

CORPORATE SERVICES POLICY ADVISORY COMMITTEE MEETING

Date: Wednesday 13 March 2024
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership: Councillors Bartlett (Chairman), Cannon, Conyard, Cooke, Mrs Gooch (Vice-Chairman), Harper, Hinder, S Thompson and 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.

<u>AGENDA</u>	<u>Page No.</u>
1. Apologies for Absence	
2. Notification of Substitute Members	
3. Urgent Items	
4. Notification of Visiting Members	
5. Disclosures by Members and Officers	
6. Disclosures of Lobbying	
7. To consider whether any items should be taken in private because of the possible disclosure of exempt information	
8. Minutes of the Meeting Held on 5 February 2024 - To Follow	
9. Forward Plan relating to the Committee's Terms of Reference	1 - 4
10. Draft Key Performance Indicators	5 - 12
11. 3rd Quarter Finance, Performance and Risk Monitoring Report	13 - 75
12. Maidstone Property Holdings Limited	76 - 82

INFORMATION FOR THE PUBLIC

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 11 March 2024). 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**.

To find out more about the work of the Committee, please visit the [Council's Website](#).

Issued on Tuesday 5 March 2024

Alison Broom

Alison Broom, Chief Executive







MAIDSTONE BOROUGH COUNCIL FORWARD PLAN FOR THE FOUR MONTH PERIOD 1 MARCH 2024 TO 30 JUNE 2024

This Forward Plan sets out the details of the key and non-key decisions which the Cabinet or Cabinet Members expect to take during the next four-month period.

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 Cabinet Members are:

 <p>Councillor David Burton Leader of the Council DavidBurton@maidstone.gov.uk 07590 229910</p>	 <p>Councillor Paul Cooper Deputy Leader and Cabinet Member for Planning, Infrastructure and Economic Development PaulCooper@Maidstone.gov.uk 01622 244070</p>	 <p>Councillor John Perry Cabinet Member for Corporate Services JohnPerry@Maidstone.gov.uk 07770 734741</p>
 <p>Councillor Claudine Russell Cabinet Member for Communities, Leisure and Arts ClaudineRussell@Maidstone.gov.uk</p>	 <p>Councillor Patrik Garten Cabinet Member for Environmental Services PatrikGarten@Maidstone.gov.uk 01622 807907</p>	 <p>Councillor Lottie Parfitt-Reid Cabinet Member for Housing and Health LottieParfittReid@Maidstone.gov.uk 07919 360000</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 Maidstone House, King Street, Maidstone, ME15 6JQ or accessed from the [Council's website](#).

Members of the public are welcome to attend meetings of the Cabinet which are normally held at the Town Hall, High St, Maidstone, ME14 1SY. The dates and times of the meetings are published on the [Council's Website](#), 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	Relevant Cabinet 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
Maidstone Property Holdings Limited Appointment of Directors	Cabinet Member for Corporate Services.	Cabinet Member for Corporate Services.	Not before 13 Mar 2024	No	No Open	Corporate Services Policy Advisory Committee 13 Mar 2024	Maidstone Property Holdings Limited	Mark Green Director of Finance, Resources & Business Improvement markgreen@maidstone.gov.uk
3 rd Quarter Finance, Performance and Risk Monitoring Report	Cabinet	Cabinet Member for Corporate Services.	20 Mar 2024	No	No Open	Planning, Infrastructure and Economic Development Policy Advisory Committee 6 Mar 2024 Communities, Leisure and Arts Policy Advisory Committee 5 Mar 2024 Housing, Health and Environment Policy Advisory Committee 12 Mar 2024	3rd Quarter Finance, Performance and Risk Monitoring Report	Paul Holland, Adrian Lovegrove Head of Finance paulholland@maidstone.gov.uk, adrianlovegrove@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
						Corporate Services Policy Advisory Committee 13 Mar 2024		
<p>Key Performance Indicators</p> <p>Key performance indicators are reviewed annually. This report proposes the KPIs for the period 2024/25.</p> <p>➤</p>	Cabinet	Leader of the Council	20 Mar 2024	No	No Open	<p>Communities, Leisure and Arts Policy Advisory Committee 5 Mar 2024</p> <p>Planning, Infrastructure and Economic Development Policy Advisory Committee 6 Mar 2024</p> <p>Housing, Health and Environment Policy Advisory Committee 12 Mar 2024</p> <p>Corporate Services Policy Advisory Committee 13 Mar 2024</p>	Key Performance Indicators	<p>Carly Benville, Anna Collier</p> <p>carlybenville@maidstone.gov.uk, annacollier@maidstone.gov.uk</p>

**Corporate Services
Policy Advisory Committee**

13 March 2024

Draft Key Performance Indicators 2024/25

Timetable	
Meeting	Date
Communities Leisure and Arts Policy Advisory Committee	5 March 2024
Planning, Infrastructure and Economic Development Policy Advisory Committee	6 March 2024
Housing, Health and the Environment Policy Advisory Committee	12 March 2024
Corporate Services Policy Advisory Committee	13 March 2024
Cabinet	20 March 2024

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	CABINET
Lead Head of Service	Head of Insight, Communities and Governance
Lead Officer and Report Author	Carly Benville Information and Analytics Manager
Classification	Public
Wards affected	All

Executive Summary

Committee are provided with an update on performance management arrangements for 2024/25 including to recommend to Cabinet the draft key performance indicators for 2024/25.

Purpose of Report

Decision

This report asks the Committee to consider the following recommendation to the Cabinet;

1. To agree the draft Performance Indicators at Appendix A and note the changes to reporting arrangements.
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Draft Key Performance Indicators 2024/25

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 its priorities as the Key Performance Indicators and strategic actions are aligned with 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>	Anna Collier - Head of Insight, Communities and Governance
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 recommendation(s) supports the achievement(s) of all cross-cutting objectives as the Key Performance Indicators and strategic actions are aligned with the Council's overarching Strategic Plan 2019-45.</p>	Anna Collier - Head of Insight, Communities and Governance
Risk Management	Already covered in the risk section.	Anna Collier - Head of Insight, Communities and Governance
Financial	The proposals set out in the recommendation are all within already approved budgetary headings and so need no new funding for implementation. Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any	Section 151 Officer & Finance Team

	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	We will deliver the recommendations with our current staffing. Having a clear set of performance targets enables staff outcomes/objectives to be set and effective action plans to be put in place.	Anna Collier - Head of Insight, Communities and Governance
Legal	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.	[Legal Team]
Privacy and Data Protection	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Information Governance Officer
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment.	Equalities & Communities Officer
Public Health	The performance recommendations will not negatively impact on population health or that of individuals.	Senior Public Health Officer
Crime and Disorder	There are no implications to Crime and Disorder.	Anna Collier - Head of Insight, Communities and Governance
Procurement	There are no procurement implications.	Anna Collier - Head of Insight, Communities and

		Governance & Section 151 Officer
Biodiversity and Climate Change	This report aligns with Action 9.2 to “Ensure service plans consider biodiversity and climate change and monitor with performance indicators, so that managers plan their services to ensure opportunities for enhancing biodiversity and mitigating and adapting to climate change are taken” of the Council’s biodiversity and climate change Action Plan	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 3.1 Performance management is a key tool to ensuring that the Council is delivering on its priorities, as set out in our strategic plan, and which indicates whether action is required to ensure that we improve our services, give value for money and good outcomes for the residents of Maidstone.
- 3.2 Performance Management has undergone a few evolutions both nationally and locally, with a general reduction in emphasis on performance monitoring. Nationally there has been a recent increase in focus. In July 2023, the Office of Local Government (OFLOG) launched a beta-version of a new online tool, which brings together a range of existing metrics across local government service areas, to provide authoritative and accessible data and analysis about the performance of local government and support its improvement.
- 3.3 Not all metrics have yet been confirmed, however there are currently nine relevant indicators for this committee being tracked, which are listed below. The Local Authority Data Explorer can be found here: <https://oflog.data.gov.uk/>.
 - Percentage of Ombudsman complaints upheld
 - Number of upheld Ombudsman complaints per 10,000 population
 - Council tax collection rates
 - Non-domestic rates collection rates
 - Level of band D council tax rates
 - Non-ringfenced reserves as percentage of net revenue expenditure
 - Non-ringfenced reserves as percentage of service spend
 - Debt servicing as percentage of core spending power
 - Total debt as percentage of core spending power
- 3.4 The government have also committed to ensuring that OFLOG will develop all future metrics by July 2025, and under their current proposed future metrics, there are no indicators relevant for this committee.

3.5 Proposed key performance indicators for consideration for the period 2024/25 are outlined in the tables over the page. Indicators have been developed based upon:

- New and potential Oflog indicators as described above,
- Current Strategic Priorities,
- Feedback from members over the course of the year,
- Advice from Head of Services and key managers.

3.6 Thirteen indicators are proposed for this committee, an increase from the current five.

3.7 No indicators are proposed to be removed from this committee.

3.8 The new indicators proposed for this committee are:

- Percentage of Ombudsman complaints upheld
- Number of upheld Ombudsman complaints per 10,000 population
- Level of band D council tax rates
- Non-ringfenced reserves as percentage of net revenue expenditure
- Non-ringfenced reserves as percentage of service spend
- Debt servicing as percentage of core spending power
- Total debt as percentage of core spending power
- Percentage reduction in carbon emissions - Fleet

Reporting

3.9 Reporting will change in 2024/25 to increase transparency of the Council's performance. Dashboards of performance will be developed for each committee, which will be refreshed monthly for members.

3.10 In addition to the monthly dashboard, Committee can request more detail about performance from Heads of Service or Managers at committee on any aspect of the performance to feature on the Committee agenda.

3.11 A formal summary of performance will be reported biannually, with the annual report providing a more in-depth analysis including trends and benchmarking data.

3. AVAILABLE OPTIONS

3.1 Members of the Policy Advisory Committee can choose to recommend to Cabinet the draft key performance indicator set, as it set out at appendix A.

3.2 Alternatively, Members can recommend to Cabinet to remove or add any indicators suggested as they feel are relevant for the committee.

3.3 Members could recommend that performance is not monitored but this is not recommended. Performance management is a cornerstone of a well-performing authority and this would reduce transparency and oversight of the Council's services and overall performance.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 That Members of the Policy Advisory Committee recommend the draft indicator at appendix A to Cabinet, as this has been developed based upon aligning to national data sets, strategic priorities and expert officer advice.

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. The recommended approach reduces the risk to the Council. We are satisfied that the risks associated are within the Council’s risk appetite and will be managed as per the Policy.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Key Performance Indicators are presented to committees and cabinet throughout the year and feedback is continually collected and fed into the indicator review process at the end of the municipal year.
 - 6.2 Meetings have been had with Corporate Leadership Team, Heads of Service and key Managers which has led to the draft set presented to committee today.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The development of a performance dashboard is currently underway and will continue once the final set of indicators is approved.
 - 7.2 Once the dashboard is at a stage of user-testing, the Chair and Vice-Chair of this committee will be invited to feedback on the contents and outputs of the dashboard, which will contribute towards its final view.
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8. REPORT APPENDICES

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

- Appendix A - Draft 2024-25 KPIs for CS PAC
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9. BACKGROUND PAPERS

None

Draft Indicators 2024/25 for comment
Corporate Services Policy Advisory Committee

Additional Measures			
Indicator	Responsible Officer	Committee	Current/New KPI?
Percentage of Ombudsman complaints upheld	Anna Collier	Corporate Services	New
Number of upheld Ombudsman complaints per 10,000 population	Anna Collier	Corporate Services	New
Council tax collection rates	Zoe Kent	Corporate Services	Current
Non-domestic rates collection rates	Zoe Kent	Corporate Services	Current
Level of band D council tax rates	Adrian Lovegrove	Corporate Services	New
Non-ringfenced reserves as percentage of net revenue expenditure	Adrian Lovegrove	Corporate Services	New
Non-ringfenced reserves as percentage of service spend	Adrian Lovegrove	Corporate Services	New
Debt servicing as percentage of core spending power	Adrian Lovegrove	Corporate Services	New
Total debt as percentage of core spending power	Adrian Lovegrove	Corporate Services	New
Percentage of households receiving Council Tax Support (CTS)	Zoe Kent	Corporate Services	Current
Percentage of vacant MBC - owned commercial space (excluding property for development)	Katie Exon	Corporate Services	Current
Percentage reduction in carbon emissions - Buildings (scope 1 and 2)	Anna Collier	Corporate Services	Current
Percentage reduction in carbon emissions - Fleet	Anna Collier	Corporate Services	New

**CORPORATE SERVICES POLICY
ADVISORY COMMITTEE**

13 March 2024

**3rd Quarter Finance, Performance & Risk Monitoring Report
2023/24**

Timetable	
Meeting	Date
Corporate Services Policy Advisory Committee	13 March 2024
Cabinet	20 March 2024

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Mark Green, Director of Finance, Resources & Business Improvement
Lead Officer and Report Author	Paul Holland, Senior Finance Manager Carly Benville, Senior Information Analyst Alex Czabaniuk, Economic Development Officer Uche Olufemi, Emergency Planning & Resilience Manager
Classification	Public
Wards affected	All

Executive Summary

This report sets out the 2023/24 financial and performance position for the services reporting into the Corporate Services Policy Advisory Committee (CS PAC) as at 31st December 2023 (Quarter 3). The primary focus is on:

- The 2023/24 Revenue and Capital budgets; and
- The 2023/24 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 £12.131m against the approved profiled budget of £11.795m, representing an overspend of £0.337m. The projected year-end outturn position at this stage is an overspend of £0.239m.

Overall net expenditure at the end of Quarter 3 for the services reporting to CS PAC is £3.675m, compared to the approved profiled budget of £4.569m, representing an underspend of £0.895m.

At the Quarter 3 stage, the Council has incurred overall net expenditure of £18.430m against a budget allocation within the Capital Programme of £57.965m. The projected year-end expenditure is £29.236m.

Capital expenditure at the end of Quarter 3 for CS PAC was £1.574m against a total budget of £16.439m.

The budgets used in this report are the revised estimates for 2023/24.

Performance Monitoring

50% (1 out of 2) of the Key Performance Indicators for this Policy Advisory Committee achieved their Quarter 3 target. Across the other three Committees a number of targets were missed, mainly due to current issues with the economy, although there were improvements in a number of other areas.

UK Shared Prosperity Fund Update

An update on progress made against schemes using this funding is shown at Appendix 3.

Corporate Risk Update

Appendix 4 outlines all the Council's corporate risks. The corporate risk ratings and scores have remained largely consistent with the last report in September. There have however been significant changes in two corporate risks resulting in their elevation from red to black risks. These are a diminished local retail and leisure sector and the Council not fulfilling residential property health and safety responsibilities.

Procurement Levels

The council wishes to update its contract procedure rules to provide a consistent approach across the procurement partnership, and also to reflect increased costs from inflation since the levels were originally set in 2018/19. The proposed changes are set out in Appendix 6.

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 2023.

This report makes the following recommendations to the Corporate Services Policy Advisory Committee:

1. That the Revenue position as at the end of Quarter 3 for 2023/24, including the actions being taken or proposed to improve the position, where significant variances have been identified, be noted;
2. That the Capital position at the end of Quarter 3 for 2023/24 be noted;
3. That the Performance position as at Quarter 3 for 2023/24, including the actions being taken or proposed to improve the position, where significant issues have been identified, be noted.
4. That the UK Shared Prosperity Fund update, attached at Appendix 3 be noted.
5. That the Risk Update, attached at Appendix 4 be noted.
6. That the uncollectable Business Rates (NNDR) listed at Appendix 5 be approved for write-off by Cabinet.
7. That the Committee recommend Cabinet to approve the new contract approval levels as shown at Appendix 6. These changes will then need approval by Democracy and General Purposes Committee before final approval by Council.

3rd Quarter Finance, Performance & Risk Monitoring Report 2023/24

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<p>Impact on Corporate Priorities</p>	<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>	<p>Director of Finance, Resources and Business Improvement (Section 151 Officer)</p>
<p>Cross Cutting Objectives</p>	<p>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.</p>	<p>Director of Finance, Resources and Business Improvement (Section 151 Officer)</p>
<p>Risk Management</p>	<p>This is addressed in Section 5 of this report.</p>	<p>Director of Finance, Resources and Business Improvement (Section 151 Officer)</p>
<p>Financial</p>	<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</p>	<p>Senior Finance Manager (Client)</p>

	<p>and determining good value for money. 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.</p>	
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>	<p>Director of Finance, Resources and Business Improvement (Section 151 Officer)</p>
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>	<p>Deputy Head of Legal</p>
Information Governance	<p>The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.</p>	<p>Policy and Information Team</p>

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.	Senior 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	Sufficient budget has been allocated for the Council's short to medium term financial commitment to addressing the biodiversity and climate issues stipulated in the Biodiversity and Climate Change Action Plan.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 The Medium-Term Financial Strategy for 2023/24 to 2027/28 - including the budget for 2023/24 - was approved by full Council on 22nd February 2023. 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 3 stage. Attached at Appendix 2 is a report setting out the position for the KPIs for the corresponding period. Attached at Appendix 3 is an update on progress against the Recovery & Renewal

Plan and attached at Appendix 4 is a report providing an update on corporate risks, in response to the former Policy & Resources Committee's previous request for regular updates on this subject. Attached at Appendix 5 are the details of the uncollectable Business Rates (NNDR) being requested for approval to write off. Appendix 6 are details of new contract approval levels for the Committee to consider.

3. REVENUE AND CAPITAL BUDGETS

3.1 The tables below summarise the overall position as at 31st December 2023. Further details and an explanation of the significant variances are shown in Appendix 1.

Revenue Budget

Policy Advisory Committee	Full Year Budget (Revised) 2023/24 £000	Budget to 31 December 2023 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Corporate Services	12,581	4,569	3,675	895	11,621	960
Planning, Infrastructure & Economic Development	540	636	657	-21	543	-3
Housing, Health & Environment	11,255	5,953	6,402	-449	11,861	-606
Communities, Leisure & Arts	1,401	636	1,397	-761	1,991	-590
Net Revenue Expenditure	25,777	11,795	12,131	-337	26,016	-239

Capital Budget

Policy Advisory Committee	Adjusted Estimate 2023/24 £000	Actual to December 2023 £000	Budget Remaining £000	Projected Slippage to 2024/25 £000
Corporate Services	16,439	1,574	14,865	12,958
Planning, Infrastructure & Economic Development	656		656	606
Housing, Health & Environment	39,438	16,572	22,917	14,622
Communities, Leisure & Arts	1,433	284	1,149	593
Total	57,965	18,430	39,586	28,780

4. PROCUREMENT LEVELS

4.1 **Contract Approval Level** - As part of the work of regularly reviewing procurement processes to ensure they remain fit for purpose and support the Council's priorities two new policies and one statement were discussed on 14th December 2022 at CS PAC and subsequently approved by Cabinet. These have subsequently been implemented as follows:

- Sustainable Procurement Policy
- Social Value Policy

- Modern Slavery Statement

- 4.2 As part of the continual review of procurement, and the underlying policies and processes which underpin the delivery of the service, it is proposed to update of the financial approval levels. This is to reflect a consistent approach across the procurement partnership, and to reflect the impact of inflation since the levels were originally set in 2018/19.
- 4.3 New approval levels are being recommended to streamline the procurement process for officers and the procurement team. Appendix 6 details the current and future approval levels. The changes can be summarised as :
- increasing the approval level at the high value from £75k to £100k
 - on all levels reducing the seniority of the approval
 - clarify the process at the lower end at under £10k.
 - this process also encourages the use of e-tendering to maximise competitiveness of any procurement requests.
- 4.4 During financial year 2022-23 of the 27 MBC procurements, 15 were over the current MBC ITT threshold of £75k. Of these 15, 13 were valued at over £100k – which is the proposed new threshold for a mandatory ITT process.
- 4.5 The proposed new procurement thresholds reflect more accurately the operational procurement being undertaken at MBC. These new thresholds will be supported by a new digital approvals process, which will allow us greater oversight and transparency of all procurement over £5,000 within the organisation. This will provide us with the following benefits:
- Efficiency for procuring officers
 - Efficiency for the procurement team
 - Greater oversight and scrutiny of spend
 - Aligned procurement processes and procedures across the procurement partnership.
- 4.6 These changes support procurement best practice and allow a consistent approach across the Procurement Partnership between Tunbridge Wells and Maidstone Borough Council. Note that the new approval levels will require a change to the Council’s constitution and will therefore now be considered by the Democracy and General Purposes Committee and by Council.

5. AVAILABLE OPTIONS

- 5.1 There are two matters for decision in this report. The Committee is asked to recommend the approval of the write off the uncollectable Business Rates and the new contract approval levels to Cabinet.
- 5.2 The Committee is asked to note the remaining parts of the report but may choose to comment.
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6. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 6.1 In considering the current position on the Revenue budget, the Capital Programme, and the KPIs at the end of December 2023, the Committee can choose to note this information or could choose to comment.
 - 6.2 In the case of the decisions the Committee is asked to recommend these for approval by Cabinet.
 - 6.3 The Committee is requested to note the remaining content of the report.
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7. RISK

- 7.1 This report is presented for information only and has no direct risk management implications.
 - 7.2 The Council produced a balanced budget for both revenue and capital income and expenditure for 2023/24. The budget is set against a continuing backdrop of limited resources and the continuation of a difficult economic climate. 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 Cabinet the best opportunity to take actions to mitigate such risks.
 - 7.3 Within the adverse variance reported to the Housing, Health and Environment PAC is a projected overspend close to £1 million in relation to the provision of temporary accommodation. Expenditure in this area is unpredictable, and whilst current projections are that this overspend can be mitigated substantially through underspends elsewhere around the Council, this area of spend continues to pose a very significant risk.
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8. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 8.1 The KPIs update ("Performance Monitoring") are reported to the Policy Advisory Committees (PAC) quarterly: Communities, Leisure & Arts PAC, Housing, Health & Environment PAC and Planning, Infrastructure & Economic Development PAC. Each committee also receives a report on the relevant priority action areas. The report was also 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".
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9. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 9.1 The Quarter 3 Budget & Performance Monitoring reports are being considered by the relevant Policy Advisory Committees during March 2024.
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10. **REPORT APPENDICES**

- Appendix 1: Third Quarter Budget Monitoring 2023/24
 - Appendix 2: Third Quarter Performance Monitoring 2023/24
 - Appendix 3: UK Shared Prosperity Fund Update 2023/24
 - Appendix 4: Risk Update 2023/24
 - Appendix 5: Uncollectable Business Rates (NNDR)
 - Appendix 6: New Contract Approval Levels
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11. **BACKGROUND PAPERS**

None.

APPENDIX 1 – THIRD QUARTER BUDGET MONITORING

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Part A - Third Quarter Revenue Budget 2023/24

A1) Revenue Budget: Council

Net Expenditure 2023/24 (@ 3rd Quarter): Analysis by PAC

Policy Advisory Committee	Full Year Budget (Revised) 2023/24 £000	Budget to 31 December 2023 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Corporate Services	12,581	4,569	3,675	895	11,621	960
Planning, Infrastructure & Economic Development	540	636	657	-21	543	-3
Housing, Health & Environment	11,255	5,953	6,402	-449	11,861	-606
Communities, Leisure & Arts	1,401	636	1,397	-761	1,991	-590
Net Revenue Expenditure	25,777	11,795	12,131	-337	26,016	-239

Net Expenditure 2023/24 (@3rd Quarter): Analysis by PRIORITY

Priority	Full Year Budget (Revised) 2023/24 £000	Budget to 31 December 2023 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Safe, Clean and Green	9,253	5,754	5,339	415	8,981	272
Homes and Communities	1,839	31	675	-644	2,918	-1,079
Thriving Place	1,556	1,238	1,579	-341	2,155	-599
Embracing Growth and Enabling Infrastructure	209	249	91	159	92	117
Central & Democratic	12,920	4,522	4,447	74	11,870	1,050
Net Revenue Expenditure	25,777	11,795	12,131	-337	26,017	-239

Net Expenditure 2023/24 (@ 3rd Quarter): Analysis by SUBJECTIVE SPEND

Subjective	Full Year Budget (Revised) 2023/24 £000	Budget to 31 December 2023 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Employees	25,531	19,142	18,558	583	25,140	390
Premises	7,039	5,871	6,470	-599	7,773	-734
Transport	571	413	342	70	509	62
Supplies & Services	16,717	10,286	10,176	110	16,926	-209
Agency	8,905	5,396	5,210	186	8,905	0
Transfer Payments	34,159	21,976	23,676	-1,702	34,159	0
Asset Rents	1,892	0	0	0	1,892	0
Income	-69,037	-51,288	-52,302	1,015	-69,288	251
Net Revenue Expenditure	25,777	11,795	12,131	-337	26,017	-239

'Transfer payments' include payments of housing benefit, which are falling with the introduction of Universal Credit. The underspend on transfer payments is offset by a reduction in reimbursement income from central government.

Net Expenditure 2023/24 (@ 3rd Quarter): Analysis by CABINET MEMBER

Cabinet Member	Full Year Budget (Revised) 2023/24 £000	Budget to 31 December 2023 £000	Actual £000	Variance £000	Year End Forecast £000	Year End Variance £000
Leader of the Council	1,334	1,024	982	42	1,334	0
Planning, Infrastructure & Economic Development	-542	-299	-243	-56	-568	27
Communities, Leisure & Arts	1,473	636	1,397	-761	2,092	-619
Corporate Services	12,044	4,481	3,592	888	11,085	959
Housing & Health	2,968	833	1,621	-787	3,847	-879
Environmental Services	8,500	5,120	4,781	338	8,227	273
Net Revenue Expenditure	25,777	11,795	12,131	-337	26,017	-239

A2) Revenue Budget: Corporate Services PAC

A2.1 The table 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 budgets used in this report are the revised estimates for 2023/24.

A2.2 This table now shows the variance split between expenditure and income to give more of an insight into the nature of the variance.

A2.3 These budget areas are all covered by the Cabinet Member for Corporate Services, with the exception of the two marked ** which are covered by the Leader of the Council.

Third Quarter Financial Update 2023/24

CS Revenue Budget: NET EXPENDITURE (@ 3rd Quarter 2023/24)

Cost Centre	Approved (Revised) Budget for Year	Approved (Revised) Budget to 31 December 2023	Actual as at 31 December 2023	Variance as at 31 December 2023			Forecast March 2024	
	Net £000	Net £000	Net £000	Expenditure £000	Income £000	Net £000	Forecast Net £000	Forecast Variance £000
Maintenance of Closed Churchyards	6	5	0	5	0	5	6	0
Drainage	34	26	17	8	0	8	34	0
Climate change **	14	11	4	3	3	6	14	0
Street Naming & Numbering	-73	-55	-40	0	-15	-15	-73	0
Sandling Road Site	5	4	267	-231	-32	-264	375	-370
Maidstone House - Landlord	-140	-358	-359	177	-177	0	-140	0
Civic Occasions	47	43	54	-11	0	-11	47	0
Members Allowances	456	342	363	-21	0	-21	456	0
Members Facilities	18	14	14	-1	0	-1	18	0
Contingency	1,338	1,004	0	1,004	0	1,004	1,338	0
Corporate Projects	1	1	18	1	-18	-17	1	0
Corporate Management	461	180	205	-25	0	-25	461	0
Unapportionable Central Overheads	950	696	637	59	0	59	875	75
Council Tax Collection	68	61	84	-21	-2	-23	68	0
Council Tax Collection - Non Pooled	-331	89	86	5	-3	2	-331	0
Council Tax Benefits Administration	-140	24	24	0	-0	-0	-140	0
NNDR Collection	2	2	4	-5	2	-3	2	0
NNDR Collection - Non Pooled	-230	63	82	-19	0	-19	-230	0
MBC- BID	1	-3	-21	14	4	18	1	0
Registration Of Electors	68	62	92	-32	2	-29	68	0
Elections	164	164	250	-95	9	-85	250	-85
KCC Elections	0	0	-3	-54	57	3	0	0
General Elections	0	0	1	0	-1	-1	0	0
Emergency Centre	24	19	12	7	0	7	24	0
Upper Medway Internal Drainage Board	134	134	134	-0	0	-0	134	0
External Interest Payable & MRP	2,203	203	205	-2	0	-2	1,550	653
Interest & Investment Income	-150	-113	-565	0	453	453	-1,048	898
Palace Gatehouse	8	6	9	-0	-3	-3	8	0
Archbishops Palace	-2	0	113	-81	-32	-113	118	-120
Parkwood Industrial Estate	-314	-234	-244	7	3	10	-314	0
Industrial Starter Units	-41	-53	-52	-1	-1	-1	-41	0
Parkwood Equilibrium Units	-135	-150	-164	8	6	14	-135	0
Sundry Corporate Properties	7	10	-30	119	-78	41	-43	50
Phoenix Park Units	-239	-248	-243	-11	7	-4	-239	0
Granada House - Commercial	-92	-104	-78	-4	-23	-26	-92	0
MPH Residential Properties	-876	-657	-531	-82	-45	-126	-676	-201
Heronden Road Units	-210	-218	-253	-2	36	35	-250	40
Boxmend Industrial Estate	-118	-126	-157	-0	31	31	-118	0
Wren Industrial Estate	-135	-154	-169	-12	28	16	-135	0
General Fund Residential Properties	-53	-40	-36	-6	2	-4	-53	0
Pensions Fund Management	505	0	0	0	0	0	505	0
Non Service Related Government Grants	-4,661	-3,496	-3,481	0	-15	-15	-4,661	0

Cost Centre	Approved (Revised) Budget for Year	Approved (Revised) Budget to 31 December 2023	Actual as at 31 December 2023	Variance as at 31 December 2023			Forecast March 2024	
	Net £000	Net £000	Net £000	Expenditure £000	Income £000	Net £000	Forecast Net £000	Forecast Variance £000
Rent Allowances	-114	-68	-260	-1,452	1,644	192	-114	0
Non HRA Rent Rebates	-9	1,070	1,339	-270	0	-270	-9	0
Discretionary Housing Payments	0	174	153	21	0	21	0	0
Housing Benefits Administration	-286	-230	-231	-3	5	1	-286	0
Democratic Services Section	289	218	201	17	0	17	289	0
Mayoral & Civic Services Section	126	94	91	4	0	4	126	0
Chief Executive	195	146	146	-1	0	-1	195	0
Biodiversity & Climate Change **	103	78	79	-0	0	-0	103	0
Director of Strategy Governance and Insight	134	100	91	9	0	9	134	0
Revenues Section	531	503	508	-11	6	-5	531	0
Electoral Registration Section	95	72	69	3	-1	2	95	0
Benefits Section	512	458	477	-20	0	-19	512	0
Fraud Section	46	49	7	31	11	42	21	25
Mid Kent Audit Partnership	221	171	131	107	-68	40	179	42
Director of Finance, Resources & Business Imp	145	109	113	-1	-4	-4	145	0
Accountancy Section	896	692	605	81	6	87	821	75
Legal Services Section	659	495	442	71	-19	53	559	100
Director of Regeneration & Place	153	115	115	0	0	0	153	0
Procurement Section	119	-11	0	0	-11	-11	79	40
Property & Projects Section	472	358	276	77	5	82	472	0
Corporate Support Section	350	262	247	16	0	16	350	0
Transformation Section	254	190	290	-79	-20	-100	399	-145
Executive Support Section	100	75	75	-0	0	-0	100	0
Mid Kent ICT Services	621	465	454	57	-46	11	621	0
GIS Section	130	98	92	10	-5	6	130	0
Director of Mid Kent Services	46	11	15	-2	-3	-5	46	0
Mid Kent HR Services Section	423	317	305	19	-8	12	423	0
MBC HR Services Section	103	84	69	15	-0	15	103	0
Head of Revenues & Benefits	65	59	35	34	-9	25	65	0
Revenues & Benefits Business Support	156	137	113	27	-2	25	156	0
Dartford HR Services Section	-16	-12	-12	1	-1	-0	-16	0
Emergency Planning & Resilience	169	127	108	19	0	19	169	0
Head of Property and Leisure	118	88	99	-11	0	-11	118	0
Facilities Section	158	118	86	32	0	32	158	0
Town Centre Services Manager	66	49	48	1	0	1	66	0
Salary Slippage 1PR	-279	-209	0	-209	0	-209	-279	0
Town Hall	109	84	46	39	-0	38	109	0
South Maidstone Depot	225	182	243	-74	12	-61	285	-60
The Link	60	80	148	-13	-54	-68	105	-45
Maidstone House - MBC Tenant	480	481	555	-68	-6	-74	555	-75
Museum Buildings	278	218	216	1	1	2	278	0
I.T. Operational Services	664	484	491	-7	0	-7	664	0
Central Telephones	16	12	10	2	0	2	16	0
Apprentices Programme	74	45	23	22	0	22	54	20
Internal Printing	-1	2	-14	20	-4	16	-1	0
Debt Recovery Service	-19	31	-10	-5	46	40	-19	0
Debt Recovery MBC Profit Share	-83	-62	-68	0	6	6	-125	42
General Balances	-200	-200	-200	0	0	0	-200	0
Earmarked Balances	4,270	-392	-392	0	0	0	4,270	0
Appropriation Account	1,892	0	0	0	0	0	1,892	0
Pensions Fund Appropriation	-505	0	0	0	0	0	-505	0
Totals	12,581	4,569	3,675	-787	1,682	895	11,622	959

A3) CS Revenue Budget: Significant Variances

- A3.1 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 2023/24.
- A3.2 The tables below highlight and provides further detail on the most significant variances at the end of Quarter 3 for both this and the other PACs.

CS PAC Variances (@ 3rd Quarter 2023/24)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Corporate Services	£000		
Sandling Road Site (including Cantium House) - Running costs are exceeding the budgets, mainly for utility costs and non-domestic rates. There is also a shortfall in the rental income that was anticipated. Additionally, this cost centre has picked up costs associated with Cantium House, acquired from KCC in January in anticipation of the redevelopment of the entire Maidstone East site.		-263	-370
Unapportionable Central Overheads - Pension contributions to the Kent County Council Pension Fund will be lower than forecast, which reflects the level of staff vacancies across the Council.	59		75
Elections – The majority of the overspend relates to staffing costs incurred as part of running the Borough Elections in May 2023.		-85	-85
External Interest & Minimum Revenue Position (MRP) - The variance on this budget relates to the MRP that is required to be made to cover the cost of borrowing for the capital programme. Slippage in the programme means that we have not borrowed as much as had been anticipated. The profiled budget assumes the MRP figure is charged at the end of the financial year.		-2	653
Interest & Investment Income - Due to the slippage in the capital programme and interest rates continuing to be high there is likely to be a significant increase in income received by the end of the financial year.	452		898
Archbishops Palace - Now the lease with Kent County Council has expired liability for the Business Rates now rests with Maidstone BC, but currently there is no budget for this. There is also a shortfall in the income budget now that the building has no tenant.		-112	-120
Maidstone Property Holdings (MPH) Residential Properties - The majority of the forecast variance relates to the temporary closure of Granada House for refurbishment works. Repair and maintenance costs are also higher than had been anticipated.		-126	-200
Accountancy Section – This variance relates mainly to staff vacancies during the year. These have all now been filled.	87		75
Legal Services Section – Contract costs chargeable to revenue are forecast to be lower than budgeted for this year. Note that a significant proportion of legal services costs are charged to capital projects and are not included here.	52		100
Improvement Section – The majority of this variance relates a Medium-Term Financial Strategy saving that has yet to be achieved.		-99	-145
Maidstone House (MBC Tenant) - Service charges costs for floors 5 and 6 are likely to be greater than forecast.		-73	-75

A4) Other Revenue Budgets: Significant Variances

Planning, Infrastructure & Economic Development PAC Variances (@ 3rd Quarter 2023/24)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Planning, Infrastructure & Economic Development	£000		
PLANNING & ECONOMIC DEVELOPMENT			
Development Control Advice - Income from Planning Performance Agreements (PPAs) and pre-application planning advice generally continues to be significantly down as developers are waiting for the new Local Plan to be adopted before progressing with further applications. Fees have been increased for the final quarter so this should improve the position by the end of the financial year.		-100	-110
Development Control Majors - Income from major applications also continues to be significantly down this year, as with the Planning Performance Agreements developers are waiting for the new Local Plan to be adopted before progressing with further applications. Fees have been increased for the final quarter so this should improve the position by the end of the financial year.		-119	-150
Business Terrace (1st Floor Maidstone House) - Service charge costs are significantly higher than forecast, and there are also two units vacant meaning there is a shortfall in income.		-67	-90
Innovation Centre - These are the operating costs for the centre. The variance for the year to date is a combination of an overspend on running costs (business rates being the most significant element) and a shortfall of income. However, for the year as a whole Enterprise Zone business rates income will offset this.		-37	0
Mid Kent Planning Support Service - This team had a restructure earlier in the year with a number of posts being vacant. The new structure needed to embed before vacant posts were recruited to. Two posts are currently being held vacant with a view to recruit in April 2024.	47		65
Innovation Centre Section – These are the staffing costs for the section. There has been an underspend on the professional services budget which will continue to year end.	42		77

Given the continuing significantly negative variance between estimated income from major planning applications and PPAs based on a carry forward of the high estimates from previous business years, this has resulted in the deletion of the Major Projects Officer post and will result in the loss of the sole consultant in the Development Management service.

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Planning, Infrastructure & Economic Development	£000		
PARKING SERVICES			
Sandling Road Car Park – Running costs are lower than expected and will continue to be so for the final quarter. As agreed, when buying out KCC’s interest in Maidstone East for redevelopment, losses on the holding strategy for the site may be charged against Business Rates Pool balances which are currently held within earmarked reserves	46		61
Park & Ride - These are budgets that were used to fund the Business Rates and running costs for the site. They are no longer required and will be removed for 2024/25.	108		100

Housing, Health & Environment PAC Variances (@ 3rd Quarter 2023/24)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Housing, Health & Environment	£000		
Dog Control – The number of stray dogs that need to be dealt with continues to be a significant issue. Growth has been provided for in the budget next year.		-38	-54
Commercial Waste Services – Income from blue sacks has been higher than forecast, and there is an underspend on staffing costs.	38		60
Homeless Temporary Accommodation - This continues to be a significant issue as the demand for the service continues to be high. The cost-of-living crisis and issues with getting people out of temporary accommodation are the main challenges at present. Further properties are being acquired to help alleviate the pressure on this budget. The variance has increased from that reported last month principally because of an allowance being made against non-recovery of rent. Although the rent would normally be covered by Housing Benefit, there are occasions due to the rapid turnover in temporary accommodation that occupants fail to make or complete their claim.		-747	-990
Environmental Protection Section – Recruitment has been an issue, with a number of vacant posts in the team, which has led to an underspend.	65		84
Depot Services Section – There have been a number of vacant posts in this team during the year.	88		90
Fleet Workshop & Management – Spend has been less than forecast on vehicle maintenance and hire. The service aims to keep the fleet up to date rather than keeping vehicles on the road longer than is cost-effective.	54		62

Communities, Leisure & Arts PAC Variances (@ 3rd Quarter 2023/24)

	Positive Variance Q3	Adverse Variance Q3	Year End Forecast Variance
Communities, Leisure & Arts	£000		
Leisure Centre - Under the terms of the current contract with the operator the Council is responsible for excess utility costs, and with utility prices continuing to be at a high level this is reflected in this overspend. The Council has recently been successful with a capital grant application which will help to improve energy efficiency.		-54	-80
Lockmeadow Complex - A number of units at the complex have fallen vacant during the period, leading to a shortfall against budget. However, progress has been made in identifying new tenants. A tenant offering virtual reality experiences has moved one of the vacant units. The former David Lloyd unit now operates as the Lockmeadow Health Club, under the same management as the council's leisure centre. The Club has built up membership numbers quickly although running costs are proving higher than expected. Head of Terms have been agreed with a prospective tenant at the former Frankie & Benny's and although there has been delays in finalising the lease it is expected that the unit will be occupied shortly. Work is under way to clear the former Feathers unit to make it more marketable. Note that the business case for the Lockmeadow acquisition anticipated that at the end of existing leases there would be a period during which these units would be non-income producing, so the adverse variance does not alter the overall financial basis of the acquisition.		-551	-280

A5) Virements

- A5.1 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.
- A5.2 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.
- A5.3 The virements made in Quarter 3 are presented in the table below.

Reportable Virements Quarter 3 2023-2024**Temporary Reportable**

Fund Town Centre Strategy	17,100
From Recovery and Renewal Reserve	-17,100

Part fund Officer Economic Development.	31,190
Contribution to MELA	5,000
Financial Contribution to Greater North Kent	14,000
From Business Rates Growth Earmarked Balances	-50,190

Permanent Reportable Virements

Transfer income budget from Maidstone Property Holdings	42,000
To Affordable Housing	-42,000

Part B - Third Quarter Capital Budget 2023/24

B1) Capital Budget 2023/24 (@ 3rd Quarter 2023/24)

Capital Programme Heading	Revised Estimate 2023/24	Actual to December 2023	Budget Remaining	Q4 Profile	Projected Total Expenditure	Projected Slippage to 2024/25
	£000	£000	£000	£000	£000	£000
Housing, Health & Environment						
Private Rented Sector Housing	4,039	44	3,995		95	3,944
1,000 Homes Affordable Housing Programme - Expenditure	9,917	5,847	4,121	715	6,562	3,355
Temporary Accommodation	15,879	9,306	6,574	700	10,006	5,874
Commercial Development - Maidstone East	356		356			356
Heather House Community Centre	138		138			138
Housing - Disabled Facilities Grants Funding	1,212	892	320	320	1,212	
Acquisitions Officer - Social Housing Delivery Partnership	52	39	13		39	13
Street Scene Investment	50	49	1	1	50	
Flood Action Plan	618	6	612		6	612
Continued Improvements to Play Areas	144	7	137	50	57	87
Parks Improvements	69	75	-5		75	-5
Gypsy & Traveller Sites Refurbishment	200	197	3	3	200	
Waste Crime Team - Additional Resources	25	4	21	21	25	
Section 106 funded works - Open Spaces	517		517	517	517	
Expansion of Cemetery	80	13	67	67	80	
Expansion of Crematorium	340	13	327	50	63	277
Purchase of New Waste Collection Vehicles	5,800		5,800	5,800	5,800	
CCTV Upgrade & Relocation		80	-80		80	-80
Total	39,438	16,572	22,916	8,243	24,867	14,571
Communities, Leisure & Arts						
Mote Park Lake - Dam Works	40	39	1	1	40	
Museum Development Plan	389	146	243	275	421	-32
Leisure Provision	699	73	626	250	323	376
Tennis Courts Upgrade	40	17	23	23	40	
Riverside Walk Works	250		250			250
Mote Park Kiosk Refurbishment & Extension	15	8	7	7	15	
Total	1,433	284	1,149	555	839	593

Capital Programme Heading	Adjusted Estimate 2023/24	Actual to June 2023	Budget Remaining	Q4 Profile	Projected Total Expenditure	Projected Slippage to 2024/25
	£000	£000	£000	£000	£000	£000
Corporate Services						
Asset Management / Corporate Property	626	173	453	154	327	299
Corporate Property Acquisitions	5,681		5,681			5,681
Kent Medical Campus - Innovation Centre	73	7	66		7	66
Lockmeadow Ongoing Investment	365	26	339	300	326	39
Garden Community	1,633	396	1,237	200	596	1,037
Infrastructure Delivery	2,000		2,000			2,000
Other Property Works	200	7	193	18	25	175
Biodiversity & Climate Change	2,961	249	2,713	664	912	2,049
Photovoltaic Panels	234		234	214	214	21
Feasibility Studies	81	83	-3		83	-3
Digital Projects	28		28	28	28	
Software / PC Replacement	413	163	250	100	263	150
Maidstone House Works	1,144	205	939	100	305	839
Automation Projects	185		185			185
New Ways of Working - Make the Office Fit for Purpose	31		31	31	31	
Fleet Vehicle Replacement Programme	633	213	420		213	420
Automation of Transactional Services	150	53	97	97	150	
Total	16,439	1,574	14,865	1,907	3,481	12,958
Planning, Infrastructure & Economic Development						
Bridges Gyrotory Scheme	206		206	50	50	156
Town Centre Strategy	450		450			450
Total	656		656	50	50	606
TOTAL	57,965	18,430	39,586	10,755	29,236	28,729

B2) Capital Budget Variances (@ 3rd Quarter 2023/24)

Corporate Services
<p>Corporate Property Acquisitions - This budget is available for Commercial Property acquisition opportunities that may arise during the year. Expenditure therefore depends on whether any suitable acquisitions emerge. So far this year no such opportunities have proved to be worth pursuing further. Even if any opportunities were identified at this stage completion would probably not take place in the current financial year, so no spend is projected.</p>
<p>Garden Community - Work continues to develop this project, with any unused funding to be carried forward into 2024/25.</p>
<p>Infrastructure Delivery - This budget exists to enable major infrastructure schemes to go ahead. It is intended that it will be used where a top-up from MBC can make the difference between a scheme proceeding or not. No requirement to use the budget has been identified so far in 2023/24. Given the time required to work up proposals for suitable schemes, it is unlikely that the budget will be used in the current financial year.</p>
<p>Biodiversity & Climate Change - A number of projects have been identified and are being developed, including large scale tree planting, wetland restoration and works around the decarbonisation of the Council property estate. Unused funding will be carried forward to 2024/25 to fund other projects.</p>
<p>Maidstone House Works – The shortfall in spend is for works to the building that will not commence now until the next set of works (cladding, glazing and new plant) are completed in 24/25.</p>

Communities, Leisure & Arts
<p>Museum Development Plan – Further works are planned for the new Archaeology Gallery in the final quarter, which will take the cost of the project over the approved budget for the year in the capital programme. However, this was anticipated as external funding had been secured to cover these costs.</p>
<p>Leisure Provision – The extension to the contract for the management of the centre has now been agreed, and subject to signing it is anticipated that capital works can proceed as soon as possible, so there could be spend in the final quarter of the year, although this could slip into 2024/25.</p>
<p>Riverside Walk Works – This project has now been subsumed into plans for Town Centre improvement works, including upgrades to lighting in the Town Centre. The budget will therefore be carried forward to 2024/25.</p>

Housing, Health & Environment

Private Sector Rented Housing/1,000 Homes Affordable Housing Programme - A number of schemes are at various stages of development at present. 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.

The projected slippage for the Maidstone East Commercial Development and the Heather House Community Scheme reflects that the progress on the wider schemes of which they are a part has not moved on as far as the initial programme anticipated. These budgets will be slipped into 2024/25.

Temporary Accommodation – There have been a significant number of acquisitions to date this year, and the team continue to seek suitable properties. A small number of further acquisitions are anticipated in the final quarter.

Continued Improvements to Play Areas – The projected slippage is a sum set aside for the refurbishment of the Penenden Heath play area, which is scheduled to take place in the first quarter of 2024/25.

Flood Action Plan - The flood action plan budget was set up to allow the Council to deliver, or contribute towards, schemes that would mitigate flood risk. At this stage, the only schemes that have been identified have been small scale natural flood management schemes. Officers are discussing with counterparts in the Environment Agency, Kent County Council and the Upper Medway Internal Drainage Board what can be done to promote appropriate and practical schemes in the future.

CCTV Upgrade & Relocation – This is an unbudgeted cost relating the scheme which took place in 2020. The contractor contacted the Council and advised us that there was a final payment due. Officers reviewed the position and agreed that this was the case, and the payment was made.

Planning, Infrastructure & Economic Development

Bridges Gyratory Scheme - Plans are in place for the construction of a flood barrier at the bottom of Medway Street as the final element of the Bridges Gyratory Scheme. It has unfortunately proved a slow process getting the necessary approvals for the barrier, as it will be situated on highways land. It is envisaged that construction will take place this summer.

Public Realm & Greening relating to the Town Centre - The current strategy is being developed and is likely to be adopted in early 2024, and it is unlikely there will be any spend in the final quarter of the year.

Part C – Third Quarter Local Tax Collection 2023/24

C1) Collection Fund

- C1.1 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.
- C1.2 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.
- C1.3 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.

C2) Collection Rates & Reliefs

- C2.1 The collection rates achieved for local taxation are shown in the table below.

Local Tax Collection Rates (Q3 2023/24)

Description	Target Q3 2023/24	Actual Q3 2023/24
Council Tax	91.2	90.6
Business Rates	88.1	90.9

- C2.2 The amount of Council Tax collected is marginally lower than the quarter 2 target, whilst Business Rates is showing a higher level of collection compared to their target.

C3) Kent Business Rates Pool

- C3.1 The council will continue to participate with other Kent authorities during 2023/24 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 once we receive all Business Rate quarter 2 figures. As in previous years, any funding will be allocated to spending which supports the delivery of the council's Economic Development Strategy.
- C3.2 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 D - Reserves & Balances 2023/24

D1) Reserves & Balances

D1.1 The combined total of the General Fund balance and Earmarked Reserves as at 1 April 2023 was £30.8 million. This includes £19.3 million set aside for specific purposes in Earmarked Reserves. The makeup of the balance, and the forecast movements during 2023/24 are presented in the table below.

D1.2 The closing balance enables a minimum general fund balance of £4.0 million to be maintained, as agreed by full Council in February 2023.

Reserves & Balances Quarter 3 2023/24

Earmarked Reserves and Balances	Balance as at 31/03/2023 £000	Contributions to/from Balances 2023/24 £000	Estimated Balance 31/03/2024 £000
Spatial Planning	(558)	558	0
Neighbourhood Planning	(77)	20	(57)
Planning Appeals	(229)	0	(229)
Trading Accounts	(0)	0	(0)
Civil Parking Enforcement	(370)	40	(330)
Future Capital Expenditure	(2,455)	0	(2,455)
Future Funding Pressures	(2,481)	(500)	(2,981)
Homelessness Prevention & Temporary Accommodation	(1,124)	135	(989)
Business Rates Earmarked Balances	(4,305)	451	(3,854)
Funding for Future Collection Fund Deficits	(2,504)	0	(2,504)
Commercial Risk	(500)	0	(500)
Invest to Save	(500)	0	(500)
Recovery and Renewal Reserve	(575)	350	(225)
Renewable Energy	(188)	(50)	(238)
Major Works Sinking Fund	(213)	(200)	(413)
Housing Investment Fund	(3,216)	0	(3,216)
Total Earmarked Reserves	(19,297)	804	(18,493)
Unallocated Balances	(14,832)	(1,325)	(16,157)
Carry Forwards fr 22/23 to 23/24	(200)	200	0
Unallocated Balances	(15,032)	(1,125)	(16,157)
Total General Fund Reserves	(34,329)	(321)	(34,650)

Part E - Treasury Management 2023/24

E1) 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 22nd February 2023, the Council approved a Treasury Management Strategy for 2023/24 that was based on this code. The strategy requires that Corporate Services Policy Advisory Committee should formally be informed of Treasury Management activities quarterly as part of budget monitoring.

E2) Economic Headlines

During the Quarter ended 31st December 2023, the Council's Advisors, Link Asset Services, reported:

- Bank Rate has been held at 5.25% from August 2023 ;
- CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
- Core CPI inflation decreasing from April and May's 31 years' high of 7.1% to 5.1% in November, the lowest rate since January 2022;
- A 0.3% month on month decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
- A sharp fall in wage growth, with the headline 3m year on year rate declining from 8.0% in September to 7.2% in October, although the Office of National Statistics "experimental" rate of unemployment has remained low at 4.2%.

E3) 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. Their advice is set out in this section.

The latest forecast on 8th January 2024 sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

The PWLB interest 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.

Interest Rate Forecast

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

BANK RATE

- At its 14th December meeting, the Bank of England's Monetary Policy Committee (MPC) kept rates on hold for the third time in a row, pushing back against the prospect of near-term interest rate cuts. The vote in favour of keeping rates on hold was 6-3.
- However, recent softer wage and inflation data (annual CPI is currently 3.9%) mean that markets have moved significantly in the direction of Link's November interest rate forecast, pricing in a first rate cut in Q2 2024, a full quarter earlier than our own forecast which has only undergone a little fine-tuning today. Link now expects Bank Rate to be cut to 4.25% by the end of 2024 (4.5% previously) and 3% by the end of 2025. The low point of the interest rate cycle is also expected to be 3%
- 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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

PWLB RATES

- Regarding PWLB rates, movement in the short part of the curve has reflected the revised Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, but by the market's appetite for significant gilt issuance. Indeed, although we have a slightly lower starting point for the envisaged reduction in short and medium dated gilts, we now forecast the 10, 25 and 50 years part of the curve to not fall quite as low as we thought in November.
- The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a

similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

E4) Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 22nd February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

The council held investments totaling £16.76m in the last quarter have increased to £18.185m on 31st December 2023. Average level of funds available for investment during the quarter was £21.138m. All investments were 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.

A full list of investments held at this time is shown at the table below.

Short-Term Investments (3rd Quarter 2023/24)

Counterparty	Type of Investment	Principal £	Start Date	Maturity Date	Rate of Return	MBC Credit Limits	
						Maximum Term	Maximum Deposit
Aberdeen Standard Liquidity Fund	Money Market Fund	7,590,000			5.27%		£10,000,000
Federated Hermes Short-Term Sterling Prime Fund	Money Market Fund	7,080,000			5.39%		£10,000,000
CCLA Public Sector Deposit Fund	Money Market Fund	3,515,000			5.35%		£10,000,000
Total Investments		18,185,000					

The average rate of investments during this quarter is 5.3% accumulating £565k in investment income.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31st December 2023.

E5) Council Borrowing

The Council held external borrowing amounting to £9m since the last quarter. £2m was repaid. A breakdown is shown in the table below.

Council Borrowing (3rd Quarter 2023/24)

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%
North Northamptonshire Council	Local Authority	2,000,000	23/06/2023	23/02/2024	5.32%
Total Loans		7,000,000			

The Council has also committed to £80m future borrowing to fund the capital programme, currently forecasted at around £200m over the next 5 years. The loans were procured through a tendering process undertaken by Link Asset Service. Details of these can be found in the table below.

Committed Borrowing (3rd Quarter 2023/24)

Counterparty	Type of Institution	Principal £	Start Date	Maturity Date	Interest Rate
Aviva Life & Pensions UK Limited	Corporate Lender	20,000,000	13/02/2024	13/02/2064	2.87%
Aviva Life & Pensions UK Limited	Corporate Lender	20,000,000	13/02/2024	13/02/2074	2.87%
Aviva Life & Pensions UK Limited	Corporate Lender	20,000,000	13/02/2025	13/02/2075	2.87%
Aviva Life & Pensions UK Limited	Corporate Lender	20,000,000	13/02/2026	13/02/2076	2.87%
Total		80,000,000			

E6) Prudential and Treasury Indicators for 2023-24 as of 31st December 2023

The table below lists the Council's Prudential and Treasury Indicators showing budget for 2023/24 against the actual as at 31st March 2023.

Officers can confirm that the approved Treasury and Prudential limits within the Treasury Management Strategy Statement 2023/24 were not breached during the quarter ended 31st December 2023.





Prudential and Treasury Indicators




Treasury Indicators	2023/24 Budget £'000	31.12.23 Actual £'000
Authorised limit for external debt	60,000	10,000
Operational boundary for external debt	50,000	10,000
Gross external debt	45,000	10,000
Investments	22,882	18,185
Net borrowing	22,118	(15,810)
Maturity structure of fixed rate borrowing - upper and lower limits		
Under 12 months	4,000	4,000
5 years to 10 years	0	0
10 years to 20 years	0	0
20 years to 30 years	0	0
30 years to 40 years	0	0
40 years to 50 years	5,000	5,000
Upper limit for principal sums invested over 365 days		
Year 1	2,000	2,000
Year 2	2,000	2,000
Year 3	2,000	2,000
Total	6,000	6,000

Prudential Indicators	2023/24 Budget £'000	31.03.23 Actual £'000
Capital expenditure	41,924	18,430
Capital Financing Requirement (CFR)	110,511	87,017
Annual change in CFR	37,670	14,176
In year borrowing requirement	37,670	4,000
Ratio of financing costs to net revenue stream	(550.00)	(419.00)

APPENDIX 2 – THIRD QUARTER PERFORMANCE MONITORING

Key to performance ratings

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










Direction	
	Performance has improved
	Previous data not captured
	Performance has declined
N/A	No previous data to compare

Performance Summary

RAG Rating	Green	Amber	Red	N/A ¹	Total
KPIs	1	0	1	3	5
Direction	Up	No Change	Down	N/A	Total
Last Quarter	3	0	0	2	5
Last Year	1	0	1	3	5

- 50% (1 of 2) of the targetable quarterly key performance indicators (KPIs) reportable to this Committee achieved their Quarter 3 (Q3) target¹.
- Compared to last quarter (Q2 2023/24), performance for 100% (3 of 3) KPIs have improved, and there were no KPIs that declined¹.
- Compared to last year (Q3 2022/23), performance for 50% (1 of 2) KPIs improved, and 50% (1 of 2) KPIs have declined¹.

Corporate Services Q3 Performance

Performance Indicator	Q3 2023/24				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Percentage of households receiving Council Tax Support (CTS)	13%				N/A
Maidstone: Percentage of Non-domestic rates collected	82.86%	81.03%			
Maidstone: Percentage of Council Tax collected	81.50%	82.42%			
Percentage of vacant MBC - owned commercial space (excluding property for development)	Annual Indicator				

¹ PIs rated N/A are not included in the summary calculations.

Performance Indicator	Q3 2023/24				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Percentage Change of Carbon Emissions from MBC Buildings/Fleet (Scope 1 and 2)	Annual Indicator				

Comments (where targets have been missed)

The Key Performance Indicator (KPI) for "**Maidstone: Percentage of Council Tax collected**" has narrowly missed its target, falling short by less than 10%, with a specific shortfall of 0.92%. The team have taken steps to address this shortfall, which include:

- Taking cases to the magistrate's court, a strategy we anticipate will bolster collections throughout the remainder of the fiscal year.
- We are persistently issuing reminders to taxpayers, a measure expected to further align our collection efforts with our targets.

Despite these efforts, collection rates continued to slip in the quarter, a trend consistent across all Kent Billing Authorities for the 2023-24 period, also a reflection of the current economic climate. The team are optimistic about seeing an improvement in collection rates following the reintegration of Council Tax Support cases to Liability Order applications and the subsequent Attachment of Benefits (AOBs) and Attachments of Earnings Orders (AOEs).

KPIs across all Policy Advisory Committees, where targets have been missed by more than 10%

Performance Indicator	Q3 2023/24				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Housing, Health & Environment (HHE) PAC					
Number of affordable homes delivered excluding first homes (Gross)	2	50			
Percentage of household waste sent for reuse, recycling and composting	43.56%	53.00%			
Communities, Leisure & Arts (CLA) PAC					
Footfall at the Museum and Visitors Information Centre	8,235	12,500			

Comments (where targets have been missed)

**Housing, Health and Environment (HHE) PAC
Housing**

The KPI tracking the "**Number of affordable homes delivered excluding first homes (Gross)**" missed its target by over 10%. This is largely outside of the Council's control in the Housing sector, as it directly correlates with the volume of new development projects within the borough. The team are aware that across the sector there are factors that are reducing the amount of affordable housing being delivered. This is a result of developers claiming that increased costs are reducing the amount of affordable housing being provided on each site,

and housing association partners reviewing their development portfolio in the light of increased pressure to invest in their existing housing stock.

As a result, the overall delivery of affordable housing for this financial year is significantly down compared to previous few years. On a positive note, there should be a considerably higher figure for Quarter 4 delivery, as the team are aware of a large new development being completed before year-end.

Waste Services

The KPI monitoring the “**Percentage of household waste sent for reuse, recycling and composting**” missed its target, achieving 43.56% against a target of 53.0%. The quarter three outcome is the lowest experienced for this KPI in several years. The reduction in the rate is usual for this quarter, due to garden waste suspension over the Christmas period. However, there has also been a notable reduction in the dry, mixed recycling (DMR) tonnage, which the team are asking Kent County Council to review (as the providers of the data). Should the data need correcting, an update will be provided at the next Committee.

Communities, Leisure and Arts (CLA) PAC

The Museum

The KPI tracking the “**Footfall at the Museum and Visitors Information Centre**” achieved a total of 8,235 visitors against a target of 12,500. This represents a shortfall of 4,265 visitors, or approximately 34% below the target. Since the planning and delivery of the new “Lives in our Landscape Gallery” began to take shape, the decision was taken by previous management to stop extra events, tours and other activities. This released staff-member resource to focus on the Gallery delivery. The Gallery project is on a very tight timescale with mainly existing staff being utilised to deliver the project. There was not capacity to continue to deliver the usual activities. This is having an effect on footfall numbers at present. However, we would expect to see much better figures in 2024/25, with some events coming back into the calendar and a brand-new gallery for visitors to explore.

UKSPF 2023/4 Quarter 3 Update:

In December 2023 the Department for Levelling up, Housing & Communities (DLUHC) confirmed that the Year 2 six-month progress report was approved and are happy with our approach to spending this year. Officers are continuing to work and complete projects for year 2, with new project leads identified for year 3 expenditure, which included a largest proportion of our UKSPF allocation.

Rural Fund: Following the allocation of £184,370 towards four successful bids for rural funding in 2023/24 a further 21 submissions have been received for funding in 2024/25. The panel conducted a review of submissions in February and awarded the remaining £359,920 to 12 bids from across the borough. These projects will commence in April 2024 with progress closely monitored by officers to ensure all are completed by March 2025.

Year 2 projects and an update:

Intervention	Project	Detail	2023/24 budget	Amount spent:	£ Committed	Q3 Update:
E6: Local arts, cultural, heritage & creative activities	Project A - Building Pride in Place through promotion of the Town Centre and Events.	Creative communities fund for local organisations and groups to support events	£35,830	£23,000	£6,500	Applications for Round 4 closed in November 2023. We received 17 applications and made 8 awards.
		Literature Festival	£15,000	£16,077	£0	The event was successfully held in October and saw large audiences of all ages coming along to enjoy the wide variety of authors and workshops using town centre venues including Maidstone Museum, Archbishops' Palace and All Saints Church. The overspend has been funded from the advertising budget
		Iggy Sculpture Trail	£60,000	£35,910	£25,100	The trail will be supported by a digital trail app which is being populated with information, this is expected to launch from April 2024
		Equipment purchases to support events	£2,751	£3083	£0	Purchases of a set of temporary exhibition walls, and 2 microphones have been completed. An underspend in Year 1 has been carried over for purchases this year

		Arts Carnival	£20,000	£20,000	£0	The Arts Carnival, which was rearranged due to adverse weather, took place on Saturday 9 th September 2023. The next Carnival will take place in 2025.
		Partner for Elmer 2	£40,000	£40,000	£0	Contract has been signed with the launch expected Summer 2024.
	Project C- A Community Arts Hub & Maker Space	Feasibility Study	£5,000	£5,000	£0	The final amended feasibility report was received in August with an MBC working group set up to action the results of the report. A separate report dealing with the outcome is on this agenda.
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	£15,000	£8,440	£1,012	Advertising budget has been used to promote events throughout the autumn and will be used further with the Lunar events in the new year.
		Borough Insight Events and Town centre focussed	£30,000	£30,000	£0	This was spent on the Autumn edition of the magazine which was delivered to residents from October 2023.
		Promotional video for business and events in TC	£5,000	£5,000	£0	This video promoted the use of UKSPF funds to support the Town Centre over the first two years of funding and is now available online
E9: Impactful Volunteering and/or Social action Projects	Project B- A Safe and Attractive Town Centre achieved through Greening and Lighting	An externally commissioned green Volunteering Project to Improve Town Centre Green Spaces, Increase Volunteering and Improve Wellbeing.	£60,000	£45,000	£15,000	Five sites have been worked with throughout 2023/24 with 25 volunteers involved at 59 events. The sites are Maidstone Community Support Centre, Trinity House, Brenchley Gardens, Fairmeadow and planters in the Town Centre.
Management Overheads			£9,897	£7,423	£2,474	
Total:			£298,478	£238,933	£50,086	
				£289,019		



Third Quarter Risk Update

2023/24

February 2024
Corporate Service PAC
Report Author: Uche Olufemi
(Emergency Planning & Resilience Manager)

Introduction

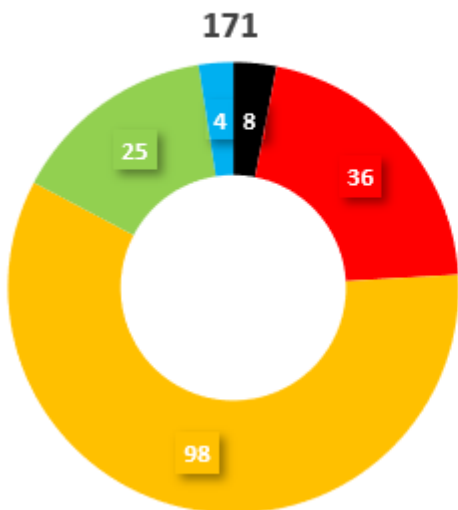
A key principle of good governance is managing the **effect of uncertainties on the achievement of our objectives**. Having arrangements in place to identify and manage our risks increases the probability of achieving corporate and operational objectives by controlling risks in balance with resources. 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. The Council has recently updated the Risk Management Framework which will be shared with the Corporate Services Portfolio Holder.

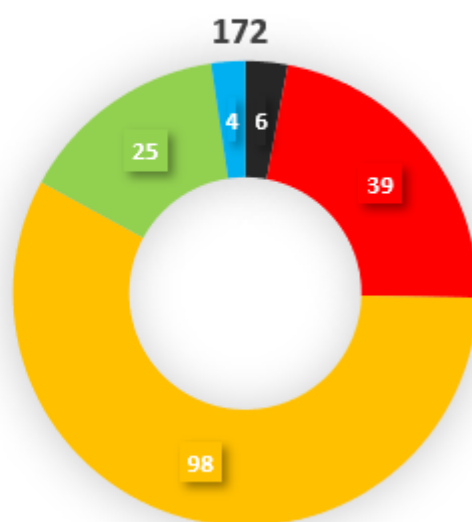
The purpose of this report is to provide an update on the council’s risk information considering any changes to existing risk and highlighting emerging ones. This report sets out the Council’s corporate risks, describes the risks ‘on the horizon’ and includes the Council’s operational risk profile, detailing the most significant operational risks.

The Council’s overall risk profile is pictured in the charts below. These show an increase in the overall number of risks following addition of one red operational risk.

Current Risk Rating (Nov' 23)



Current Risk Profile (Feb' 24)



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 are reviewed and updated by risk owners to include progress against any related risk actions.

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

No	Corporate risk	Nov' 23 Current Risk	Feb' 2024		Corporate Priority			
			Current Risk	Mitigated Risk				
1	Financial uncertainty	25	15	12	✓	✓	✓	✓
2	Election failure / challenge	20	20	16	✓	✓	✓	✓
3	Construction costs / contractor insolvency	20	20	16	✓		✓	✓
4	Housing pressures increasing	20	20	16	✓		✓	
5	Diminished local retail and leisure sector	20	20	16	✓			✓
6	Not fulfilling residential property health & safety responsibilities	20	20	12	✓		✓	
7	Environmental damage	16	16	16		✓	✓	✓
8	Cost of Living Crisis	16	16	12		✓	✓	
9	Major unforeseen emergency	15	15	9	✓	✓	✓	✓
10	Major contractor, supplier, or tenant failure	12	12	9	✓	✓	✓	✓
11	IT network failure	12	12	9	✓	✓	✓	✓
12	Ability to access / leverage new funding	12	12	9	✓	✓	✓	✓
13	Loss of workforce cohesion and talent	9	9	6	✓	✓	✓	✓
14	Reduced effectiveness of relationships with strategic partners	9	9	6	✓	✓	✓	✓
15	Governance changes	9	9	6	✓	✓	✓	✓



One corporate risk rating has been downgraded from black to red and a couple of mitigated risk ratings reduced to reflect increased control measures and current situation. Below are the affected risks:

- 1. Financial Uncertainty:** The reduced risk rating from a black to red risk acknowledges the council's current positive financial position. The drop in the mitigated risk rating from 16 to 12 reflects the control measures and planned actions detailed in Appendix A of this report.
- 2. Loss of Workforce Cohesion:** With an original rating of 9, the reduced mitigated risk rating of 6 reflects strategies, policies, procedures, and activities that are in place and effective controls to mitigate this risk. Details of these controls are captured in Appendix A of this report.
- 3. Failure of Contractor:** While this continues to be a red risk, the mitigated rating is now reduced from 12 to 9. This change in rating reflects measures in place such as contract monitoring arrangements for major contractors, financial sustainability embedded in the procurement process, and on-going financial performance and resilience checks for our contractors and suppliers.

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.

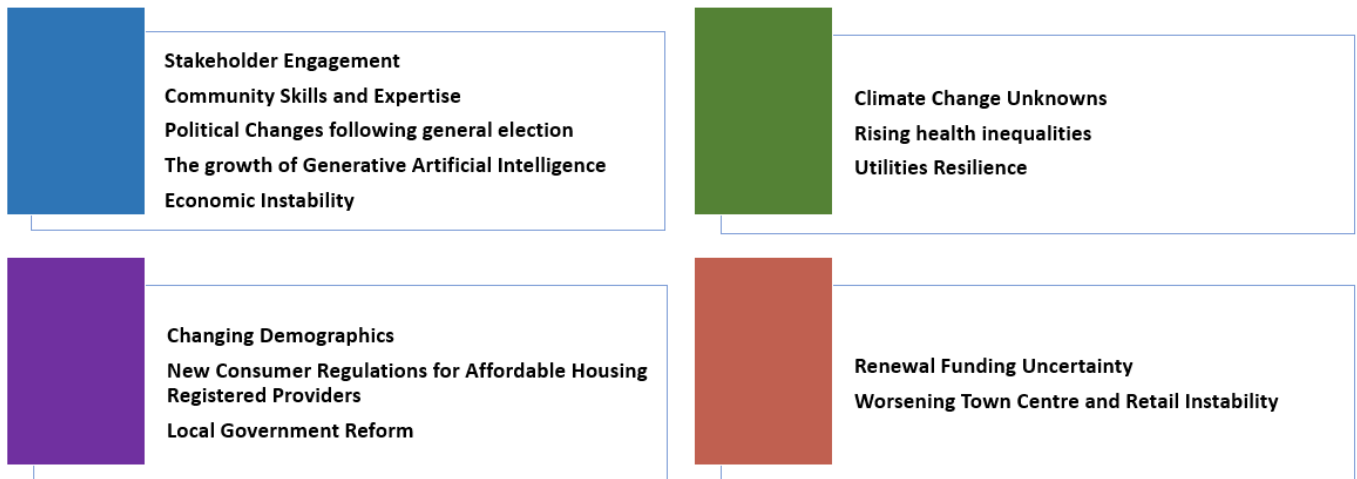
We will run a horizon scanning workshop in 2024 to further explore global risk reports and the latest thinking on emerging risks. This workshop will be aimed at inspiring conversations about emerging risks to enable us continue to build resilience.

We will keep monitoring these threats and continue to provide updates as part of the quarterly audit report.

The diagram below summarises the current external threats aligned to each of our priorities.

Embracing Growth & Enabling Infrastructure

Safe Clean & Green



Homes & Communities

Thriving Place

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

1. **Changing Demographics** – changes in local demographics as local residential development expands and census results become clearer, changes predicted to service provision.
2. **Climate change unknowns** – some of the implications of climate change are already captured within the corporate risk register. This reflects the possibility of other yet unknown implications from climate change. An emerging risk here is the rising carbon offsetting costs.
3. **Community skills and expertise** – decline in diversity of skills and expertise within communities.
4. **Economic Instability** – uncertainty around employment rates, interest rates and inflation increase, and the affect this will have on the local economy, residents’ financial position and our operational and contractual costs and wage bill.
5. **Political Changes following general election** – uncertainty around the changes that could result from the general election.
6. **The growth of generative Artificial Intelligence** – the growing interest in the use of AI comes with potential threats. A team is in the process of exploring this further and developing an AI policy for the council.
7. **Rising health inequalities** – increasing inequality in access to health care provisions.
8. **Stakeholder engagement** – heightened sensitivity to Council plans leading to increased intolerance and complaints.
9. **Utilities Resilience** – loss of water, electricity, or telecoms over a wide area in the Borough.
10. **Worsening Town Centre and Retail Instability** – Uncertainty around how many more major retailers could potentially leave the town centre and the resulting impact.

11. **New Consumer Regulations for Affordable Housing** - As the council pursues the 1,000 affordable homes programme, there will come a point where we will be a registered provider and subject to the new consumer standards. New consumer standards will go live in April 2024.
12. **Local Government Reform** – the potential implications of implementing local government reforms.

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 2023, the overall number of operational risks has increased by 1 from 156 to 157.

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The single black operational risk is detailed below:

1. Unable to provide Building Control Service if staff are not licensed with the HSE by 1 st April 2024 in accordance with the new Building Safety Act.			
Service Area: Building Control	Ownership: Robert Wiseman	Current Score: 15 x L4	20
<p>Causes</p> <p>Insufficient number of licensed surveyors to carry out the operational duties.</p> <p>Consequences</p> <p>Inability to deliver the service or train staff A need for agency staff leading to increased costs Inability to carry out statutory functions.</p>	<p>Existing Controls</p> <ul style="list-style-type: none"> • All staff being supported and working towards attaining accreditation by April 2024 • Arrangements in place to recruit agency staff if needed • Trainee/ Apprenticeship programme to recruit and train new staff 	<p>Risk Response</p> <ul style="list-style-type: none"> • We now have a clear understanding of the implications of the Building Safety Act • Staff on training courses to achieve the accreditation 	
Next Risk review: October 2024	Risk direction over time: Reduced mitigated risk profile from 12	Mitigated Score: 13x L4	12

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Appendix A Corporate Risk Register

The following table shows details of the Council’s Corporate Risks including the current rating 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)	Planned Actions	Mitigated rating (I x L)
<p>General financial uncertainty. Unexpected changes to government funding, failure to achieve income or savings targets, and increases in inflation and contractor costs and deteriorating economic environment places further financial restrictions on the Council resulting in difficulty maintaining standards or meeting aims.</p>	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 • Cost recovery through bidding for additional government support for one-off costs and strategic investments • Maximise Council Tax to referendum limit • Early start to budgetary process for 24-25 to agree key areas 	<p>(3 x 5) 15</p>	<ul style="list-style-type: none"> • Lobbying to avoid unfavourable financial changes to government funding • Identifying measures to address future budget gaps 	<p>(4 x 3) 12</p>
<p>Elections Act 2022 implications in terms of Voter ID, Postal Votes and Overseas Voters could lead to greater challenge or failure for a general election in the next year</p>	Angela Woodhouse	<ul style="list-style-type: none"> • All usual election risk mitigations are in place including project planning, contingency planning, and risk assessments. • DES Manager on DLUHC BCN group working on Elections Act 2022 implementation and liaising with AEA. • Several actions completed around increasing the number of elections staff (including having staff on standby) and more targeted training. • Targeted communication plans and training for staff plus increasing the number of staff with electoral administration knowledge 	<p>(5 x 4) 20</p>	<p>Contingency planning for post-election challenge impacts.</p>	<p>(4 x 4) 16</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<p>Changes to national shopping patterns and other economic impacts leading to Diminished local retail and leisure sector, limiting the appeal of Maidstone town centre threatening business rates income.</p>	<p>William Cornall</p>	<ul style="list-style-type: none"> • Regular network meetings with town centre retailers • Public realm improvement work • Supporting One Maidstone Business Improvement District • 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 • Successful bid to the safer streets fund which has secured £565k investment for community safety in the town centre. • Acquisition of key property (Grenada House) 	<p>(4 x 5) 20</p>	<ul style="list-style-type: none"> • Development of a Town Centre strategy to guide the reallocation of land uses within the Town Centre (including retail). • The Council has now received a circa £1.2m Shared Prosperity Fund allocation for the next three years. Officers are in the process of preparing a draft investment plan for the monies for consideration by Members • Town Centre Strategy now underway with "We Made That" appointed and work scheduled to complete by Dec 2024. • Commencement of Grenada House refurbishment works in Q4 2023/24 	<p>(4 x 4) 16</p>

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Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	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>	<p>William Cornall</p>	<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, employers' agent and development management specialist as a consistent professional team to support the Council in it delivery of the 1,000 homes programme • Internal team has been strengthened by the creation of and recruitment into three new roles 	<p>(4 x 5) 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. • Careful scheme design evolution to enhance the "buildability" of new projects. 	<p>(4 x 4) 16</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	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>	<p>Angela Woodhouse</p>	<ul style="list-style-type: none"> • Air Quality Action Plan in place • Emergency planning arrangements in place • 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 	<p>(4 x 4) 16</p>	<ul style="list-style-type: none"> • 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, implement a Nature Recovery Strategy to reduce surface run off and increase natural solutions, enhance, and expand wetland coverage 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 • Conduct Borough Climate Impact Assessment and 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, drought, and urban hotspot. • 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 	<p>(4 x 4) 16</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	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>William Cornall</p>	<ul style="list-style-type: none"> • Homelessness prevention team in place with increased resource • Closer working with private sector & housing associations • Key policies are in place: Temporary Accommodation Strategy • Implementation of Housing Management Team • We work closely with the voluntary sector and community partners • New Housing Strategy adopted • 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 because of cost-of-living crisis <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 • Trinity now open offering Mon-Fri services for immediate intervention and support/guidance • Officers have appointed BEAM to help secure move-on accommodation in the PRS • The Cabinet has now approved for the council to enter into a grant funding agreement with Homes England and the council has received firm allocations for grant funding on our net 5 schemes. 	<p>(4 x 5) 20</p>	<ul style="list-style-type: none"> • 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. • Improve access to private rented sector through the MBC incentive scheme • 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. • Capital programme for 23/24 allows for c30 TA units to be acquired this year. 	<p>(4 x 4) 16</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<p>66</p> <p>Major unforeseen emergency with national / international impact (e.g. new pandemic, environmental disaster)</p>	<p>Alison Broom</p>	<ul style="list-style-type: none"> • Strong existing emergency planning framework • Active engagement with Local Resilience Forum • Flexible and committed workforce appropriately trained in various roles to support the council’s response to incidents. • Quarterly oversight & monitoring through the Emergency Planning & Business Continuity Group chaired by the Director for Finance, Resources & Business Improvement. • Some financial reserves • Good partnership working as demonstrated during Covid-19 pandemic • Continued update to Business Continuity Plans and arrangements • Regular reports to CLT on improvements to the business continuity arrangements • Embedded arrangements over the quarterly review of emergency threats and risks through the Emergency Planning and BC Group including horizon scanning and early warnings. • Plans in place for dealing with different types of major emergencies and their impacts. • Business Continuity Management Policy • Increased resilience for the Emergency Planning & Resilience team by the recruitment of a permanent Resilience Officer. • Annual Business Continuity exercise • Annual Winter Preparedness workshop and briefing to key responders (including Corporate Leadership Team) • Annual refresher courses for Emergency Planning Responder roles 	<p>(5 x 3) 15</p>	<ul style="list-style-type: none"> • Continue to collaborate with partners within the Kent Resilience Forum to implement good practice and strengthen mutual aid arrangements. 	<p>(3 x 3) 9</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<p>67</p> <p>Security breach or system weakness leading to IT network failure results in wide-spread system unavailability, increased legal and financial liability and reputational damage.</p>	<p>Georgia Hawkes</p>	<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 bought 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 and a power outage/loss of systems exercise in November 2023 • New role of Security manager is now in post to support the implementation of the Zurich Cyber Security report. • Business Impact Assessments have been reviewed and updated. These have been used to update BC Plans 	<p>(4 x 3) 12</p>	<ul style="list-style-type: none"> • Continue to keep up to date and investigate best practice in the corporate approach for dealing with and responding to cyber incidents when they occur. 	<p>(3 x 3) 9</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<p>88</p> <p>Insufficient awareness / expertise leads to not fulfilling residential property and health and safety responsibilities resulting in possible health & safety breaches.</p>	<p>William Cornall</p>	<ul style="list-style-type: none"> • New Contractors appointed DMS (repairs and voids) and Clareglow (gas) to deliver a more tailored service for the Council • Faithfull Farrell & Timms have been retained as a critical friend to allow the new housing management function to up skill. • The 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. 	<p>(4 x 5) 20</p>	<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. • Implementation of new specialist housing management software to support the growing portfolio. • The Council has almost completed a significant re-investment package of works of its two publicly owned G&T sites and works nearing completion. • Staff being supported to obtain the required HSE accreditation. 	<p>(4 x 3) 12</p>
<p>Failure of a major contractors, suppliers or tenants: As a result of market pressures one of the Councils contractors goes into liquidation / administration or seeks to negotiate an increase in the cost of the contract. Leading to disruption and increased costs.</p>	<p>Mark Green</p>	<ul style="list-style-type: none"> • Regular contract monitoring and communication with major 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 • Ongoing financial performance and resilience checks of our suppliers and contractors 	<p>(4 x 3) 12</p>	<ul style="list-style-type: none"> • Risk register being completed for each of the Council's strategic contracts • Increased consideration of in-house provision or alternative commissioning routes • Explore additional resource dedicated to contract monitoring 	<p>(3 x 3) 9</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	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>	<p>Georgia Hawkes</p>	<ul style="list-style-type: none"> • Workforce strategy updated • Training & development programme • 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 objective setting • Hybrid Policy in place • Market Supplement Policy reviewed and updated • graduate microsite has been created to allow the council to recruit graduates in less skilled roles to provide the training to increase skill levels to progress in the role • Obtaining information on best practice on recruitment processes and options for hard to recruit roles 	<p>(3 x 2) 6</p>	<ul style="list-style-type: none"> • Use results of 2024 staff survey to feed into staff motivation and retention activities and strategies. 	<p>(3 x 2) 6</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>	<p>Mark Green</p>	<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 • Maintaining good financial standing to ensure the council has good credit rating. • Investment of one-off resources for putting together funding bids 	<p>(3 x 4) 12</p>	<ul style="list-style-type: none"> • Investigate alternative sources of funding. 	<p>(3 x 3) 9</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	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>	<p>Angela Woodhouse</p>	<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 	<p>(3 x 3) 9</p>	<ul style="list-style-type: none"> Recruit two additional officers into Democratic Services to support the new model Log of issues kept by Democratic Services – contributed to by the Monitoring Officer, Democratic Services and Director of Strategy, Insight and Governance 	<p>(3 x 2) 6</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<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>	<p>Alison Broom</p>	<ul style="list-style-type: none"> • Participation in Kent One Public Estate Board • Maidstone Inclusion Board • Good integration with County-wide networks • Regular programme of Anchor Institutions and stakeholder meetings. • Collaboration agreement with Homes England for the proposed Heathlands Garden Community • Umbrella agreement with Homes England concerning grant support for affordable and social rent housing • Strategic engagement with health partners including the West Kent Health and Care Partnership and the ICP primary care and estates teams • Participation in the Medway Valley Countryside Partnership to complement our parks and open spaces service • Mid Kent Services and associated collaboration agreements • Collaboration agreement with Ashford and Swale borough councils concerning waste collection • Professional team for regeneration projects in place and contractors in place for delivery of 2024/5 programme • Relationships established and working well with the Department for Work and Pensions • Implementation of shared arrangement for emergency planning and resilience with Swale BC 	<p>(3 x 3) 9</p>	<ul style="list-style-type: none"> • Continue to explore ways to develop, grow and strengthen partner relationships • Dialogue with West Kent Authorities on scope for future working together options • Reduced participation in the Kent Resource Partnership • Review of agency agreement for parking enforcement • Review of inter authority agreement between MBC as waste collection authority and KCC as waste disposal authority. • Implementation of decision to extend the Mid Kent Services’ shared Revenues and Benefits Service • Dialogue with licensing partnership authorities to agree common internal audit approach • Seeking improvements to working arrangements with the Valuation Office and Hm Courts and Tribunal Service (to strengthen MKS Revenues and Benefits service) 	<p>(3 x 2) 6</p>

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<p>More residents moving from comfortable and making ends meet into financial crisis. If the current cost of living crisis continues and potentially intensifies there will be an increase in the need for support and demand for services. Leading to increased financial pressures for residents of the Borough; Homelessness increased; Resident debt increased; Increased stress and mental health problems; Increased demand for support from us and the voluntary and community sector</p>	<p>Angela Woodhouse</p>	<ul style="list-style-type: none"> Anchor Institutions Partnership established and meeting regularly Working with the VCS on volunteering and fund-raising initiatives 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 Inclusion Strategy The Community resilience fund 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 An action plan is in place – a welfare post has been appointed to and a hardship fund created LIFT Dashboard in place – using available data to proactively reach out and offer support to resident in financial crisis or at risk Quarterly Inclusion Board 	<p>(4 x 4) 16</p>	<ul style="list-style-type: none"> Review of the financial inclusion strategy Initiatives focussed on prevention, sign posting and advice as well as reactive measures using Household Support Fund and our Community Resilience Grant. Plan is to bring this work together under a new strategy and action plan, with identified and coordinated resourcing Pursuing ‘No Wrong Door Campaign Increasing proactive community liaison work to ensure strength of engagement between council and VCS 	<p>(4 x 3) 12</p>

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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 5

Business Name	Property Address	A/C ref	Fin. Year	O/S debt	Costs	Total to be written off	Reason for write off	Action taken
PASTA PASTA LTD	203 WATER LANE	3315231	2021/22	£8,344.92	£200.00	£30,731.31	Dissolved	Companies House shows company dissolved via compulsory strike off 26.09.2023 returned from bailiff no chance of dividend.
	CHEQUERS CENTRE		2022/23	£13,972.00	£200.00			
	MAIDSTONE ME15 6AR		2023/24	£7,814.39	£200.00			
PLAY CENTRES LTD	UNITS G10 G11 G11A G12 & G12A	329529X	2019/20	£13,636.51	£0.00	£34,112.39	Administration	Debt was with Enforcement Agent, company went into administration 06.06.2023 - notice of no dividends received and company to move to dissolution.
	POWERHUB BUSINESS CENTRE		2021/22	£5,664.64	£200.00			
	ST PETERS STREET		2022/23	£13,056.00	£0.00			
	MAIDSTONE KENT ME16 OST		2023/24	£1,555.24	£0.00			
KENT PUB CO LTD	THE ZOO	3298400	2018/19	£15,581.06	£0.00	£17,556.31	Liquidation	Company in liquidation 23.05.2019, no dividend paid and company dissolved 07.07.2022
	MARKET BUILDINGS MAIDSTONE ME14 1HP		2019/20	£1,975.25	£0.00			
Total						£82,400.01		

APPENDIX 6 - Contract Approval Levels.

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Current Levels	Proposed Levels	Benefit
Less than £10k – at least 1 quote (local supplier if possible) - if non-standard request support from legal. - Head of Service (HofS) approves. - Over £5k advise procurement. - Responsible officer to ensure contract manager in place.	Under £5K – 1 quote (must demonstrate value – must be a local supplier) – Line manager/ budget holder sign off	Simpler process as the current one has differing rule over £5k. New rules make this clearer. A lower level of budget sign off to increase accountability and speed of purchasing. Mandates that we contract with local suppliers unless evidence can be provided as to why a local company cannot deliver the requirement.
	£5-10K – Minimum of 2 quotes (1 from local supplier where possible) – must notify procurement and send copy of contract – e-tendering platform advised – Line manager/ budget holder sign off - HofS Notified	A lower level of budget sign off to increase accountability and speed of purchasing. e-tendering advised and approval lower with HofS being notified.
£10 – 25K – Minimum 3 quotes (1 from local supplier where possible) – Director Sign off	£10 – 25K – Minimum 3 quotes (1 from local supplier where possible) – e-tendering platform mandatory – HofS Sign off	Same financial levels, but a lower level of sign off – now at HofS. Use of the e-tendering platform will be mandatory.
£25 – 75K – Mandatory consultation with procurement and agree sourcing plan – Director sign off.	£25 – 100K – Mandatory consultation with procurement and agree sourcing plan – e-tendering platform mandatory – HofS Sign off – Notification to Director and Head of Finance (HofF)	A small increase in the upper limit. Reduced level of authority for sign off.
Over £75k – Procurement must run exercise on behalf of Service area – Director FR&BI to sign off.	Over £100K – Procurement must run exercise on behalf of Service area – tender mandatory via e-tendering platform – Director Sign off and Notification to HofF.	A small increase in the upper limit. Reduced level of authority for sign off.

Note : any changes will need to be included into the Constitution.

Agenda Item 12

CABINET MEMBER FOR CORPORATE SERVICES

20 March 2024

Maidstone Property Holdings Limited - Appointment of Directors

Timetable	
Meeting	Date
Corporate Services Policy Advisory Committee	13 March 2024
Cabinet Member for Corporate Services	20 March 2024

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Cabinet Member for Corporate Services
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
Classification	Public
Wards affected	All

Executive Summary

This report recommends the appointment of two new directors to Maidstone Property Holdings Limited.

Purpose of Report

Cabinet Member decision

This report makes the following recommendation to the Cabinet Member for Corporate Services.

That the resignations of William Cornall and John Littlemore as directors of Maidstone Property Holdings Limited be accepted and that the Head of Finance and Head of Property and Leisure be appointed in their place.

Maidstone Property Holdings Limited – Appointment of Directors

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	There is no direct impact on Corporate Priorities. In general, ensuring good governance of the subsidiary company supports all the Council’s Corporate Priorities.	Director of Finance, Resources and Business Improvement
Cross Cutting Objectives	There is no direct impact on the four cross-cutting objectives.	Director of Finance, Resources and Business Improvement
Risk Management	Already covered in the risk section.	Director of Finance, Resources and Business Improvement
Financial	There are no direct financial implications from the recommendations set out in this report.	Head of Finance
Staffing	The appointments recommended in this report are consistent with existing staffing arrangements.	Director of Finance, Resources and Business Improvement
Legal	<ul style="list-style-type: none"> It is accepted law through various legislation including s1 of the Localism Act that councils can form and operate local authority wholly owned trading and commercial companies. Part B of the Council’s Constitution delegates the Shareholder role in MPH to the Cabinet Member for Corporate Services. 	Deputy Head of Legal
Information Governance	The recommendations could impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes. The Information Governance Team will review the processing of personal data affected and the associated documentation.	Information Governance Team.

Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Equalities & Communities Officer
Public Health	No implications	Senior Public Health Officer
Crime and Disorder	No implications	Director of Finance, Resources and Business Improvement
Procurement	No implications	Director of Finance, Resources and Business Improvement
Biodiversity and Climate Change	No implications	Director of Finance, Resources and Business Improvement

2. INTRODUCTION AND BACKGROUND

Background

- 2.1 Maidstone Property Holdings Limited (MPH) was incorporated in September 2016 as a wholly owned subsidiary of the Council. Its purpose was expressed in a subsequent report to Council as follows:

The Company will be a vehicle through which market rented accommodation will be provided to a high standard and which will be affordable to its target market. It will aim to provide a more balanced housing market in the borough. It will assist with the regeneration of brownfield sites and stimulate local economy growth through creation of additional jobs.

- 2.2 Advice was taken from external solicitors, Anthony Collins, on appropriate governance arrangements for MPH. As a result, Council adopted the following documents in December 2019, which set out MPH's plans, how it is structured, and its relationship with the Council:

- A Business Plan
- Operational Agreement
- Services Agreement

- 2.3 The Council's functions as shareholder were to be exercised by the Policy and Resources Committee, who in turn delegated that responsibility to the

Director of Finance and Business Improvement. When the Council introduced a Cabinet system in place of the former Committee system in 2022, its functions as shareholder were transferred under the constitution to the Cabinet Member for Corporate Services, but without any officer delegation.

Current position

2.4 The turnover of MPH has grown in line with the growth in the PRS portfolio. Starting with Granada House and Lenworth House, MPH now holds 108 properties at a range of sites on long leases from MBC. Its turnover for the year ended 31 March 2023 was £957K.

2.5 The following currently serve as directors of MPH:

William Cornall
John Littlemore
Georgia Hawkes
Claudette Valmond

The day-to-day operation of the company is handled by suitably qualified and experienced Council officers under the Services Agreement, along with third party contractors, including a letting agent and a maintenance contractor.

2.6 Since the establishment of MPH in 2017, local authority companies have become more widespread. They have also attracted much greater scrutiny, with companies sometimes acting as a vehicle for activities that have lacked appropriate oversight and/or have had adverse financial consequences for the parent authority. CIPFA's 'Local authority owned companies: a good practice guide', published in 2022, provides a useful summary of what is now considered necessary in order to ensure that the pitfalls are avoided.

2.7 A key issue addressed by the good practice guide are the respective roles and responsibilities of the local authority, its members and officers, and the directors of the subsidiary company. Members and officers of the authority are not precluded from becoming directors of a subsidiary company. However, company directors have legal powers and duties which may conflict with those that they have as members or officers.

2.8 Two of the current directors (William Cornall and John Littlemore) are directly involved in delivering the Council's housing services and could be construed as facing potential conflicts of interest. For example, meeting the Council's overall strategic housing objectives may conflict with the narrower role of director of Maidstone Property Holdings Limited, a company which exists specifically to deliver private rented sector housing.

2.9 It is not considered that these potential conflicts of interest have in practice led to any sub-optimal decisions being made by Maidstone Property Holdings Limited as a company. The company's activities have been limited to the provision of private rented sector housing, in line with the Council's original intentions. Its activities in this area have been reported regularly to members as part of the formal quarterly budget monitoring process, and no

issues of concern have been identified. Maidstone Property Holdings Limited has been subject to external audit by an independent firm (not the Council's own auditors). They have issued clean audit reports for each year of the company's operation and the company is up to date with the submission of audited accounts to Companies House.

Proposed way forward

- 2.10 Whilst conflicts of interest are capable of being managed, for example through training for the individuals concerned and disclosure of conflicts where applicable, the onus of managing such conflicts of interest is heavy in particular for the two directors referenced above. It is therefore recommended that the risk of conflicts be avoided altogether by appointing new directors to take the place of William Cornall and John Littlemore. They have both confirmed that they are content with this course of action.
- 2.11 Given the limited remit of Maidstone Property Holdings Limited, and the low risk associated with its operations, the Council is not recommended to appoint an independent director or directors who are neither officers nor members of the Council. Instead, it is proposed that two officers of the Council, who do not face the same potential conflicts of interest as William Cornall and John Littlemore, are appointed as Board members.
- 2.12 The proposed new directors are the Head of Finance and the Head of Property and Leisure. Both are employees of the Council, but they have no direct involvement with delivery of the Council's housing services or strategy. They bring appropriate professional skills to the role of director, but their current roles do not involve them in any functions which would normally give rise to a conflict of interest. Their professional background equips them to recognise any conflict of interest that might arise and to address it appropriately.
- 2.13 The CIPFA good practice guide highlights a range of other issues to be considered by councils in its role as shareholder of subsidiary companies, above and beyond potential conflicts of interest. It is therefore appropriate to review the operation of the Maidstone Property Holdings Limited in this context. Officers are engaging with Mid Kent Audit on this subject and will report back to members on the outcome. However, it is considered that the potential conflicts of interest highlighted in this report require immediate action, hence the recommendation contained here.

3. AVAILABLE OPTIONS

- 3.1 Option 1 – Do nothing.
- 3.2 Option 2 – Accept resignation of the two directors who face potential conflicts of interest, but take no further action.
- 3.3 Option 3 – Accept resignations and appoint alternative directors.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 Retaining the current Board membership of Maidstone Property Holdings Limited gives rise to a risk (perceived or actual) of conflicts of interest. Accepting the resignations of the two directors concerned without appointing replacements would leave the Board too narrowly based and would provide little resilience. Accordingly, it is recommended that the resignations are accepted and two alternative directors are appointed.

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. We are satisfied that the risks associated are within the Council’s risk appetite and will be managed as per the Policy.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 Consultation has taken place with the Directors of Maidstone Property Holdings Limited on the proposals set out in this report.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 Subject to any comments from the Policy Advisory Committee, the matter set out in this report will proceed to the Cabinet Member for decision.

8. REPORT APPENDICES

None

9. BACKGROUND PAPERS

None