

CLIMATE TRANSITION, CORPORATE AND ENVIRONMENTAL SERVICES POLICY ADVISORY COMMITTEE MEETING

Date: Monday 8 July 2024

Time: 6.30 pm

Venue:

Membership:

Councillors Cannon, Conyard, Couch (Vice-Chairman), Forecast, Mrs Gooch, Higson (Chairman), Jenkins-Baldock, Jones and Sweetman

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.

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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	
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14. Allocation of Council Land for Biodiversity Net Gain Off Site Provision	109 - 118

Issued on Date Not Specified

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

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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 Thursday 5 July 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.

MAIDSTONE BOROUGH COUNCIL

CLIMATE TRANSITION, CORPORATE AND ENVIRONMENTAL SERVICES POLICY ADVISORY COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY 21 MAY 2024

Attendees:

Committee Members:	Councillors Joe Higson (Chairman), Cannon, Cleator, Conyard, Forecast, Mrs Gooch, Jeffery, J Sams and Sweetman
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1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Couch, Jenkins-Baldock and Summersgill.

2. NOTIFICATION OF SUBSTITUTE MEMBERS

The following Substitute Members were noted:

- Councillor Jeffery for Councillor Couch
- Councillor Cleator for Councillor Jenkins-Baldock
- Councillor J Sams for Summersgill

3. ELECTION OF CHAIRMAN

RESOLVED: That Councillor Higson be elected as Chairman for the 2024/25 Municipal Year.

4. ELECTION OF VICE-CHAIRMAN

RESOLVED: That Councillor Couch be elected as Vice-Chairman for the 2024/25 Municipal Year.

5. DURATION OF MEETING

7:30 p.m. to 7:33 p.m.

MAIDSTONE BOROUGH COUNCIL FORWARD PLAN FOR THE FOUR MONTH PERIOD 1 JUNE 2024 TO 30 SEPTEMBER 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 style="text-align: center;">2</p>  <p style="text-align: center;">Councillor Stuart Jeffery Leader of the Council Email stuartjeffery@maidstone.gov.uk</p>	 <p style="text-align: center;">Councillor Clive English Deputy Leader and Cabinet Member for Environmental Services and Enforcement Email cliveenglish@maidstone.gov.uk</p>	 <p style="text-align: center;">Councillor Kathy Cox Cabinet Member for Corporate Services Email KathyCox@Maidstone.gov.uk</p>
 <p style="text-align: center;">Councillor Tony Harwood Cabinet Member for Planning Policy and Management Email tony.harwood36@gmail.com</p>	 <p style="text-align: center;">Councillor Stephen Thompson Cabinet Member for Healthier Stronger Communities Email: StephenThompson@Maidstone.gov.uk</p>	 <p style="text-align: center;">Councillor Mike Summersgill Cabinet Member for Climate Transition and Nature Recovery Email MichaelSummersgill@Maidstone.gov.uk</p>



Councillor David Naghi

Cabinet Member for Community Cohesion
and Safety

Email Davidnaghi@maidstone.gov.uk



Councillor Simon Wales

Cabinet Member for Housing and Homelessness

Email SimonWales@Maidstone.gov.uk

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.

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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.

Councillor Stuart Jeffery
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
<p>Productivity Plan</p> <p>Response to Minister for local government re productivity in local government. to provide a summary of the work we have done and plan to do in transforming the services we deliver. Also includes details of the barriers that currently reduce our ability to deliver greater productivity.</p>	Leader of the Council	Leader of the Council	Not before 8th Jul 2024	No	No	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 24	Productivity Plan	<p>Anna Collier, Adrian Lovegrove</p> <p>Head of Insight, Communities & Governance Policies, Communities and Engagement, Head of Finance</p> <p>annacollier@maidstone.gov.uk, adrianlovegrove@maidstone.gov.uk</p>
4th Quarter Finance, Performance & Risk Monitoring Report	Cabinet	Cabinet Member for Corporate Services.	24 Jul 2024	No	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 24	4th Quarter Finance, Performance & Risk Monitoring Report	<p>Paul Holland</p> <p>paulholland@maidstone.gov.uk</p>

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
Allocation of Council Land for Biodiversity Net Gain Off Site Provision	Cabinet	Cabinet Member for Climate Transition and Nature Recovery	24 Jul 2024	No	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 24	Allocation of Council Land for Biodiversity Net Gain Off Site Provision	James Wilderspin Biodiversity and Climate Change Manager jameswilderspin@maidstone.gov.uk
Corporate Planning Timetable 5	Cabinet	Leader of the Council	24 Jul 2024	No	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 2024	Corporate Planning Timetable	Angela Woodhouse Director of Strategy, Insight & Governance angelawoodhouse@maidstone.gov.uk
Maidstone House and the Link decarbonisation Requests approval for funding for project to decarbonise Maidstone House and the Link	Cabinet	Cabinet Member for Climate Transition and Nature Recovery	24 Jul 2024	Yes	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 24	Maidstone House and the Link decarbonisation	Mark Green Director of Finance, Resources & Business Improvement markgreen@maidstone.gov.uk

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Medium Term Financial Strategy 2025/26 - 2029/30	Cabinet	Cabinet Member for Environmental Services	24 Jul 2024	No	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 24		Mark Green Director of Finance, Resources & Business Improvement markgreen@maidstone.gov.uk
Natural Flood Management schemes Approval for funding to develop Natural Flood Management schemes	Cabinet	Cabinet Member for Environmental Services	24 Jul 2024	No	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 24	Natural Flood Management schemes	Mark Green Director of Finance, Resources & Business Improvement markgreen@maidstone.gov.uk
Solar Energy Investment Projects	Cabinet	Cabinet Member for Climate Transition and Nature Recovery	24 Jul 2024	No	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 8 Jul 24	Solar Energy Investment Projects	James Wilderspin Biodiversity and Climate Change Manager jameswilderspin@maidstone.gov.uk

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The Biodiversity and Climate Change Action Plan Update and Annual Review 2024	Cabinet	Cabinet Member for Climate Transition and Nature Recovery	18 Sep 2024	No	No Open	Climate Transition, Corporate and Environmental Services Policy Advisory Committee 3 Sep 24	The Biodiversity and Climate Change Action Plan Update and Annual Review 2024	James Wilderspin Biodiversity and Climate Change Manager jameswilderspin@m aidstone.gov.uk

Agenda Item 10

CLIMATE TRANSITION, CORPORATE & ENVIRONMENTAL SERVICES POLICY ADVISORY COMMITTEE

8 July 2024

Productivity in Local Government

Timetable	
Meeting	Date
Climate Transition, Corporate and Environmental Services Policy Advisory Committee	8 July 2024
Leader Decision	18 th July

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Leader
Lead Head of Service	Mark Green, Director of Finance, Resources & Business Improvement
Lead Officer and Report Author	Adrian Lovegrove, Head of Finance Anna Collier, Head of Insight, Communities & Governance
Classification	Public
Wards affected	All

Executive Summary

This report sets out a proposed response to the Productivity in Local Government request received by the Minister for Local Government in April 2024.

The response follows the recommended format and shows how MBC has delivered transformation in its services and how it will deliver further improvements in the future. There is also a section on barriers to productivity, which we have used to highlight changes which will aid us to be more efficient and effective in the future.

Purpose of Report

The report enables the Committee to consider and comment on our draft response to the request for a Productivity Plan from the Minister for Local Government in April 2024.

This report makes the following recommendations to the Climate Transition, Corporate and Environmental Services Policy Advisory Committee:

1. That the response to the request for a Productivity Plan be noted.

Productivity in Local Government

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	There are no specific issues arising.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Cross Cutting Objectives	There are no specific issues arising.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Risk Management	This is addressed in Section 5 of this report.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Financial	There are no specific issues arising.	Senior Finance Manager (Client)
Staffing	There are no specific issues arising	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Legal	There are no specific issues arising and the report is just for noting.	Deputy Head of Legal
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Policy and Information Team
Equalities	There are no specific issues arising.	Equalities and Communities Officer
Public Health	There are no specific issues arising.	Senior Public Health Officer

Crime and Disorder	There are no specific issues arising.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Procurement	There are no specific issues arising.	Director of Finance, Resources and Business Improvement (Section 151 Officer)
Biodiversity and Climate Change	There are no specific issues arising.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

2.1 The Minister for Local Government wrote to all public services and local authorities in April 2024 (Appendix 1) regarding productivity in local government. The purpose of the request was to gather information to understand what is working well, to identify gaps and to consider what is needed to unlock further opportunities.

2.2 We have prepared a response to the request. It follows the format requested of four pages covering the four key questions:

1. How you have transformed the way you design and deliver services to make better use of resources.
2. How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources.
3. Your plans to reduce wasteful spend within your organisation and systems.
4. The barriers preventing progress that the Government can help to reduce or remove.

2.3 The full draft response is at Appendix 2. We would like your feedback to the draft response. The final version will be signed off by the Leader and the response from the Chief Executive is due to be with the Minister by the 19th July, subject to any new direction received from government following the General Election on 4th July.

3. AVAILABLE OPTIONS

3.1 There are no matters for decision in this report. The Committee is asked to note the report but may choose to comment.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The Committee is requested to note the content of the report.

5. RISK

- 5.1 This report is presented for information only and has no direct risk management implications.
- 5.2 From 2010, successive governments have adopted a relatively light touch approach regarding Productivity and Value for Money as compared with the previous regime. If this area were to become more structured and require additional reporting there would be time and resource implications for the Council.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The response has been shared with the Wider Leadership Team in the council to ensure it reflects views from all relevant services.
- 6.2 It is now being presented to members, who are asked to feedback comments on the draft response.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The Leader has delegated power to sign off the response, which needs to be returned by the Chief Executive by 19th July 2024, subject to any new direction received from government following the General Election on 4th July.
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8. REPORT APPENDICES

- Appendix 1: Consultation request regarding Productivity in Local Government from the Minister of Local Government
 - Appendix 2: Draft response to the consultation
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9. BACKGROUND PAPERS

None.



Department for Levelling Up,
Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
London
SW1P 4DF

16 April 2024

Dear Chief Executive

Productivity in Local Government

As you know, the Government is reviewing productivity across all public services and local government is, of course, part of that exercise. The recent [Local Government Finance Settlement](#) announced that councils would be asked to produce productivity plans. This letter formally begins that process.

May I first thank you for your very helpful engagement with my officials. Your views and thoughts have been valuable in shaping this approach to make it as useful as possible for all of us.

Local government has already done a huge amount in recent years to improve productivity and efficiency. However, lockdown and post-lockdown has proved challenging, and you are looking for new ways to go further. These new plans will help us understand what is already working well across the whole country, what the common themes are, whether there are any gaps and what more we need to do to unlock future opportunities. We will share these important lessons across the sector.

Productivity is not one-dimensional, and I would encourage you to consider the various facets that encompass the drive for greater productivity. When developing your plans, please think broadly and include reference to not only how you run your organisation, but also how you run the public services you provide and how you provide place leadership. It is with this wide view that we can ensure we are providing value for money for residents.

I am not looking to impose excessive burdens. I am not issuing you with a formal template or a detailed list of criteria to meet. I expect your plans to be three to four pages in length, and to set out what you have done in recent years, alongside your current plans, to transform your organisation and services. I do not want to specify a list of metrics you must report, but I do want to understand how you will monitor and assess your plans to assure yourselves and your residents that they will be delivered.

The plans should consider the below themes and where appropriate, should reference the work your council undertakes alongside other public services, such as the NHS and police.

1. How you have transformed the way you design and deliver services to make better use of resources.

Questions to consider:

- how has the organisation changed in recent years to become more productive? You may wish to consider what you have done around staffing, structures, operating models etc;
- how do you measure productivity in your organisation?
- what changes have you made to improve services, and what effects have those had?
- what are your current plans for transformation over the next two years and how will you measure the effects of those changes?

- looking ahead, which service has greatest potential for savings if further productivity gains can be found? What do you estimate these savings to be?
- what role could capital spending play in transforming existing services or unlocking new opportunities? If you have already used capital spending to boost growth or improve services, we would be interested in learning more;
- what preventative approaches you have undertaken and can the value of these be quantified?
- are there wider locally-led reforms that could help deliver high quality public services and improve the sustainability and resilience of your authority?

2. How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources.

Questions to consider:

- what are your existing plans to improve the quality of the data you collect; how do you use it and how do you make it available to residents?
- are there particular barriers from legacy systems?
- how often do you share data with other organisations, and do you find this useful?
- Are there opportunities to use new technology to improve workflows and systems, such as predictive analytics and AI?

3. Your plans to reduce wasteful spend within your organisation and systems.

I know we will share the aim to reduce waste wherever we can and, while you have all made huge strides in recent years, no organisation is ever 100% efficient. You should set out your plans to reduce wasteful or “gold-plated” spend.

Questions to consider:

- how do you approach identifying and reducing waste in the organisation? How do you monitor progress?
- where have you followed invest to save and what was the result?
- how much time and money do you spend on staff EDI training (internal and external), networks, and other programmes? How many EDI Champions do you have as an organisation? How do you log and report the time and money spent on EDI related activity? How do you assess the effectiveness of that training?
- what percentage of total staff budget is spent on a) agency and b) consultants? How do you assess value for money on agency & consultancy spend and what are your plans to reduce use / costs? How many of those consultants or agency staff have been in place for over a year?
- what governance structures do you use to ensure accountability of spend?
- do you share office functions with other councils and if so, how useful do you find this?
- if you share external training costs with neighbouring councils, how do you factor out duplications of service between your council and your upper-tier council (if you have one)?

- if you have one, what is your assessment and experience of working with an elected mayor, combined authority, or devolution deal?
- what proportion of your paybill is spent on trade union facility time?

4. The barriers preventing progress that the Government can help to reduce or remove.

There will be barriers preventing you from going as far or as fast as you would like to. I would like your plans to set those out, so that we can understand how government, or the market, can help you overcome these barriers to go even further.

Questions to consider:

- what are the barriers preventing you from improving productivity further within your organisation?
- what are the barriers preventing you from improving services further?
- are these barriers consistent across multiple services?
- what would you need to remove those barriers? What do you need from government, the market or elsewhere?

Your plans must be returned by 19 July 2024, by email to productivityplans@levellingup.gov.uk.

You must ensure that there is member oversight and endorsement of the plan before it is submitted, and the plan must also be uploaded to your website so that residents can see it. You should consider how you will update the plans and report on progress on a regular basis. The plans should also contain relevant metrics and key performance indicators to allow you and your residents to monitor progress.

Once received, we will review the plans to identify common themes and issues across the sector. We are keen to highlight best practice that others can learn from.

Individual plans will not be rated or scored, and we will not produce any kind of league tables. We are interested in understanding what is happening across the sector.

We are setting up a panel to consider the themes and evidence that comes from the plans. I will chair the panel and bring together experts from the sector and beyond, including Oflog and the LGA. They will consider the issues emerging from the plans, the implications for future national policy design, the role of government in supporting further change and the role of the sector in going further. The panel will advise national government and local government, and I believe this collaborative approach will ensure the most effective outcomes.

I look forward to updates on your publication and progress.



SIMON HOARE MP
Minister for Local Government

Minister for Local Government
2 Marsham Street
London
SW1P 4DF

By email

11 July 2024

Dear Sir

Productivity in Local Government

I refer to your letter of 16 April 2024 regarding productivity and attach a summary of the work we have done and plan to do in transforming the services we deliver. I hope you find this useful and that it shows we have already delivered considerable productivity benefits in recent years, during periods of significant change and uncertainty.

We have also included details of the barriers that currently reduce our ability to deliver greater productivity. If any of these can be removed, then that will aid us greatly. We are happy to provide further details as needed to aid your understanding.

The document has been reviewed by members of the Council and is endorsed by our Cabinet.

Yours faithfully

Alison Broom
Chief Executive.

Maidstone Borough Council

Maidstone House,
King Street,
Maidstone, Kent ME15 6JQ

 maidstone.gov.uk

 [maidstonebc](https://twitter.com/maidstonebc)

 [maidstoneboroughcouncil](https://www.facebook.com/maidstoneboroughcouncil)

Maidstone Borough Council – Productivity Plan

1. How have you transformed the way you design and deliver services to make better use of resources?

Maidstone Borough Council has undertaken significant efforts to enhance our structures and operations to align staff capacity, skills, and expertise with priorities set out in our [Strategic Plan 2019-2045](#).

As outlined below, we have transformed the way we design and deliver services to optimise resources by enhancing partnerships for efficiency, strategically investing in properties, and revolutionising performance management. Key initiatives include:

- Collaboration with Mid Kent Services – This has enabled the integration of services such as ICT, HR, Revenues (Council Tax, NNDR and Benefits), and Internal Audit, as well as specialist partnerships for Procurement, Licensing, and Emergency Planning.
- Waste Management Service – We have established a joint commercial arrangement across three authorities for our new waste collection contract, resulting in potential to achieve value for money and a more stable service in the medium term.
- Cloud-based Technology – We have embraced cloud technology to eliminate single-data storage dependencies and onsite hosted software. This has enhanced document collaboration, enabled secure mobile and web access, streamlined workflows with automation, boosted productivity via Microsoft Copilot, and facilitated easy access to cloud-stored data for Business Intelligence tools.
- Revenue Generation – We have aligned our commercial and private rented housing investments to our strategic priorities for 'Homes and Communities' and 'A Thriving Place'. This has also yielded returns that help reduce overall expenditure.
- Temporary Accommodation – By increasing the number of Temporary Accommodation properties we own or long-term lease, we have significantly reduced reliance on third-party solutions, mitigating the financial impact of growing demand.
- Trading Accounts – Functions such as Building Control, Licensing, and On-street Parking now operate under financial arrangements that require them to remain competitive and provide value for money.
- External Partnerships – To maintain service delivery in areas where recruitment can be challenging such as Legal Services and Internal Audit, we have leveraged partnerships with third parties that offer specialist advice and support.
- Enhanced Performance Measurement and Reporting – We monitor performance at both strategic and operational levels, publishing data online and reporting to Members and leadership. This year, we have transformed performance reporting by focusing on accessibility, more frequent updates and reducing officer time spent on report writing.
- Dashboard Development and Data Utilisation – Over the past three years, we have developed dashboards and analytics that provide insights for all Council services. These tools enable monitoring of service delivery, resource utilisation, and identify opportunities for quality and efficiency improvements. Additionally, they have facilitated data cleansing and improved reporting speeds.

These strategic initiatives and technological advancements demonstrate our commitment to efficient service delivery and resource optimisation, showcasing our progress and dedication to continuous improvement.

2. How do you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources?

Maidstone Borough Council is committed to harnessing technology and data to drive informed decision-making, optimise service design, and ensure resource efficiency. Key initiatives include:

- **Dashboard Development Programme** – Our central analytics team is spearheading a dynamic dashboard development programme, creating bespoke Power BI visualisations. This enhances performance reporting and provides clearer insights for better decision-making and resource planning. Despite legacy system challenges, the programme is progressing rapidly, continually refining data collection, recording processes, and data quality.
- **Transparency and Data Accessibility** – Our dashboard programme is underpinned by a commitment to transparency, with extensive data published online for public access. Regular reviews of information requests ensure that residents can readily access the data they require at the first point of contact.
- **Shared Service Model for Revenues and Benefits** – We are transitioning our Revenues and Benefits service to a shared model across three local authorities. This move aims to leverage the latest AI technology, enhancing data efficiency and service delivery.
- **Innovative Waste Data Collection** – The introduction of on line forms has revolutionised our waste data collection process, providing an end-to-end reporting function that streamlines workflows and improves data accuracy.
- **Cost-effective Technology Adoption** – We continuously explore new technological solutions to improve workflows and systems in a way that ensures value for money. AI-related initiatives will be carefully implemented in controlled environments to minimise the likelihood of unintended consequences.
- **Housing and Homelessness Strategy supported by OneView** – Our pioneering homelessness prevention initiative, OneView, exemplifies our innovative approach to data utilisation and supports our top strategic priority of preventing homelessness by using data to identify individuals at risk of homelessness, enabling proactive interventions.
- **Collaborative Data Sharing** – We will continue to prioritise data sharing to inform shared priorities and enhance our understanding of community needs, including at our biannual meetings with anchor institutions. Elsewhere, predictive analytics tools such as OneView enables us to share information with partners at the county level and relevant housing associations.

Our strategic use of technology and data underscores Maidstone Borough Council's dedication to continuous improvement and excellence in service delivery. The abovementioned initiatives reflect our proactive approach to leveraging modern tools and technology to benefit our community and optimise resources.

3. Your plans to reduce wasteful spend within your organisation?

We are committed to maintaining financial sustainability and optimising resource allocation through a well-defined Medium Term Financial Strategy (MTFS) that ensures sustainable operations, appropriate reserve levels, and affordable borrowing. Initiatives to reduce wasteful spending within our organisation include:

- **Governance and Decision-making** – Our robust governance framework and commitment to transparency guide our decision-making processes. The MTFS spans a minimum five-

year horizon, allowing us to make informed decisions on priorities with a clear understanding of their financial and performance impacts.

- Annual Budget Process – We engage all Heads of Service to identify savings that address the medium-term budget gap. Through a comprehensive review involving internal stakeholders and Members, we make informed decisions on accepted savings and efficiencies. These savings are deducted from managers’ budgets and closely monitored, with quarterly reports to our Committee and Cabinet, and monthly briefings for the Cabinet lead. The S151 officer also conducts quarterly review sessions with Heads of Service for accountability and mitigation purposes.
- Digital and Transformation Initiatives – Our dedicated Digital and Transformation team drives digital transformation, service design, commissioning, and project management. A Transformation Board prioritises and manages these efforts, resulting in time and cost savings and streamlined processes.
- Strategic Investment – We have undertaken strategic investments in assets and services to achieve cost reduction. For housing, we employ predictive and demand reduction software to manage the volume entering Temporary Accommodation. For Temporary Accommodation, we acquire and lease properties to minimise third-party accommodation expenses. We also invest in commercial properties within Maidstone to ensure appropriate returns.
- Maximising External Funding – We actively seek external funding to support services across the Council. Notable successes include securing Homes England funding to develop 1,000 Affordable Homes; a £3.1m grant from the Public Sector Decarbonisation Scheme to help upgrade the energy efficiency of our operational buildings; and £5.7m from the European Regional Development Fund – designed to support innovation, businesses, create jobs, and local community regeneration – to part-fund the development of Maidstone Innovation Centre. This project is also part of the North Kent Enterprise Zone which provides key business incentives including business rates discounts, fast-track planning applications and affordable commercial rates.
- Operational Efficiency and Workforce Development – We limit the use of agency staff and consultancy support, focusing instead on developing internal talent through trainee and apprenticeship roles. For 2023/24, this approach reduced agency and consultancy costs to 5% of the pay bill, and to 2.8% excluding work conducted on the Local Plan Review. Specific requirements for specialised resource are built into project appraisals.
- Effective Governance and Procurement – Our procurement process involves multi-level approvals and operational manager oversight to ensure market testing and contract performance monitoring. Key contracts are linked to performance measures reported to the Cabinet and Committee, while purchase orders against the contract are also operated, including a ‘no purchase order no pay’ policy. Capital projects require business cases to be approved by the relevant Committee and Cabinet to ensure expected returns. Savings and growth options are reviewed by Committees before final budget decisions, including setting the Council Tax level.
- Sustainable Financial Management – Our MTFs, Capital Strategy, and Treasury Management Strategy ensure all spend and investment is aligned, that decisions around growth and savings are made in line with organisational objectives, and that we are able to maintain a sustainable budget position. Performance measures allow us to manage service delivery alongside the financial envelope. For the financial years 2022/23 and 2023/24, we have achieved a revenue account out-turn within 1% of the budget.
- Financial Health and Benchmarking – Benchmarking using metrics from the Office for Local Government (Oflog) and the Chartered Institute of Public Finance and Accountancy

(CIPFA) confirms our strong financial position, with healthy reserves, sustainable debt levels (due to increase as a result of the 1,000 Affordable Homes scheme), and high Core Spending Power. We allocate any one-off grant funding to strategic priorities but do not rely on this for our base budget. We address revenue sustainability by maximising income from fees and charges and ensure borrowing sustainability through robust business cases for capital investments.

- Risk Management and Future Planning – We address future budget gaps through careful expenditure analysis, focusing on key Council priorities such as preparing for the re-opening of the Housing Revenue Account. Funding such as the Funding Guarantee and New Homes Bonus will be used to create a Housing Investment Fund to support our 1,000 Affordable Homes programme.

Wasteful spending is prevented through robust governance, strategic investment, digital transformation, operational efficiency, effective procurement, and comprehensive risk management, ensuring informed decisions and accountability.

4. The barriers preventing progress that the Government can help to reduce or remove?

Maidstone Borough Council is committed to transforming services and maximising productivity, yet several barriers currently hinder our progress. This includes a number of financial and funding challenges which the Government can help to reduce and/or remove where possible. Examples include but are not limited to:

We require confirmation of longer-term planning and changes due to the Levelling Up agenda and business rates reset, greater flexibility in Council Tax increases, and streamlined grant processes to maximise community benefits. Moreover, funding should be secured to enable weekly food waste collections and the Extended Producer Responsibility should be considered. Regarding housing, stagnation in Local Housing Allowance (LHA) rates should be addressed, LHA rates for Temporary Accommodation adjusted, and Homes England grant criteria revised to include affordable homes secured via S106 agreements. The Government should also consider facilitating council-led social housing schemes by establishing and funding a framework that helps reduce the number of people on the housing register, enables councils to take a leading role in local regeneration and renewal, and supports them in meeting targets to reduce the housing crisis.

In addition to the abovementioned funding challenges, we require governance and legislative reforms such as allowing councils to hold and let Private Rented Sector housing in the General Fund without having to set up Housing Companies, simplifying financial reporting requirements and reducing the extensive 100 plus page Statement of Accounts, and focusing audits on user-relevant issues. Furthermore, a roadmap for devolution should be set out centrally which would, in turn, provide greater clarity and enable us to work with local partners more efficiently. Improved legislation for data sharing between councils, the Government, and community protection and health colleagues are required to enable targeted interventions and improve patient and resident outcomes. Support to manage new and additional burdens related to homelessness, Council Tax reduction, COVID-19 support, and Universal Credit migration is also necessary. Staffing shortages could be alleviated by relaxing rules around eligibility to work and by providing better vocational training opportunities.

By addressing these barriers, the Government can help Maidstone Borough Council achieve its productivity goals and deliver enhanced services to our community.

**CLIMATE TRANSITION,
CORPORATE AND
ENVIRONMENTAL SERVICES
POLICY ADVISORY COMMITTEE**

8th July 2024

Maidstone House and the Link decarbonisation

Timetable	
Meeting	Meeting
Climate Transition, Resources and Environmental Services Policy Advisory Committee	8 th July 2024
Cabinet	24 th July 2024

Will this be a Key Decision?	Yes
Urgency	Not applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Mark Green, Director of Finance, Resources and Business Improvement
Lead Officer and Report Author	James Wilderspin, Biodiversity and Climate Change Manager
Classification	Public
Wards affected	High Street

Executive Summary

This report seeks updated approval for a project to carry out the decarbonisation and energy savings measures at Maidstone House and the Link, including a replacement low carbon heating system, replacement glazing, full external insulation of the building, upgrading of the lights to LED, installation of solar PV on the Link / Business Terrace roof and refurbishment of the 4th Floor. The project is a key component of the Council's Biodiversity and Climate Change Programme.

Purpose of Report

Recommendation to Cabinet.

This report makes the following recommendation to the Cabinet.

That the Cabinet is recommended:

1. To approve capital expenditure of £5.85 million for the decarbonisation project comprising Salix grant funding of £3.13 million and a Council contribution of £2.72 million.
 2. To approve £300,000 to complete 4th floor refit works, funded by the South East Local Enterprise Partnership.
 3. To receive further reports as the project progresses.
 4. To delegate authority to the Director of Finance, Resources and Business Improvement to select and appoint contractors for applicable services as necessary.
-

MAIDSTONE HOUSE AND THE LINK DECARBONISATION

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	This project is a key component of our Biodiversity and Climate Change Strategy.	Director of Finance, Resources & Business Improvement
Cross Cutting Objectives	The project helps achieve the cross-cutting objectives of respecting Biodiversity and Environmental Sustainability.	Director of Finance, Resources & Business Improvement
Risk Management	Already covered in the risk section.	Director of Finance, Resources & Business Improvement
Financial	The project forms part of the proposed capital programme for 2024/25 – 2033/34. Over half of the cost is covered by external funding. The works proposed are projected to deliver an ongoing saving of £51,875 per annum.	Director of Finance, Resources & Business Improvement
Staffing	The project will be delivered by an in-house project team, supplemented by external consultants and contractors as necessary.	Director of Finance, Resources & Business Improvement
Legal	Acting on the recommendations is within the Council's powers as set out in local authority legislation. All necessary contractual documentation will be approved by Mid-Kent Legal Services before completion.	Team Leader (Contentious and Corporate Governance)
Information Governance	No specific implications.	Director of Finance, Resources & Business Improvement
Equalities	In delivering the project all necessary steps will be taken to ensure that the building remains accessible and all legal requirements relating to equalities are met. An EqIA will be carried out.	Equalities and Communities Officer
Public	Better control of the working environment in	Director of

Health	our offices will be beneficial to members of staff and visitors.	Finance, Resources & Business Improvement
Crime and Disorder	No specific implications.	Director of Finance, Resources & Business Improvement
Procurement	The Council will follow its usual procurement processes in selecting contractor(s).	Director of Finance, Resources & Business Improvement
Biodiversity and Climate Change	This report fully aligns with Action 7.1 to "Deliver Maidstone Borough Council 2030 Net Zero Commitment" of the Council's Biodiversity and Climate Change Action Plan.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 As part of the Council's Biodiversity and Climate Change Action Plan, officers have sought external funding for decarbonisation works at the Council's own properties. Of these, Maidstone House and the Link Building is the second largest emissions source for the council, accounting for 17.6% of total emissions in 2022-23.
- 2.2 The Government has supported initiatives by the public sector to reduce carbon emissions, in line with the strategy set out in the Energy White Paper 2020 (see <https://www.gov.uk/government/publications/energy-white-paper-powering-our-net-zero-future>). It has done this through the Public Sector Decarbonisation Scheme (PSDS). Details of recent schemes funded by the PSDS can be found at: <https://assets.publishing.service.gov.uk/media/656451ce0c7ec8001195be5a/psds-phase-3b-summary-report.pdf>.
- 2.3 In November 2023 officers submitted a bid for Phase 3c of the PSDS amounting to £3,126,536 to retrofit Maidstone House. It was estimated that this project would generate annual savings to the council of £51,875 and a carbon reduction of 361.8 tCO₂e per year, reducing the Council's total carbon footprint by a 5th and being a role model for commercial buildings in the town centre of Maidstone. The successful completion of this proposed project would set the standard for many more grant funded building improvements across the council's portfolio.
- 2.4 We received confirmation in February 2024 that this bid was successful. Approval was obtained from the Leader for council funding of £648,664 to complement the external grant funding and to ensure eligibility for the funding, based on an estimate by our consultants APSE of total project costs of £3,775,200.

- 2.5 Note that it is a condition of the PSDS Salix grant that the money be spent by 31st March 2025.
- 2.6 The main elements of the project are as follows:
- Heating: Designs/tendering and ordering air source heat pumps that are capable of simultaneous heating and cooling all 6 floors of Maidstone House and 4 floors of the Link Building. To be housed in a new plant room installed in the roof with upgraded venting to distribute fresh air throughout the buildings.
 - Insulation: Architectural detailed drawings and planning permission, for insulating the external walls, insulation under the floors and the undercroft. Appointing contractors to insulate the building in conjunction with glazing being replaced.
 - Glazing: Upgrading the glazing across the full building (except reception area which has already been re-fitted) to ensure better heat retention in winter and a cooler environment in summer- particularly on the south facing side.
 - Solar PV: Design and structural appraisal of the Link building roof, and installation for a 55kWp solar PV panel array comprising 122 no. 385W panels, while maintaining and enhancing the existing green roof on the Business Terrace.
- 2.7 At the same time as the council bid for decarbonisation funding, it also bid successfully for £300,000 of funding from the South East Local Enterprise Partnership (SELEP) under the government's 'Getting Building Funding' to provide grow-on business space for new businesses on the 4th floor of Maidstone House. This would complement space that has already been refurbished at the council's own expense on the 2nd floor and is designed to provide suitable accommodation for businesses graduating from the council's Business Terrace for new start-ups (although it would be available to other growing businesses as well).
- 2.8 It is intended to take advantage of the decarbonisation work to carry out refurbishment of the 4th floor as part of the same overall project, thereby minimising procurement and project management overheads.
- 2.9 The Council has instructed Calford Seaden, under an existing framework contract, to provide project support. This has allowed the initial APSE Energy cost estimates for the project to be refined, based on current prices, and for key design decisions to be addressed.
- 2.10 Calford Seaden's initial cost estimate was for a project cost of £5.32 million, as compared to the APSE estimate of £3.775 million. The increased budget is due to changes in materials specification and costs and is based on more detailed technical advice. At this stage cost estimates are based on updated assessments of the pricing used by APSE. In order to obtain a more accurate estimate, detailed survey work is required and estimates of materials costs based on the preferred design options. Accordingly, it is considered prudent to add a 10% contingency to the £5.32 million, giving

an updated cost for the decarbonisation project of £5.85 million. This would increase the council’s contribution from £648,664 to £2,723,000.

Salix Grant (Decarbonisation scheme)	Council Contribution (Decarbonisation scheme)	SELEP Grant (4 th floor refit)	Total Project Spend (including 4 th floor refit)
£3,126,536	£2,723,464	£300,000	£6,150,000
51%	44%	5%	100%

2.11 An investment of £2,723,000 would give a notional return, assuming the savings quoted of £51,875, of 1.9%. This is less than the council’s current target rate of return in its capital strategy of 5%. However, members may conclude that the project offers strategic benefits to the council that justify the implicit revenue subsidy arising for the project.

2.12 Calford Seaden have also highlighted different potential approaches to insulating the building, broadly internal wall insulation (IWI) versus external wall insulation (EWI). Costs of the two alternatives are judged to be broadly similar, but the options appraisal highlights strong practical and aesthetic arguments in favour of EWI.

2.13 A number of options are available for EWI. The initial proposals from APSE envisaged rendering the exterior. However, on further investigation it has been concluded that a sheet cladding system would be preferable. Cladding is lighter, quicker to install and requires less maintenance year-on-year and has a better whole-life cycle. Rendering is cheaper but presents issues with water and bird strike staining, meaning more maintenance would be required. This is reflected in the Calford Seaden cost estimate above.

3. AVAILABLE OPTIONS

3.1 Option 1: Do not proceed with the decarbonisation project at this time, do not utilise Salix grant funding of £3.1m and reconsider the project from possible future Public Sector Decarbonisation funding schemes.

3.2 Option 2: Proceed with the project, utilising £3.1m grant funding and making a significant contribution to Maidstone Borough Council’s Net Zero 2030 target and Biodiversity & Climate Change Strategy.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The preferred option is option 2. There are overriding strategic benefits from pursuing the decarbonisation project which offset the sub-optimal financial return.

4.2 Further work is required to obtain definitive costs for the project and it is therefore proposed that the Cabinet receives details when these are available.

5. RISK

5.1 There are a number of risks associated with this proposal.

- Project risk – This could take the form (inter alia) of office operational interruptions, tenancy disruptions, and health and safety. Different elements of the project will be phased to minimise disruption as part of the project programme. Staff and stakeholders will be engaged and updated through the programme. All risk assessments will be reviewed and updated.
- Delay risks – Timings to design, procure and deliver the project could be lengthy and a hold up in one area which could impact the overall completion date. Lead time for equipment orders has been impacted by shortages of microchips, solar panels, supply chain and logistics disruptions, and other economic factors.
- Funding risks – Costs are higher than expected and amendments during project development stages could result in increased costs and programme delays.
- Site specific risks – 1) Electrical capacity feasibility studies have shown the incoming supply is large enough, however a DNO application is needed to check there is sufficient capacity in the area 2) Link Building roof weight allowance for PV exceeded. Building weight allowances have been checked as part of scoping for the array quoted. Full structural calculations are required prior to commissioning any works.

5.2 The above risks, 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 The proposal described in this report formed part of the Capital Programme for 2024/25 onwards, which was approved by Council on 21 February 2024.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The proposed next steps are set out below.

Project Stage	Anticipated Start Date	Anticipated End Date
Detailed Design Stage	May 24	July 24
Client Review Period	July 24	July 24
Submit Planning Application	July 24	July 24
Tender Stage	Aug 24	Sept 24
Obtain Planning Consent	Oct 24	Oct 24
Tender Analysis	Oct 24	Oct 24
Order Placed	Oct 24	Oct 24
Contractor lead-in	Nov 24	Dec 24
Construction Stage	Jan 25	June 25
Practical Completion	June 25	June 25
Defects Liability Period and Post Completion Energy Performance Monitoring	June 25	June 26
Final Completion	July 26	July 26

8. REPORT APPENDICES

None.

**CLIMATE TRANSITION,
CORPORATE &
ENVIRONMENTAL SERVICES
POLICY ADVISORY COMMITTEE**

8 July 2024

**4th Quarter Finance Update & Performance Monitoring
Report 2023/24**

Timetable	
Meeting	Date
Climate Transition, Corporate and Environmental Services Policy Advisory Committee	8 July 2024
Cabinet	24 July 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
Classification	Public
Wards affected	All

Executive Summary

This report sets out the 2023/24 financial and performance position for the services reporting into the Climate Transition, Corporate and Environmental Services Policy Advisory Committee (CTCE PAC) as at 31st March 2024 (Quarter 4). 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.

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.

Quarterly monitoring reports for the first three quarters of 2023/24 were prepared for the four Policy Advisory Committees that were in place at the time. The reduction in the number of Policy Advisory Committees in May 2024 from four to three and the new allocation of responsibilities between Committees is reflected in this report, such that performance is shown as though the new allocations had been in effect throughout the financial year 2023/24. Where references are made in this report to 2024/25 and future years, no account has been taken of any possible changes of priorities under the new Administration, as these have not been finalised at the time of the issue of this report or any appendices hereto.

Budget Monitoring

At the Quarter 4 stage the Council has incurred net revenue expenditure of £25.755m against the approved profiled budget of £25.777m, representing an underspend of £0.022m. The Council's revenue expenditure for the year is therefore within the overall agreed budget.

Note that the revenue expenditure for this purpose is net of additional unringfenced government grant of £4.7 million which was allocated as agreed by Council when setting the budget in February 2023 to the Housing Investment Fund, spatial policy and planmaking and staff pay.

Overall net expenditure at the end of Quarter 4 for the twelve months ending then for the services reporting to CTCE PAC is £15.706m, compared to the approved profiled budget of £18.569m, representing an underspend of £2.863m.

At the end of Quarter 4, the Council had incurred overall net capital expenditure of £29.440m, representing a significant level of slippage against the agreed budget allocation within the Capital Programme of £57.965m.

Within this, capital expenditure at the end of Quarter 4 for CTCE PAC was £2.477m against a total budget of £16.439m. Details of capital expenditure for all PACs are set out in Appendix 1.

Performance Monitoring

This key performance indicators for this committee are split into two reports: Part A covering the fourth quarter of 203/24; and Part B providing an overarching annual summary of all the KPIs falling under this Policy Advisory Committee in 2023/24.

In quarter four, 42.9% (3 out of 7) of the KPIs for this Policy Advisory Committee achieved their target. Of those four targets missed, explanations as to why have been provided in the report by the service managers. Across the other two Committees four targets were missed, although there were improvements in a number of other areas.

In the annual summary (Part B), all performance for 2023/24's KPIs are shown, broken down by quarter where applicable. A number of annual indicators do not have data available until later in the summer, so an update will be provided to this Committee once available. End of year comments are provided from the Head of Services and Service Managers, providing summaries of the yearly outturn for their services.

UK Shared Prosperity Fund Update

An update on progress made against schemes using this funding is shown at Appendix 3, along with a year-end summary.

Uncollectable Business Rates (NNDR)

Appendix 4 details the Business Rates that have been through a recovery process and now deemed unrecoverable and we are seeking approval to write-off the debt by Cabinet.

Corporate Risk Update

Appendix 5 outlines all the Council's corporate risks. One corporate risk rating has been downgraded from black to red to reflect the progress made with control measures and planned actions completed. This was - Not fulfilling residential property health & safety responsibilities.

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 March 2024.

This report makes the following recommendations to the Climate Transition, Corporate and Environmental Services Policy Advisory Committee:

1. That the Revenue position as at the end of Quarter 4 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 4 for 2023/24 be noted;
3. That the Performance position as at Quarter 4 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 uncollectable Business Rates (NNDR) listed at Appendix 4 be approved for write-off by Cabinet.
6. That the Risk Update, attached at Appendix 5 be noted.

4th Quarter Finance Update & Performance Monitoring Report 2023/24

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

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

	<p>Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes will be 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 for the financial year, up to and including Quarter 4 2023/24, with regard to revenue and capital expenditure against approved budgets.
- 2.2 The reduction in the number of Policy Advisory Committees from four to three in May 2024 and the new allocation of responsibilities between Committees is reflected in this report, such that performance is shown as though the new allocations had been in effect throughout the financial year 2023/24.

- 2.3 This report also includes an update to the Committee on progress against its Key Performance Indicators (KPIs), and an update covering corporate risks.
 - 2.4 Attached at Appendix 1 is a report setting out the revenue and capital spending position at the Quarter 4 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 on the UK Shared Prosperity Fund and attached at Appendix 4 are the details of the uncollectable Business Rates (NNDR) being requested for approval to write off. Attached at Appendix 5 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.
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3. REVENUE AND CAPITAL BUDGETS

- 3.1 The tables below summarise the overall position as at 31st March 2024. Further details and an explanation of the significant variances are shown in Appendix 1.
- 3.2 This main elements in the underspend are a drawdown of the contingency budget (£1.871m), which has been deployed to offset overspends in services reporting to other committees such as Temporary Accommodation and lower levels of income in Planning. There has also been additional interest and investment income (£0.929m) arising from slippage in the capital programme leading to higher cash balances, and higher than expected interest income on those balances.
- 3.3 It should be noted that a significant factor in achieving a balanced position for this year was that the contingency budget of £1.871m was available to mitigate the pressures elsewhere in the budget. That budget is not available for 2024/25 as its has been used to balance the budget. There will still be a significant number of pressures to deal with, so careful management of budgets and the early identification of issues will be paramount throughout the year.

Revenue Budget

Policy Advisory Committee	Full Year Budget (Revised) 2023/24 £000	Actual £000	Variance £000
Climate Transition, Corporate and Environmental Services	18,828	15,966	2,863
Planning and Healthier Stronger Communities	2,439	4,102	-1,663
Housing and Community Cohesion	4,510	5,688	-1,178
Net Revenue Expenditure	25,777	25,755	22

Capital Budget

Policy Advisory Committee	Adjusted Estimate 2023/24 £000	Actual to March 2024 £000	Budget Remaining £000
Climate Transition, Corporate and Environmental Services	16,439	2,477	13,962
Planning and Healthier Stronger Communities	2,089	712	1,377
Housing and Community Cohesion	39,438	26,251	13,187
Total	57,965	29,440	28,525

3.4 At the Quarter 4 stage, the Council has incurred overall net capital expenditure of £29.440m, representing a significant level of slippage against the agreed budget allocation within the Capital Programme of £57.965m.

3.5 Within this, capital expenditure at the end of Quarter 4 for CTCE PAC was £2.477m against a total budget of £16.439m.

3.6 The slippage will be rolled forward to 2024/25. This will increase the size of the capital programme, which will need to be reviewed to assess deliverability going forward. This assessment is in part driven by the largest programme related to 1,000 homes which is at risk of being slowed down.

Note: The reports for the first three quarters of 2023/24 were based on the Policy Advisory Committees that were in place at the time. These are the new Committees that were agreed in May 2024.

Performance

3.7 In the annual summary (Part B), all performance for 2023/24's KPIs are shown. The key headlines are :

- the PI monitoring footfall in the Town Centre, which saw an increase of 1,476,095 unique visitors in Q4 2024 compared to Q4 2023.
- The vacant units in the Town Centre also improved this year, dropping to 13.2% in January 2024, compared to 16.3% in April 2023.
- Maidstone's unemployment rate remains lower than the average in Kent and Great Britain.
- Our youth unemployment rate (18-24yo) is consistent with the average across Kent (5.3% in March 2024).
- planning applications - an approximately 70% success rate for appeals (despite many obstacles) which puts MBC as a high performer from a national perspective.
- Maidstone Leisure Centre received over half a million visits in the last Financial Year, slightly above the target set by MBC.
- Customer satisfaction with the Leisure Centre experience sits at 83%, above the 80% target set by MBC.
- Utility costs at the Leisure Centre saw a 9% reduction in the first half of 2023 against a nominated based line of 2022 but have risen by 1% against that baseline in the second half of 2023; making an average overall reduction of 4.82% on the whole of 2023 against 2022.
- The Hazlitt Theatre - theatre patronage, 73% of available tickets were sold to 63,500 customers across all shows in the year and of these 84% of visitors were satisfied or very satisfied.

Uncollectable Business Rates (NNDR)

3.8 Appendix 4 details the Business Rates that have been through a recovery process and now deemed unrecoverable and we are seeking approval to write-off the debt by Cabinet.

3.9 The process of debt recovery is in general,

- we would issue a reminder notice 10 days after a charge is due.
- A final notice would then be issued if the debt remained unpaid, usually a month after the reminder notice has been sent. This final notice withdraws the right to pay by instalment and warns that a court summons may be issued.
- If the debt still remains unpaid we would issue a Magistrate's court summons. The timing of this is dependent on the court dates we are given. A liability order would be granted at the Magistrate's court for any outstanding debt. We would be prepared to accept a payment arrangement at any point up to this stage.

3.10 If the debt is not paid after the liability order has been granted, or a suitable arrangement agreed and adhered to, the debt would then be passed to Mid Kent Enforcement Service (bailiffs). If they are unable to collect the debt and the ratepayer is still trading, we would then need to consider other actions, such as commencing insolvency proceedings. In the attached cases this has not been possible as the ratepayers have already ceased trading and become insolvent/dissolved.

4. **AVAILABLE OPTIONS**

- 4.1 There is one matter for decision in this report. The Committee is asked to recommend the approval of the write off the uncollectable Business Rates.
- 4.2 The Committee is asked to note the remaining parts of the report but may choose to comment.

5. **PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 5.1 In considering the current position on the Revenue budget, the Capital Programme, and the KPIs at the end of March 2024, the Committee can choose to note this information or could choose to comment.
- 5.2 In the case of the decisions the Committee is asked to recommend these for approval by Cabinet.
- 5.3 The Committee is requested to note the remaining content of the report.

6. **RISK**

- 6.1 This report is presented for information only and has no direct risk management implications.
- 6.2 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.
- 6.3 Within the adverse variance reported to the Housing, Health and Environment PAC is an overspend close to £1 million in relation to the provision of temporary accommodation. Expenditure in this area has been unpredictable, and whilst this overspend has been mitigated substantially through underspends elsewhere around the Council, this area of spend continues to pose a very significant risk to future performance.
- 6.4 The 1,000 Homes housing scheme that forms part of the Capital Programme is currently underspending. The current schemes are reliant on getting planning permission. Currently the permission for Maidstone East is not granted and there is no current clarity on the way forward. This will further delay or potentially stop the project which is likely to cause additional costs or even incur significant write off of expenditure to revenue. The planning decisions are also impacting the pipeline for further schemes which will make it difficult to deliver the 1,000 homes scheme.

7. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 7.1 The KPIs update (“Performance Monitoring”) are reported to the Policy Advisory Committees (PAC) quarterly: Planning and Healthier Stronger Communities PAC and Housing and Community Cohesion PAC. Each committee also receives a report on the relevant priority action areas. The report was also presented to the Climate Transition, Corporate and Environmental 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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8. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 8.1 The Quarter 4 Budget & Performance Monitoring reports are being considered by the relevant Policy Advisory Committees during July 2024.
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9. REPORT APPENDICES

- Appendix 1: Fourth Quarter Budget Monitoring 2023/24
 - Appendix 2: Fourth Quarter Performance Monitoring 2023/24
 - Appendix 3: UK Shared Prosperity Fund Update 2023/24
 - Appendix 4: Uncollectable Business Rates (NNDR)
 - Appendix 5: Risk Update 2023/24
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10. BACKGROUND PAPERS

None.

APPENDIX 1 – FOURTH QUARTER BUDGET MONITORING

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Part A - Fourth Quarter Revenue Budget 2023/24

A1) Revenue Budget: Council

Net Expenditure 2023/24 (@ 4th Quarter): Analysis by PAC

Policy Advisory Committee	Full Year Budget (Revised) 2023/24 £000	Actual £000	Variance £000
Climate Transition, Corporate and Environmental Services	18,828	15,966	2,863
Planning and Healthier Stronger Communities	2,439	4,102	-1,663
Housing and Community Cohesion	4,510	5,688	-1,178
Net Revenue Expenditure	25,777	25,755	22

Net Expenditure 2023/24 (@4th Quarter): Analysis by PRIORITY

Priority	Full Year Budget (Revised) 2023/24 £000	Actual £000	Variance £000
Safe, Clean and Green	8,611	8,392	219
Homes and Communities	1,584	2,556	-971
Thriving Place	1,599	2,655	-1,057
Embracing Growth and Enabling Infrastructure	184	336	-152
Central & Democratic	13,799	11,816	1,983
Net Revenue Expenditure	25,777	25,755	22

Net Expenditure 2023/24 (@ 4th Quarter): Analysis by SUBJECTIVE SPEND

Subjective	Full Year Budget (Revised) 2023/24 £000	Actual £000	Variance £000
Employees	25,590	25,062	529
Premises	7,238	7,646	-408
Transport	567	442	125
Supplies & Services	14,648	15,266	-618
Agency	8,369	8,116	253
Transfer Payments	34,354	35,455	-1,102
Asset Rents	3,798	3,202	597
Income	-68,787	-69,433	646
Net Revenue Expenditure	25,777	25,755	22

'Transfer payments' include payments of housing benefit. The overspend on transfer payments is offset by an increase in reimbursement income from central government.

Net Expenditure 2023/24 (@ 4th Quarter): Analysis by CABINET MEMBER

Cabinet Member	Full Year Budget (Revised) 2023/24 £000	Actual £000	Variance £000
Corporate Resources	12,828	10,269	2,560
Climate Transition and Nature Recovery	117	107	10
Environmental Services and Enforcement	5,624	5,331	293
Healthier Stronger Communities	822	1,954	-1,132
Planning Policy and Management	1,741	2,272	-531
Community Cohesion and Safety	2,499	2,381	118
Housing and Homelessness	2,146	3,442	-1,296
Net Revenue Expenditure	25,777	25,755	22

The figures in the tables above are net of transfers that have been made in respect of parking enforcement and the carry forward of budgets from 2023/24 to 2024/25. This means that the true underlying underspend is higher than the £0.022m shown in this report. The table below reconciles the underspend before these adjustments to that £0.022m figure.

	Full Year Budget (Revised) 2023/24 £000	Actual £000	Variance £000
Net Revenue Expenditure as reported	25,777	25,755	22
Transfer - Parking Enforcement	-	129	129
Transfer - Carry Forward of Budgets	-	78	78
Underlying Budget Underspend	25,777	25,963	229

Any surpluses held in respect of on-street car parking enforcement are transferred to a reserve and spent according to legislative restrictions in the Road Traffic Regulation Act 1984.

At the end of the year under-utilised budgets may be carried forward for specific projects or reasons in the following financial year where expenditure was already planned at year end and there were bona fide reasons for the budget not having been utilised. These are only permitted where there is an overall underspend against the budget, as is the case this year.

A2) Revenue Budget: Climate Transition, Corporate & Environmental Services (CTCE) PAC

- A2.1 The table below provides a detailed summary of the budgeted net expenditure position for the services reporting directly into CTCE PAC at the end of Quarter 4, split by Cabinet Member. The financial figures are presented on an accruals basis (i.e. expenditure for goods and services received, but not yet paid for, is included).
- A2.2 This table shows the variance split between expenditure and income to give more of an insight into the nature of the variance. Explanations for significant variances are set out in section A3 below.

CTCE Revenue Budget: NET EXPENDITURE (@ 4th Quarter 2023/24)

Cost Centre	Approved (Revised) Budget for Year	Actual as at 31 March 2024	Variance as at 31 March 2024		
	Net £000	Net £000	Exp. £000	Income £000	Net £000
Cabinet Member for Corporate Resources					
Lettable Halls	-4	-13	8	2	9
Community Halls	53	14	50	-12	39
Parks Pavilions	24	18	6	0	6
Maintenance of Closed Churchyards	1	0	1	0	1
Drainage	34	30	4	0	4
Street Naming & Numbering	-73	-45	0	-28	-28
Sandling Road Site	5	362	-344	-13	-357
Business Terrace - Incubator Units	104	104	14	-14	-1
Business Terrace - 1st Floor MH	-36	104	-30	-110	-140
Maidstone House	-110	-326	263	-47	216
Civic Occasions	47	56	-9	0	-9
Members Allowances	456	477	-21	0	-21
Members Facilities	18	22	-4	0	-4
Contingency	1,678	-194	1,729	142	1,871
Corporate Projects	-1	-1	1	-0	0
Corporate Management	461	440	21	0	21
Unapportionable Central Overheads	300	246	54	0	54
Council Tax Collection	68	80	-29	16	-13
Council Tax Collection - Non Pooled	-331	-304	-13	-15	-27
Council Tax Benefits Administration	-140	-140	0	0	0
NNDR Collection	2	4	-4	2	-3
NNDR Collection - Non Pooled	-230	-214	2	-18	-16
MBC- BID	1	-22	18	5	23
Registration Of Electors	68	136	-69	1	-68
Elections	164	260	-104	9	-95
KCC Elections	0	-3	-54	57	3
PCC Elections	0	22	0	-22	-22
General Elections	0	1	0	-1	-1
Upper Medway Internal Drainage Board	134	134	-0	0	-0
External Interest Payable & MRP	303	421	-118	0	-118

Cost Centre	Approved (Revised) Budget for Year	Actual as at 31 March 2024	Variance as at 31 March 2024		
	Net £000	Net £000	Exp. £000	Income £000	Net £000
Interest & Investment Income	-150	-1,079	0	929	929
Palace Gatehouse	8	12	-1	-3	-4
Archbishops Palace	3	125	-79	-42	-122
Parkwood Industrial Estate	-314	-348	9	25	34
Industrial Starter Units	-41	-53	0	12	12
Parkwood Equilibrium Units	-135	-141	-2	8	6
Sundry Corporate Properties	8	1	161	-154	7
Phoenix Park Units	-243	-254	-31	41	11
Granada House - Commercial	-92	-35	-7	-50	-57
MPH Residential Properties	-877	-759	-100	-18	-118
Heronden Road Units	-210	-242	-13	45	33
Boxmend Industrial Estate	-118	-138	-9	30	20
Wren Industrial Estate	-141	-171	-8	39	30
General Fund Residential Properties	-53	-38	-15	-0	-15
Pensions Fund Management	505	428	77	0	77
Non Service Related Government Grants	-4,661	-4,720	0	59	59
Rent Allowances	-114	46	-792	632	-160
Non HRA Rent Rebates	-9	44	-310	258	-52
Discretionary Housing Payments	0	-0	0	0	0
Housing Benefits Administration	-286	-272	-25	11	-14
Democratic Services Section	282	268	14	0	14
Mayoral & Civic Services Section	123	119	4	0	4
Chief Executive	190	193	-4	0	-4
Director of Strategy Governance and Insight	129	120	9	0	9
Revenues Section	507	519	-38	25	-12
Electoral Registration Section	92	88	6	-2	4
Benefits Section	492	511	-19	0	-19
Fraud Section	41	20	38	-17	21

Cost Centre	Approved (Revised) Budget for Year	Actual as at 31 March 2024	Variance as at 31 March 2024		
	Net £000	Net £000	Exp. £000	Income £000	Net £000
Mid Kent Audit Partnership	210	146	195	-132	64
Director of Finance, Resources & Business Imp	141	142	-1	0	-1
Accountancy Section	876	781	75	20	96
Legal Services Section	659	509	147	4	150
Director of Regeneration & Place	149	149	0	0	0
Procurement Section	119	110	23	-14	9
Property & Projects Section	465	425	39	0	39
Corporate Support Section	342	324	18	0	18
Transformation & Digital Section	243	398	-149	-6	-155
Executive Support Section	97	97	-0	0	-0
Mid Kent ICT Services	581	581	39	-39	-0
GIS Section	125	115	17	-7	10
Director of Mid Kent Services	42	44	-1	-1	-2
Mid Kent HR Services Section	406	395	18	-7	11
MBC HR Services Section	103	82	19	1	21
Head of Revenues & Benefits	65	40	43	-18	25
Revenues & Benefits Business Support	149	119	36	-6	30
Dartford HR Services Section	-18	-17	1	-2	-0
Head of Property and Leisure	115	109	6	0	6
Facilities Section	155	106	50	0	50
Salary Slippage 1PR	-279	0	-279	0	-279
Salary Slippage 4ERL	-43	0	-43	0	-43
Town Hall	110	73	37	-0	37
South Maidstone Depot	230	297	-66	-0	-66
The Link	56	68	-22	10	-12
Maidstone House - MBC Tenant	466	564	-89	-8	-98
Museum Buildings	294	275	18	0	19
I.T. Operational Services	664	680	-16	0	-16
Central Telephones	16	15	1	0	1
Apprentices Programme	35	35	-0	0	-0
Internal Printing	-1	-30	15	14	29
Debt Recovery Service	-28	-44	-37	52	16
Debt Recovery MBC Profit Share	-83	-105	0	22	22
General Balances	59	59	0	0	0
Earmarked Balances	4,205	4,205	0	0	0
Appropriation Account	3,798	3,202	597	0	597
Pensions Fund Appropriation	740	770	47	-77	-30
Cabinet Member for Corporate Resources	13,192	10,633 46	971	1,588	2,560

Cost Centre	Approved (Revised) Budget for Year	Actual as at 31 March 2024	Variance as at 31 March 2024		
	Net £000	Net £000	Exp. £000	Income £000	Net £000
Cabinet Member for Climate Transition and Nature Recovery					
Climate change	14	6	4	3	8
Biodiversity & Climate Change	100	98	2	0	2
Cabinet Member for Climate Transition and Nature Recovery	114	104	7	3	10

Cost Centre	Approved (Revised) Budget for Year	Actual as at 31 March 2024	Variance as at 31 March 2024		
	Net £000	Net £000	Exp. £000	Income £000	Net £000
Cabinet Member for Environmental Services and Enforcement					
Parks & Open Spaces	982	965	-5	22	17
Playground Maintenance & Improvements	149	136	13	0	13
Mote Park	332	328	-0	5	5
Allotments	14	13	1	0	1
Cemetery	-36	7	-3	-40	-43
National Assistance Act	-0	2	-1	-1	-2
Crematorium	-967	-843	-91	-34	-125
Waste Crime	8	15	13	-20	-7
Public Conveniences	221	201	19	0	20
Street Cleansing	1,291	1,268	-0	24	24
Household Waste Collection	1,935	1,962	15	-42	-26
Commercial Waste Services	-46	-89	43	-1	43
Recycling Collection	1,675	1,676	84	-85	-1
Environment Improvements	43	45	-2	0	-2
Name Plates & Notices	20	29	-9	0	-9
On Street Parking	-308	-308	-79	79	-0
Residents Parking	-197	-202	-33	38	5
Pay & Display Car Parks	-1,341	-1,314	-49	23	-26
Non Paying Car Parks	15	-2	17	0	17
Off Street Parking - Enforcement	-93	-112	7	12	19
Mote Park Pay & Display	-194	-216	13	8	21
Sandling Road Car Park	-1	-62	48	14	62
Park & Ride	102	1	98	2	100
Other Transport Services	-5	-34	-6	34	29
Head of Environment and Public Realm	115	111	4	0	4
Bereavement Services Section	301	284	16	0	16
Depot Services Section	911	850	52	9	61
Parking Services Section	398	376	6	16	23
Fleet Workshop & Management	242	187	50	6	55
MBS Support Crew	-45	-46	41	-40	1
Cabinet Member for Environmental Services and Enforcement	5,521	5,229	264	29	293
Climate Transition, Corporate and Environmental Services	18,828	15,966	1,242	1,621	2,863

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A3) CTCE 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 have been reported to each of the Policy Advisory Committees on a quarterly basis throughout 2023/24.
- A3.2 To the extent that variances have not been offset during the course of the financial year, consideration needs to be given as to whether they represent an ongoing pressure which will need to be addressed in the new financial year 2024/25.
- A3.3 During the year the Council pursued a claim to HMRC for over declaration of VAT on sports tuition fees for the period 1981 to 1989. It was argued that certain supplies for sports and tuition were deemed exempt, where previously VAT had been declared. London Borough of Ealing took the lead case to court where the decision made was found in favour of the Local Authority. HMRC were ordered to repay local authorities, who had claims held against the case the overdeclared VAT plus interest payments. The Council subsequently received a sum of £1,325,196 after deducting professional fees. This has been included in the unallocated balances figure shown in section D of this Appendix.
- A3.4 The tables below highlight and provide further detail on the most significant variances at the end of Quarter 4 for both this and the other PACs.

CTCE PAC Variances (@ 4th Quarter 2023/24)

	Positive Variance Q4	Adverse Variance Q4
Climate Transition, Corporate and Environmental Services	£000	
Sandling Road Site (including Cantium House) - Running costs have exceeded 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.		-356
Business Terrace (1st Floor Maidstone House) - Service charge and business rates costs were significantly higher than forecast, and there were also two units vacant, meaning there is also a shortfall in income.		-140
Maidstone House – Electricity costs for the building have been lower than had been forecast.	118	
Contingency - In 2023/24 the contingency budget has been fully deployed. This is reflected in budget reporting by showing a favourable variance of £1.871 million on the contingency budget and adverse variances on the various service budgets where overspends have led to the requirement for the contingency to be used. Note that the contingency budget for 2022/23 included, as in the previous year, an additional £1.3 million which was originally set aside following the Covid-19 pandemic and the subsequent rapid increase in the rate of inflation. Following a return to somewhat more normal economic conditions, the additional £1.3 million contingency does not feature in the 2024/25 budget. This makes it imperative that service areas remain within budget in 2024/25.	1,871	
Unapportionable Central Overheads - Pension contributions to the Kent County Council Pension Fund have been lower than forecast, which reflects the level of staff vacancies across the Council.	101	
Elections – The majority of the overspend relates to staffing costs incurred as part of running the Borough Elections in May 2023.		-96

	Positive Variance Q4	Adverse Variance Q4
External Interest Payable – This relates to loans that have been taken out to fund the capital programme, and was higher than forecast, but is offset by the reduced level of Minimum Revenue Provision (MRP) shown below.		-118
Interest & Investment Income - This variance is due to the slippage in the capital programme, meaning a reduction in anticipated cash outlays, and interest rates earned on cash balances continuing to be higher than forecast.	929	
Archbishops Palace - Now the lease with Kent County Council has expired liability for the Business Rates now rests with Maidstone BC, but there was no budget for this. There is also a shortfall in the income budget as the building currently has no tenant.		-122
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.		-117
Rent Allowances - The budgets for payment of housing benefits and corresponding funding from central government assumed that income received would be higher than expenditure (due to recovery of overpayments). This year follows the same trend as last year in that overpayments are becoming more difficult to recover, leading to an adverse variance from budget.		-160
Park & Ride - These are budgets that were used to fund the Business Rates and running costs for Park & Ride. They are no longer required and will be removed for 2024/25.	100	
Salary Slippage – Given normal staff turnover, vacancies invariably arise and salary budgets underspend as a result. This budget allows for vacancies that occur through the year and is offset by underspends across the various section codes arising from these vacancies.		-279
Appropriation Account - The variance on this budget relates to the Minimum Revenue Provision that is required to be made to cover future repayment of borrowing for the capital programme. Slippage in the programme means that we have not needed to set aside as much as had been anticipated.	597	
Crematorium – This variance has been caused by an increase in gas and electricity costs, and a reduction in demand for the service this year.		-125

A4) Other Revenue Budgets: Significant Variances

Planning and Healthier Stronger Communities PAC Variances (@ 4th Quarter 2023/24)

	Positive Variance Q4	Adverse Variance Q4
Planning and Healthier Stronger Communities	£000	
<p>Leisure Centre – The overspend in this area relates principally to the Lockmeadow Health Club. This was operated by David Lloyd until their lease expired in May 2023. The Council then took it over and engaged Serco to operate it as an extension to the contract for running the Leisure Centre. Membership income has had to be rebuilt and running costs have exceeded expectations, with a higher staffing requirement than was anticipated and substantial expenditure to bring the facilities up to an acceptable standard.</p> <p>There has also been an overspend at the Mote Park leisure centre relating to additional utility costs. Under the terms of the existing contract with Serco, when utility costs rise above a specified level the Council is liable to meet the difference. This threshold is to be re-based when a contract extension commences in August 2024.</p>		-729
<p>Development Control Advice - Income from Planning Performance Agreements and pre-application planning advice has continued to be significantly down on budget. The Head of Service states that this is because developers have waited for the new Local Plan to be adopted before progressing with further applications.</p>		-149
<p>Development Control Appeals – There were a number of significant appeals this year which led to an overspend on this budget. There are sums set aside to use where there are significant appeals costs but as this overspend can be contained within the Council’s overall budget it is not proposed to draw down on these.</p>		-113
<p>Development Control Majors - Income from major applications continued to be significantly down this year. This is said to be for the same reason as income from development control advice is below budget, i.e. developers have waited for the new Local Plan to be adopted before progressing with further applications.</p>		-80

	Positive Variance Q4	Adverse Variance Q4
Development Control Other – Having been in line with budget for the first three quarters, income from minor applications reduced in the final quarter. There were increased running costs from the use of an external agency to process planning applications during the first half of the year.		-120
Lockmeadow Complex - A number of units at the complex have fallen vacant during the period, leading to a shortfall against budget. The Corporate Property team has been active in seeking to find new tenants for vacant units. A tenant offering virtual reality experiences moved into one of the vacant units during 2023/24. The former David Lloyd unit now operates as the Lockmeadow Health Club, under the same management as the council’s leisure centre. However, the former Frankie & Benny’s and Feathers units remain vacant. New letting agents have been taken on to identify potential tenants, recognising that changes in the leisure and hospitality market mean that different approaches and different types of tenant need to be considered.		-733

Housing and Community Cohesion PAC Variances (@ 4th Quarter 2023/24)

	Positive Variance Q4	Adverse Variance Q4
Housing and Community Cohesion	£000	
Homeless Temporary Accommodation - This continued to be a significant issue as the demand for the service continued 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 continuing to be acquired through the capital programme to help alleviate the pressure on this budget.		-971
Marden Caravan Site (Stilebridge Lane) – The site has seen a significant overspend on electricity costs and repairs and maintenance. There have been particular issues with the waste water treatment plant on the site as well as a high level of general repairs that were needed.		-94

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 CTCE 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 4 are presented in the table below.

Temporary Reportable Virements		£	Description
Fund Town Centre Strategy	7,460		Funding to enable the development of the Town Centre Strategy.
From Recovery and Renewal Reserve	-7,460		
Fund Spring Borough Insight	35,000		This enabled the publication of the Spring edition of Borough Insight.
From Contingency	-35,000		
Fund Museum Capital spend	6,000		This provided further funding for the ongoing capital project at the Museum.
From Museum	-6,000		
Fund Private Sector Leasing Officer	7,150		This ensured that the Private Sector Leasing Officer post was fully funded.
From Homelessness Prevention	-7,150		
Fund Spatial Planning Policy costs	57,310		Funds are periodically drawn down from the reserve for the development of the Local Plan.
From Spatial Planning Reserve	-57,310		
Fund Redundancy costs	41,440		Cost of a redundancy under Council's agreed policy arising from a departmental restructure
From Contingency	-41,440		
Fund Redundancy costs	76,030		Cost of a redundancy under Council's agreed policy arising from a departmental restructure
From Contingency	-76,030		
Fund Redundancy costs	62,730		Cost of a redundancy under Council's agreed policy arising from a departmental restructure
From Contingency	-62,730		
Fund CCTV cost	5,470		This ensured there was funding for an old radio link within the CCTV system to be replaced.
From Health Improvement Programme	-5,470		
Permanent Reportable Virements		£	
Fund Upgrade to officer post- Housing Mangement	330		This ensured that the upgrade to the post was fully funded.
From MPH Residential Properties	-330		

Part B - Fourth Quarter Capital Budget 2023/24

B1) Capital Budget 2023/24 (@ 4th Quarter 2023/24)

Capital Programme Heading	Revised Estimate 2023/24	Actual to March 2024	Budget Remaining
	£000	£000	£000
Housing and Community Cohesion			
Private Rented Sector Housing	4,039	83	3,956
1,000 Homes Affordable Housing Programme - Expenditure	9,917	8,403	1,514
Temporary Accommodation	15,879	12,659	3,221
Commercial Development - Maidstone East	356		356
Heather House Community Centre	138		138
Housing - Disabled Facilities Grants Funding	1,212	1,319	-107
Acquisitions Officer - Social Housing Delivery Partnership	52	39	13
Street Scene Investment	50	49	1
Flood Action Plan	618	6	612
Continued Improvements to Play Areas	144	10	135
Parks Improvements	69	76	-7
Gypsy & Traveller Sites Refurbishment	200	215	-15
Waste Crime Team - Additional Resources	25	4	21
Section 106 funded works - Open Spaces	517	264	253
Expansion of Cemetery	80	23	57
Expansion of Crematorium	340	25	315
Purchase of New Waste Collection Vehicles	5,800	2,995	2,805
CCTV Upgrade & Relocation		80	-80
Total	39,438	26,251	13,187
Planning and Healthier Stronger Communities			
Mote Park Lake - Dam Works	40	40	0
Museum Development Plan	389	571	-182
Leisure Provision	699	73	626
Tennis Courts Upgrade	40	19	21
Riverside Walk Works	250		250
Mote Park Kiosk Refurbishment & Extension	15	8	7
Bridges Gyrotory Scheme	206		206
Town Centre Strategy	450		450
Total	2,089	712	1,377

Climate Transition, Corporate and Environmental Services			
Asset Management / Corporate Property	626	282	344
Corporate Property Acquisitions	5,681		5,681
Kent Medical Campus - Innovation Centre	73	11	62
Lockmeadow Ongoing Investment	365	249	115
Garden Community	1,633	612	1,021
Infrastructure Delivery	2,000		2,000
Other Property Works	200	22	178
Biodiversity & Climate Change	2,961	328	2,633
Photovoltaic Panels	234		234
Feasibility Studies	81	75	6
Digital Projects	28	22	6
Software / PC Replacement	413	195	218
Maidstone House Works	1,144	333	811
Automation Projects	185		185
New Ways of Working - Make the Office Fit for Purpose	31		31
Fleet Vehicle Replacement Programme	633	295	338
Automation of Transactional Services	150	53	97
Total	16,439	2,477	13,962
TOTAL	57,965	29,440	28,525



B2) Capital Budget Variances (@ 4th Quarter 2023/24)

Housing and Community Cohesion
<p>Private Rented Sector 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.</p>
<p>Temporary Accommodation - There have been a significant number of acquisitions this year, and the team will continue to seek suitable properties. There were a number of acquisitions in progress at the year-end date, and the unused budget will be rolled forward to 2024/25 to allow these to be completed.</p>
<p>Flood Action Plan - This 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.</p>
<p>Purchase of New Waste Collection Vehicles – The new waste collection contract came into effect in March 2024, but only around half of the vehicles to be purchased had been delivered. The unused budget will be rolled forward to 2024/25 to fund the remainder of the vehicles when they are delivered.</p>
<p>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.</p>

Planning and Healthier Stronger Communities
<p>Museum Development Plan - Further works took place in the new Archaeology Gallery in the final quarter, which took 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 was agreed earlier in the year, and there was the possibility of some of the planned capital works starting in the final quarter, but these did not happen, and the unused budget will be rolled forward into 2023/24.</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>
<p>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 autumn.</p>
<p>Public Realm & Greening relating to the Town Centre - The current strategy is being developed and is likely to be adopted in the near future.</p>

Climate Transition, Corporate and Environmental Services

Asset Management/Corporate Property – This budget supports minor works needed to Council properties. The unused budget will be rolled forward to 2024/25.

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, and no opportunities were identified during 2023/24.

Garden Community - Work continues to develop this project, with any unused funding to be carried forward into 2024/25.

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 was identified during 2023/24.

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.

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.

Fleet Vehicle Replacement Programme – The time between placing an order and the vehicle being delivered can be quite lengthy, and this year a number of vehicles that we anticipated being delivered in 2023/24 will now not be delivered until 2024/25. The unused budget will be rolled forward to fund these outstanding purchases.

Part C – Fourth 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 (Q4 2023/24)

Description	Target Q4 2023/24	Actual Q4 2023/24
Council Tax	95.6	96.7
Business Rates	95.2	98.3

- C2.2 The amount of Council Tax collected is marginally higher than the Quarter 4 target, whilst Business Rates is showing a higher level of collection compared to their target.
- C2.3 Although collection performance is ahead of target, it is below that of our peer authorities. The Head of Revenues and Benefits is pursuing initiatives that would lead to improved collection performance.

C3) Kent Business Rates Pool

- C3.1 The Council continued 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 4 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

D1.1 The combined total of the General Fund balance and Earmarked Reserves as at 1 April 2023 was £35.2 million. This includes £19.3 million set aside for specific purposes in Earmarked Reserves. The makeup of the balance, and the movements during 2023/24 are presented in the table below. As shown, the total as at the end of the year, 31 March 2024, amounts to £39.9 million.

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 4 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)	57	(501)
Neighbourhood Planning	(77)	20	(57)
Planning Appeals	(229)	0	(229)
Trading Accounts	(0)	0	(0.0)
Civil Parking Enforcement	(370)	(126)	(495)
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	(4,303)	366	(3,936)
Funding for Future Collection Fund Deficits	(2,504)	1,037	(1,468)
Commercial Risk	(500)	0	(500)
Invest to Save	(500)	0	(500)
Recovery and Renewal Reserve	(575)	270	(305)
Renewable Energy	(188)	(67)	(255)
Enterprise Zone	(0)	(241)	(241)
Major Works Sinking Fund	(213)	(200)	(413)
Housing Investment Fund	(3,216)	(3,961)	(7,177)
Grants-DWP		(290)	(290)
Total Earmarked Reserves	(19,294)	(3,499)	(22,793)
Unallocated Balances	(15,727)	(1,070)	(16,797)
Carry Forwards fr 22/23 to 23/24	(200)	200	0
Carry Forwards fr 23/24 to 24/25		(264)	(264)
Unallocated Balances	(15,928)	(1,133)	(17,061)
Total General Fund Reserves	(35,222)	(4,633)	(39,854)

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. Details of borrowing and investments are set out below.

E2) Economic Headlines

During the Quarter ended 31st March 2024, the Council's Advisors, Link Asset Services, reported:

- The Bank of England sprung no surprises in their March meeting, leaving interest rates at 5.25% for the fifth time in a row;
- Quarter 4 2023 saw negative Growth Domestic Product (GDP) growth of -0.3% while year on year growth was also negative at -0.2%;
- Unemployment is currently sub 4% and annual wage inflation is running at above 5%;
- March 2024 Consumer Price Index (CPI) was at 3.2%, however it is expected to slide below the 2% target rate and to remain below that Bank of England benchmark for the next couple of years.

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 20th March 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 8-1.
- Rate cuts are expected to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months.

PWLB RATES

- 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 previously. 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 70 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 sets limits for individual counterparties to avoid concentration of risk.

The council held investments totaling £18.185m in the previous quarter, which have increased to £33.24m on 31st March 2024. This was mainly due to the first £40m tranche of forward borrowing from Aviva Life & Pensions which was received on the 13th February 2024. The funds are being held within short term deposits with other local authorities and in instant access Money Market Funds and Call Accounts.

Average level of funds available for investment during the quarter was £33.59m.

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

Short-Term Investments (4th 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	4,180,000			5.37%		£10,000,000
CCLA Public Sector Deposit Fund	Money Market Fund	8,230,000			5.216%		£10,000,000
Reading Borough Council	Fixed Term Deposit	5,000,000	13/02/2024	13/05/2024	5.6%	5 Years	£8,000,000
Fife Council	Fixed Term Deposit	5,000,000	14/02/2024	14/08/2024	5.55%	5 Years	£8,000,000
Telford & Wrekin Council	Fixed Term Deposit	5,000,000	14/02/2024	14/05/2024	5.65%	5 Years	£8,000,000
Eastleigh Borough Council	Fixed Term Deposit	5,000,000	16/02/2024	16/07/2024	5.55%	5 Years	£8,000,000
Total Investments		33,240,000					

Whilst formal credit ratings are not available for local authorities in the same way as for banks and money market funds, a risk assessment of our local authority counterparties is carried out by Link Group and is supported by our own analysis of their accounts and publicly available information. The average rate of investments during the year 23023/24 is 4.83%, accumulating £1.072m in investment income.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31st March 2024.

E5) Council Borrowing

The council had external borrowings totalling £9m in the last quarter, which have increased to £45m on 31st March 2024. As mentioned in E4 above, the Council received £40m of forward borrowing from Aviva Life and Pensions during the quarter. £4m of this was used to repay short term borrowings. A breakdown is shown in the table below.

Council Borrowing (4th 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%
Aviva Life & Pensions	Corporate Entity	20,000,000	13/02/2024	13/02/2064	2.89%
Aviva Life & Pensions	Corporate Entity	20,000,000	13/02/2024	13/02/2074	2.89%
Total Loans		45,000,000			

The Council has also committed to a further £40m future borrowing to fund the capital programme. 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	13/02/2025	13/02/2075	2.87%
Aviva Life & Pensions UK Limited	Corporate Lender	20,000,000	13/02/2026	13/02/2076	2.87%
Total		40,000,000			

E6) Prudential and Treasury Indicators for 2023-24 as of 31st March 2024

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 March 2024.

Prudential and Treasury Indicators

Treasury Indicators	2023/24 Budget £'000	31.03.24 Actual £'000
Authorised limit for external debt	60,000	45,000
Operational boundary for external debt	50,000	45,000
Gross external debt	45,000	45,000
Investments	22,882	33,240
Net borrowing	22,118	11,760
Maturity structure of fixed rate borrowing - upper and lower limits		
Under 12 months	4,000	0
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	45,000
Upper limit for principal sums invested over 365 days		
Year 1	2,000	0
Year 2	2,000	0
Year 3	2,000	0
Total	6,000	0

Prudential Indicators	2023/24 Budget £'000	31.03.24 Actual £'000
Capital expenditure	41,924	29,921
Capital Financing Requirement (CFR)	110,511	98,508
Annual change in CFR	37,670	25,667
In year borrowing requirement	37,670	40,000
Ratio of financing costs to net revenue stream	(550.00)	(651.00)

APPENDIX 2: PART A

FOURTH 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	3	1	3	7	14
Direction	Up	No Change	Down	N/A	Total
Last Quarter	3	0	5	6	14
Last Year	4	0	4	6	14

- 42.9% (3 of 7) the targetable quarterly key performance indicators (KPIs) reportable to this Committee achieved their Quarter 4 (Q4) target¹.
- Compared to last quarter (Q3 2023/24), performance for 37.5% (3 of 8) KPIs have improved, and 62.5% (5 from 8) have declined¹.
- Compared to last year (Q4 2022/23), performance for 37.5% (3 of 8) KPIs improved, and 62.5% (5) of (8) KPIs have declined¹.

Climate Transition, Corporate and Environmental Services Q4 Performance

Performance Indicator	Q4 2023/24				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Corporate Resources					
Percentage of Non-domestic rates collected	98.39%	95.20%			
Percentage of Council Tax collected	96.66%	95.75%			
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	Q4 2023/24				
	Value	Target	Status	Short Trend (Last Quarter)	Long Trend (Last Year)
Climate Transition and Nature Recovery					
Percentage Change of Carbon Emissions from MBC Buildings/Fleet (Scope 1 and 2)	Annual Indicator				
Improvement in Air Quality	Annual Indicator				
Borough wide carbon emissions reduction (Gov Data)	Annual Indicator				
Number of trees planted/size of area rewilded	Annual Indicator				
Number of Electric Vehicle Charging Points Installed	Annual Indicator				
Environmental Services and Enforcement					
The percentage of relevant land and highways that is assessed as having acceptable levels of litter	96.95%	98.00%			
The percentage of relevant land and highways that is assessed as having acceptable levels of detritus	96.01%	95.00%			
Missed bins per 100,000 collections	54.0	40.0			
Tonnage of household waste produced per household	0.170t				
Percentage of household waste sent for reuse, recycling and composting	43.21%	53.00%			
Contaminated tonnage (rejected) as a percentage of tonnage of household waste sent for reuse, recycling or composting	7.38%	6.00%			

Climate Transition, Corporate and Environmental Services Comments (where targets have been missed)

Environmental Services and Enforcement

The KPI monitoring the “**The percentage of relevant land and highways that is assessed as having acceptable levels of litter**” missed its target by less than 10%. Higher than average levels of litter were found in the High Street Ward, which resulted in target being missed. Targeted cleansing of this area was conducted within three hours of the survey being undertaken.

The KPI monitoring, the number of “**Missed bins per 100,000 collections**” missed its target by more than 10%, achieving 54.0 against a target of 40.0. Q4 covered the period leading up to the handover and termination with our previous waste contractors. This period was very challenging in ensuring that the service was completed as per the contract, as collection staff were looking to the new arrangements.

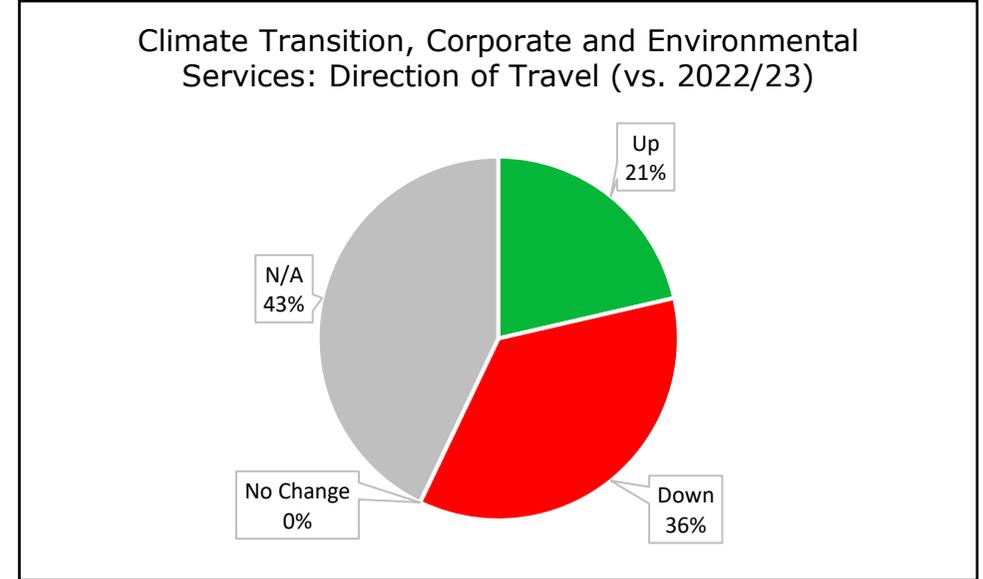
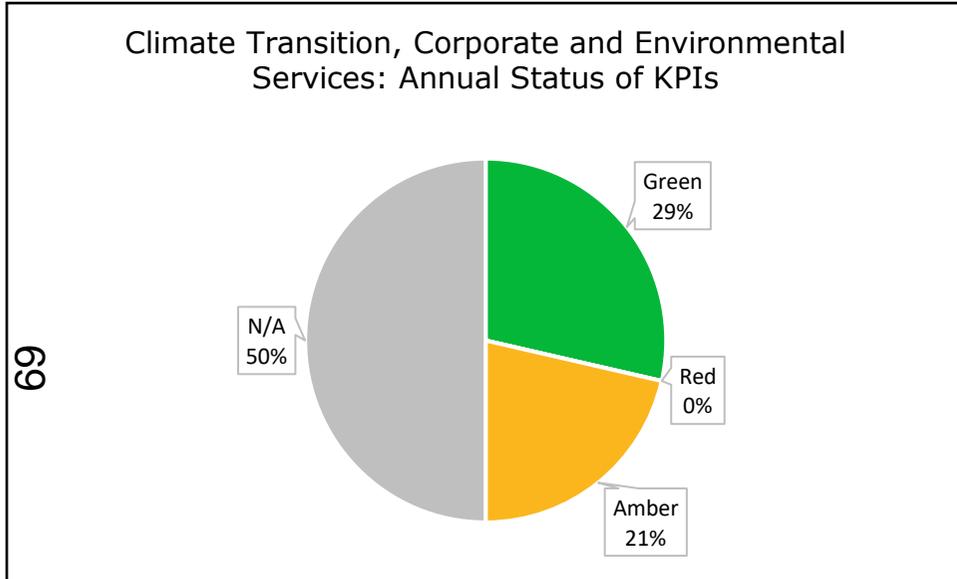
The KPI tracking the “**Percentage of household waste sent for reuse, recycling and composting**” also missed its target by more than 10%, achieving 42.05% against a target of

53.0%. And the KPI monitoring the "**Contaminated tonnage (rejected) as a percentage of tonnage of household waste sent for reuse, recycling or composting**" missed its target by more than 10%, achieving 24.3% against a target of 6.0%. Both of these KPIs have been impacted by new processes brought in by the disposal authority, Kent County Council, which has resulted in higher levels of monitoring and analysis of the quality of the recycling waste. This greater scrutiny by them has led to higher levels of rejections and therefore lower levels of recycling. Earlier assessment of contamination in the process has enabled the team to identify the areas where contamination is highest and then target these areas with new engagement initiatives, which include a 'traffic light' system of informational bin hangers in areas of high contamination, as well as articles and tips in the Borough Insight magazine to help residents understand what can be recycled.

APPENDIX 2: PART B – END OF YEAR PERFORMANCE MONITORING

Climate Transition, Corporate and Environmental Services: 2023/2024 End-of-Year Outturn

Annual Performance Summary



Notes & Key to Icons

- A key to the icons used in this report is shown on the right-hand side.
- Direction of travel for targeted performance indicators (PIs) shows if performance has improved or declined. For 'Data Only' PIs, the direction of travel shows if there has been an increase or decrease in volume.
- Where KPIs are providing data "as at the end of the month", the annual outturn is provided as an average figure, taken from the quarterly performance, for the 2023/24 year.
- Data for many of the annual indicators is still being collated, and therefore not currently available at the time of publishing this report. Updates will be provided to this PAC at the next reporting cycle.

RAG Rating		Direction	
	Target not achieved		Performance has improved
	Target slightly missed (within 10%)		Performance has been sustained
	Target met		Performance has declined
	Data Only	N/A	No previous data to compare

Climate Transition, Corporate and Environmental Services PAC 2023/24 Performance

Indicator	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Annual 2023/24	Annual Target 2023/24	Annual Status	Direction of travel
Corporate Resources								
Percentage of Non-domestic Rates Collected (BV 010)	31.28%	59.26%	82.86%	98.39%	98.39%	95.20%		
Percentage of Council Tax collected (BV 009)	28.16%	54.81%	81.50%	96.66%	96.66%	95.75%		
Percentage of vacant MBC-owned commercial space (excluding property for development)	Annual Indicator				21%			N/A
Climate Transition and Nature Recovery								
Percentage Change of Carbon Emissions from MBC Buildings/Fleet (Scope 1 and 2)	Annual Indicator				Data not yet available for 23/24			N/A
Improvement in Air Quality	Annual Indicator				Data not yet available for 23/24			N/A
Borough wide carbon emissions reduction (Gov Data)	Annual Indicator				Not published until Summer 2024			N/A
Number of trees planted (through MBC planting initiatives)	Annual Indicator				5,750			N/A
Number of Electric Vehicle Charging Points Installed by MBC	Annual Indicator				10			N/A
Environmental Services and Enforcement								
The percentage of relevant land and highways that is	79.83%	97.22%	97.00%	96.95%	92.75%	98.00%		

Indicator	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Annual 2023/24	Annual Target 2023/24	Annual Status	Direction of travel
assessed as having acceptable levels of litter								
The percentage of relevant land and highways that is assessed as having acceptable levels of detritus	82.16%	96.11%	96.11%	96.01%	92.60%	95.00%		
Missed bins per 100,000 collections	53.4	27.0	23.9	54.0	39.6	40.0		
Tonnage of household waste produced per household	0.207t	0.188t	0.177t	0.170t	0.742t			
Percentage of household waste sent for reuse, recycling and composting	54.79%	53.54%	43.56%	44.31%	49.15%	53.00%		
Contaminated tonnage (rejected) as a percentage of tonnage of household waste sent for reuse, recycling or composting	5.22%	4.90%	5.70%	7.38%	5.80%	6.00%		

Head of Service Summary of Performance in 2023/24

Head of Environmental Services & Public Realm comments:

The environmental services team have continued to work hard to deliver high levels of service over the past year however, there have been challenges, particularly with contamination levels in recycling, which has also impacted the overall tonnage recycled or composted. New processes brought in by the disposal authority, Kent County Council, have led to higher levels of monitoring and analysis of the quality of the borough's recycling, leading to the high rejection rate for quarter 4. Earlier assessment of contamination in the process has enabled the team to identify the areas where contamination is highest and then target these areas with new engagement initiatives.

These have included a 'traffic light' system of informational bin hangers in areas of high contamination as well as articles and tips in the Borough Insight magazine to help residents understand what can be recycled.

The street cleansing team have continued to deliver a high standard of cleansing, however experienced lower performance in quarter 1 particularly due to issues with high-speed roads which are difficult to cleanse safely, however this was not repeated in the later 3 quarters. They have now introduced some additional equipment including two green machines and new sweepers to improve performance.

Head of Mid Kent Revenues & Benefits comments:

Performance for the collection of Council Tax and Non-Domestic Rates exceeded the targets set in a challenging year. Recovery continues to be affected by the cost-of-living crisis and additional work is being carried out to ensure that those that can pay are paying and those that struggle to pay are helped to claim the support they are entitled to.

Biodiversity & Climate Change Manager comments:

Percentage Change of Carbon Emissions from MBC Buildings/Fleet (Scope 1 and 2) data is currently being updated for the 2023/24 carbon footprint. The Council's total CO₂ emissions for scope 1 and scope 2 decreased overall by 10.4% when comparing financial year 2021/22 to 2022/23. There have been no dramatic changes to Council's property or fleet since the last update and it is likely the total carbon emissions for 2023/24 are similar to 2022/23 levels.

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We are currently working on the annual status report for DEFRA which will give a summary of the measured air quality levels in the calendar year 2023/24. In terms of other work that has been ongoing, that is also ongoing within the annual status report that will be made a public document when it has been accepted by DEFRA, usually in August. Outside of the ASR and action plan, the Air Quality Management Area was revised to account for improvements in air quality across the borough and to focus attention and activity on the remaining areas of exceedance in Upper Stone Street. The council also adopted a new Air Quality Action Plan to run for the next five years.

The Department for Business, Energy and Industrial Strategy has not yet released regional/district level data for 2022/23 greenhouse gas emissions. Between 2005 and 2020 there has been an average decrease in overall carbon equivalent emissions of 2.4% in Maidstone Borough, with a slight spike in 2021 compared to 2020 of 4.7%, predominantly from domestic gas and transportation.

A total of 5,750 trees were planted in 2023/24 autumn/spring planting season, on third party land, in partnership with local land owners. Officers are currently investigating potential partnerships for the 2024/25 planting season.

Ten EV Charger Plug-In Points were installed at the Depot in October 2023, bringing the total to 31 plug-in charging points installed at the Depot. No public access or commercial charging points were installed by the Council in 2023/24.

UKSPF Year 2 Progress Report

Summary

Year 2; 2023/24 of the UK Shared Prosperity Fund (UKSPF) saw Maidstone Borough Council awarded £298,478 to spend towards the Community and Place Investment Priority as set out in the UKSPF Project Plan. This figure included a small underspend of £7,397 from Year 1 activities.

During this year MBC spent £298,357 towards interventions such as: Improvements to the Town Centre, Creation and improvement to local green spaces, supporting local arts and heritage activities, campaigns to encourage visits to the town centre and volunteering and social action projects.

In the final year of funding; 2024/25, MBC will have £741,661 provided by central government to continue the progress of projects to date, as well as a large-scale capital project to provide a safe and attractive town centre, through enhancements to greening and a lighting infrastructure.

Further to this, the government launched the Rural England Prosperity Fund (REPF) prospectus as an addition to the UK Shared Prosperity Fund. We were allocated £539,728 to spend between 2023 and 2025 on capital interventions in our rural communities as part of the REPF. The REPF in Maidstone aims to support rural communities to modernise and improve their assets to provide multiuse spaces that improve health, wellbeing, reduce rural loneliness, while having a positive impact on the local environment, contribute towards net zero, support the local rural economy, and promote community cohesion. Grants of up to £50,000 were made available to eligible organisations. In 2023/24 four bids from local community groups were successful, with £134,932 awarded to projects such as installing Solar Panels and Electric Vehicle Charge Points.

Updates on Projects and activities in Year 2

Year 2 of UKSPF activities has seen multiple projects continue across Maidstone town centre. Many different events have been taking place across the town, which with the support of the UK Shared Prosperity Fund has increased visitors and footfall into Maidstone. These events include the Maidstone Arts Carnival, River Carnival and Wild about Maidstone. In October 2023, we hosted Maidstone's first ever Literary Festival. The event championed local authors, with a showcase event at Lockmeadow Entertainment Centre, readings and workshops across Maidstone primary schools, Kent Library and History Centre, The Archbishop's Palace and Maidstone Museum. Funding from UKSPF has also supported our town centre special of Borough Insight Magazine which was delivered to over 83,000 residential addresses across the borough, keeping residents up to date with events and opportunities for all in our Town Centre.

Our Creative Community Grants have distributed thousands of pounds to local community groups. In year 2, this was 22 community groups receiving funding of up to £2,000 per project. Each project prioritising pride in our borough and its communities, increasing participation/engagement in arts and cultural activities; working with diverse audiences and supporting new and existing creative talent in the borough.

The sculptures for the Iggy Sculpture Trail were installed on 27th & 28th March by the artists Gary and Thomas Thrussell, under the watchful gaze of David Britchfield, Archaeologist. No significant archaeological finds were made during the excavations and the installations went ahead without incident. A launch event was held on Wednesday 3rd April 2024 featuring a giant T-Rex and two baby dinosaurs (puppets). The Mayor officially launched the new 'Magical Beasts' sculpture trail before the dinosaurs went walkabout in Brenchley Gardens and Fremlin Walk. More than 400 people attended the launch in the morning. The action moved to Lockmeadow Entertainment Centre in the

afternoon where two interactive 'How to train your Dinosaur' shows were delivered to around 100 people per show. The digital app that supports the new physical sculpture trail was also promoted during the launch event with lots of people taking leaflets and scanning the QR code on the promotional banner. As of 7th April, 715 people have downloaded the app; 1,388 individual sights have been visited (recorded by GPS so represents actual footfall); and 376 people have viewed the Magical Beasts trail.

In partnership with Involve Kent, our Green Spaces volunteering projects commenced this year. 100% of volunteers said they enjoyed taking part in volunteering and that it increased their sense of feeling connected in the community. A total of 87 supported volunteering sessions took place, which included regularly attended events at Maidstone Community Support Centre Community Garden, Brenchley Gardens, Trinity House, The Amphitheatre and Rose Garden, and Maidstone Museum, these will continue into 2024/25.

The 'REPF' grants for the borough of Maidstone aim to support rural communities to help modernise and improve assets to provide multiuse spaces and improve health, wellbeing, reduce rural loneliness. Following the full allocation towards four successful bids for rural funding in 2023/24 a further 21 submissions were received by local community groups and parishes for funding in 2024/25. The panel conducted a review of submissions in February and awarded the remaining funding 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.

In Year 3 we will continue our series of events supporting visitors to Maidstone Town Centre. This includes the return of our Literacy Festival in October 2024 following the success in Year 2. Our final year of the Green Volunteering Project will see opportunities on a weekly basis to get involved in greening up, planting and revitalising planting areas across the Town Centre. These opportunities will increase over the summer months.

'Shaun the Sheep in the Heart of Kent' is an exciting free art trail that will see up to 50 large individually decorated Shaun the Sheep sculptures placed around the parks, town centre and river walks in Maidstone and the surrounding areas. This will launch on June 29th and is delivered by our partner Heart of Kent Hospice.

Our outdoor fitness and gym equipment has begun installation at Lockmeadow Entertainment Centre. The project is expected to be open to the public from May 2024.

UK Shared Prosperity Fund 2023/4 Quarter 4 Update:

Officers have now completed our projects for Year 2 (2023/24), with new project leads identified for Year 3 expenditure, which includes the largest proportion of our UKSPF allocation. Year 3 will see new projects commencing to improve greening and lighting infrastructure and interactive outdoor equipment at Lockmeadow Entertainment Centre, along with continuing to support events in the Town Centre and our partnership with Heart of Kent Hospice to deliver the new Elmer Trail from July.

In addition to the UK Shared Prosperity Fund, we have received an allocation from the government’s Rural England Prosperity Fund. Following the distribution 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 11 bids from across the borough. These projects commence in April 2024 with progress to be 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:	£ To be added to Year 3	Q4 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	£34,010	£34,000	£10	In year 2 we supported 22 organisations with a creative communities grant. A new round of grants will open in May 2024.
		Literature Festival	£17,280	£17,277	£3	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 festival will return in 2024.
		Iggy Sculpture Trail	£61,010	£61,010	£0	The trail was officially launched by the Mayor in March and is supported by a digital trail app.
		Equipment purchases to support events	£3,083	£3083	£0	Purchases of a set of temporary exhibition walls and 2 microphones have been completed.
		Arts Carnival	£20,000	£20,000	£0	The Arts Carnival, which was rearranged due to adverse weather, took place on Saturday

						9 th September. 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 July 2024.
	Project C- A Community Arts Hub & Maker Space	Feasibility Study	£5,260	£5,266	-£6	The final amended feasibility report was received in August with an MBC working group set up to action the results of the report.
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	£12,480	£12,366	£114	Advertising budget has been used to promote events throughout the 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	£60,000	£0	Five sites have been worked with 28 volunteers involved with 87 volunteering events. The sites are Maidstone Community Support Centre, Trinity House, Brenchley Gardens, Fairmeadow and planters in the Town Centre. This project will continue into 2024/25.
Management Overheads			£9,897	£9,897	£0	
Total:			£299,820	£299,699	£121	.
					£299,820	

Business Name	Property Address	A/C ref	Fin. Year	O/S debt	Costs	Total to be written off	Reason for write off	Action taken
VIVA LAS VEGAN LIMITED	GND FLR AT 64 EARL STREET	3315803	2021/22	£3,741.80	£200.00	£14,569.75	Dissolved	Debt was with Enforcement Agent, company dissolved via compulsory strike-off on 02 2.05.23.
	MAIDSTONE ME14 1PS		2022/23	£6,362.25				
			2023/24	£4,265.70				

Reminder notices issued, followed by a final notice withdrawing instalments and warning court summons to be issued. Arrangement was agreed but defaulted. Magistrate's court summons issued and liability order obtained at the court. Reviewed prior to passing to Enforcement Agent, company had been dissolved 02.05.2023 but lease not surrendered. Request sent to Treasury Solicitor to disclaim lease, completed and liability transferred back to landlord. As company dissolved unable to recover debt.

MODELL ENTERPRISES LTD	GND FLR, 1ST FLR REAR & PT 2ND FLR	3295039	2018/19	£29,014.86	£200.00	£46,176.83	liquidation	Debt was with Enforcement Agent, returned as company went in liquidation 01.12.2021. Confirmation received of no distribution to unsecured creditors.
	87-88 BANK STREET MAIDSTONE ME14 1SD		2019/20	£16,961.97				

Reminder notices issued, followed by a final notice withdrawing instalments and warning court summons to be issued. Arrangement agreed but defaulted and Magistrate's court summons issued. Liability order obtained at the court. Debt was then passed to Enforcement Agents (EA). Company contacted EA to advise now in liquidation. Liquidators have advised no prospect of distribution to unsecured creditors.

Total **£60,746.58**



Fourth Quarter Risk Update 2023/24

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

Introduction

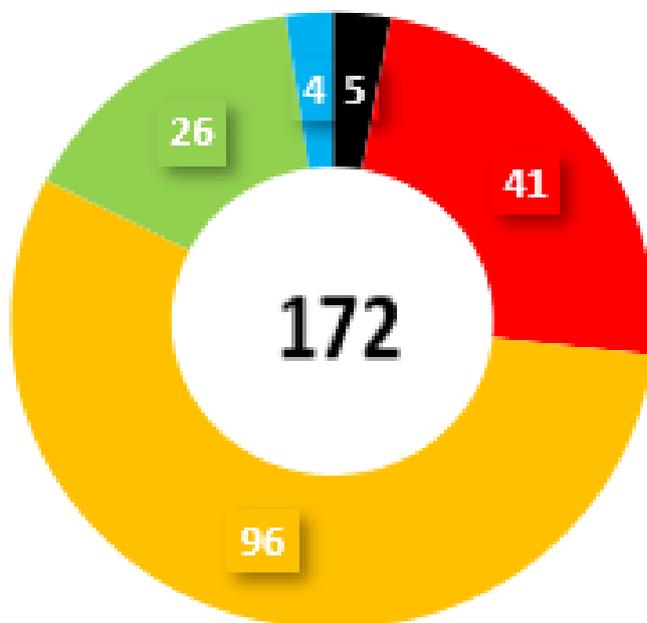
A key principle of good governance is managing the ***effect of uncertainties on the achievement of our objectives***. Having arrangements in place to identify and manage our risks increases the probability of achieving corporate and operational objectives by controlling risks in balance with resources. 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.

The purpose of this report is to provide an update on the council's risk information considering any changes to existing risks 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 chart below with a total of 16 corporate risks and 156 operational risks.

Current Risk Profile (June 24)

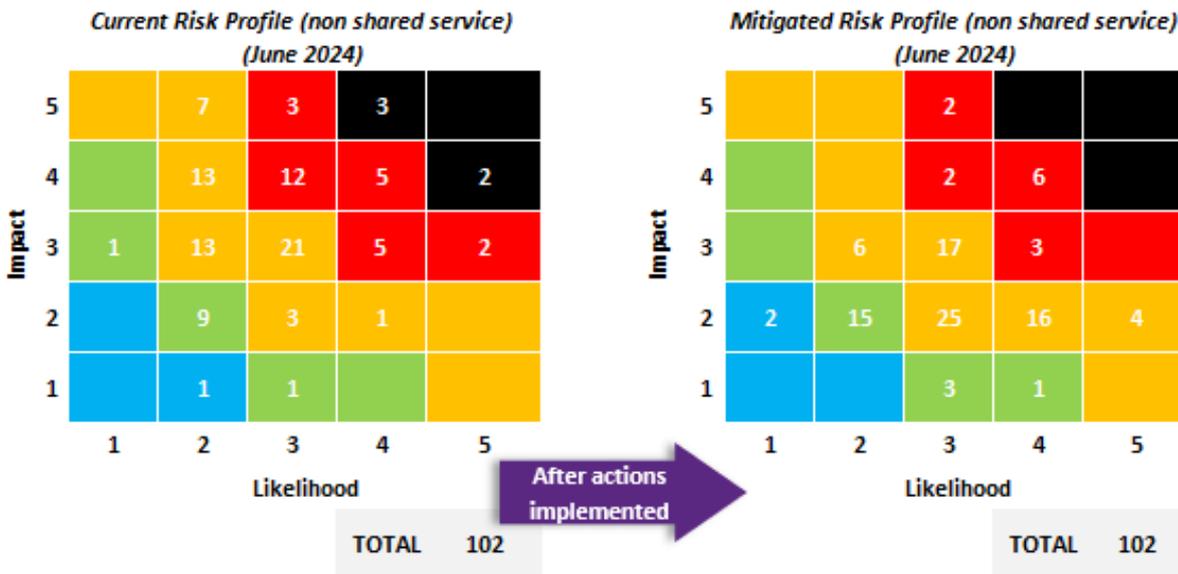


Risk Profile Breakdown

The following matrix shows the ‘business as usual’ position (**current risk**) and the position once all planned actions are implemented (**mitigated risk**). These are broken down into the shared service and non-shared service risks.

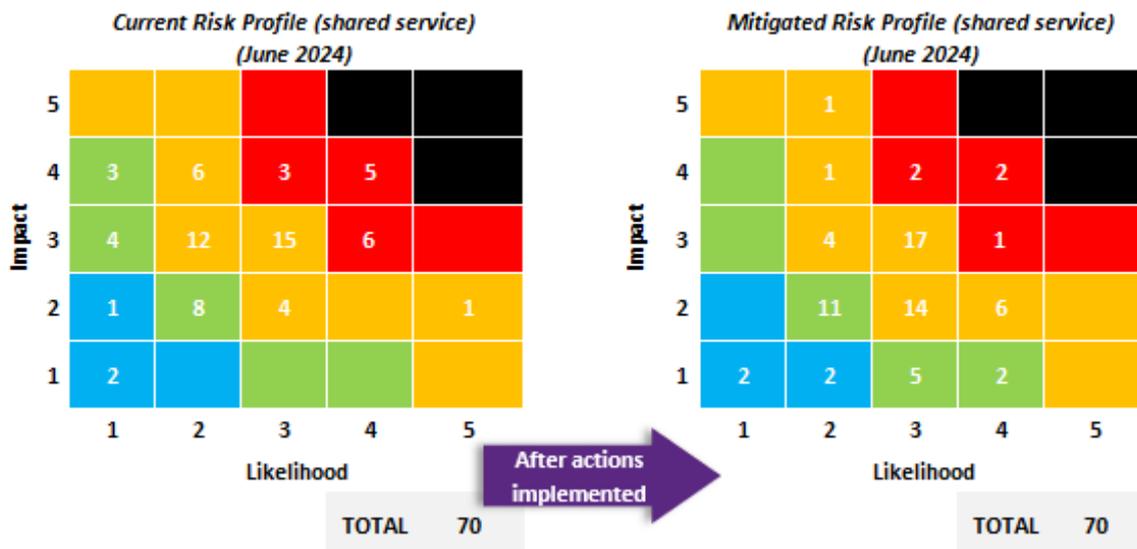
Non Shared Services Matrix

The heat map below shows a break down of all the risks for the services we deliver as a single council.



Shared Services Matrix

The heat map below shows a break down of all the risks for the services we deliver as shared services with other districts.



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 **16** 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	Feb' 24 Current Risk	June' 2024		Corporate Priority			
			Current Risk	Mitigated Risk	✓	✓	✓	✓
1	Financial uncertainty	15	15	12	✓	✓	✓	✓
2	Election failure / challenge	20	20	16	✓	✓	✓	✓
3	Rising construction costs and the risk of contractor insolvency	20	20	16	✓		✓	✓
4	Rising temporary accommodation costs	20	20	16	✓		✓	
5	Maidstone Town Centre vitality diminishes	20	20	16	✓			✓
6	Not fulfilling residential property, health & safety, building safety, and emerging consumer regulations	20	15	10	✓		✓	
7	Waste & recycling contract not performing		20	16		✓	✓	✓
8	Environmental damage	16	16	16		✓	✓	✓
9	Cost of Living Crisis	16	16	12		✓	✓	
10	Major unforeseen emergency	15	15	9	✓	✓	✓	✓
11	Major contractor, supplier, or tenant failure	12	12	9	✓	✓	✓	✓
12	IT network failure	12	12	9	✓	✓	✓	✓
13	Ability to access / leverage new funding	12	12	9	✓	✓	✓	✓
14	Loss of workforce cohesion and talent	9	6	6	✓	✓	✓	✓
15	Reduced effectiveness of relationships with strategic partners	9	9	6	✓	✓	✓	✓
16	Governance changes	9	9	6	✓	✓	✓	✓



One corporate risk rating has been downgraded from black to red to reflect the progress made with control measures and planned actions completed. See below for more details of the affected risk:

- 1. Not fulfilling residential property health & safety responsibilities:** This captures the risk around residential property and compliance with new Health & Safety, Building Safety, and Emerging

Consumer Regulations. Insufficient awareness, expertise, and licensed surveyors to carry out the operational duties could result in the council’s inability to fulfil residential property responsibilities and provide adequate building control service. Materialisation of this risk could have potential legal impacts.

The building control staff have achieved the relevant accredited to meet the new regulations thereby resulting in a reduction to both the current and mitigated risk rating.

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.

A horizon scanning workshop was held in May this year to explore the financial relationship with Kent County Council and potential impacts resulting from the county’s decision to pull funding from areas that have historically received it. The group explored potential impacts to the services provided by MBC and impacts to the wider community. The session was aimed at identifying services at risk, possible mitigations, and next steps. All areas of risk identified will be captured for on-going review and management.

The annual horizon scanning workshop will look at global risk reports and the latest thinking on emerging risks. These workshops will be aimed at inspiring conversations about emerging risks to enable us to continue building resilience.

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

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

Embracing Growth & Enabling Infrastructure

Safe Clean & Green



- Stakeholder Engagement
- Community Skills and Expertise
- Political Changes following general election
- The growth of Generative Artificial Intelligence
- Economic Instability



- Climate Change Unknowns
- Rising health inequalities
- Utilities Resilience



- Changing Demographics
- New Consumer Regulations for Affordable Housing Registered Providers
- Local Government Reform



- Renewal Funding Uncertainty
- Worsening Town Centre and Retail Instability

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 opportunities and 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, gas, 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 Risk Update

There are a total of **156** operational risks. The single black operational risk captured in the third quarter report as shown below has now been reduced graded. All staff have been supported to gain their accreditation and met the HSE deadline for accreditation. This risk previously had an unmitigated risk rating of and a mitigated rating of 12. This has now been reduced as reflected below and set to be reviewed annually.

1. Unable to provide Building Control Service if staff are not licensed with the HSE by 1st April 2024 in accordance with the new Building Safety Act.			
Service Area: Building Control	Ownership: Robert Wiseman	Current Score: I2 x L2	4
<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 Inability to carry out statutory functions.</p>	<p>Existing Controls</p> <ul style="list-style-type: none"> • All staff being supported retain accreditation. • 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 now fully trained and achieved the HSE accreditation. 	
Next Risk review: October 2024	Risk direction over time: Reduced mitigated risk profile from 12	Mitigated Score: I2x L1	2

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 	(3 x 5) 15	<ul style="list-style-type: none"> Lobbying to avoid unfavourable financial changes to government funding Identifying measures to address future budget gaps Explore additional external funding such as grants. 	(4 x 3) 12
<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 	(5 x 4) 20	Contingency planning for post-election challenge impacts.	(4 x 4) 16

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<p>98</p> <p>Maidstone town centre vitality diminishes because of changes to national shopping patterns and the after-effects of the pandemic and increased working from home.</p>	William Cornall	<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) 	(4 x 5) 20	<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 • Development of town centre Strategy now underway with a likely completion in January 2025. • Commencement of Grenada House refurbishment works in Q4 2023/24 	(4 x 4) 16

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 there continues to be economic instability which is affecting confidence in the construction sector causing rising contractor costs and the risk of contractor insolvency. 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. The vitality of our projects is continuing to be affected by the rising construction costs.</p> <p>87</p>	William Cornall	<ul style="list-style-type: none"> • Use of "off-site" and other Modern Methods of Construction where possible to ensure schemes are delivered efficiently • Designing buildable efficient schemes • Financial stability and overall exposure checks for contractor • Performance bonds and quality monitoring • Realistically set financial scheme approval hurdle rates • Appointment of a single architect, 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 • Contractor due diligence and emphasis upon realistic financial assumptions and budgeting costs. 	<p>(4 x 5)</p> <p>20</p>	<ul style="list-style-type: none"> • Exploration of suitable contractor frameworks to access. • Managing exposure levels to different contractors as the programme gathers momentum. • Delaying the letting of key contracts if tendering does not yield VFM proposals that are financially robust. • Careful scheme design evolution to enhance the "buildability" of new projects. 	<p>(4 x 4)</p> <p>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>Rising temporary accommodation costs caused by broader housing and cost of living crisis affecting costs associated with homelessness and ability to meet wider housing needs in the borough.</p> <p>68</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. • Increased temporary accommodation budget for 24/25 • Increased focus on TA net cost reduction 	<p>(4 x 5) 20</p>	<ul style="list-style-type: none"> • 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. 	<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)
06 Major unforeseen emergency with national / international impact (e.g. new pandemic, environmental disaster)	Alison Broom	<ul style="list-style-type: none"> • Strong existing emergency planning framework • Active engagement with Local Resilience Forum • Flexible 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 	(5 x 3) 15	<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. 	(3 x 3) 9

Risk (title & full description)	Risk Owner	Key Existing Controls	Current rating (I x L)	Planned Actions	Mitigated rating (I x L)
<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>91</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 brought back online. • Bulk messaging system to ensure adequate communication lines available. Gov.notify used and an awareness campaign run to encourage staff to sign up. • Cyber Security Incident BC Exercise undertaken in November 2022 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. • Midkent Cyber Incident response exercise planned for November 2024. 	<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>92</p> <p>Insufficient awareness / expertise and inadequate data quality leads to not fulfilling residential property compliance; health and safety regulations building safety regulations and emerging consumer regulations.</p>	William Cornall	<p>New Contractors appointed DMS (repairs and voids) and Clareglow (gas) to deliver a more tailored service for the Council</p> <ul style="list-style-type: none"> Faithfull Farrell & Timms have been retained as a critical friend to allow the new housing management function to up skill. The 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 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. Staff have now gained the required HSE accreditation required for surveyors. 	(3 x 5) 15	<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 relevant housing competency accreditation. 	(2x5) 10
<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>	Mark Green	<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 	(4 x 3) 12	<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 	(3 x 3) 9

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>	Georgia Hawkes	<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>	Mark Green	<ul style="list-style-type: none"> • Access to professional networks to identify opportunities for funding • Experienced officer capacity • Good relationships with funding partners, e.g. Homes England • Obtaining forward borrowing • 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 Additional officers recruited 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 3) 9</p>	<ul style="list-style-type: none"> This risk will be moved to an operational risk level. 	<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>	Alison Broom	<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 	(3 x 3) 9	<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) 	(3 x 2) 6

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>96</p>	Angela Woodhouse	<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 	(4 x 4) 16	<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 	(4 x 3) 12
<p>SUEZ Waste & Recycling Contract not performing to expectations resulting in sub optimum quality service to residents with the risk of reputational damage to the council.</p>	William Cornall	<ul style="list-style-type: none"> Communications plan in place and being delivered Executive level meeting occurring regularly with SUEZ counterparts Penalty clauses within contract can be deployed Performance improvement plan in place for SUEZ with weekly operation Additional call service staff being hired to handle increased volumes 	(4 x 5) 20	<ul style="list-style-type: none"> Continuous monitoring of performance and compliance levels. 	(4 x 4) 16

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

Agenda Item 13

Climate Transition, Corporate and Environmental Services Policy Advisory Committee

8 July 2024

Solar Energy Investment Projects

Timetable	
Meeting	Date
Climate Transition, Corporate and Environmental Services Policy Advisory Committee	8 July 2024
Cabinet	24 July 2024

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Anna Collier Head of Insight Communities and Governance
Lead Officer and Report Author	James Wilderspin, Biodiversity and Climate Change Manager
Classification	Public
Wards affected	Fant & Oakwood, Park Wood & Mangravet, Shepway

Executive Summary

This report outlines three solar photovoltaic (PV) investment projects aimed at supporting the Council's goal of achieving net zero by 2030. The proposed projects encompass the Lockmeadow Entertainment Complex, the Parkwood Depot, and Mote Park and the Leisure Centre.

Collectively, these projects represent a total potential investment of £960,000. The combined solar PV capacity of these installations could reach up to 945 kWp, with the potential to offset between 108 tCO₂e annually. The projects offer significant financial benefits, with estimated annual savings of £110,000 and payback in an average of 7.6 years average over all three projects.

These initiatives not only contribute substantially to the Council's carbon reduction efforts but also provide additional benefits such as improved energy security, and opportunities for income generation through power purchase agreements.

The report recommends considering investment in all three projects to maximise the overall impact of the Council's solar PV strategy.

Purpose of Report

Decision

This report is asking Policy Advisory Committee to make the following recommendation to the Cabinet:

To invest in solar photovoltaic projects for as outlined in the report for:

- (i) Lockmeadow Entertainment Complex
- (ii) Parkwood Depot; and
- (iii) Mote Park and the Leisure Centre

Solar Energy Investment Projects

Issue	Implications	Sign-off
Impact on Corporate Priorities	Embracing Growth and Enabling Infrastructure And Safe, Clean and Green	Head of Insight, Communities and Governance
Cross Cutting Objectives	Biodiversity and Environmental Sustainability is respected.	Head of Insight, Communities and Governance
Risk Management	Please refer to paragraph 8.1 of the report	Head of Insight, Communities and Governance
Financial	Accepting the recommendations will demand spending of approximately £960,000. This will be funded from the budget for Biodiversity & Climate Change in the Council's approved capital programme.	Paul Holland, Senior Finance Manager
Staffing	We will need access to extra expertise to deliver the recommendations.	Head of Insight, Communities and Governance
Legal	No legal implications arise from reporting to the PAC. However, further input will be required from legal services in the event that Cabinet decides to take forwards any of the proposed schemes.	Deputy Head of Legal
Information Governance	No impact.	Head of Insight, Communities and Governance
Equalities	No impact	Policy & Information Manager
Public Health	No direct Health impacts.	Public Health Officer

Crime and Disorder	There are no implications to Crime and Disorder.	Head of Insight, Communities and Governance
Procurement	On accepting the recommendations, the Council will then follow procurement exercises for to find suitable suppliers and contractors.	Head of Insight, Communities and Governance
Biodiversity and Climate Change	<p>The implications of this report on biodiversity and climate change have been considered and aligns with Action 7.1 of the Biodiversity and Climate Change Action Plan to Deliver Maidstone Borough Council 2030 Net Zero Commitment, by:</p> <ul style="list-style-type: none"> • Decarbonising the councils’ buildings through low carbon heating, LEDs, insulation and smart controls, • decarbonising the council’s fleet to fully EV, • investing in renewable energy generation, • incorporating energy saving principles into office strategies, and • supporting staff to shift to electric/ultra-low emission vehicles, public transportation and more flexible working. 	Biodiversity and Climate Change Manager

1. INTRODUCTION AND BACKGROUND

- 1.1 The Council has set an ambitious goal to reach net zero emissions by 2030, with substantial financial commitments already in place. A significant portion of the Council's emissions can be offset by maximising Solar Photovoltaic (PV) installations on its buildings, which have a good medium-term investment for both cost savings and carbon reduction. Investment in Solar PV now forms part of the capital programme for 24/25 and received final approval at Council as part of the overall budget on 21 February 2024, totalling £1.9million investment in renewables and carbon offsetting by 2030.
- 1.2 Laser Energy was commissioned to assess the Council’s existing solar installations and recommend areas for improvement and additional investment. This is building on the work conducted by APSE Energy who conducted decarbonisation audits of 13 key Council properties, providing recommendations for emissions reduction through solar investments, to maximise the renewable energy generated for direct use by the Council

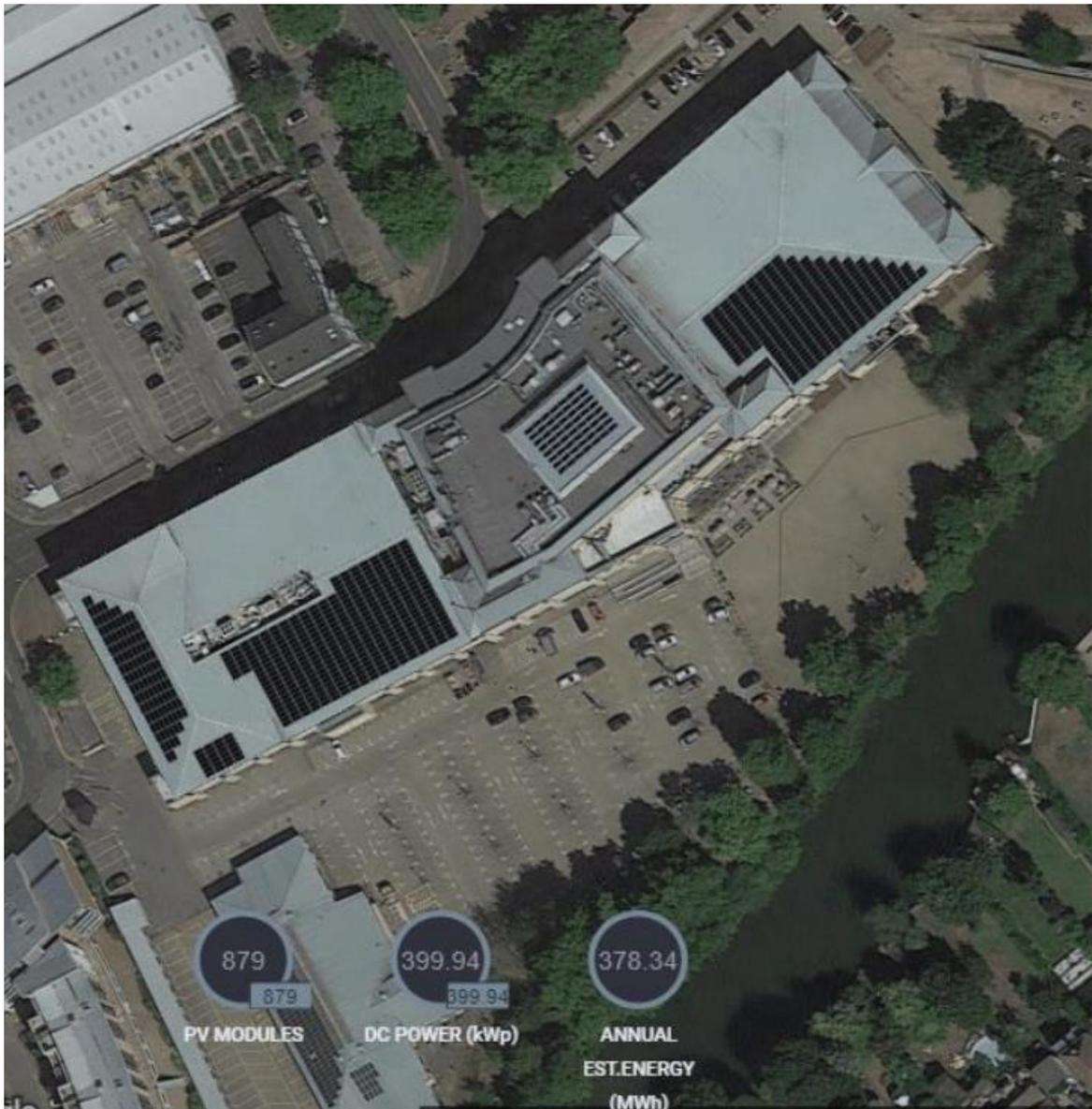
cutting utility bills and reducing the Council's carbon emissions with a relatively fast payback period for the investment.

- 1.3 The primary costs associated with large scale solar installations are the trenching and cabling require to take the electricity produced to grid or place of use. Therefore, there are advantages to seeking rooftop space where solar can be installed that minimises connections needed, so that electricity can be used where it is generated and avoid additional costs. Solar panels require low maintenance and are a one-time investment with long-term returns that are a quiet, simple, and safe way to generate energy in operation.
- 1.4 Officers have been exploring the viability of various solar investment projects and this report presents the three most viable options and asks the Climate Transition, Corporate and Environmental Services Policy Advisory Committee to recommend one, two, or all three of the projects to Cabinet to invest the capital.

2. Lockmeadow Entertainment Complex

- 2.1 Lockmeadow Entertainment Complex has a 2,300m² roof, providing ample space for a solar PV array. The curved metal sheet roof also allows for a relatively quick and easy installation.
- 2.2 The cinema and five other tenants have their own electricity supply. However, there is possible opportunity with a Solar PV array for a power purchase agreement (PPA) to be direct wire into these distribution boards with the excess solar power generated. Allowing the Council to control the costs of the electricity supply produced by the solar PV, potentially lowering costs to attract new tenants and/or pass on reductions in utility costs to tenants.
- 2.3 Equally, the Council currently supplies energy to the food hall this could be metered to provide an income but would also substantially lower the running costs currently incurred by the Council as part of the tenancy agreement. Finally, there is a large telecommunications antenna on the roof which is sub metered, and a further opportunity to sell the power generated to the telecommunications company which could also bring in an income to offset the installation costs.
- 2.4 The proposed PV system is estimated to cost between £450,000 to £600,000 and consist of 879 panels with a maximum generation capacity of 390W per panel and have a total generation output of 400 kWp, generating a total of 316,886 kWh/year. This system would offset 60 to 90 tCO₂e per year by reducing grid electricity import by 33% and saving the Council approximately £70,000 per year in utility costs with a payback period of 10 years.

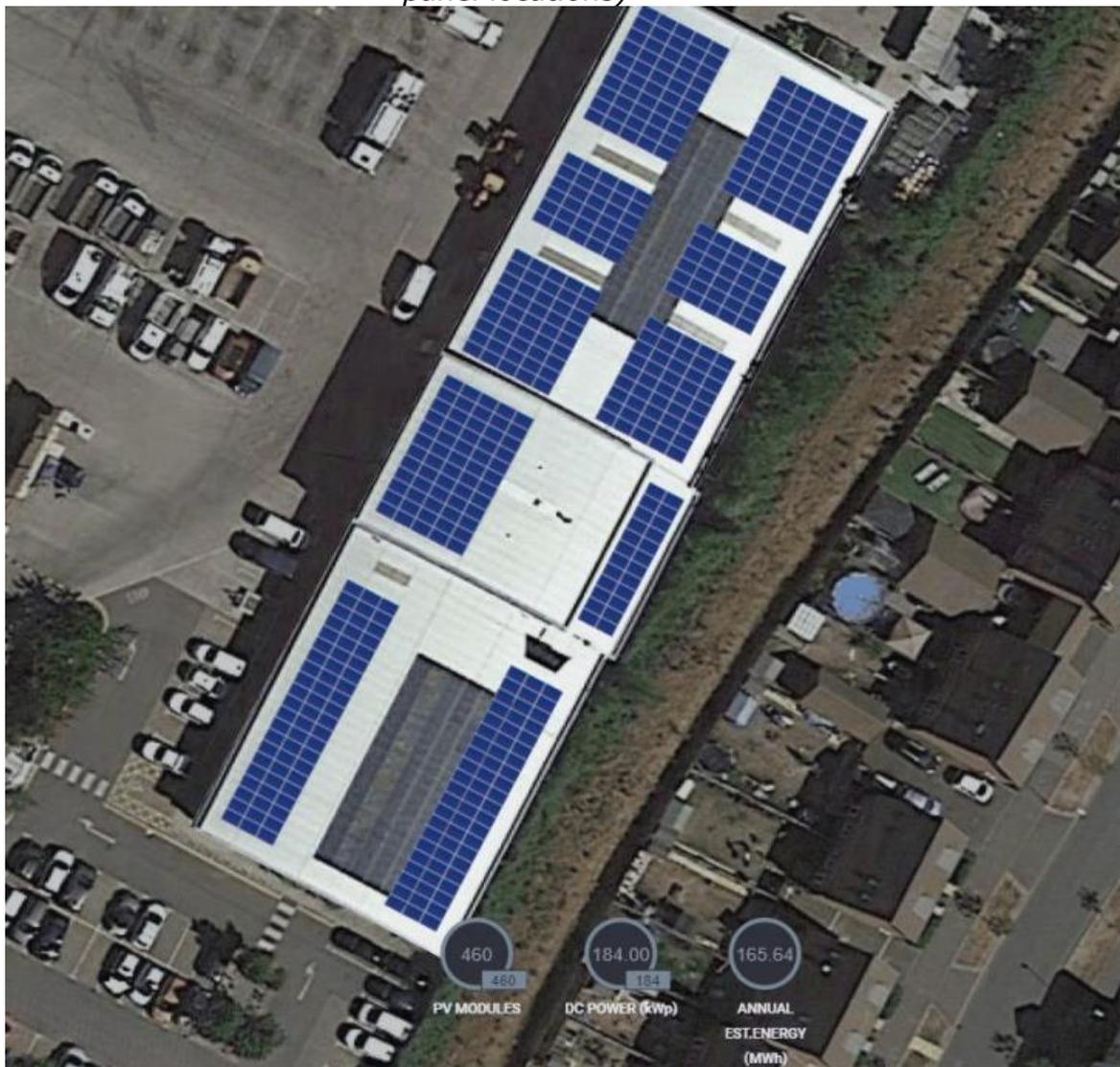
Figure 1: Proposed Location of the Lockmeadow Solar Array



3. The Parkwood Depot

- 3.1 The Laser Energy’s investigation found that the existing 50kWp array situated on the Depot roof requires total decommissioning, removing from roof, cleaning and recommissioning due to being poorly and dangerously installed. Some panels may be damaged and need replacing, and when recommissioned would be placed correctly enhancing the efficiency of the existing solar.
- 3.2 While recommissioning the existing Depot’s PV, there is an opportunity to increase the Solar PV to more than double totalling a 185kWp array.

Figure 2: Proposed Location of larger Depot Solar Array (light blue indicated new panel locations)

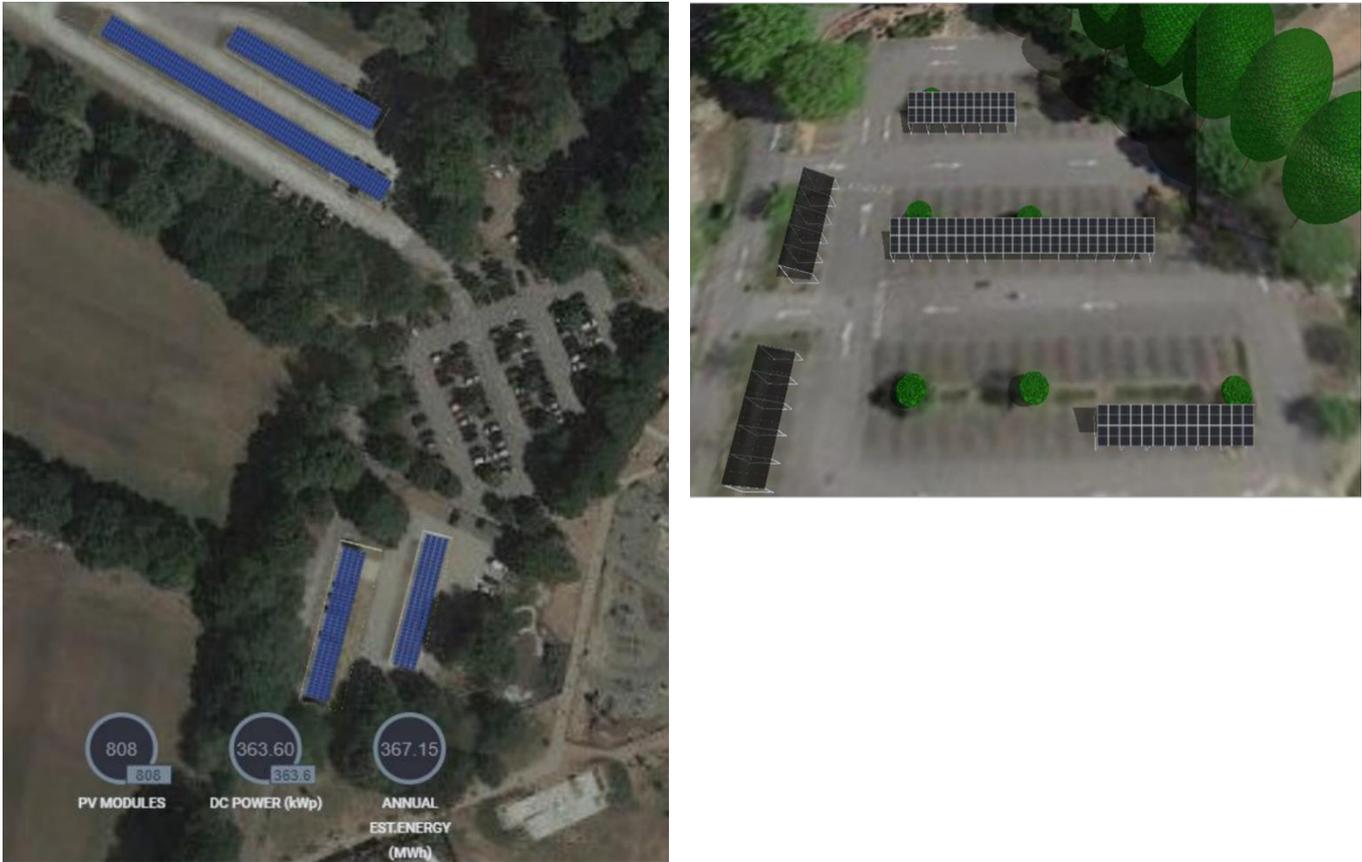


- 3.3 A larger array and the instillation of a battery has numerous benefits at the depot. Including the ability to charge the growing number of Electric Vehicles (EVs) at the Depot using solar energy. With a battery storage it would also be possible to charge the battery throughout the day and then charge the EVs over night reducing costs to the Council. The Depot is also an emergency planning location for the Council and in terms of business continuity in relation to the possibility of a future National Power Outages or other emergencies, solar PV and a battery would enable the Depot to continue to operate.
- 3.4 Investment in PV at the Depot is estimated to be around £80,000 however this does not include provision for cleaning and recommissioning the existing solar PV or the costs of the battery which requires further market research in relation to the size of the Council's electric fleet. The full 185kWp array is estimated to cut emissions by 25tCO₂e and a potential payback of 5 years.

4. Mote Park and the Leisure Centre

- 4.1 Maidstone Leisure Centre has a Carbon Footprint of 648tCO₂e (in 2022-23fy). This is the largest single source of carbon emissions of Council buildings, and more than double the emissions of Maidstone House. A PV array was previously installed on the Leisure Centre roof - these were poorly installed and decommissioned as the roof structure could not withstand the additional structural load.
- 4.2 The car park adjacent to the Leisure Centre was initially explored for installation of solar carports (solar car park canopies), which provide additional benefits of protecting cars from the elements. However, due to significant shading by trees around the car park and pending decisions on the future of the Leisure Centre, the Mote Car Park adjacent to Mote Park Main Children’s Playground was selected for the proposed PV system installation.

Figure 3: Proposed Location of Mote Park Car Park Solar Canopies



- 4.3 The suggested location is approximately 350m away from the Leisure Centre and would incur additional trenching and cable routing costs, however it offers a larger square meterage and less shading from obstacles compared to the Leisure Centre’s car park. Finding the best trenching route south is vital to reduce cost of this project as there are several risks associated with planning permission and the route between the Mote Park Car Park and the Leisure Centre:

- Mote Park is Grade II Listed, and the solar canopy would require minimal visual impairment to be given planning permission. There is also a planning stipulation for the trees next to the site to remain, and no tree can be removed and would need protecting for this project to go ahead.
- Event disruption works could temporarily damage the football pitch and space for parking for events will be lost temporarily.
- Depending on the proposed route, additional costs and time may be accrued to take precautions needed for the asbestos in the soil, unexploded ordnance and archaeology surveys, as has been encountered in other projects in this area of Mote Park.

4.4 The proposed installation is for 122kWp to 360kWp solar carports over two adjoining sites costing £70,000 to £150,000 depending on the final designs. Please note that the costs do not include the trenching and wiring to the Leisure Centre, expected to cost upwards of £70,000 depending on the final route. The array is expected to offset approximately 23 to 60 tCO2e due to reduced grid electricity import to the Leisure Centre. Conservative simulation results indicate that the proposed installation would meet 14% to 30% of the Leisure Centre’s annual electricity consumption needs, saving approximately £20,000 to £50,000 per year on the leisure centres utility costs, with a payback period of 8 years for the PV.

5. Summary and Next steps

5.1 It is recommended that all three projects be invested in simultaneously, as the combination of the three projects would attract suppliers and contractors and reduce costs for purchasing the PV with a larger scale tendering process.

5.2 By investing in all three projects, the Council would maximise both financial and environmental returns across diverse properties.

Table 1: Solar Project Summaries

Site	Size/capacity of Solar Array	Capital Costs of Solar Project	Annual savings to council	Pay back in Years	Carbon reduction (CO2te)
1. Mote Park Car Park for use at Maidstone Leisure Centre	360kWp	£240,000	£20,724	8	23+
2. Lockmeadow Entertainment Complex	400kWp	£600,000	£70,852	10	60
3. The Depot	185kWp	£120,000 (estimated, not including battery)	£20,000 (estimated for new PV only)	5	25
Total	945kWp	£960,000	£111,576 Saved PA	7.6 Years average	108 CO2te reduced

- 5.3 All three projects offer significant long-term cost savings and relatively quick payback periods, averaging 7.6 years if all the projects are conducted under one tender. The combined projects have the potential to offset 108+ tCO₂e annually. The projects, particularly at The Depot, enhance the Council's energy security and business continuity capabilities. Beyond energy generation, the projects offer additional advantages such as potential income generation, improved tenant relations, and enhanced public amenities and aligns with the Council's commitment to renewable energy and a proactive step towards achieving its 2030 Net Zero goal.
- 5.4 The report asks the Climate Transition, Corporate and Environmental Services Policy Advisory Committee to recommend all three of the projects to Cabinet to invest the capital.
-

3. AVAILABLE OPTIONS

- 3.1 Option 1: invest in all three projects.
- 3.2 Option 2: invest in two projects.
- 3.3 Option 3: invest in one project.
- 3.4 Option 4: choose not to invest in any of the projects.
- 3.5 Option 5: request further information.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Option 1: Invest in all three projects, simultaneously is the recommended option as this would enable officers to attract contractors and improve purchase power of the PVs.
-

5. RISK

- 5.1 The risks associated with this proposal and these individual projects, including the risks if the Council does not act, include:
- Costs of Solar PV increasing
 - Difficulties in private wiring at the Mote Park project, and cost increase from trenching.
 - Lack of contractor/supplier interest.
 - Shortage of inverters/PV.
 - Utility costs to Council continue to increase.
 - Not meeting Net Zero 2030 commitment.
-

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Informal Cabinet met on the 4th of October 2023, and were presented a briefing exploring options to focus the Council's Strategy and resources including achieving net-zero housing borough-wide, progressing sustainable integrated transport, solar energy generation investment, local energy action plans, and biodiversity enhancements for the borough.
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Commission Laser Energy to project manage, finalise designs and structural integrity of buildings.
- 7.2 Start tendering process and frameworks to attract and discuss with contractors and suppliers to find the best price.
- 7.3 Continue planning approval process.
-

Climate Transition, Corporate and Environmental Services Policy Advisory Committee

8 July 2024

Allocation of Council Land for Biodiversity Net Gain Offsite Provision

Timetable	
Meeting	Date
Climate Transition, Corporate Environmental Services Policy Advisory Committee	8 July 2024
Cabinet	24 July 2024

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Anna Collier Head of Insight, Communities and Governance
Lead Officer and Report Author	James Wilderspin, Biodiversity and Climate Change Manager
Classification	Public
Wards affected	Headcorn and Sutton Valence

Executive Summary

The Biodiversity Net Gain (BNG) offsite market presents a strategic opportunity for Maidstone Borough Council to generate income, support Local Nature Recovery Strategies, and facilitate housing development while meeting environmental obligations. By selling biodiversity units from Council-owned land to developers requiring offsite BNG, the planning process can be streamlined, and local biodiversity enhanced.

Officers have identified two Council-owned sites as potential offsite BNG unit providers; Ulcombe Kingswood Disposal Site (3.9 hectares) and Four Oaks Wood (6.2 hectares). Ecological assessments by Kent Wildlife Trust estimate a combined uplift of 13.36 habitat units across these sites through landscaping and management plans. This represents a potential value of £390,000 or an annual income of £13,000 over DEFRA's 30-year requirement if all units are sold to developers.

Allocating suitable Council land holdings for offsite BNG can generate income to maintain these sites, support local nature recovery, and facilitate development in line with the Environment Act's biodiversity net gain requirements.

Purpose of Report

Decision

This report is asking the Policy Advisory Committee to Recommend to Cabinet:

1. That the two Council owned sites: Ulcombe Kingswood Disposal Site and Four Oaks Wood, be allocated for local Biodiversity Net Gain offsite provision;
2. To delegate responsibility to the Director of Finance, Resources and Business Improvement to agree terms for any disposal of biodiversity units from within the two sites, in consultation with the Cabinet Member for Climate Transition and Nature Recovery.

Allocation of Council Land for Biodiversity Net Gain Offsite Provision

Issue	Implications	Sign-off
Impact on Corporate Priorities	Safe, Clean and Green.	Head of Insight, Communities and Governance
Cross Cutting Objectives	Biodiversity and Environmental Sustainability is respected.	Head of Insight, Communities and Governance
Risk Management	This report is presented as a business case and there are financial and management implications to the Council to increase the biodiversity on the two sites, should the habitat units not be sold to developers. However, this can be mitigated by continuing to work in partnership with KWT who would support monitoring the sites.	Head of Insight, Communities and Governance
Financial	<p>Accepting the recommendations will demand new spending of approximately £20,000 in landscaping, tree planting, and rewilding efforts to enhance the biodiversity on the two sites, which would be met from within the existing capital programme allocation for carbon reduction projects.</p> <p>Accepting the recommendations could potentially result in net extra income of £390,000 or an annual income of £13,000 over DEFRA's 30-year requirement if all units are sold to developers.</p>	Paul Holland, Senior Finance Manager
Staffing	We will deliver the recommendations with our current staffing, with expert inputs from KWT.	Head of Insight, Communities and Governance
Legal	Under Schedule 7A of the Town and Country Planning Act 1990 (as inserted by Schedule 14 of the Environment Act 2021) Biodiversity net gain (BNG) is mandatory for all new planning permission applications. This has been the	Head of Insight, Communities and Governance

	case for major developments since 12 February 2024 and small sites since 2 April 2024. Off site gains on land owned by Local Authority through legal agreements is considered Actions a Local Planning Authority should take on mandatory biodiversity net gain.	
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Head of Insight, Communities and Governance
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Head of Insight, Communities and Governance
Public Health	We recognise that the recommendations will have a positive impact on population health.	Head of Insight, Communities and Governance
Crime and Disorder	There are no implications to Crime and Disorder	Head of Insight, Communities and Governance
Procurement	On accepting the recommendations, the Council will then follow procurement exercises for finding contractors to undertake the landscaping on the sites.	Head of Insight, Communities and Governance
Biodiversity and Climate Change	The implications of this report align with: <ul style="list-style-type: none"> • "Action 6.1 Monitor Biodiversity Net Gain (BNG) to adopted 20% standard." And • "Action 6.8 Review Maidstone Borough Council non-operational land to assess potential for enhancing biodiversity including allowing community groups to take responsibility for management." of the Biodiversity and Climate Change Action Plan.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 The Biodiversity Net Gain (BNG) offsite market presents a strategic opportunity for the Council to generate income, support Local Nature Recovery Strategies (LNRS) and support local housing development. By selling biodiversity units from its own land holdings to developers requiring offsite BNG, the Council can streamline the planning process and facilitate development while meeting environmental obligations.
- 2.2 Officers have identified two potential Council owned and disused sites that could provide offsite BNG units. Kent Wildlife Trust (Adonis Blue Environmental Consultants) were engaged to carry out ecological assessments and develop biodiversity uplift and management plans to assess the viability of the following two sites:
- Ulcombe Kingswood Disposal Site. Lenham Road, near Fairborne, Kent, ME17 1LT (3.9 hectares); and
 - Four Oaks Wood - already a woodland, near Hawkenbury, TN27 9PB (6.2 hectares).
- 2.3 Kent Wildlife Trust estimate that a combined 13.36 habitat units can be uplifted across the two sites with some landscaping and through a management plan.
- 2.4 This report sets out the business case and asks Cabinet for a decision to allocate both parcels of land for BNG offsite provision. By allocating suitable land holdings for offsite BNG, The Council can generate income, support local nature recovery, and facilitate development while meeting biodiversity net gain requirements under the Environment Act 2021.

3. Biodiversity Net Gain Offsite Market

- 3.1 DEFRA estimates that 75% of habitat creation will take place on-site, depending on the design and density, and that 6,200 offsite biodiversity units will be needed per year across England for developments that are unable to achieve a 10% uplift onsite, particularly in dense urban areas.¹ Developers will prioritise offsite BNG provision locally to minimise costs associated with spatial risk multipliers. The Biodiversity Metric used to calculate BNG uplift or units, applies a 0.5 spatial risk multiplier, effectively doubling the price for offsite units purchased from non-neighbouring areas or outside Local Planning Authority (LPA) boundaries.
- 3.2 It is also worth noting that given Maidstone's proximity to London, where onsite BNG is challenging due to space constraints, developers will be actively seeking offsite opportunities in neighbouring districts/counties. For these developers, securing any viable offsite provision, even at a higher price, may be preferable to project delays or planning denials due to inability to meet the 10% net gain requirement onsite. According to BNG market analysis 58 of the 315 LPAs are likely to experience scarcity and would therefore be expected to need to look to neighbouring LPAs to meet some of their demand.²

¹ Biodiversity Net Gain and off-site provision - Local Government Lawyer

<https://www.localgovernmentlawyer.co.uk/planning/318-planning-features/50013-biodiversity-net-gain-and-off-site-provision>

² Eftec (2021) Biodiversity Net Gain: Market Analysis Study, NR0171 <https://randd.defra.gov.uk/ProjectDetails?ProjectID=20608>

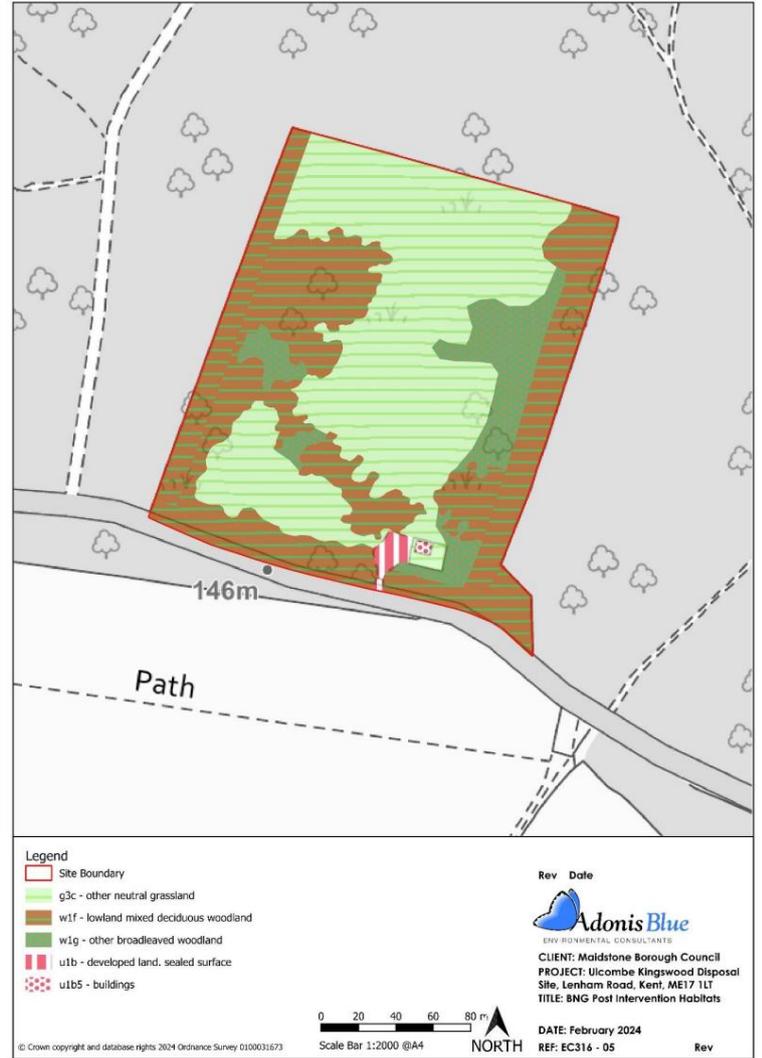
- 3.3 The price of each biodiversity unit has been estimated at £20-25,000.³ DEFRA estimates the annual offsite BNG market value for Maidstone at £392,071 based on conservative projections and the borough's market share/borough total area. Between 2-5 hectares of land may be required for offsite BNG provision in 2024-25 alone, depending on housing delivery and building densities.

4. Kent Wildlife Trusts Findings

- 4.1 Kent Wildlife Trust (KWT) conducted a 'Natural Capital Feasibility Assessment' to; (i) Determine the baseline biodiversity unit score for the Council sites; and (ii) Calculated the potential increase in biodiversity units and carbon credits that could be achieved by implementation of the landscaping and management on these sites to uplift or increase biodiversity.
- 4.2 It is worth noting that relatively small sites with the largest uplifts in biodiversity can potentially pay out more than large sites with small BNG. BNG unit value is based on; size of habitat parcel x its distinctiveness x its condition x its strategic significance, so small sites are worthwhile, if good biodiversity enhancements are possible.
- 4.3 KWT estimate for Ulcombe Kingswood Disposal Site there is a potential uplift of 6.64 habitat units (+14.61%), and calculations using the Carbon+ Habitats Tool v.6, also give an estimated 214.54 tCO₂e of sequestration and emissions avoided and generate £12,000 Estimated Issuance Units (EIUs).

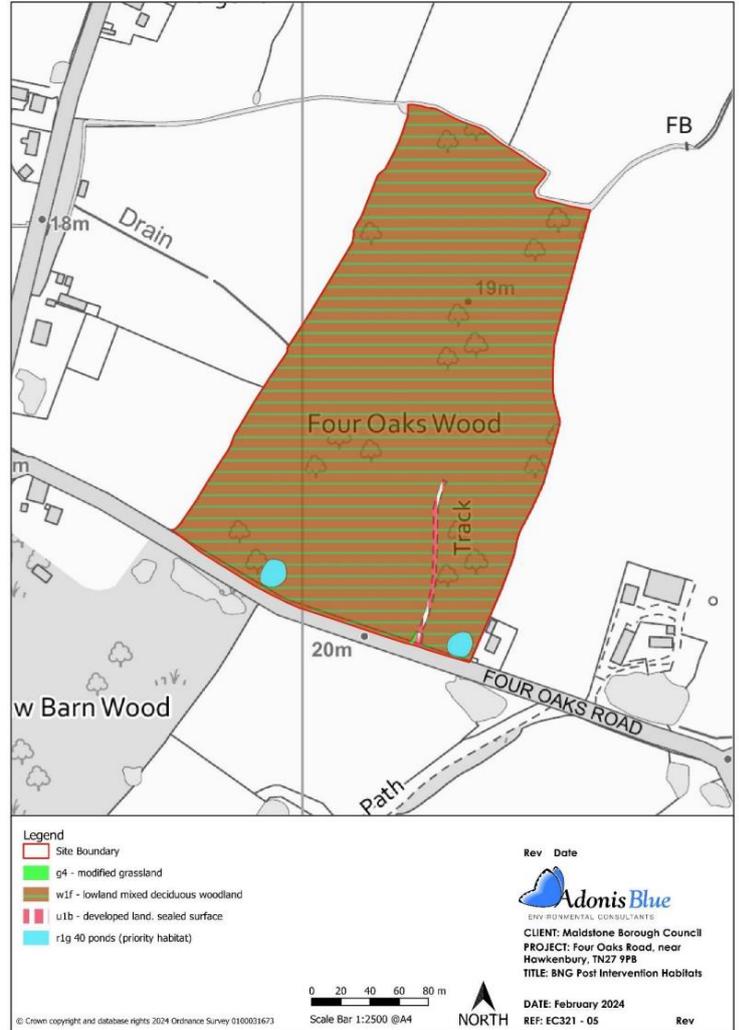
Figure 1: *Ulcombe Kingswood Disposal Site, Lenham Road - Proposed Habitat Change*

³ DEFRA (2022) Consultation on Biodiversity Net Gain Regulations and Implementation, January 2022 (page 9 and 56) https://consult.defra.gov.uk/defra-net-gain-consultation-team/consultation-on-biodiversity-net-gain-regulations/supporting_documents/Consultation%20on%20Biodiversity%20Net%20Gain%20Regulations%20and%20Implementation_January2022.pdf



4.4 For Four Oaks Wood, KWT estimate there is a potential uplift of 6.72 habitat units (+8.26%) and identified that the woodland is located near to an Ancient Semi-Natural Woodland within 1km of the site. This site is not formally identified in the Local Plan. However, the site's proximity makes it ecologically desirable, as this site could serve as a 'stepping stone' which could help connect other isolated areas of ecological importance.

Figure 2: Four Oaks Wood, Four Oaks Road - Proposed Habitat Change



4.6 The potential combined value of the uplift across both sites of 13.36 habitat units are conservatively estimated to be £120,000 for woodland and £70,000 for grassland, totalling £190K at Ulcombe Kingswood Disposal Site and totalling £200,000 at Four Oaks Wood.

4.7 The total monetary worth for both sites is estimated to be £390,000 or £13,000 per year over the 30-year DEFRA requirement to maintain the biodiversity gains, if all the offsite units are sold to developers. This would be a substantial income to maintain these sites and ensure the habitat uplift, with any revenue being generated that could potentially be used for other similar BNG offsite provisions or local nature recovery.

5. Next Steps

5.1 Pending Cabinets decision, the two sites would need to be registered as ecologically significant sites on Kent County Council's BNG database and registered with Natural England to flag the location and unit value to interested developers. Initial costs would be incurred to the Council to landscape and enhance the habitats in line with KWT's recommendations and guidance, and 30-year maintenance plans would be put in place to ensure the sites comply with DEFRA's requirements.

- 5.2 Depending on the number of units sold to developers, the costs associated with increasing the biodiversity on these two sites would be offset by the income generated from selling the units. Pending cabinets decision, there are also other ongoing benefits, such as, Officers could use the two sites as a local case study to develop an offsite BNG strategy aligned with local priorities and policies and exploring partnerships for additional offsite and biobank provision. Allowing MBC to provide guidance for landowners, to encourage habitat creation in line with LNRS.⁴
-

3. AVAILABLE OPTIONS

- 3.1 Option 1: Decide to allocate the two Council owned sites identified in this report for local BNG offsite provision.
- 3.2 Option 2: Decide not to allocate the two Council owned sites identified in this report for local BNG offsite provision.
- 3.3 Option 3: Decide to proceed with one of the two sites identified.
- 3.4 Option 4: Request Further Information.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is "Option 1: Decide to allocate the two Council owned sites identified in this report for local BNG offsite provision" as this would create a strategic opportunity for the Council to generate income, support Local Nature Recovery Strategies (LNRS), support local housing development and test the BNG offsite market while increasing biodiversity locally.
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5. RISK

- 5.1 This report is presented as a business case and there are financial and management implications to the Council to increase the biodiversity on the two sites, should the habitat units not be sold to developers. However this can be mitigated by continuing to work in partnership with KWT who would support monitoring the sites.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 None
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

⁴ [Sell biodiversity units as a land manager - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

- 7.1 The two sites will be registered as ecologically significant sites on Kent County Council's BNG database and registered with Natural England to flag the location and unit value to interested developers.
 - 7.2 Initial costs would be calculated for landscaping and enhancing the habitats in line with KWT's recommendations and guidance, and 30-year maintenance plans would be put in place to ensure the sites comply with DEFRA's requirements.
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**CLIMATE TRANSITION,
CORPORATE AND
ENVIRONMENTAL SERVICES
POLICY ADVISORY COMMITTEE**

8 July 2024

Natural Flood Management

Timetable	
Meeting	Date
Climate Transition, Resources and Environmental Services Policy Advisory Committee	8 July 2024
Cabinet	24 July 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 and Business Improvement
Lead Officer and Report Author	Mark Green, Director of Finance, Resources and Business Improvement
Classification	Public
Wards affected	Headcorn and Sutton Valence

Executive Summary

The Overview and Scrutiny Committee recommended to Cabinet in 2023, and it was agreed, that £100,000 be allocated to developing feasibility studies, to be matched by external providers, to support the progression of schemes designed to improve the water management cycle. This report sets out a proposal to carry out scoping, feasibility and design work costing £57,000, which would be matched by funding from the Upper Medway Internal Drainage Board for the delivery of the schemes arising from this work.

Purpose of Report

Recommendation to Cabinet

This report makes the following recommendation to the Cabinet:

1. That £57,000 be allocated to scoping, feasibility and design work as set out in the Appendix.
2. That authority be delegated to the Director of Finance, Resources and Business Improvement, in consultation with the Cabinet Member for Climate Transition and Nature Recovery, to conclude agreement on terms for disbursement of the funding with the South East Rivers Trust and the Upper Medway Internal Drainage Board.
3. That a review of the outcomes from the proposed work be reported to Cabinet within 12 months.

Natural Flood Management

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The decision will support all four strategic plan objectives by reducing flood risk, but in particular supports the strategic priority of making the borough safe, clean and green.	Director of Finance, Resources and Business Improvement
Cross Cutting Objectives	The report recommendations support the objective of respecting biodiversity and environmental sustainability.	Director of Finance, Resources and Business Improvement
Risk Management	Already covered in the risk section.	Director of Finance, Resources and Business Improvement
Financial	The Council has a capital budget of £350,000 to fund the Flood Action Plan projects described in this report.	Director of Finance, Resources and Business Improvement
Staffing	Monitoring of the proposed grant spend would be carried out by the Head of Property and Leisure and her team.	Director of Finance, Resources and Business Improvement
Legal	The initiatives to manage flood risk detailed in this report will help the Council to continue to discharge its statutory duties as a risk management authority. In this capacity it can carry out flood risk management works.	Deputy Head of Legal Partnership
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Information Governance Team
Equalities	An EqIA will be carried out as appropriate for each individual project.	Equalities & Communities Officer
Public Health	The report recommendations support the public health agenda by reducing the risk of individuals being affected by flooding.	Director of Finance, Resources

		and Business Improvement
Crime and Disorder	There are no implications to Crime and Disorder	Director of Finance, Resources and Business Improvement
Procurement	Council and statutory procurement requirements will be met in relation to all procurement and commissioning carried out as part of flood risk management work.	Director of Finance, Resources and Business Improvement
Biodiversity and Climate Change	The Biodiversity and Climate Change Action Plan is relevant to this report, namely that long term adaptations are required in response to flooding impacts, which are projected to increase due to climate change. This report sets out actions to be taken to promote natural flood management which are in keeping with the Biodiversity and Climate Change Action Plan objectives, particularly; Action 6.4 to 'Enhance and expand wetland coverage across the Borough to support nutrient neutrality, flood prevention, and enhance biodiversity.' And Action 6.5 to 'Implement a Nature Recovery Strategy, linking habitat restoration and creation to improve flood protection and water quality.'	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 Since the major floods of 2013/14, the Council has sought to take measures to reduce flood risk and increase resilience. Money has been set aside in the capital programme under the heading of 'Flood Action Plan' and a number of initiatives have been undertaken.
- 2.2 In the immediate aftermath of the 2013/14 floods, work was carried out to investigate large scale infrastructure projects that might address flood risk. It became clear that such projects were not viable in the areas to the south of Maidstone borough most affected by flooding. Instead, measures with a more local impact were found to be more appropriate and cost-effective. In particular, Natural Flood Management schemes have the two-fold benefit of increasing flood resilience and supporting the biodiversity and climate change agenda. In this context, Natural Flood Management can mean small 'leaky dams', new hedgerows, river bank restoration, targeted tree planting and techniques to hold water temporarily on land to 'slow the flow', reduce and delay flood peaks and store more water away from homes.

- 2.3 In 2023 Overview and Scrutiny Committee undertook a holistic review of entire the Water Management Cycle. Amongst other recommendations, this proposed that suitable schemes be undertaken that would have a beneficial impact on the Water Management Cycle, recognising that this could serve multiple objectives, eg:
- to ensure that places and infrastructure are resilient and can adapt to future flood risks
 - support the Council's carbon and sustainability ambitions
 - enhance the environment, eg by creating and improving habitat and rivers
 - meet statutory requirements, eg complying with Reservoir Act duties.
- 2.4 A necessary first stage in the development of schemes was to carry out feasibility work, so the Overview and Scrutiny Committee recommended to Cabinet, and it was agreed, that £100,000 be set aside from the Flood Action Plan within the capital programme for this purpose. Cabinet added the stipulation that funding from the Council be matched by external funding.
- 2.5 A proposal has been developed in conjunction with the South East Rivers Trust and the Upper Medway Internal Drainage Board (UMIDB) for scoping, feasibility and design work and landowner engagement, followed by scheme implementation. This work will be focused initially on the River Sherway in Headcorn and Sutton Valence ward, as South East Rivers Trust and the Upper Medway Internal Drainage Board have already started developing relationships with landowners along this river. Whilst this location will be the initial focus of the feasibility work, the approach undertaken, if successful, can be applied in other areas that are vulnerable to flooding. See Appendix 1 for details.
- 2.6 The proposal set out in the appendix envisages that the council will fund the initial scoping, feasibility and design work, with the Upper Medway Internal Drainage Board funding scheme implementation. An agreement will be reached on the terms for disbursement of the funding to ensure that MBC's contribution is indeed matched by delivery on the UMIDB's part. It should be noted that the initial feasibility work has the potential to deliver significantly more schemes than the £72,000 worth currently committed by UMIDB. However, without the initial feasibility work, it will be impossible to unlock further funding.

3. AVAILABLE OPTIONS

3.1 Option 1

Proceed with a joint project with South East Rivers Trust and the Upper Medway Internal Drainage Board as outlined.

3.2 Option 2

Seek alternative approaches to fulfilling the remit from Overview and Scrutiny Committee and Cabinet.

3.3 Option 3

Take no further action.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The preferred option is Option 1. South East Rivers Trust have a track record of developing Natural Flood Management schemes and the Upper Medway Internal Drainage Board has many years experience of drainage work in this area.

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 The Overview and Scrutiny Committee investigation into the Water Management Cycle engaged with a wide range of third parties, and its recommendations were based on the consultation that it undertook with them.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 A formal agreement will be drawn up with the South East Rivers Trust and the Upper Medway Internal Drainage Board.

8. REPORT APPENDICES

- Appendix 1: Proposal from South East Rivers Trust
-

9. BACKGROUND PAPERS

None.

Proposal for Natural Flood Management schemes within Maidstone Borough Council Catchments

28th June 2024

The South East Rivers Trust (SERT) are seeking funding to undertake feasibility studies to develop Natural Flood Management (NFM) solutions throughout the catchment. Maidstone Borough Council (MBC) are looking to fund the development of NFM schemes through scoping, feasibility studies and design of schemes within their area, as this has been recognised as a bottleneck for NFM implementation. MBC have secured £100k funding for this development work over the next few years, which will combined with 1:1 match funding to maximise the development and delivery of potential opportunities. The Upper Medway Internal Drainage Board (IDB) have already identified some potential NFM intervention measures within the Sherway Catchment, and are able fund the capital costs of installing some of these intervention measures.

This document sets out how SERT is proposing to combine funding from MBC and other funding to support the identification and delivery of NFM measures, and achieve a desired ~1:1 ratio of MBC funding to match funding. Scoping and development work using MBC development funding may need to be ‘front loaded’ in order to have schemes ‘shovel ready’ for match funding application, match funding will be used for subsequent delivery. NFM match funding for ‘shovel ready’ developed schemes is available from regular Environment Agency NFM funding schemes, Regional Flood and Coastal Committees (RFCC), Kent County Council (KCC), Landfill Tax grants, charities etc. and SERT have been successful in gaining funding from these sources previously and aim to continue securing such funding to bring benefits to our rivers in line with our charitable objectives.

SERT have secured £72k from the IDB and wish to use this to release £57k of the £100k from MBC for development work up to March ‘25. When further match funding has been secured we aim to use this to secure the remaining £43k MBC development funding, see *Table 1*.

Table 1. An overview of the proposed structure and use of MBC and match funding:

	MBC Funding sought	IDB Funding secured (confirmed 26th June '24)	Match Funding to be sought
September '24 – December '24	Included in costing: Scoping & Feasibility Sherway, shortlist of options		
December '24 – March '25	Included in costing: Design Sherway NFM measures (IDB shortlist focus) Scoping of catchment 2	Not included as cost: (In Kind) Leaky Woody Dam low-risk delivery in Sherway	
March '25 – September '27	Not included in costing – TBC with MBC: Shortlist of options catchment 2 Scoping & shortlist of options catchment 3	Included in costing: Capital delivery of Sherway NFM measures (IDB shortlist) over 3 years	
Total funding sought:	£57,053 (September '24 – March '25)	£72,000 (December '25 – September '27)	
Further funding to be sought:	£42,947 (April '25 – September '27)	£28,000+ (April '25 – September '27)	

We propose to initially undertake scoping work within the Sherway catchment within year 1, followed by the preparation of a shortlist of options complimentary to those already identified by the IDB, and to further progress the options already identified by the IDB. This will allow for a meaningful understanding of the catchment and the selection of the most suitable and beneficial intervention measures across the catchment, that can provide a benefit to downstream communities in the MBC area. We will further carry out scoping walkovers in a second catchment agreed with MBC to further progress the identification of opportunities for NFM across the wider MBC area.

Focus of funding sought from Maidstone Borough Council

We are primarily seeking to use NFM funding from MBC to undertake scoping, feasibility and optioneering, see *Table. 2*. In order to attract match funding we will also use a proportion of this money to design and prepare a scheme for delivery.

For the scoping, feasibility and optioneering part of this process we will engage with local landowners, expanding from a number of engaged landowners already known to SERT within the catchment. By undertaking walkovers of the stream and headwaters, we will prepare a long list of options complementary to those already identified by the IDB in lower reaches of the Sherway, including suitable intervention measures, feasibility, indicative costs and consents required. We will further assess the sites which the IDB have already identified as part of this process. We will discuss options with the landowners, seeking initial agreement about which options could be taken forward.

As part of the feasibility stage, we intend to estimate the benefits of the Nature Based Solutions (NbS) intervention measures being put forward. A report will be prepared for relevant holdings detailing shortlisted options, potential funding routes, impact, feasibility, consents. We have assumed approximately 10 holdings during this phase.

We are also proposing to use part of the funding to look at other catchments within the MBC area, to identify and build relationships with landowners to inform future feasibility and NFM solutions.

Focus of funding secured from Upper Medway IDB

We have secured funding from the IDB for the capital costs associated with creating washland / scrapes within the Sherway Catchment to complement the funding from MBC to further support NFM in the Sherway. The IDB have previously identified the option of delivering three washland / scrapes within fields to the north of Bedlam Lane and between the River Sherway to the north and a tributary which joins into the Sherway (NGR TQ 87300 44900). These washland / scrapes are identified by the IDB with IDs of 110803 and 110804 on Reaches 3 and 4. If these scrapes are identified as not being deliverable, we will identify a suitable alternative and agree this with the IDB.

We propose to use the match funding from the IDB to deliver the maximum area of washland / scrape features within this area as this funding will allow. It is anticipated that this will be carried out from year 2. We will also look to work with the IDB staff to deliver low risk leaky woody dam and similar measures from Year 1 to provide training and knowledge share opportunities, and create momentum for delivery of further measures in the catchment. As communicated with the IDB, we anticipate this to be an option of in-kind delivery through IDB staff.

Funding Summary

In line with our costings spreadsheet we are looking for the following funding:

£57,053 from MBC to undertake development and landowner engagement work. This will be matched by the IDB over a three year period. The IDB funding will be used for the capital works, i.e. the creation of the washland / scrapes on the Sherway.

We will seek additional capital funding to install further intervention measures identified during the feasibility study undertaken through the MBC funding which are not covered by the IDB, including from the Environment Agency, KCC, and similar funders as above.

Outcomes

Overall we are seeking to implement intervention measures within the Sherway Catchment as quickly as possible through the match funding from the IDB. We intend to use the MBC funding to undertake feasibility studies and to prepare for the installation of NFM intervention measures in year 2 for the IDB capital funding.

We are looking to identify and design intervention measures across not only the Sherway Catchment but also within other catchments across the MBC area.

The focus of the studies will be on NFM measures, but other drivers will be considered such as river and ecological conditions.

Table 2. Year 1 Development work with MBC funding.

Task	High level description	Outputs	Approx. timeframe
Desk based catchment assessment	Review of publicly available datasets. Undertake reach delineation exercise of Sherway catchment. Liaise with stakeholders Identify other potential NFM priority catchments for year 2 assessment		September - October
Landowner engagement	Engage with landowners already known to SERT and build up a relationship with neighbouring landowners with interest. Identify key landowners along the reaches of the Sherway Catchment to contact, request access and provide information on benefits.		October - December
NbS longlist of options	Walkover of stream and headwaters Determine intervention measures and identify high level feasibility etc.	Reach report including long list of options and high level information on feasibility. To be shared with stakeholders.	December - January
Estimate benefits and NbS and seek to identify additional funding options.	Create a report detailing shortlisted options for all land holdings, potential funding routes, impact, costs, consents & surveys required and feasibility etc.	PDF of shortlist holding detailing design information and benefits. Shared online map setting out potential options and	February - March

	Work with stakeholders to determine additional sources of funding, identify intervention options which could be supported by stewardship grants or similar. Estimate indicative Replenish volumes and BNG units for high priority options on three sites.	cost/benefits associated for all reaches within Sherway catchment. Highlight potential tree planting, BNG and land stewardship options	
Scoping of catchment 2	Agree catchment 2 focus with MBC and stakeholders	GIS based report of longlist of options	February - March
Scoping and feasibility study total cost			£42,653
Design and consent work for washland / scrapes as agreed with the IDB.	So long as the washland / scrape options are shown to be feasible we intend to seek relevant agreements and permissions as well as getting the design to a standard where it can be delivered.	Design prepared suitable for construction and agreed with landowner. Applied for any required planning permission /permits.	2 months + permitting time
Design and consent for NFM shortlist agreed with IDB			£14,400
Delivery / (capital works) costs	Delivery works to deliver designed washland / scrapes identified with the IDB.	Delivery of ~950 m ³ earthworks for washland/scrapes	Year 2 – year 4
Delivery capital works			£72,000
Design, consent and capital delivery costs for IDB washland / scrape delivery total			£86,400

Notes

1. Earthworks have assumed that all material can stay and reused on site. We have assumed total cost of £31.45 / m³ to deliver. This price assumes 20% will be costs associated with non-capital work (design phase), therefore capital costs are £25.16 /m³.
2. Based upon receiving a capital grant by the IDB for £24k (from a £30k request) per year (over three years), this funding would allow for washland scrapes to with an overall volume of 950 m³ per year.

Climate Transition, Corporate and Environmental Services Policy Advisory Committee

8 July 2024

Corporate Planning Timetable

Timetable	
Meeting	Date
Climate Transition, Corporate and Environmental Services Policy Advisory Committee	8 July 2024
Cabinet	24 July 2024

Will this be a Key Decision?	No
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Director of Strategy, Insight and Governance
Lead Officer and Report Author	Angela Woodhouse, Director of Strategy, Insight and Governance and Anna Collier, Head of Insight, Communities and Governance
Classification	Public
Wards affected	All

Executive Summary

This report sets out the timetable for the creation of a new Strategic Plan. This will be created alongside the Medium Term Financial Strategy, the plan for which is set out in an additional report.

Purpose of Report

Recommendation to Cabinet

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

That the Corporate Planning Timetable at 3.3 be approved.

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The current four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>This report sets out the process for developing a new Strategic Plan and Objectives</p>	Director of Strategy, Insight and Governance
Cross Cutting Objectives	<p>The current 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>This report sets out the process for developing a new Strategic Plan and Objectives</p>	Director of Strategy, Insight and Governance
Risk Management	<p>The Council’s corporate risk strategy includes strategic risks associated with the Strategic Pla this will need to be reviewed once the new plan has been agreed.</p>	Director of Strategy, Insight and Governance
Financial	<p>The Medium Term Financial Strategy will need to be aligned with the strategic priorities and strategic priorities will have to be financially achievable</p>	Section 151 Officer & Finance Team
Staffing	<p>There may be staffing implications with a new plan and financial strategy. The New Strategic Plan and MTFs will be developed within current staffing levels</p>	Director of Strategy, Insight and Governance
Legal	<p>Each local authority has a statutory duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, The Council’s Strategic Plan, alongside other core</p>	Deputy Head of Legal

	documents, such as the medium term financial strategy demonstrates compliance with this duty	
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Director of Strategy, Insight and Governance
Equalities	Equality impact assessments may need to be carried out for any decisions made in relation to services as part of the new Strategic Plan and Medium Term Financial Strategy.	Director of Strategy, Insight and Governance
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Director of Strategy, Insight and Governance
Crime and Disorder	Crime and Disorder priorities and actions may be considered as part of the development of the new plan	Director of Strategy, Insight and Governance
Procurement	N/A	Section 151 Officer
Biodiversity and Climate Change	Biodiversity and Climate Change implications and priorities may be considered as part of the development of the new plan.	Director of Strategy, Insight and Governance

2. INTRODUCTION AND BACKGROUND

2.1 The Strategic Plan is a core element of our corporate planning. The priorities and outcomes in the Strategic Plan are developed alongside the Medium Term Financial Strategy (MTFS) to ensure consistency between priorities, service delivery and budgets. Service Planning allows the Council to convert high level priorities from the Strategic Plan into actions for each directorate, service or team across the Council, which then feeds into individual staff priorities.

2.2 The current Strategic Plan was developed in 2018 and planned to run until 2045. Following the recent local election in May 2024, the Council has appointed a new Leader and they have appointed a new Cabinet. The Leader and Cabinet have requested that a new strategic plan be developed this year. This report sets out a timetable for developing the Strategic Plan in parallel with an updated Medium Term Financial Strategy

3. AVAILABLE OPTIONS

Option 1: Create a new Strategic Plan

- 3.1 The new Leader and Cabinet bring with them a new vision and priorities for the Borough. As such a new Strategic Plan is required. The Leader's speech at Council in July will set out new priorities for the administration.
- 3.2 The timetable proposed includes engagement with Members and residents both formally and informally. As we are also required to consult annually on our budget it is proposed to include this in our resident survey already scheduled for 2024. As well as the survey we will also hold engagement activities in August through to the end of September. The results of the engagement will be used to inform the new Strategic Plan, priorities and budgets.

3.3 Corporate Planning Timetable

Date	Meeting	Action
26 July 2024	Cabinet	Agree approach to development of updated MTFS and key assumptions
August – September 2024	Online and in person activity	Resident and Stakeholder Consultation and Engagement on Strategic Plan and budget
October – December 2024		Officers develop MTFS and detailed budget proposals for 2025/26 in parallel with development of new Strategic Plan. Informal consultation takes place with Cabinet and Policy Advisory Committees
December 2024		Provisional Local Government Finance Settlement published
January 2025	All Policy Advisory Committees, Overview and Scrutiny Committee	Consider draft Strategic Plan, MTFS and 25/26 budget proposals
5 February 2025	Cabinet	Approve Strategic Plan, MTFS and 25/25 budget proposals
19 February 2025	Council	Approve Strategic Plan, MTFS and 25/26 budget

Option 2: Refresh the current plan

- 3.4 As the existing plan runs until 2045 the current administration could choose to maintain the current priorities and refresh the milestones. As the new administration wishes to put in place a new plan and priorities this is not recommended.

Option 3: Retain the current plan

- 3.5 The plan was last updated in 2023 and would be due an update this year. As a new administration is in place this is not recommended.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 As the Council has a new administration who wish to develop new priorities it is recommended that a new Strategic Plan be developed in accordance with the timetable set out at 3.3. The Policy Advisory Committee can recommend changes to the timetable and actions to assist Cabinet.
-

5. RISK

- 5.1 This report sets out proposals for a new Strategic Plan. Risks associated with the delivery of the Strategic Plan will be set out in the Risk Management Framework and operationally through the service planning process.
-

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The timetable at 3.3 sets out various consultation activities including resident and stakeholder engagement at the beginning of the process and Member engagement throughout informally and formally.
-

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Details are set out at 3.3.
-

8. REPORT APPENDICES

None

9. BACKGROUND PAPERS

None

Agenda Item 17

CLIMATE TRANSITION, CORPORATE AND ENVIRONMENTAL SERVICES POLICY ADVISORY COMMITTEE

8 July 2024

Medium Term Financial Strategy 2025/26-2029/30 – Approach and Timetable

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

Executive Summary

This report sets out the background to be considered in developing a Medium Term Financial Strategy (MTFS) for the five-year period 2025/26 to 2029/30. It describes the issues and risks involved, starting with the Council's current financial position, and possible factors that may arise in further developing the strategy. The report concludes by setting out the subsequent steps involved in developing an updated MTFS and agreeing budget proposals for 2025/26.

This report makes the following recommendations to the Committee.

That the Cabinet is recommended to:

1. Note the issues and risks associated with updating the Medium Term Financial Strategy.
2. Approve the proposed approach and timetable for the development of an updated Medium Term Financial Strategy for 2025/26 – 2029/30 and a budget for 2025/26.

Timetable

Meeting	Date
Climate Change, Corporate and Environmental Services Policy Advisory Committee	8 July 2024
Cabinet	24 July 2024
Resident Consultation and Engagement	August – September 2024
Development of Budget Proposals	October – December 2024
All Policy Advisory Committees	January 2025
Cabinet	5 February 2025
Council	19 February 2025

Medium Term Financial Strategy 2025/26-2029/30 – Approach and Timetable

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the Strategic Plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Cross Cutting Objectives	The MTFS supports the cross-cutting objectives in the same way that it supports the Council's other strategic priorities.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Deputy Head of Legal
Information Governance	Privacy and Data Protection is considered as part of the development of new budget proposals. There are no specific implications arising from this report.	Section 151 Officer & Finance Team
Equalities	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or function is developed, changed or reviewed, an evidence based equalities impact	Equalities and Communities Officer

	assessment will be undertaken. Should an impact be identified appropriate mitigations will be identified.	
Public Health	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Crime and Disorder	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Biodiversity and Climate Change	The Council considers bio-diversity and climate related matters in its decision making, with those factors expected to increase in importance in future strategies and in the Council's policies.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

- 2.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. A new Strategic Plan is currently under development, so the MTFS will be prepared in parallel with this over the coming six months, such that it reflects the emerging Strategic Plan priorities.
- 2.2 A key outcome of the process of preparing the MTFS is to set a balanced budget and agree a level of council tax for 2025/26 at the Council meeting on 19 February 2025. This report is the first step towards achieving that objective.

Current Financial Position

- 2.3 A vital element in developing the Medium Term Financial Strategy is a consideration of Maidstone's financial position. This section sets out the pattern of income and expenditure over recent years, including the final outturn for the 2023/24 financial year.

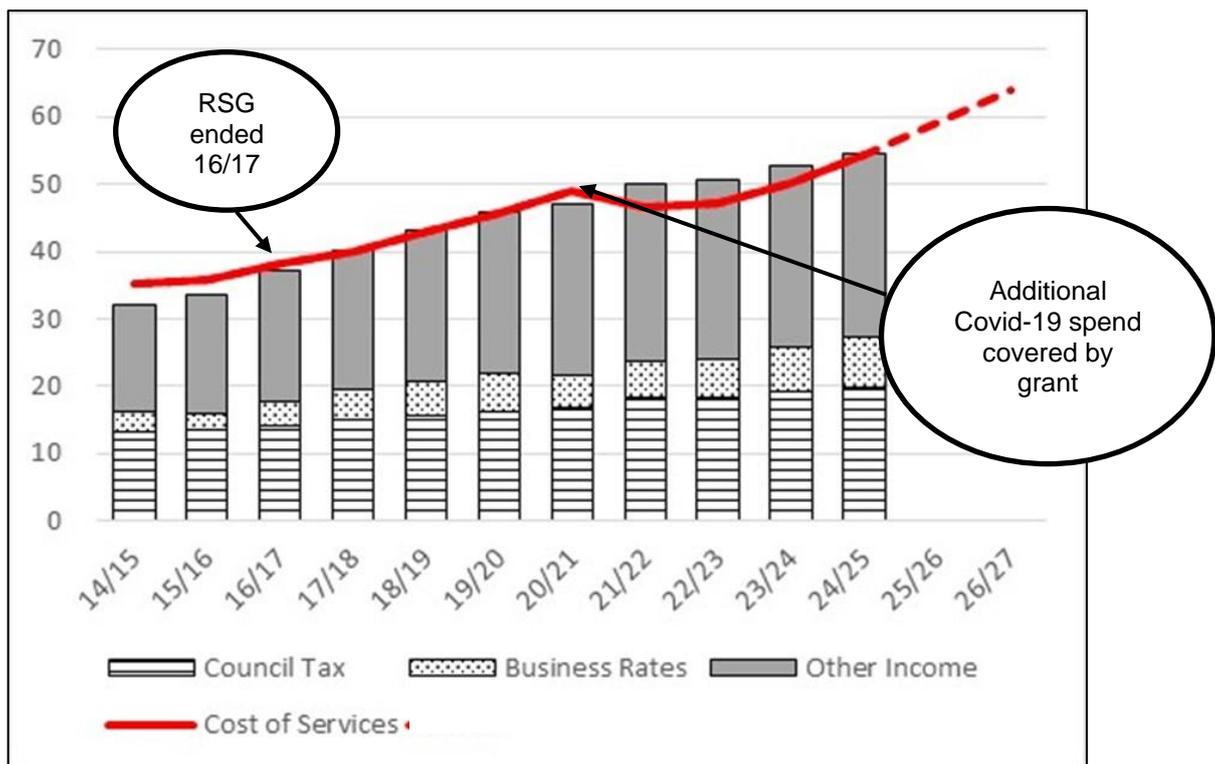


Figure 1: 10-year income and expenditure history

- 2.4 Maidstone Borough Council’s income is largely derived from local sources, namely council tax, its share of business rates, and other income such as parking fees and property rentals. Direct ongoing government support in the form of the Revenue Support Grant ended in 2016/17. It can be seen that income growth has resumed after slowing in the aftermath of the Covid-19 pandemic.
- 2.5 Expenditure has broadly risen in line with inflation. There was a peak in expenditure in the pandemic year of 2020/21, but this was offset by unringfenced central government grants of £4.8 million, so the budget gap that would have otherwise arisen was covered.
- 2.6 More recently, the impact of inflation has been to drive up the cost of services substantially. Within this, a key component is employee costs, which account for around 50% of the cost of services. The basic pay settlement was 6% in 2023/24 and 5% in 2024/25, reflecting significant increases in the cost of living. Cost inflation at this level poses a challenge when balancing expenditure against income, given that Council Tax increases are capped at a referendum limit (3% in 2024/25) and other income increases are subject to a range of constraints, many being price-sensitive (eg parking and rental income). The Council set a balanced budget in 2024/25 but it will be difficult to fund the current level of expenditure growth in future. Consequently, the Council must continue to remain alert towards any opportunity for cost and process efficiencies, while seeking to maintain the levels and range of services it provides.

- 2.7 Council Tax, our share of Business Rates income and several components of other income (eg planning fees) depend on a funding framework set by central government, which restrict our ability to increase income levels. Spending decisions taken by central government are therefore of critical importance, with cuts in local government spending and/or a rebalancing of spending between different geographical areas having the potential to affect the council adversely.
- 2.8 The table above does not include one-off government grants. Apart from the grants received to cover the impact of Covid, the Council has benefited in particular from New Homes Bonus and the Funding Guarantee, which in 2024/25 together will amount to £5.1 million. The Council decided when setting a budget for 2024/25 to utilise all but £139,000 of this amount to subsidise the housebuilding programme.
- 2.9 The revenue outturn for 2023/24 was an underspend of £22,000 (0.1%) against the budget. Overspends, most significantly on temporary accommodation for homeless families and on leisure services (included within the Healthier Stronger Communities portfolio), were more than offset by a surplus on interest and investment income and a drawdown on the contingency budget (included within the Corporate Resources portfolio).

Portfolio	Budget £000	Actual £000	Variance £000
Corporate Resources	12,828	10,269	2,560
Climate Transition and Nature Recovery	117	107	10
Environmental Services and Enforcement	5,624	5,331	293
Healthier Stronger Communities	822	1,954	-1,132
Planning Policy and Management	1,741	2,272	-531
Community Cohesion and Safety	2,499	2,381	118
Housing and Homelessness	2,146	3,442	-1,296
Net Revenue Expenditure	25,777	25,755	22

Table 1: 2023/24 Revenue Outturn

- 2.10 The capital expenditure budget underspent by a large margin (£28.5 million versus a revised estimate of £58 million). This was owing to timing differences on many of the major programmes, including the housing programme, purchase of waste vehicles, and biodiversity and climate change. The underspends will be rolled forward and added to the budget for 2024/25.
- 2.11 The future capital expenditure budget is dominated by the housebuilding programme. This has benefited from one-off resources from central government as described in paragraph 2.8. However, as the programme moves into the delivery phase, note that there will be a revenue impact, as the Council will start having to fund the cost of financing the capital programme before the anticipated revenues from completed units come on stream.

2.12 The conclusions to be drawn from the performance of the Council on revenue and capital in 2023/24 can be summarised as follows.

- There are a number of revenue budget risks, particularly around temporary accommodation and a shortfall against budgeted levels of property income. An additional £450,000 has been built into the budget for temporary accommodation for 2024/25, but this may still not be adequate given the level of demand.
- Capital programme slippage allows additional interest to be earned on unspent cash, but any such benefit is only temporary. As the programme moves into the delivery phase, there will be a revenue impact from funding the capital expenditure, before revenue from completed housing units starts to come through.
- The housebuilding programme is on a larger scale than any previous capital expenditure, so demands a correspondingly greater level of capacity from the Council's staffing and financial resources, including a capability for effective contract management.

Scenario Planning

2.13 Broadly, key budget risk factors for the Council may be summarised as follows.

External

- Increased poverty and/or landlords exiting the rental sector leads to a further increase in homelessness, which drives up the cost of providing temporary accommodation
- Key components of other income, eg parking fees, property income, are sensitive to the economic environment
- Government policy determines many of the key budget variables (the Council Tax referendum limit, the share of business rates retained at local level and one-off grants, eg New Homes Bonus) so changes in policy will have a significant impact on the Council
- Continued high interest rates will impact the Council's ability to deliver its capital programme ambitions; however the corollary is the Council may continue to benefit from interest on any unutilised sums on deposit.

Internal

- The housebuilding programme and any initiatives emerging from the new Strategic Plan will place heavy demands on the Council's ability to deliver.

- The Council's capacity to deliver not only the capital programme but also ongoing revenue services depends on being able to attract and retain staff, which may become increasingly difficult in a competitive environment.

2.14 Given the range of risks faced by the Council, it is appropriate to model the impact of different scenarios. Mapping the internal and external factors identified above on a 2 x 2 matrix and categorising the four potential combinations of favourable and unfavourable scenarios gives the following result.

External environment	Favourable	<p>Scenario 1: Missed opportunities</p> <p>Government allows greater flexibility to local authorities but Council fails to take full advantage through lack of capacity</p>	<p>Scenario 2: Successful delivery</p> <p>Council takes full advantage of greater flexibilities and improving income streams to re-invest for the benefit of the borough</p>
	Adverse	<p>Scenario 4: Statutory minimum</p> <p>Government maintains tight limits on local government spending. Lack of capacity means that Council has to focus on delivering statutory services only</p>	<p>Scenario 3: Focus on efficiency</p> <p>Council manages tight financial constraints by delivering services more efficiently, leaving capacity for added value strategic initiatives</p>
		Adverse	Favourable
Internal capability			

2.15 Scenario 4 is the most challenging of those sketched out above, as it represents a combination of a difficult external environment, coupled with a lack of capacity to do anything other than reduce service levels in line with reduced resources.

2.16 It is proposed that, following a similar approach to that adopted in previous years, strategic revenue projections are prepared for each of the above four scenarios and are used in developing the 2025/26 – 2029/30 Medium Term Financial Strategy.

2.17 It should be noted that a change in government as a result of the July 2024 General Election may cause changes in central government policies or future financial support of local councils in a way that the Council cannot yet anticipate; the Council will react to any such changes as they become known and reflect those in future updates to the MTFS.

Strategic Revenue Projection

2.18 In drawing up financial projections, assumptions need to be made about what future scenarios might mean. The key dimensions are:

- (a) Rate of housing growth
- (b) Council Tax referendum limit
- (c) Rate of growth/decrease in business rates income
- (d) Rate of growth/decrease in other income
- (e) Rate of growth/decrease in cost of services
- (f) Execution capability, including contract management and risk diversification/mitigation.

In addition, costs and income, and their phasing, may alter as a result of adopting a new Strategic Plan.

Each of these is considered in more detail below.

Rate of housing growth

2.19 Council Tax is a product of the tax base and the level of tax set by Council. The tax base is a value derived from the number of chargeable residential properties within the borough and their band, which is based on valuation ranges, adjusted by all discounts and exemptions.

2.20 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. This has helped Council Tax income grow. See table below:

Table 2: Number of Dwellings in Maidstone

	2019	2020	2021	2022	2023
Number of dwellings	71,917	73,125	75,034	76,351	77,522
% increase compared with previous year	1.52%	1.68%	2.61%	1.76%	1.53%

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

2.21 The Council tax base is also affected by collection rates and the number of households benefitting from the Council Tax Reduction Scheme. Typically these factors do not vary significantly between years but in the event of a major downturn in the economy, collection rates could be expected to fall and more households would be eligible for the Council Tax Reduction Scheme.

Council Tax referendum limit

2.22 The level of council tax increase for 2025/26 is a decision that will be made by Council based on a recommendation made by the Cabinet. In practice, the Council's ability to increase the level of council tax is limited by the need to hold a referendum for increases over a government set limit. In 2024/25, the limit was 3%. The Council approved the maximum possible increase.

The rationale for this approach was that:

- pressures on the Council's budget mean that even a marginal difference in Council Tax income is of value;
- the referendum limit might revert to a lower level in later years;
- because the starting point for calculating the referendum limit in any given year is the previous year's Council Tax, agreeing a lower increase reduces the Council's room for manoeuvre in later years.

Retained business rates

- 2.23 Under the current business rates regime, local government in aggregate retains 50% of business rates income. However, most of the 50% share collected locally is lost to Maidstone, because it is redistributed to other authorities through a system of tariffs and top-ups. The Council will continue to monitor the benefit of this membership.

Table 3: Baseline Business Rates Income 2024/25

	£000	%
Baseline Business Rates income	65,278	100
Government share	-32,639	-50
Kent County Council / Kent Fire & Rescue Authority	-6,528	-10
Government tariff	-22,579	-35
Baseline Business Rates income retained by MBC	3,532	-5

To the extent that business rates income exceeds the baseline, this growth element is retained locally, subject to a levy payable to central government by tariff authorities like Maidstone.

- 2.24 The Council has been able to minimise the levy payable on business rates growth through its membership of the Kent Business Rates Pool. This is because the levy payable by some pool members (district councils) is offset against the top-up received by the major preceptors (Kent County Council and Kent Fire and Rescue).
- 2.25 Business rates pool income is allocated, in accordance with the Pool Memorandum of Understanding between Kent authorities, as follows.

Maidstone Borough Council – used for specific projects that form part of the Economic Development strategy. £250,000 of this amount is top-sliced in the budget for ED salaries and spatial planning.	30%
Growth Fund – In Maidstone this is split 50:50 between MBC and Kent County Council for the regeneration of the Town Centre and is deployed at Maidstone East and Sessions House / Invicta House respectively.	30%
Kent County Council	30%
Contingency - To compensate Kent local authorities who do not benefit directly from pool membership (eg because their business rates growth is lower than the baseline)	10%

2.26 There are a number of factors affecting the future pattern of business rates income:

- Government uses the share of business rates that local authorities are allowed to retain as a mechanism for directing resources towards the areas of perceived need (hence Maidstone, as a relatively prosperous area, only retaining 5% of baseline business rates). This resource allocation has remained broadly unchanged since 2014, when the current local government funding system was introduced, but a 'fair funding review', which will update the resource allocation, has been mooted for several years. In practice it is now unlikely to be implemented before 2026/27.
- The government share of business rates and the tariff (see Table 4 above) are fixed £ amounts, based on a predetermined business rates baseline. This has benefited the Council over the past ten years, as the rate of business rates growth has been greater locally than general price inflation, and the Council has benefited from this excess growth. However, the reverse could be the case if there is a downturn in total business rates income.
- As part of any change to the funding system, the business rates baseline is expected to be adjusted. This will give a higher baseline for the Council, with the result that the accumulated business rates growth of the past ten years, which (subject to the levy) is currently retained locally, would be lost.

2.27 These factors are generally likely to have an adverse impact on business rates income. However, the government has indicated that changes such as implementation of the fair funding review and a revision of the baseline would be implemented over a period of time, dampening any immediate adverse impact.

Other income

2.28 Other income, in aggregate, is now a major contributor to the Council's total revenue budget. The main components of other income are set out below:

Table 4: Projected Other Income 2024/25

	£ million
Fees and charges	11.0
Residential and commercial property rental income	7.2
Shared services trading income	3.9
Other income	5.1
TOTAL	27.2

The Council has a policy that guides officers and councillors to set the appropriate level of fees and charges based on demand, affordability and external factors. However, some fees and charges are set by central government and are not necessarily increased annually. Rents may only change at the point of periodic rent reviews.

Cost of services

2.29 The cost of services is subject to inflation. Service cost increases tend to lag behind published inflation indices, but they are likely to follow the same pattern. Salaries account for around 50% of total input costs, and market pressures are likely to mean that inflation will impact salaries in the medium term. Many other costs, in particular contract costs, are directly linked to inflation indices.

Execution capability

2.30 The Council needs to assess its capacity and willingness to deliver new initiatives. This comprises both the capacity of the organisation and the ability and available skill sets of officers to implement new programmes, and willingness of elected members to embrace the practical implications of their strategic vision. A positive assessment would imply that the current structure and personnel is fit for purpose. A less favourable assessment would imply that work is required to adapt to the likely demands on the Council, which even if successful would lead to a delay in delivery of key programmes while maintaining business as usual.

Capital Programme

2.31 The capital programme plays a vital part in delivering the Council's strategic plan. The capital programme has an impact on revenue:

- Borrowing to fund capital expenditure gives rise to interest costs and an annual charge (Minimum Revenue Provision – MRP) for repayment of borrowing.
- Investment has the potential to generate additional revenue (eg from rental income) and reduce costs (eg by reducing the burden of homelessness).

2.32 The profile of the five year capital programme is as follows. Note that this is the current capital programme; it will be re-phased and schemes may be added or deleted as part of the budget process.

Table 5: Capital Programme 2024/25 – 2028/29

	24/25	25/26	26/27	27/28	28/29	Total
	£000	£000	£000	£000	£000	£000
Affordable Homes	31,096	42,722	25,921	13,908	14,995	128,643
Private Rented Sector	21,065	31,879	25,574	12,370	7,274	98,161
Temporary Accommodation	20,000	0	0	0	0	20,000
Disabled Facilities	800	800	800	800	800	4,000
Infrastructure Delivery	1,000	1,000	1,000	1,000	1,000	5,000

New Leisure Centre	500	500	2,000	15,000	29,000	47,000
Corporate Property Acquisitions	2,500	2,500	2,500	2,500	2,500	12,500
Biodiversity & Climate Change	5,542	2,616	2,493	1,641	1,075	13,367
Other	13,158	4,534	2,515	2,123	2,927	25,257
Total	95,661	86,551	62,803	49,342	59,571	353,928

2.33 As the level of investment increases, the revenue cost of borrowing increases. Ultimately this is offset by income, to the extent that capital schemes generate income, eg in the form of housing rents. However, there is a period during which capital schemes need to be funded before they start to generate income.

2.34 There are a number of risks associated with the capital programme which potentially will impact the revenue account, to the extent that capital expenditure is abortive or leads to the write-down of capital investments:

- Construction price
- Contractor failure / liquidation
- The identification of and final planning requirements in relation to suitable sites
- Availability / cost of finance (currently the Council has arranged £80 million of funding, but the availability and cost of finance when this is exhausted is not known).

Offsetting these risks, there are opportunities to apply for external funding (eg from Homes England).

2.35 Finally, there is a specific requirement in relation to affordable / social housing to provide the necessary subsidy for tenants. The requirement for a subsidy arises because affordable housing (ie housing to be let at a rent of no more than 80% of the Local Housing Allowance) does not achieve the normal rate of return that is required on council investments in order to satisfy the prudential borrowing rules.

2.36 In order to avoid the council facing an ongoing revenue burden from subsidising tenants, and to avoid setting deficit budgets once it establishes a Housing Revenue Account (HRA) (as it must do once it reaches 200 units of affordable / social housing), it is assumed that a capital sum of around £50,000 per unit is set aside for each unit of affordable housing. The HRA is a ringfenced account, and the HRA cannot set a deficit budget. This sum must therefore be set aside **before** housing units are transferred into the HRA. Otherwise, the HRA would run a deficit for every unit of housing transferred in.

2.37 If affordable homes are to be delivered in the future, the council therefore needs to set aside funds now to provide the necessary subsidy. An opportunity to provide this subsidy, without impacting core revenue spending, is available thanks to the government's continued deployment of one-off resources each year to local authorities in the form of New Homes Bonus and the Funding Guarantee.

Reserves

2.38 The Council maintains reserves as a safety net to allow for unforeseen circumstances. There is no statutory definition of the minimum level of reserves: the amount required is a matter of judgement. However, the Council has agreed to set £4 million as the minimum General Fund balance.

2.39 In addition to uncommitted General Fund balances, the Council holds reserves that are earmarked for specific purposes. Full details of reserves held are set out below:

Table 7: General Fund balances as at 31 March 2024

	31.3.23 £000	31.3.24 £000
Spatial Planning	558	501
Neighbourhood Planning	77	57
Planning Appeals	229	229
Civil Parking Enforcement	370	495
Future Capital Expenditure	2,455	2,455
Future Funding Pressures	2,481	2,981
Homelessness Prevention & TA	1,124	989
Business Rates Earmarked Balances	4,303	3,936
Funding for Future Collection Fund Deficits	2,504	1,468
Commercial Risk	500	500
Invest to Save	500	500
Recovery and Renewal Reserve	575	305
Renewable Energy	188	255
Enterprise Zone	0	241
Major Works Sinking Fund	213	413
Housing Investment Fund	3,216	7,177
Grants - DWP	0	290
Total Earmarked Reserves	19,294	22,793
Unallocated Balances	15,727	16,797
Carry Forwards from 22/23 to 23/24	200	0
Carry Forwards from 23/24 to 24/25	0	264
Unallocated Balances	15,928	17,061
Total General Fund Reserves	35,222	39,854

- 2.40 The unallocated balances of £17 million exceed the £4 million minimum. This is considered to give a comfortable margin, and at around four months of gross revenue expenditure the balances are not excessive.
- 2.41 The next stage in development of the Medium Term Financial Strategy will be to develop strategic revenue projections under each of the four scenarios set out above. To the extent that this indicates a budget gap under any of the scenarios, further work will be required to identify savings that will address the budget gap. Further budget proposals are also likely to emerge from development of a new strategic plan. It is envisaged that the outcome of this process will be a set of growth and savings proposals that can be put forward to members and incorporated in an updated Medium Term Financial Strategy.
-

3. AVAILABLE OPTIONS

Option 1

- 3.1 The approach outlined to development of an updated Medium Term Financial Strategy for 2025/26 – 2029/30 and a budget for 2025/26 is agreed.

Option 2

- 3.2 A number of factors that influence the annual budget and the MTFs are not yet known, so it could be argued that it is too soon to start planning. However, the disadvantage of this approach is that it could take some time for full information to emerge, and in the meantime the Council needs to take steps to set a budget for the coming year.
-

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is to proceed with development of an updated MTFs. Whilst there is a considerable amount of uncertainty about the future, this can be addressed through careful consideration of the risks and by building flexibility into our financial plans.
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5. RISK

- 5.1 The preceding paragraphs have indicated at several points the risks and uncertainty surrounding the Council's financial position. In order to address these in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.

- 5.2 It should be recognised that risks are not usually discrete. There are interrelationships between the risks, such that (for example) inaccurate inflation projections could impact the overall risk of failing to deliver a balanced budget.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Consultation with all relevant stakeholders is an important part of the process of developing the MTFS. A public budget consultation is due to take place shortly and the results will be reported to the Policy Advisory Committees and the Cabinet in the Autumn. Individual Policy Advisory Committees will be consulted on the details of the MTFS proposals as they affect the respective Committee portfolios.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 An outline timetable for developing the Medium Term Financial Strategy and budget for 2025/26 is set out below.

Date	Meeting	Action
26 July 2024	Cabinet	Agree approach to development of updated MTFS and key assumptions
August – September 2024		Resident Consultation and Engagement on Strategic Plan and budget
October – December 2024		Officers develop MTFS and detailed budget proposals for 2025/26 in parallel with development of new Strategic Plan. Informal consultation takes place with Cabinet and Policy Advisory Committees
December 2024		Provisional Local Government Finance Settlement published
January 2025	All Policy Advisory Committees, Overview and Scrutiny Committee	Consider draft Strategic Plan, MTFS and 25/26 budget proposals
5 February 2025	Cabinet	Approve Strategic Plan, MTFS and 25/25 budget proposals
19 February 2025	Council	Approve Strategic Plan, MTFS and 25/26 budget

8. REPORT APPENDICES

None.

9. BACKGROUND PAPERS

None.