borrower's ability to repay the loan, based on past financial performance. This is monitored over the period of the loan in line with the agreed repayment terms.

Commercial Investments: Property

- 5.5. The Council does not currently have any investments in property that are considered to be purely commercial in nature, i.e. primarily for yield. Acquisitions are limited to properties situated within the borough, with the intention of supporting the local community, housing and regeneration objectives rather than for the exclusive purpose of generating profits. All property investments are therefore classified as general fund capital projects.
- 5.6. The Director of Finance, Resources and Business Improvements confirms the authority has complied with paragraphs 51 to 53 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest for the primary purpose of financial return.

6. KNOWLEDGE AND SKILLS

- 6.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Director of Finance and Business improvement is a qualified accountant with over 16 years' experience in local government, the Corporate Property Manager and the team are experienced in Property Management and the Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury), and ACCA.

- 6.2. The Council also employs Link Asset Services for Treasury Management advice, who support with the provision of training to members.
- 6.3. Decisions on service investments are made by the relevant service manager in consultation with the Director of Finance, Resources and Business Improvement and relevant committee (where appropriate) and must meet the criteria and limits laid down in the investment strategy. Most loans are capital expenditure and purchases will therefore also be approved as part of the capital programme.
- 6.4. Staff are kept updated on latest developments on Treasury, Non-Treasury and Capital through email bulletins and training courses through the Council's advisors Link Asset Services. The Council is also part of the Kent Treasury Benchmarking Group which meet to discuss ongoing issues every 6 months.
- 6.5. Training is offered to all Members on Treasury, Non-Treasury and Capital to prior to decision making on the relevant Strategies. The training is arranged for every 2 to 3 years.

7. RISK MANAGEMENT

- 7.1. The capital programme forms an increasingly important part of the Council's strategy for delivering its overall priorities. Accordingly, it is of fundamental importance that the associated risks are managed actively. The Council has a comprehensive risk management framework, through which risk in relation to capital investment is managed at all levels.

Corporate

- 7.2. Corporate risks are identified and reported on a quarterly basis to the Corporate Leadership Team and Policy and Resources Committee. Risks are owned by named Directors and controls developed to mitigate risk. Risks at this level may be generic, relating to a number of capital projects, although it is possible that a single capital project could pose a corporate risk.

Financial

- 7.3. A Budget risk register seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.
- 7.4. Typically, risks in this area would relate to funding of the capital programme and over/underspending on individual capital projects.
- 7.5. For all risks shown on the Budget Risk Register, appropriate controls have been identified and their effectiveness is monitored on a regular basis.

Service

- 7.6. Individual service areas maintain risk registers, with identified risk owners and details of controls to mitigate risk.

Project

- 7.7. The Council's project management framework requires managers to maintain risk registers at a project level.

Medium Term Financial Strategy 2023/24
Estimate of General Fund Balances and Earmarked Reserves to 31 March 2024

Appendix F

	Unallocated General Fund	Earmarked Reserves	Grand Total
	£000	£000	£000
Balance as at 31st March 2022	11,362	23,508	34,870
Movement in balances during 2022/23	0	(12,681)	(12,681)
Estimated Balance as at 31 March 2023	11,362	10,827	22,189
Expected movement during 2023/24	0	230	230
Estimated Balance as at 31 March 2024	11,362	11,057	22,419

	Balance 1st April 2022	Estimated movement in	Estimated movement out	Estimated Balance as at 31st March 2023	Estimated movement in	Estimated movement out	Estimated Balance as at 31st March 2024
	£000	£000	£000	£000	£000	£000	£000
General Fund							
Unallocated Balance	11,362			11,362			11,362
Subtotal	11,362	0	0	11,362	0	0	11,362
Earmarked Reserves							
Spatial Planning reserve	1,000		(1,000)	0			0
Neighbourhood Planning	97		(20)	77		(20)	57
Planning Appeals	286			286			286
Civil Parking Enforcement	400	50	(110)	340			340
Future Capital Expenditure	2,426		0	2,426			2,426
Future Funding Pressures	969	500		1,469	500		1,969
Homelessness Prevention & Temporary Accommodation	1,279		(500)	779			779
Business Rates Earmarked Balances	3,681		(153)	3,529		(400)	3,129
Funding for Future Collection Fund Deficits	10,284		(10,284)	0			0
Commercial Risk	500			500			500
Invest to Save	500			500		(50)	450
Recovery and Renewal Reserve	778		(180)	598			598
Renewable Energy	119			119			119
Enterprise Zone	4	111	(111)	4			4
Major Works (MH) Sinking Fund	0	200		200	200		400
Resources carried forward from 2021/22 to 2022/23	1,184		(1,184)	0			0
Subtotal	23,508	861	(13,542)	10,827	700	(470)	11,057
Total General Fund and Earmarked Reserves	34,870	861	(13,542)	22,189	700	(470)	22,419

MAIDSTONE BOROUGH COUNCIL

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2027/28

Revised January 2023



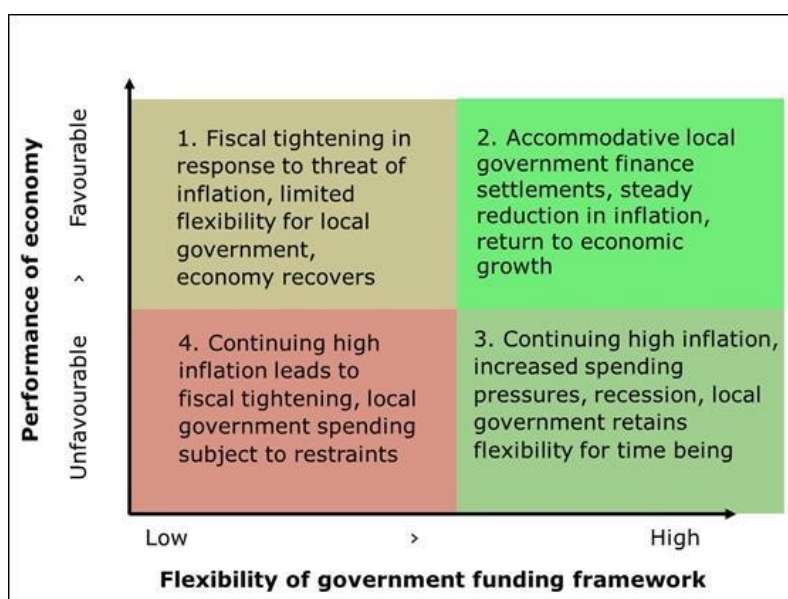
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1. OVERVIEW AND SUMMARY OF MEDIUM TERM FINANCIAL STRATEGY

- 1.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council's Strategic Plan, agreed in December 2018, covers the period 2019 to 2045. The Strategic Plan incorporates four key objectives: embracing growth and enabling infrastructure; homes and communities; a thriving place; and safe, clean and green. Further details are set out in **Section 2**.
- 1.2 Delivering the Strategic Plan depends on the Council's financial capacity and capability. Accordingly, the MTFS considers the economic environment and the Council's own current financial position. The external environment (**Section 3**) is challenging because of an impending economic recession, high inflation and the state of the UK's public finances. The state of the international economy, with tensions between the superpowers, high energy prices and the continuing war in Ukraine, only serves to exacerbate these challenges. In assessing the Council's current financial position (**Section 4**), attention therefore needs to be paid to its resilience, including the level of reserves that it holds.
- 1.3 Most key variables in local authority funding are determined by central government, such as the Council Tax referendum limit and the share of business rates that is retained locally. Although a three-year Spending Review was announced by the Chancellor in October 2021, there was only a one-year settlement for Local Government for 2022/23. Details of the Local Government Finance Settlement for 2023/24 have now been provided and this along with a consideration of the funding likely to be available in the future is set out in **Section 5**.
- 1.4 In view of these different elements of uncertainty, it is imperative that the MTFS both ensures Maidstone Council's continuing financial resilience and is sufficiently flexible to accommodate a range of potential scenarios. The Council has prepared financial projections under different scenarios, continuing a practice that has been followed for several years. Details of the assumptions made in the different scenarios are set out in **Section 6**.
- 1.5 The MTFS sets out the financial projections in **Section 7**. Various potential scenarios were modelled, based on two key variables: (a) the performance of the economy, which is closely linked to the global economy and subject to all the pressures of war and constraints on energy supplies; and (b) how aggressively the government and the Bank of England respond to rising inflation. We originally had 4 potential scenarios, given these two key variables, which can be shown as follows.

Figure 1: Potential future scenarios



1.6 Since we last provided an update on the MTFS we have introduced a fifth scenario to reflect the potential for reduction in funding. Scenarios 4 and 5 are described as:

- Scenario 4: Continuing high inflation leads to fiscal tightening, local government spending subject to restraints
- Scenario 5: Continuing high inflation leads to fiscal tightening, local government spending subject to reductions

1.7 Scenario 4 has been used to assess the likely size of the budget gap, based on what we currently know. We now have 2023/24 funding confirmed but we still to await confirmation of funding for 2024/25 onwards and will continue to monitor the economic environment including the level of inflation that the UK is currently facing. . The table below shows projections for scenario 4, before taking account of budget changes, which will be considered by members at PAC meetings in January 2023, and other updates.

Table 1: MTFS Revenue Projections 2023/24 – 2027/28

	23/24	24/25	25/26	26/27	27/28
	£m	£m	£m	£m	£m
Scenario 4 – Limited flexibility, continued stagflation					
Total Resources	46.7	48.2	49.8	51.5	53.3
Predicted Expenditure	49.7	53.6	56.9	60.9	64.4
Budget Gap	-3.0	-5.4	-7.1	-9.3	-11.1
Existing Planned Savings	0.4	0.7	0.7	0.7	0.7
Savings Required	-2.5	-4.6	-6.3	-8.6	-10.4

In accordance with legislative requirements the Council must set a balanced budget. Section 7 concludes by setting out a proposed approach which will

specifically address the budget gap in 2023/24 and, more generally, provide a framework for closing the budget gap in future years.

- 1.8 The Council's strategic priorities are met not only through day-to-day revenue spending but also through capital investment. The Council's programme of building 1,000 Affordable Homes is the centre-piece of the Capital Strategy. Capital investment therefore serves to deliver the Council's strategic priorities, but must remain affordable and sustainable. As set out in **Section 8** below, funds have been set aside for capital investment, using prudential borrowing, and further funding may be available by taking advantage of opportunities to bid for external funding, e.g. the Levelling-Up Fund.
- 1.9 The MTFS concludes by describing the process of agreeing a balanced budget for 2023/24, including consultation with all relevant stakeholders, in **Section 9**.

2. CORPORATE OBJECTIVES AND KEY PRIORITIES

2.1 The Council has a Strategic Plan which was approved by Council in December 2018. 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 four key objectives, as follows:

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

'Embracing growth and enabling infrastructure' recognises that we want Maidstone Borough to work for the people who live, visit and work; now and in the future. We want a Borough where there is a variety of jobs, housing need is met and infrastructure is in place to meet the growing needs of our residents and economy. We also want to ensure we lead and shape our place as it grows, including leading master planning and investing to bring about high quality housing and jobs in the Borough.

'Homes and communities' expresses that we want to have a place that people love and where they can afford to live. This means ensuring that there is a good balance of different types of homes, including affordable housing. We will have safe and desirable homes that enable good health and wellbeing for our communities. We will address homelessness and rough sleeping to move people into settled accommodation. We will work with our partners to improve the quality of community services and facilities including for health care and community activities. Residents will be encouraged and supported to volunteer and play a full part in their communities.

'A thriving place' is a Borough that is open for business, attractive for visitors and is an enjoyable and prosperous place to live for our residents. Maidstone is the Business Capital of Kent; we will continue to grow our local economy with high employment, good local jobs and thriving local businesses. We want our town and village centres to thrive and be fit for the future. We will lead investment in the County town and rural service centres through our regeneration projects and working with partners. We are proud of our heritage and will continue to grow our leisure and cultural offer

A 'safe, clean and green' place is one where we will keep Maidstone an attractive and clean place for all. Maidstone is a safe place to live and we want our residents to feel safe. We want to protect and where possible enhance our environment and make sure our parks, green spaces, streets and public areas are high quality by ensuring they are looked after, well managed and respected.

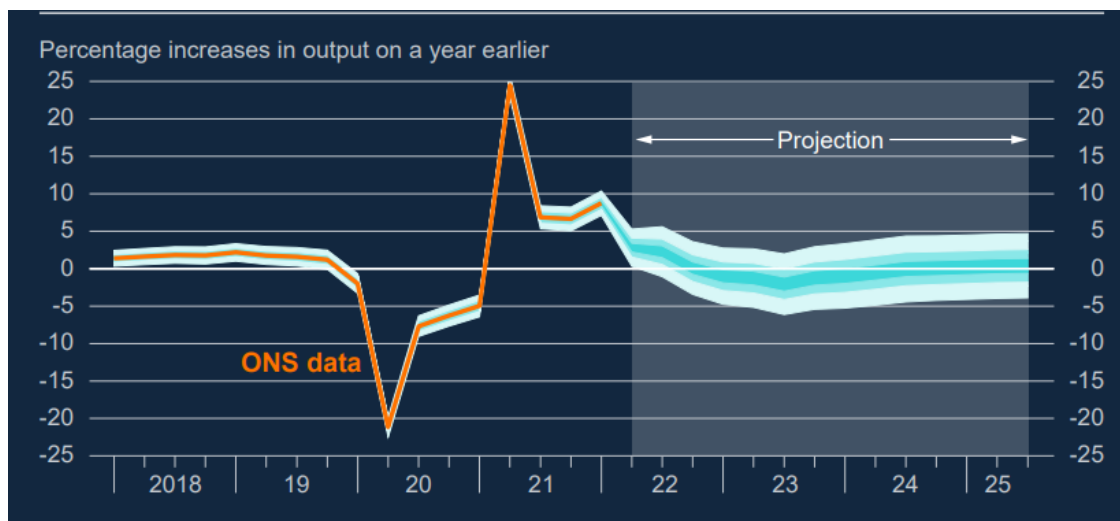
- 2.2 Since the adoption of the Strategic Plan in December 2018, the objective of 'Embracing growth and enabling infrastructure' has started to be realised, for example the completion of the Innovation Centre and development a new Garden Community.
- 2.3 Amongst initiatives to help make Maidstone a 'Thriving Place' have been MBC investment at Lockmeadow and on the Parkwood Industrial Estate, along with the emerging plans for developing a Town Centre Strategy. We will continue to leverage the Council's borrowing power, if appropriate in conjunction with partners, to realise our ambitions for the borough.
- 2.4 Our 'Homes and Communities' aspirations are being achieved by investment in temporary accommodation and the Trinity Centre and the Leader's commitment to build 1,000 new affordable homes.
- 2.5 The objective of a 'Safe, Clean and Green' place has been emphasised by the Council's commitment to a carbon reduction target and the capital investment to help enable this to be delivered and timely preparation for new waste management arrangements.
- 2.6 Within the framework of the existing Strategic Plan, the Council is therefore prioritising:
- development of the Local Plan and related strategies and policies, in particular the Town Centre Strategy
 - continued investment to make Maidstone a thriving place
 - investment in 1,000 new affordable homes
 - measures to enable the Council's carbon reduction target to be met
 - continued recovery from the Covid 19 pandemic.
- 2.7 The overall funding envelope within which these priorities must be delivered in has now be detailed for 2023/24 but remains unclear in future years. However, it is clear that there are financial challenges arising from a likely downturn in the economy and continuing high levels of inflation. 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, which is likely to impose tight constraints. The most significant element of this is the restriction set by central government on the amount by which Council Tax can be increased. The financial implications are set out in section 7 below.

3. ECONOMIC ENVIRONMENT

Macro outlook

- 3.1 The outlook for the UK economy is exceptionally uncertain. Following the initial recovery from the Covid recession, growth has slowed and the economy is likely to move into a recession, continuing into 2023. Growth thereafter will be very weak by historical standards. This reflects global factors including sharp rises in energy prices, but local factors mean that the UK economy is affected more severely and its performance lags behind that of other leading nations. The Bank of England projects negligible growth over the next two years and any subsequent recovery will be modest.

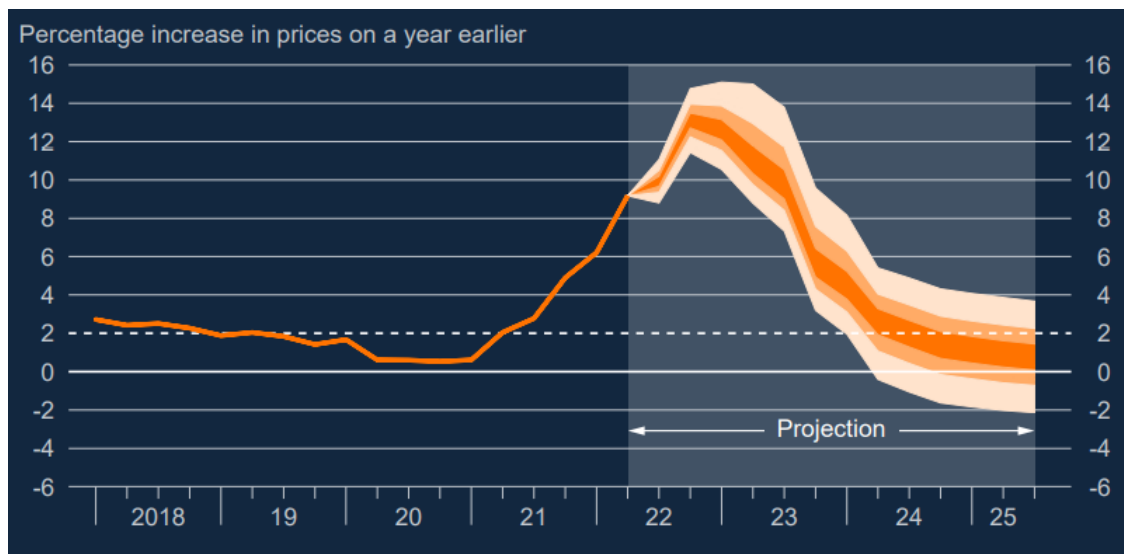
Figure 1: GDP projection based on market interest rate expectations



Source: Bank of England Monetary Policy Committee report, August 2022

- 3.2 Stagnant economic growth will be accompanied, in the short term at least, by high inflation. Currently inflation is around 10% and the Bank of England forecasts that inflation will increase further. The subsequent fall in inflation may be slower and longer than previously thought.

Figure 2: CPI inflation projection based on market interest rate expectations



Source: Bank of England Monetary Policy Committee report, August 2022

- 3.3 The projections above indicate that inflation will fall over the medium term. However, many commentators have challenged whether current policies will be successful in bringing down inflation. The example of the 1970s has been cited, when 'those countries that rapidly killed inflationary impulses with tight policy, led by the West German Bundesbank, took the pain and suffered a short and shallow downturn. Those that followed a more accommodating path ended up with persistently higher inflation rates that required much deeper recessions in the early 1980s to stamp out inflation'. (Chris Giles, FT 09.06.2022).

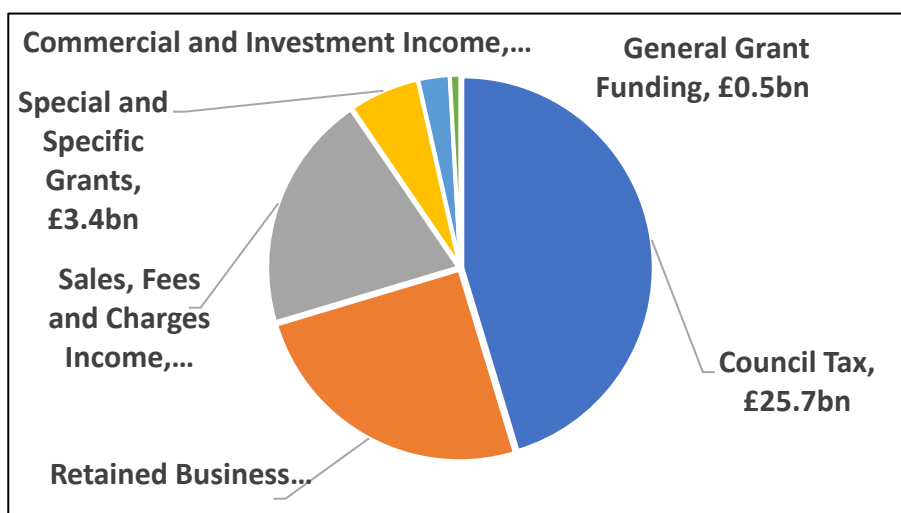
Public Finances

- 3.4 An economic downturn impacts on the public finances by reducing tax income and increasing spending pressures. The financial markets' response to the 'mini budget' of September 2022 demonstrated that these pressures cannot be addressed by increasing public borrowing without a credible medium term fiscal plan. There is now better information about the funding context for 2023/24, given in particular the Chancellor's Autumn Statement on 17 November 2022 and the Provisional Local Government Finance Settlement, announced on 19 December 2022. Whilst the longer term position remains challenging, these recent developments have had a positive impact, such that it is now anticipated that the Council will be able to set a balanced budget for 2023/24, provided that the savings proposals are adopted and Council Tax is increased up to the referendum threshold..
- 3.5 The local authority funding framework set by government remains a crucial determinant of the Council's future financial position. This is primarily because central government restricts the amount by which Council Tax can be increased through the referendum limit and it determines the share of business rates that can be retained locally.

Local Government Funding

3.6 The main sources of local government funding nationally are set out below.

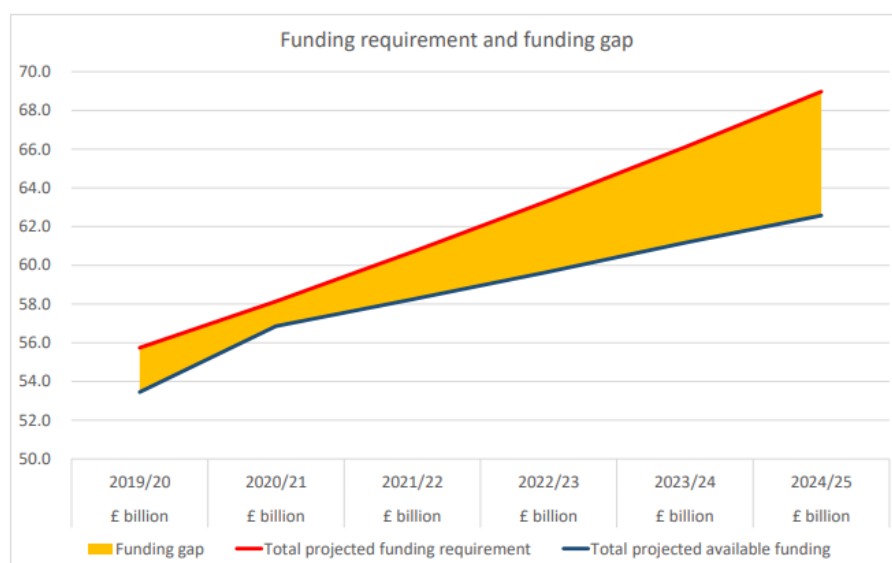
Figure 3: How Council Services are funded



Source: IFS, 'Does Funding Follow Need?', October 2022

- 3.7 In recent years, the reduction in direct central government funding for local government has been mitigated by increases in locally generated sources of income, with Council Tax rising by more than the overall rate of inflation. Upper tier authorities in particular have been able to raise additional tax through a social care precept. This has led the government's preferred measure of council spending, 'Council spending power', to increase, even though it may not reflect the actual resources available.
- 3.8 However, funding has failed to keep up with the increased demands on Council services, particularly for social care and housing. LGA analysis ahead of the 2020 Budget and Spending Review identified that Council services faced an additional funding requirement for their annual day-to-day spending and the position is likely to have worsened since then.

Figure 4: 2025 funding gap analysis



Source: LGA analysis

- 3.9 The other main element of local government funding, beside Council Tax, is Business Rates. The 2010-15 Coalition Government transferred a notional 50% of locally-collected Business Rates income back to local government, but the requirement to adjust the amount of business rates retained between authorities, based on respective service needs, means that authorities with an active commercial sector and low perceived levels of need, like Maidstone, retain a low proportion of business rates (just 10% in Maidstone's case). It was originally intended to increase the 50% share of business rates retained locally to 75%, but this is no longer government policy.
- 3.10 The government spending plans have been revised as part of the Local Government Finance Settlement announced on 19th December 2022. The background to the Chancellor's Autumn Statement 2022 was the need to demonstrate that the government had a clear plan to meet a shortfall in the public finances of around £55 billion. The shortfall was met through a mix of tax rises and spending cuts, although the real impact of the cuts will not be felt until after 2024.
- 3.11 Spending plans for the period from 2023/24 have now been announced, and these show that the public sector is going to have its spending power protected in 2023/24. However, with severe pressures on the health service and adult and children's social care, plus the review of funding to move funding to lower deprivation areas, there is a risk that available funding in the future will reduce in lower tier authorities like Maidstone.
- 3.12 The key points from the Autumn Statement for local government were as follows.
- Council Tax referendum limit - The core threshold was increased from 1.99% to 2.99%, and the Adult Social Care precept will be 2% in 2023-24.

- Business rates - The multiplier will be frozen in 2023-24, rather than increasing by inflation as in the past. Local authorities will be fully compensated for the loss of income arising.
- Business rates reliefs - Retail, Hospitality and Leisure reliefs were extended into 2023-24, and a Supporting Small Business Scheme has been introduced.
- Business rates revaluation – The revaluation scheduled for April 2023 will go ahead but there will be a more generous transitional scheme.

3.13 The Provisional Local Government Finance Settlement for 2023/24 was announced on 19 December 2022. This reiterated the key measures in the Chancellor's Autumn Statement relevant to local government. The main items of new information relevant to Maidstone Borough Council are as follows.

- New Homes Bonus will be paid in 2023/24, but will be based on housing completions in 2021/22 only. Formerly NHB also included a legacy payment based on historic housing completions.
- Services Grant will reduce in 2023-24, in part because there will no longer be an increase in National Insurance Contributions and no related compensation (the increase in NICs was originally planned by Chancellor Sunak, then reversed).
- Lower Tier Services Grant – not payable in 2023/24 – the funding will be used along with New Homes Bonus to pay for the Funding Guarantee.

3.14 A new one-off Funding Guarantee was created, which will ensure that all authorities see at least a 3% increase in their Core Spending Power, before any decision they make about organisational efficiencies, use of reserves, and council tax levels. Core Spending Power is the measure used by government to evaluate what they consider to be the underlying financial position of local authorities. This guarantee relates to 2023/24 only and there is no indication as to whether a similar guarantee will be offered in 2024/25.

Conclusion

3.15 The UK economy faces exceptional challenges, which make the government's task of constructing a sustainable fiscal policy more difficult than ever. Whilst local government faces severe spending pressures, there is a risk that available funding will be prioritised around the NHS and social care and the reallocation of resources to lower deprivation areas as part of the 'leveling up' agenda, rather than funding the services delivered by this Council.

4. CURRENT FINANCIAL POSITION

- 4.1 As a lower tier authority, Maidstone Borough Council is not subject to the extreme pressures currently faced by upper tier authorities arising in particular with respect to adults' and children's social care.
- 4.2 Prior to the Covid-19 pandemic, the Council was broadly self-sufficient financially. It had ceased receiving direct government support in the form of Revenue Support Grant (RSG) and relied mainly on Council Tax and a range of other locally generated sources of income, including parking, planning fees and the property portfolio, to fund ongoing revenue expenditure. However, during the pandemic, income fell and expenditure increased. The consequent budget gap, being the difference between cost of services and aggregate income, was covered with direct government funding.
- 4.3 In 2021/22, income recovered more strongly than expected from the pandemic and the Council generated a modest surplus compared with budget. For 2022/23, there was no more direct government funding to cover the costs of Covid, but the Council was able to set a balanced budget. Additional provision of £1.3 million was made within the 2022/23 budget for the expected impact of higher inflation on the Council's input costs. At the half-way point of 2022/23, it is expected that, with this provision, the Council will remain within budget for the year. If at any stage it appears that an overspend is likely, measures will need to be taken in-year to bring the budget back into balance.
- 4.4 It is nevertheless appropriate to assess the Council's financial resilience. CIPFA provide a Resilience Index tool to test a council's financial resilience. We have run the model for 2020/21 (comprising the most up to date data) and it confirms the council is in a good position with no 'higher risk' indicators.

Figure 5 – CIPFA Resilience Index for the Council in 2020/21.



4.5 There are a number of elements that contribute to financial resilience, according to CIPFA¹, based on financial data and also considering financial management:

- level of reserves
- quality of financial management, including use of performance information
- effective planning and implementation of capital investment
- ability to deliver budget savings if necessary
- risk management.

An assessment is set out below of how the Council performs on these measures.

Level of Reserves

4.6 Maidstone Borough Council's financial position, as shown by its most recent balance sheet, is as follows (unallocated General Fund balance highlighted, previous year shown for comparative purposes).

Table 2: Maidstone Borough Council balance sheet

31st March 2021 £000		31st March 2022 £000
164,760	Long Term Assets	186,272
35,849	Current Assets	50,819
57,257	Current Liabilities	76,301
96,857	Long Term Liabilities	97,854
46,495	Net Assets	62,935
33,691	Usable Reserves	34,160
12,803	Unusable Reserves	30,096
46,495	Total Reserves	64,256

4.7 The main changes between the two balance sheet dates and the principal reasons are as follows:

- *Increase in long term assets:* A number of additional properties were purchased during 21/22.
- *Increase in Current Assets:* The value of short-term deposits with financial institutions grew as part of the Treasury Management Policy.
- *Increase in current liabilities:* The movement in the balances for Central Government grants, e.g. for distribution to local businesses,

¹ CIPFA Financial Management Code, Guidance Notes, p 51

which have been received by the Council but not yet deployed, were accounted for as liabilities at the balance sheet date.

- *Increase in unusable reserves:* this primarily relates to the difference between council tax and non-domestic rates income, as credited to the Comprehensive Income & Expenditure Statement, and council tax and non-domestic rates income calculated in accordance with statutory requirements, where this income is dealt with through the Collection Fund. The abnormal movement between years arises from the way that the Council was reimbursed for Covid business rates relief.

- 4.8 The unallocated general fund balance, part of usable reserves, represents the Council's core reserves. It is an essential part of the Council's strategic financial planning, as this amount represents the funds available to address unforeseen financial pressures.
- 4.9 For local authorities there is no statutory minimum level of unallocated reserves. It is for each Council to take a view on the required level having regard to matters relevant to its local circumstances. CIPFA guidance issued in 2014 states that to assess the adequacy of unallocated general reserves the Chief Financial Officer should take account of the strategic, operational and financial risks facing their authority. The assessment of risks should include external risks, such as natural disasters, as well as internal risks such as the achievement of savings.
- 4.10 Maidstone Council historically set £2 million as a minimum level for unallocated reserves. In the light of the heightened risk environment facing the Council, it was agreed from 2021/22 that this minimum should be increased to £4 million. This level of reserve provides flexibility to fund financial pressures on a one off basis.

Current Position

- 4.11 Current indications are that the Council will deliver a balanced budget for 2022/23, allowing the level of reserves to be maintained. The balanced position does reflect some increased pressures in Temporary Accommodation. Further pressures are expected arising from end of the current contract for waste collection. These costs are being managed in year, but as they are likely to be ongoing, they will need to be reflected in the MTFS.

Financial management

- 4.12 Financial management at Maidstone Borough Council contains a number of elements. Officers and members are fully engaged in the annual budget setting process, which means that there is a clear understanding of financial plans and the resulting detailed budgets
- 4.13 Detailed financial reports are prepared and used on a monthly basis by managers, and on a quarterly basis by elected members, to monitor performance against the budget. Reports to members are clear, reliable and timely, enabling a clear focus on any areas of variance from the plan.

- 4.14 Financial reports are complemented by performance indicators, which are reported both at the service level to the wider leadership team, and at a corporate level to members. Member reports on performance indicators are aligned with the financial reports, so that members see a comprehensive picture of how services are performing.
- 4.15 Financial management and reporting is constantly reviewed to ensure that it is fit for purposes and meets the organisation's requirements. Quarterly financial reports to members have been redesigned over the last two years to make them more user-friendly.
- 4.16 Where variances arise, prompt action is taken to address them. Action plans are put in place at an early stage if it appears that there is likely to be a budget overspend.
- 4.17 The authority consistently receives clean external and internal audit opinions.

Capital investment

- 4.18 The Council's capital programme (5 year rolling 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.
- 4.19 All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code, which requires that capital investment should be funded in a way that is prudent, affordable and sustainable. Increased cost of borrowing will require investments to provide a better return to ensure they are sustainable.
- 4.20 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.
- 4.21 Member oversight is ensured, first by inclusion of schemes in the capital programme that is approved as part of the annual budget setting process. Subsequently, prior to any capital commitment being entered into, a report setting out details of the capital scheme is considered by the relevant service committee.
- 4.22 The Council has a corporate project management framework that applies to most of the projects included within the capital programme. This provides for designation of a project manager and sponsor and includes a mechanism for progress on major projects to be reported to a Strategic Capital Investment Board.
- 4.23 Financial monitoring of capital projects is incorporated within the quarterly reports to Service Committees.

Ability to deliver budget savings

- 4.24 The Council has a good track record of delivering budget savings, whilst sustaining and investing in services. Savings initiatives are planned so far as possible across the five-year period of the MTFS, rather than the focus being simply on achieving whatever savings are necessary in order to balance the budget for the coming year.
- 4.25 A common criticism of local authority financial planning is that proposed savings are often over-optimistic and are not based on realistic evidence of what is achievable. The Council aims to mitigate this risk with a robust process for developing budget savings proposals:
- New and updated savings proposals are sought on a regular annual cycle, with Service Managers typically briefed on the savings remit in August/September
 - Savings proposals are then developed over a period of around two months
 - Savings proposals have to be formally documented and signed off by the Service Head who will be responsible for delivering them.
- 4.26 Once savings have been built into the budget, their achievement is monitored as part of the regular financial management process described above.

Risk management

- 4.27 The Council's MTFS is subject to a high degree of risk and uncertainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.
- 4.28 The major risk areas that have been identified as potentially threatening the Medium Term Financial Strategy are as follows.
- Failure to contain expenditure within agreed budgets
 - Inflation rate is higher than 2% government target
 - Financial impact from resurgence of Covid-19 virus
 - Fees and Charges fail to deliver sufficient income
 - Adverse impact from changes in local government funding
 - Collection targets for Council Tax and Business Rates missed
 - Capital programme cannot be funded
 - Planned savings are not delivered
 - Constraints on council tax increases
 - Litigation costs exceed budgeted provisions
 - Business Rates pool fails to generate sufficient growth
 - Shared services fail to meet budget
 - Council holds insufficient balances

- Increased complexity of government regulation.
- Other income fails to achieve budget
- Increased complexity of government regulation
- Financial Impact from IT security failure
- Pension liability cannot be funded

4.29 The Council is implementing JCAD risk management software, which allows individual service areas to log and monitor risks. By reviewing risks on a regular basis in this way, it is expected that any major new risks will be identified and appropriate mitigations developed.

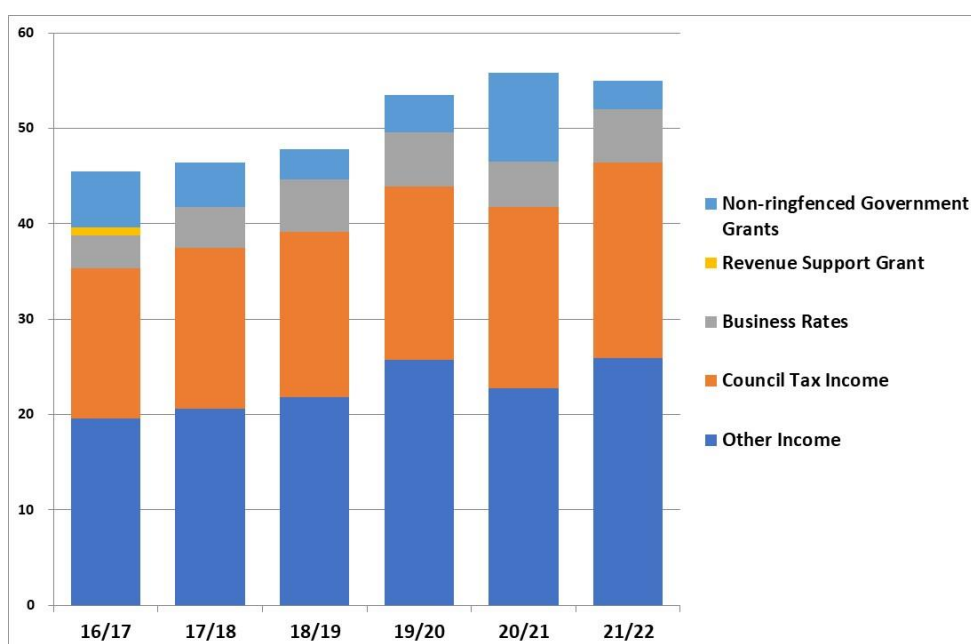
Conclusion

4.30 When assessed against the CIPFA criteria for financial resilience, the Council can be seen to have adequate reserves in the short term and to be positioned well to manage the financial challenges it will face. The following section considers whether this position is sustainable.

5. AVAILABLE RESOURCES

- 5.1 The Council's main sources of income are Council Tax and self-generated income from a range of other sources, including parking, planning fees and property investments. It no longer receives direct government support in the form of Revenue Support Grant; although it collects around £60 million of business rates annually, it retains only a small proportion of this.

Figure 6: Sources of Income (£ million)



Council Tax income remained resilient throughout the Covid-19 pandemic, with only a slight deterioration in collection levels. Other income fell back sharply in 2020/21, but has now largely recovered.

Council Tax

- 5.2 Council Tax is a product of the tax base and the level of tax set by Council. The tax base is a value derived from the number of chargeable residential properties within the borough and their band, which is based on valuation ranges, adjusted by all discounts and exemptions.
- 5.3 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. See table below.

Table 3: Number of Dwellings in Maidstone

	2018	2019	2020	2021	2022
Number of dwellings	70,843	71,917	73,125	75,034	76,351
% increase compared with previous year	1.74%	1.52%	1.68%	2.61%	1.76%

Note: Number of dwellings is reported each year based on the position shown on the valuation list in September.

- 5.4 Whilst the effect of the increased number of dwellings is to increase the Council Tax base, this is offset by the cost of reliefs for council tax payers, in particular Council Tax support, and any change in the percentage of Council Tax collected. The increase in the number of households and people living in the borough also impacts on the cost of service delivery, for example refuse collection and street cleansing.
- 5.5 The level of council tax increase for 2023/24 is a decision that will be made by Council based on a recommendation made by the Executive. The Council's ability to increase the level of council tax is limited by the requirement to hold a referendum for increases over a government set limit. The referendum limit for 2023/24 has been increased to 2.99% for Band D taxpayers. Council Tax was increased by the maximum possible, ie £8.19 (2.99%).

Business Rates

- 5.6 Under current funding arrangements, local government retains 50% of the business rates it collects. The aggregate amount collected by local government is redistributed between individual authorities on the basis of perceived need, so that in practice Maidstone Borough Council retains only around 10% of the business rates that it collects.
- 5.7 The amount of business rates retained by individual authorities is currently based on a needs assessment that dates back to 2013/14. A reset is expected at some point, based on a 'Fair Funding Review'. The overall amounts to be allocated as part of the Fair Funding Review are yet to be determined. It is therefore difficult to predict with any degree of accuracy whether the proportion of business rates retained by Maidstone in the medium term will remain the same, increase or decrease.
- 5.8 The current local government funding regime gives authorities the opportunity to pool their business rates income and retain a higher share of growth as compared with a notional baseline set in 2013/14. Maidstone has been a member of the Kent Business Rates pool since 2014/15. Its 30% share of the growth arising from membership of the pool has hitherto been allocated to a reserve which is used for specific projects that form part of the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. This has hitherto been spent on the Maidstone East development. Following Maidstone's acquisition of Kent County Council's 50% share in the development in 2021/22, the Growth Fund will be split equally between Maidstone Borough Council and Kent County Council.
- 5.9 It should be noted that, when re-allocating business rates according to need, following a Fair Funding Review, the business rates baseline is likely to be reset, so all growth accumulated to that point will be reallocated between local authorities as described in paragraph 5.8 above.
- 5.10 Total projected business rates income for 2022/23, and the ways in which it is planned to deploy it, are summarised in the table below.

Table 4: Projected Business Rates Income 2022/23

	£000	
Business Rates baseline income	3,593	Included in base budget
Growth in excess of the baseline	1,692	Included in base budget
Pooling gain (MBC share)	507	Funds Economic Development projects
Pooling gain (Growth Fund)	204	Funds Maidstone East development
Total	5,996	

Revenue Support Grant

- 5.11 Maidstone no longer benefits directly from central government support in the form of Revenue Support Grant, as it is considered to have a high level of resources and low needs. In fact, Councils in this situation were due to be penalised by the government under the four-year funding settlement which ran from 2016/19 to 2019/20, through negative Revenue Support Grant. Maidstone was due to pay negative RSG of £1.589 million in 2019/20. However, the government faced considerable pressure to waive negative RSG and removed it in the 2019/20 and subsequent Local Government Finance Settlements.
- 5.12 Any increase in overall funding for local authorities could simply be used to reverse negative RSG for those authorities where it was payable. As has been seen, a different mechanism was used in 2022/23, which provided some benefit to the Council in the form of the Services Grant.
- 5.13 More generally, a needs-based distribution of funding will continue to create anomalies like negative RSG, so it cannot be assumed that the threat of an adverse impact, such as Maidstone was due to experience in 2019/20, has gone away.

Other income

- 5.14 Other income is an important source of funding for the Council. It includes the following sources of income:
- Parking
 - Shared services (as agreed in collaboration agreements and where MBC is the employer)
 - Commercial property
 - Private rented sector housing (Maidstone Property Holdings)
 - Planning fees
 - Crematorium and cemetery
 - Garden waste collection
 - Commercial waste collection

Where fees and charges are not set by statute, we apply a policy that guides officers and councillors in setting the appropriate level based on demand, affordability and external factors. Charges should be maximised within the limits of the policy, but customer price sensitivity must be taken into

account, given that in those areas where we have discretion to set fees and charges, customers are not necessarily obliged to use our services.

- 5.15 Commercial property income in particular has increased rapidly in recent years. This has arisen from a deliberate strategy of focusing capital investment on projects such as the acquisition of the Lockmeadow Leisure Complex and Maidstone House which have served the dual purposes of meeting the Council's strategic priorities and generating income. See below.

Table 5: Net Property Income 2016/17 – 2022/23

	16/17	17/18	18/19	19/20	20/21	21/22	22/23
	£000	£000	£000	£000	£000	£000	£000
Commercial Property	847	1,064	1,467	1,590	2,774	2,819	3,437
Maidstone Property	0	0	0	188	280	837	830
Holdings (PRS Housing)							
Total	847	1,064	1,467	1,778	3,054	3,656	4,267

Source: MBC Budget Books

- 5.16 Other income, particularly parking, was seriously affected by Covid-19. However, income levels in most categories have now recovered to pre-Covid levels.

Conclusion

- 5.17 It can be seen that ongoing revenue resources are subject to uncertainty, owing to the economic environment and lack of clarity about the government's plans for funding local government. The previous section indicated that the Council's reserves, while adequate, do not leave it with a large amount of flexibility. This puts a premium on accurate forecasting and strong financial management.

6. SCENARIO PLANNING

- 6.1 Owing to uncertainty arising from the economic environment, and from the lack of clarity about what the government's plans for local government funding will mean for the Council, financial projections were prepared in July 2022 on four different scenarios. Following a further deterioration in the economic outlook and the impact of the September 2022 'mini budget' it is now considered that unfortunately Scenario 4, the most adverse of these scenarios, is the most likely to materialise. We have also now developed a scenario 5 to reflect the potential impact of the latest views from government.

Scenario 1: Fiscal tightening in response to threat of inflation, limited flexibility for local government, economy recovers

This is the scenario in which the government takes prompt action to bring down inflation. This would be likely to involve restrictions on government spending, including limits on Council Tax increases. If successful, this policy would mean that inflation would return to the government's long term target rate of 2% and the economy would recover, leading to renewed growth in the Council Tax base and the Council's other sources of income.

Scenario 2: Accommodative local government finance settlements, steady reduction in inflation, return to economic growth

Current government and Bank of England policy was previously based on the assumption that drastic action was not required to combat inflation, and there would be a return to growth in any case. Growth would however be anaemic, with external income returning to pre-Covid levels over a period of 3-4 years. There would continue to be growth in the Council Tax base, but constraints in the construction sector mean there is a slow-down for the first 2-3 years of the planning period. The Council would be able to fund inflationary increases in expenditure through matching increases in Council Tax. This is the most optimistic scenario.

Scenario 3: Continuing high inflation, increased spending pressures, recession, but local government retains flexibility for time being

Heightened assumptions about the inflation rate, capacity constraints and low economic growth compared with other national economies lead to prolonged inflation in excess of the government's 2% target. As a result, there is no real terms growth in Council income. Whilst under this scenario, the Council would be able to match inflationary growth in costs through increases in Council Tax, the poor performance of the economy would nevertheless lead to an overall deterioration in its financial position.

Scenario 4: Continuing high inflation leads to fiscal tightening, local government spending subject to restraints

In this scenario the government is forced to take action to bring down inflation. This would involve restrictions on government spending, including limits on Council Tax increases. The Council would not be able to match inflationary growth in costs through increases in Council Tax and the poor performance of the economy would mean minimal growth in the Council Tax base and other sources of income. This is now considered to be the most likely scenario.

Scenario 5: Inflation peaks at a higher level than previously envisaged and remains high. Local government spending is subject to reductions.

In this scenario inflation remains higher than originally expected. The Government and Bank of England take action to stabilise the economy, but this is not sufficient to avoid a prolonged recession. This will be reductions in government spending, including limits on Council Tax increases. The Council will not be able to match higher and sustained inflationary growth in costs through increases in Council Tax and the poor performance of the economy would mean minimal growth in the Council Tax base and other sources of income. This is the most pessimistic scenario.

Strategic Revenue Projection

6.2 For illustrative purposes, assumptions about what scenarios 4 might mean are set out in this section, and high-level revenue projections are shown for both. The key dimensions are:

- the Council Tax base;
- the level of Council Tax;
- retained Business Rates, which in turn depends on overall business rates income and government policy on distributing it between local authorities and central government;
- other local income, eg fees and charges;
- the cost of service delivery, which is subject to the effect of inflation on input prices.

Each of these is considered in more detail below. They have been updated for key areas from the Local Government Finance Settlement for 2023/24.

Council Tax base

6.3 Projected Council Tax income for 2022/23 amounts to £18.2 million and is the Council's single biggest source of income. Council Tax is a product of the tax base and the level of tax set by the council. The tax base is a value derived from the number of chargeable residential properties within the borough and their band, which is based on valuation ranges, adjusted by all discounts and exemptions. As described in the previous section, the tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough.

6.4 The Council tax base is also affected by collection rates and the number of households benefitting from the Council Tax Reduction Scheme. Typically these factors do not vary significantly between years but in the event of a major downturn in the economy, collection rates could be expected to fall and more households would be eligible for the Council Tax Reduction Scheme.

6.5 Future growth assumptions for each scenario are set out below.

Table 6: Council Tax Base Growth

Council Tax base growth assumptions					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	2.0%	1.0%	1.0%	1.0%	1.0%

Level of Council Tax

6.6 In practice, the Council's ability to increase the level of council tax is limited by the need to hold a referendum for increases over a government set limit. In 2022/23, the limit was 2%. This has been increased in 2023/24 to 2.99%. The Council approved the maximum possible increase in 2022/23 and is proposing to use the maximum increase in 2023/24. The rationale for this approach was that:

- pressures on the Council's budget mean that even a marginal difference in Council Tax income is of value;
- the referendum limit might revert to a lower level in later years;
- because the starting point for calculating the referendum limit in any given year is the previous year's Council Tax, agreeing a lower increase reduces the Council's room for manoeuvre in later years.

6.7 The referendum limit of 2% was intended broadly to reflect the rate of inflation. It was also assumed in the government's planning for local government expenditure that local authorities would indeed increase by the maximum permissible amount, and this was reflected in the 'Spending Power' data published for each local authority. Government have now set a higher referendum limit in 2023/24 of 2.99% to reflect the financial pressure of inflation.

6.8 Assumptions for each scenario are set out below, on the basis that these increases represent the government's referendum limit and the Council follows its practice of increasing Council Tax by the maximum permitted.

Table 7: Council Tax Increase

Council Tax increase assumptions					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	2.99%	2.0%	2.0%	2.0%	2.0%

Retained business rates

6.9 Under the current business rates regime, local government in aggregate retains 50% of business rates income. However, most of the 50% share

collected locally is lost to Maidstone, because it is redistributed to other authorities and the government through a system of tariffs and top-ups.

Table 8: Projected Business Rates Income 2022/23

	£000	%
Maidstone Borough Council	5,285	10
Kent County Council	4,631	9
Kent Fire & Rescue Authority	515	1
Central Government	41,410	80
Total Business Rates Income	51,841	100

- 6.10 To the extent that business rates income exceeds a notional baseline, this growth element is retained locally, subject to a levy payable to central government by tariff authorities like Maidstone. The Council has been able to minimise the levy payable on business rates growth through its membership of the Kent Business Rates Pool. This is because, by pooling our income, the levy payable by some pool members (district councils) is offset against the top-up received by the major preceptors (Kent County Council and Kent Fire and Rescue). Details are set out in the previous section.
- 6.11 It is assumed at this stage that pool proceeds continue to be earmarked as currently. Note that in the event of a business rates reset there would initially be no growth available for pooling.
- 6.12 In general, projections of business rates income for the years after 2023/24 must, of necessity, take a cautious position on how much business rates income is likely to be retained locally, given that this is the element in our total resources that is most at risk from the vagaries of government policy. Future growth assumptions for each scenario are set out below.

Table 9: Business Rates Growth Assumptions

Business Rates growth assumptions					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	0.0%	0.0%	2.0%	2.0%	2.0%

Other income

6.13 The main components of other income are set out below:

Table 10: Projected Other Income 2022/23

	£ million
Fees and charges	9.2
Property rental income and service charges	6.9
Shared services trading income	3.3
Other income	2.3
TOTAL	21.7

Each component is subject to different inflationary factors. Some fees and charges are set by central government and are not necessarily increased annually. However, where the council has the flexibility to review fees and charges, it is assumed that they are increased in line with inflation. Rents may only change at the point of periodic rent reviews. Future growth assumptions, using a composite inflation rate, are set out below.

Table 11: Other Income growth assumptions

Other income growth assumptions					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	5.0%	5.0%	5.0%	5.0%	5.0%

Cost of Service

- 6.14 The cost of services is subject to inflation. Salaries account for around 50% of total input costs, and whilst salary increases tend to lag behind published inflation figures, market pressures are likely to mean that inflation will impact salaries in the medium term. Many other costs, in particular contract costs, are directly linked to inflation indices.
- 6.15 A recent benchmarking exercise indicates that salaries at Maidstone have fallen behind the policy target of the public and not for profit sector median level for any given grade. It is estimated that an additional £675,000 growth, including salary on-costs, less amounts that can be recharged, would be required to bring salaries into line. For the purposes of the MTFS projections, this growth has been excluded, on the basis that it will need to be self-financing, ie any growth will need to be funded from new savings.
- 6.16 Assumptions for each scenario, using a composite rate at this stage, are set out below. Note that these figures do not equate to inflation projections, because the growth in cost of services tends to lag behind headline inflation indices. The figures below exclude any growth to address the shortfall against the salary benchmark described in the previous paragraph.

Table 12: Cost of Service growth assumptions

Cost of services growth assumptions					
	23/24	24/25	25/26	26/27	27/28
Scenario 4 – Limited flexibility, continued stagflation	5.0%	5.0%	5.0%	5.0%	5.0%

For the purposes of detailed budget planning, a more granular approach is taken to forecasting budget growth, and specific percentages are applied to the different categories within cost of services. Additionally, specific provision has been built into the strategic revenue projections for two major known future pressures, namely the continuing additional cost of providing temporary accommodation and the likely additional costs arising from relet of the waste collection contract.

7. REVENUE PROJECTIONS

- 7.1 Strategic revenue projections, based on the assumptions set out above, are summarised in table 13 below for scenarios 4 and 5. In light of the many uncertainties around future funding, it is important to note that projections like these can only represent a 'best estimate' of what will happen. The figures exclude the cost of potential changes in pay and grading as set out above.

Table 13: MTFS Revenue Projections 2023/24-2027/28

	23/24	24/25	25/26	26/27	27/28
	£m	£m	£m	£m	£m
Scenario 4 – Limited flexibility, continued stagflation					
Total Resources	47.0	48.5	50.1	51.8	53.6
Predicted Expenditure	49.7	53.6	56.9	60.9	64.4
Budget Gap	-2.7	-5.1	-6.8	-9.0	-10.8
Existing Planned Savings	0.4	0.7	0.7	0.7	0.7
Savings Required	-2.3	-4.4	-6.1	-8.3	-10.1

Notes

1. Resources comprise Council Tax, retained Business Rates and Other Income.
2. Predicted expenditure comprises the cost of services and finance costs.
3. A negative figure represents the amount of savings required to balance the budget; a positive figure represents a budget surplus.
4. All scenarios incorporate the assumption that Council Tax income is increased by the maximum possible given the referendum limit, and fees and charges are increased in line with inflation to the extent that the Council has the flexibility to do so.

Approach to balancing the budget

- 7.2 In delivering a balanced budget, the requirement to make savings or generate increased income will need to be balanced against the key priorities set out in the Council's Strategic Plan, namely:
- Embracing Growth and Enabling Infrastructure
 - Homes and Communities
 - A Thriving Place
 - Safe, Clean and Green.
- 7.3 In recent years, the Council has been successful in simultaneously generating additional income and meeting its strategic priorities, through successful investments (Lockmeadow, Maidstone House) and its programme of delivering private rented sector housing through Maidstone Property Holdings. The Council will continue to seek similar opportunities in the future. However, it would not be prudent to rely solely on this approach to balance the budget, both because of the scale of the budget gap and because of current challenges in delivering capital investment, namely the availability of affordable finance and the paucity of suitable opportunities.

Accordingly, all budgets will be reviewed in detail to identify opportunities for savings, or increased income, which can be delivered with the minimum impact on the strategic priorities. To the extent that further growth is planned, above and beyond existing budgets, this will need to be offset by further savings. It should be noted that the savings requirement in scenario 4, whilst significant, amounts to just 3% of gross revenue expenditure. Budget proposals have been developed, following a similar approach and these have been reviewed by Policy Advisory Committees who have provided a recommendation for the Executive and Council which would balance the budget in 2023/24. In future years there remain budget gaps which will require further savings options to ensure there is a balanced budget.

8. CAPITAL STRATEGY

8.1 The capital programme plays a vital part in delivering the Council's strategic plan, since it is only through long term investment that our ambitions for the borough can be realised. The capital programme is a rolling five year programme. The existing capital programme was approved by Council at its budget meeting on 23rd February 2022. An updated capital strategy and capital programme has been considered by the Executive during January.

8.2 Major schemes include the following:

- 1,000 Affordable Homes programme
- Private rented sector housing programme
- Temporary accommodation
- Biodiversity & Climate Change capital projects
- Garden Community preliminary work.

8.3 Schemes may be included in the capital programme if they fall within one of the following categories:

- Required for statutory reasons, eg to ensure that Council property meets health and safety requirements or maintain the condition/value of the asset;
- Schemes focused on strategic plan priority outcomes that are self-funding.

A further two categories have also been defined, namely:

- Other schemes focused on strategic plan priority outcomes;
- Other priority schemes that will attract significant external funding.

Note that these further categories of expenditure will only meet the Prudential Code requirement for sustainable investment if specific revenue provision is made for their funding.

8.4 Prior to inclusion in the capital programme, all schemes are subject to an initial assessment. The assessment of self-funding is to ensure we achieve the appropriate rate of return, which will be subject to the cost of borrowing.

8.5 All schemes within the capital programme are then also subject to appropriate option appraisals, requiring the preparation of a business case, before approval to spend is agreed. Any appraisal must reflect the Prudential Code, which requires that capital investment should be funded in a way that is prudent, affordable and sustainable.

8.6 The current capital programme amounts to £233.5 million over the next five years. In the light of inflation, this amount will need to be increased if the same outputs are to be delivered, and higher input costs will need to be factored into the appraisal of individual capital schemes to ensure that they are still affordable.

- 8.7 It is envisaged that the capital programme will primarily be funded from external borrowing. In view of uncertainty about the future trajectory of interest rates and the availability of funds from the Public Works Loan Board, the Council has secured forward borrowing of £80 million, which will be drawn down between 2024 and 2026. The balance of the capital programme will still need to be funded, with the cost of finance dependent on rates applying when the borrowing requirement arises.

New Homes Bonus and Funding Guarantee

- 8.8 Prior to 2022/23, New Homes Bonus, which is a form of revenue grant from central government, was earmarked for capital expenditure. This reduced the Council's borrowing requirement and meant that Maidstone remained debt-free until 2019/20. For 2022/23, Council agreed when setting the budget that the first £1 million of New Homes Bonus would be allocated for strategic policy and plan making, with the balance of £3.1 million transferred to a Housing Investment Fund, to be used to subsidise the Council's Affordable Housing Programme. As part of the local government settlement the NHB will reduce significantly by £2.3m.
- 8.9 The government also created a new one-off Funding Guarantee, which will ensure that all authorities see at least a 3% increase in their Core Spending Power, before any decision they make about organisational efficiencies, use of reserves, and council tax levels. Core Spending Power is the measure used by government to evaluate what they consider to be the underlying financial position of local authorities. This guarantee relates to 2023/24 only and there is no indication as to whether a similar guarantee will be offered in 2024/25. Specifically, the main benefit of the Funding Guarantee from Maidstone's perspective is that the Council is protected against the reduction in New Homes Bonus.
- 8.10 Within the overall budget proposals for 2023/24, it is now proposed that £300,000 of the one-off funding will be set aside for strategic policy and plan making, with this sum being built into the revenue budget on an ongoing basis. The balance of one-off funding will be set aside for the 1,000 Affordable Homes Programme.
- 8.11 There is an inherent requirement for subsidy within the Affordable Housing programme, as it involves providing housing at less than a market rent. In due course, as the Affordable Housing programme is rolled out, the Council will be legally obliged to establish a Housing Revenue Account, which explicitly cannot be subsidised by the General Fund. However, in the meantime, the Council is able to set funds aside to subsidise affordable housing as agreed when setting the 2023/24 budget. Inclusion of the Affordable Housing Programme within the Capital Programme implies a continuing requirement for funds to be accumulated in this way.

9. CONSULTATION AND NEXT STEPS

- 9.1 Each year the Council carries out consultation as part of the development of the MTFS. A budget survey has been carried out and the results of the survey have been considered as part of the update on the MTFS and savings proposals considered by Policy Advisory Committees in January 2023.
- 9.2 This consultation with members also detailed budget proposals. Individual Policy Advisory Committees considered the budget proposals relating to the services within their areas of responsibility. The final budget which is balanced for 2023/24 will be presented to Council on the 22nd February 2023. The MTFS will continue to be reviewed and updated to support the 2024/25 budget process.

EXECUTIVE

8 February 2023

Maidstone Leisure Centre

Timetable	
Meeting	Date
Economic Regeneration and Leisure PAC	7 February 2023
Executive	8 February 2023

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Executive
Lead Head of Service	Mark Green, Director of Finance, Resources and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance, Resources and Business Improvement Katie Exon, Head of Property and Leisure Mike Evans, Leisure Manager
Classification	Public
Wards affected	All

Executive summary

Decisions are required about the future of Maidstone Leisure Centre, given the impending expiry of the current operator's contract, the condition of the building and the Council's commitment to promoting health and wellbeing. This report sets out the decisions to be addressed and presents formal recommendations to be made to the Executive.

Purpose of Report

Decision

This report makes the following recommendations to the Executive:

1. That the option entitled minor practical improvements is pursued.
2. That detailed plans for the minor practical improvements are developed and are included in the tender documentation.
3. That the capital sum of £2 million to deliver these works is identified in the Medium-Term Financial Strategy and in the 2023/24 capital programme.
4. That delegated authority is given to the Director of Finance, Resources and Business Improvement, in consultation with the Lead Member for Leisure and

Arts, to lead a procurement process and invite tenders for the delivery of the minor practical improvements.

5. That after the completion of the tender process, delegated authority is given to the Head of Mid Kent Legal Services to enter into such contracts as required to complete the contract award and commence the minor practical improvements.
6. That the council pursues a contract extension with Maidstone Leisure Trust and Serco Leisure Ltd for the continued operation of the centre until 2031.
7. That feasibility work on the long-term future of the centre and all alternative options and provision continues.

Maidstone Leisure Centre

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>Accepting the recommendations will materially improve the Council's ability to achieve A Thriving Place and Homes and Communities. We set out the reasons other choices will be less effective in sections 2 and 4.</p>	Leisure Manager
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The report recommendations support the achievement of the health inequalities and environmental sustainability cross cutting objectives.</p>	Leisure Manager
Risk Management	Refer to section 5 of the report.	Leisure Manager
Financial	Accepting the recommendations will demand new spending. We plan to fund that spending as set out in the approved Medium-Term Financial Strategy and capital programme.	Section 151 Officer & Finance Team
Staffing	We will deliver the recommendations with our current staffing.	Head of Property & Leisure

Legal	Acting on the recommendations is within the Council's powers as set out at within various Local Government Acts.	Contracts and Commissioning Team Leader, MKLS
Privacy and Data Protection	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Senior Information Governance Officer
Equalities	The recommendations will create plans and proposals which will lead to changes in service, therefore equalities impact assessments will be completed alongside the plans as they are developed.	Equalities & Communities Officer
Public Health	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Housing and Inclusion Team Leader
Crime and Disorder	The recommendations will have no negative impact on Crime and Disorder.	Leisure Manager
Procurement	On accepting the recommendations, the Council will then follow procurement procedures. We will complete those exercises in line with financial procedure rules.	Head of Service & Section 151 Officer
Biodiversity and Climate Change	The implications of this report have been considered and there are multiple opportunities, through the recommendations, to greatly reduce utilities and carbon emissions, seek a Passivhaus standard, and make positive impacts on biodiversity and climate change in the borough.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

2.1 It is timely to consider future options for the Leisure Centre for the following reasons.

- The current contract for operation of the Leisure Centre with Maidstone Leisure Trust and Serco Leisure Limited expires in 2024.
- The Leisure Centre building is over 50 years old and is becoming increasingly more expensive to maintain and is a negative contributor to the council achieving its net zero carbon ambitions.

- It is appropriate to consider whether the Council's service offer meets its overriding strategic priority of promoting accessible health and wellbeing, within the context of the wider leisure market and the financial pressures faced by the Council.
- 2.2 A sizable body of research and evidence has been accumulated by the Council over the last few years which can help inform this consideration. The imperatives described above mean that this information should now be evaluated and appropriate decisions made.
- 2.3 A report to ERL Committee in December 2022 presented the findings of the research and the scale of the challenge that the council faces. This report is cited as a background paper. The options discussed by ERL Committee in December 2022 included:
- Building a brand-new leisure centre
 - Completing a major refurbishment of Maidstone Leisure Centre
 - Making no changes and continuing with the existing Maidstone Leisure Centre
 - Making minor improvements to Maidstone Leisure Centre
- 2.4 In the current financial climate, and with substantial supply chain issues affecting the construction sector, embarking on a new build leisure centre or a major refurbishment project come with significant project risks. The capital costs that were estimated in 2022, compounded by the rise in interest rates, put these options beyond the current financial capabilities of the council given other pressures on the capital programme.
- 2.5 Projected capital costs for a new build leisure centre have risen from £35m to £41.13m for a standard leisure centre. A Passivhaus centre or more sophisticated design that the council ought to be aiming for would cost in excess of £50m. At an interest rate of 4% the annual repayment cost on borrowing £41.13m is £1.84m per annum, compared to the annual repayment of £1.07m at the 2% rate. Over the life of a 50-year loan the cost of this option has increased from £53m to £92m.
- 2.6 Similarly, a major refurbishment of the leisure centre was previously costed at £30m with annual repayments of £954k. The same project will today cost £35.25m with annual repayments of £1.64m. The total cost over 50 years has risen from £47m to £82m.
- 2.7 To combat the increasing costs of construction and increasing interest rates, a menu of minor improvements for the leisure centre have also been compiled. These changes involve relocating the café, installing additional indoor play and glazing the pools to separate them from the dryside areas. These improvements would combat the centre's energy costs and its negative carbon impacts and would open up new activities for residents. Summaries of the advantages and disadvantages of the options are shown in the table below.

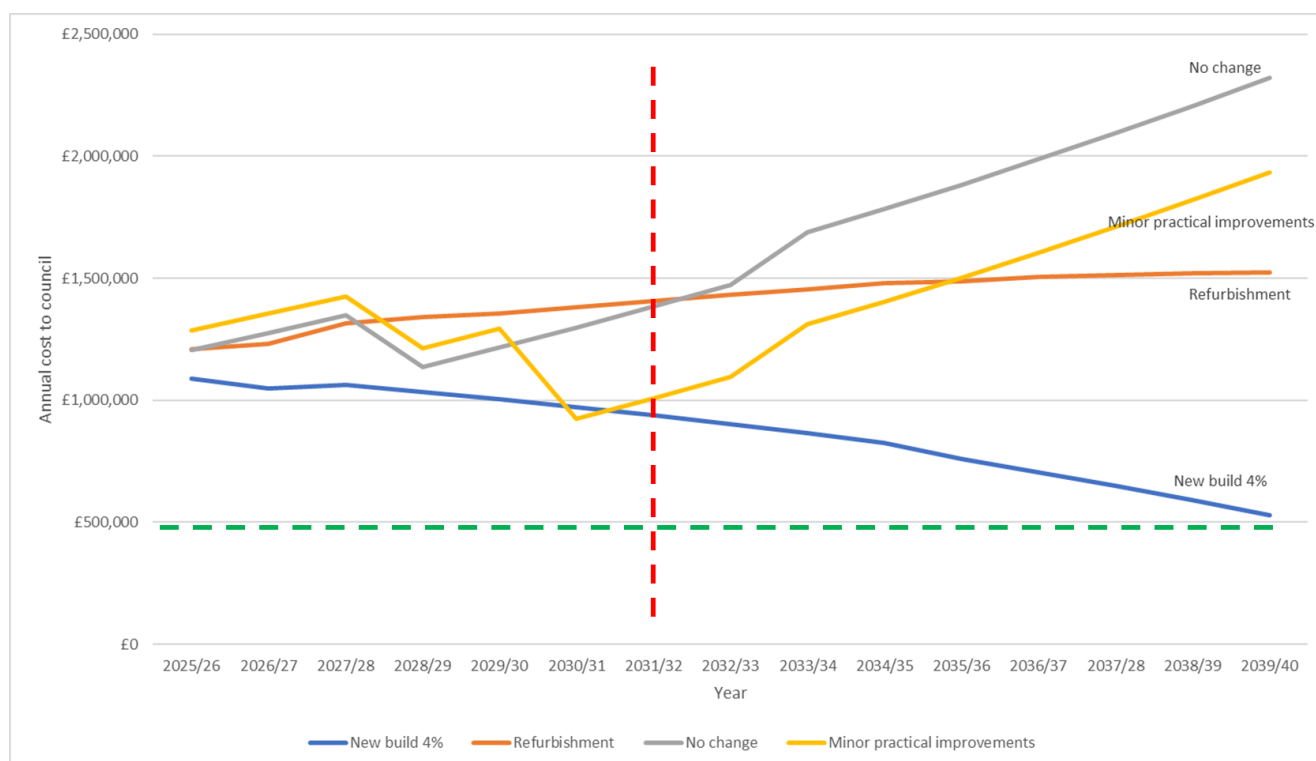
Option	Build cost	Advantages	Disadvantages
New-build leisure centre Brand new centre at Mote Park to replace the existing building	£41.13m	<ul style="list-style-type: none"> • Ability to take full advantage of location and re-orientate building to integrate with park and neighbouring facilities. • Efficient design of facility with facility mix that meets the current and future needs of the borough. • Will result in new business and significant uplift in revenue, customers and health outcomes. • More cost effective long term than adding to old facility structure. 	<ul style="list-style-type: none"> • Significant capital commitment required over the long term.
Major refurbishment of the current building, retaining reusable parts and investing in new facilities also.	£35.25m	<ul style="list-style-type: none"> • Retain structure of the building and reuse materials. • Central location adjacent to Mote Park and areas of deprivation. • Opportunity to improve links from the centre to the park. • Retaining existing customer base and attract new customers. 	<ul style="list-style-type: none"> • Limited scope to change configuration of building and facility mix layout. • Previous refurbishments resulted in short term rather than long term increase in usage. • Significant capital needs to be spent on back of house i.e. plant and equipment, roof replacement; which will not add to the customer experience of using the facility.
No changes to the leisure centre	£0	<ul style="list-style-type: none"> • Requires little investment at a time when investment decisions are difficult. 	<ul style="list-style-type: none"> • Aging building has a number of risks on the horizon that need to be budgeted for/managed.

			<ul style="list-style-type: none"> • Facilities not modern and do not give best service to residents. • Limited opportunities to increase number of customers and people choosing to be active.
Minor practical improvements, including relocating the café closer to the entrance, installing new indoor play activities and installing additional glazing to screen the pools.	£2m	<ul style="list-style-type: none"> • Will deliver new activities to customers and new revenue streams to the business • Will improve carbon emissions and energy costs at the centre • Only requires minor investment at a time when investment decisions are difficult. 	<ul style="list-style-type: none"> • Does not address all the issues and repair needs of the centre • Requires a payback period of at least 8 years

- 2.8 Appendices 1 and 2 show the financial projections of the different options and key points regarding the financial projections are presented below.

Financial considerations

- 2.9 Appendix 1 shows the comparisons in the financial projections of the four different options in 2025/26 and across the next 15 years. These are also shown in the graph below.



Graph 1 showing comparisons of four options until 2039/40

- 2.10 Graph 1 shows the annual outturn in the council's revenue accounts for each option. The horizontal dashed line on the graph is the current annual outturn, which has been a fixed sum since 2009. An increase in costs is expected in 2024/25, owing to the age of the building when the current operations contract expires and the capital that is required to complete repairs or manage risks. Graph 1 shows that over a 15-year period the new build option delivers the best financial performance, but as described earlier it requires substantial capital investment on less-than favourable terms. For comparison, graph 2 below shows the new build options costed at 2%, 3% and 4% over 50 years and demonstrates why now is not the right time for major investment. The dashed horizontal line shows the current annual outturn. At 4% the new build option takes 15 years to reach current outturn levels. At 2% the current outturn is the starting point, and annual improvements against that position would be delivered year on year.



Graph 2 showing interest rate comparisons for a new-build leisure centre

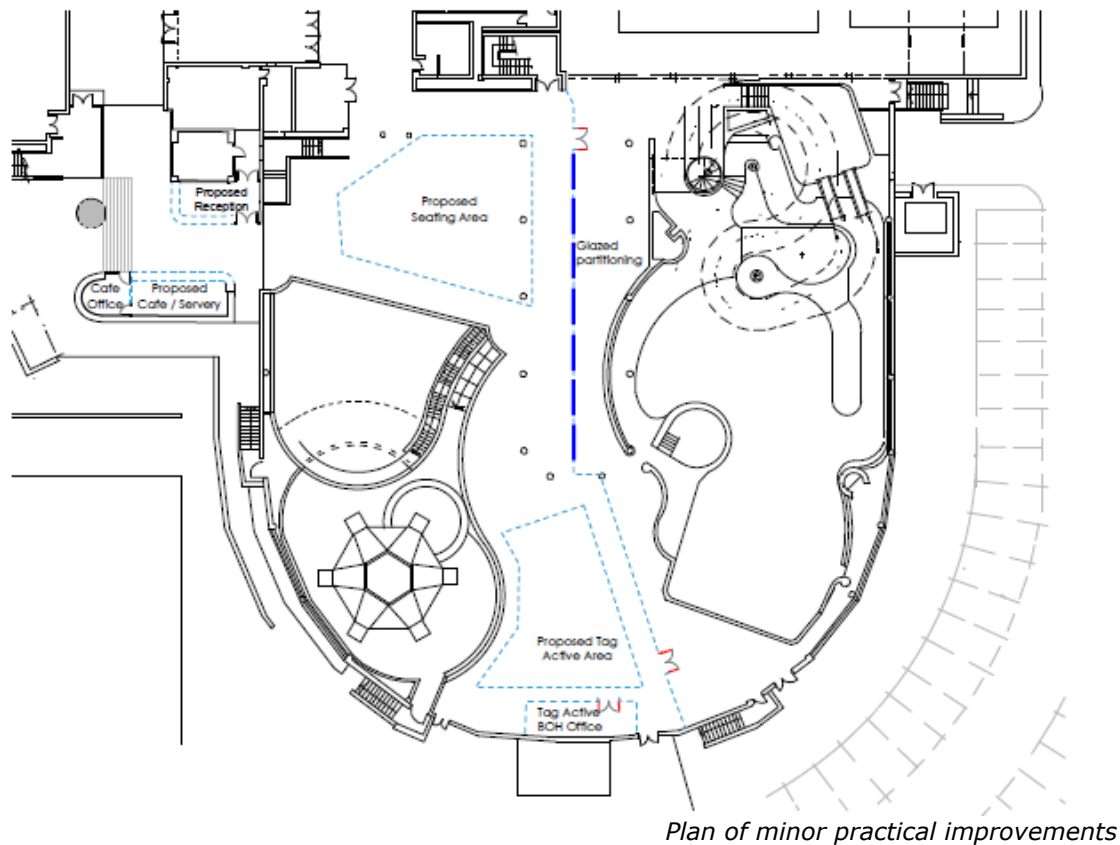
- 2.11 The major refurbishment option will sustain a consistent performance over the 15-year period. It achieves some cost savings but not as many as the new build option, and it also achieves less revenue than the new build. The borrowing needed for the refurbishment option is similarly unsustainable at the moment, as outlined in paragraph 2.6.
- 2.12 Based on the analysis of current interest rates and accepting that major capital investment for a new centre or a refurbished centre is not possible over 50 years in the current climate, attention turns to the no change and the minor practical improvements options in more detail.

Minor practical improvements

- 2.13 The no change option sees the centre continue to operate in its current layout, but an additional £1m will be needed each year over 15 years to support the risks of aging plant and building fabric. This budget does not necessarily require spending each year, but it must be made available should major repairs or replacement be needed in the short term. Working reactively in this way is not the best practice course of action, but investing significant sums in replacing major items of plant and fabric in a building when there are still questions over the long-term future of that building is also not advised. The no change option is presented with these repair and replacement sums included each year to show the costs that the council is facing.
- 2.14 Minor practical improvements to the reception and customer terrace area have been explored and are shown in the plan below. Glazing between the pool hall and the terrace café area will reduce the amount of air space that needs to be heated to keep the pool atmosphere at suitable temperatures and conditions. In turn, this will provide more comfortable conditions for

customers in the dryside areas, reduce carbon emissions at the centre, and reduce annual utilities costs. Moving the café closer to the entrance and the swimming lesson areas and reducing its size will help customer flows and improving staffing efficiencies. The space vacated by the café will be ideal for extended soft play facilities and these can be targeted at young teens, providing new activities for this target age group.

- 2.15 These works are costed at approximately £2m. The improvements will improve the annual operating position by approximately £367k by increasing customer revenue by 2% and assuming a 10% reduction in energy costs. However, the annual cost of delivering the improvements is £449k, resulting in the minor improvements option costing an additional £82k per annum to deliver its benefits compared to the no change option. The minor practical improvements investment has a forecasted repayment plan calculated over five years.



- 2.16 The minor practical improvements option will deliver community, health and environmental benefits. The improved centre will offer a greater variety of activities. By including indoor activities aimed at children and young teens it will target local young people at ages when good physical activity habits can be formed. The improvements to the air quality and temperatures in the centre will benefit all visitors and cut operational costs. These benefits are possible without any additional expenditure when projected until 2031.

Contract extension

- 2.17 For the operation of the leisure centre, the council contracts with Maidstone Leisure Trust (MLT) and Serco Leisure Ltd. MLT have provided the council with the following information *"MLT is an independent not-for-profit community benefit society whose principle purpose is to provide strategic oversight of the management of Maidstone Leisure Centre. By contracting with MLT, Maidstone Borough Council has access to significant tax exemptions and other benefits. The Trust is comprised of a number of volunteer trustees, all of whom have an active interest in sport and active leisure in the borough of Maidstone and some of whom have been trustees throughout the term of the current leisure centre operating contract. Information on the Trust can be viewed at www.maidstoneleisure.org . Day to day running of the leisure centre is carried out by Serco Leisure who operate as the agent for MLT to enable the Trust to fulfil the obligations of the leisure centre contract. Beyond the leisure centre, MLT also supports sport and active leisure locally with grant funding for sports clubs and individuals.*
- 2.18 *"The original 1970's leisure centre building is in need of bringing up to date to be able to meet current and future needs of users. MLT fully supports the council in their aspiration to build a new leisure centre with contemporary and up-to-date specifications and is active in supporting the council in their planning process. However, MLT does recognise the constraints of planning a new build in the current financial environment and is supportive of the council's plans to make improvements to the current building and provision in the short term whilst longer term plans for a more permanent facility are progressed. Both MLT and Serco Leisure will be supportive of the council in that process."*
- 2.19 The contract with Maidstone Leisure Trust and Serco Leisure is due to end in August 2024. At the current time, an offer of a new contract to the market, without a clear plan of the future of the building, would be perceived as highly risky by potential bidders. Future operators will price that risk accordingly and place a premium on it if a contract is let for a period of 10 years or longer. Accordingly, it is proposed to seek a contract extension with Maidstone Leisure Trust and Serco Leisure Limited until 2031.
- 2.20 The minor improvements described above have a lifespan or a payback period of around six years, making them more suited to a contract extension than to a new contract of a longer length. They include items that will increase visitor numbers, increase revenue and reduce operational costs, making them an attractive proposition.

3. AVAILABLE OPTIONS

- 3.1 The age of the leisure centre means that at some point it will need significant investment or it will need replacing. The decision in 2023 is whether replacing Maidstone Leisure Centre needs to be done in the short

term or if it is a decision that can be considered further before the best course of action is chosen.

- 3.2 A new leisure centre would deliver multiple benefits for the borough, however the Council is approaching this project at a difficult time. Even if a new centre were the preferred option, it would be a financial challenge to deliver it in the current circumstances alongside the other strategic priorities the Council has. Against this backdrop the options are as follows:

3.3 **No changes to the leisure centre**

The age of the leisure centre and the forthcoming contract end date mean that taking no action on the leisure centre will result in the council advertising the least-attractive option to future operators and fail to address the repairs and replacement items that are likely to be required in the next five years. **This option is not recommended.**

3.4 **Proceed with major capital investment in a new-build leisure centre or a major refurbishment of the existing**

Paragraphs 2.4 to 2.12 describe the risks and limitations of pursuing this option in 2023. The total cost of delivering such investment has risen to more than £90m and pursuing at this time on these terms is not the best course of action. **This option is not recommended.**

3.5 **Proceed with minor practical improvements**

This option will increase visitor numbers to the centre, increase revenues and address some of the operational challenges the centre faces. It will add new activities, catering for target demographics, and address customer flows. It will also make a positive difference to the environmental impact that the centre has on the borough and reduce energy usage. The costed plan shows it can achieve these outcomes with the same net cost as the no change option, and it also contains the same budgetary resilience while the risks of the aging building continue to be monitored. **This is the recommended option.**

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Minor practical improvements will deliver the optimum level of benefits to the community and to the council, at the most affordable level of investment and also in line with the council's strategic objectives of delivering a sustainable and vibrant leisure and culture offer across the borough.
- 4.2 Some of the work can be done with zero disruption to customers, other aspects will require limited changes to the programme and some aspects will require parts of the centre to be closed. It is estimated the work will take approximately seven months to complete and this aspect of the project can be included in the tender documentation.
- 4.3 The community, health, financial and environmental benefits will be positive things to add to the contract extension discussions due to take place between the council and Maidstone Leisure Trust. The contract extension

will secure the continued operation of the centre in the short term, while efforts continue on the long-term improvements that the leisure centre requires.

- 4.4 With 2031 identified as a key date for resolving the future of the leisure centre, a timeline that enables major investment to take place before 2031 is a sensible thing to put in place. To be open to the public in 2031 construction will need to begin in 2028. Working backwards from these dates an outline timeline is suggested in the table below. Please note, the minor practical improvements are shown as completed in 2024 because Maidstone Leisure Trust is a major partner and timetabling the works in their lease and contract period will require their partnership. 2024 is the latest date it can be completed.

Year	Major milestone
2023	
2024	Minor practical improvements delivered and contract extension agreed. Consultation and feasibility work on required investment for a new facility or major refurbishment continues
2025	Consultation and feasibility work is completed, and type of project (new or refurbished) is identified
2026	Plans and designs of type and level of investment are finalised
2027	Planning approval obtained and contractors appointed
2028	Construction work commences
2031	Investment work is delivered

5. RISK

- 5.1 There are risks associated with all the options described in this report. The risks associated with the preferred option include the continuing management of a building that is more than 50 years old, and these risks are balanced against the risks of the increases in construction costs and current interest rates, which make the current time the worst to be committing to new large capital projects. There are risks that construction costs and interest rates continue to rise, or are just as inflated, in 2031.
- 5.2 The recommendations in this report protect the Council from exposure to volatile construction costs and increased interest rates in the short to medium term. By following the recommendations, the Council will be able to monitor these risks and consider future leisure centre recommendations in the medium term at a time more suitable to major investment.
-

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Extensive consultation has taken place on this subject, including the Sport England-sponsored leisure consultants' report and the Leisure department's rural focus groups. These were referenced in the December report, a background paper to this report.
- 6.2 This issue will be considered by the Economic Regeneration and Leisure Policy Advisory Committee on 7 February, and its feedback will be reported to the Executive.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 A timetable for decision making and next key steps is as follows:

ERL PAC	7 February 2023
Executive Meeting	8 February 2023
Begin discussions with MLT and Serco Leisure regarding contract extension	15 February 2023 onwards
Checkpoint for concluding the contract extension or considering other contract options further.	31 August 2023

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Financial comparisons between options
- Appendix 2: Financial projections of each option

9. BACKGROUND PAPERS

- *Future Options For Maidstone Leisure Centre* – ERL PAC – 6 December 2022

Appendix 1 Financial comparisons between options

Total Income
Total Operating Expenditure
Net Profit/(Loss)

Income
Main Pool
Teaching Pool
Learner Pool
Splashpad
Tag Active
Soft Play
Fitness
Studios
Spin
Multi-purpose Room
Sports Hall
Health grants
Other income
Sub-Total

Secondary Spend
Merchandising
Cafe
Vending
Sub Total Secondary Spend

Total Income

Expenditure
Staffing
Staff Costs
Staff Training and Uniforms
Staffing Sub Total

Premises
Utilities (Gas/Electricity)
Water / Sewerage
Insurance
NNDR
Building Maintenance & Repairs
Equipment Purchase
Equipment Rental
Equipment Maintenance & Repairs
Maintenance Contracts
Pool Chemicals
Trade Waste Collection
Premises sub total

Services and Administration
Design, marketing & advertising
Postage
Printing & Stationery
Photocopier
Security Charges
Bank Charges
Professional Fees & licences
Telephone

New build	Refurb	No Change	Minor Changes
4,187,881	4,109,636	3,568,311	3,976,567
3,160,326	3,343,767	3,872,647	3,913,609
1,027,556	765,869	(304,336)	62,958

906,703	906,703	829,261	844,270
646,785	646,785	589,313	599,979
280,994	280,994	257,824	262,491
55,250	55,250	-	0
305,113	305,113	-	309,375
264,493	264,493	237,575	246,175
864,624	852,952	930,742	947,588
92,250	92,250	57,901	58,949
19,528	19,527	14,793	15,060
18,647	18,647	-	0
151,683	101,122	104,975	106,875
55,250	55,250	55,250	56,250
41,712	41,712	41,712	42,467
3,703,030	3,640,798	3,119,344	3,489,478

20,202	19,535	52,890	53,847
404,042	390,699	360,602	397,125
60,606	58,605	35,475	36,117
484,851	468,838	448,967	487,089

4,187,881	4,109,636	3,568,311	3,976,567
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1,834,698	1,834,698	1,840,358	1,908,343
36,694	36,694	37,558	37,558
1,871,392	1,871,392	1,877,917	1,945,901

241,604	321,144	418,072	376,264
44,741	59,471	60,496	60,496
31,319	41,630	52,424	52,424
26,845	35,683	14,830	14,830
32,392	43,056	194,672	194,672
22,639	30,092	12,267	12,267
17,897	23,788	951	951
12,528	16,652	24,639	24,639
17,897	23,788	2,057	2,057
35,793	47,577	113,408	113,408
13,422	17,841	6,250	6,250
497,077	660,723	900,067	858,259

69,414	68,117	65,623	65,623
1,790	2,379	858	858
2,684	3,568	8,462	8,462
2,684	3,568	2,503	2,503
4,474	5,947	4,648	4,648
8,948	11,894	9,535	9,535
18,791	24,978	23,837	23,837
7,159	9,515	39,990	39,990

Sundries/General Expenses
Sub Total Admin and Marketing

13,422	17,841	13,468	13,468
129,368	147,808	168,925	168,925

Supplies and Services

Cleaning Supplies
Café Cost of Sales
Vending Cost of Sales
Merchandise Items for re-sale
Misc Expenses/Contingency
Sub Total Supplies and Services

35,793	47,577	70,987	70,987
202,021	195,349	209,287	224,072
24,243	23,442	18,199	18,199
10,101	9,767	63,192	63,192
13,422	17,841	192,629	192,629
285,580	293,977	554,293	569,078

Overheads/Support Cost

Central Support
Operator Profit
Irrecoverable VAT
Sub Total Support Costs

83,758	82,193	79,093	79,093
125,636	123,289	94,766	94,766
167,515	164,385	197,587	197,587
376,909	369,867	371,446	371,446

Total Operating Expenditure

3,160,326	3,343,767	3,872,647	3,913,609
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Net Operating Surplus / (Loss)

1,027,556	765,869	(304,336)	62,958
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Below the line costs

Sinking Fund/Lifecycle repairs etc
Equipment Replacement
Capital Cost Repayment
Sub Total
Gross Surplus / (Loss) inc Sinking Fund

175,000	240,000	900,387	900,387
95,645	95,645	0	0
1,844,552	1,640,895	0	449,254
2,115,197	1,976,540	900,387	1,349,641
(1,087,641)	(1,210,671)	(1,204,722)	(1,286,683)

			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/28	2038/39	2039/40
Option 1	New build 4%	Overall Annual (Surplus) / Loss	1,087,642	1,047,256	1,064,447	1,035,719	1,006,470	972,505	937,510	901,447	864,274	825,950	760,852	706,062	649,401	590,812	530,236
Option 2	Refurb	Overall Annual (Surplus) / Loss	1,210,671	1,230,109	1,314,968	1,342,387	1,357,145	1,382,010	1,406,583	1,430,858	1,454,828	1,478,485	1,488,141	1,506,166	1,512,771	1,518,836	1,524,353
Option 3	No change	Overall Annual (Surplus) / Loss	1,204,722	1,275,087	1,348,310	1,136,747	1,215,948	1,298,275	1,383,822	1,472,688	1,689,003	1,784,815	1,884,260	1,987,452	2,094,507	2,205,545	2,320,691
Option 4	Minor Practical In	Overall Annual (Surplus) / Loss	1,286,683	1,355,055	1,426,311	1,212,807	1,294,395	925,581	1,009,270	1,096,307	1,310,823	1,404,866	1,502,573	1,604,060	1,709,441	1,818,840	1,932,381
Comparison	New build 2%	Overall Annual (Surplus) / Loss	504,085	463,699	480,890	452,162	422,913	388,948	353,953	317,890	280,717	242,393	177,295	122,505	65,844	7,255	(53,321)
Comparison	New build 3%	Overall Annual (Surplus) / Loss	783,135	742,750	759,940	731,212	701,963	667,998	633,004	596,940	559,768	521,444	456,345	401,556	344,895	286,306	225,729

Maidstone Leisure Centre Financial Modelling

Detailed Budget	New Build														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Total Income	4,187,881	4,366,976	4,518,060	4,684,490	4,815,358	4,956,220	5,098,405	5,241,958	5,386,929	5,533,366	5,708,474	5,872,577	6,039,398	6,209,023	6,381,536
Total 'Operating' Expenditure	3,160,326	3,299,035	3,467,310	3,605,012	3,706,631	3,813,528	3,920,718	4,028,209	4,136,007	4,244,120	4,354,129	4,463,442	4,573,603	4,684,638	4,796,576
Net Profit/(Loss)	1,027,555	1,067,941	1,050,750	1,079,478	1,108,727	1,142,692	1,177,686	1,213,750	1,250,922	1,289,246	1,354,345	1,409,135	1,465,795	1,524,385	1,584,961
Income															
Main Pool	906,703	935,423	964,142	992,861	1,021,580	1,050,299	1,079,018	1,107,737	1,136,456	1,165,175	1,193,895	1,222,614	1,251,333	1,280,052	1,308,771
Teaching Pool	646,785	667,271	687,757	708,244	728,730	749,217	769,703	790,189	810,676	831,162	851,649	872,135	892,621	913,108	933,594
Learner Pool	280,994	289,894	298,794	307,694	316,595	325,495	334,395	343,295	352,196	361,096	369,996	378,896	387,797	396,697	405,597
Splashpad	55,250	57,000	58,750	60,500	62,250	64,000	65,750	67,500	69,250	71,000	72,750	74,500	76,250	78,000	79,750
Tag Active	305,113	314,777	324,441	334,105	343,769	353,434	363,098	372,762	382,426	392,090	401,755	411,419	421,083	430,747	440,411
Soft Play	264,493	272,870	281,248	289,626	298,003	306,381	314,758	323,136	331,514	339,891	348,269	356,646	365,024	373,402	381,779
Fitness	864,624	940,651	988,667	1,052,029	1,079,829	1,117,623	1,156,740	1,197,226	1,239,129	1,282,499	1,327,386	1,373,844	1,421,929	1,471,697	1,523,206
Studios	92,250	95,172	98,094	101,016	103,938	106,860	109,781	112,703	115,625	118,547	121,469	124,391	127,313	130,235	133,157
Spin	19,528	20,146	20,765	21,383	22,002	22,620	23,239	23,857	24,476	25,094	25,713	26,331	26,950	27,568	28,187
Multi Purpose Room	18,647	19,238	19,828	20,419	21,009	21,600	22,191	22,781	23,372	23,963	24,553	25,144	25,734	26,325	26,916
Sports Hall	151,683	156,488	161,292	166,097	170,901	175,706	180,510	185,315	190,119	194,923	220,699	233,167	245,971	259,111	272,587
Health Projects Grants	55,250	55,750	56,250	56,750	57,250	57,750	58,250	58,750	59,250	59,750	60,250	60,750	61,250	61,750	62,250
Other income	41,712	42,089	42,467	42,844	43,221	43,599	43,976	44,354	44,731	45,109	45,486	45,864	46,241	46,619	46,996
Sub-Total	3,703,030	3,866,768	4,002,495	4,153,567	4,269,078	4,394,583	4,521,410	4,649,606	4,779,220	4,910,300	5,063,870	5,205,702	5,349,496	5,495,310	5,643,202
Secondary Spend															
Merchandising	20,202	20,842	21,482	22,122	22,762	23,402	24,041	24,681	25,321	25,961	26,601	27,241	27,881	28,521	29,161
Cafe	404,042	416,840	429,638	442,436	455,233	468,031	480,829	493,627	506,424	519,222	537,395	556,204	575,671	595,819	616,673
Vending	60,606	62,526	64,446	66,365	68,285	70,205	72,124	74,044	75,964	77,883	80,609	83,431	86,351	89,373	92,501
Sub Total Secondary Spend	484,851	500,208	515,565	530,923	546,280	561,637	576,995	592,352	607,709	623,066	644,605	666,875	689,902	713,713	738,334
Total Income	4,187,881	4,366,976	4,518,060	4,684,490	4,815,358	4,956,220	5,098,405	5,241,958	5,386,929	5,533,366	5,708,474	5,872,577	6,039,398	6,209,023	6,381,536
Expenditure															
Staffing															
Staff Costs	1,834,698	1,892,810	1,950,923	2,009,036	2,067,148	2,125,261	2,183,373	2,241,486	2,299,599	2,357,711	2,415,824	2,473,936	2,532,049	2,590,162	2,648,274
Staff Training and Uniforms	36,694	37,856	39,018	40,181	41,343	42,505	43,667	44,830	45,992	47,154	48,316	49,479	50,641	51,803	52,965

Maidstone Leisure Centre Financial Modelling

Detailed Budget	New Build														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Staffing Sub Total	1,871,392	1,930,667	1,989,941	2,049,216	2,108,491	2,167,766	2,227,041	2,286,316	2,345,591	2,404,865	2,464,140	2,523,415	2,582,690	2,641,965	2,701,240
Premises															
Utilities (Gas/Electricity)	241,604	249,256	256,909	264,562	272,214	279,867	287,519	295,172	302,825	310,477	318,130	325,783	333,435	341,088	348,740
Water / Sewerage	44,741	46,159	47,576	48,993	50,410	51,827	53,244	54,662	56,079	57,496	58,913	60,330	61,747	63,164	64,582
Insurance	31,319	32,311	33,303	34,295	35,287	36,279	37,271	38,263	39,255	40,247	41,239	42,231	43,223	44,215	45,207
NNDR	26,845	27,695	28,545	29,396	30,246	31,096	31,947	32,797	33,647	34,497	35,348	36,198	37,048	37,899	38,749
Building Maintenance & Repairs	32,392	64,784	129,568	161,960	161,960	166,009	170,058	174,107	178,156	182,205	182,205	182,205	182,205	182,205	182,205
Equipment Purchase	22,639	23,356	24,073	24,790	25,507	26,225	26,942	27,659	28,376	29,093	29,810	30,527	31,244	31,961	32,678
Equipment Rental	17,897	18,463	19,030	19,597	20,164	20,731	21,298	21,865	22,431	22,998	23,565	24,132	24,699	25,266	25,833
Equipment Maintenance & Repairs	12,528	12,924	13,321	13,718	14,115	14,512	14,908	15,305	15,702	16,099	16,496	16,892	17,289	17,686	18,083
Maintenance Contracts	17,897	18,463	19,030	19,597	20,164	20,731	21,298	21,865	22,431	22,998	23,565	24,132	24,699	25,266	25,833
Pool Chemicals	35,793	36,927	38,061	39,194	40,328	41,462	42,595	43,729	44,863	45,997	47,130	48,264	49,398	50,532	51,665
Trade Waste Collection	13,422	13,848	14,273	14,698	15,123	15,548	15,973	16,398	16,824	17,249	17,249	17,249	17,249	17,249	17,249
Premises sub total	497,077	544,187	623,690	670,800	685,519	704,286	723,054	741,821	760,589	779,356	793,650	807,943	822,237	836,530	850,823
Administration and Marketing															
Design, marketing & advertising	69,414	74,675	79,631	85,023	89,927	95,159	100,566	106,150	111,913	117,861	124,587	131,252	138,151	145,291	152,678
Postage	1,790	1,846	1,903	1,960	2,016	2,073	2,130	2,186	2,243	2,300	2,357	2,413	2,470	2,527	2,583
Printing & Stationery	2,684	2,770	2,855	2,940	3,025	3,110	3,195	3,280	3,365	3,450	3,535	3,620	3,705	3,790	3,875
Photocopier	2,684	2,770	2,855	2,940	3,025	3,110	3,195	3,280	3,365	3,450	3,535	3,620	3,705	3,790	3,875
Security Charges	4,474	4,616	4,758	4,899	5,041	5,183	5,324	5,466	5,608	5,750	5,891	6,033	6,175	6,316	6,458
Bank Charges	8,948	9,232	9,515	9,799	10,082	10,365	10,649	10,932	11,216	11,499	11,783	12,066	12,349	12,633	12,916
Professional Fees & licences	18,791	19,387	19,982	20,577	21,172	21,767	22,363	22,958	23,553	24,148	24,743	25,339	25,934	26,529	27,124
Telephone	7,159	7,385	7,612	7,839	8,066	8,292	8,519	8,746	8,973	9,199	9,426	9,653	9,880	10,106	10,333
Sundries/General Expenses	13,422	13,848	14,273	14,698	15,123	15,548	15,973	16,398	16,824	17,249	17,674	18,099	18,524	18,949	19,374
Sub Total Admin and Marketing	129,368	136,528	143,382	150,674	157,476	164,608	171,913	179,396	187,059	194,905	203,531	212,094	220,893	229,931	239,218
Supplies and Services															
Cleaning Supplies	35,793	36,927	38,061	39,194	40,328	41,462	42,595	43,729	44,863	45,997	47,130	48,264	49,398	50,532	51,665
Café Cost of Sales	202,021	208,420	214,819	221,218	227,617	234,016	240,414	246,813	253,212	259,611	266,010	272,409	278,808	285,207	291,606
Vending Cost of Sales	24,243	25,010	25,778	26,546	27,314	28,082	28,850	29,618	30,385	31,153	32,244	33,372	34,540	35,749	37,000

Maidstone Leisure Centre Financial Modelling

Detailed Budget

	New Build														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Merchandise Items for re-sale	10,101	10,421	10,741	11,061	11,381	11,701	12,021	12,341	12,661	12,981	13,300	13,620	13,940	14,260	14,580
Misc Expenses/Contingency	13,422	13,848	14,273	14,698	15,123	15,548	15,973	16,398	16,824	17,249	17,674	18,099	18,524	18,949	19,374
Sub Total Supplies and Services	285,580	294,626	303,672	312,717	321,763	330,808	339,854	348,899	357,945	366,990	379,046	391,458	404,238	417,400	430,957
Overheads/Support Cost															
Central Support	83,758	87,340	90,361	93,690	96,307	99,124	101,968	104,839	107,739	110,667	114,169	117,452	120,788	124,180	127,631
Operator Profit	125,636	131,009	135,542	140,535	144,461	148,687	152,952	157,259	161,608	166,001	171,254	176,177	181,182	186,271	191,446
Irrecoverable VAT	167,515	174,679	180,722	187,380	192,614	198,249	203,936	209,678	215,477	221,335	228,339	234,903	241,576	248,361	255,261
Sub Total Support Costs	376,909	393,028	406,625	421,604	433,382	446,060	458,856	471,776	484,824	498,003	513,763	528,532	543,546	558,812	574,338
Total Operating Expenditure	3,160,326	3,299,035	3,467,310	3,605,012	3,706,631	3,813,528	3,920,718	4,028,209	4,136,007	4,244,120	4,354,129	4,463,442	4,573,603	4,684,638	4,796,576
Net Operating Surplus / (Loss)	1,027,555	1,067,941	1,050,750	1,079,478	1,108,727	1,142,692	1,177,686	1,213,750	1,250,922	1,289,246	1,354,345	1,409,135	1,465,795	1,524,385	1,584,961
Below the line costs															
Sinking Fund/Lifecycle repairs etc	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Equipment Replacement	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645
Capital Cost Repayment	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552	1,844,552
Sub Total	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197	2,115,197
Gross Surplus / (Loss) inc Sinking Fund	(1,087,642)	(1,047,256)	(1,064,447)	(1,035,719)	(1,006,470)	(972,505)	(937,510)	(901,447)	(864,274)	(825,950)	(760,852)	(706,062)	(649,401)	(590,812)	(530,236)

Maidstone Leisure Centre Financial Modelling

Detailed Budget

Refurbish

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Total Income	4,109,636	4,236,728	4,338,609	4,456,888	4,541,205	4,620,317	4,699,850	4,779,813	4,860,213	4,941,060	5,039,832	5,129,473	5,232,327	5,336,099	5,440,807
Total 'Operating' Expenditure	3,343,767	3,490,297	3,677,038	3,822,735	3,921,810	4,025,787	4,129,894	4,234,131	4,338,501	4,443,005	4,551,434	4,659,099	4,768,558	4,878,396	4,988,620
Net Profit/(Loss)	765,869	746,431	661,572	634,152	619,395	594,530	569,956	545,681	521,712	498,055	488,398	470,374	463,769	457,703	452,187

Income															
Main Pool	906,703	923,114	939,525	955,936	972,347	988,758	1,005,169	1,021,580	1,037,991	1,054,402	1,070,813	1,087,224	1,107,737	1,128,251	1,148,765
Teaching Pool	646,785	658,491	670,198	681,904	693,611	705,317	717,024	728,730	740,437	752,143	763,850	775,556	790,189	804,823	819,456
Learner Pool	280,994	286,080	291,165	296,251	301,337	306,423	311,509	316,595	321,681	326,766	331,852	336,938	343,295	349,653	356,010
Splashpad	55,250	56,250	57,250	58,250	59,250	60,250	61,250	62,250	63,250	64,250	65,250	66,250	67,500	68,750	70,000
Tag Active	305,113	310,635	316,157	321,680	327,202	332,725	338,247	343,769	349,292	354,814	360,337	365,859	372,762	379,665	386,568
Soft Play	264,493	269,280	274,067	278,854	283,642	288,429	293,216	298,003	302,790	307,578	312,365	317,152	323,136	329,120	335,104
Fitness	852,952	921,977	965,792	1,026,003	1,052,253	1,073,299	1,094,764	1,116,660	1,138,993	1,161,773	1,185,008	1,208,708	1,232,883	1,257,540	1,282,691
Studios	92,250	93,920	95,590	97,259	98,929	100,599	102,268	103,938	105,608	107,278	108,947	110,617	112,704	114,791	116,878
Spin	19,527	19,880	20,234	20,587	20,941	21,294	21,648	22,001	22,354	22,708	23,061	23,415	23,857	24,298	24,740
Multi Purpose Room	18,647	18,984	19,322	19,659	19,997	20,334	20,672	21,009	21,347	21,684	22,022	22,359	22,781	23,203	23,625
Sports Hall	101,122	102,953	104,783	106,613	108,443	110,274	112,104	113,934	115,764	117,595	131,965	136,412	141,457	146,593	151,821
Health Projects Grants	55,250	55,750	56,250	56,750	57,250	57,750	58,250	58,750	59,250	59,750	60,250	60,750	61,250	61,750	62,250
Other income	41,712	42,089	42,467	42,844	43,221	43,599	43,976	44,354	44,731	45,109	45,486	45,864	46,241	46,619	46,996
Sub-Total	3,640,797	3,759,403	3,852,799	3,962,592	4,038,424	4,109,050	4,180,097	4,251,574	4,323,488	4,395,849	4,481,206	4,557,104	4,645,793	4,735,056	4,824,904

Secondary Spend

Merchandising	19,535	19,889	20,242	20,596	20,949	21,303	21,656	22,010	22,364	22,717	23,071	23,424	23,866	24,308	24,750
Cafe	390,699	397,770	404,842	411,913	418,985	426,056	433,128	440,199	447,270	454,342	465,700	477,343	489,277	501,508	514,046
Vending	58,605	59,666	60,726	61,787	62,848	63,908	64,969	66,030	67,091	68,151	69,855	71,601	73,391	75,226	77,107
Sub Total Secondary Spend	468,838	477,324	485,810	494,296	502,781	511,267	519,753	528,239	536,725	545,210	558,626	572,369	586,534	601,043	615,903

Total Income	4,109,636	4,236,728	4,338,609	4,456,888	4,541,205	4,620,317	4,699,850	4,779,813	4,860,213	4,941,060	5,039,832	5,129,473	5,232,327	5,336,099	5,440,807
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Expenditure

Staffing

Staff Costs	1,834,698	1,892,810	1,950,923	2,009,036	2,067,148	2,125,261	2,183,373	2,241,486	2,299,599	2,357,711	2,415,824	2,473,936	2,532,049	2,590,162	2,648,274
Staff Training and Uniforms	36,694	37,856	39,018	40,181	41,343	42,505	43,667	44,830	45,992	47,154	48,316	49,479	50,641	51,803	52,965
Staffing Sub Total	1,871,392	1,930,667	1,989,941	2,049,216	2,108,491	2,167,766	2,227,041	2,286,316	2,345,591	2,404,865	2,464,140	2,523,415	2,582,690	2,641,965	2,701,240

Maidstone Leisure Centre Financial Modelling

Detailed Budget

Refurbish

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Premises															
Utilities (Gas/Electricity)	321,144	331,316	341,488	351,660	361,832	372,004	382,176	392,348	402,520	412,692	422,864	433,036	443,208	453,380	463,552
Water / Sewerage	59,471	61,355	63,239	65,122	67,006	68,890	70,773	72,657	74,541	76,424	78,308	80,192	82,076	83,959	85,843
Insurance	41,630	42,948	44,267	45,586	46,904	48,223	49,541	50,860	52,178	53,497	54,816	56,134	57,453	58,771	60,090
NNDR	35,683	36,813	37,943	39,073	40,204	41,334	42,464	43,594	44,724	45,855	46,985	48,115	49,245	50,376	51,506
Building Maintenance & Repairs	43,056	86,112	172,224	215,280	215,280	220,662	226,044	231,426	236,808	242,190	247,572	252,954	258,336	263,718	269,100
Equipment Purchase	30,092	31,046	31,999	32,952	33,905	34,858	35,811	36,764	37,718	38,671	39,624	40,577	41,530	42,483	43,437
Equipment Rental	23,788	24,542	25,295	26,049	26,802	27,556	28,309	29,063	29,816	30,570	31,323	32,077	32,830	33,584	34,337
Equipment Maintenance & Repairs	16,652	17,179	17,707	18,234	18,762	19,289	19,817	20,344	20,871	21,399	21,926	22,454	22,981	23,509	24,036
Maintenance Contracts	23,788	24,542	25,295	26,049	26,802	27,556	28,309	29,063	29,816	30,570	31,323	32,077	32,830	33,584	34,337
Pool Chemicals	47,577	49,084	50,591	52,098	53,605	55,112	56,619	58,126	59,633	61,140	62,646	64,153	65,660	67,167	68,674
Trade Waste Collection	17,841	18,406	18,972	19,537	20,102	20,667	21,232	21,797	22,362	22,927	22,927	22,927	22,927	22,927	22,927
Premises sub total	660,723	723,343	829,019	891,639	911,203	936,149	961,095	986,042	1,010,988	1,035,934	1,060,315	1,084,696	1,109,077	1,133,458	1,157,839

Administration and Marketing

Design, marketing & advertising	68,117	72,448	76,468	80,893	84,807	88,710	92,705	96,791	100,971	105,245	109,994	114,644	119,689	124,865	130,171
Postage	2,379	2,454	2,530	2,605	2,680	2,756	2,831	2,906	2,982	3,057	3,132	3,208	3,283	3,358	3,434
Printing & Stationery	3,568	3,681	3,794	3,907	4,020	4,133	4,246	4,359	4,472	4,585	4,698	4,812	4,925	5,038	5,151
Photocopier	3,568	3,681	3,794	3,907	4,020	4,133	4,246	4,359	4,472	4,585	4,698	4,812	4,925	5,038	5,151
Security Charges	5,947	6,135	6,324	6,512	6,701	6,889	7,077	7,266	7,454	7,642	7,831	8,019	8,208	8,396	8,584
Bank Charges	11,894	12,271	12,648	13,024	13,401	13,778	14,155	14,531	14,908	15,285	15,662	16,038	16,415	16,792	17,169
Professional Fees & licences	24,978	25,769	26,560	27,351	28,142	28,934	29,725	30,516	31,307	32,098	32,889	33,681	34,472	35,263	36,054
Telephone	9,515	9,817	10,118	10,420	10,721	11,022	11,324	11,625	11,927	12,228	12,529	12,831	13,132	13,433	13,735
Sundries/General Expenses	17,841	18,406	18,972	19,537	20,102	20,667	21,232	21,797	22,362	22,927	23,492	24,058	24,623	25,188	25,753
Sub Total Admin and Marketing	147,808	154,663	161,208	168,156	174,595	181,022	187,541	194,152	200,855	207,653	214,927	222,101	229,671	237,370	245,201

Supplies and Services

Cleaning Supplies	47,577	49,084	50,591	52,098	53,605	55,112	56,619	58,126	59,633	61,140	62,646	64,153	65,660	67,167	68,674
Café Cost of Sales	195,349	198,885	202,421	205,957	209,492	213,028	216,564	220,099	223,635	227,171	232,850	238,671	244,638	250,754	257,023
Vending Cost of Sales	23,442	23,866	24,290	24,715	25,139	25,563	25,988	26,412	26,836	27,261	27,942	28,641	29,357	30,091	30,843
Merchandise Items for re-sale	9,767	10,077	10,121	10,298	10,475	10,651	10,828	11,005	11,182	11,359	11,535	11,712	11,933	12,154	12,375
Misc Expenses/Contingency	17,841	18,406	18,972	19,537	20,102	20,667	21,232	21,797	22,362	22,927	23,492	24,058	24,623	25,188	25,753
Sub Total Supplies and Services	293,977	300,318	306,395	312,604	318,812	325,021	331,230	337,439	343,648	349,857	358,467	367,235	376,211	385,354	394,668

Maidstone Leisure Centre Financial Modelling

Detailed Budget	Refurbish														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Overheads/Support Cost															
Central Support	82,193	84,735	86,772	89,138	90,824	92,406	93,997	95,596	97,204	98,821	100,797	102,589	104,647	106,722	108,816
Operator Profit	123,289	127,102	130,158	133,707	136,236	138,610	140,996	143,394	145,806	148,232	151,195	153,884	156,970	160,083	163,224
Irrecoverable VAT	164,385	169,469	173,544	178,276	181,648	184,813	187,994	191,193	194,409	197,642	201,593	205,179	209,293	213,444	217,632
Sub Total Support Costs	369,867	381,305	390,475	401,120	408,708	415,829	422,987	430,183	437,419	444,695	453,585	461,653	470,909	480,249	489,673
Total Operating Expenditure	3,343,767	3,490,297	3,677,038	3,822,735	3,921,810	4,025,787	4,129,894	4,234,131	4,338,501	4,443,005	4,551,434	4,659,099	4,768,558	4,878,396	4,988,620
Net Operating Surplus / (Loss)	765,869	746,431	661,572	634,152	619,395	594,530	569,956	545,681	521,712	498,055	488,398	470,374	463,769	457,703	452,187
Below the line costs															
Sinking Fund/Lifecycle repairs etc	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Equipment Replacement	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645	95,645
Capital Cost Repayment	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895	1,640,895
Sub Total	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540	1,976,540
Gross Surplus / (Loss) inc Sinking	(1,210,671)	(1,230,109)	(1,314,968)	(1,342,387)	(1,357,145)	(1,382,010)	(1,406,583)	(1,430,858)	(1,454,828)	(1,478,485)	(1,488,141)	(1,506,166)	(1,512,771)	(1,518,836)	(1,524,353)

Maidstone Leisure Centre Financial Modelling

Detailed Budget

Detailed Budget	No change to existing leisure centre														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/28	2038/39	2039/40
Total Income	3,568,311	3,600,604	3,632,896	3,665,189	3,697,481	3,729,773	3,762,066	3,794,358	3,826,651	3,858,943	3,891,235	3,923,528	3,955,820	3,988,113	4,020,405
Total 'Operating' Expenditure	3,872,647	3,975,304	4,080,820	4,189,280	4,300,773	4,415,392	4,533,232	4,654,390	4,778,968	4,907,072	5,038,810	5,174,294	5,313,642	5,456,972	5,604,410
Net Profit/(Loss)	(304,336)	(374,700)	(447,924)	(524,091)	(603,292)	(685,619)	(771,166)	(860,032)	(952,318)	(1,048,129)	(1,147,575)	(1,250,767)	(1,357,821)	(1,468,859)	(1,584,005)
Income															
Main Pool	829,261	836,765	844,270	851,774	859,279	866,784	874,288	881,793	889,297	896,802	904,307	911,811	919,316	926,821	934,325
Teaching Pool	589,313	594,646	599,979	605,313	610,646	615,979	621,312	626,645	631,978	637,311	642,645	647,978	653,311	658,644	663,977
Learner pool	257,824	260,157	262,491	264,824	267,157	269,490	271,824	274,157	276,490	278,823	281,157	283,490	285,823	288,156	290,490
Splashpad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tag Active	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Soft play inc Polar Adventure	237,575	239,725	241,875	244,025	246,175	248,325	250,475	252,625	254,775	256,925	259,075	261,225	263,375	265,525	267,675
Fitness	930,742	939,165	947,588	956,011	964,434	972,857	981,280	989,703	998,126	1,006,549	1,014,972	1,023,395	1,031,818	1,040,241	1,048,664
Studios	57,901	58,425	58,949	59,473	59,997	60,521	61,045	61,569	62,093	62,617	63,141	63,665	64,189	64,713	65,237
Spin	14,793	14,927	15,060	15,194	15,328	15,462	15,596	15,730	15,864	15,997	16,131	16,265	16,399	16,533	16,667
Multi-purpose room	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sports Hall inc events	104,975	105,925	106,875	107,825	108,775	109,725	110,675	111,625	112,575	113,525	114,475	115,425	116,375	117,325	118,275
Health project grants	55,250	55,750	56,250	56,750	57,250	57,750	58,250	58,750	59,250	59,750	60,250	60,750	61,250	61,750	62,250
Other income	41,712	42,089	42,467	42,844	43,221	43,599	43,976	44,354	44,731	45,109	45,486	45,864	46,241	46,619	46,996
Sub Total	3,119,344	3,147,574	3,175,803	3,204,032	3,232,262	3,260,491	3,288,720	3,316,950	3,345,179	3,373,409	3,401,638	3,429,867	3,458,097	3,486,326	3,514,555
Secondary Spend															
Merchandising	52,890	53,368	53,847	54,326	54,804	55,283	55,762	56,240	56,719	57,197	57,676	58,155	58,633	59,112	59,591
Café	360,602	363,866	367,129	370,392	373,656	376,919	380,183	383,446	386,709	389,973	393,236	396,499	399,763	403,026	406,290
Vending	35,475	35,796	36,117	36,438	36,759	37,080	37,401	37,722	38,043	38,364	38,685	39,006	39,327	39,648	39,969
Sub Total Secondary Spend	448,967	453,030	457,093	461,156	465,219	469,282	473,345	477,408	481,471	485,534	489,598	493,661	497,724	501,787	505,850
Total Income	3,568,311	3,600,604	3,632,896	3,665,189	3,697,481	3,729,773	3,762,066	3,794,358	3,826,651	3,858,943	3,891,235	3,923,528	3,955,820	3,988,113	4,020,405
Expenditure															
Staffing															
Staff Costs	1,840,358	1,886,367	1,933,527	1,981,865	2,031,411	2,082,197	2,134,252	2,187,608	2,242,298	2,298,355	2,355,814	2,414,710	2,475,077	2,536,954	2,600,378
Staff training and uniforms	37,558	38,497	39,460	40,446	41,457	42,494	43,556	44,645	45,761	46,905	48,078	49,280	50,512	51,774	53,069
Staffing Sub Total	1,877,917	1,924,865	1,972,986	2,022,311	2,072,869	2,124,690	2,177,808	2,232,253	2,288,059	2,345,261	2,403,892	2,463,989	2,525,589	2,588,729	2,653,447
Premises															
Utilities (Gas/Electricity)	418,072	428,523	439,237	450,217	461,473	473,010	484,835	496,956	509,380	522,114	535,167	548,546	562,260	576,316	590,724
Water / Sewerage	60,496	62,008	63,558	65,147	66,776	68,445	70,157	71,911	73,708	75,551	77,440	79,376	81,360	83,394	85,479
Insurance	52,424	53,735	55,078	56,455	57,867	59,313	60,796	62,316	63,874	65,471	67,108	68,785	70,505	72,268	74,074
NNDR	14,830	15,201	15,581	15,971	16,370	16,779	17,199	17,629	18,069	18,521	18,984	19,459	19,945	20,444	20,955

Maidstone Leisure Centre Financial Modelling

Detailed Budget

Detailed Budget	No change to existing leisure centre														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/28	2038/39	2039/40
Building Maintenance & Repairs	194,672	204,406	214,626	225,358	236,625	248,457	260,880	273,924	287,620	302,001	317,101	332,956	349,604	367,084	385,438
Equipment purchase	12,267	12,880	13,524	14,200	14,910	15,656	16,439	17,260	18,123	19,030	19,981	20,980	22,029	23,131	24,287
Equipment Rental	951	975	999	1,024	1,050	1,076	1,103	1,131	1,159	1,188	1,218	1,248	1,279	1,311	1,344
Equipment Maintenance & Repairs	24,639	25,871	27,164	28,523	29,949	31,446	33,018	34,669	36,403	38,223	40,134	42,141	44,248	46,460	48,783
Maintenance Contracts	2,057	2,160	2,268	2,381	2,500	2,625	2,757	2,895	3,039	3,191	3,351	3,518	3,694	3,879	4,073
Pool Chemicals	113,408	116,243	119,149	122,128	125,181	128,311	131,518	134,806	138,176	141,631	145,172	148,801	152,521	156,334	160,242
Trade Waste Collection	6,250	6,406	6,567	6,731	6,899	7,071	7,248	7,429	7,615	7,806	8,001	8,201	8,406	8,616	8,831
Premises sub total	900,067	928,409	957,752	988,136	1,019,601	1,052,190	1,085,950	1,120,926	1,157,167	1,194,726	1,233,656	1,274,011	1,315,851	1,359,237	1,404,232
Services and Administration															
Design, marketing & advertising	65,623	67,264	68,945	70,669	72,436	74,247	76,103	78,005	79,956	81,954	84,003	86,103	88,256	90,462	92,724
Postage	858	880	902	924	947	971	995	1,020	1,046	1,072	1,099	1,126	1,154	1,183	1,213
Printing & Stationery	8,462	8,674	8,891	9,113	9,341	9,574	9,814	10,059	10,310	10,568	10,832	11,103	11,381	11,665	11,957
Photocopier	2,503	2,566	2,630	2,695	2,763	2,832	2,903	2,975	3,050	3,126	3,204	3,284	3,366	3,450	3,537
Security Charges	4,648	4,765	4,884	5,006	5,131	5,259	5,391	5,525	5,664	5,805	5,950	6,099	6,251	6,408	6,568
Bank Charges	9,535	9,773	10,018	10,268	10,525	10,788	11,058	11,334	11,617	11,908	12,206	12,511	12,823	13,144	13,473
Professional fees & licences	23,837	24,433	25,044	25,670	26,312	26,970	27,644	28,335	29,044	29,770	30,514	31,277	32,059	32,860	33,682
Phone & ICT software and comms	39,990	40,989	42,014	43,065	44,141	45,245	46,376	47,535	48,724	49,942	51,190	52,470	53,782	55,126	56,504
Sundries/General Expenses	13,468	13,805	14,150	14,504	14,866	15,238	15,619	16,009	16,410	16,820	17,240	17,671	18,113	18,566	19,030
Sub Total Admin and Marketing	168,925	173,148	177,477	181,914	186,462	191,123	195,901	200,799	205,819	210,964	216,238	221,644	227,186	232,865	238,687
Supplies															
Cleaning Supplies	70,987	72,761	74,580	76,445	78,356	80,315	82,323	84,381	86,490	88,653	90,869	93,141	95,469	97,856	100,302
Cafe Cost of Sales	209,287	214,519	219,882	225,379	231,013	236,789	242,708	248,776	254,996	261,370	267,905	274,602	281,467	288,504	295,717
Vending cost of sales	18,199	18,654	19,120	19,598	20,088	20,590	21,105	21,633	22,173	22,728	23,296	23,878	24,475	25,087	25,714
Merchandise Items for re-sale	63,192	64,772	66,391	68,051	69,752	71,496	73,283	75,115	76,993	78,918	80,891	82,913	84,986	87,111	89,288
Misc Expenses/Contingency	192,629	197,445	202,381	207,440	212,627	217,942	223,391	228,975	234,700	240,567	246,582	252,746	259,065	265,541	272,180
Sub Total Supplies and Services	554,293	568,150	582,354	596,913	611,836	627,132	642,810	658,880	675,352	692,236	709,542	727,281	745,463	764,099	783,202
Overheads/Support Cost															
Central Support	79,093	81,070	83,097	85,174	87,303	89,486	91,723	94,016	96,367	98,776	101,245	103,776	106,371	109,030	111,756
Operator Profit	94,766	97,135	99,563	102,052	104,604	107,219	109,899	112,647	115,463	118,349	121,308	124,341	127,449	130,636	133,901
Irrecoverable VAT	197,587	202,527	207,590	212,780	218,099	223,552	229,141	234,869	240,741	246,759	252,928	259,252	265,733	272,376	279,186
Sub Total Support Costs	371,446	380,732	390,250	400,006	410,006	420,257	430,763	441,532	452,570	463,885	475,482	487,369	499,553	512,042	524,843
Total Operating Expenditure	3,872,647	3,975,304	4,080,820	4,189,280	4,300,773	4,415,392	4,533,232	4,654,390	4,778,968	4,907,072	5,038,810	5,174,294	5,313,642	5,456,972	5,604,410
Net Operating Surplus / (loss)	(304,336)	(374,700)	(447,924)	(524,091)	(603,292)	(685,619)	(771,166)	(860,032)	(952,318)	(1,048,129)	(1,147,575)	(1,250,767)	(1,357,821)	(1,468,859)	(1,584,005)

Maidstone Leisure Centre Financial Modelling

Detailed Budget

	No change to existing leisure centre														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/28	2038/39	2039/40
Repairs costs	900,387	900,387	900,387	612,656	612,656	612,656	612,656	612,656	736,686	736,686	736,686	736,686	736,686	736,686	736,686
Operating Surplus / (Loss) After Repairs	(1,204,722)	(1,275,087)	(1,348,310)	(1,136,747)	(1,215,948)	(1,298,275)	(1,383,822)	(1,472,688)	(1,689,003)	(1,784,815)	(1,884,260)	(1,987,452)	(2,094,507)	(2,205,545)	(2,320,691)

Required repairs and works 2023-2027 £5,402,320

Required repairs and works 2028 - 2032 £3,063,280

Required repairs and works 2033 - 2037 £5,156,800

Maidstone Leisure Centre Financial Modelling

Detailed Budget

Detailed Budget	Minor improvements														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/28	2038/39	2039/40
Total Income	3,976,567	4,011,876	4,047,185	4,082,494	4,113,503	4,148,812	4,184,121	4,219,430	4,254,739	4,290,048	4,325,357	4,360,666	4,395,975	4,431,285	4,466,594
Total Operating Expenditure	3,913,609	4,017,290	4,123,856	4,233,392	4,345,988	4,461,737	4,580,735	4,703,081	4,828,877	4,958,228	5,091,245	5,228,040	5,368,731	5,513,439	5,662,289
Net Profit/(Loss)	62,958	(5,414)	(76,671)	(150,897)	(232,485)	(312,925)	(396,614)	(483,651)	(574,137)	(668,180)	(765,888)	(867,374)	(972,756)	(1,082,154)	(1,195,695)
Income															
Main Pool	844,270	851,774	859,279	866,784	874,288	881,793	889,297	896,802	904,307	911,811	919,316	926,821	934,325	941,830	949,334
Teaching Pool	599,979	605,313	610,646	615,979	621,312	626,645	631,978	637,311	642,645	647,978	653,311	658,644	663,977	669,310	674,643
Learner pool	262,491	264,824	267,157	269,490	271,824	274,157	276,490	278,823	281,157	283,490	285,823	288,156	290,490	292,823	295,156
Splashpad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tag Active	309,375	312,125	314,875	317,625	320,375	323,125	325,875	328,625	331,375	334,125	336,875	339,625	342,375	345,125	347,875
Soft play inc Polar Adventure	246,175	248,325	250,475	252,625	250,475	252,625	254,775	256,925	259,075	261,225	263,375	265,525	267,675	269,825	271,975
Fitness	947,588	956,011	964,434	972,857	981,280	989,703	998,126	1,006,549	1,014,972	1,023,395	1,031,818	1,040,241	1,048,664	1,057,087	1,065,510
Studios	58,949	59,473	59,997	60,521	61,045	61,569	62,093	62,617	63,141	63,665	64,189	64,713	65,237	65,761	66,285
Spin	15,060	15,194	15,328	15,462	15,596	15,730	15,864	15,997	16,131	16,265	16,399	16,533	16,667	16,801	16,935
Multi-purpose room	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sports Hall inc events	106,875	107,825	108,775	109,725	110,675	111,625	112,575	113,525	114,475	115,425	116,375	117,325	118,275	119,225	120,175
Health project grants	56,250	56,750	57,250	57,750	58,250	58,750	59,250	59,750	60,250	60,750	61,250	61,750	62,250	62,750	63,250
Other income	42,467	42,844	43,221	43,599	43,976	44,354	44,731	45,109	45,486	45,864	46,241	46,619	46,996	47,374	47,751
Sub Total	3,489,478	3,520,457	3,551,437	3,582,416	3,609,095	3,640,075	3,671,054	3,702,034	3,733,013	3,763,992	3,794,972	3,825,951	3,856,930	3,887,910	3,918,889
Secondary Spend															
Merchandising	53,847	54,326	54,804	55,283	55,762	56,240	56,719	57,197	57,676	58,155	58,633	59,112	59,591	60,069	60,548
Café	397,125	400,655	404,185	407,715	411,245	414,775	418,305	421,835	425,365	428,895	432,425	435,955	439,485	443,015	446,545
Vending	36,117	36,438	36,759	37,080	37,401	37,722	38,043	38,364	38,685	39,006	39,327	39,648	39,969	40,291	40,612
Sub Total Secondary Spend	487,089	491,419	495,748	500,078	504,408	508,737	513,067	517,397	521,726	526,056	530,386	534,715	539,045	543,375	547,705
Total Income	3,976,567	4,011,876	4,047,185	4,082,494	4,113,503	4,148,812	4,184,121	4,219,430	4,254,739	4,290,048	4,325,357	4,360,666	4,395,975	4,431,285	4,466,594
Expenditure															
Staffing															
Staff Costs	1,908,343	1,956,051	2,004,953	2,055,076	2,106,453	2,159,115	2,213,093	2,268,420	2,325,130	2,383,259	2,442,840	2,503,911	2,566,509	2,630,672	2,696,438
Staff training and uniforms	37,558	38,497	39,460	40,446	41,457	42,494	43,556	44,645	45,761	46,905	48,078	49,280	50,512	51,774	53,069
Staffing Sub Total	1,945,901	1,994,549	2,044,412	2,095,523	2,147,911	2,201,608	2,256,649	2,313,065	2,370,891	2,430,164	2,490,918	2,553,191	2,617,021	2,682,446	2,749,507
Premises															
Utilities (Gas/Electricity)	376,264	385,671	395,313	405,196	415,325	425,709	436,351	447,260	458,442	469,903	481,650	493,691	506,034	518,685	531,652
Water / Sewerage	60,496	62,008	63,558	65,147	66,776	68,445	70,157	71,911	73,708	75,551	77,440	79,376	81,360	83,394	85,479
Insurance	52,424	53,735	55,078	56,455	57,867	59,313	60,796	62,316	63,874	65,471	67,108	68,785	70,505	72,268	74,074
NNDR	14,830	15,201	15,581	15,971	16,370	16,779	17,199	17,629	18,069	18,521	18,984	19,459	19,945	20,444	20,955
Building Maintenance & Repairs	194,672	204,406	214,626	225,358	236,625	248,457	260,880	273,924	287,620	302,001	317,101	332,956	349,604	367,084	385,438
Equipment purchase	12,267	12,880	13,524	14,200	14,910	15,656	16,439	17,260	18,123	19,030	19,981	20,980	22,029	23,131	24,287

Maidstone Leisure Centre Financial Modelling

Detailed Budget

	Minor improvements														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/28	2038/39	2039/40
Equipment Rental	951	975	999	1,024	1,050	1,076	1,103	1,131	1,159	1,188	1,218	1,248	1,279	1,311	1,344
Equipment Maintenance & Repairs	24,639	25,871	27,164	28,523	29,949	31,446	33,018	34,669	36,403	38,223	40,134	42,141	44,248	46,460	48,783
Maintenance Contracts	2,057	2,160	2,268	2,381	2,500	2,625	2,757	2,895	3,039	3,191	3,351	3,518	3,694	3,879	4,073
Pool Chemicals	113,408	116,243	119,149	122,128	125,181	128,311	131,518	134,806	138,176	141,631	145,172	148,801	152,521	156,334	160,242
Trade Waste Collection	6,250	6,406	6,567	6,731	6,899	7,071	7,248	7,429	7,615	7,806	8,001	8,201	8,406	8,616	8,831
Premises sub total	858,259	885,557	913,828	943,114	973,453	1,004,889	1,037,466	1,071,230	1,106,229	1,142,515	1,180,139	1,219,156	1,259,625	1,301,605	1,345,159
Services and Administration															
Design, marketing & advertising	65,623	67,264	68,945	70,669	72,436	74,247	76,103	78,005	79,956	81,954	84,003	86,103	88,256	90,462	92,724
Postage	858	880	902	924	947	971	995	1,020	1,046	1,072	1,099	1,126	1,154	1,183	1,213
Printing & Stationery	8,462	8,674	8,891	9,113	9,341	9,574	9,814	10,059	10,310	10,568	10,832	11,103	11,381	11,665	11,957
Photocopier	2,503	2,566	2,630	2,695	2,763	2,832	2,903	2,975	3,050	3,126	3,204	3,284	3,366	3,450	3,537
Security Charges	4,648	4,765	4,884	5,006	5,131	5,259	5,391	5,525	5,664	5,805	5,950	6,099	6,251	6,408	6,568
Bank Charges	9,535	9,773	10,018	10,268	10,525	10,788	11,058	11,334	11,617	11,908	12,206	12,511	12,823	13,144	13,473
Professional fees & licences	23,837	24,433	25,044	25,670	26,312	26,970	27,644	28,335	29,044	29,770	30,514	31,277	32,059	32,860	33,682
Phones ICT software and comms	39,990	40,989	42,014	43,065	44,141	45,245	46,376	47,535	48,724	49,942	51,190	52,470	53,782	55,126	56,504
Sundries/General Expenses	13,468	13,805	14,150	14,504	14,866	15,238	15,619	16,009	16,410	16,820	17,240	17,671	18,113	18,566	19,030
Sub Total Admin and Marketing	168,925	173,148	177,477	181,914	186,462	191,123	195,901	200,799	205,819	210,964	216,238	221,644	227,186	232,865	238,687
Supplies															
Cleaning Supplies	70,987	72,761	74,580	76,445	78,356	80,315	82,323	84,381	86,490	88,653	90,869	93,141	95,469	97,856	100,302
Cafe Cost of Sales	224,072	229,674	235,416	241,301	247,333	253,517	259,855	266,351	273,010	279,835	286,831	294,002	301,352	308,886	316,608
Vending cost of sales	18,199	18,654	19,120	19,598	20,088	20,590	21,105	21,633	22,173	22,728	23,296	23,878	24,475	25,087	25,714
Merchandise Items for re-sale	63,192	64,772	66,391	68,051	69,752	71,496	73,283	75,115	76,993	78,918	80,891	82,913	84,986	87,111	89,288
Misc Expenses/Contingency	192,629	197,445	202,381	207,440	212,627	217,942	223,391	228,975	234,700	240,567	246,582	252,746	259,065	265,541	272,180
Sub Total Supplies and Services	569,078	583,305	597,888	612,835	628,156	643,860	659,956	676,455	693,367	710,701	728,468	746,680	765,347	784,481	804,093
Overheads/Support Cost															
Central Support	79,093	81,070	83,097	85,174	87,303	89,486	91,723	94,016	96,367	98,776	101,245	103,776	106,371	109,030	111,756
Operator Profit	94,766	97,135	99,563	102,052	104,604	107,219	109,899	112,647	115,463	118,349	121,308	124,341	127,449	130,636	133,901
Irrecoverable VAT	197,587	202,527	207,590	212,780	218,099	223,552	229,141	234,869	240,741	246,759	252,928	259,252	265,733	272,376	279,186
Sub Total Support Costs	371,446	380,732	390,250	400,006	410,006	420,257	430,763	441,532	452,570	463,885	475,482	487,369	499,553	512,042	524,843
Total Operating Expenditure	3,913,609	4,017,290	4,123,856	4,233,392	4,345,988	4,461,737	4,580,735	4,703,081	4,828,877	4,958,228	5,091,245	5,228,040	5,368,731	5,513,439	5,662,289
Net Operating Surplus / (loss)	62,958	(5,414)	(76,671)	(150,897)	(232,485)	(312,925)	(396,614)	(483,651)	(574,137)	(668,180)	(765,888)	(867,374)	(972,756)	(1,082,154)	(1,195,695)
Capital costs / repairs	900,387	900,387	900,387	612,656	612,656	612,656	612,656	612,656	736,686	736,686	736,686	736,686	736,686	736,686	736,686
Minor changes investment	449,254	449,254	449,254	449,254	449,254										
Overall Surplus / (Loss)	(1,286,683)	(1,355,055)	(1,426,311)	(1,212,807)	(1,294,395)	(925,581)	(1,009,270)	(1,096,307)	(1,310,823)	(1,404,866)	(1,502,573)	(1,604,060)	(1,709,441)	(1,818,840)	(1,932,381)

Maidstone Leisure Centre Financial Modelling

Detailed Budget	Minor improvements														
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/28	2038/39	2039/40
Required repairs and works 2023-2027	£5,402,320														
Required repairs and works 2028 - 2032	£3,063,280														
Required repairs and works 2033 - 2037	£5,156,800														
Cost of minor changes 2025/26 to 2029/30	£2,000,000														