

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

STRATEGIC PLAN REFRESH 2014-15

Issue for Decision

To agree the refreshed Strategic Plan 2014-15 for consultation.

Decision Made

- a) That the refreshed Strategic Plan 2014-15, attached as Appendix A to the report of the Chief Executive, be agreed for consultation and consideration by the Strategic Leadership and Corporate Services Overview and Scrutiny Committee subject to the following:

Page 30 of the agenda - Outcome: By 2015 Maidstone has decent, affordable housing in the right places across a range of tenures

Second paragraph – Amend the first and second sentences to read:

The independent housing needs analysis conducted as part of the Local Plan process identifies that Maidstone has an objectively assessed housing need of 19,600 new dwellings from 2011-2031. The Council will be working to get a suitable housing target agreed.

- b) That it be noted that the performance measures and targets in the plan will be further updated and reported as part of the annual performance management cycle at the end of the financial year.

Reasons for Decision

In September 2013 the Cabinet agreed that the Strategic Plan for 2011-15 be retained and refreshed rather than a new plan being developed for 2014-15 and beyond. The last refresh of the plan (2013-14) focused on updating the action plans for the seven outcomes in the Strategic Plan.

The Sustainable Community Strategy was refreshed in July 2013 when the original 8 priorities were narrowed down to three focused priorities with seven outcomes. The vision can be distilled into great opportunity, great place and great people which is then reflected in the Council's three corporate priorities. The programme of employee engagement in the Council's priorities has continued during 2013 and is scheduled to continue into 2014.

In October 2013 the Council commissioned the LGA to undertake a corporate peer challenge. The review considered the following questions:

- Does the Council understand its local context and has it established a clear set of priorities?
- Does the Council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Does the Council have effective political and managerial leadership and is it a constructive partnership?
- Are effective governance and decision-making arrangements in place to respond to key challenges and manage change and transformation?
- Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

In addition, the Council identified two issues for the team to explore:

- How well placed is the Council to deliver its future ambition?
- Further strengthening the approach to economic development

The draft report following the challenge was largely positive identifying a number of opportunities and challenges for the Council going forward. A full report and action plan will be reported to Cabinet in January. The Corporate Improvement Plan has been amended to reflect the recommendations made in the report. For reference the draft executive summary is set out below:

"Maidstone is the county town of Kent, with the headquarters for Kent County Council, Kent Police and Kent Fire and Rescue Service all based here. It is a growing borough in terms of population with an aspiration to grow its economy and has become a desirable place to live with extensive leisure and cultural assets.

Maidstone Borough Council is undergoing a period of change to help it better meet major strategic challenges to the borough around balancing economic growth, with protection of rural areas and dealing with notable demographic challenges due to the growing population. The financial position of the authority has changed in recent years and the future will see the council borrowing to invest in supporting services. The council continues to undertake significant work to shape its vision and strategic direction, leading up to a refreshed corporate/strategic plan in 2014. Work has been undertaken to support members and for members and senior officers to set a new ambition, with local growth at its core.

The planned changes to the senior management structure and governance arrangements around overview and scrutiny took place in June this year, and whilst it is still early days, the team were able to see the good start being made in re-focusing its ambition to place economic growth at its core.

The council has a strong history of achievements on which to build and has clearly identifiable strengths in partnership working, service delivery through shared services, and a politically-led passion for

growth through increased opportunities for employment. It understands the significance of a highly motivated workforce and sends out a clear message to all staff with its strong message of 'Great Opportunity, Great Place, Great People'. It describes the underpinning priorities as 'outrageous ambitions' – language which attracts attention.

Senior members and managers are highly regarded by members, staff and partners and the council's commitment and focus on improving the prosperity, health and wellbeing of their communities is widely recognised. Staff are generally well motivated and positively view the aim to achieve IiP Gold Award by 2015.

The Challenge Team were asked to focus on the council's ability to deliver their ambitions and how to further strengthen its approach to economic development. The council developed a comprehensive timetable for the challenge enabling the team to meet a good mix of appropriate stakeholders – all of whom actively engaged in forward looking discussions.

Fundamental to the feedback is the need to develop a clear, shared vision for Maidstone Borough Council. Whilst visions and values are articulated in council documents – and by members and staff – they are less understood by partners. Partners expressed the desire to engage more with the council, not least to have an opportunity to discuss how they can work together to tackle future challenges and deliver shared ambitions. The team met a mixed group of business and third sector partners who were very keen to meet collectively to share their ideas.

With this vision agreed and communicated the council will be able to move forward on shared action plans for the delivery of economic growth. The development of a communications strategy for key policies will be an integral part of this. Members will have a key role in creating certainty for the public, partners and staff by agreeing and communicating those issues which are not in dispute across political parties.

Within the council improved performance management should be a priority to ensure its ambitions are met. This includes performance management of staff, specifically the continuing inconsistency of line management for example in the application of staff benefits. The trend of worsening sickness absence figures warrants a review of sickness absence management. The future of Maidstone House should be clarified and decisions made.

The council is clearly a learning organisation and has many examples which demonstrate this. In future, it could benefit members and managers to look further than Kent for examples of best practice and take advantage of opportunities to meet with exemplars elsewhere, as well as showcasing its own examples of best practice."

From the review there are clear messages in terms of how we engage our partners and key stakeholders in developing our strategies and vision in

the future and these will be applied to the development of the next full strategic plan 2015-2020 as well as the development of our Local Plan and Economic Development Strategy.

At the time of the consultation the financial context for the Council presented us with challenges in terms of how we deliver services and increased the pressure to generate income. At that point we identified that in 2014/15 government funding would reduce by at least 11.5% or £910,000. As well as the reduction in funding we faced additional pressure through increased take up of key services. The Council still needed to identify £550,000 of savings for 2014/15. During the period of consultation the resources shortfall has been met, however the provisional financial settlement announced was less than expected and an additional £62,000 now needs to be found.

The refreshed Strategic Plan 2014-15 (attached at Appendix A to the report of the Chief Executive) includes updates to action plans for each outcome. All changes have been tracked for visibility. Following the recent peer review we have reduced the number of indicators that will be monitored at a Strategic Level to 46 and moved towards outcome focused indicators where possible. The performance indicators and targets are still subject to review. They will be agreed with managers and then Cabinet as part of the review of the performance plan in March 2014.

In June this year the Council restructured its senior management team to ensure we were fit for the future as well as deliver savings. The review resulted in a reduction of posts at a senior level and a new clarity in terms of responsibilities for key roles.

The Council has also created a new Maidstone Culture and Leisure Service under a new Head of Economic and Commercial Development Post. This represents the Council's desire to become more commercial and eventually self-funding. Key aims for the new service are:

- The adaption of the current business plan for the Council's museums, developing new ways to generate income.
- The establishment of a consolidated events programme with new and varied entertainment.
- The introduction of a leisure card to offer a range of discounts and promotions to both residents and visitors.
- The principle of a Mote Park adventure zone, subject to the necessary approvals and consents being achieved.
- The possible provision of a new café and retail outlet for Mote Park to be considered as part of the Council's capital programme.

The Council has continued to make efficiencies through shared services recently entering into an arrangement for a strategic ICT shared service across Maidstone, Tunbridge Wells and Swale. The Council is also currently in the process of sharing planning support services and environmental health.

Progress with the Local Plan continues with the recent approval at Cabinet of the second group of 30 policies relating to spatial planning, development management policies borough wide and countryside for

public consultation. The draft consultation Green and Blue Infrastructure strategy has also been approved for consultation with key stakeholders. Green and blue infrastructure refers to our green spaces and water with the strategy seeking to promote coordination, integration and investment into this important infrastructure.

We have carried out a resident survey in October – November so we can measure public satisfaction with the Council and with Maidstone as a place to live. The survey looks at a number of important issues including the priorities of Maidstone residents and we have a number of indicators in the plan which directly relate to the survey.

Service design principles are set out in the Strategic Plan to address how we will design our services to deliver our priorities. One of the principles in the plan is that: “we will commission services to meet agreed outcomes and deliver them in the most appropriate way”. We have recently adopted a commissioning and procurement strategy which sets out our approach to service delivery. The strategy identifies that services will be reviewed to identify whether they should be provided in-house, outsourced, delivered through partnership or via community groups or decommissioned. To embed this approach training is planned for unit managers during 2014.

An update on the 29 Strategic Plan Actions was given as part of the mid year performance report to Cabinet in November 2013. Some of the actions have been completed since the last update including:

- The new waste contract has been rolled out and residents are benefiting from being able to recycle a wider range of items at the doorstep (OUT 004.06)
- The High Street Regeneration project phase 2 is almost complete and is due to be ‘opened’ on 16th November (OUT 002.06)
- A new Housing Assistance Policy was adopted in September (OUT 003.02)
- Parkwood Leisure have taken over the managing of the Hazlitt Theatre under a 15 year contract (OUT 004.05)& (OUT 007.01)
- Mote Park succeeded in gaining a green flag and was awarded bronze in the Green Flag People’s Choice Award (OUT 004.05)
- Progressing the shared services programme: Business cases for Planning Support and Environmental Health were agreed in June (OUT 007.02)

In terms of considering our achievements so far in relation to the Strategic Plan by priority the following have been identified covering the period up until October 2013:

Corporate and Customer Excellence (Great People)

- The Council’s website was re-designed to improve the range of services available online.
- Following customer engagement and research we adopted a Customer Service Improvement Strategy and an implementation programme earlier this year. This includes reviews of all customer facing service areas (work is currently ongoing with parking and housing).

- We have refreshed our Workforce Strategy
- We have rolled out a "One Council" engagement programme to enhance employees understanding of the Council's priorities and how their roles contribute to achieving them.
- Following an Investors in People (IiP) peer assessment we identified key actions to improve the effectiveness of people management including coaching conversations for our managers and a new competency framework has been designed around our values.
- We hold annual staff awards based on our STRIVE values: Service, Teamwork, Responsibility, Integrity, Value and Equality.

For Maidstone to be a Decent Place to Live (Great Place)

- Maidstone Museum's East Wing received several architectural design awards.
- We created a 'Town Team' of Council and town centre stakeholders to promote Maidstone and provide events in the town centre such as the Christmas lights switch-on and market.
- Maidstone was awarded a Purple Flag for its safe and well managed night-time economy.
- Green Flag status was retained for Clare Park and the Whatman Millennium Park and achieved for Mote Park.
- 637 affordable new homes have been built from the start of the Strategic Plan in 2011 up until October 2013.
- We have approved 260 Disabled Facilities Grants for residents over the same period.
- In 2012/13 we assisted 50 vulnerable households into private rented accommodation through providing rent deposits.
- We have also recently launched an innovative lease/repair scheme to return 10 long term empty homes back into use by March 2015.
- Implemented a new housing allocation scheme which promotes employment and provides greater opportunity for applicants who provide a community contribution.
- Prevented 592 households becoming homeless.
- Set up a multi-agency street population task-force to improve life chances for vulnerable members of the street population.
- Launched Maidstone Homefinders scheme to increase supply of private rented accommodation through incentivising and working with private sector landlords.
- Raised awareness of rough sleeping and street homelessness with our 'Killing with Kindness' campaign.
- We introduced a new commercial waste collection to provide a flexible and cost effective service for businesses in the borough.
- We reduced the Council's carbon emissions by approximately 4% compared with the previous year and are on track to meet our target to reduce our emissions by 20% by 2015.
- Launched Maidstone Families Matter, the local programme which is helping to improve the life chances of families on benefits in Maidstone and helping them back into work.

For Maidstone to have a Growing Economy (Great Opportunity)

- Successfully delivered High Street Improvement Project phase 1 and phase 2 resulting in new event space, Jubilee Square and lower vacancy rates.
- Worked with KCC to attract Regional Growth Fund bid called Escalate, a £5m recyclable loan fund for high growth businesses.
- Successfully bid to KCC, in partnership with Ashford Borough Council, to extend the business start-up advice and guidance delivered by the Chamber of Commerce.
- Member of the executive group for the Leader Programme, offering grants to support rural businesses and communities.
- Business Growth and Start-Up programme of events and business breakfasts, including being one of only two stops in Kent for national Business Start-Up Bus.
- Working proactively with developers and site owners to stimulate development and unlock stalled sites.
- We have undertaken a number of projects and initiatives to reduce youth unemployment in the borough, including running work experience placements with 24 young people after which 13 found employment.
- In terms of working with others we have worked in partnership with Golding Homes and Job Centre Plus to organise two Jobs Fairs, with more than 1000 people attending each one, and over 20 employers present at each.
- A campaign called Inspiring the Future has been launched which aims to get 100 business people to sign up in 100 days to volunteer in schools talking about their job and career.

The Strategic Plan 2014-15 refresh contains updates to the Local Plan timetable and an acknowledgement of completed actions. Actions have been added for the:

- Development of the Economic Development Strategy
- Establishment of a Maidstone Economic Partnership
- Review of homelessness and new Homeless Strategy
- A re-fresh of our waste strategy in 2014
- Delivering the Health Inequalities Action Plan (created 2013)
- Delivery of Operation Civic
- One Council Engagement Plan in place and delivered

Additional updates will be required once the resident and budget survey has been concluded and reported in January. The Leader and Chief Executive may also want to update their forewords in the Strategic Plan as part of the refresh.

Alternatives Considered and Why Rejected

The Cabinet could have decided not to refresh the Strategic Plan. This was not thought appropriate as it would have led to out of date information being publicly available and made it difficult for Officers to maintain the 'golden thread'. The Council also needs to be able to demonstrate how it is reacting to changes in the local and national context.

The Cabinet could have requested the development of a new plan. This was not thought appropriate as the development of a new plan would require additional resources and there is a risk it would not be produced in time for the new financial year. There is not a demonstrable need for a radical re-think of the Council's priorities and strategic direction as our focus remains on economic development as a number one priority for the residents of Maidstone.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 2 January 2014.
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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

BUDGET STRATEGY 2014 15 ONWARDS - CAPITAL

Issue for Decision

To determine the strategy for developing the future Capital Programme, for 2014/15 onwards, as part of the consideration of the Medium Term Financial Strategy (MTFS).

To consider and approve the amount and allocation of capital resources for the delivery of the objectives of the Strategic Plan and other key strategies.

Decision Made

- a) That the following be approved for consultation:
 - i) the draft Medium Term Financial Strategy for capital as set out in Appendix B to the report of Corporate Leadership Team;
 - ii) the capital funding projection as set out in Appendix C to the report of Corporate Leadership Team adjusted to include an additional £63,911 of New Homes Bonus for 2014/15; and
 - iii) the proposed capital programme 2014/15 onwards as set out in Appendix D to the report of Corporate Leadership Team adjusted to incorporate the additional New Homes Bonus funding within Transport and Highways.
- b) That the use of the Strategic Leadership and Corporate Services Overview and Scrutiny Committee's budget working group as the all-party sounding board for capital proposals be agreed.

Reasons for Decision

Attached at Appendix A to the report of Corporate Leadership Team is a summary of the current capital programme. The programme as given in Appendix A to the report of Corporate Leadership Team was approved by Council in February 2013. Subsequently Cabinet has approved amendments at its meetings in May 2013 and August 2013 that are not reflected in Appendix A, but the agreed amendments have been taken into account in the development of the recommendations in the report of Corporate Leadership Team.

The Medium Term Financial Strategy (MTFS) is directly influenced by the country's economic situation and the government's strategy to remove the structural deficit. The impact covers both the revenue and capital

elements of the strategy and must be considered in any review of the capital programme.

In the spending review 2010, and more recently the spending round 2013 and the autumn statement 2013, the government has reduced the level of resources available for capital expenditure. The most direct effect for Maidstone has been seen in the area of support for affordable housing through the Homes and Communities Agency.

As part of the spending round 2013 and the autumn statement 2013 the government has also announced a series of initiatives that direct capital resources towards economic growth in a targeted way. Most of the funding for these programmes is being directed through Local Enterprise Partnerships (LEPs). Proposals must therefore be submitted as bids to the SE-LEP if the resources are to be directed towards Maidstone initiatives.

Determining the Strategy - MTFS Principles

In their 2012/13 review of the capital programme the Corporate Service Overview and Scrutiny Committee recommended a number of changes to the strategy. In addition, the Committee gave their support to prudential borrowing where it was used for acquisitions that were of a commercial nature and provided a net revenue benefit after costs. The review made many recommendations including proposed changes to the strategy, such as:

- a) Creation of a stand-alone capital strategy separate from the MTFS;
- b) Active encouragement of capital proposals;
- c) The creation of a cross party sounding board to evaluate proposals;
and
- d) The development of a disposal, acquisition and management strategy for assets

The strategy set out in the report of Corporate Leadership Team has been developed from the current MTFS. In addition it includes possible actions arising from the recommendations listed above. The first of which is the creation of a stand-alone strategy separate from the MTFS. While this will achieve the visibility that was of concern to the Overview and Scrutiny Committee, it will remove the integrated view of the strategy that effectively links revenue and capital resources with the priorities in the strategic plan.

In considering options for the capital strategy the principles have been updated and are attached at Appendix B to the report of Corporate Leadership Team. This Appendix is to be used as the basis for the development of a stand-alone strategy.

MTFS Principles - Appraisal of Options

All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code and:

- a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, such as the Asset Management Plan, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant Cabinet Member following the approval of the full programme.
- b) Where schemes can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must be presented to the Property Investment Advisory Panel. These proposals will receive final approval from the Property Investment Cabinet Committee.

Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed the use could be made of the proposed cross party sounding board however the prioritisation of such schemes will remain as previously approved by Council and set out below:

- a) For statutory reasons;
- b) Fully or partly self-funded schemes focused on strategic plan priority outcomes;
- c) Other schemes focused on strategic plan priority outcomes;
- d) Other non-priority schemes with a significant funding gearing.

If the programme is promoted to the point of there being a number of schemes that cannot be accommodated within the current programme, this could be used as the basis for the creation of a select list of schemes for addition to the programme as future resources permit. Schemes that receive endorsement from the cross party sounding board could be prioritised by Cabinet thus allowing officers to focus funding efforts on delivering schemes that are next in priority order.

The MTFS requires the Council to identify actual funding before commencement of schemes and that, while schemes may be prioritised for the programme, commencement of the scheme can only occur once all the necessary resources have been identified.

MTFS Principles - Funding

The MTFS principles require that the Council will maximise the resources available to finance capital expenditure, in line with the requirements of the Prudential Code, through:

- a) The use of external grants and contributions, subject to maintaining a focus on the priority outcomes of its own strategies;
- b) Opportunities to obtain receipts from assets sales as identified in the asset management plan and approved for sale by the Cabinet Member for Corporate Services;
- c) The approval of prudential borrowing when the following criteria also apply to the schemes funding by this method:
 - i) they are commercial in nature;
 - ii) the outcome returns a financial benefit at least equal to the cost incurred by borrowing to fund the schemes;
 - iii) after covering the cost of funding, a further financial or non-financial benefit accrues to the Council that directly or indirectly supports the strategic plan's priority outcomes.
- d) The provision of on-going revenue support to manage the needs of the Asset Management Plan and the ICT Strategy.
- e) The use of New Homes Bonus for capital purposes in line with the Council Great Place and Great Opportunity priorities.
- f) The implementation of a community infrastructure levy (CIL) and the management of its use, along with other developer contributions (S106), to deliver the priority objectives of the infrastructure delivery plan.

The Amount and Allocation of Capital Resources.

The funding assumptions made in the development of the future capital programme are essential to the development of the budget and specific detail in relation to each source is set out in the paragraphs below. Appendix C to the report of Corporate Leadership Team sets out the projected funding levels over the five year period of the MTFS.

Capital Grants

This funding source is the main focus of government's controls over the level of capital expenditure. In fact a number of the grants that were available to the Council for funding capital projects no longer exist.

Recent projects that have received support through grants and contributions include the Museum, Mote Park and the High Street. Some government grants are annual sums, such as the disabled facilities grant, but the majority of sums are one-off and scheme specific.

In the spending round 2013 announcement the government set out plans for a joint NHS/local authority pooled fund of £3.8bn. Although details are still to be released it is expected that the £3.8bn will be resourced in part from the disabled facilities grant currently paid to district and single tier

authorities. It is unclear at this time if responsibility for paying disabled facilities grants will also transfer although it is assumed to be likely.

Obtaining grant funding for schemes is often conditional upon match funding from the Council and other sources. Schemes that are currently applying for or being developed as part of a proposal may appear in the capital programme commitments in order to evidence to potential funders that the Council is prepared to commit or has received match funding for the scheme.

Capital Receipts

From 2004 through to 2008 the receipt from the voluntary transfer of the housing stock was the main source of funding for the capital programme. Since then the Council has sold surplus assets to provide support to the programme. Receipts in the current programme represent assets for which agreement on sale has been reached and are at least under offer. Council assets available for sale are diminishing although some potential asset sales still exist. In line with the principles of the MTFS the capital receipts from these potential sales will not be recognised in the programme until they are confirmed.

Further asset sales are restricted by two issues, the difficulty in obtaining best consideration for the asset during the recession and evidencing, in advance of sale, the greater benefit to be derived from the proceeds of the sale when compared to current or alternative uses of the asset. No assets can be sold until the Cabinet Member for Corporate Services has confirmed that a suitable business case exists or they are surplus to requirements.

Prudential Borrowing

In 2012 the Council approved in principle expenditure of up to £6m through prudential borrowing for acquisition of commercial property, acquisition of property to alleviate homelessness and action to enable stalled development to progress.

The Council has the power to borrow to finance capital expenditure subject to the guidance set out in the Prudential Code. This code of practice is published by the Chartered Institute of Public Finance and Accountancy and covers the full range of capital planning not just potential borrowing. Compliance with the code is a statutory requirement and the Council's MTFS has been developed to ensure compliance. In summary the key objectives of the code are:

- a) To ensure within a clear framework that capital expenditure plans are affordable, prudent and sustainable;
- b) That treasury management decisions are taken in accordance with good professional practice;
- c) That local strategic planning, asset management planning and proper option appraisal are supported; and

- d) To provide a clear and transparent framework to ensure accountability.

Revenue Support

The Council has, over the last three years, created a permanent revenue resource of £0.35m to directly support programmed capital expenditure. This funding was provided because the Council foresaw the end of the resources available from asset sales and wished to ensure that asset management and ICT provision do not suffer from the lack of available resources.

In addition to this a number of windfall cash receipts have been used to support the capital programme. Examples include the use of the refund from the Fleming VAT claim and the outcome the bidding process for the use of the revenue under spend in 2011/12 and 2012/13.

The revenue support to the capital programme is the most flexible of the available resources because, arising as it does from the revenue budget, it can be utilised for both revenue and capital purposes. For this reason the Council has always elected to use other available resources first when funding actual capital expenditure and the balance of revenue support has grown to over £7m. This is a cash resource with the exception of the £0.35m annual budget mentioned above.

Full use of this balance to fund the capital programme is expected by the end of 2014/15 as other sources of funding are diminishing.

New Homes Bonus (NHB)

The government has made a series of announcements to channel additional capital resources through LEPs as reported above. One proposal is to top slice the new homes bonus funding to support the development of a single local growth fund of £2bn per annum from 2015/16. The national value of the NHB top slice is £400m.

This proposal was stopped as part of the announcements in the autumn statement 2013. The Government has resourced the LEP growth fund from other sources. In addition the Government has announced a full review of the NHB scheme during 2014/15 with any necessary changes following that review.

The announcements do support a longer term attitude by government to the principles of the NHB system than had previously been considered by the Council. It is therefore possible to continue to account for the receipt of NHB in all years of the current MTFS.

As the government still intend to review the NHB system there remains a risk that there will be a change in the focus and/or calculation of the bonus. It is prudent at this time to continue to assume a loss of resources. It is proposed to assume a loss equivalent to 35% from 2015/16 onwards. Once the review has been completed, any additional funding can be incorporated in the development of a future capital programme.

The Cabinet was informed that the government had announced the distribution of NHB for 2014/15 and that the Council was due to receive £63,911 more than set out in the report. All of this resource would be used for capital purposes, not to support the revenue account.

Other Contributions

The major other contributions are developer contributions through S106 and, in the future, the community infrastructure levy (CIL).

The intention of CIL and an element of S106 contributions is the completion of the priority schemes detailed in the Infrastructure Delivery Plan. The plan remains in formative stage at this time as it must reflect the infrastructure needs of housing and business development in the final agreed local plan and these must be considered in accordance with the location of strategic sites.

It is however possible to identify an expected level of CIL given the information in the current draft Local Plan and an assumption that CIL will be introduced by 1st April 2015. The values attributable to CIL within the programme period are included with the detailed values of the other funding streams below

Overall Funding Level

The funding available for the capital programme, based on the detail above, is set out in Appendix B to the report of Corporate Leadership Team. The Appendix provides details of the available funding. The table below summarises the level of funding assumed for each resource type.

2013/14 £,000	Funding Projection	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000
5,115	Revenue Support	400	350	350	350	350
2,948	New Homes Bonus	3,740	2,752	3,115	2,898	2,673
472	Grants & Contributions	450	450	450	450	450
2,442	Capital Receipts	0	0	0	0	0
1,850	Prudential Borrowing	4,150	0	0	0	0
0	Developer Contributions	0	0	1,963	1,963	1,963
12,827	Total	8,740	3,552	5,878	5,661	5,436

Current Programme

The current programme, set out in Appendix A to the report of Corporate Leadership Team, was approved by Council in February 2013 and only annual programmes are included after 2014/15. The main reason behind the decision not to develop the programme beyond 2014/15 at that time was the limited detail available on future funding and the needs of the infrastructure delivery plan. The draft IDP available at that time predicted a need for resources that could not be completely covered by either the Council's current access to resource or the development of a community infrastructure levy.

In May 2013 Cabinet considered the outturn for 2012/13 and in August 2013 Cabinet considered the first quarterly monitoring report for 2013/14. Approved recommendations from those reports have amended the current programme since the document reproduced as Appendix A to the report of

Corporate Leadership Team. The report of Corporate Leadership Team takes account of those approvals in developing the future programme.

Future Programme

A decision on the programme for 2014/15 onwards can no longer be deferred. Even though a finalised IDP does not exist at this time it is necessary to make some assumptions about future use of Council resources. Appendix D to the report of Corporate Leadership Team sets out a programme based on proposals that have come forward to date, as set out below.

A number of proposals have been reviewed by Cabinet Members and by Overview & Scrutiny. It was necessary for these proposals to be formally agreed by Cabinet at this stage to allow for consultation on a future programme as agreed at Council in February 2013. The proposals were as follows:

- a) The Council has reached agreement on the contract for the Hazlitt Arts centre and as part of that contract has agreed to provide capital support for the replacement of carpet and seating in the theatre and upgrades to the box office. This support will be returned to the Council through a discounted annual payment under the contract. In addition this work will enhance possible payments under the profit share. The discount will reduce revenue costs over the 15 years of the contract by a future payment equivalent to an immediate capital cost of £0.121m identified in the programme for the current year.
- b) The Housing Service has resources from the HCA to bring back into use vacant property. The scheme as funded by the HCA requires the properties to be leased for five years however the principles of the scheme do not produce a viable business case. The Housing Service has, following consideration by the Cabinet Member, diverted some private sector grant resources into a proposed acquisition of a medium sized unit of flats requiring renovation. The HCA has confirmed that their grant can be used to renovate but not acquire the unit. The programme identifies £750,000 in the current year for acquisition should the Council's offer be accepted.
- c) To create and support an Enterprise Hub within the borough. In order to enable a suitable bid for funding to be made to Kent County Council it is necessary to include the proposal within the capital programme with match funding of up to £0.7m, part of which may eventually be a loan rather than a grant.
- d) The planned work on Play Areas which has already been formally considered by Overview and Scrutiny requiring £1.75m
- e) A number of commercial acquisitions are being considered in line with the commercialisation programme. In some cases, while a suitable revenue stream can be identified, the rate of return would not warrant prudential borrowing. There is a potential benefit to the Council's revenue account from the investment of its own resources rather than prudential borrowing in some of the proposals under

consideration. This proposal adds £3m of the Council's own capital resources to the commercialisation budget and adds £0.15m to the revenue income from corporate property in the future budget strategy.

- f) To continue the on-going work of housing services in supporting registered providers and private sector landlords through grant aid it is necessary to extend the funding of these schemes. The proposal assumes an annual budget of £0.9m to be distributed between the different types of grant. Cabinet noted that is a significant reduction from the resources that have previously been set aside for support to housing providers but ensures an ongoing programme exists.
- g) The ICT and the asset management programmes currently expire in 2014/15, however the asset management plan and the ICT strategy both identify a need for resources in the future. The level of resources currently provided is £0.38m. There is an on-going provision of £0.35m from revenue support and it is proposed that the programme is matched to this funding.

Incorporating these schemes into the programme, at the values indicated, is possible within the projected funding as set out in Appendix C to the report of Corporate Leadership Team. If the programme is approved, a balance of unused NHB will exist of £9.55m. This sum is proposed for use in delivering the IDP as complementary funding to the provision of S106 and CIL from developers. The programme as set out in Appendix D to the report of Corporate Leadership Team includes subheadings from within the draft IDP and identifies levels of funding that could be used to deliver schemes under each heading. Some schemes will be required regardless of the final format of the Local Plan and are most effectively completed early, to support and enable development.

Alternatives Considered and Why Rejected

The Cabinet could have chosen to take no further action in relation to the capital programme. An approved programme through to the end of the financial year 2014/15 exists as set out in Appendix A to the report of Corporate Leadership Team. Whilst the Cabinet could have chosen to wait, giving consideration at a future time, resources are available for immediate use and it was felt appropriate to consider options as part of the Medium Term Financial Strategy for 2014/15 onwards.

The Cabinet could have chosen any variation on the strategy, funding assumptions and programme as set out in the Appendices to the report of Corporate Leadership Team for approval.

- a) The strategy has been set using the MTFS approved for 2013/14. It also considers current circumstances and the recommendations of Overview and Scrutiny Committee.
- b) The funding assumptions are based upon prudent assumptions made from the latest information available and it was not recommended that the Cabinet amend these assumptions at this time.
- c) The programme is based upon the known schemes that have come forward for consideration or require match funding to enable an

application for grant funding. All schemes meet the Council's priorities and have been considered by the relevant Cabinet Member.

The Cabinet could have considered the use of prudential borrowing to finance a larger capital programme. Whilst achieving the Council's strategic aims at a quicker pace, such a strategy would place additional pressure on the revenue budget. An alternative strategy such as this would not, at this time, support the requirements of the Prudential Code. Such a change requires approval by Council of changes to prudential borrowing levels and the related prudential indicators.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 2 January 2014.
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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

BUDGET STRATEGY 2014/15 ONWARDS - REVENUE

Issue for Decision

To agree a draft Council Tax and Budget Strategy for 2014/15 onwards.

Decision Made

- a) That the report and the financial settlement for 2014/15 be noted, and that the Officers be requested to bring forward additional savings proposals to meet the shortfall of £62,000 for presentation to Portfolio Holders and the Strategic Leadership and Corporate Services Overview and Scrutiny Committee in January 2014;
- b) That the Cabinet notes the earlier than anticipated significant reduction in Revenue Support Grant for 2015/16 and, in the light of the full review of the Council's Strategic Plan during 2014, requests proposals for prioritisation, transformation and commercialisation of services that reflect this reduction of resources at the earliest opportunity;
- c) That the provisional allocation of the local council tax support funding, as set out in Appendix B to the report of the Corporate Leadership Team, be notified to parish councils along with their tax base;
- d) That the proposed savings, as set out in Appendix C to the report of the Corporate Leadership Team, be agreed; and
- e) That the proposed actions with regard to the recommendations of the Strategic Leadership and Corporate Services Overview and Scrutiny Committee, as set out in section 1.9 of the report of the Corporate Leadership Team, be agreed.

Reasons for Decision

On 11th September 2013 the Cabinet considered the initial budget strategy for 2013 onwards. At that time a strategic revenue projection (SRP) was agreed, including a provisional level of Council Tax as a planning and consultation tool. The agreed SRP included increases for inflation based on information provided by key officers and projection data from sources such as the office of budget responsibility.

The SRP that was agreed in September 2013 estimated resources at £19.1m and predicted expenditure including new budget pressures of £20.5m, leaving a need to find savings in 2014/15 of £1.4m. At that time a number of risks were considered by Cabinet and these were:

- a) The government's spending round 2013.
- b) The consultations on: the use of capital receipts; potential changes to NHB; and additional reductions in the finance settlement 2014/15.
- c) The potential for developing a business rates pool.
- d) Council tax levels, including the effect of the offered council tax freeze grant.
- e) The level of income being achieved in the current year.
- f) A series of local pressures including King Street Multi Storey Car Park and the Local Plan.

It was reported that on the afternoon of the meeting the government had announced the provisional finance settlement. The settlement figures for 2014/15 are £62,000 less than the assumed figures used in the strategic revenue projection. Of this sum, £32,000 relates to the cap on business rates increase announced in the Autumn Statement and should attract S31 grant from the government. Confirmation of this grant has not been announced and the method chosen to reduce the Council's baseline funding suggests a single year grant similar to council tax freeze grant and this funding source should not be relied upon to cover the loss of funding in the medium term. Guideline figures for 2015/16 were also announced along with additional commentary about missing data that implied that the national funding level would reduce further in the time between now and 2015/16.

The Autumn Statement

The Autumn Statement is one of two major statements made by the Chancellor of the Exchequer each year. The other is the budget usually presented in March. The Chancellor presented the Autumn Statement to Parliament on 5th December 2013. This is later than in previous years and as a consequence has delayed the annual announcement by the government regarding the finance settlement to the afternoon of the meeting.

Issues important to local government in the Autumn Statement include:

- a) A second extension to the period of doubling of the small business rate relief (SBRR) by a further 12 months;
- b) While requiring some government departments to reduce spending by a further 1.1% in 2014/15 and 2015/16 there will be no similar pressure on local government. This is to support local authorities choosing to take the council tax freeze grant;
- c) Additional support to businesses through a number of special reductions in business rates;
- d) A cap on welfare spending (excluding job seeker allowance and pensions);

- e) The reversal of the proposed policy on top slicing new homes bonus (NHB), coinciding with specific requirements on planning authorities covered by penalties in relation to NHB and a full review of the NHB policy in 2014/15;
- f) Support of £300m to assist housing authorities to build new affordable houses. Enough to deliver a further 10,000 new homes.

The statement was linked to the latest office of budget responsibilities economic and fiscal outlook which was published to coincide with the Autumn Statement. This suggested that GDP was growing faster than previously predicted and is now forecast at 1.4% in the year compared to an earlier estimate of 0.6%. The growth is judged to be cyclical not underlying with increased productivity occurring mainly through additional hours worked. However the positive effect of this is reductions in the level of unemployment. The Chancellor suggested that the positive message had to be tempered by the challenges ahead and the planned austerity measures would still need to take place.

The implications of the Autumn Statement and the finance settlement that has just been announced are that further austerity measures will fall upon local government at a faster rate than previously assumed in the strategic revenue projection. The Cabinet has already identified a time in the future when the Council will need to have become self sufficient and the provisional finance settlement indicates that this time will arrive sooner than previously expected.

Review of Current Performance

The current year's financial performance is reported to the Corporate Leadership Team and to the Cabinet on a quarterly basis. The first two quarterly reports show a balanced position with projected outturn being at the level of budget with no major under or over spend.

The Leader of the Council has considered the use of balances again this year and a series of proposals to utilise the under spend from 2012/13 have been considered by the Strategic Leadership and Corporate Services Overview and Scrutiny Committee and with some minor changes have been approved.

Review of Revenue Resources

The finance settlement

As reported to the meeting the government announced the provisional finance settlement figures for the Council earlier that day. These were different to the figures set out in the report of the Corporate Leadership Team and for 2014/15 are as set out in the table below.

	£,000
Revenue Support Grant	3,274
Business Rates	2,933
Total	6,207

The figures tabulated above include the central funding towards local council tax support that replaced council tax benefit from 1st April 2013. At its meeting on 12th December 2012 the Council approved the current scheme in operation in the Borough. The funding for 2013/14 represented 90% of the government's predicted expenditure on council tax benefit, had that scheme continued in 2013/14. In 2014/15 the funding is not identified separately in the settlement and the total estimated settlement figure indicates a 13% decrease in overall funding. The December 2013 meeting of the Council considered the proposed scheme for 2014/15.

Part of this funding relates to the benefit paid to claimants in parish areas and the local scheme affects parish precepts in the same way as it affects the Council's income from council tax. The effect was considered by the General Purposes Group when it set the Tax Base for 2014/15. The government has confirmed that it expects appropriate consideration of the funding of parish councils to be made by district councils when considering overall funding levels. It has not legislated for the payment of this funding on to parishes.

The Council chose to pass on the funding to parish councils in 2013/14 and the resources totalling £110,631 were distributed on the basis of predicted demand for the local council tax support in each parish. This sum was greater than the need but was equivalent to the amount stated by central government as provided in order to support parish councils.

It is intended that a similar distribution occurs for 2014/15 albeit of the reduced amount of funding available of £96,802 based on the previously assumed reduction in overall funding. As the level of local council tax support granted is volatile the distribution made against the current year's tax base will not be in proportion to the distribution made against the 2013/14 tax base.

Appendix B to the report of the Corporate Leadership Team sets out the proposed distribution of the parish share based on current demand for local council tax support. The Appendix shows the tax base reduction due to LCTS and the 2013/14 band D charge by the parish. This product of these two figures creates the expected loss. Column 5 of the Appendix shows the individual amount proposed for payment to each parish. Columns 6 and 7 calculate the movement from the 2013/14 grant to identify the increase or reduction for each parish.

This estimate is the best available at this time and the Cabinet gave consideration to the views of the Strategic Leadership and Corporate Services Overview and Scrutiny Committee on the apportionment of the local council tax support scheme funding to parishes before formal approval of the proposal. It was recognised that it would be helpful for parish councils to be given the provisional figures at this time so that they can continue to prepare their budget forecast for 2014/15 and set their local precepts.

Council Tax

The Council's current council tax charge is £226.62 per annum for a band D property.

At the meeting on 11 September 2013 the Cabinet agreed a SRP for planning purposes that included an assumed 2.9% increase in council tax income. This represented a 1.9% increase in the council tax charge and a 1% increase in the tax base arising from new property.

Since that meeting the Government has announced support towards a further council tax freeze. This announcement offers a grant equivalent to a 1% increase for two years and maintains the level at which a council would be required to conduct a referendum at a 2% increase.

On 11 December 2013 the General Purposes Group considered a tax base of 55675.1 for the borough area. This is a 0.94% increase over the tax base for 2013/14.

A council tax increase of 1.9% will produce a band D charge of £230.94. This represents an increase of £4.32 per annum or 36 pence per month. The maximum increase allowable within the referendum limit is 2% and an increase at that level would produce a band D charge of £231.12. This represents an increase of £4.50 per annum or 37.5 pence per month. This would provide an additional £10,000 annual income to the Council.

A decision on the level of council tax that the Cabinet would wish to recommend to the Council need not be taken at this time. It was noted that the revised SRP given at Appendix A to the report of the Corporate Leadership Team includes a 1.9% increase consistent with the increase set for planning purposes in September 2013.

The Cabinet also considered a report on the collection fund adjustment. The decision arising from that report was to distribute approximately £0.43m across the major preceptors and this Council. The share calculated for this Council is £70,705 and this can be added to the resources available from the council tax charge detailed above.

Combining the resources available to this council from the provisional finance settlement, the council tax income and the collection fund adjustment produces estimated resources for the period of the revised SRP as tabled below. The Cabinet noted that the level of resources available from revenue support grant given for the years 2016/17 and beyond assume an effect from the future spending review 2015 announced by the Chancellor in March 2013. Although a projection is given, no actual detail is available to suggest the rate at which the resources available to this council will reduce or whether the reduction will be seen through the revenue support grant or through another source of government funding.

	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000
Revenue Support Grant	3,274	2,251	1,963	1,422	923
Business Rates	2,904	2,983	2,896	2,889	2,893
Collection Fund Adjustment	71	0	0	0	0
Council Tax	12,858	13,142	13,434	13,732	14,036
Available Resources	19,107	18,376	18,293	18,043	17,852

Review of Strategic Projection

When the Cabinet agreed the SRP in September 2013 officers were set the task of continuing to review the budget pressures and identify additional savings to balance the budget. Since that time officers have reviewed all of the pressures outlined in the SRP and it is now proposed that the following amendments should be considered.

- a) **Lost income from admin grant** – Both the council tax support and the housing benefit admin subsidy grants for 2014/15 have been announced and the reduction in total grant from 2013/14 to 2014/15 is £25,000. This is £105,000 less than the budget pressure included in the original projection. It is assumed that resources will be reduced further in future years so £75,000 of the original budget pressure has been slipped to 2015/16.
- b) **Additional Budget Pressures** – The original projection identified three ongoing pressures that required resource within the year. These were Market income, Advertising income and Development Management staffing. The Development management section is now undergoing a structural review that will be self financing. This will reduce the ongoing budget pressures to the remaining two issues totalling £51,000.

In addition to the proposed reductions set out in the paragraph above, there is one significant increased pressure that has arisen in the last month. This relates to the triennial valuation of the pension fund. Early indicators suggested that the movement in the fund would be minor. Now that final valuations have been published by the actuary it is clear that a positive result for the County, police and Fire authorities had disguised negative results for most district councils.

This Council currently pays £1.325m per annum in backfunding to support the deficit on the fund. The triennial review requires a payment of £1.427m in 2014/15 along with a 4.5% annual uplift in 2015/16 and 2016/17.

There are two alternatives available to the Council:

- a) Budget for this increase and add a further pressure to the revenue projection of £0.5m over the next three years;
- b) Keep the annual budget at £1.325m and use £0.5m from balances to fund the additional increase.

Considering the Council's current resources and longer term expectations a hybrid option is proposed. At this time balances currently include a sum of just under £0.8m remaining from the VAT reimbursements received in prior years. This sum is currently unallocated and could be partially used to make a one-off payment of £0.2m to the pension fund. In addition it is proposed that £50,000 of growth is built into the strategy for the next three years. This would mean that by the time of the next valuation a budget of £1.475m will exist. Given the predicted future improvement in the economy by 2017/18 this sum is expected to be sufficient as a base for the next triennial review.

In response to concerns expressed by district finance offices in Kent the pension fund actuary has agreed to provide annual assessments to assist with monitoring. This will be used in the budget strategy work for 2015/16 and 2016/17 to ensure the proposed funding is satisfactory.

These amendments, taken in combination with the revised assessment of resources available to the Council set a requirement to find savings in 2014/15 of £1.2m compared to the £1.4m requirement set out in the decision of Cabinet in September 2013. The values for each year of the SRP are set out in the table below:

	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000
Available Resources	19,107	18,376	18,293	18,043	17,852
Projected Requirement	20,381	19,834	18,971	19,295	18,657
Savings Target	1,274	1,458	678	1,252	805

Review of Savings Proposals

Savings and efficiency data was not reported in detail to Cabinet in September 2013. The targets were set out and it was identified that some savings proposals existed, in the main these came from long term plans developed for the 2012/13 strategy. The September 2013 report suggested that, set against a need to find £1.4m in savings, plans existed to save £1.1m.

As stated previously, the revised SRP at Appendix B to the report of the Corporate Leadership Team shows a need to save £1.27m in 2014/15 and attached at Appendix C to the report is a more detailed analysis of the previously identified savings and other proposals that have been developed by officers in discussion with Cabinet Members. The value of these proposals, set against the required need for savings in each of the five years considered by the revised SRP, are tabled below.

	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000
Savings requirement in SRP	1,274	1,458	678	1,252	805
Savings proposals	1,213	541	205	160	0
Savings still required	61	917	473	1,092	805

The savings proposals set out at Appendix C to the report of the Corporate Leadership Team include the values reported in the fees and charges report to the Cabinet. Since the announcement of the provisional finance settlement, the figures set out in the report of the Corporate Leadership Team are no longer adequate to set a balanced budget. It is therefore proposed that the Cabinet set a further objective and timescale for Officers to identify additional savings to balance the budget.

Strategic Leadership and Corporate Services Overview and Scrutiny Committee – Budget Working Group

At the meeting of the Committee on 3 December 2013 the budget working group reported back on the all member workshop on the budget strategy. From that meeting four recommendations have been made to Cabinet

with regard to future potential budget strategy savings. The SCRAIP is attached as Appendix D to the report of the Corporate Leadership Team.

It is intended that further work on the first three proposals be carried out by officers and reported back through the committee's budget working group.

With regard to the final recommendation it was the wish of the Cabinet Member for Corporate Services, at the meeting, for the review to be completed separately by the Committee and Cabinet to ensure that the views of each group are brought forward without influence. This to be followed by a joint meeting to review the results and discuss options.

New Homes Bonus

Along with the finance settlement, the government has announced the allocation of New Homes Bonus for the forthcoming year. This is the fourth year of the programme and the Council will receive an amount equivalent to last year's payment plus the new sum specifically for housing growth during the period October 2012 to October 2013. This totals £3.74m.

As part of the spending round 2013 the Government announced a consultation on options to top-slice all NHB payments to provide £400m towards a £2bn Growth Fund to be distributed to Local Enterprise Partnerships. In the Autumn Statement the Chancellor confirmed that this top slice would not go ahead, instead a full review of NHB would be carried out in 2014/15 with interim penalties that relate to the effectiveness of the planning process in each authority.

The Cabinet has already considered the future use of NHB resources and agreed that they should be set aside to support the Capital programme and the level of future funding is considered in the Capital Budget Strategy report.

Balances

The current level of general fund balance is £3.6m plus provisionally allocated sums of another £1.4m. After allowing for the proposal for use of resources to support the pension fund general fund balances will drop from £3.6m to £3.4m by 31 March 2015. A statement of balances is set out in Appendix E to the report of the Corporate Leadership Team.

For 2013/14 the Council has set a minimum level of balances of £2m and the Cabinet has agreed to set a working balance of £2.3m below which it is not expected that the Cabinet will utilise balances. This means that balances in the sum of £1.1m remain available for use.

Earlier in the discussion on the report of the Corporate Leadership Team, consideration was given to the Chancellor of the Exchequer's Autumn Statement and the Economic and Fiscal Outlook report of the Office of Budget Responsibility. Given the detrimental factors that will continue to face local government Cabinet was mindful of the level of resources and the potential need that the Council may have for those resources to

remain financially stable, before the current economic situation is resolved.

Consultation

Budget consultation is currently ongoing and the results of this work will be incorporated into the report to the Cabinet in February 2014 to enable consideration of the responses prior to a recommendation to the Council.

Medium Term Financial Strategy and Strategic Plan

The Strategic Plan refresh has been reported to the Cabinet. It provides feedback on performance against the outcomes required to achieve the priorities of the Council and gives Cabinet an opportunity to consider update actions. It is essential that Cabinet considers the Strategic Plan and this budget strategy at the same time as the information provided by the budget strategy enables Cabinet to consider the resourcing available for achievement of the proposed outcomes and provides the opportunity for Cabinet to amend either resourcing proposals or outcomes to balance plans and resources appropriately.

As the government had not announced the finance settlement for 2014/15 at the time of writing the report of the Corporate Leadership Team, the MTFS statement had not been updated and for that reason was not appended to the report of the Corporate Leadership Team.

Alternatives Considered and Why Rejected

The production of the budget is an element of the statutory process of setting the council tax each year. In addition the final document and budget is required to be robust and adequate under the Local Government Act 2003 and the Chief Financial Officer is required to give a statement to that fact. On this basis the actions outlined in the report of the Corporate Leadership Team must be considered and a balanced budget ultimately set by March 2014.

A number of the assumptions set out in the report of the Corporate Leadership Team remain uncertain and alternative options are possible. The main examples include:

- a) The indices used to calculate future inflation and contractual commitment – These indices are continuously updated and a revised set of values could be developed, however the level of change likely to occur is not significant and it is proposed that current resources will be re-prioritised if the level of growth allowed in any particular budget area proves to be insufficient.
- b) Savings – The identification of significant and deliverable savings is becoming increasingly difficult and monitoring of outcomes will need to be thorough during 2014/15. The proposals brought to the Cabinet's attention by Strategic Leadership and Corporate Services Overview and Scrutiny Committee demonstrate one way in which Members can become more closely involved in the formation and development of the budget strategy. In such cases the likelihood of

successful achievement will be higher if the proposals are incorporated into the budget strategy following member endorsement.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 2 January 2014.
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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

BUDGET STRATEGY 2014 15 - FEES & CHARGES

Issue for Decision

To consider the appropriate level of fees and charges for 2014/15 for services where the Council raises income by charging the user of a service and where the setting of the fee or charge is discretionary;

To note the level of fees and charges that are set in accordance with statutory requirements; and

To consider the impact on budget strategy of the changes in the level of fees and charges as set out in the report of Corporate Leadership Team.

Decision Made

- a) That the proposed fees and charges for 2014/15, as set out in detail in Appendix A to the report of the Corporate Leadership Team, be approved; and
- b) That the proposed changes to income budgets that occur as a consequence of the proposed fees and charges, as set out in paragraph 1.3.7. of the report of the Corporate Leadership Team, be approved.

Reasons for Decision

The Council adopted a corporate fees and charges policy in May 2009. The Policy promotes consistency across the authority, is focused on the strategic aims of the authority and sets out the approach that the Council takes in setting fees and charges.

The Policy covers fees and charges that are set at the discretion of the Council. It does not apply to services where the Council is prohibited from charging, e.g. collection of household waste or services where the charge is currently determined by Central Government, e.g. planning application fees. Consideration of any known changes to such fees and charges and any consequence to the budget strategy are detailed below.

The headline objective of the Policy is that fees and charges are set at the maximum level after taking into account conscious decisions on the subsidy level for individual services, concessions, impact of changes on users and any impact on the delivery of the Strategic Plan. Therefore

there is a presumption that a charge will be levied for a service unless justified by strategic consideration or legal constraints.

The Policy also proposes that a review of all fees and charges will occur annually in line with the development of the Medium Term Financial Strategy. The review of fees and charges should consider the following factors:

- a) The Council's vision, objectives and values, and how they relate to the specific services involved;
- b) The level of subsidy currently involved and the impact of eliminating that subsidy on the level of fees and charges, the effect on users and the social impact;
- c) The actual or potential impact of any competition in terms of price or quality;
- d) Trends in user demand including the forecasted effect of price changes on customers;
- e) Customer survey results;
- f) Impact on users of proposals both directly and in terms of delivery of the Council's objectives;
- g) Financial constraints including inflationary pressure and service budget targets;
- h) The implications arising from developments such as an investment made in service;
- i) The corporate impact of Council wide pressures to increase fees and charges in other service areas;
- j) Alternative charging structures that could be more effective;
- k) Proposals for targeting promotions during the year and the evaluation of any that took place in previous periods.

For the last three Budget Strategy reviews the results of the annual review of fees and charges as required by the Policy have been reported to the Cabinet in a single report. This process has been repeated for 2014/15.

The work completed last December created an average increase of 2.28% in the budgeted income from fees and charges for the current year. Cabinet are aware from the second quarter's budget monitoring report that income levels achieved in the first half of 2013/14 are above the midyear target in total with some services exceeding their target while others have not. At September 2013 the Development Management and Refuse and Recycling services were significantly above target. The detailed results of the review carried out this year are set out in Appendix A to the report of the Corporate Leadership Team and the approval of the Cabinet was sought to the amended fees and charges for 2014/15.

The table below shows the current budget and predicted outturn for income from the different fees and charges, the proposed budget increase that can be achieved from each proposal and the percentage increase in budget. The table is sub-divided by the effect any increase can have on the budget strategy and the approval of the Cabinet was sought to the proposed levels of budgeted income for 2014/15 shown in the table.

Service Charge Type	2013/14 Original Estimate	2013/14 Projected Outturn	2014/15 Proposed Increase	Proposed Increase %	2014/15 Estimate
Cemetery	118,950	118,950	0		118,950
Crematorium	1,080,290	1,109,670	29,470	2.73%	1,109,760
Licences	122,240	122,240	0		122,240
Hackney and Private Hire Drivers Licences	40,250	40,250	0		40,250
Licensing Statutory	131,320	131,320	0		131,320
Recycling & Refuse Collection Total	625,650	725,650	20,970	6.55%	646,620
Conservation	21,470	21,470	0		21,470
HMO Licensing	2,380	2,380	0		2,380
Town Hall	2,150	2,150	0		2,150
Parking Services	2,758,080	2,758,080	0		2,758,080
SUPPORT TO BUDGET STRATEGY	4,902,780	5,032,160	50,440	1.03%	4,953,220
Environmental Enforcement	242,420	242,420	0		242,420
Development Control-Planning	868,940	918,000	0		868,940
STATUTORY CHARGES	1,111,360	1,160,420	0	0.00%	1,111,360
Building Control	285,270	285,270	0		285,270
Development Control-Land Charges	253,750	253,750	0		253,750
OBLIGATION TO BREAK EVEN	539,020	539,020	0	0.00%	539,020
Parks and Open Spaces	69,540	29,540	0		69,540
Street Naming & Numbering	29,000	29,000	0		29,000
PRE-SET TARGETS EXIST	98,540	58,540	0	0.00%	98,540
Environmental Health	17,180	17,180	0		17,180
Market	209,840	179,840	0		209,840
Museum	75,500	50,500	0		75,500
Park and Ride	466,350	460,000	0		466,350
CURRENT BUDGET IN SHORTFALL	768,870	707,520	0	0.00%	768,870
Total	7,420,570	7,497,660	50,440	0.68%	7,471,010

As required by the Policy, the level of increase in fees and charges budgets for 2014/15 set out in the table above reflects consideration of the effect of increasing the charges, such as elasticity of demand and the possibility of users moving to competitors or ceasing to use a service. A number of services have either not proposed an increase or, where they have, the increase has not resulted in an increased budget. The reasoning behind these actions is all in line with the Policy's guidance.

Each service has been considered separately and in all cases the Policy has been followed. Brief explanations of the consideration Officers have given to significant issues are given in the following paragraphs.

Fees & Charges Supporting Budget Strategy (increase available to count as a saving)

On average there was an increase of 1.29% in these fees in 2013/14. As mentioned above the current income expectations are being achieved at the mid-point of the year and the year-end prediction is a minor surplus.

The fees and charges policy identifies current performance as a factor for consideration when setting future fees and charges. Officers have considered this factor in setting the proposed fees and the result is an average increase of 1.03%.

Specific issues that the Cabinet noted are:

- a) Recycling & Refuse Collection is showing an increase in income generated in the current year. Longer term the consequences of this additional income will form part of the service changes following the commencement of the new service contract. At this time a separate income target of £20,000 has been set as part of the budget strategy without an increase in fee and it would be a duplication of the increase to include it here. The figures given in the table above have therefore been adjusted when compared to the figures in Appendix A to the report of Corporate Leadership Team.
- b) The Licensing Service is influenced by a number of fees and charges that are either statutorily controlled or set to break even. The service has considered increases where appropriate and will report to the Licensing Committee to seek approval to these fees. The service has generated income slightly above target in the last two years and an increase is expected. As with the income from the refuse and recycling services this has been accounted for in the budget strategy outside of this decision.

Statutory Charges

These charges are set in accordance with regulation. The environmental enforcement penalty charge is already set at the maximum. Development Management charges were increased by an average of 15% in November 2012 by Central Government. No further increase can be reflected here however there is growth in income this year as a result of increases in the level of applications. The budget strategy already reflects the assumptions relating to this increase and they are not reflected here to avoid the risk of double counting.

Obligation to Break Even

Both Building Control and Land Charges have a statutory obligation to break even. Both services will consider any necessary increase following budget setting and, if necessary, report this to the respective Cabinet Member.

Any increase set will not benefit the budget strategy as it will be set to maintain a break even cost of service.

Pre-Set Targets

These services have pre-set obligations and at this time no increases are proposed that will have an additional effect on income budgets.

Current Budget Shortfall

These services are currently reporting difficulty in generating income and any increase in fees proposed is designed to support current targets. In all cases managers are developing or implementing action plans following the identification of the concerns through the normal budget and performance monitoring processes in 2013/14.

Alternatives Considered and Why Rejected

The Cabinet Members could consider their respective service proposals individually. This was not felt appropriate as the consideration of the full range of fees and charges in this way enables the impact of all charges to be considered together. This gives the Cabinet the ability to assess the impact of changes on individual customers. The consideration of fees and charges in this way removes the need to set a generic target for increases as part of the budget strategy. This is in line with the approved policy on fees and charges.

The Cabinet could have agreed different increases to those proposed. However, Officers have considered all aspects of the policy in developing these proposals and they are in line with the factors set out above.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 2 January 2014.
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MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

MAIDSTONE ENTERPRISE HUB

Issue for Decision

To consider whether to establish an Enterprise Hub in Maidstone town centre.

Decision Made

- a) That the Enterprise Hub project be progressed;
- b) That the former Crown Post Office at 1 King Street be confirmed as the preferred location for the Enterprise Hub, as recommended by the Enterprise Hub Project Board;
- c) That the project be part funded to the sum of £700,000 by the Capital Programme;
- d) That a bid be submitted to KCC's Workspace Kent Challenge Fund to support the Enterprise Hub project;
- e) That delegated authority be given to the Head of Legal Services, in consultation with the Cabinet Member for Economic and Commercial Development, to agree lease terms with the Landlord of 1 King Street;
- f) That delegated authority be given to the Director of Regeneration and Communities to develop and agree the final design, specification and operational management plan for the Hub in consultation with the Cabinet Member for Economic and Commercial Development;
- g) That delegated authority be given to the Head of Legal Services to enter into a contract for the leasehold acquisition of 1 King Street (on terms to be agreed by the Director of Regeneration and Communities) subject to the bid to KCC being successful, and the Operational Management Plan being approved; and
- h) That, following a tender process, authority be given to the Head of Legal Services to enter into the necessary contracts for the refurbishment of 1 King Street, subject to g) above being completed.

Reasons for Decision

The impact of the recession has been particularly severe in Maidstone leading to a decline in the numbers of jobs and firms at rates worse than national and regional averages. As such there is a need for a project to emphasise and action Maidstone's commitment to support business growth, retain and support residents into employment and enhance skills. The provision of the Enterprise Hub would serve this purpose and fulfil this commitment.

The Borough continues to have one of the lowest business start rates in Kent with more business deaths than births. The UK Business Survey shows this is in stark contrast to a noticeable post 2008 recession decrease (-4.5%) in the overall ratio between births and deaths across Kent.

Reversing these trends is a strategic priority for Maidstone which has put in place a number of inter-dependant actions designed to support growth that is both sustainable and inclusive; create the conditions which enable businesses to start up, expand and survive and, attract new businesses into the area.

Establishing a customer-led affordable start-up workspace is an economic priority for Maidstone to address identified specific and generic barriers to business formation and survival across the Borough. These include:

- A lack of premises available on flexible enough terms;
- Too many micro businesses working in isolation with few natural clusters or opportunities for developing local supply chains;
- A lack of business skills, with little awareness of what is available, and the perceived high cost of engaging help; and,
- Pockets of persistent deprivation in and around the town centre, including High Street Ward in which the proposed Hub will be located.

Addressing these entrenched problems calls for a radical, holistic approach to stimulate enterprise and delivering business support, and creating and maintaining the structure and resources to enable partners to engage actively with the business and wider community.

The Maidstone Hub will achieve this by establishing a dynamic affordable workspace providing an inspiring and highly supportive environment to grow and sustain new start-ups and existing micro businesses across the Borough.

TAKING THE VISION FORWARD

Initial hub model research coupled with a property search (detailed below) was needed to inform the Council's first stage bid to Kent County Council for in principle funding. This was submitted in May with "Approval to Plan" granted in June. It is a capital-only fund for Incubator/Work Hub funding to provide flexible spaces for new and micro businesses and wrap around business support.

Business services that respond to the needs of the tenants must be an integral part of the accommodation offer in order to achieve added value and warrant public investment. The fund invites proposals from district partners for projects that deliver the needs of their locality.

MODEL RESEARCH

The Economic Development Unit undertook extensive research between February and April 2013 into local authority sponsored projects around the UK including site visits to Westminster Hub and later to the Greenwich Digital Enterprise Centre. This confirmed a number of common factors that dictate the success of such workspaces (and by definition the inability of the private sector alone to meet need).

This approach requires in excess of 10,000 sq ft to be sustainable as flexibility and affordability are paramount.

The Unit also looked at incubator and affordable workspace provision and delivery models across the UK; in Kent and within Maidstone, including serviced offices and business centres.

European and UK best practice has also been reviewed which showed that the most successful models for increasing business survival are those with highly flexible 'easy-in/easy-out' terms combined with high quality wrap-around support for the first two-three years and are enabled by the public sector working in partnership with the private sector and local support providers.

PROPERTY RESEARCH

An extensive property search was conducted. Consideration was given to the Council's own portfolio including Maidstone House; King Street multi-storey car park site; The Gateway and Chillington House. The latter was further investigated when looking at KCC property including the adjacent former library building in St Faith's Street.

All available freehold and leasehold serviced office space and empty office and commercial property in the town centre was also looked at including several buildings in Albion Place which offered 10,000sq.ft. or more. However the accommodation was over several floors and within existing inflexible fixed office layouts. The location is also on the periphery of the town centre away from the main centres of activity, services and attraction.

A number of small business centres/managed workspaces were also identified including Kent House, Link House and Barham Court. While these vary in size and flexibility of terms none are dedicated to start up/micro businesses and the accommodation is mainly within fixed office space. These locations could however be candidates for creating a pipeline of quality move on premises for businesses leaving the Hub after three to five years.

All available premises failed at least one of the critical search criteria: size, flexibility of terms and cost; flexibility of space; provision of wrap

around support; availability of dedicated meeting and seminar rooms; a presence and ability to be branded; close to amenities and available parking. Two possible locations remained for further consideration: The Gateway and the former Crown Post Office at 1 King Street.

NEXT STEPS

A Project Board and Project Team were set up in May 2013. Its terms of reference were: "To review the viability of establishing an Enterprise Hub in the Town Centre and provide confidence that the Council should commit capital and revenue expenditure to pursue the project." The Project Board progressed a number of work streams:

- Continuing negotiations with the landlords of the former Post Office to ascertain financial, operating, timing and development implications of any agreed terms in order to inform the desirability and/or efficacy of entering into a lease on 1 King Street;
- Considering the suitability and viability of The Gateway and identify funding sources;
- Ascertaining the likely demand and take up for an Enterprise Hub including tariff thresholds and tolerances;
- Reviewing financial forecasting based on building layouts to establish the long term viability of an Enterprise Hub (set out in the Exempt Appendix to the report of the Director of Regeneration and Communities);
- Reviewing schedules of works and capital costings including mechanical and electrical installations and other works to confirm or otherwise project capital costs in either location; and,
- Determining the most effective and beneficial management structure for the ongoing operation of the Enterprise Hub and delivery of business support.

Several visits were made to Maidstone between February and October by various companies and organisations exploring their possible involvement in the Enterprise Hub as set out in Appendix 2 to the report of the Director of Regeneration and Communities.

VIABILITY AND DEMAND STUDY

In September the Council appointed UK Workhub expert, Tim Dwelly, to carry out a viability and demand study to test the potential for an Enterprise Hub in Maidstone Town Centre. The brief included:

- Evidence of demand;
- A critical assessment of existing space available to start-up, micro and small businesses and whether the two identified properties would compete or meet unmet demand and be financially viable;
- An evaluation of The Gateway and former Crown Post Office buildings and the type of workspace they would best support; and,
- Evidence of the size and configuration of space required to meet the identified demand.

Tim Dwelly's final report, set out in Appendix 3 to the report of the Director of Regeneration and Communities, was released on 21st October 2013. Headline summary findings are shown below.

- Survey and focus groups both showed strong demand for a workhub facility in Maidstone and more than 90% of businesses surveyed online said they would pay to use a workhub.
- Analysis of the potential workhub catchment area shows 10.4% of the workforce is self-employed and home-based: a total of 9,339 businesses.
- Homeworking has grown 34% in Maidstone in ten years.
- Of the two options put forward, the former Crown Post Office was overwhelmingly preferred to The Gateway by local businesses and Tim Dwelly's view as stated in the report was: "The Gateway should be discounted as a location for a workhub." The main reasons being:
 - Lack of appeal to the target market;
 - Unusable space (28% of The Gateway cannot be put to practical use); and,
 - The location/design (large corporate building in shopping centre).
- The former Post Office in contrast "offers significant opportunity to create a unique, affordable and appealing location for a workhub."

The Maidstone Hub would be a hybrid model combining hot desk workspaces and informal and formal networking areas alongside anchor office tenants and a seminar and meeting room suite to maximise potential income streams and minimise the risks associated with workspace only facilities.

By providing desk space, with businesses paying a membership fee rather than letting or leasing fixed spaces, Hubs achieve higher space utilisation (businesses benefitting per sq ft). This is further enhanced as not all users spend 100% of their time at their workspace.

The proposed Membership Model will offer a range of highly flexible entry tariffs on a rolling monthly basis. The various types of membership proposed will enable members to move gradually from the more affordable tariffs to the more expensive tariffs as their business grows and for ad hoc project work.

The Hub would also have a suite of meeting rooms and events spaces: vitally important for businesses to offer impressive hosting facilities for clients, which could lead to them winning more sales and investments. This also offers the potential for maximizing revenue by competing in the events market and helps minimise risk.

PARTNERS

Maidstone has forged strong partnerships with a number of key support organisations to provide onsite wrap around support to businesses in the Hub. Together these organisations will help ensure additionality and remove duplication.

This partnership model will also maximize impact, ensure the Hub is a flagship facility within Maidstone and Kent, introduce a major step change

in business support and proactively break down barriers to enterprise and growth ensuring all fledgling, new and existing micro businesses have the knowledge and skills to start, grow and survive.

Organisation	Involvement with Hub
Kent Invicta Chamber of Commerce	Delivery partner Anchor tenant
Federation of Small Businesses	Kent & Medway Regional HQ Mid Kent Branch sponsorship of reception desk National FSB meeting place
Mid Kent College	Possible Hub facility management; IT support and work experience placements providing services to Hub members
The Kent Foundation for Young Entrepreneurs	Delivery partner and placement of young businesses in the Hub
BSK CIC	Delivery partner with on site presence
CXK Connexions	Possible anchor tenant
CAP Enterprise (Kent) CIC	Delivery partner for social enterprises and possible future tenant
Enterprise Foundation	Delivery partner targeting underrepresented groups

Co-locating support organisations alongside key anchor tenants and a broad membership will also ensure financial risks are minimized, income is maximised and private sector investment is leveraged.

Total project costs to refurbish the former Post Office are between £1.3m and £1.5m according to the initial findings of Harrisons who were commissioned to carry out feasibility, cost and condition surveys.

A successful "Approval to Plan" bid was made to KCC in May for £700,000. Headline terms as known currently are: £200,000 grant and a £500,000 interest-free loan with the majority (at least 80%) to be repaid by the end of the 2018/19 financial year.

This covers capital expenditure only. Maidstone Borough Council is expected to make a cash contribution as well as in-kind support including a revenue subsidy to cover the period between building development work and operational break even.

The next dates for submission of the "Approval to Spend" bid to KCC are: 17th January for decision 7th February and, 13th March for decision 3rd April.

OTHER CONSIDERATIONS AND BENEFITS

The primary brief has been to assess the viability of setting up an Enterprise Hub in terms of:

- Cost of delivery (purchase, conversion and management) against
- Potential return on any investment from the revenue generated.

However the wider benefits of workhubs are well documented, both in the role they play in stimulating local enterprise and, if targeted correctly, to community regeneration activities.

The former Crown Post Office offers the further economic development benefit of bringing a much loved local landmark building back into productive use after standing empty and deteriorating for eight years. It would also generate additional footfall and assist in regenerating the area which lies within the High Street Ward (one of the most deprived in Maidstone) and stands at the junction of three Conservation Areas.

EXIT STRATEGY

The Economic Development Team has been working with architects to look at possible future uses in order to mitigate any future financial risk to the Council: with a mixed use commercial/residential conversion identified as the most feasible.

The first floor is capable of conversion into between two and three units depending on specification. This part of the building already has a separate entrance from King Street. Building Control has confirmed that in principle this would be acceptable with a preference at this early stage for two units of a higher specification.

This approach is supported by The National Planning Policy Framework both in terms of the objectives supporting the vitality of Town Centres and residential development.

The remainder of the ground floor (former post office counter area) is capable of conversion into a small retail unit with the ground floor mezzanine level and rear covered car parking capable of conversion into small office units with on-site parking and/or small workshops.

Drawings of future possible uses were available at the meeting.

One of the major barriers to development of the former Post Office in the past – which has contributed to it being empty for more than eight years – has been the amount of work needed and compliance with BT's development brief. This barrier will have been removed from any future use.

Alternatives Considered and Why Rejected

Do nothing. This is not considered appropriate as Maidstone Council wants to tackle the myriad of barriers to business growth and survival in a coherent and effective way with the best chance of success.

Alternative Location. An extensive property search has been undertaken including consideration of the Council's own portfolio and that of Kent County Council along with all available freehold and leasehold serviced office space and empty office and commercial property in the town centre.

Several buildings in Albion Place were also considered as they offered 10,000 sq ft or more. However the accommodation is over a number of floors and within existing inflexible fixed office layouts. The location is also on the periphery of the town centre away from the main areas of activity and attraction.

All available premises failed at least one of the search criteria based on Maidstone's needs and KCC's bidding criteria: Size (minimum of 10,000 sq ft); flexibility of terms and costs; flexibility of space; provision of wrap around support; availability of dedicated seminar and meeting rooms; a presence and ability to be branded; close to amenities and availability of parking; within the town centre; bringing an existing building back into use. What private sector premises and services that exist do not meet the stated need.

Talks have also been held with existing providers of flexible workspace including Basepoint. These organisations are now beginning to re think their "office-based" approach and operating models. Existing smaller scale facilities – such as Fruitworks in Canterbury – have also faced difficulties largely as a result of being too small in scale to provide a networking critical mass; fairly sector specific and with no onsite support or meeting facilities of sufficient scale to generate further income.

Private sector approaches. Detailed discussions and consideration were given to three approaches from the private and voluntary sectors. In each case the proposals would not have met KCC's bidding criteria (set out in Appendix 4 to the report of the Director of Regeneration and Communities). Instead they would have provided "more of the same." Two of the proposals could also have resulted in possible unfair subsidies towards business expansion in breach of State Aid Rules. Both proposals also had a focus on individual serviced office space and were peripheral to the proposers own expansion needs. Both also verged on a sector bias to align with the proposer's business.

The Maidstone Hub Membership Model enables a higher than average density of entrepreneurs and businesses to benefit from the space. This is in comparison to models where there is a greater focus on individual office spaces – which represents most of the available space in Maidstone Town Centre.

The third proposal was also for fixed office space, with tenants' rents subsidised on a sliding scale by charitable funding. This was dependent on

50% plus of fixed tenants being drawn from sectors which met funders' charitable aims. The scale of the proposal was relatively small in its ambition with no upfront funding available and none available for at least 12 months. Elements of this proposal however are being considered in terms of a delivery vehicle to aid outreach to disadvantaged groups as the project progresses.

New build. This option was rejected on the grounds of high cost and not meeting KCC's Essential and Desirable Bidding Criteria.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 2 January 2014.
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MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

**CHANGES TO THE MAIDSTONE LOCALITY BOARD AND PROPOSALS
FOR THE ESTABLISHMENT OF A MAIDSTONE PARTNERSHIP BOARD**

Issue for Decision

To approve the establishment of a Maidstone Partnership Board to replace the Maidstone Locality Board (the setting up of local arrangements to replace the Maidstone Locality Board has the support of the Kent County Council).

To approve the arrangements set out in the report of the Director of Regeneration and Communities as the basis for discussion between the Borough and County Councils.

Decision Made

- a) That the formal establishment by Maidstone Borough Council of a Maidstone Partnership Board in partnership with Kent County Council and other partner organisations, which builds on the working arrangements of the previous Maidstone Locality Board, be approved;
- b) That the draft terms of reference of the Maidstone Partnership Board, as set out in Appendix 1 to the report of the Director of Regeneration and Communities, be approved; and
- c) That the review of the delivery groups referred to in paragraph 1.3.14 of the report of the Director of Regeneration and Communities be approved.

Reasons for Decision

The Maidstone Partnership Board will continue to build upon the partnership approach to identifying the priorities for the Borough and a more seamless approach to services for residents. It will replace the Maidstone Locality Board and oversee the delivery of the Maidstone Community Strategy.

Background

The creation of the Maidstone Locality Board was approved in December 2011. Locality Boards set out a plan for how the locality would help meet local priorities within the three ambitions in the 'Vision for Kent', Kent County Council's Community Strategy and the Maidstone Community Strategy.

Locality Boards acted as advisory boards but with the ability to promote the localism agenda through the commissioning and co-ordination of services that had previously been delivered by the County Council using budgets devolved from the County Council.

The Maidstone Locality Board consisted of District Council Cabinet Members and local County Councillors with additional local representatives from key spending partners and the business and voluntary sector.

Maidstone Partnership Board

In May 2013 Kent County Council confirmed existing arrangements for Locality Boards across the County would not continue.

The partnership structure across the County has changed and to ensure Maidstone Borough moves with these changes, Maidstone Borough Council supports the establishment of a Maidstone Partnership Board to continue local action determined at a community level and to improve local accountability and support to residents and local businesses for public services in their totality.

The purpose of the Board will be to steer and oversee the priorities set out in the recently refreshed Maidstone Community Strategy (2009-2020) as well as to consider issues of mutual interest between the two Councils and other partner agencies.

Membership

The proposed core membership of the Maidstone Partnership Board (MPB) will be streamlined and will comprise the following:

- 3 District Councillors (nominated as Chairs of the MPB sub-groups, including the Leader of the Council who will also Chair the MPB);
- 3 County Councillors (nominated as Vice-Chairs of the MPB sub-groups, one of whom will be the Vice-Chair of the MPB);
- A representative from Kent Police;
- A representative from Kent Fire and Rescue;
- A representative from the West Kent Clinical Commissioning Group;
- A representative from the Kent Association for Local Councils
- A representative from Jobcentre Plus;
- A representative from the voluntary and community sector (non-voting); and
- A representative from the business community (non-voting).

The membership should not exceed 15 individual board members. This does not include the lead support officers and support team.

All members of the MPB and the Chair are to have equal standing. MPB members are valued as committed leaders with a unique contribution to make and as representatives of their respective organisations.

Maidstone Partnership Board Delivery Structure

The priority sub-groups will be the officer level delivery groups for the Partnership Board. The Partnership Board will establish task and finish groups as required.

The Partnership Board will retain its focus on the 3 thematic priority sub-groups previously agreed by the previous Locality Board:

Priority sub-groups:

- Local Environmental Improvements
- Maidstone Families Matter (Troubled Families)
- Tackling Worklessness and Poverty

Both the sub-groups and task and finish groups will report directly to and be subject to review by the Partnership Board.

The delivery groups, previously reporting to the Maidstone Local Strategic Partnership, continue to have a direct reporting line into Maidstone Borough Council and are as follows:

- Health and Wellbeing Group
- Children's Local Operational Group (replacing the Local Children's Trust Board although subject to confirmation)

The delivery groups will be reviewed to ensure they align with the Partnership Board's priorities. The current format of the delivery groups will be reviewed to separate the strategic and operational elements of their work and to mirror the proposed Partnership Board arrangements.

Consultation Undertaken

The individual organisations/agencies on the Maidstone Locality Board have been consulted on the creation of Maidstone Partnership Board. Feedback was sought from the individual agencies represented on the Board and this was taken into account in the final design of the Partnership Board and its sub-group architecture, particularly recognising the points raised about the role and involvement of the business and voluntary and community sectors in delivering the Board's priorities.

Alternatives Considered and Why Rejected

The alternative would be to not establish a Partnership Board for the Borough. However, the Council would then not have a formal mechanism for delivering the Maidstone Community Strategy priorities. The lack of a Partnership Board would present a significant missed opportunity for District and County Members to work with the wide range of partners to collectively focus on the needs of the locality in a holistic way and work together to make an impact by delivering more innovative and better services, at less cost.

Background Papers

Maidstone Community Strategy

Vision for Kent

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: 2 January 2014.
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MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

REFRESH OF THE CORPORATE IMPROVEMENT PLAN FOR 2014-17

Issue for Decision

To consider the draft Corporate Improvement Plan 2014-17 before consultation with the Strategic Leadership and Corporate Services Overview and Scrutiny Committee in January 2014 and adoption of the plan by Cabinet in February 2014. The Corporate Improvement Plan details the Council's improvement journey in terms of the key improvement workstreams and the priority services and projects for improvement.

Decision Made

That the draft Corporate Improvement Plan 2014-17, attached as Appendix A to the report of the Head of Finance and Resources, be approved for consultation with the Strategic Leadership and Corporate Services Overview & Scrutiny Committee.

Reasons for Decision

The Council has set the priorities and outcomes for the Borough of Maidstone in its Strategic Plan. The Medium Term Financial Strategy (MTFS) sets out what will be spent and where savings will be made. In order to deliver the priority outcomes and the savings required, a number of key pieces of work and projects will be carried out. These are detailed in the draft Corporate Improvement Plan 2014-17, which ensures the improvement work is aligned with the Strategic Plan and the MTFS and looks at the work required to 2017.

The Improvement Plan 2012-15 was first adopted in February 2012 and refreshed as the Improvement Plan 2013-16 in February 2013. Progress on the Improvement Plan 2013-16 was reported to Cabinet with the Strategic Plan Performance Report in November 2013. Some key improvements implemented in the first 6 months of this year are:

- Launch of a new more customer focussed website
- Embedding of the new ICT shared service
- Launch of the new waste contract
- Commercial waste service on target to achieve 150 customers in first 12 months of operation
- Business cases for Environmental Health and Planning Support agreed
- Transfer of Hazlitt Arts Centre to Parkwood Leisure

In this current refresh of the plan, the title has been changed to Corporate Improvement Plan to reflect the need for input from across the Council to deliver the improvement work required. Text from the previous version of the Improvement Plan that has been deleted in the new draft version of the Corporate Improvement Plan attached as Appendix A to the report of the Head of Finance and Resources is shown as crossed through and any text that has been added is shown in italics.

The three objectives of the draft Corporate Improvement Plan shown below remain sound:

1. A reduction in net cost, through making savings or increased income
2. Improving or maintaining quality: ensuring we deliver excellent services, which means delivering what is promised to agreed standards
3. Identifying and responding to opportunities aligned with the Strategic Plan

However, the workstreams have been changed to reflect the growing need for the Council to become more self-sufficient and viable for the future through being more efficient and effective, bringing in additional income, using our assets wisely and helping our residents and customers to do more for themselves. The enablers have also been revised slightly to make them clearer and align better with the aims and strategic direction of the Council set out in the Strategic Plan and to include appropriate recommendations from the recent Corporate Peer Review. Therefore, the following improvement workstreams (1-4) and enablers (5-8) are proposed:

1. Efficiency and effectiveness
2. Income generation
3. Asset management
4. Empowerment and self sufficiency
5. Organisational culture
6. Councillor assurance
7. Commissioning and procurement
8. Effective use of technology

The other main changes in the draft Corporate Improvement Plan 2014-17 from the previous version are:

- Maidstone Culture and Leisure, Bereavement Services and Environmental Services have been added to the list of priority services for improvement and ICT and Hazlitt Arts Centre have been removed as the ICT shared service is now embedded and the Hazlitt services will now be delivered by Parkwood Leisure
- The major assets improvement project has been broadened to include considerations of long term options for Council accommodation in the future and future use of the Town Hall
- Cross-organisational collaboration has been removed from the improvement projects as arrangements like the Troubled Families joint programme are now in place

- Exploring Right to Bid has been added to the community asset transfer improvement project
- Corporate peer review has been removed as a priority improvement project as the review has been carried out and the recommendations have been reflected in this draft version of the Corporate Improvement Plan
- Information and knowledge management has been added as a priority project rather than an enabler because of the need to focus on the delivery of recommendations from the recently completed Information Management review
- Commercial property investment has been added as a priority project
- Digital inclusion and financial inclusion have been added as priority improvement projects to reflect the need for the Council to support its residents in becoming more self-sufficient

The priority services and projects in the draft Corporate Improvement Plan 2014-17 are based on priorities in the Strategic Plan, our current knowledge of any external or internal opportunities and potential for improvement and/or reduction in net cost. The full list is as follows:

- Waste and Recycling
- Economic Development
- Housing
- Maidstone Culture and Leisure
- Customer Services
- Revenues and Benefits
- Planning
- Environmental Services
- Bereavement Services
- Finance
- Building Control
- Corporate Support
- Integrated Transport Strategy
- Major assets review
- Right to bid and community asset transfer
- Mid Kent Improvement Partnership shared services and operational model
- Information and knowledge management
- Commercial property investment
- Digital inclusion
- Financial inclusion

Compiling a Corporate Improvement Plan allows the key workstreams to be brought together and monitored. A working group made up of Officers responsible for each of the workstreams and enablers, the Chief Executive, Director of Environment and Shared Services and the Leader make up a monitoring group to ensure the plan progresses and benefits are delivered:

- Leader – provides political leadership and councillor assurance (as defined in the Improvement Plan)
- Chief Executive - accountable for delivery of Improvement Plan

- Head of Finance and Resources – responsible for efficiency and effectiveness and asset management workstreams and commissioning and procurement enabler
- Head of Commercial and Economic Development – responsible for income generation workstream
- Head of Housing and Communities – responsible for empowerment and self-sufficiency workstream
- Head of HR – responsible for organisational culture enabler
- Head of ICT – responsible for use of technology enabler
- Head of Policy and Communications – essential to ensure alignment to the Strategic Plan and corporate direction of the Council

Alternatives Considered and Why Rejected

The Cabinet could have decided not to agree the draft Corporate Improvement Plan for consultation with Overview & Scrutiny. This was not considered appropriate as the Improvement Plan is essential for allowing oversight of a number of different pieces of work across the organisation. It is aligned with the Strategic Plan and MTFS and it is intended that it is consulted on in the same way as these documents.

The Cabinet could have decided to alter the draft Improvement Plan 2014-17 more fundamentally from the Plan for 2013-16. This was not considered appropriate as it was felt that the few changes already incorporated are sufficient to ensure the Improvement Plan is relevant for the next three years.

Background Papers

Improvement Plan 2012-15

Improvement Plan 2013-16

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: **2 January 2014.**

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 18 December 2013

COUNCIL TAX 2014/15 - COLLECTION FUND ADJUSTMENT

Issue for Decision

To agree the anticipated balance on the Collection Fund as at 31 March 2014 relating to the collection of local taxation and to agree the distribution of the surplus to precepting authorities. The distribution of balances to precepting authorities is an important part of their budget calculation and a decision at this time enables timely advice to those authorities. It also enables timely consideration in relation to the Council's own budget strategy.

Decision Made

That the anticipated balance on the Collection Fund as at 31 March 2014, as set out in the report of the Head of Finance and Resources, be agreed and that the surplus be distributed as follows:

Preceptor	£
Maidstone Borough Council	70,705
Kent County Council	298,876
Kent Police Authority	40,354
Kent and Medway Towns Fire Authority	19,361
Total	429,296

Reasons for Decision

This Council is required to maintain a Collection Fund which accounts for all local tax payments. The income into the Fund is used to pay the precepts to Kent County Council, Kent Police Authority, Kent Fire Authority and the equivalent requirement of this Council (which includes Parish Precepts).

For the proper maintenance of the Collection Fund it is necessary to assess, on an annual basis, the likely balance on the Collection Fund as at 31 March of each year. Any balance, either positive or negative, must be taken into account in the following financial year. However, the balance on the fund, under the statutory conditions relating to Council Tax, does not become a credit or charge on this Council solely but needs to be split proportionately between Kent County Council, Kent Police Authority, Kent Fire and Rescue Authority and this Authority on the basis of the demand or precept in the current financial year.

The current situation regarding Council Tax in 2013/14 is projected to 31st March 2014 in Appendix A to the report of the Head of Finance and Resources. This Appendix details the precepts and demands on the Fund totalling £83,017,759.

Appendix A to the report also details the latest situation regarding Council Tax bills dispatched, incorporating exemptions and discounts. Total income is now anticipated to be £83,198,349; therefore a surplus of £180,590 is anticipated for 2013/14. The Collection Fund regularly produces a surplus due to the continuing increase in properties on the valuation list, although this is currently at a reducing rate reflecting the current economic climate. In 2013/14 there is an additional impact due to the predictions used in relation to the first year of the local council tax support scheme that replaced council tax benefit from 1st April 2013. The level of demand for support through the scheme has been lower than predicted having a positive impact on the surplus predicted for 31st March 2014. The projection at Appendix A also includes an allowance for properties that will come on to the valuation list up to March 2014.

The actual Council Tax surplus, as at 31 March 2013, was £447,666. The predicted outturn at this time last year was £198,960 and this value was taken into account in setting the Council Tax in 2013/14. Therefore, there is a balance of £248,706 resulting from an under distribution in this year.

In total, Appendix A to the report estimates that there will be a net surplus on the Collection Fund for 2013/14 of £429,296.

In line with the Local Government Finance Act 1992 it is necessary to declare the distribution of any surplus or deficit on the Collection Fund and for this reason it is proposed that the surplus be distributed in line with the table below which apportions the surplus in line with the preceptors share of the Council Tax as set out in Appendix A to the report:

Preceptor	£
Maidstone Borough Council	70,705
Kent County Council	298,876
Kent Police Authority	40,354
Kent and Medway Towns Fire Authority	19,361
Total	429,296

Alternatives Considered and Why Rejected

It is a statutory requirement that any adjustment be calculated annually and the Cabinet cannot choose to ignore this decision.

The Cabinet could have varied the figures used in the estimate provided at Appendix A to the report of the Head of Finance and Resources. However, they are based on data from the Council Tax system and projections developed from past experience and known factors. They represent a reasonable estimate of the situation.

If the Cabinet chose to vary the data and distribute a different surplus or deficit this could affect the balance on the Collection Fund and the cash flow of the Council.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: **2 January 2014.**