

You are hereby summoned to attend a meeting of the

MAIDSTONE BOROUGH COUNCIL



Date: Wednesday 5 March 2014

Time: 6.30 p.m.

Venue: Town Hall, High Street,
Maidstone

Membership:

Councillors English (The Mayor), Ash, Barned, Beerling, Black, Mrs Blackmore, Brindle, Burton, Butler, Chittenden, Collins, Cox, Cuming, Daley, Garland, Mrs Gibson, Mrs Gooch, Greer, Mrs Grigg, Harwood, Mrs Hinder, Hogg, Hotson, Mrs Joy, Lusty, Mrs Mannering, McKay, McLoughlin, Moriarty, B Mortimer, D Mortimer, Moss, Munford, Naghi, Nelson-Gracie, Newton, Paine, Parvin, Mrs Parvin, Paterson, Pickett, Mrs Ring, Mrs Robertson, Ross, Sams, Springett, Mrs Stockell, Thick, Vizzard, Warner, Watson, de Wiggondene, J.A. Wilson, Mrs Wilson and Yates

Continued Over/:

Issued on 25 February 2014

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEBBIE SNOOK on 01622 602030**. To find out more about the work of the Council, please visit www.maidstone.gov.uk

Alison Broom

**Alison Broom, Chief Executive, Maidstone Borough Council,
Maidstone House, King Street, Maidstone, Kent ME15 6JQ**

AGENDA

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1. Prayers
2. Apologies for Absence
3. Dispensations (if any)
4. Disclosures by Members and Officers
5. Disclosures of Lobbying
6. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
7. Minutes of the meeting of the Borough Council held on 11 December 2013 1 - 6
8. Mayor's Announcements
9. Petitions
10. Question and Answer Session for Members of the Public
11. Questions from Members of the Council to the
 - (a) Leader of the Council
 - (b) Cabinet Members
 - (c) Chairmen of Overview and Scrutiny Committees
 - (d) Chairmen of other Committees
12. Current Issues - Report of the Leader of the Council, Response of the Group Leaders and Questions from Council Members
13. Report of the Cabinet held on 12 February 2014 - Strategic Plan Refresh 2014-15 7 - 46
14. Report of the Cabinet held on 12 February 2014 - Budget Strategy 2014/15 Onwards 47 - 64
15. Report of the Cabinet held on 12 February 2014 - Treasury Management Strategy 2014/15 65 - 84
16. Report of the Member and Employment and Development Panel held on 21 January 2014 - Pay Policy Statement 85 - 115
17. Notice of Motion - Officer Response to Flooding
Notice of the following motion has been given by Councillor Mrs Ring:

That this Council places on record its recognition and appreciation of the hard work and dedication of staff during the flooding which has affected the Borough and its residents over the last few months. Many staff have been involved, working long hours on providing rest centre care, arranging temporary accommodation, keeping the public informed, answering and responding to 24 hour telephone enquiries, being out and about in the community to help those in need, and much more.

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| 18. Report of the Head of Policy and Communications - Non-Attendance at Council Meetings | 116 - 117 |
| 19. Report of the Head of Policy and Communications - Committee Membership | 118 |
| 20. Appointment of Mayor Select 2014/15 | |
| 21. Appointment of Deputy Mayor Select 2014/15 | |

PLEASE NOTE:

MEMBERS ARE REQUESTED TO BRING WITH THEM TO THE MEETING THE FOLLOWING DOCUMENT WHICH HAS BEEN CIRCULATED SEPARATELY:

APPENDIX A TO THE REPORT OF THE CABINET RELATING TO THE BUDGET STRATEGY 2014/15 ONWARDS

Agenda Item 7

MAIDSTONE BOROUGH COUNCIL

MINUTES OF THE MEETING OF MAIDSTONE BOROUGH COUNCIL HELD AT THE TOWN HALL, HIGH STREET, MAIDSTONE ON 11 DECEMBER 2013

Present: Councillor English (The Mayor) and Councillors Ash, Barned, Black, Mrs Blackmore, Brindle, Burton, Butler, Collins, Cox, Cuming, Daley, Garland, Mrs Gibson, Mrs Gooch, Greer, Mrs Grigg, Harwood, Mrs Hinder, Hogg, Hotson, Mrs Joy, Lusty, McKay, McLoughlin, Moriarty, D Mortimer, Moss, Munford, Naghi, Nelson-Gracie, Newton, Paine, Parvin, Mrs Parvin, Paterson, Pickett, Mrs Ring, Mrs Robertson, Sams, Mrs Stockell, Thick, Vizzard, de Wiggondene, J A Wilson and Mrs Wilson

83. MINUTE'S SILENCE

The Council stood in silence for one minute in memory of Nelson Mandela, former President of South Africa, and Robin Leigh-Pemberton (Lord Kingsdown), a former Lord Lieutenant of Kent.

84. PRAYERS

Prayers were said by the Reverend Canon Chris Morgan-Jones.

85. REVEREND CANON CHRIS MORGAN-JONES - MAYOR'S CHAPLAIN

On behalf of the Council, the Mayor presented a gift to the Reverend Canon Chris Morgan-Jones to mark his retirement as the Vicar of All Saints, Maidstone and Mayor's Chaplain.

86. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillors Beerling, Chittenden, Mrs Mannering, B Mortimer, Ross, Springett, Warner, Watson and Yates.

87. DISPENSATIONS

There were no applications for dispensations.

88. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

89. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

90. EXEMPT ITEMS

RESOLVED: That the item on Part II of the agenda be taken in public but the information contained therein should remain private.

91. MINUTES OF THE EXTRAORDINARY MEETING OF THE BOROUGH COUNCIL HELD ON 14 OCTOBER 2013

RESOLVED: That the Minutes of the extraordinary meeting of the Borough Council held on 14 October 2013 be approved as a correct record and signed.

92. MAYOR'S ANNOUNCEMENTS

On behalf of the Head of Revenues and Benefits, the Mayor asked Members to sign up to receive their Council Tax bill by email.

The Mayor then updated Members on recent engagements including an event held at All Saints, Maidstone, to mark a new partnership between the Diocese of Canterbury and the Kent Savers' Credit Union to enable more people to access local, ethical and affordable financial services.

The Mayor added that he would like to thank Members for their continued support and to encourage them to attend forthcoming charity events including Quiz Night and a Gurkha Curry Night.

93. PETITIONS

There were no petitions.

94. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from Members of the public.

95. QUESTIONS FROM MEMBERS OF THE COUNCIL

Questions to the Leader of the Council

Councillor Moss asked the following question of the Leader of the Council:

In producing an acceptable core strategy the housing need of the Borough must be determined and supported by robust evidence. Boroughs that have not used robust evidence have had their plans rejected by Planning Inspectors. Does the Leader share my concern that Liberal circulations produced by their prospective parliamentary candidate, mislead the public by rejecting any notion of an evidence base and suggesting there is a choice in choosing some arbitrary housing figure? The naivety of this assertion risks delaying the plan and therefore allowing developers a free for all in submitting planning applications for greenfield sites, which is resisted by the leadership of this Council.

The Leader of the Council responded to the question.

A supplementary question asked by Councillor Moss of the Leader of the Council was rejected by the Mayor on the grounds that it did not relate to the subject of the original question.

Councillor Newton asked the following question of the Leader of the Council:

Does the Leader agree that peak time traffic congestion in Maidstone is the worst in Kent?

The Leader of the Council responded to the question.

Councillor Newton asked the following supplementary question of the Leader of the Council:

Does the Leader accept that the already congested roads at peak times in Maidstone are totally inadequate to cope with the increased vehicle movements that will occur within the Borough if the proposal to construct between 17,100 and 19,600 new homes goes ahead?

The Leader of the Council responded to the question.

Questions to Cabinet Members

Councillor Mrs Parvin asked the following question of the Cabinet Member for Corporate Services:

At the meeting of the Council held on 18 September last, in reply to my question regarding the possibility of the VIC returning to the Town Hall, you replied that an element of the VIC would be returned, also staff of VAM were to be trained to assist them with answering questions from the public on where to go and what to see etc. Can the Cabinet Member assist by informing Council of what progress has been made to date?

The Cabinet Member for Corporate Services responded to the question.

Councillor Mrs Parvin asked the following supplementary question of the Cabinet Member for Corporate Services:

Would the Cabinet Member agree that the presence of the VIC at the Town Hall would complement the ambience of Jubilee Square and the newly refurbished High Street for visitors to Maidstone?

The Cabinet Member for Corporate Services responded to the question.

Councillor Mrs Grigg asked the following question of the Cabinet Member for Environment:

The Wheatsheaf Junction in Loose Road and a number of other residential areas in the Borough have been identified as 'choke spots' where air quality is below the European Union minimum standards. Can I therefore

ask what rate of illness and deaths in Maidstone Borough are attributed to or exacerbated by traffic induced air pollution?

The Cabinet Member for Environment responded to the question.

Councillor Mrs Grigg asked the following supplementary question of the Cabinet Member for Environment:

Do you believe that the actions in Maidstone Borough Council's Air Quality Management Plan are anywhere near sufficient to address the magnitude of the problem?

The Cabinet Member for Environment responded to the question.

To listen to the responses to these questions, please follow this link:

<http://webcasts.umcdn.com/mbc079/interface>

96. CURRENT ISSUES - REPORT OF THE LEADER OF THE COUNCIL AND RESPONSE OF THE GROUP LEADERS

The Leader of the Council submitted his report on current issues.

After the Leader of the Council had submitted his report, Councillor Mrs Wilson, the Leader of the Opposition, and Councillor Mrs Gooch, the Leader of the Independent Group, responded to the issues raised.

A number of Members asked questions of the Leader of the Council and the Leader of the Opposition on the issues raised in their speeches.

97. REPORT OF THE CABINET HELD ON 28 NOVEMBER 2013 - LOCAL COUNCIL TAX SUPPORT SCHEME

It was moved by Councillor Moss, seconded by Councillor Garland, that the recommendations of the Cabinet relating to the Local Council Tax Support Scheme to be implemented from 1 April 2014 be approved.

Amendment moved by Councillor D Mortimer, seconded by Councillor Mrs Grigg, that recommendation b) be deleted and the following inserted:

Any future changes, including those that are deemed necessary to maintain the effective operation of the scheme, to come to the Strategic Leadership and Corporate Services Overview and Scrutiny Committee for consideration prior to implementation by the Director of Environment and Shared Services in consultation with the Cabinet Member for Corporate Services.

With the agreement of the mover and the seconder and the remainder of the Council, the amendment was amended as follows:

That the Director of Environment and Shared Services, in consultation with the Cabinet Member for Corporate Services, be given delegated

authority to make such future changes as are necessary to maintain the effective operation of the scheme with the proviso that any changes that would lead to a change in the level of discount given to eligible residents should come to the Strategic Leadership and Corporate Services Overview and Scrutiny Committee for consideration prior to implementation by the Director of Environment and Shared Services in consultation with the Cabinet Member for Corporate Services.

AMENDMENT (AS AMENDED) CARRIED

The substantive motion was then put to the vote.

SUBSTANTIVE MOTION CARRIED

RESOLVED:

- (a) That the Local Council Tax Support Scheme, as set out in Appendix A to the report of the Cabinet, be adopted with effect from 1 April 2014; and
- (b) That the Director of Environment and Shared Services, in consultation with the Cabinet Member for Corporate Services, be given delegated authority to make such future changes as are necessary to maintain the effective operation of the scheme with the proviso that any changes that would lead to a change in the level of discount given to eligible residents should come to the Strategic Leadership and Corporate Services Overview and Scrutiny Committee for consideration prior to implementation by the Director of Environment and Shared Services in consultation with the Cabinet Member for Corporate Services.

98. REPORT OF THE SCRUTINY CO-ORDINATING COMMITTEE HELD ON 28 NOVEMBER 2013 - VISITING MEMBERS AT OVERVIEW AND SCRUTINY - AMENDMENT TO PROCEDURE RULES

It was moved by Councillor Barned, seconded by Councillor Mrs Gooch, that the recommendation of the Scrutiny Co-ordinating Committee regarding the amendment of the current Visiting Member Procedure Rules for Overview and Scrutiny as set out in Part 4 of the Constitution be approved.

RESOLVED: That the Constitution be amended as follows:-

Second bullet point, paragraph 3, of the Overview and Scrutiny Procedure Rules be deleted and replaced with the following:

- *"that Visiting Members may be involved in the general discussion of the Committee at the discretion of the Chairman but are not allowed to vote and it should be clearly indicated prior to any decision that they are not taking part in the vote".*

99. REPORT OF THE HEAD OF POLICY AND COMMUNICATIONS - CALENDAR OF MEETINGS

It was moved by the Mayor, seconded by Councillor Hotson, that the recommendations contained in the report of the Head of Policy and Communications relating to the calendar of meetings be approved.

RESOLVED:

- (a) That the amended calendar of meetings for 2013/14, attached as Appendix A to the report of the Head of Policy and Communications, be approved.
- (b) That the calendar of meetings for 2014/15, attached as Appendix B to the report of the Head of Policy and Communications, be approved.

100. REPORT OF THE HEAD OF POLICY AND COMMUNICATIONS - COMMITTEE MEMBERSHIP

It was moved by the Mayor, seconded by Councillor Paine, that the recommendation contained in the report of the Head of Policy and Communications relating to the membership of Committees be approved.

RESOLVED: That the following changes be approved to reflect the wishes of the Leader of the Conservative Group:

Planning Committee

Members

Delete Councillor Lusty. Insert Councillor Black.

Strategic Leadership and Corporate Services Overview and Scrutiny Committee

Members

Delete Councillor Yates. Insert Councillor Mrs Parvin.

101. REPORT OF THE HEAD OF POLICY AND COMMUNICATIONS - URGENT DECISIONS TAKEN BY THE EXECUTIVE

The Mayor announced that this report was for information only.

102. DURATION OF MEETING

6.30 p.m. to 8.05 p.m.

Agenda Item 13

MAIDSTONE BOROUGH COUNCIL

COUNCIL

5 MARCH 2014

REPORT OF THE CABINET HELD ON 12 FEBRUARY 2014

STRATEGIC PLAN REFRESH 2014-15

Issue for Decision

The Council is asked to approve the refreshed Strategic Plan 2014-15, and to give delegated authority to the Chief Executive, in consultation with the Leader, to make minor amendments to the document as required.

Recommendation Made

1. That the refreshed Strategic Plan 2014-15 (attached as Appendix A) be approved.
2. That delegated authority be given to the Chief Executive, in consultation with the Leader, to make minor amendments to the document as required.

Reasons for Recommendation

The Cabinet considered the report of the Chief Executive regarding the refreshed Strategic Plan 2014/15.

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 (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 eight 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.

The Strategic Leadership and Corporate Services Overview and Scrutiny Committee has considered the draft Strategic Plan and its changes have been incorporated. Recommendations included updating information relating to the

Autumn statement and defining the targets for the outcome that residents are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced.

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 later in the year. 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.

The current financial context for the Council presents us with challenges in terms of how we deliver services and increases the pressure to generate income. We know that in 2014/15 Government funding will reduce by 13% or £950,000 in 2014/15. As well as the reduction in funding we face additional pressure through increased take up of key services.

The refreshed Strategic Plan 2014-15 is attached as Appendix A and includes updates to action plans for each outcome. 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 it was fit for the future as well as to 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 co-ordination, 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 now complete and was ‘opened’ on 16 November (OUT 002.06);
- A new Housing Assistance Policy was adopted in September (OUT 003.02);
- Parkwood Leisure have taken over the management 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); and
- 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 on the 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 1,000 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; and
- One Council Engagement Plan in place and delivered.

Alternatives Considered and Why Not Recommended

The Council could decide not to update the Strategic Plan. However, this would lead to out of date information being publicly available and make 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.

Alternatively the Council could request the development of a new plan. However, this is not recommended 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.

Background Documents

None

Maidstone Borough Council Strategic Plan 2011-15 (2014-15 Refresh)

From the Leader

Over the next four years the council will have to work harder than ever before to meet the needs of Maidstone residents, as we confront the financial challenges arising from the coalition government's determination to reduce Britain's annual deficit. The Strategic Plan and the Medium Term Financial Strategy set out Maidstone's approach to responding to community needs in this new financial and political era.

To deliver our savings targets we will need to change the way in which services are delivered. We will continue to prioritise activities which will deliver our priorities.

The financial position of the council is strong, we have balances of around £3.6m, which is substantially more than our requirement to maintain balances of 10% of the annual budget. During the course of this plan the Council has delivered three flagship projects for the Borough; High Street Improvement, Museum and Mote Park as part of the Council's sustainable Capital Programme. For the next year of the plan we will continue improvements to the public realm and commence work to secure infrastructure for future growth.

In order to provide focus to our efforts we have identified three priorities for the Council:

1. For Maidstone to have a growing economy.
2. For Maidstone to be a decent place to live.
3. Corporate & Customer Excellence.

By focusing on three priorities we can establish clear objectives for this Council. This is especially important in the current financial climate.

Maidstone is a vibrant county town with many strategic public agencies present in the Borough. It is an attractive environment for both businesses and residents the Strategic Plan is focussed on ensuring our economy grows along with maintaining and improving the borough as a place to live.

Having now established a joint partnership with KCC through the new Maidstone Partnership Board, there will be greater opportunities to work collaboratively using public money, together with the resources of the private and third sectors, to achieve even greater improvements for Maidstone residents.

Introduction from the Chief Executive

Maidstone Borough has many attractive urban and rural places, a relatively robust economy and diverse communities. With both a rich heritage and an ambition for growth we want to make the best of our past and the future to support people, strengthen the economy and develop the public realm to build vibrancy and prosperity.

Our Strategic Plan for 2011-15 focuses on three strategic priorities and seven key outcomes. We are striving to achieve these in circumstances of economic recession and significant change. These have an impact on the Council and the daily lives of every resident and business in the borough. We have consulted widely on this plan, to focus on what matters most to Maidstone.

We cannot make our vision a reality without working with our partners. The past few years have seen many successes from working closely with public, private, voluntary and community sector partners from the borough and across Kent.

As a community leader, we must strive even harder to harness the energy, support and commitment of our partners to overcome the challenges ahead. We must support our partners where we can and challenge them where necessary. Our Community Strategy sets a bold and challenging vision for the borough and we must play a leading role in the Maidstone Partnership Board to turn that vision into reality.

To bring this plan to fruition we must be open about the design of services and who delivers them. In this plan we have described seven principles for how we do things at Maidstone. We will equip our staff with the skills, knowledge and technology to make these a reality.

Among the challenges ahead is to interpret localism in a way that enables local people and their Councillors to take charge of how their neighbourhoods develop. This will focus our resources and efforts on those issues that matter most to the community.

We must also strive for continuous improvement in the services used by Maidstone people and businesses. The improvements for Maidstone set out in this plan will ensure that our Council does what our communities need in the most efficient and effective way. Delivery against our strategy is reviewed bi-annually and the strategy itself is reviewed annually to make sure we adapt to changes in our environment.

Maidstone is an ambitious place and we are an ambitious Council. There will always be new challenges and competing priorities. This is what makes our Council and what we do so exciting and fulfilling. We will need to make difficult decisions about how we prioritise and deploy our resources. In doing so we must remember to put our customers and our communities first, improving efficiency, promoting innovation and striving for continuous improvement.

Your community is our priority.

National Context

New Political Leadership

Britain has been going through a state of change having just come out of a recession and entering a new political environment. The general election in May 2010 resulted in a hung parliament and a subsequent coalition government forming between the Conservative and Liberal Democrat Parties. The coalition government has stated their top priority is cutting Britain's budget deficit, "with the main burden of deficit reduction borne by reduced spending rather than increased taxes".

In May 2010, the Government published 'The Coalition: our programme for government' which outlined the key policy areas, with an emphasis on 'freedom, fairness and responsibility' creating the Big Society and giving citizens, communities and local government a central role in enabling a new approach to sustainable, low carbon economic growth.

Localism Act

The Localism Act is designed to enable many of these changes. It received Royal Assent in November 2011 and came into effect in April 2012. The Act introduced new freedoms and flexibilities for local government, and new rights and powers for communities and individuals.

The Act gives councils a general power of competence, whereby as long as an activity is not unlawful, they are empowered to carry it out if they wish. It increases the flexibility of councils to structure themselves in the way they think best. The Act also increases local control over housing decisions and business tax rates.

As a result of the Act the Council has introduced policies on community right to challenge and community right to buy. In the spirit of Localism the Council has introduced the U project; a fun way for people to learn new skills and meet more people in their community. We are also working with Voluntary Action Maidstone to develop a website to connect businesses and voluntary organisations.

Community groups and social enterprise organisations are encouraged to take an active role, and are given the right to bid to deliver public services themselves. Local people are also given greater influence over council taxes, community assets and planning decisions. Councils will need to be transparent about their policies on pay.

Comprehensive spending review

In October 2010, the Government presented its Comprehensive Spending Review (CSR) which determined the spending budgets until 2014-15. For local government this means a reduction in funding by an average of 28% over the four year life of this plan, with larger savings having to be achieved in the first year. The Council has developed a corporate improvement plan with an identified programme of reviews and improvements. Maidstone Borough Council has started a programme of reviews, to consider how services are delivered and the potential impact of these changes in policy on other services and cost.

The Autumn 2013 Statement outlined that local government will be exempt from further cuts in 2013-14 and 2015-2016 and that we will have longer term settlements in line with government departments. The temporary small business rate relief will be extended until 31 March 2015. Universal Credit will not be rolled out across the UK until 2016. The Chancellor also announced proposed changes to local planning in the Autumn Statement. This will all have an impact in future years.

Local Enterprise Partnerships

Local Enterprise Partnerships (LEPs) are local partnerships between local authorities and businesses. The Government's aim is that LEPs will play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. Maidstone is committed to playing a full role in the Kent, Essex and East Sussex Partnership to ensure the Borough and its businesses benefit from regeneration opportunities.

Transport and Infrastructure

The Department for Transport grant to local authorities has been reduced by 28%. However, the Government sees transport as a key driver of growth nationally and in the regions, stating that for every pound spent on Highways Agency schemes, on average £6 of benefits are achieved in return and in many cases, there are higher returns for local authority schemes. Following the Comprehensive Spending Review the Government committed to a £1.5 billion programme of major local authority transport schemes. 41 transport schemes have been approved and evidence is being gathered for a decision on a further four, with a total investment so far of £1.4 billion, partly from Department for Transport contributions and partly from local funding. The Chancellor's Autumn Statement 2012 revealed that a major emphasis in the budget will be switching spending in the public sector from departmental resource budgets to investment in capital projects. Projects include funding for schemes to alleviate bottle necks and funding for cycling infrastructure. This could have an impact on our emerging core strategy and infrastructure delivery plan.

Transparency and Inspection

The Government sees Local Authorities as having a crucial role to play in ensuring that services are efficient and effective, offer good value for money and deliver what people want. The Government announced the abolition of the Comprehensive Area Assessment (CAA) with immediate effect from 25 June 2010, with the intention of clearing the burden of assessment from local authorities. Alongside the reduction in inspection, councils will be moving to increased transparency in the data held by publicising more information such as spending, contracts and tenders above £ 500.

Planning and Housing

The Localism Act will allow for the opportunity for local people to plan for new development within the strategic framework provided by the Council's Core Strategy. The Community Right to Build will allow a development to go ahead where there is overwhelming community support. Regional Planning Strategies will soon be abolished and decision making on matters such as housing and general planning policy are now made by local Councils in the Core Strategy and related documents.

The Government has implemented – ‘The National Planning Policy Framework.’ This replaces all existing central government planning guidance (i.e. Planning Policy Statements (PPS), Planning Policy Guidance (PPGs). Circulars etc) but, more fundamentally, introduces a presumption in favour of sustainable development.

Local Context

Maidstone the place

Maidstone is an exceptionally green Borough with a number of parks, the largest of which is Mote Park, which is Grade II on the English Heritage Register of Historic Parks and home to thriving rugby and cricket clubs. There are numerous smaller parks and squares within the town and villages which have benefited from a major playground and sports facility investment programme in recent years. We recognise the importance of maintaining a quality environment for residents including our heritage and conservation areas. The attractive countryside offers high quality landscape and biodiversity and a wide range of informal recreation opportunities.

Economically Maidstone Borough is considered a good place to live and work with high rates of employment, relatively low levels of adults claiming incapacity benefits and a higher proportion of residents who have a degree than the South East average. Larger numbers of people commute into than out of the Borough. As the County Town 30% of jobs in the Borough are in the public sector. The Borough has a very mixed business sector with large numbers of small and medium size businesses with particular strengths in professional services (law and accountancy) and construction. There is an aspiring media industry led by Maidstone Studios and Kent Creative. Maidstone has an extensive further education campus (Mid Kent College) and a higher education offer with both the University for the Creative Arts and Mid Kent College seeking to increase their range of courses and facilities. Oakwood Campus is being taken over by Mid Kent College and over the next three years the University for Creative Arts will be expanding the broadcast media courses being delivered at Maidstone Studios.

Residents living in the Borough have relatively high wages (although many higher earners commute out of the Borough to achieve these). Maidstone came out as the top destination for business in the 2010 study of locations for business in Kent. The 2011 census revealed that Maidstone not only has the largest population of all Kent districts it is also the area which grew most in terms of population between 2001 and 2011 increasing by 16,300 people (11.7%). It is thought that migration alongside the fact that people are living longer is the reason behind this increase.

Transport links are generally good, with rail journey times to London are around an hour or just under for some of our villages (Staplehurst, Headcorn and Marden) but over an hour from Maidstone Town itself. The international high speed railway stations at Ebbsfleet (30 mins) and Ashford (25 mins) are also extremely accessible and the Council is pleased that an extension to the Thameslink network is being proposed to provide more peak services to London from Maidstone East. 2011 saw the introduction of High Speed services from Maidstone West to St. Pancras. The Borough is well served by the motorway network with the M20 and M2 both providing links to the M25 and the Channel Ports. With regard to travelling in and around the Borough by car, congestion is an issue particularly at peak time in the town centre. The bus transport network serving Maidstone town is relatively strong whilst rural transport presents distinct challenges. Road safety is a concern for Maidstone, with the poorest record in Kent. Following a scrutiny review of road safety, the Council will be supporting the Safer Maidstone Partnership in taking initiatives forward to address this issue.

Maidstone's Local Strategic Partnership carried out work in 2010 looking at how public money is spent locally. It identified that £602 million was spent in Maidstone in 2010

by various bodies including Kent County Council, Maidstone Borough Council, Kent Police and the local Primary Care Trust. Just over 35% of the money is spent on health and social wellbeing, nearly 17% was spent on education and 15% on housing.

In January 2014, the Maidstone Local Strategic Partnership (LSP) was replaced by the Maidstone Partnership Board, which draws together local public services for greater effectiveness and efficiency to oversee and shape the local delivery of services. The change to a Partnership Board will result in a greater input from county and district councillors, but with representation from the wider public sector, including Kent Police, Kent Fire and Rescue Service, NHS, the voluntary and community sector and the business community. The Board currently has agreed three priorities for Maidstone:

- Community Budgets
- Tackling Worklessness and Poverty
- Local Environment Improvements

The Board has set and agreed performance indicators to measure the outcomes against these priorities. These indicators are set for Maidstone and are cross-partner. The priorities align with the Strategic Plan.

What matters to Maidstone residents

The Council refreshed the Sustainable Community Strategy (SCS) 2009-2020 in the summer of 2013. When refreshing the SCS the Council used the results of the residents survey 2011/12 and consulted with key stakeholders including representatives on the Locality Board and voluntary and community groups. The revised Strategy puts forward a number of new and revised partnership objectives, framed within new strategic priorities. The overall vision of Maidstone's Community Strategy and thematic outcomes which were originally agreed through engagement with residents and analysis of local needs and intelligence, remain and are only slightly altered, through refreshed narrative and expression.

A residents' survey was undertaken in 2011. This was the first survey the Council had undertaken since the Place Survey in 2008 and showed improved satisfaction in a number of areas including providing value for money, keeping residents informed and the way the council runs its services. It also showed some areas that need improvement, such as people from different background getting on well together and satisfaction with the local area. The Council will work with residents to find ways to increase satisfaction across the Borough.

During the 2012-13 refresh of the Strategic Plan, residents were consulted on the budget to identify what matters to them in respect of council services. This exercise was factored into the Cabinet's prioritisation of spending and services. More detail is provided in the prioritisation section of the plan. The importance of the rural transport network, cleanliness of our town centre and supporting and encouraging a range of business development were identified during a resident focus group reviewing our priorities.

About the Council

Maidstone Borough Council has a strong record of improvement based on previous inspection results as an excellent rated Council. We are now looking at how we improve residents' satisfaction with the Council, as we turn our attention outwards to residents rather than up to central government.

The resident survey conducted from December 2011 to January 2012 showed a significant improvement in resident satisfaction with 63% of respondents indicating that they were satisfied with the way the Council runs things compared to 44% in 2008. The Council is looking to continue to improve resident satisfaction and increase value for money as a priority going forward.

In 2013 we conducted an additional resident survey to monitor progress against number of measures – insert results when available Feb 2014

The services we deliver

- Housing
- Benefits including housing and Council Tax
- Spatial Planning and Development Management
- Council tax and non-domestic rates collection
- Waste collection
- Electoral registration
- Local land charges
- Food and safety
- Environmental enforcement
- Building control
- Museum
- Theatre
- Crematorium and cemetery
- Leisure centre
- Parks and open spaces
- Street cleaning
- Abandoned vehicles
- Community safety
- Community Development
- Parking Services
- Licensing
- Economic development

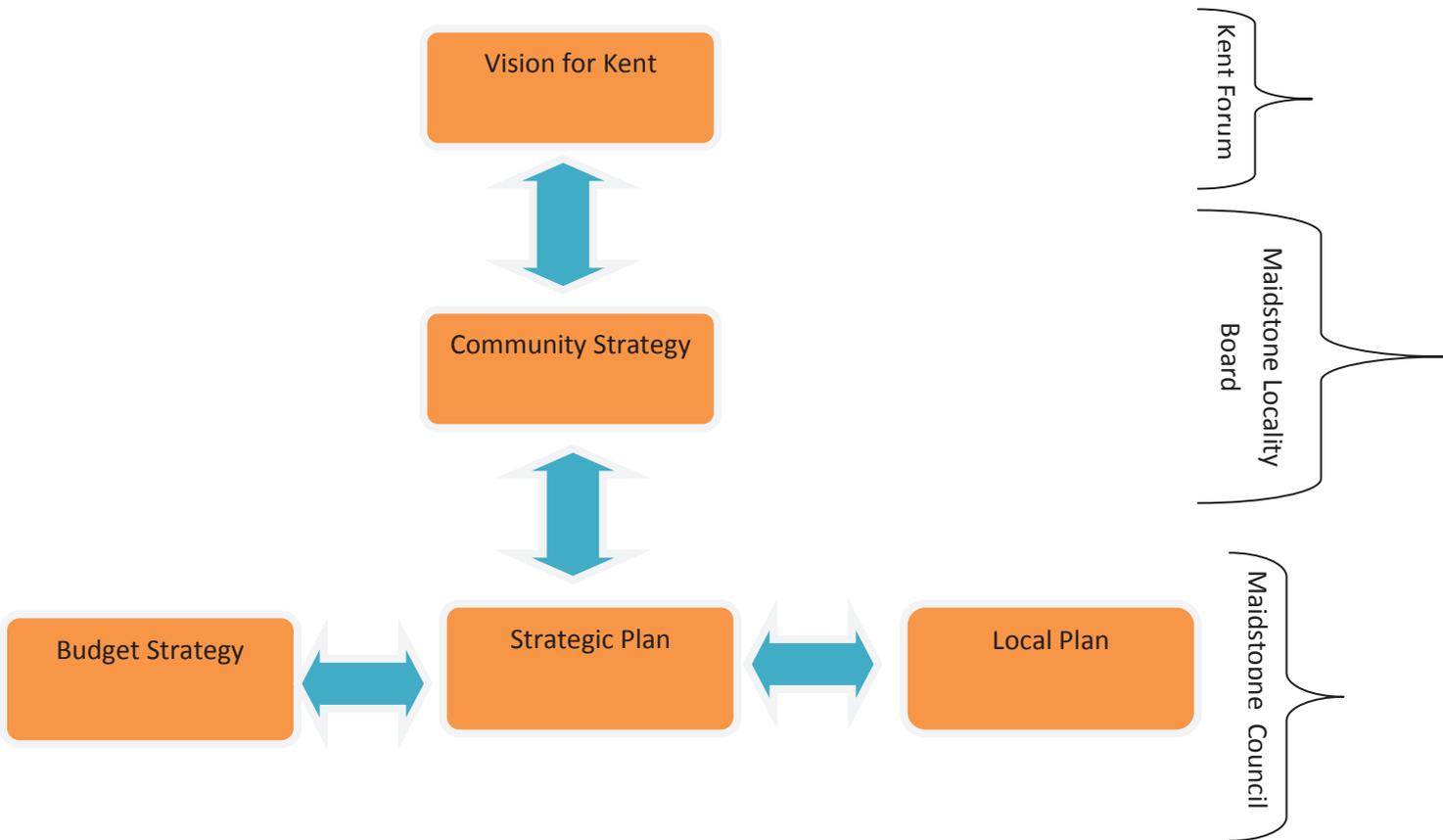
How the Council works

The Council has 55 Councillors who are elected by thirds. Since May 2008, the Conservative party has held the majority of seats on the Council. The Council appoints a Leader who appoints the Cabinet; the Cabinet makes key decisions on Council services, which must be in line with the overall policy and budget framework set by the Council. Each Cabinet Member has their own portfolio area which they make decisions on. Matters that concern two or more portfolios are generally dealt with by the whole Cabinet, which meets monthly.

The Cabinet is held to account by Overview and Scrutiny committees. These committees ensure the decisions of the Cabinet are properly monitored and examine the Council’s policies, services and expenditure. They also carry out investigations and research into relevant topics and make recommendations to Cabinet based on their findings to inform and shape the policy of the Council.

The Council also operates several Committees who take regulatory decisions including Licensing and Planning. These are an integral part of the Council’s operation. The Council also has an Audit Committee and a Standards Committee in place which act as checks and balances on the Council and its services to ensure we adhere to our high standards of corporate governance.

Strategy map - how we work with others



Our Vision, Priorities and Outcomes for Maidstone

The Council is committed to and shares the vision for Maidstone, identified in the Sustainable Community Strategy 2009-2020:

“We want Maidstone Borough to be a vibrant, prosperous 21st century urban and rural community at the heart of Kent, where its distinctive character is enhanced to create a safe, healthy, excellent environment with high quality education and employment where all people can realise their aspirations.”

The essence of this can be described in six words- Great opportunity, great place, great people.

The Council has three priorities and seven outcomes for Maidstone over the next four years. During the course of the plan these outcomes have been defined to show which areas the Council will concentrate on, taking into account the needs of the Borough and the budget reductions the Council has to find. The Council will continue to use its influence wherever possible to encourage partners to invest in Maidstone in both the priority and non priority areas.

Priorities

1. For Maidstone to have a growing economy

In essence, Maidstone will be a good place to work and do business. The economy will continue to grow with a wide range of employment and business opportunities.

Outcomes by 2015:

- a transport network that supports the local economy, with a focus on the delivery of an integrated transport strategy in conjunction with Kent County Council.
- a growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy, with a focus on the following areas;
 - Creating the right planning environment
 - Developing key infrastructure
 - Business expansion
 - Inward investment
 - Developing stronger business relationships
 - Tackling worklessness

2. For Maidstone to be a decent place to live

Maidstone already has a clean, attractive and well designed and built environment. We wish to maintain this and ensure that proper respect is paid to its diverse and valuable assets so that Maidstone is a place where people want to live. We will continue to support our most vulnerable residents and seek to reduce the different forms of deprivation across the Borough in both urban and rural areas.

Outcomes by 2015

- Decent, affordable housing in the right places across a range of tenures, with a focus on
 - Developing sustainable communities
 - Increasing choice and improving the quality of life for vulnerable people
 - Improving existing homes

- Improving access to housing and working to prevent homelessness and rough sleeping in Maidstone
- Continues to be a clean and attractive environment for people who live in and visit the borough by;
 - Implementing new waste management arrangements
 - Implementing a new cleansing model
 - Reducing the Council's energy consumption
 - Implementing an Air Quality Action Plan
- Residents are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced, focusing on two key areas; early intervention work with young children and their families to tackle disadvantage and undertaking work to help families who have multiple needs.

3. Corporate and Customer Excellence

The Council will have a productive workforce with people in the right place at the right time, delivering cost effective services. Services will be affordable, delivered on time and to agreed standards in an accessible way.

Outcomes by 2015

- Customer focused services that residents are satisfied with
- Effective, cost efficient services are delivered across the borough

Delivering Priorities and Outcomes

Outcome: By 2015 Maidstone has a transport network that supports the local economy

Why it matters for Maidstone

Transport plays an important role in supporting economic development and creating opportunities for growth. Businesses need an effective and well connected transport system to access the town and to connect with London, other centres in Kent, the southeast and internationally in order to thrive. Residents need to be able to get to places directly and quickly. We recognise that to do this we need to work closely with transport authorities and operators including business leaders and Kent County Council. We also seek to have an improved rail network for residents and business and will continue to lobby and work with partners to achieve this ambition. We recognise that the transport network has to be effective across the Borough and will be a key component in supporting our rural areas and ensuring our rural economies prosper.

Public consultation consistently reveals transport as a major concern. For example, consultation carried out for the Sustainable Community Strategy showed that a large proportion of Maidstone's local people view the transport system and particularly the accessibility of public transport, as inadequate. Links are generally good although rail travel could still be improved with journeys to London mostly taking over an hour and none of the main stations having full disabled access. There are proposals to put in place a new train line direct to the City and to other London destinations, which we will support. In 2011 a fast link from Maidstone West to London was introduced and the Council will seek to encourage use and see the service continued. The Borough is well

served by the motorway network with multiple accesses to the M20 and M2 both providing links to the M25 and the Channel Ports. In terms of town centre congestion, during the morning peak time it takes three minutes and 28 seconds to drive one mile. Peak congestion is a problem and projected to get worse. The town is also vulnerable to 'operation stack' which alleviates traffic problems at the Port of Dover and Channel Tunnel by using the M20 to park traffic. There is a park and ride scheme which serves the town centre.

| What we plan to do | Milestones | Ownership |
|---|--|---|
| Deliver an integrated transport strategy (as part of the Local Plan) in partnership with the transport authorities and operators which will result in joint working to improve and develop an effective and integrated transport network to meet future needs | 2013-2014 Develop Integrated Transport Strategy alongside the Core Strategy 2014-16 - Milestones as set out in the Integrated Transport Strategy | Maidstone council and partners |
| Implement an infrastructure delivery plan with partners utilising available funding including S106/CIL, new homes bonus, Local Transport Plan 3, other grant funding and potentially tax incremental financing | 2013-2014 - Develop Infrastructure Delivery Plan 2014-2015 - Milestones as set out in the Infrastructure Delivery Plan | Maidstone council. Kent county council and partners |

| Indicator | Frequency | Out-turn 2011/12 | Target 2012/13 | Target 2013/14 | Target 2014/15 |
|---|------------------|-------------------------|---------------------------|-----------------------|-----------------------|
| Percentage change in bus usage on services from Maidstone depot | Annual | +2.24% | Contextual – partner data | | |
| Proportion of trips undertaken – walking (NEW) | Annual | Targets set through ITS | | | |
| Proportion of trips undertaken – cycling (NEW) | Annual | | | | |

Outcome: By 2015 Maidstone has a growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy.

Why it matters for Maidstone

As a Borough we want Maidstone to be a place where the conditions exist for businesses to flourish. The Council is committed to growth that is sustainable and will create the conditions which enable local businesses to start up, expand and attract new business to the borough. We will also support business growth and development across the Borough through our planning policies and land allocation including the management of the green and blue infrastructure network. Our Development Management service will provide an effective pre-application service and will process planning applications in a cost effective and timely manner. The Council in 2014 will be holding conversations with our key stakeholders across the borough to agree what good growth means for Maidstone. This work will inform the development of the Economic Development Strategy and the Local Plan.

Maidstone has the largest economy of all Kent Districts and Boroughs. More people commute into the Borough each day than commute out. The Borough is an economic hub providing employment for a large part of Kent. However, despite its natural location advantages, Maidstone's growth rate was the 4th lowest in Kent between 1998 and 2008 and behind the South East and Great Britain averages. It is a diverse economy with reliance on town services and 30% of businesses located in the rural area. Moreover much of this employment growth has been public sector employment. Whilst around 10,000 jobs were created in the service sector during this period, the Borough lost over 3,000 jobs in manufacturing. Neighbouring areas have been able to provide a greater choice and range of employment sites in both quality and quantum and in some cases at more competitive prices. If the planned cuts in public sector expenditure of 30% result in jobs losses in the sector in the same proportion, nearly 6,000 people who work in Maidstone could lose their jobs. We also have a low wage local economy and the national changes to education and skills development will impact on our residents and employment. We are determined to address these local issues through our land allocations, planning policy and work with the education and skills sector. A new Economic Development Strategy will be agreed in 2014 this strategy will identify key issues, challenges and actions in relation to economic development..

| What we plan to do | Milestones | Ownership |
|--|---|-------------------|
| Create and deliver a local plan with the policies and land allocations that will create the right conditions for economic development | Mid 2015 - Core Strategy adopted | Maidstone Council |
| Update the Council's Economic Development Strategy and Regeneration Statement and deliver actions to support the Council's priorities. | 2014 – Consultation with key stakeholders on what growth means for Maidstone 2014– 2015 Milestones in accordance with the updated Economic Development Strategy and regeneration statement | Maidstone Council |

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|--|---|---|
| Assist businesses who want to develop or locate to the Borough through our pre-application planning advice service and ensuring that the planning committee continues to be effective in supporting the Council's priorities. Corporate Leadership Team and the Planning Team will meet with our top businesses in the Borough regularly | April 2011- August 2011 – Peer Review of planning completed 2011-12 Introduction of a training schedule for Members and officers completed | Maidstone Council |
| Establish Maidstone Economic Partnership. The partnership will articulate the priorities for the Borough to the Kent and Medway Economic Partnership, who in turn inform the South East Local Enterprise Partnership | February 2014 - Establish Terms of Reference, Membership and hold first meeting | Maidstone Council and Relevant Partners |
| Review Park Wood Industrial Estate and implement a strategy for its regeneration | November 2010 - Strategy review completed 2011-2015 Implement strategy actions November 2013- January 2014 – Consult on options for environmental and signage improvements 2014 – Implement improvements to the estate 2014-15 Acquire additional starter/growth units | Maidstone Council and relevant partners |
| Work with partners through the worklessness forum to assist people into training and employment | Milestones have been agreed and will be monitored Maidstone Partnership Board once established | The Council and relevant partners |

| Indicator | Frequency | 2011/12 Out-turn | 2012/13 Target | 2013/14 Target | 2014/15 Target |
|--|-----------|-----------------------|---|----------------|----------------|
| Overall employment rate | Annual | 81.0% | 82.5% | 84.0% | 85.0% |
| Percentage of people claiming Job Seekers Allowance | Quarterly | 2.7% | 2.4% | 2.3% | 2.3% |
| Percentage of vacant units within the town centre | Annual | 9.24% | 11.50% | 10.75% | 10.00% |
| Number of 16-18 year olds who are not in education, employment or training (NEETS) | Annual | 5.7% (2010/11) | Contextual- Partner data Data is released 1 year in arrears. | | |
| Working age people educated to NVQ level 4 or higher | Annual | 34.3% | Contextual partner data | | |

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

Why it matters for Maidstone

We want Maidstone to be a place where people enjoy living and a key part of this will be having access to affordable and decent housing. We understand that good housing promotes educational attainment, better health outcomes and employment opportunities. The provision of choice and affordability in housing for the citizens of Maidstone, including rural communities, which meets their needs and aspirations are addressed within this outcome. Decent means housing that meets residents' needs in terms of availability and size as well as meeting the national decent homes standard.

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. We will need to work with our communities to ensure the dwellings created add and strengthen places and communities.

In terms of affordable housing, we are referring to a range of tenure that includes socially rented, intermediate or affordable rent and a variety of shared ownership products. Maidstone Borough Council works to ensure that all new developments of 15 homes or over contain at least 40% affordable housing, which in 2011/12 led to 284 affordable homes becoming available. Due to Council intervention, 30 empty private sector homes were brought back into use or demolished - the majority being let to households from our housing list. We also have a role to play in improving the quality of private housing through grants for improvements to insulation and heating. The Council has completed a Strategic Housing Market Assessment to help us build the right kind of homes in the right places.

Housing in Maidstone town has traditionally been considered relatively affordable compared to the south east average, but this is not the case in rural Maidstone and for those on average or low incomes. The recent recession has resulted in an increase in home repossession and homelessness generally has risen across the UK. Whilst Maidstone has seen a rise in the numbers of households requiring temporary accommodation provided under the homelessness legislation this remains comparably low compared to the other Boroughs in Kent and a significantly lower level than the worst affected areas in England. Maidstone continues to perform above targets for homelessness prevention and is seeking to find new ways of encouraging people to seek housing advice at an earlier stage than when the crisis point of homelessness is reached.

| What we plan to do | Milestones | Ownership |
|--|---|-------------------|
| New Housing: Enable the delivery of a range of high quality homes that are desirable and affordable to all sections of the community | 2011-2015 Implement Housing Strategy | Maidstone Council |

| | | |
|--|---|-------------------|
| Existing Housing: Ensure our existing housing is suitable and able to meet future challenges; providing sought after homes now and into the future | 2011-2015 Implement Housing Strategy 2013 – Implement the new Housing Assistance Policy | Maidstone Council |
| Homelessness & vulnerable groups: Commission and provide services with partners that meet identified needs, reduce inequalities, are responsive and timely, promote stable, strong communities, self-reliance and encourage positive aspirations | 2011-2015 Implement Housing Strategy 2013 – Implement the new Allocation Scheme 2013-2014 carry out a review of homelessness and adopt a new homelessness strategy 2014 – Review the new Allocation Scheme | Maidstone Council |

| Indicator | Frequency | 2011/12 Out-turn | 2012/13 Target | 2013/14 Target | 2014/15 Target |
|---|-----------|------------------|----------------|---|----------------|
| Number of affordable homes delivered | Quarterly | 284 | 200 | Targets for future years will be agreed as part of the budget process | |
| Number of Private sector homes improved | Quarterly | N/A | 180 | Targets for future years will be agreed as part of the budget process | |
| SPT 006 Net additional homes provided (NI 154) | Annual | 873 | | TBC | |
| Number of homes returned to occupation or demolished as a result of LA actions (SPI) | Annual | 30 | 60 | TBC | |

Outcome: By 2015 Maidstone continues to be a clean and attractive environment for people who live in and visit the Borough

Why it matters for Maidstone

Maidstone is an exceptionally green Borough with a number of well maintained parks and open spaces. As Maidstone will continue to be a place for development the challenge will be to continue to maintain and enhance our 41 conservation areas. Work has been undertaken to make the Borough more attractive, such as the Mote Park improvement project, High Street improvements and the Museum East wing project. An attractive environment means a well built and designed environment: under the outcome related to the economy we have committed to an effective planning process to ensure we have a well designed environment. We have recently approved the draft consultation Green and Blue infrastructure strategy which is focused on making the most of our green spaces and public water seeking to promote coordination, integration and investment into this important area.

Cleanliness has improved across the Borough and CO² emissions have been decreasing. We are committed to increasing social responsibility to ensure the new development is of high quality and the Borough’s varied and valued landscape and heritage assets are respected and the environment remains clean and attractive. We

want Maidstone to continue to be a place where people enjoy living and would choose to live. As stated in the earlier section on the economy, we will also be encouraging green business in Maidstone. As a Council we will lead with our carbon management programme: over the next four years we will be seeking to reduce carbon emissions from Council buildings and vehicles.

| What we plan to do | Milestones | Ownership |
|---|---|---|
| Green and Blue Infrastructure Strategy | November 2013 - Consultation Draft Agreed | Maidstone Council |
| Open Spaces Development Policy Document (DPD) | 2014 –Update the Open Spaces DPD | |
| Deliver focused enforcement activity to ensure high impact on the cleanliness of the Borough | April 2012 - Area Based Enforcement implemented | Maidstone Council |
| Work with partners to ensure that all areas of the Borough are clean and well-maintained | Winter 2013 – enforcement tackling hotspot areas Ongoing - Deep Cleaning Programme in place | Maidstone Council and Partners |
| Continually develop street cleaning operations to ensure Maidstone is a clean and tidy Borough | August 2013 –Introduce mechanical cleaning operation as part of joint waste and street cleaning contract March- April 2014 – Implement new technology to improve response times June – September 2014 Review area based cleaning efficiency Ongoing – work with partners to ensure that all areas of the Borough are clean and well maintained | Maidstone Council Maidstone Council Maidstone Council with others |
| Ensure provision of timely specialist advice and services on heritage and landscape design to protect and enhance Maidstone's environment | Ongoing - Provide quality pre-application advice services for heritage and landscape design | Maidstone Council |

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|---|---|--------------------------------|
| Deliver the Carbon Management Plan to ensure that the Council reduces its carbon footprint by 3% per annum | <p>Ongoing - Reduce carbon emissions across the Borough and improve air quality</p> <p>Ongoing - Reduce the Council's carbon footprint and improve the use of other natural resources whilst ensuring the Council is planning to adapt to Climate Change</p> | Maidstone Council and partners |
| Maximise our leisure and cultural offer to enhance the quality of life for our residents whilst attracting visitors, new residents and businesses through the creation of the Maidstone Culture and Leisure Service | <p>March 2012 - Completed the redevelopment of the Museum's East Wing</p> <p>June 2013 - Complete a review of play areas and produce a strategy for future provision</p> <p>June 2012 - Completed Mote Park regeneration project capital works</p> <p>June 2013 - Maidstone Culture and Leisure Service Created</p> | Maidstone Council |
| New waste contract | <p>Summer 2013 -New Waste Contract in place</p> <p>Summer 2014 - re-fresh the council's waste strategy with a stretching target to reach 60% recycling by 2018</p> | Maidstone Council |

| Indicator | Frequency | 2011/12 Out-turn | 2012/13 Target | 2013/14 Target | 2014/15 Target |
|---|-----------|------------------|----------------|----------------|----------------|
| Satisfaction with local area as a place to live (residents survey) | Biennial | 84% | | 87% | |
| Satisfaction with street cleaning (residents survey) | Biennial | 56% | | 59% | |
| Satisfaction with Parks & Open Spaces (residents survey) | Biennial | 76% | | 78% | |
| Percentage waste recycled | Quarterly | 45.13% | 46% | 48% | 50% |
| Residual Waste per household (kg) | Quarterly | 446.29kg | 440kg | 430kg | 420kg |
| Percentage reductions in CO2 emissions from local authority operations (tonnes) | Annual | -7.63% | -3% | -3% | -3% |
| Satisfaction with the leisure centre (Residents Survey) | | 53% | | 55% | |

Outcome: By 2015 residents in Maidstone are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced

Why it matters for Maidstone

This outcome refers not only to our deprived areas but those individuals who are most vulnerable wherever they are in the Borough including our rural communities. National policies on welfare reform and public sector budget cuts will have an impact for our deprived areas and our most vulnerable residents. Our economic and housing strategies that feature under other outcomes will be crucial to achieving this outcome. This will not be an easy area to address as 11% of Maidstone's population live in areas considered to be in the 20% most deprived in the country. Our rural areas also contain households suffering deprivation. These areas have lower standards of health and lower life expectancy than average. The disadvantaged wards have the highest numbers of young people not in education, employment or training and significantly higher numbers of youth offenders.

Following an internal review on the issue of disadvantage and having regard to the findings of the Marmot Review, *Fair Society Healthy Lives*, the Cabinet has determined to tackle disadvantage in the long-term through improving early years' development. This will be achieved through giving every child the best possible start in life; maximising their capabilities; and creating fair employment and good work for all, the result of which will be to break the cycle of deprivation and disadvantage. This cannot be achieved overnight but the positive gains will have generational benefits. The Marmot Review concluded that effective local delivery requires residents to be involved in the decisions that affect them. Local authorities are best placed to enable and co-ordinate this approach by empowering individuals and local communities.

We will continue the work on neighbourhood planning in our deprived areas to engage communities in identifying and resolving local issues and problems and helping others to help themselves. We have recently adopted Operation Civic a multi-agency approach to tackle low level crime and anti-social behaviour. Recently the Council has started a digital inclusion project aimed at increasing internet access for all. Increased broadband coverage is particularly important for improving lives for our local residents so they can access services and supporting our businesses in rural areas.

As community leaders, we will convene resources to reduce the number of young people not in education, employment or training and reduce the number of adults out of work. We will seek to do this through working with local businesses and supporting social enterprise start ups. We will be working to prevent disadvantage and will seek to participate in a pilot with KCC to address the needs of complex families in our Borough. We have also started to identify families who we will be working alongside as part of the government's troubled families programme. This programme seeks to understand the problems facing families with complex needs and to help them by giving them one key worker to talk to rather than dealing with multiple agencies.

| What we plan to do | Milestones | Ownership |
|--|---|----------------|
| Reduce inequalities within communities through preventative action | April 2012 – March 2016 Pilot completed with KCC on complex families | In Partnership |

| | | |
|--|--|--|
| | <p>By 2015: Year 3 cohort of families to be identified.</p> <p>April 2012-16 - Deliver Community Development Strategy milestones</p> <p>By 2015: Delivered a Maidstone NEET partnership pilot project working with a cohort of NEET young people to stay in education, seek employment or training.</p> <p>By 2015: Delivered a Jobs Fair for Park Wood and Shepway North residents in partnership with Jobcentre Plus, Groundwork and the Park Wood Industrial estate.</p> <p>2013-2016 – Deliver Health Inequalities Action Plan</p> <p>By 2015: Delivered a targeted community health and wellbeing programme focusing on three key priorities; healthy weight and health eating (for adults, families and children), positive mental health and reducing teenage conceptions.</p> <p>By 2015: Build a new community facility in partnership with local businesses and the Blackthorn Trust mental health charity to increase referrals into the Trust’s support services and activities.</p> | |
|--|--|--|

| | | |
|--|---|--|
| <p>Promote active citizenship – to facilitate and support increased involvement by local people in decision making and involvement in their neighbourhoods</p> | <p>April 2013-16 – Deliver Operation Civic multi-agency initiative in Park Wood , Shepway North, Shepway South, Tovil and Mangravet</p> <p>By 2015: Delivered 6 Operation Civic programmes in key wards, including a temporary domestic abuse One Stop Shop in Shepway North during the 2014 World Cup.</p> <p>July 2013 – March 2016 – Deliver Maidstone Armed Forces Community Covenant Action Plan</p> <p>By 2015: Delivered 4 Army Transition Days for service leavers. Delivered the Futures for Heroes veterans upskilling project with veterans.</p> <p>January 2014 – Maidstone Partnership Board to be established</p> <p>By 2015: Three priority sub-groups to be established and operational.</p> | <p>Maidstone Council, Kent County Council and partners</p> |
| <p>Review the Park Wood Planning for Real activity to inform further work and activities supporting communities in identifying and meeting their needs, opportunities, rights and responsibilities</p> | <p>2011-2016 - Neighbourhood Action Plans in place for Park Wood, Shepway North, Shepway South, Tovil and Mangravet</p> <p>By 2015: Shepway North and South Neighbourhood Action Plan delivered and evaluated.</p> | <p>Maidstone Council, Kent County Council and partners</p> |
| <p>Increase targeted support for families with children aged 0-3, particularly the most vulnerable and deprived</p> | <p>October 2013-March 2016 – Deliver 0-5 years multi-agency Action Plan</p> <p>By 2015 – Action Plan endorsed. Deliver a literacy and reading stakeholder event and</p> | <p>Maidstone Council, Kent County Council and partners</p> |

| | | |
|--|---|--|
| | <p>community events programme in partnership with KCC Libraries and Golding Homes.</p> <p>December 2015- robust partnerships in place to support and improve early years development and services</p> <p>By 2015 – Ensure a Local Children’s Partnership is in place to deliver local actions and supporting the emerging Children’s Operational Groups.</p> | |
|--|---|--|

The Action plans/pilots/strategies referred to above are planned to finish beyond 2015 in 2016 as outlined in the Maidstone Borough Council Community Development Strategy.

| Indicator | Frequency | 2011/12 Out-turn | 2012/13 Target | 2013/14 Target | 2014/15 Target |
|---|-----------|------------------|------------------|------------------|------------------|
| Percentage of the Borough covered by Broadband | Annual | 64.94% | 66% | 68% | 70% |
| Number of residents participating in neighbourhood planning as a percentage of the ward population | Annual | 14.89% | 17% | 20% | 23% |
| Number of households prevented from becoming homeless through intervention | Quarterly | 608 | 500 | 500 | 500 |
| The council provides help for all households presenting as homeless and will use the appropriate means to resolve the situation. It should be noted that intervention is not an appropriate option in all cases. It is expected that the performance of this indicator will improve as the economy recovers from the recession. | | | | | |
| Gap between median wage of employee (residents) and the median wage of employees (workplace) (salary differences) | Annual | £73.40 | Less than £75.00 | Less than £70.00 | Less than £70.00 |
| Average weeks stay in bed and breakfast accommodation of households which include dependent children or a pregnant woman and which are unintentionally homeless and in priority need. | Quarterly | | TBC | | |
| Gap between average mortality rate for men and women | Annual | Contextual | | | |
| Percentage of residents that would like to be more involved in decision making (Residents Survey) | Biennial | TBC | | | |
| Percentage of resident agreeing that the council treats all types of people fairly (Residents Survey) | Biennial | TBC | | | |

Outcome: By 2015 the Council will ensure that cost effective, efficient services are delivered across the borough

Why it matters for Maidstone

This outcome is related to ensuring that services received by residents are delivered in the best way to ensure that the most value is received for every pound spent. We will commission services to improve outcomes in the most efficient, effective, equitable and sustainable way that will involve a more diverse set of providers and include social enterprise, voluntary, public and employee run services

The Council provides many different services which are used by different types of people. It is essential to ensure that people can access services they need in a way that suits them and provides value for money. We recognise that the internet provides the only way people can access our services and get information at any time of day and on any day of the year. Therefore, we are improving the Maidstone Borough Council website to make sure information is clear and have as many services as possible online. Using the Council website also provides good value for money: it costs least for people to get information, apply for things and make payments online (about £0.32 per visit to the website), a little more if people telephone the Council (about 1.86 per phone call) and most for people to visit the Gateway (about £ 9.66 per visit). As we know that not everyone can or wants to get information or services online, we will continue to provide high quality telephone and face to face services.

In 2012 the Council carried out a review to identify the optimum customer service model looking at how people prefer to access our services and find out information. The research work has been significant identifying what is in place now and how we perform; consulting with residents, businesses and staff as well as visiting and talking with other authorities. From this work and research a range of improvements have been identified. The recommendations for improvement have been agreed, a programme of improvement is now being implemented.

| What we plan to do | Milestones | Ownership |
|---|--|--------------------------------|
| Seek out and implement new ways of delivering services that are not our core business, such as the Theatre and the Museum | <p>March 2013 – Plans in place for cost neutral Museum and Theatre service</p> <p>June 2013 – Create Maidstone Culture and Leisure Service</p> <p>September 2013 – Theatre contracted out</p> | Maidstone Council |
| Progress the shared services programme for those services that it is practical to do so and savings can be achieved | <p>April 2011 – March 2015 - progress shared services</p> <p>October 2013 – Operation</p> | Maidstone Council and partners |

APPENDIX A

| | | |
|---|---|-------------------|
| | Model agreed for the Mid Kent Improvement Partnership | |
| Undertake a programme of business improvement service reviews to ensure services are customer focused and delivered efficiently and effectively | April 2011- March 2015 - Undertake programme of reviews as per the Corporate Improvement Plan. | Maidstone Council |
| Ensure that the authority has a productive, proactive and flexible workforce | <p>April 2013 - Produce and implement a Workforce Plan incorporating a skills audit for current resources and a plan to develop the workforce for future needs</p> <p>March 2015 - Gain Investors in People Gold (iP)</p> <p>Summer 2013 – Self Assessment carried out and actions agreed towards iP Gold</p> <p>2011-2015 - Manage the change initiatives through a strategic approach to organisation development in line with Strategic Plan milestones. Engagement Programme in place and refined competency framework</p> | Maidstone Council |

| Indicator | Frequency | 2011/12 Out-turn | 2012/13 Target | 2013/14 Target | 2014/15 Target |
|--|-----------|------------------|----------------|--|----------------|
| Savings delivered through reviews (value for money) | Quarterly | £491,750 | TBC | | |
| Percentage of financial transactions not carried out on-line or by direct debit/standing order | Quarterly | 14.01% | 13.5% | 13.0% | 12.5% |
| Percentage of customer contact that is avoidable | Quarterly | 4.7% | 12.5% | 12% | 11.5% |
| Working Days Lost Due to Sickness Absence (rolling year) (BV 12) | Quarterly | 7.84 | 8.0 | 8.0 | 8.0 |
| DCV 007 Average cost of planning service per application | Annual | £209 | TBC | Targets for future years will be agreed as part of the budget process. | |
| Cost of maintaining the borough's parks and open spaces per hectare | Annual | £12.89* | £13.00 | Targets for future years will be agreed as part of the budget process. | |
| Cost of waste collection per household | Annual | £55.96 | <£59.00 | <£57.00 | <£57.00 |

| Indicator | Frequency | 2011/12 Out-turn | 2012/13 Out-turn | 2013/14 target | 2014/15 Target |
|---|-----------|------------------|------------------|--|----------------|
| Cost of street cleansing per head of population | Annual | £10.00* | <£10.50 | Targets for future years will be agreed as part of the budget process. | |

Outcome: By 2015 the Council will ensure that services are customer focused and residents are satisfied with them

This outcome is related to ensuring that residents are satisfied with the services they receive and the way the Council spends money. We will conduct regular satisfaction surveys and carry out regular consultation with residents, using the information gathered to inform service design.

We will be changing the role of the Council to ensure that our services have a positive impact on the lives of people who live and work in the Borough. As a Council, we will seek to enable residents, encourage responsibility and grow our communities.

| What we plan to do | Milestones | Ownership |
|---|---|-------------------|
| Ensure we use performance management data, customer satisfaction and customer feedback to improve services | <p>December 2012 - new correspondence system introduced and use complaints and compliments to inform service delivery and improvements</p> <p>Ongoing - Cabinet & Scrutiny to monitor performance quarterly</p> <p>Ongoing - Ensure there are robust audit and overview and scrutiny arrangements in place</p> | Maidstone Council |
| Review the way we interact with our customers through the Customer Centricity Review | April 2012-September 2012 Conduct review | Maidstone Council |
| Implement improvements in customer service delivery as recommended in the Customer Centricity Review through the Customer Service Improvement Programme | April 2013- March 2015 Undertake programme of customer service delivery improvements | Maidstone Council |

| Indicator | Frequency | 2011/12 Out-turn | 2012/13 Target | 2013/14 Target | 2014/15 Target |
|--|-----------|------------------|----------------|----------------|----------------|
| Satisfaction with the way the council runs things (Residents Survey) | Biennial | 63% | | 65% | |
| Percentage of residents that feel that the Council keeps them well informed about the services and benefits it provides (Residents Survey) | Biennial | 63% | | 65% | |
| Percentage of residents agreeing that the Council provides value for money (Residents Survey) | Biennial | 46% | | 48% | |
| Percentage of those making complaints satisfied with how their complaint was handled | Quarterly | 34.19% | 36% | 38% | 40% |
| BIM 003a Percentage of customer contacts made in person at the Gateway | Quarterly | 7.95% | 7% | 6% | 5% |
| BIM 003b Percentage of customer contacts made online by visiting the Council's website | Quarterly | 75.12% | 77% | 79% | 82% |
| BIM 003c Percentage of customer contacts made by phone through the Contact Centre | Quarterly | 16.94% | 16% | 15% | 13% |

Service Principles – How we will design our services

1. Residents and businesses are the starting point for services; every service must be considered from the perspective of the citizen and delivered at the lowest possible level – a bottom-up approach.
2. We will commission services to meet agreed outcomes and deliver them in the most appropriate way.
3. We will work with partners where there are economies of scale and to identify common solutions and shared services.
4. Services must achieve our priorities.
5. We will manage our services so no-one is disadvantaged because of where they live.
6. We will concentrate on delivering our core services, whilst recognising that there are areas we need to influence and work with others on to bring about change.
7. We will work together as one Council and with our partners to deliver change and manage expectation.

Values - How we will deliver our services

The Council has developed and agreed six core values, behaviours which define how we deliver our services, in 2013 we refined these values to simplify them:

- Service – It is important to understand that everything we do impacts on our customers, both internal and external. We will listen to and understand their needs, then take action to provide the right service in a professional manner.
- Teamwork - working together to achieve our objectives and goals in away that utilises the talents and creativity of everyone within our organisation.

- Responsibility
 - being focussed on the Council’s vision and priorities. Leadership and management that respond and take the organisation through change.
- Integrity– being transparent and accountable. Having the courage to act on our convictions to build trust and honesty within the organisation. Working with our partners and customers to create a feeling of openness and transparency in all that we do.
- Value for money – taking care and weighing up our options, aiming to get maximum effect for every penny of public money we spend. Promoting ownership to ensure that all of us feel responsible for providing value for money in all that we do and making suggestions for improvements.
- Equality - valuing our differences for the enrichment and betterment of our working environment. Having the courage to question our own reactions and mindset in order to be open to new ideas and concepts.

How we have prioritised and funded services

The Council has to make £ 5.9m of savings between 2011 and 2015, £1.2m more than originally projected in 2011. In order to identify savings, the Council has focused on the delivery of core services which meet our priorities and asked the public to determine what matters to them in relation to the Council’s discretionary services.

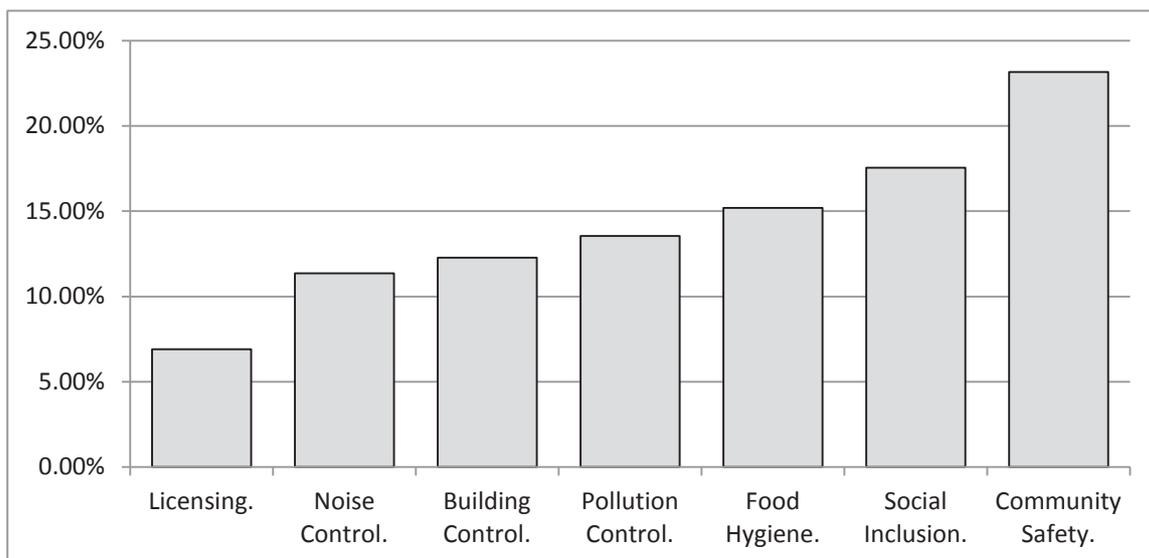
The Cabinet, as a first stage in determining budgets, prioritised the Council’s front line services into low, medium and high, by identifying which services would best achieve their priorities through a paired analysis. A paired analysis is where each service is compared in a pair with every other service and one is chosen above the other as being more important in achieving the Council’s priorities. Services were ranked from 1 to 12 and then as high, medium or low.

| Revenue | High | Medium | Low |
|-----------------|----------------------------------|--|---|
| Invest | Economic Development | | |
| Maintain | Parking and Transport Housing | | Environmental Health |
| Reduce | Planning and Building Control | Community Safety Waste Collection and Recycling Community Development Recreation, Sport and Open Spaces | Culture and Heritage Tourism Street Cleansing |

Once Cabinet had carried out this exercise, they reviewed the services to determine which should receive investment, which should be maintained and where investment

should be reduced. It should be noted that maintaining services will not necessarily mean maintaining the cost of the service. Also, where the service has been identified for reduction, this refers to the cost of the service. For example, it was identified that for the planning service the service level should be maintained but the service should be more efficient and costs reduced. The prioritising of services was followed up with meetings between senior managers and the Cabinet and, where appropriate, the shadow Cabinet to identify how savings could be made in accordance with the prioritisation. As a consequence, the Council has reviewed our cultural services and tourism offer creating a new visitor economy business unit within in economic development. The low financial priority given to Tourism should not prevent the authority from pursuing opportunities that would benefit the local economy and tourism, should they arise.

The public were consulted with regard to a range of services categorised as low priority in the table above where there is a statutory requirement for the Council to provide the service. This consultation complements the consultation carried out last year into discretionary services. The three services rated by the public as lowest priority were Licensing, Noise Control and Building Control. As a consequence of the public consultation, the Council will be reviewing our budgets for these areas.



During the consultation the public were also asked their views on a series of potential changes to customer service provision and as a result of these initial responses the Council has reviewed the opening hours of the Gateway stopping Thursday late night opening and put in place an automated switchboard. The Council has taken action that will reduce management costs and will take further action to reduce staffing costs in the future years of this strategic plan. This will include reviewing the back office functions to make savings which will include shared services.

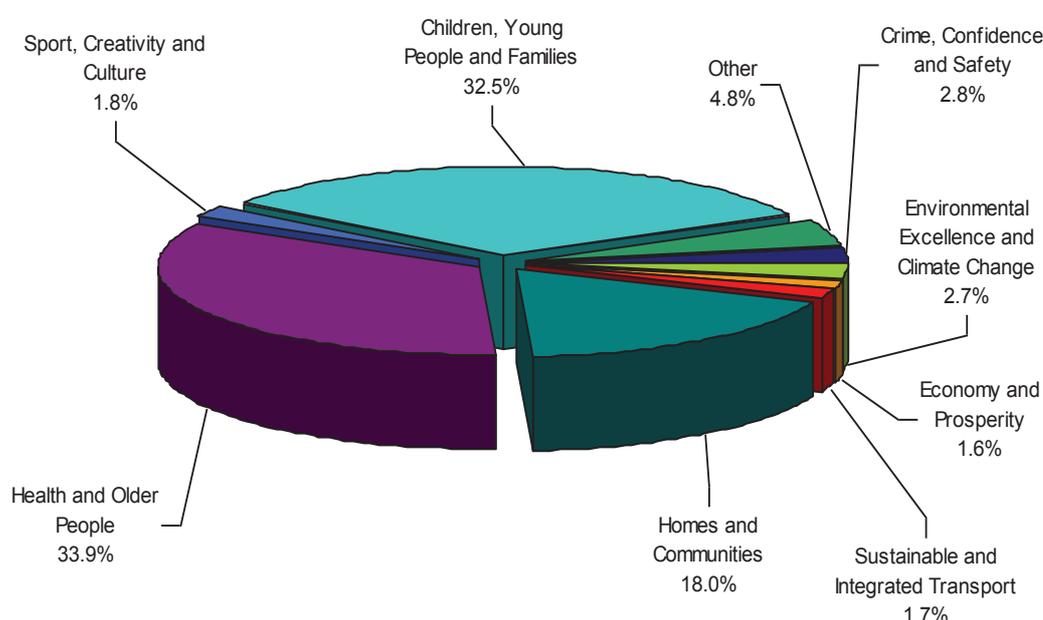
In 2013/14 we undertook budget consultation on the savings we are required to make by 2017 as part of our Medium Term Financial Strategy. The survey results indicated that the majority of savings required should be made from savings to services through things such as changes to contracts. 52% of respondents also indicated that they would support an increase of council tax by on average 36p per month. 79 % also indicated a preference for entering into partnerships to find savings and achieve

economies of scale. This information will be used as part of our strategic planning for 2015 onwards.

Working in Partnership: How Resources are Spent in Maidstone

In 2010 the Council took part in a study of how resources were allocated locally.

The study used data from different public bodies and agents in Maidstone to find out where money is spent locally by those bodies and what it is spent on. Information was submitted by a variety of agencies including the Council, KCC, Kent Police, the PCT and the Homes and Community Agency. Golding Homes, the local NHS trust and Kent Fire and Rescue’s spending is not included in the data. It is estimated that £611 million was spent by the public sector across the Maidstone borough in 2009-10, equating to £ 4,062 being spent per person. The biggest area of spending locally is on health and older people, followed closely by children, young people and families.



Performance Management – Doing what we say we will

We are committed to being open and transparent and we will publish performance data on our website so that we are accountable to the public.

Furthermore, the Council’s performance will be managed by the Corporate Leadership Team and Cabinet as well as held to account through overview and scrutiny. We have sought to review and reduce the number of performance indicators we use to measure and monitor success and target performance.

Indicators have been outlined for each outcome so we can measure and monitor our success.

Risk Management

The Council has reviewed the outcomes we hope to achieve by 2015 to identify any risks to those outcomes. Six strategic risks have been identified. Action plans to mitigate these risks will be put in place and reported to Management Team and Cabinet. Strategic risks and actions will be linked to the Council’s service delivery plans. The actions set out to achieve each outcome in this plan will also be a key part

of the risk mitigation. The performance on these will be reported regularly through our performance management processes to Management Team, Cabinet and Scrutiny.

Glossary

Local Plan – The Local Development Framework documents including the Core Strategy set out the Council’s planning policies for the Borough, as well as where it wishes to see housing and commercial development.

Planning for Real and Neighbourhood Action Plans – In the Plan we refer to the Park Wood Planning for Real activity and Neighbourhood Action Plans. Neighbourhood Action Plans have been developed across the UK to address local issues and improve the quality of life for residents. They are plans developed with and by our communities to identify and address local issues.

Neighbourhood Planning - A neighbourhood development plan can establish general planning policies for the development and use of land in a neighbourhood, like:

- where new homes and offices should be built; and
- what they should look like.

Neighbourhood plans allow local people to get the right type of development for their community, but the plans must still meet the needs of the wider area.

Performance Indicators – These are set out in the strategic plan as a means of measuring the Council’s progress and performance against our outcomes.

Social Return on Investment – This is a means by which we can measure and account for a much broader concept of value. It incorporates social, environmental and economic costs and benefits into decision making, providing a fuller picture of how value is created or lost.

Sustainable Community Strategy (SCS) – The Local Government Act 2000 placed a duty on every local authority to prepare a community strategy “for promoting or improving the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the United Kingdom.” The SCS is the overarching community plan for the area.

Customer care and engagement

We want to ensure that you can access our services easily and in a way which suits you. We also know it is important that you are able to tell us how we can improve our

services. To help us to do this we carry out regular customer satisfaction reviews and where we can, make improvements that you have asked for.

We have a customer care policy that tells you what standards you can expect from us and a corporate complaints system so that you can tell us when we get things wrong. We always try to get things right first time, but when this does not happen we make sure we learn lessons to improve customer service in the future.

For a number of years, the Council has helped parish councils to develop parish plans that have led to improved services and facilities for rural residents. We provide support for neighbourhood planning, there is parish council involvement in the Planning Committee and rural housing. We are also working with parish councils to create stronger communities, particularly in areas of need (e.g. Kent Community Alcohol Partnership and Holiday Playscheme grants). We also Organise community litter picks, fly tipping and other street scene issues and community development support for events.

We will be holding various consultation events through the year where you can come and give us your views on the issues that affect you. These will be advertised on our website www.maidstone.gov.uk

Agenda Item 14

MAIDSTONE BOROUGH COUNCIL

REPORT OF THE CABINET HELD ON 12 FEBRUARY 2014

BUDGET STRATEGY 2014/15 ONWARDS

Issue for Decision

To consider the proposed Revenue and Capital Budgets for all portfolios for 2014/15, including service savings and growth, in accordance with the agreed budget strategy and in the context of the Medium Term Financial Strategy and the Medium Term Financial Projection.

To calculate and approve the Council Tax requirement for 2014/15.

To approve the introduction of a premium of 50% to the Council Tax payable for properties that have been empty and unfurnished for two years.

Recommendations Made

1. That the revised revenue estimates for 2013/14 be agreed as set out in **Appendix A** (circulated separately).
2. That the minimum level of General Fund Balances be set at £2m for 2014/15.
3. That the proposed Council Tax of £231.12 at Band D for 2014/15 be agreed.
4. That a premium of 50% to the Council Tax charge be introduced on 1st April 2014 for properties that have been empty and unfurnished for two years. This to include periods prior to 1st April 2014 but not payable on charges prior to 1st April 2014.
5. That the revenue estimates for 2014/15 incorporating the growth and savings items set out in **Appendix A** be agreed.
6. That the Statement of Reserves and Balances as set out in **Appendix A** be agreed.
7. That the Capital Programme, as set out in **Appendix A** be agreed.
8. That the funding of the Capital Programme as set out in **Appendix A** be agreed.
9. That the Medium Term Financial Strategy as set out in **Appendix A** be agreed.

10. That the Medium Term Financial Projection, as set out in **Appendix A** as the basis for future financial planning be endorsed.
11. That it be noted that the Council's Council Tax base for the year 2014/15 has been calculated as 55675.1 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) regulations 1992.
12. That it be noted that in accordance with Government guidance the yield from business rates has been calculated as £54,171,300.
13. That it be noted that, as detailed in **Appendix B**, the Council Tax Base for each of the Parish Areas, calculated in accordance with Regulation 6 of the Regulations, are the amounts of the Council Tax Base for the year for dwellings in those parts of its area to which a special item relates (Parish precepts).
14. That the distribution of Local Council Tax Support funding to parish councils, as set out in **Appendix C**, be approved.
15. That the Council Tax requirement for the Council's own purposes for 2014/15 (excluding Parish precepts) is £12,867,601.
16. That the following amounts now be calculated by the Council for the year 2014/15 in accordance with Section 31A, 31B and 34-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
 - (a) £83,406,934 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £69,251,582 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £14,155,352 being the amount by which the aggregate at 16(a) above exceeds the aggregate at 16(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act).
 - (d) £254.25 being the amount at 16(c) above (Item R), all divided by the figure stated at 11 above (Item T in the formula in section 31A(4) of the Act), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

- (e) £1,287,752 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix B).
- (f) £231.12 being the amount at 16(d) above less the result given by dividing the amount at 16(e) above by the tax base given in 11 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

17. That it be noted that for the year 2014/15 Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Fire & Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

| <u>Valuation Bands</u> | <u>KCC</u> <u>£</u> | <u>KPCC</u> <u>£</u> | <u>KMFRA</u> <u>£</u> |
|-------------------------------|--------------------------------------|---------------------------------------|--|
| A | 712.44 | 96.19 | 46.20 |
| B | 831.18 | 112.22 | 53.90 |
| C | 949.92 | 128.25 | 61.60 |
| D | 1,068.66 | 144.28 | 69.30 |
| E | 1,306.14 | 176.34 | 84.70 |
| F | 1,543.62 | 208.40 | 100.10 |
| G | 1,781.10 | 240.47 | 115.50 |
| H | 2,137.32 | 288.56 | 138.60 |

18. That, having calculated the aggregate in each case of the amounts at 16 (d), and 17 above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets out in **Appendix D**, the amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown.

Reasons for Recommendation

The Cabinet has on two previous occasions this year considered the developing budget strategy for 2014/15 onwards. It has agreed a strategic revenue projection and a level of council tax for planning purposes that have been used in consultation with the public and with overview and scrutiny.

The Strategic Leadership and Corporate Services Overview and Scrutiny Committee, at its meetings, through its budget working group and through an all member workshop has given consideration to the budget and the savings proposals. The Committee has in general agreed with the approach taken by Cabinet but has expressed concerns about the size of the task ahead of the

Council to maintain a balanced budget in future years.

Only a low level public consultation has been carried out this year. This is because a major review of the budget strategy will be carried out in 2014/15 alongside the Strategic Plan review in time for 2015/16. This work will incorporate significant consultation and the work may result in the introduction of a new strategy.

The Cabinet has received three quarterly budget monitoring reports for 2013/14 that have all considered revenue, capital and other balance sheet items. These reports have shown an expectation that certain income sources will be significantly above target and concerns regarding the pressure on budgets in areas such as housing, the museum, the market and parking.

Despite the budget pressures that have been in evidence throughout the year there is a developing under spend arising in the main from the fact that income levels relating to planning and recycling are continuing to over achieve budget targets by a significant margin. Actions taken by budget managers are partially managing areas of over spend and, during the third quarter, there has been a developing level of employee vacancy. The projected year end under spend as at the third quarter is £0.5m.

At its meeting on 18 December 2013 the Cabinet agreed the level of fees and charges for 2014/15 and the influence of the amended charges has been incorporated into the budget for 2014/15. The Cabinet also considered the Capital Programme 2014/15 to 2018/19 and a position statement on the Budget Strategy for 2014/15 onwards. On the day of that meeting the Government announced the provisional finance settlement for 2014/15 and indicative figures for 2015/16. The figures were a reduction over the assumptions in the strategic revenue projection and this meant that at that time the budget strategy did not produce a balanced budget for 2014/15. The Cabinet tasked officers to identify further savings to achieve a balanced budget during January 2014.

The budget strategy has been developed in parallel with the Cabinet's consideration of a number of other plans. In particular the budget strategy incorporates consideration of the following:

- a) The Strategic Plan – the budget strategy has been developed in parallel with the revision to the strategic plan. The medium term financial strategy has been produced to ensure the efficient use of the Council's resources in delivering the strategic objectives.
- b) The People Strategy – budget provision is included for expected employee costs.
- c) The Asset Management Strategy – the budget requirements identified in this strategy have been previously included within the budget strategy and have been maintained for 2014/15 onwards at their current levels. The asset management strategy recognises the pressure on the capital programme from the need for future funding and assesses options for the appropriate utilisation of

assets, the pressures upon the capital programme are considered as a complete package and not as individual schemes.

- d) ICT Strategy – the resources for this strategy are limited but some resources for developments in ICT remain available. The exact nature of the strategy and the arrangements for the use of resources for the ICT Strategy are currently evolving as the MKIP Shared Service commences across Maidstone, Swale and Tunbridge Wells Councils. Funding for both partnership requirements and local requirements for this authority are available and will be used subject to a satisfactory business case for each proposal.
- e) The Infrastructure Delivery Plan – budgets for the initial projects required by the plan are set out in the Capital Programme and funding assumptions from developer contributions and new homes bonus are also built into the programme.
- f) Strategic Risk Register – the strategic risks are reviewed regularly by Audit Committee and Cabinet. The funding for actions within the risk actions plans are, where appropriate, incorporated into the budget strategy.
- g) Other Strategies – appropriate resources to aid various other strategies are incorporated into the budget strategy. These include strategies for areas such as Regeneration and Economic Development, Housing, Climate Change, Equalities, Integrated Transport and Community Development.

Strategic Leadership and Corporate Services Overview and Scrutiny Committee

The Committee, at its meeting on 7 January 2014, considered the three budget strategy decision made by the Cabinet on 18 December 2013. The Committee considered all aspects of the reports and the Council's ability to produce a balanced budget.

Due to the Committee's involvement during 2013/14 in developing the strategy the Committee was aware of a number of the issues and through first hand involvement had influenced some. The Committee was able to conclude that the decision of Cabinet arose from a comprehensive assessment of the situation but pressed the officers and members in attendance to resolve the issue of the additional need for savings for 2014/15 and work with them to solve the future budget pressures facing the Council.

Audit Committee

The Committee, at its meeting on 10 February 2014, considered the operational risk assessment of the budget strategy. The Committee normally considers strategic risk but makes an exception in this case. The strategic risk for the budget is the ability to obtain the right level of resources to achieve the Council's objectives. This risk is controlled in the main by the responses to the

operational risks set out in the Finance Section's service plan.

The Committee confirmed the risk analysis was thorough, identifying the major risks and confirmed their satisfaction with the controls in place to monitor and mitigate the risks.

The Finance Settlement

The finance settlement was confirmed as final on 5th February 2014. Changes to the settlement figure were minor, increasing by less than £1,000.

The figures are given in the table below, along with the indicative figures for 2015/16 that were also provided at that time. The table compares the figures to the settlement for 2013/14. Members will note that for both years there is a reduction in both the revenue support grant for this Council.

| Funding | Total | | | Total | | | Total | | |
|---------------------------|-------|-------|---------|-------|-------|---------|-------|-------|---------|
| | RSG | BR | 2013/14 | RSG | BR | 2014/15 | RSG | BR | 2015/16 |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Basic Grant | 3,146 | 2,092 | 5,238 | 3,011 | 2,725 | 5,736 | 2,000 | 2,801 | 4,801 |
| 2011/12 Freeze Grant | 202 | 133 | 335 | 198 | 138 | 336 | 193 | 140 | 333 |
| Homelessness Prevention | 60 | 41 | 101 | 59 | 41 | 100 | 57 | 42 | 99 |
| Local Council Tax Support | 874 | 581 | 1,455 | | | | | | |
| Returned Top Slice | | | | 7 | | 7 | | | |
| Total | 4,282 | 2,847 | 7,129 | 3,275 | 2,904 | 6,179 | 2,250 | 2,983 | 5,233 |

The table demonstrates the reduction in grant over the three available years of the new system. This also clearly indicates the slow transfer of the burden of special grants from RSG funding to business rates baseline funding as RSG funding declines.

Local Council Tax support Scheme

Incorporated into the finance settlement for 2014/15, rather than as a separate grant, is the funding for the local council tax support scheme (LCTS). In 2013/14 total funding was £1.455m as shown in the table above. An additional one year grant was announced by the Department for Communities and Local Government (DCLG) to maintain the reduction in LCTS discount to 8.5%. Up to the point of that announcement the Council's expected scheme, on which it had consulted, was a reduction of 13%. At the Council meeting in December 2013, following further public consultation, the Council agreed to revert to the original scheme of a 13% reduction in support for 2014/15 (i.e. a discount on council tax equivalent to 87% of the council tax benefit that could have been claimed under the previous national system).

The reduction in funding within the finance settlement from 2013/14 to 2014/15 is coincidentally also 13% and while the Government has suggested that LCTS funding has remained stable within the overall grant this cannot be directly demonstrated and all elements of grant, where evidence exists, are shown to be reducing. In addition the LCTS grant is not ring-fenced, increases or reductions in the discount granted to claimants are a direct cost or benefit to this Council. As the distinction no longer exists around the grant for this scheme, in developing and monitoring the strategy for LCTS it will be assumed

a reduction in line with the overall reduction in the finance settlement has occurred to the LCTS element.

Included in the main grant for the Council is an element that the DCLG states is funding for the loss incurred by Parish Council's from reductions in their precept due to the discount. In 2013/14 the full amount of this funding of £0.11m was distributed to Parish Council by this Council based upon their loss of income from Council Tax due to the introduction of the scheme. A similar approach was agreed by Cabinet at its meeting on 18 December 2013 with the total amount distributed being reduced by 12% in line with the Council's expected, rather than actual, loss of government funding. Shortly after the Cabinet meeting on 18 December 2013 the distributed amounts were notified to Parishes as provisional figures along with their tax base figures. The provisional nature of the figures recognises the fact that the final decision will be made by Council. The recommended distribution is set out in **Appendix C**.

Business Rates

The finance settlement outlined above reported the baseline need value for retained business rates in 2014/15. The full set of Government assessed figures is tabled below.

| | £ |
|-------------------------------|------------|
| Assessed Business Rates Total | 56,392,275 |
| Central Government 50% | 28,196,138 |
| Kent County Council 9% | 5,075,305 |
| Kent Fire 1% | 563,923 |
| MBC Share 40% | 22,556,910 |
| Less MBC Tarrif to government | 19,653,700 |
| Baseline Need | 2,903,210 |

The Council applied for and was approved as a partner in the Kent business rates pool. The pool for 2014/15 is a partnership between Maidstone Borough Council and Kent County Council. The primary objective of the pool is growth within the region (i.e. within the Maidstone borough area but would expand if other district councils join the pool in future years) and the benefit it brings is to enable the levy on business rates growth to be retained locally. The risk of the pool is that the Council may collect business rates at a level below the safety net but will receive no national support to reduce its losses.

The pool agreement shares any levy saved between the Council, the County Council and a Growth Fund in equal shares after a charge of 10% which is used to fund a safety net provision. The growth fund will be used to support growth in the region.

The Council's own estimate of business rates has to incorporate the recent changes in exemptions announced in the autumn statement by the Chancellor of the Exchequer. The calculation given in the table below suggests that after allowance for all exemptions the Council's actual business rates income will be below safety net however the Government has confirmed that it will reimburse local authorities for the loss of business rates from the announced exemptions

and these reimbursements will form part of the levy and safety net calculations. Allowing for these payments, officers currently predict that all relevant income will be above the baseline need set out in the table above and without the Kent pool the Council would be subject to a levy at the end of 2014/15 of 50% of the increase shown in the table below.

| | £ |
|--------------------------------------|------------|
| NNDR1 Business Rates Total | 54,171,300 |
| Central Government 50% | 27,085,650 |
| Kent County Council 9% | 4,875,417 |
| Kent Fire 1% | 541,713 |
| MBC Share 40% | 21,668,520 |
| Less MBC Tarrif to government | 19,653,700 |
| Business Rates Retained | 2,014,820 |
| Add Section 31 Grant | 1,194,098 |
| Total Income | 3,208,918 |
| Baseline Need | 2,903,210 |
| Net Increase subject to levy | 305,708 |

The main risk to the estimate of business rates above is the level of outstanding appeals to the Valuation Office Agency that existed at the time the new system was introduced. In Maidstone approximately 30% of the rateable value of the borough was under appeal on 1st April 2013 and a provision was set up to allow for backdated payments that would be required by the pool. Provision for current and future appeals form part of the overall mechanism of the localisation of business rates.

Strategic Revenue Projection and Savings Proposals

The strategic revenue projection (SRP) is given in **Appendix A** and has been updated to show the finance settlement figures.

The inflation index for business rates paid by the Council has also been adjusted. This is because the Government has confirmed the increase at 2% whereas the inflation index used in previous SRPs presented to the Cabinet was 3.1%. The Council Tax income has also been adjusted to reflect the maximum increase available within a 2% referendum limit. This is 1.99%.

The increase in savings requirement that this SRP identifies is £41,000 after the two adjustments above. Officers have reviewed the proposed savings for possible additions, have reviewed budgets for new items of saving and have reconsidered all growth pressures. At this late stage the proposals that came forward were proposals with an ability to influence future years' savings targets and by proposing to produce the savings early increased the risk of delivery and the risk for future years.

One proposal has been identified that has certainty at this late stage in the budget planning cycle and will provide the necessary saving. The proposal is to reduce the revenue support provided to the Capital Programme. The revenue

support, currently £0.35m, was introduced in recent years through the budget strategy process during a period when the Council expected there would be little or no funding for capital projects. From more recent decisions of Cabinet and Council the future programme is supported by the full amount of new homes bonus. This means that the revenue support now has more significance when considered against the pressures on the SRP rather than the requirements of the Capital Programme. This report therefore proposes the removal of that support over 2014/15 and 2015/16 and the revenue budget and capital programme incorporated in **Appendix A** include the necessary changes.

Revenue Estimates

A summary of the revenue estimate by portfolio is set out in **Appendix A**. This also summarises the approved use of balances. This estimate assumes the final approval of all growth and savings. The estimate is based upon the funding available from a 1.99% Council Tax increase. Any alternative decision will require amendment to the revenue estimates.

Revised Estimate 2013/14

The revised estimate 2013/14 totals £26.74m. This compares to an original estimate of £19.499m as approved by Council in March 2013. The increase reflects the decisions of Cabinet to approve the carry forward of resources from 2012/13 and the decision of the Leader of the Council on the use of the revenue under spend in 2011/12 and 2012/13.

Original Estimate 2014/15

The estimate 2014/15 shows a cost of service estimated at £19.031m. After net contribution from balances of £0.012m, the budget requirement for 2014/15 will be £19.019m. This figure excludes the funding of parish councils for loss due to the local council tax support scheme that is incorporated in the SRP.

The budget, as proposed in this report, has been based on a number of initiatives completed during the year. These include:

- a) A final refresh of the strategic plan before producing a new plan during 2014/15.
- b) A budget consultation exercise.
- c) Membership of the Kent business rates pool.
- d) The introduction of a council tax premium on long term empty homes

Statement of Balances

Given in **Appendix A** is a statement of the general fund balances. The statement identifies in detail the agreed use of balances arising from the 2013/14 budget, approved by Council in March 2013, and subsequent decisions

by Cabinet and the Leader of the Council.

During the development of the budget strategy for 2014/15 there has been one proposal for the use of balances agreed. This is support in the medium term for the increase in employer contributions to the pension fund deficit. This support totals £0.2m over a three year period. In addition there is a possible need for resources to cover the unexpected cost of the recent flood emergencies. Budget monitoring for 2013/14 projects an under spend at 31 March 2014 that may be available as an alternative to direct use of balances.

Cabinet considered the level of working balances to set for operational purposes. There are two levels set:

- a) The first is a practical minimum below which Cabinet cannot approve the use of balances without agreement of Council. In the past this has been set at 10% of net revenue spend, which equates to £1.9m. However in recent years, as net revenue expenditure has declined due to Government reductions in public sector spending, the balance has been retained at £2m. It would be prudent to continue at this level and Cabinet recommends this level to Council;
- b) The second is an operational minimum, set for daily use of balance by Cabinet. In the past this has been £0.3m greater than the Council set practical minimum. This would be £2.3m and Cabinet set this operational minimum at their meeting on 12 February 2013.

Council Tax Levels

The SRP given in **Appendix A** has been developed with a council tax increase of 1.99%.

For 2014/15 and 2015/16 the Government has again offered a 1% council tax freeze grant. The grant benefits from two issues over previous years. Firstly the fact that the grant is paid on the gross tax base before amendment to account for local council tax support discount and secondly that it will be rolled into the base figures for the finance settlement.

A 1.99% Council tax increase provides £0.19m additional resources in perpetuity and would cost a band D full tax payer an additional 38 pence per month. A band D tax payer on maximum local council tax support would pay an additional 5 pence per month instead. Acceptance of a small increase of this size was responded to positively in the budget consultation, conducted by Cabinet.

The government grant for a freeze on council tax would be £0.16m (1% but on a higher base value). This would be rolled in to the finance settlement and be available long term. However it is clear from the trend between the 2013/14 and 2015/16 finance settlement figures tabulated earlier in this recommendation, that revenue support grant will decline to almost zero in the next five years. Business Rates Baseline Need will remain steady over the same

period. In summary the council would initially receive additional resources from a freeze in Council Tax but should expect those resources to decline in line with the already announced reductions to support government austerity measures.

Over the five years of the SRP the loss of resources would be a minimum of £0.16m plus any additional reduction in the finance settlement which cannot be estimated at this time but could be up to an additional £0.4m.

The Government announced the referendum limit on 5 March 2014 as 2%. The recommendation of Cabinet is within the referendum limit.

Council Tax Premium

The Local Government Finance Act 2012 introduced a new discretion for the Council to vary certain categories of council tax discounts for empty properties. It also provides the option for the Council to charge a premium for properties that have been empty for two years or more.

The changes provide an important tool both to encourage the use of such properties given the significant demand for housing and generate additional revenue to help mitigate the wider pressures on the Council's budget and general level of council tax for residents.

Cabinet has considered an option to charge an additional premium for properties which have been empty and unfurnished for 2 years and incorporated the additional income into the budget strategy.

Such properties are currently charged the full rate of council tax with the legislation allowing the Council to now set an additional premium between 0-50%.

The Secretary of State has through regulation prescribed classes of property for which a premium cannot be charged, including;

- A dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service.
- An annex deemed unoccupied because it is being treated by the occupier of the main dwelling, as part of the main dwelling.

Any adjustment of the above discount/premium will be reflected in the Council Tax, increasing the amount to be generated by the Borough Council, Kent County Council, Police and Fire & Rescue in line with their individual proportion of the overall council tax set. In future years this will be incorporated into the tax base and precepts for parish councils.

There are currently 197 properties within the borough that would be affected by such a change.

In considering the change Cabinet also considered the following points:

- There are a range of statutory exemptions to protect owners who have no choice in leaving the property empty, such as properties subject to probate or left empty due to the owner being in care or hospital. There are no plans to change these exemptions.
- That the Council is proactive to support owners bring empty properties back into use, providing support to plan works, grants to meet the cost of essential repairs and help with advertising.
- At that time the council had 1,282 applicants seeking housing through the councils housing register, with 34 households accepted as homeless and placed in temporary accommodation. At the same time the council had 1239 empty properties, of which 197 would be liable to pay an additional premium due to the period that they have remained empty.
- The council has a dedicated empty homes officer within the housing service whose role is to advise and assist owners of empty homes. In addition the council has an empty homes policy that sets out the range of interventions provided by the council to help bring properties back into use.

Strategic Assessment of the Revenue Estimate

The revenue estimate for 2014/15 as detailed in this report requires net resources of £19.019m. This can be balanced by a 1.99% increase in the Council Tax charged and the additional savings from revenue support to the capital programme as set above. The funding is detailed in the table below:

| Funding: | £ |
|---|-------------------|
| Revenue Support Grant | 3,274,384 |
| Business Rates | 2,903,210 |
| Less: Parish LCTS Support | - 96,802 |
| Council Tax at £222.39 (Band D), tax base 55675.1 | 12,617,091 |
| 1.9% Council Tax Increase (£4.50 @Band D) | 250,510 |
| Collection Fund Adjustment | 70,705 |
| TOTAL AVAILABLE RESOURCES | 19,019,098 |

Should Council wish to consider an alternative approach a 1% change in Council Tax charged will result in a £95,000 change in the level of income. Council should be aware that council tax freeze grant is offered only when there is no increase in council tax. It cannot be claimed proportionately.

Capital Programme

The Capital Programme is given in **Appendix A**.

In assessing and recommending the capital programme to Council, the Cabinet considered the fact that the Government is to review the new homes bonus scheme in 2014/15 and the funding set out in the programme assumes a 30% loss of funding from 2015/16 onwards. The actual review and the consequences

will be considered as part of the development of the 2015/16 budget.

Consultation

In recent years Cabinet has taken a coordinated approach to the views it has sought during consultation. This has been done with the intention of building a body of knowledge of opinions on various elements of the budget.

During the development of the 2009/10 budget strategy the consultation was through a budget simulator to allow respondents to create their own budget and asked them to achieve a council tax increase below 5%. The choices available for growth or savings were larger key service areas that most respondents displayed a desire to protect, such as refuse and street cleansing.

During the development of the 2010/11 budget strategy the consultation was carried out by formal market research. This research focused on income generating services through consideration of price and elasticity of demand. Questions included the preference for payment for services by council tax or by direct fee at time of use.

During the development of the 2011/12 budget strategy members and officers completed comprehensive public engagement under the banner of "My Council, What Matters to ME" which reviewed opinion on discretionary services and Cabinet's proposals for savings. It also gave an opportunity for respondents to put forward further ideas for consideration.

Consultation on the 2012/13 budget followed a similar format requesting ideas for savings beyond those already identified and an evaluation of seven statutory services that were not placed as high priority in the Cabinet's priority matrix. The consultation looked at the potential from variations in the level of customer service.

Two consultations were carried out for the 2013/14 budget strategy. The first was on the Local Council Tax Support Scheme proposals. The second related to alternative methods of delivery related to the developing commissioning strategy, plans to acquire commercial property through prudential borrowing and the channel shift strategy through questions on the cost of contacting the Council.

For the 2014/15 budget the consultation has again been in two separate elements. The Cabinet consulted on the Local Council Tax Support scheme proposals in order to ensure compliance with regulations and to confirm, after the first year of operation that the proposals for year two remained acceptable. The Cabinet also consulted on a the budget through a series of direct questions on the sources of revenue resources. The response levels to each question were set out in the report of Corporate Leadership Team to Cabinet on 12 February 2014 but of note are the following issues:

- a) There is general support for the Council's proposals
- b) A 52% yes answer was received to the possibility of a 36 pence per month increase in Council tax but only a 45% yes vote to a

Government Maximum 2% increase. As these are essentially the same (2% would equal 38 pence per month) it indicates the influence of percentage quotes over value quotes and the need to promote to tax payers the real value of the services provided.

- c)The proposal to reduce staffing by £0.25m received a 42% no answer, combined with not sure this was 66% of answers to the question.

Actions to set the Council Tax

As Members will be aware, it is a statutory requirement of this Authority to resolve the level of Council Tax for the area. To achieve this objective the recommendations made to Council need to be addressed. In addition the precepts of Kent County Council, the Police Authority, the Fire Authority and all parish councils require approval.

In addition it is necessary for the Section 151 Chief Financial Officer to give her opinion to Council, when setting the above requirements, that the budget calculations are based upon robust estimates and that the level of reserves is sufficient for the purposes of the budget exercise. The opinion is given at the beginning of Appendix A to this recommendation.

Medium Term Financial Strategy

For the first time the Council will publish two separate financial strategies. One for revenue plans and one for capital plans. This arises from the proposals of Strategic Leadership and Corporate Services Overview and Scrutiny Committee. The desire of the Committee is to make the capital programme and strategy more evident and clear. Cabinet agreed to the proposal earlier this year when considering the Committee's SCRAIP following their review.

The strategies are both included within **Appendix A**. The strategies are focused on the five year period of the Council's planning cycle. In some local authorities plans of ten years and plans of three years are often seen. It is considered that a three year plan is too short to meet the requirements of the Council's strategic planning environment and that ten years is too long a period for a reasonable level of accuracy about the future.

Alternatives considered and why not recommended

The major alternatives are included above for consideration.

Cabinet could have recommended to Council the setting of a Council Tax level greater than that used as a planning assumption in the strategic revenue projection. The Department for Communities and Local Government has set the level of increase that would trigger a local referendum on Council Tax for 2014/15 as 2%. Any increase above the limit will trigger a referendum for this Council at significant cost and, due to the issue being tested, the most likely response to a referendum will require the Council to reset its budget, re-bill all tax payers and incur further additional cost.

The Cabinet could have chosen not to recommend the additional saving proposal and retain the revenue support for the capital programme at its current level. This would mean a need to identify further savings prior to the meeting of Council on 5 March 2014 and seek approval from the Cabinet before the final recommendation to Council. Officers have considered a number of alternative approaches to the additional need for savings. The reduction in revenue support has been recommended because it is achievable for the immediate need of the strategy at this late stage and the full budget saving has greater impact and relevance to the revenue budget than it does to the current capital programme.

The council could decide not to apply a council tax premium or apply a premium at a lower rate (between 0 -50%). In taking such action the council would limit the impact on the change both in terms of properties being returned to use and financial benefit to the council and wider council tax payer.

The setting of a balanced budget is a statutory obligation. To choose not to set a budget and a Council Tax level for 2014/15 is not an option.

Background papers

None

MAIDSTONE BOROUGH COUNCIL

COUNCIL TAX 2014/2015

Schedule of Council Tax Base and Additional Basic Amounts of

Council Tax in parts of the area with Parish Precepts

| PARISH | TAX BASE | PRECEPT £ | BAND 'D' TAX £ |
|------------------------|-------------|--------------|----------------------|
| Barming | 713.40 | 23,500.00 | 32.94 |
| Bearsted | 3,502.40 | 95,000.00 | 27.12 |
| Boughton Malherbe | 215.10 | 5,067.76 | 23.56 |
| Boughton Monchelsea | 1,227.30 | 50,000.00 | 40.74 |
| Boxley | 3,758.90 | 91,506.00 | 24.34 |
| Bredhurst | 166.60 | 8,635.20 | 51.83 |
| Broomfield & Kingswood | 692.90 | 55,500.00 | 80.10 |
| Chart Sutton | 393.70 | 20,000.00 | 50.80 |
| Collier Street | 344.50 | 13,030.00 | 37.82 |
| Coxheath | 1,436.30 | 59,000.00 | 41.08 |
| Detling | 350.10 | 19,801.00 | 56.56 |
| Downswood | 811.30 | 24,371.00 | 30.04 |
| East Sutton | 136.80 | 6,000.00 | 43.86 |
| Farleigh East | 638.80 | 30,311.00 | 47.45 |
| Farleigh West | 210.40 | 13,750.00 | 65.35 |
| Harrietsham | 847.60 | 43,782.00 | 51.65 |
| Headcorn | 1,446.90 | 93,938.00 | 64.92 |
| Hollingbourne | 416.80 | 15,067.00 | 36.15 |
| Hunton | 297.70 | 17,000.00 | 57.10 |
| Langley | 473.10 | 16,596.35 | 35.08 |
| Leeds | 312.60 | 26,288.00 | 84.09 |
| Lenham | 1,339.40 | 54,768.07 | 40.89 |
| Linton | 241.10 | 10,638.00 | 44.12 |
| Loose | 1,078.80 | 59,356.00 | 55.02 |
| Marden | 1,458.50 | 76,928.00 | 52.74 |
| Nettlestead | 296.50 | 13,449.00 | 45.36 |
| Otham | 207.60 | 8,279.00 | 39.88 |
| Staplehurst | 2,216.10 | 121,720.00 | 54.93 |
| Stockbury | 300.90 | 11,885.00 | 39.50 |
| Sutton Valence | 632.10 | 29,995.00 | 47.45 |
| Teston | 301.90 | 20,350.00 | 67.41 |
| Thurnham | 527.50 | 15,869.00 | 30.08 |
| Tovil | 1,145.80 | 66,340.00 | 57.90 |
| Ulcombe | 379.60 | 18,032.00 | 47.50 |
| Yalding | 920.60 | 52,000.00 | 56.48 |
| | | 1,287,752.38 | |

COUNCIL TAX 2014/2015

Parish Funding for Local Council Tax support Scheme

| Parish | LCTS Discount in Tax Base | Band D £ | Loss of CT needing grant aid | Proposed Grant 2014/15 |
|---------------------|---------------------------------|----------|------------------------------------|------------------------------|
| Barming | -31.90 | 28.15 | -897.99 | 902.00 |
| Bearsted | -172.30 | 25.80 | -4445.34 | 4463.00 |
| Bicknor | -5.30 | | 0.00 | 0.00 |
| Boughton Malherbe | -12.90 | 23.56 | -303.92 | 305.00 |
| Boughton Monchelsea | -79.40 | 36.37 | -2887.78 | 2899.00 |
| Boxley | -131.50 | 25.94 | -3411.11 | 3425.00 |
| Bredhurst | -14.80 | 49.45 | -731.86 | 735.00 |
| Broomfield | -38.90 | 66.23 | -2576.35 | 2587.00 |
| Chart Sutton | -34.60 | 48.79 | -1688.13 | 1695.00 |
| Collier Street | -12.90 | 29.14 | -375.91 | 377.00 |
| Coxheath | -156.40 | 37.54 | -5871.26 | 5895.00 |
| Detling | -33.60 | 56.48 | -1897.73 | 1905.00 |
| Downswood | -55.90 | 29.02 | -1622.22 | 1629.00 |
| East Sutton | -2.60 | 38.64 | -100.46 | 101.00 |
| Farleigh East | -59.10 | 43.31 | -2559.62 | 2570.00 |
| Farleigh West | -16.20 | 63.45 | -1027.89 | 1032.00 |
| Fristed | -2.90 | | 0.00 | 0.00 |
| Harrietsham | -83.20 | 33.76 | -2808.83 | 2820.00 |
| Headcorn | -131.00 | 55.56 | -7278.36 | 7308.00 |
| Hollingbourne | -36.80 | 35.25 | -1297.20 | 1302.00 |
| Hucking | -2.30 | | 0.00 | 0.00 |
| Hunton | -18.60 | 56.84 | -1057.22 | 1061.00 |
| Langley | -59.20 | 35.08 | -2076.74 | 2085.00 |
| Leeds | -44.40 | 73.02 | -3242.09 | 3255.00 |
| Lenham | -125.40 | 40.89 | -5127.61 | 5148.00 |
| Linton | -16.90 | 43.40 | -733.46 | 736.00 |
| Loose | -62.70 | 52.87 | -3314.95 | 3328.00 |
| Marden | -168.40 | 52.37 | -8819.11 | 8854.00 |
| Nettlestead | -55.10 | 38.26 | -2108.13 | 2117.00 |
| Otham | -20.30 | 35.38 | -718.21 | 721.00 |
| Otterden | -1.90 | | 0.00 | 0.00 |
| Staplehurst | -152.20 | 44.80 | -6818.56 | 6846.00 |
| Stockbury | -32.00 | 39.21 | -1254.72 | 1260.00 |
| Sutton Valence | -46.40 | 42.08 | -1952.51 | 1960.00 |
| Teston | -19.10 | 63.77 | -1218.01 | 1223.00 |
| Thurnham | -11.70 | 28.72 | -336.02 | 337.00 |
| Tovil | -165.60 | 56.63 | -9377.93 | 9417.00 |
| Ulcombe | -21.10 | 42.54 | -897.59 | 901.00 |
| Wichling | -2.00 | | 0.00 | 0.00 |
| Wormshill | -6.20 | | 0.00 | 0.00 |
| Yalding | -110.60 | 50.46 | -5580.88 | 5603.00 |
| Grand Total | -2254.30 | | -96415.69 | 96802.00 |

MAIDSTONE BOROUGH COUNCIL**COUNCIL TAX 2014/2015****Schedule of Council Tax Levels for all Bands****and all Parts of the Area including District Spending and all Precepts.**

| Parish | Band A Total Rate £ | Band B Total Rate £ | Band C Total Rate £ | Band D Total Rate £ | Band E Total Rate £ | Band F Total Rate £ | Band G Total Rate £ | Band H Total Rate £ |
|---------------------------|--|--|--|--|--|--|--|--|
| Barming | 1,030.87 | 1,202.68 | 1,374.49 | 1,546.30 | 1,889.92 | 2,233.54 | 2,577.17 | 3,092.60 |
| Bearsted | 1,026.99 | 1,198.16 | 1,369.32 | 1,540.48 | 1,882.81 | 2,225.14 | 2,567.48 | 3,080.97 |
| Boughton Malherbe | 1,024.62 | 1,195.38 | 1,366.15 | 1,536.92 | 1,878.46 | 2,219.99 | 2,561.54 | 3,073.84 |
| Boughton Monchelsea | 1,036.07 | 1,208.75 | 1,381.42 | 1,554.10 | 1,899.45 | 2,244.81 | 2,590.17 | 3,108.20 |
| Boxley | 1,025.14 | 1,195.99 | 1,366.85 | 1,537.70 | 1,879.41 | 2,221.12 | 2,562.84 | 3,075.41 |
| Bredhurst | 1,043.46 | 1,217.37 | 1,391.28 | 1,565.19 | 1,913.01 | 2,260.83 | 2,608.66 | 3,130.38 |
| Broomfield & Kingswood | 1,062.31 | 1,239.36 | 1,416.41 | 1,593.46 | 1,947.56 | 2,301.66 | 2,655.77 | 3,186.92 |
| Chart Sutton | 1,042.78 | 1,216.57 | 1,390.37 | 1,564.16 | 1,911.75 | 2,259.34 | 2,606.94 | 3,128.32 |
| Collier Street | 1,034.13 | 1,206.48 | 1,378.83 | 1,551.18 | 1,895.89 | 2,240.59 | 2,585.31 | 3,102.37 |
| Coxheath | 1,036.30 | 1,209.01 | 1,381.72 | 1,554.44 | 1,899.87 | 2,245.29 | 2,590.73 | 3,108.88 |
| Detling | 1,046.62 | 1,221.05 | 1,395.48 | 1,569.92 | 1,918.79 | 2,267.66 | 2,616.53 | 3,139.84 |
| Downswood | 1,028.94 | 1,200.42 | 1,371.91 | 1,543.40 | 1,886.37 | 2,229.35 | 2,572.34 | 3,086.80 |
| East Sutton | 1,038.15 | 1,211.17 | 1,384.20 | 1,557.22 | 1,903.27 | 2,249.31 | 2,595.37 | 3,114.44 |
| Farleigh East | 1,040.54 | 1,213.97 | 1,387.39 | 1,560.81 | 1,907.65 | 2,254.50 | 2,601.35 | 3,121.62 |
| Farleigh West | 1,052.48 | 1,227.89 | 1,403.30 | 1,578.71 | 1,929.53 | 2,280.36 | 2,631.19 | 3,157.42 |
| Harrietsham | 1,043.35 | 1,217.24 | 1,391.12 | 1,565.01 | 1,912.79 | 2,260.57 | 2,608.36 | 3,130.03 |
| Headcorn | 1,052.19 | 1,227.56 | 1,402.92 | 1,578.28 | 1,929.01 | 2,279.74 | 2,630.48 | 3,156.57 |
| Hollingbourne | 1,033.01 | 1,205.18 | 1,377.34 | 1,549.51 | 1,893.84 | 2,238.18 | 2,582.52 | 3,099.02 |
| Hunton | 1,046.98 | 1,221.47 | 1,395.97 | 1,570.46 | 1,919.45 | 2,268.44 | 2,617.44 | 3,140.93 |
| Langley | 1,032.30 | 1,204.34 | 1,376.39 | 1,548.44 | 1,892.54 | 2,236.63 | 2,580.74 | 3,096.88 |
| Leeds | 1,064.97 | 1,242.47 | 1,419.96 | 1,597.45 | 1,952.44 | 2,307.43 | 2,662.43 | 3,194.91 |
| Lenham | 1,036.17 | 1,208.86 | 1,381.56 | 1,554.25 | 1,899.64 | 2,245.02 | 2,590.42 | 3,108.50 |
| Linton | 1,038.33 | 1,211.38 | 1,384.43 | 1,557.48 | 1,903.59 | 2,249.69 | 2,595.81 | 3,114.97 |
| Loose | 1,045.59 | 1,219.85 | 1,394.12 | 1,568.38 | 1,916.91 | 2,265.43 | 2,613.97 | 3,136.76 |
| Marden | 1,044.07 | 1,218.08 | 1,392.09 | 1,566.10 | 1,914.13 | 2,262.15 | 2,610.18 | 3,132.21 |
| Nettlestead | 1,039.15 | 1,212.34 | 1,385.53 | 1,558.72 | 1,905.10 | 2,251.48 | 2,597.87 | 3,117.44 |
| Otham | 1,035.50 | 1,208.08 | 1,380.66 | 1,553.24 | 1,898.40 | 2,243.56 | 2,588.74 | 3,106.48 |
| Staplehurst | 1,045.53 | 1,219.78 | 1,394.03 | 1,568.29 | 1,916.79 | 2,265.30 | 2,613.81 | 3,136.57 |
| Stockbury | 1,035.24 | 1,207.78 | 1,380.32 | 1,552.86 | 1,897.94 | 2,243.01 | 2,588.10 | 3,105.72 |
| Sutton Valence | 1,040.55 | 1,213.97 | 1,387.39 | 1,560.81 | 1,907.66 | 2,254.50 | 2,601.36 | 3,121.63 |
| Teston | 1,053.85 | 1,229.49 | 1,405.13 | 1,580.77 | 1,932.05 | 2,283.32 | 2,634.61 | 3,161.53 |
| Thurnham | 1,028.97 | 1,200.46 | 1,371.95 | 1,543.44 | 1,886.43 | 2,229.41 | 2,572.41 | 3,086.89 |
| Tovil | 1,047.51 | 1,222.09 | 1,396.68 | 1,571.26 | 1,920.42 | 2,269.59 | 2,618.77 | 3,142.52 |
| Ulcombe | 1,040.58 | 1,214.01 | 1,387.43 | 1,560.86 | 1,907.72 | 2,254.57 | 2,601.44 | 3,121.73 |
| Yalding | 1,046.57 | 1,220.99 | 1,395.42 | 1,569.84 | 1,918.70 | 2,267.55 | 2,616.41 | 3,139.69 |
| Basic Level of Tax | 1,008.91 | 1,177.06 | 1,345.21 | 1,513.36 | 1,849.66 | 2,185.96 | 2,522.27 | 3,026.72 |

Agenda Item 15

MAIDSTONE BOROUGH COUNCIL

COUNCIL

5 MARCH 2014

REPORT OF THE CABINET HELD ON 12 FEBRUARY 2014

TREASURY MANAGEMENT STRATEGY 2014/15

Issue for Decision

In accordance with CIPFA's Code of Practice on Treasury Management, the Council is asked to consider the Draft Treasury Management Strategy for 2014/15 including the Treasury and Prudential Indicators.

Recommendation Made

1. That the Treasury Management Strategy 2014/15 be adopted.
2. That a review be undertaken at mid-year of the use of foreign banks for last resort, short term investments.

Reasons for Recommendation

The Cabinet considered the report of the Director of Regeneration & Communities regarding the Treasury Management Strategy 2014/15, including the Treasury and Prudential Indicators.

The Council has adopted CIPFA's Code of Practice on Treasury Management (the Code) and this requires that the Council sets out a Treasury Management Strategy on an annual basis. This report considers the proposed Strategy for 2014/15 onwards along with current guidance from CIPFA and the DCLG.

The primary requirements of the Code are as follows:

- a) Receipt by full Council of an annual Treasury Management Strategy that includes the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead;
- b) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions; and
- c) Delegation by the Council of the role of scrutiny of the Treasury Management Strategy and policies, a mid-year Review Report and an Annual Report covering activities during the previous year to an appropriate

committee. These functions have been delegated to the Audit Committee by the Council.

The agreed process previously approved by Council is:

- a) Audit Committee will consider, as part of their monitoring role, the initial draft and make recommendations to Cabinet;
- b) Cabinet will consider the draft and any recommendations from Audit Committee and recommend to Council; and
- c) Council will approve the strategy by March of each year for the forthcoming financial year.

The 2013/14 Strategy

The Strategy for 2013/14 was approved by Council in February 2013 and set the following objectives:

- a) Keep investments short term (up to 1 year) to make funds available to invest if rates increase;
- b) Use up to £3m from core cash balances to be invested for 1 year or above if rates are at a premium over predicted base rates and funds are available for the term;
- c) The use of enhanced cash funds which is an extension to the current AAA rated money market funds. These offer higher yields to money market funds due to giving short term notice to withdraw funds; and
- d) The Head of Finance & Resources be given delegated responsibility to add or withdraw institutions from the counterparty list when ratings change, either as advised by Capita Treasury Management (the Council's advisors) or from another reliable market source.

Current Cashflow Performance

At the 25 November 2013 meeting of the Audit Committee the mid-year performance report included details for 2013/14 of the position as at 30 September 2013. Given below is an update on that position.

| | £m | % |
|--|-----------|----------|
| Investments as at 1 st April 2013 | 13.5 | |
| Investment Balance as at 31st Dec 2013 | 31.1 | |
| Investment Income as at 31st Dec 2013 | 0.17 | |
| Ave Balance/Rate of Investments during year | 26.9 | 0.76 |
| Est. Investments as at 31 st March 2014 | 17.9 | |

Investments with Lloyds TSB (part nationalised bank) total £5m. This is made up of two longer term investments, one of £3m for 365 days and the other of £2m for 364 days.

All other investments have been completed on a short term basis (up to one year), as agreed within the Strategy.

During 2013/14 to date the Council has not borrowed either for cash flow purposes or financing. During the last quarter of 2013/14 there is a possibility that the Council will borrow as the first purchases arising from the commercialisation projects occur.

Based on the current cash flow projection the Council has anticipated cash balances at 1 April 2014 available for investment totalling £17.9m.

Developing the Strategy

In formulating and executing the Strategy for 2014/15, the Council will continue to have regard to the DCLG's guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectional Guidance Notes.

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

The Council will also achieve optimum return on its investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to on lend and make a return is unlawful and the Council will not engage in such activity.

The Council, in conjunction with its treasury management advisor, Capita Asset Services, will use Fitch, Moodys and Standard and Poors ratings in combination to derive its credit criteria. All credit ratings will be monitored daily. The Council is alerted to changes in ratings of all agencies through its use of the Capita's creditworthiness service.

The Council will therefore use counterparties with durational bands and these are set out later in the report and at Appendix A.

It is proposed that UK part-nationalised banks (e.g. RBS & Lloyds) duration be extended from 1 year to 2 years, as these have the added security of government backing if the Council were to invest in longer term deposits.

If a downgrade means the counterparty or investment scheme no longer meets the Council's minimum criteria, its use for further investment will be withdrawn immediately. If funds are already invested with the downgraded institution, a decision will be made by the Head of Finance & Resources whether to withdraw the funds and maybe incurring a penalty.

If a body is placed under negative rating watch (i.e. there is a probability of a rating change in the short term and the likelihood of that change being negative) and it is currently at the minimum acceptable rating for placing investments, then no further investments will be made with that body.

In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in a downgrade of an institution or removal from the Council's lending list.

The use of leading building societies for investment purposes will use the top 5 ranked on a combination of management expenses of the group, as shown within the Income and Expenditure Account, as well as the asset size.

Other market intelligence will also be used to determine institutions' credit worthiness, such as financial press, financial broker advice and treasury management meetings with other authorities, e.g. Kent Treasury Management Forum. If this information shows a negative outcome, no further investments will be made with that body.

The Head of Finance & Resources has previously been given delegated authority to use alternative forms of investment, should the appropriate opportunity arise to use them, and should it be prudent and of advantage to the Council to do so. This delegated authority is subject to prior consultation with the Cabinet Member for Corporate Services on any possible use of these instruments. This delegation has not been exercised to date.

The following table shows the balance of investments which will mature during 2014/15 and the total of this balance which will be needed to fund the revenue/capital expenditure.

| Investment | 2014/15 £m |
|---|-----------------------|
| Short Term Investments at start of Year | 17.9 |
| Use of Balances/Capital receipts | 11.9 |
| Total Core Cash | 8.0 |

These maturities will therefore cover the anticipated use of cash balances for the period and leave a minimum of £8.0m available for investment, along with day to day cash flow management funds. However, £5m has been identified for possible investment leaving a surplus of £3m worth of funds for contingencies.

A Forward Look

The MPC has previously stated that an increase in interest rates will not be discussed until unemployment levels reach 7% or below which was originally thought to be 3 years away. The current unemployment rate is now 7.1%. It is believed that the Governor of the Bank of England will look at other variables, such as economic growth, before deciding raising rates.

Interest Rate Forecast

As part of their service Capita Asset Services assist the Council to formulate a view on interest rates. Below is a table which forecasts short term (Bank Rate) and longer term fixed interest rates that reflects their current view on the future.

| Bank Rate | | | | | | | | | | | | | | |
|-----------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | NOW | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
| Capita Asset Services | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.00% | 1.25% |
| UBS | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | - | - | - | - | - |
| Capital Economics | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | - | - | - | - | - |
| 5yr PWLB Rate | | | | | | | | | | | | | | |
| | NOW | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
| Capita Asset Services | 2.73% | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.80% | 2.90% | 3.00% | 3.10% | 3.20% | 3.30% | 3.40% | 3.40% |
| UBS | 2.73% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Economics | 2.73% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.50% | 2.90% | 3.30% | - | - | - | - | - |
| 10yr PWLB Rate | | | | | | | | | | | | | | |
| | NOW | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
| Capita Asset Services | 3.82% | 3.60% | 3.70% | 3.80% | 3.80% | 3.90% | 3.90% | 4.00% | 4.10% | 4.20% | 4.30% | 4.30% | 4.40% | 4.50% |
| UBS | 3.82% | 3.70% | 3.80% | 3.90% | 4.05% | 4.05% | 4.30% | 4.55% | 4.55% | - | - | - | - | - |
| Capital Economics | 3.82% | 3.55% | 3.55% | 3.55% | 3.55% | 3.55% | 3.55% | 3.55% | 3.80% | - | - | - | - | - |
| 25yr PWLB Rate | | | | | | | | | | | | | | |
| | NOW | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
| Capita Asset Services | 4.41% | 4.40% | 4.50% | 4.50% | 4.60% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.10% | 5.10% | 5.10% |
| UBS | 4.41% | 4.55% | 4.55% | 4.80% | 4.80% | 5.05% | 5.05% | 5.30% | 5.30% | - | - | - | - | - |
| Capital Economics | 4.41% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.25% | 4.35% | - | - | - | - | - |
| 50yr PWLB Rate | | | | | | | | | | | | | | |
| | NOW | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
| Capita Asset Services | 4.36% | 4.40% | 4.50% | 4.50% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.20% | 5.20% | 5.20% | 5.20% |
| UBS | 4.36% | 4.45% | 4.45% | 4.70% | 4.70% | 4.90% | 4.90% | 5.05% | 5.05% | - | - | - | - | - |
| Capital Economics | 4.36% | 4.40% | 4.40% | 4.40% | 4.40% | 4.40% | 4.40% | 4.40% | 4.50% | - | - | - | - | - |

Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until June 2016.

Shorter term investment rates are still currently more appealing than longer term. Current investment rates are as follows:

- Instant Access 0.6%
- 95 Day Notice 0.8%
- 2yrs 0.95%
- 3yrs 1.5%
- 5yrs 2.45%

The interest rate change being brought forward from September 2016 may increase longer term rates during 2014/15 so the Head of Finance and Resources may use the £5m core funds set aside for this purpose.

The use of property funds has been discussed with the Council's advisors, Capita. Some Kent Authorities are already investors in such funds. Charities, Churches and Local Authorities (CCLA) have their own property fund specifically for Local Authorities however rates are around 2.4% which is currently low to tie up funds for 5 years. If the situation changes, the Head of Finance & Resources will, in discussion with the Cabinet Member for Corporate Services, decide if it is a prudent time to invest in property funds.

Capital Programme and Prudential Borrowing

As part of the development of the prudential indicators, that themselves form part of the Treasury Management Strategy, the Council must consider the affordability of its capital programme.

In the past this programme has been financed by the use of capital resources such as receipts from asset sales and grants. More recently the Council has also used receipts from the New Homes Bonus initiative. In which case affordability of the programme is calculated by the lost revenue income from the possible investment of the resources.

The authority to borrow up to £6m for the financing of capital expenditure is included in the current capital programme and the current prudential indicators. This report includes the continuation of that authority within the calculation of the indicators. If the Council is to borrow then the affordability of the capital programme must include an assessment of the cost of borrowing along with the loss of investment income from the use of capital resources held in cash.

At this time the Strategy proposes the use of up to £5m of core cash held for longer term investment of over one year, if the rates are appealing. As detailed earlier in this report when considering a forward look, the income from investments of greater than one year is diminishing as the counterparties used by the Council are becoming less interested in longer term borrowing.

The current long term borrowing rate from the Public Works Loan Board given in the table above is 4.41% for 25 years. Were the Council to temporarily borrow the necessary resources from its own cash balances rather than complete a further one year investment it would save the equivalent of 3.46% of the amount borrowed. The affordability of the capital programme has been calculated based upon the assumption that internal borrowing would occur initially.

Should rates move quicker than the forecast predicts, the current and proposed Strategies do allow the Head of Finance and Resources to take advantage of external borrowing.

Cash Flow Projection to 2015/16

A cash flow projection up to March 2016 has been created reflecting the spending proposals in the Budget Strategy 2014/15 onwards. The cash flow projection shows that anticipated investment income will be consistently £0.25m per annum over the period from 2014/15 to 2016/17. This is based on interest rates remaining as forecast.

Considering the proposal to use internal borrowing to finance the capital programme, as set out above, the investment income suggested by the cash flow projection may be provided in part from internal charges or through the surplus generated by commercialisation projects.

Minimum Revenue Provision

Where spend is financed through the creation of debt, the Council is required to pay off an element of the accumulated capital spend each year. The total debt is identified as the capital financing reserve and ensures that the Council includes external and internal borrowing along with other forms of financing considered to be equivalent to borrowing.

The payment is made through a revenue charge (the minimum revenue provision - MRP) made against the Council's expenditure, although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

Although the Council has maintained a capital financing reserve based upon the prudential borrowing limit previously set, the MRP was based upon the actual payments made under the Serco Paisa arrangements for the capital works completed by Serco at Maidstone Leisure Centre. Debt repayment is made by annual instalments over the 15 year life of the contract and is suitably equivalent to a MRP value.

With the real potential for the use of prudential borrowing the development of the Strategy for 2013/14 considered the most appropriate option for future borrowing and agreed to use the asset life method due to the requirement to split assets into component parts and depreciate different components at different rates.

Summary of Changes Proposed

With this outlook in mind it is appropriate to consider changes to the policy for the core funds of the Council and the level of investment with the most secure counterparties on the Council's list. The strategy for 2014/15 therefore looks to enhance these areas as follows:

- a) Increasing the maximum duration limits with some part-nationalised groups to 2yrs from 1yr;
- b) Invest up to £5m of core cash for over 1 year if rates were to improve; maybe using property funds; and
- c) To consider the use of core cash during 2014/15 for internal borrowing if not used for longer term investments.

Based on the issues outlined and following consultation with the Council's Treasury Management advisors the following Strategy is recommended.

Draft Strategy for 2014/15

The Council will maintain a counterparty list to identify institutions suitable for investment. The proposed list is set out at Appendix A and will be maintained using the following principles:

- a) Use the Council's Treasury Management Consultant's scheme for rating of institutions for creditworthiness which uses a sophisticated modelling approach with credit rating agencies, Moodys, Fitch and Standard & Poors, along with Sovereign ratings, CDS spreads and credit watches;
- b) Group limits placed on institutions within the same group and not separate for each institution. The group limit will be the highest individual credit criteria for the group;
- c) An institution will never have a higher credit rating than the sovereign country it operates within. If the sovereign is downgraded below the rating of an institution, the institution is downgraded to the same level;
- d) Duration limits with part nationalised to increase to 2 yrs;
- e) Use of the top 5 Building Societies is ranked using the management expenses and asset size ranking; and
- f) The Head of Finance & Resources be given delegated responsibility to add or withdraw institutions from the counterparty list when ratings change, either as advised by Capita Assets Services (the Council's advisors) or from another reliable market source.

The DCLG provides criteria for specified investments with all other investments being non-specified. These are set out at Appendix B and the following principles are applied to their use:

- a) Only the top five building societies and investments over a 1 year duration with a credit worthy institution will be non-specified;

- b) Funds will be invested short term (up to one year) so that funds are available to invest when rates increase;
- c) The use of £5m core cash deposits limits with part nationalised institutions can be greater than one year if rates are at a premium over predicted base rates and funds are available for the term; and
- d) The use of enhanced cash funds which is an extension to the current AAA rated money market funds. These offer higher yields to money market funds due to giving short term notice to withdraw funds.

Minimum Revenue Provision 2014/15

- a) The assumption is to borrow up to a maximum of £6m through the most economically advantageous method, as decided by the Head of Finance & Resources, from: internal borrowing of core cash balances; PWLB loans; or other reputable sources of lending;
- b) The Council will use the asset life method for the calculation of the Minimum Revenue Provision on all future unsupported borrowing; and
- c) Principle repaid will be used to calculate the Minimum Revenue Provision on the arrangement with Serco Paisa regarding the Leisure Centre improvements.

Prudential and Treasury Management Indicators

The Prudential and Treasury Management Indicators that have been developed based upon the proposed Strategy are set out above and detailed in Appendix C.

Consideration by Audit Committee

The draft Treasury Management Strategy 2014/15 was presented to the Audit Committee on 10 February 2014 in line with the approved process set out above. The Committee debated the proposed changes and the risks surrounding last resort, short term investments in foreign banks. The Committee concluded that it was satisfied with the adequacy of the draft Treasury Management Strategy 2014/15, and agreed that the Cabinet be recommended to approve the document for submission to the Council for adoption subject to a review at mid-year of the use of foreign banks for last resort, short term investments.

Alternatives Considered and Why Not Recommended

The Council is required to endorse a Treasury Management Strategy and monitor and update the Strategy and Prudential Indicators as necessary. The Council could endorse a simple Strategy for Treasury Management. However

this would be contrary to best advice from the Council's advisors and likely to produce a reduced income stream from investments.

Within the Strategy proposed the Council could chose to retain a maximum investment with any institution of £5m or even reduce this level. Given the difficulty in identifying opportunities to lend at suitable rates within the counterparty list it is necessary to increase the level of investment possible with the most secure organisations.

Also within the Strategy proposed the Council could chose to utilise additional counterparties with the investments from the non-specified investments group. Due to the fact that this increases the risk to capital it is appropriate that the Council continues to only use such investments with the top five building societies and other local authorities.

As an additional action the Council could consider alternative investment options such as Certificates of Deposit or corporate bonds with banks and building societies. At this time the yields on these arrangements are not significantly higher and often these come with a management fee or requiring a high level of initial capital investment. As the Strategy identifies other appropriate methods of investment for the Council these options are not recommended as they do not offer benefits commensurate with the cost. They will continue to be reviewed and proposed if suitable in future Strategies.

The Council could utilise the resources invested in expenditure on key priority outcomes. However the core cash held by the Council is either set aside for future expenditure, such as the capital programme, or held as a form of risk mitigation, such as the minimum level of revenue balances. To utilise these resources for alternative projects would put the Council at future risk should an unforeseen event occur.

External Fund Managers – by appointing external managers local authorities may possibly benefit from security of investments, diversification of investment instruments, liquidity management and the potential of enhanced returns. Managers do operate within the parameters set by local authorities but this involves varying degrees of risk. This option has been discounted on the basis of the risk to capital receipts which would make it difficult to ascertain a suitable sum to assign to an external manager.

Background Papers

None

APPENDIX A – COUNTERPARTY LIST

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

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

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

| | Colour (and long term rating where applicable) | Money and/or % Limit | Time Limit |
|--|---|-----------------------------|-------------------|
| Banks * | yellow | £8m | 2 yrs |
| Banks | purple | £8m | 2 yrs |
| Banks – part nationalised | blue | £8m | 2 yrs |
| Banks | orange | £5m | 1 yr |
| Banks/Building Societies | red | £3m | 6 mths |
| Banks | green | £2m | 100 days |
| Building Societies | No colour | £2m | 6 mths |
| DMADF | AAA | unlimited | 6 months |
| Local authorities | n/a | £8m | 2yrs |
| Money market funds | AAA | £8m | liquid |
| Enhanced money market funds with a credit score of 1.25 | Dark pink / AAA | £8m | liquid |
| Enhanced money market funds with a credit score of 1.5 | Light pink / AAA | £8m | liquid |

* Please note: the yellow colour category is for UK Government debt, or its equivalent, constant NAV money market funds and collateralised deposits where the collateral is UK Government debt

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

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support

rating of 1 There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

1.1 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown below. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

1.2 Approved countries for investments

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- France
- Hong Kong
- U.K.
- U.S.A.

APPENDIX B: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria.

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

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

| | * Minimum credit criteria / colour band | ** Max % of total investments/ £ limit per institution | Max. maturity period |
|---|---|--|--|
| DMADF – UK Government | N/A | 100% | 6 months |
| UK Government gilts | UK sovereign rating | | 2 years |
| UK Government Treasury bills | UK sovereign rating | | 2 years |
| Bonds issued by multilateral development banks | UK sovereign rating | | 6 months |
| Money market funds | AAA | 100% | Liquid |
| Enhanced money market funds with a credit score of 1.25 | AAA | 100% | Liquid |
| Enhanced money market funds with a credit score of 1.5 | AAA | 100% | Liquid |
| Local authorities | N/A | 100% | 2 years |
| Term deposits with banks and building societies | Yellow Purple Blue Orange Red Green No Colour | | Up to 2 years Up to 2 years Up to 2 years Up to 1 year Up to 6 Months Up to 100 days Top 5 Building societies only |

| | | | |
|--|---|--|---|
| CDs or corporate bonds with banks and building societies | Yellow Purple Blue Orange Red Green No Colour | | Up to 2 years Up to 2 years Up to 2 years Up to 1 year Up to 6 Months Up to 100 days Top 5 Building |
| Corporate bond funds | | | |
| Gilt funds | UK sovereign rating | | |
| Property funds | | | |

ENGLISH LOCAL AUTHORITIES

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

| | * Minimum 'High' Credit Criteria | Use |
|---|----------------------------------|----------|
| Debt Management Agency Deposit Facility | -- | In-house |
| Term deposits – local authorities | -- | In-house |
| Term deposits – banks and building societies ** | Capita Green Rating | In-house |
| | | |

Term deposits with nationalised banks and banks and building societies

| | * Minimum Credit Criteria | Use |
|--|---------------------------|----------|
| UK part nationalised banks | Capita Blue Rating | In-house |
| Banks part nationalised by high credit rated (sovereign rating) countries – non UK | Sovereign rating AA+ | In-house |

| | | |
|--|---------------------|----------|
| Collateralised deposit (see note 2) | UK sovereign rating | In-house |
| Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee | UK sovereign rating | In-house |

| | | |
|--|---------------------|-----------------------|
| UK Government Gilts | UK sovereign rating | In-house buy and hold |
| Bonds issued by multilateral development banks | AAA | In-house buy and hold |
| Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (refers solely to GEFCO - Guaranteed Export Finance Corporation) | UK sovereign rating | In-house buy and hold |
| Sovereign bond issues (other than the UK govt) | AAA | In-house buy and hold |
| Treasury Bills | UK sovereign rating | In house |

| Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): - | | |
|--|--------------------------|----------|
| 1. Government Liquidity Funds | Capita Yellow Rating | In-house |
| 2. Money Market Funds | Capita Yellow Rating | In-house |
| 3. Enhanced Money Market Funds with a credit score of 1.25 | Capita Dark Pink Rating | In-house |
| 4. Enhanced Money Market Funds with a credit score of 1.5 | Capita Light Pink Rating | In-house |
| 5. Bond Funds | AAA | In-house |
| 6. Gilt Funds | AAA | In-house |

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS A maximum of 25% will be held in aggregate in non-specified investment

1. Maturities of ANY period

| | * Minimum Credit Criteria | Use |
|--|--|----------|
| Fixed term deposits with variable rate and variable maturities: -Structured deposits | Capita Green Rating | In-house |
| Term deposits with unrated counterparties : any maturity | Top five Building Societies based on a combination of Asset size and Man Exp | In-house |
| Commercial paper issuance covered by a specific UK Government (explicit) guarantee | UK sovereign rating | In-house |
| Commercial paper other | | In-house |
| Corporate bonds | * Short-term __, Long-term __, Viability __, Support __ | In-house |
| Other debt issuance by UK banks covered by UK Government (explicit) guarantee | UK sovereign rating | In-house |
| Property fund: <i>the use of these investments would constitute capital expenditure</i> | -- | In house |

2. Maturities in excess of 1 year

| | * Minimum Credit Criteria | Use | Max. maturity period |
|--|---------------------------|----------|----------------------|
| Term deposits – local authorities | -- | In-house | 2 yrs |
| Term deposits – banks and building societies | Capita Blue Rating | In-house | 2 yrs |
| Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee | UK sovereign rating | In-house | 2yrs |
| | | | |
| Certificates of deposit issued by banks and building societies | Capita Blue Rating | In-house | 2 yrs |

| | | | |
|--|---------------------|----------|-------|
| UK Government Gilts | UK sovereign rating | In-house | 2 yrs |
| Bonds issued by multilateral development banks | AAA | In-house | 2 yrs |
| Sovereign bond issues (other than the UK govt) | AAA | In-house | 2 yrs |
| Collective Investment Schemes structured as Open Ended Investment Companies (OEICs) | | | |
| 1. Bond funds | AAA | In-house | 2 yrs |
| 2. Gilt funds | AAA | In-house | 2 yrs |

PRUDENTIAL INDICATORS**PRUDENTIAL INDICATORS****Ratio of Financing Costs to Net Revenue Stream**

| 2012/13 % | 2013/14 % | 2014/15 % | 2015/16 % | 2016/17 % |
|--------------|--------------|--------------|--------------|--------------|
| -2.0 | -0.9 | -0.1 | -0.1 | -0.1 |

This indicator shows the proportion of the net revenue stream (revenue budget) that is attributable to financing costs of capital expenditure. As estimated investment income is higher than interest costs, this results in a negative total.

Incremental Impact of Capital Investment Decisions on the Council Tax

| | 2012/13 £,000 | 2013/14 £,000 | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 |
|--|------------------|------------------|------------------|------------------|------------------|
| i) Forecast of total budgetary requirement no changes to capital programme | 5,383 | 5,612 | 1,970 | 450 | 450 |
| ii) Forecast of total budgetary requirement after changes to capital programme | 5,009 | 7,885 | 11,948 | 5,223 | 5,878 |
| iii) Additional Council Tax Required | -0.06 | 1.75 | 4.77 | 3.83 | 3.93 |

Demonstrates the affordability of the capital programme. It demonstrates the impact of the proposed capital programme upon the Council Tax.

Current Financial Plan

| 2012/13 £,000 | 2013/14 £,000 | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| 5,009 | 7,885 | 11,948 | 5,223 | 5,878 |

This is the estimate of capital expenditure taken from the Corporate Budget Strategy 2013/14 Onwards . Assumption that Capital Programme may increase

Capital Financing Requirement

| 2012/13 £,000 | 2013/14 £,000 | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| 1,901 | -3,553 | -12,099 | -13,705 | -14,003 |

This is a measure of the capital expenditure incurred historically by the council that has yet to be financed. Having a negative CF

PRUDENTIAL INDICATORS

TREASURY MANAGEMENT INDICATORS**Authorised Limit for External Debt**

| | 2012/13 £,000 | 2013/14 £,000 | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Borrowing | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Other Long Term Liabilities | 6,294 | 5,856 | 5,426 | 4,971 | 4,514 |
| Total | 16,294 | 15,856 | 15,426 | 14,971 | 14,514 |

This limit is the main limit set as a maximum for external borrowing. It fulfils the requirements under section 3 of the Local Government Act 2003.

Operational Boundary

| | 2012/13 £,000 | 2013/14 £,000 | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Borrowing | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Other Long Term Liabilities | 6,261 | 5,856 | 5,426 | 4,971 | 4,514 |
| Total | 12,261 | 11,856 | 11,426 | 10,971 | 10,514 |

This limit should be the focus of day to day treasury management. It is similar to the Authorised Limit but excludes the allowance for temporary cash flow borrowing as perceived as not necessary on a day to day basis.

Upper Limit for Fixed Interest Rate Exposure

| 2012/13 % | 2013/14 % | 2014/15 % | 2015/16 % | 2016/17 % |
|--------------|--------------|--------------|--------------|--------------|
| 100 | 100 | 100 | 100 | 100 |

This is the maximum amount of net borrowing and investment that can be at a fixed rate. Variable rate call accounts may be cleared during periods of high payments eg Precept so fixed rate can peak during these periods.

Upper Limit for Variable Interest Rate Exposure

| 2012/13 % | 2013/14 % | 2014/15 % | 2015/16 % | 2016/17 % |
|--------------|--------------|--------------|--------------|--------------|
| 80 | 80 | 80 | 80 | 80 |

This is the maximum amount of net borrowing and investment that can be at a variable rate. The limit set reflects the fact that during the year there can be excess surplus funds available for short term investment. These arise from timing differences between receipts received and payments made.

Maturity Structure of New Fixed Rate Borrowing during 2012/13

| | Upper Limit % | Lower Limit % |
|------------------------------|---------------------|---------------------|
| Under 12 months | 100 | 0 |
| 12 months to under 24 months | 100 | 0 |
| 24 months to under 5 years | 100 | 0 |
| 5 years to under 10 years | 100 | 0 |
| 10 years and over | 100 | 0 |

It may be necessary to borrow at fixed term rates during 2013/14. This will be monitored as the year progresses and a decision will then be made.

Principal Invested for more than 364 Days

| 2012/13 £,000 | 2013/14 £,000 | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| 2,000 | 3,000 | 3,000 | 3,000 | 3,000 |

This indicator is set to reflect current advice from our Treasury Management Advisors.

External Debt as at 31st March

| | 2012/13 £,000 | 2013/14 £,000 | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Actual Borrowing | 0 | 0 | 0 | 0 | 0 |
| Other Long Term Liabilities | 5,856 | 5,426 | 4,971 | 4,514 | 4,033 |
| Total | 5,856 | 5,426 | 4,971 | 4,514 | 4,033 |

Actual point in time of external borrowing

Agenda Item 16

MAIDSTONE BOROUGH COUNCIL

COUNCIL

5 MARCH 2014

REPORT OF THE MEMBER AND EMPLOYMENT AND DEVELOPMENT PANEL

1. PAY POLICY STATEMENT

1.1 Issue for Decision

1.1.1 To approve the Pay Policy Statement (attached at Appendix B) for publication.

1.2 Recommendation Made

1.2.1 That Council be recommended to agree the proposed Pay Policy Statement, as attached at Appendix B, for publication on the Council's website after 31 March 2014.

1.2.2 That the Chief Executive be given delegated authority to update the Pay Policy Statement with the pay figures at the end of the financial year, prior to publication.

1.3 Reasons for Recommendation

1.3.1 On 21 January 2014, the Member and Employment and Development Panel considered the report of the Chief Executive (copy attached at Appendix A) regarding the pay policy statement for 2014 and agreed to recommend the Pay Policy Statement to Council, as amended by the Head of HR Shared Service.

1.3.3 The Head of HR Shared Service responded to questions raised by Members with regard to, inter alia, living wage, market supplements and the Hay system of job evaluation.

1.3.4 The Head of HR Shared Service stated that Appendix 1(H) was inaccurate and that the correct version would be circulated to Members of the Panel and attached to the recommendation to Council (the correct version is attached to the Pay Policy Statement at Appendix B).

1.3.5 The Head of HR Shared Service explained that the Pay Policy Statement was not required to be reviewed by the Panel and could go direct to Council if Members wished. However, Members felt it

was important for the Panel to continue to review it and recommend it to full Council.

1.4 **Appendices**

- 1.4.1 Appendix A – Report of the Chief Executive dated 21 January 2014
- Appendix B - Amended Pay Policy Statement

MAIDSTONE BOROUGH COUNCIL

MEMBER AND EMPLOYMENT AND DEVELOPMENT PANEL

21st JANUARY 2014

REPORT OF THE CHIEF EXECUTIVE

Report prepared by Dena Smart, Head of HR Shared Service

1. Pay Policy Statement

1.1 Issue for Decision

1.1.1 A Pay Policy Statement must be agreed by full Council for publication by 31st March 2014. The Pay Policy Statement should set out the main aspects of the remuneration strategy of the council.

1.1.2 The Council met the target to publish a Pay Policy Statement by 31st March 2013 and the attached document has been updated to reflect changes during the year.

1.2 Recommendation of Head of Human Resources

1.2.1 That the Council be recommended to agree the proposed Pay Policy Statement set out at appendix 1 to this report prior to publication on the council's web site.

1.3 Reasons for Recommendations

1.3.1 Section 38 (1) of the Localism Act 2011 came into force on 15 January 2012 and required English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year after that. The government recently consulted on a revised code and the draft pay policy statement reflects the requirements of the revised code.

1.3.2 The matters that must be included in the statutory pay policy statement and the revised code of practice are as follows:

- a local authority's policy on the level and elements of remuneration for each chief officer;
- a local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition);
- a local authority's policy on the relationship between the remuneration of its chief officers and other officers and in particular the pay multiple between the two;

- a local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency;
- an organisation chart or description of the number and grades of staff in the top three layers of the organisation, with information on the grades of all those with salaries in excess of £50,000;
- details of trade union facility time including the number of trade union representatives for each of the recognised trade unions and the amount of time spent on trade union duties.

The reference to 'chief officer' refers to the statutory posts of Head of Paid Service, Monitoring Officer and Section 151 Officer plus any Deputy Chief Officers, which in our organisation includes anyone at Head of Service or above.

1.3.3 With regard to the process for approval, the pay policy statement:

- Must be approved formally by the council meeting
- Must be approved by the end of March each year
- Can be amended in year
- Must be published on the authority's website
- Must be complied with when the authority sets the terms and conditions for a chief officer

1.3.4 The Act specifically mentions that the pay policy statement may set out the authority's policies relating to other terms and conditions for chief officers and in the interest of open government there are recommendations that the pay policy statement sets out as much information relating to employee terms and conditions as is practical.

1.3.5 Terms and conditions of employment for employees is a non-executive function and the Member and Employment and Development Panel has delegated responsibility for this within the constitution.

1.3.6 The general approach of the Member and Employment and Development Panel has been to take the same approach to senior members of staff as that taken with all other employees in relation to the benefits available and the review processes followed. The council has a thorough approach that applies best practice in the areas of remuneration and equal pay.

1.4 Alternative Action and why not Recommended

1.4.1 The Council could choose to publicise a reduced version of the Pay Policy Statement that meets the minimum requirements of the Act but this is not recommended as it does not satisfy the need for

transparency and means that the data is not seen in the context of the good work already undertaken by the council.

1.5 Impact on Corporate Objectives

1.5.1 This supports the Workforce Strategy and the corporate objective Corporate and Customer Excellence.

1.6 Risk Management

1.6.1 The purpose of the report is not to change existing policy but to set out clearly the council’s current position on pay, on this basis there are no risks associated with agreeing the Pay Policy Statement. There are risks associated with not publishing a Pay Policy Statement as the council would be in breach of the Localism Act 2011.

1.7 Other Implications

1.7.1

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

| |
|---|
| |
| X |
| X |
| |
| |
| |
| |
| |
| |

The implications are set out in the report.

1.8 Relevant Documents

1.8.1 Appendices

Appendix 1 – Pay Policy Statement

1.8.2 Background Documents

None

Maidstone Borough Council

Draft Pay Policy Statement March 2014

1. Introduction

The local government workforce strategy has five key themes, which are mirrored by our own local strategy:

- Organisational development
- Leadership development
- Skills development
- Recruitment and retention
- Pay and rewards

These strategic themes recognise the importance of pay and rewards as fundamental to our role as an employer. Our work on pay and rewards began in 2006 with an equal pay audit resulting in significant changes to the council's terms and conditions. The work continued through the implementation of the Work Force Strategy and the development of a Total Rewards approach to remuneration for council staff.

Maidstone Borough Council has developed many of its own terms and conditions and undertakes local pay bargaining with trade unions.

2. Terms and Conditions – Decision Making

Terms and conditions for employees are a non-executive function and the responsibility for decisions on these matters is delegated to the Member and Employment and Development Panel by full council. The terms of reference for this group are set out in the constitution as follows:

- a) to consider the applications received for the posts of Chief Executive and Directors and to compile a short list for interview and subsequently to interview and make appointments.
- b) to review annually the performance of the Chief Executive and Directors, to agree targets for the coming financial year, and agree any corrective action which may be required relating to the previous financial year.
- c) to consider all other matters concerning the terms and conditions of service of the post of Chief Executive, and to recommend accordingly to the Council.
- d) Power to determine terms and conditions on which staff hold office (including procedures for their dismissal.)
- e) to hear and determine appeals under the disciplinary procedures for staff on the JNC Conditions of Service for Chief Officers of Local Authorities
- f) to hear and determine appeals against decisions taken by the Chief Executive under the Disciplinary or Capability Procedures or to hear grievances raised against the Chief Executive under the Grievance Procedure

Where the decision of the Member and Employment and Development Panel has a budgetary implication beyond the agreed in year budget this will also require agreement from Cabinet.

3. Reward Strategy

The Reward Strategy was developed in full consultation with trade unions, staff and Members and was agreed by the Employment and Development Panel on 5th April 2006. This was a very thorough piece of work that ensured the Council managed the terms of employees at all levels in the same way and applied the principles of equal pay and performance management to the scheme that was developed. The strategy has been refined over time but the principles have remained in place.

The principles for the reward strategy are to:

1. Support a **performance** orientated organisation;
2. Provide an **attractive** employment package at all levels;
3. Be relevant to a **modern** local government authority;
4. Have a pay structure that is **transparent** and straightforward;
5. Reward people **fairly** and consistently;
6. Move toward a **Total Reward** approach; and
7. To be **affordable** within the Medium Term Financial Strategy.

The reward strategy takes a 'Total Reward' approach to the benefits package received by employees at the council to ensure that maximum benefit is gained from all aspects of what is on offer to employees. The key elements of this package are set out below.

3.1 Pay Scale and Pay Progression

Our policy for grades within the organisation is to apply an objective assessment of the relative 'size and value' of all our roles using a formal job evaluation process. Posts are graded through the HAY Job Evaluation Scheme and this process measures the requirements of the role against the key criteria of Know How, Problem Solving and Accountability when all the duties are being performed and the employee is fully effective in the role. Job evaluators are drawn from different parts of the organisation and trained to use the HAY scheme; every panel has one trade union representative as part of the panel. The **Lowest Paid** employees are defined as those whose posts have HAY points of 43 to 66 which place them into grade 2 of the pay scale, the same process is applied to Chief Officers whose roles are evaluated at the highest level of points. It is the policy of the organisation to refer to the HAY salary data for Local Government and to reflect the median salary for grades below Head of Service and upper quartile at Head of Service and above.

The pay scale has up to seven increments which recognise that with development in a role over time an employee's skills are of more value to the organisation and therefore warrants a higher salary. There are fewer incremental points in the lower grades and more in the more complex roles.

New appointments to post will normally be at the first point of the grade unless there is evidence of a skill shortage in line with the criteria set out in the Market Supplement Policy. The pay scale is at Appendix I(A).

Incremental progression is assessed against the agreed Competency Profile for the role and evidence of the necessary Performance Standards and agreed objectives. Assessment will be on an annual basis but will be linked to the clear and continuous performance at the level required at each incremental step. Standard progression for fully effective performance is not beyond scale point four; in grades 13 – 16 there are an additional three high performance increments which may be awarded for performance which is over that usually required in the post. The rules for pay progression are set out in Appendix I(B).

Incremental progression is assessed by an employee's line manager in consultation with the Head of Service and Director who has to approve the recommendations within their Directorate; this is monitored by Corporate Management Team. The process and timetable for appraisals and incremental progression for the Chief Executive and Directors is set out at Appendix I(C).

3.2 Market Supplements

Currently there are no employees in receipt of Market Supplements within the council. The policy that has been applied in times of recruitment difficulty is at Appendix I(D).

3.3 Pension

The council offers access to the Local Government Pension Scheme (LGPS) which is a significant benefit to employees and is one of the aspects of the Total Rewards package. The LGPS is a defined benefits scheme which requires contribution rates from employees of between 5.5% and 12.5% depending on earnings in accordance with the following table.

| Pensionable Pay is: | | | Contribution rate: |
|---------------------|----|----------|--------------------|
| £0 | to | £13,500 | 5.5% |
| £13,501 | to | £21,000 | 5.8% |
| £21,001 | to | £34,000 | 6.5% |
| £34,001 | to | £43,000 | 6.8% |
| £43,001 | to | £60,000 | 8.5% |
| £60,001 | to | £85,000 | 9.9% |
| £85,001 | to | £100,000 | 10.5% |
| £100,001 | to | £150,000 | 11.4% |
| £150,001 and above | | | 12.5% |

The employer contribution rate is around 13.4 % although this does vary from year to year, this is the future service rate excluding past service deficit.

The pension scheme is standard between all local government employers and in broad terms offers a pension benefit equivalent to 1/49th of pensionable

salary per year of service, where pensionable salary is calculated on a career average with benefits paid at state retirement age.

Although most of the rules associated with the scheme are set centrally there are a few areas where local employers must define their own policy; the discretionary policy is attached at Appendix I(E). In broad terms it is not the policy of the council to increase pension benefits to employees through any form of enhancement.

Kent County Council is the administering authority for the Maidstone Borough Council scheme.

3.4 Pay Protection and Redundancy Payments

The council has a Redundancy Policy which sets out the approach that must be followed if posts are going to be affected because of organisational change. The procedure sets out the approval process and the consultation timetable, it also sets out the terms for redundancy and the pay protection policy, the pay protection policy is set out at Appendix I(F).

Any payments paid to an employee in relation to redundancy shall be in accordance with the statutory redundancy payments scheme and any other regulations applicable except that the Council will calculate a week's pay on actual earnings where this is in excess of the statutory maximum figure. *(Local Govt. (Early Termination of Employment)(Discretionary Compensation) (England and Wales) Regulations 2000).*

The policy of the organisation regarding re-employment following redundancy is that if a redundant employee commences local government employment within one month of the redundancy then the redundancy payment must be returned. Any other re-employment will only be considered where all other council rules on recruitment or procurement have been followed.

3.5 Other payments.

Honoraria

The council has a policy to recognise situations where an employee takes on more responsibility on a temporary basis; this is often as a cost saving measure when there is a vacancy, maternity leave etc. In 2013/14 there were 9 people in receipt of Honoraria and by the end of March this had reduced to 4.

Cash and Non-cash Awards

As part of the Total Rewards package the council has mechanisms for recognising exceptional contributions both from individuals and teams. In 2013/14 these were received by five employees and there was a total of £3630 paid in cash awards.

Stand- By payments

These are paid to a small number of employees (twenty five in 2013/14) who are on an out of hour's on-call rota for specialist duties such as collecting stray dogs or attending noise complaints. The level of remuneration is up to £147 for each week of being on-call.

Car Allowances

In 2010 the council removed the facility for lease cars but retained a lease car allowance; in 2012 it was agreed that there would be no further allocation of the Lease Car Allowance in the future and that the current allowance would be frozen. During the period since 2010 cars have been removed as the lease expired and the affected employees have moved onto the allowance, this has meant a reduction from over forty employees with lease cars in 2010 to three current employees. In 2010 there were in excess of ninety employees receiving either a lease car or cash alternative and this figure has reduced to fifty nine by March 2014. Mileage rates for those receiving this allowance are currently up to 28 pence per mile.

A car allowance of up to £1239 is given to those employees that are required to have a vehicle for their role and in 2012/13 this was given to fifty six members of staff. The majority of those staff in receipt of this payment are within the statutory services which require external visits e.g. planning, environmental health and housing. Mileage rates for those receiving this allowance are at the HMRC level (in 2013/14 this was 45 pence per mile)

Bonuses

The council does not make use of bonuses as part of its own remuneration package however there are currently nine employees in receipt of regular bonuses as part of their TUPE (Transfer of Undertakings(Protection of Employment) Regulations 2006) transfer terms and conditions from a previous employer, this is ten fewer than in 2011/12. These employees are all employed in the grounds maintenance teams and the productivity bonus tops up a lower basic wage. The TUPE regulations give protection to employees when their employment transfers and may only be changed through consultation.

3.6 Special fees and arrangements

Special fees may be paid for certain additional duties, in general these are connected to election duties and the funding for the allowance will not come from the council's own budget. An additional fee is paid for the role of Returning Officer for the District elections, this statutory role may be allocated to the Chief Executive or other officer within the council. Additional fees may be paid when an employee undertakes the role of Returning Officer, Counting Officer or other similar role, on behalf of another authority or organisation.

The council has adopted the Kent schedule of fees which is attached at Appendix I(G).

3.7 Other employee benefits

The council provides access to an Employee Assistance Programme which gives both telephone and face to face counselling on a range of issues. The council has access to an Occupational Health Service which helps to ensure that employees are properly supported to avoid taking sick leave and to return to work as soon as possible.

The council supports employees in their role with a development plan and training opportunities to ensure they are fully qualified to give excellent service. The council has been recognised for its development focussed culture through the achievement of the Investors in People Silver award.

On an annual basis the council has an Awards Ceremony which recognises the best achievements during the preceding year. The council also recognises long service and gives an award of £100 for 20 - 25 years service, £150 for 25 - 35 years and £250 for 35 + years.

Salary sacrifice schemes – the council offers a salary sacrifice scheme to employees for the purchase of bicycles and childcare vouchers. There is a small administration cost to the council of these schemes.

Buying annual leave – subject to agreement with their manager, employees are allowed to sacrifice some of their salary to buy more annual leave. In 2013/14 there were ten members of staff that used this benefit.

4. Monitoring

Salary budgets are monitored through the normal budget management processes by line managers. Members and senior officers regularly consider the Medium Term Financial Strategy and in particular to consider ways to reduce costs to the council.

As required by the Equality Act 2010 the council undertakes an equal pay audit of salaries annually which is published on the council's web site. This helps to identify whether there are significant differences in any employees that have the protected characteristics.

The Code of Recommended Practice for Local Authorities on Data Transparency 2011 required that salary data was published on the highest earning staff within the council; this was actioned by March 2011 as required by the code. There has now been further qualification of the salary threshold for publication which has been set at £50,000 and above. This information is at Appendix 1(H).

The Code of Recommended Practice for Local Authorities on Data Transparency September 2011 (updated 2013) also requires that there is a process established to monitor the rate of growth of senior earnings compared to all other employees in the organisation. The formula required is to calculate the pay multiple of the Chief Executive compared to the median earnings of all

other employees and where there is any significant change year on year this should be explained. It is the council's policy to use this pay multiple to monitor the relationship between remuneration of chief officers and other employees.

The recommendation in the 'Hutton Review of Fair Pay' 2011 has been followed:

'the pay multiple should be calculated on the basis of all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind'

| | 2011/12 | 2012/13 | % change |
|---------------------------------|----------------|----------------|-----------------|
| Chief Executive earnings | 123,657 | 122,720 | -0.76 % |
| Median | 19,158 | 18,028 | -5.9%. |
| Pay Multiple | 6.45 | 6.81 | 5.58% |

| | 2012/13 | 2013/14 | % change |
|---------------------------------|----------------|----------------|-----------------|
| Chief Executive earnings | 122,720 | 120,727 | -1.62% |
| Median | 18,028 | 20,750 | 15.1% |
| Pay Multiple | 6.81 | 5.82 | -14.54% |

The median salary has risen as a result of three main factors:

- The pay award in April 2014 moved the lowest pay point to the level of the Living Wage which meant that the award was 'bottom loaded' and pushed up the median pay point;
- The Hazlitt Theatre has been transferred to the private sector and this section consisted of a large number of employees that undertook very short periods of work resulting in low annual earnings, this reduction in numbers of low earners has pushed up the median;
- The TUPE transfer of the ICT Shared Service which had a number of professional staff paid above the median.

The Chief Executives earnings have reduced as a result of a reduction in the car allowance from £3887 to £3318 and a lower election fee of £5646 compared to £8671 in 2012/13. These reductions have been offset by the incremental rise in October 2013 when the Chief Executive basic salary rose from £108,698 to £111,628 as she is not yet at the top of her pay scale. It is important to emphasise that the pay policy of the council is to pay at the market median and this is only reached at the top of the incremental pay points for each grade, this ensures that people are paid at a lower level than the council policy until they have fully matured into the role and although these are contractual payments they are withheld if performance is not satisfactory at the expected level.

The impact of the fall in the Chief Executive's salary and the rise of the median is that the pay multiple has fallen.

5. Trade Union Facility time

The Council recognises three trade unions, UNISON; UNITE and the GMB however there are only representatives for UNISON and UNITE.

The council has a history of co-operative employee relations and with a range of fair employment policies there is a low level of trade union activity. None of the trade union representatives spend more than 50% of their working time on trade union duties; the council allows reasonable time for trade union duties (attending management meetings, pay negotiation, etc.) but no time is given for trade union activities (canvassing for additional membership etc.). With this low level of required time the council has not previously required that the trade unions monitor time spent and the reported figure is therefore an estimate for 2013/14, monitoring will take place in the future for comparison purposes.

The number of trade union representatives is:

| | Headcount | Full Time Equivalent (FTE) |
|--------|-----------|----------------------------|
| UNISON | 3 | 3 |
| UNITE | 1 | 1 |
| GMB | 0 | 0 |

Estimated trade union spend as a percentage of the pay-bill is 0.0065%

(calculated as the number of full time equivalent days (90/7.4 hours = 12.16 days) spent on trade union duties multiplied by the average salary (£21,773 per annum /260 days = £84 per day) divided by the total pay bill £15,600,000).

6. Contact for further information

If you require any further information regarding the salary policy of the council you should contact Dena Smart, Head of HR Shared Services on 01795 417391 or by email on denasmart@maidstone.gov.uk

Appendix I(A)

Pay Scale 2013 -14 (this will need to be replaced with the up to date information following trade union consultation)

| Grade | Spine point 1 | Spine point 2 | Spine point 3 | Spine point 4 | Spine point 5 | Spine point 6 | Spine point 7 |
|-------|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1 | GRADE ONE IS NO LONGER IN USE | | | | | | |
| 2 | £14,373 | £14,732 | | | | | |
| 3 | £15,141 | £15,520 | £15,908 | | | | |
| 4 | £16,226 | £16,632 | £17,047 | | | | |
| 5 | £17,375 | £17,809 | £18,255 | £18,711 | | | |
| 6 | £19,269 | £19,751 | £20,244 | £20,750 | | | |
| 7 | £21,248 | £21,780 | £22,324 | £22,883 | | | |
| 8 | £23,248 | £23,946 | £24,664 | £25,405 | | | |
| 9 | £26,412 | £27,204 | £28,020 | £28,861 | | | |
| 10 | £29,415 | £30,298 | £31,207 | £32,143 | | | |
| 11 | £32,439 | £33,413 | £34,415 | £35,447 | | | |
| 12 | £36,154 | £37,600 | £39,104 | £40,669 | | | |
| 13 | £42,448 | £44,291 | £46,132 | £47,931 | | | |
| 14 | £58,352 | £60,999 | £63,647 | £66,295 | £69,439 | £72,676 | £74,832 |
| 15 | £77,434 | £80,830 | £84,228 | £87,625 | £91,022 | £94,419 | £98,196 |
| 16 | £102,836 | £105,766 | £108,698 | £111,628 | £114,560 | £117,490 | £122,190 |

Appendix I(B)
Pay Progression

1. Annual Inflation Award

Annual pay consultation will consider the cost of living, the position of MBC pay in comparison to the market but affordability will be the foremost consideration. Consultation will commence annually in September with the aim to reach agreement within the budget cycle so that payment can be made in April salaries.

The Chief Executive and Head of HR are responsible for undertaking pay negotiation with trade unions but the Cabinet takes ultimate responsibility for agreeing the budget.

2. Pay progression within grade

The pay scale has up to four standard increments which recognise that with development in a role over time an employee is of more value to the organisation and therefore warrants a higher salary. There are fewer incremental points in the lower grades and more in the more complex roles. New appointments to post will normally be at the first point of the grade unless there is evidence of a skill shortage in line with the criteria set out in the Market Supplement Policy.

Progress through the grade will be assessed annually. This will not be an automatic progression but will require an assessment against the agreed Competency Profile and Performance Standards for the position. Where the employee has progressed towards the full competency profile they will be awarded an increment. Assessment for incremental progression will take place by October each year. This will therefore not be linked to the annual appraisal but will take place mid year. Increased increments will be paid with effect from 1st October.

Employees must have six months service in their role by the 1st October to be eligible for assessment, if they are more recently appointed they will receive a review after six months in the position, thereafter they will be reviewed annually for the October increment.

Individuals will need to consistently demonstrate the behaviours required by the Competency Profile and Performance Standards for their role in order to maintain their incremental position. One off performance will not be sufficient to merit or maintain an increment.

Where individuals do not sustain the level of performance or where they have been assimilated to the top of the grade but are assessed as not having the full range of competencies they will be given time to improve but their pay will be frozen until they drop to the pay level that matches their performance, this includes any rise in annual pay as a result of pay inflation. This is outside the normal Pay Protection policy as it does not represent an organisational

change. Where the individual is assessed as not meeting the requirements of the grade their performance will be treated as a capability issue.

3. High Performance Increments (HPI) – Grades 13-16

In addition to the standard incremental progression which is linked to fully acceptable performance there are an additional three incremental points in grades 13 to 16. These incremental points will be linked to sustained high performance and should not be awarded for one off projects for which either an ex-gratia payment or cash award may be more appropriate. These HPI's recognise the impact of senior managers on the high performance of the organisation and they should only be used where it is possible to demonstrate that the individual has added significant value over and above what might be seen by other fully effective performers in the same role.

High Performance Increments will be considered in line with the mid year review for effect in October. The HPI may be awarded on either a consolidated or non-consolidated basis. Recommendation for an HPI must be made by a Director to the Corporate Leadership Team for grades 13 and 14, by the Chief Executive to the Member and Employment and Development Panel (MEDP) appraisal sub-committee for Directors (grade 15) and by the Leader to the MEDP appraisal sub-committee for the Chief Executive.

Consideration of some or all of the following factors is appropriate when an award of an HPI is recommended:

- Flexibility to manage new services following structure changes
- Innovative ways of working to improve performance and reduce costs
- Management of services outside the council e.g. shared services
- Continued performance at a level above the current grade but where there are no suitable opportunities for promotion
- Increased income to the council from selling services

It is important to emphasise that the HPI will not be the norm for pay progression and movement onto these increments will be carefully monitored to ensure that there are no equal pay implications.

4. Career Grades and Incremental Progression

A Career Grade offers the opportunity of a long path of progression to a particular professional position. As such the nature of the role and the requisite competencies are likely to vary considerably between the entry point and final destination. This means that through Job Evaluation the Career Grade is likely to span several grades and have many steps. To enable this clear stepped progression there may be some need to have interim points between the normal incremental points e.g. in recognition of the achievement of some particular milestone. These half incremental steps will be allowed providing that there is prior agreement with the Head of HR and that they are applied equally to all those who meet the criteria and are set out as part of the agreed career grade structure. Progress through the career grade will need to be evidence based and the Head of HR will need to agree to the progression if it is between grades.

Appendix I(C)

Chief Executive and Director Appraisal Process

The appraisal panel for the Chief Executive will comprise of a sub-committee of the Member and Employment and Development Panel..

This panel will also take a 'grandparent' role to review and comment on the full annual appraisal and objectives for the Directors as set by the Chief Executive.

An indicative timetable and process for the Chief Executive is set out below:

| Process | Dates | Papers Required |
|---|------------------|---|
| Chief Executive Appraisal and Director review with MEDP | March | |
| Mid Year Review – CEO with Chair of MEDP and Leader; | By mid September | Appraisal documents with agreed objectives and development plan – to be reviewed and up-dated |
| Mid Year Review - Directors with CEO | September | Appraisal documents with agreed objectives and development plan – to be reviewed and up-dated |
| Chief Executive preparation Documents complete for circulation to Sub Committee of MEDP | January | Previous years appraisal & Mid Year Review Knowledge, Skills and Performance Standards Strategic Direction Competency Framework Appraisal Preparation document Briefing note on appraisal preparation |
| Chief Executives appraisal with Sub Committee of MEDP | February | Appraisal produced from the meeting |
| Directors appraisals with CEO | February | Directors appraisals then CEO to write up and agreed by Directors |
| MEDP Sub Committee review of Directors appraisals | March | Previous years appraisal & Mid Year Review Knowledge, Skills and Performance Standards Strategic Direction Competency Framework Appraisal completed by Chief Executive & Director |

Appendix I(D)

MARKET SUPPLEMENTS FOR PAY

Introduction

The Council will utilise a Market Supplement to ensure that competitive salaries will attract and retain key workers in skill shortage areas without distorting the pay structures for all other employees. A Market Supplement for recruitment or retention purposes will only be used where there are clear business reasons that cannot be better addressed through the total benefits package, the work environment or department skill mix. It is recognised that pay is only one factor contributing to our attractiveness as an employer and other aspects of employment, particularly those relating to development, should be applied rather than using just a Market Supplement.

All jobs are graded using the HAY Job Evaluation system and the defined pay policy of the Council is to pay at Market Median where the market used is the HAY Local Government salary data. This is also checked against local Kent salary surveys to ensure that it is robust for the geographical region. This approach ensures that the employees of Maidstone Borough Council are paid at a fair level in comparison to other workers in similar employment groups.

However there is recognition that in certain professions there are either national or regional skill shortages and Maidstone needs to be responsive to the competition for these skills. In the longer term our aim will be to train employees to move into these specialist areas and to ensure that the specialists' skills are used properly within the organisation. In the short term Market Supplements may be used.

Identification of the Skill Shortage

Recruitment Campaigns

Where there is no anticipated shortage there will need to be a minimum of two appropriate external recruitment campaigns within a 12 month period to establish that it is not possible to fill a position before it is agreed there is a requirement for a market supplement.

Salary Survey

The salary survey is conducted on an annual basis and gives details of the comparative salaries for defined positions in the south east. This clearly identifies the median salaries and is particularly relevant for local government roles. This will enable the identification of positions which may be vulnerable and where there is more than a 10% salary difference from the median there should be consideration of the need for a market supplement. The existence of this difference alone is unlikely to be sufficient justification and further analysis will be required to identify whether this has had an adverse impact on the Council's ability to recruit and retain.

National Information

Within local government there are certain identified skill shortage areas. These are identified through data collection from the Employers Organisation. In 2013 these skills were listed as:

1. Children's social workers
2. Planning officers *
3. Building control officers *
4. Environmental health officers *
5. Educational psychologists
6. School crossing patrol
7. Adult social workers
8. Trading standards officers
9. Solicitors and lawyers *
10. Mental Health Social Workers

* category of worker employed by MBC

This national picture is the first indicator of a shortage. Where there is an identified shortage nationally the manager will still be required to demonstrate that this applies to the local area. This proof can be gained through the outcome of a relevant recruitment campaign during the previous 12 month period or through information from agencies about the availability of particular skill sets.

Market Supplement for Recruitment Purposes

The level of supplement will be agreed between the Director and the Head of HR in consultation with the Head of Finance. It will be paid as part of monthly salary and will be pensionable. The supplement will not be subject to the cost of living award and will not be taken into account for any salary related enhancements eg overtime which will be paid at the normal salary rate.

The Market Supplement will be given for a minimum two year period initially. This will be annually reviewed to confirm that the supplement is still necessary and at the appropriate level. Where a reduction in level is the outcome of the review this will not take effect until the minimum two years has expired. Reductions will follow the process set out in section 5.

The payment of a Market Supplement must be within the Directors agreed budget. Approval must be given by the relevant Director and the Head of Human Resources who will ensure that all alternative options have been explored.

Market Supplement for Retention Purposes

Whilst the Market Supplement is principally to enable the Council to be able to compete in a highly competitive market to attract new employees, there may be exceptional cases where a supplement should be considered for existing employees. This may occur in situations where a new recruit is offered a supplement which would then cause equally mobile colleagues to leave and

seek a similar salary elsewhere. There may also be occasions where an employee with a specialist skill needs to be retained to ensure business continuity.

The level of supplement will be agreed between the Director and the Head of HR in consultation with the Head of Finance. It will be paid as part of monthly salary and will be pensionable. The supplement will not be subject to the cost of living award and will not be taken into account for any salary related enhancements eg overtime which will be paid at the normal salary rate. The Market Supplement will be given for a minimum two year period initially. This will be annually reviewed to confirm that the supplement is still necessary and at the appropriate level. Where a reduction in level is the outcome of the review this will not take effect until the minimum two years has expired. Reductions will follow the process set out in section 5.

Agreement to the Market Supplement (or appointment above the bottom of the grade) will require the completion of the form at Appendix 1.

Payment of a Retention Supplement must only be considered in exceptional circumstances and particular attention must be paid to the Equal Pay issues.

Removal of the Supplement

The availability of skills varies over time. As professions are identified as skill shortage areas and salaries rise they can attract an increased number of trainees. Where this is the case the Council would not wish to incur unnecessary costs ie paying more for a skill than the median rate if this would be sufficient to attract high quality applicants.

Management Team will review the posts attracting a supplement annually in January. When it is clear that a particular profession or skill area no longer necessitates a market supplement this will be withdrawn over a phased period of 2 years – with the withdrawal of 25% of the supplement every six months until the employee returns to the normal rate for the job. The assessment of the on-going need will relate to the national skills assessment combined with local salary reviews and the response to recruitment campaigns. When a market supplement is to be withdrawn the employee will be notified by the end of January and the phased withdrawal will commence in April of that year. In this way the annual pay award should help to offset any reduction.

Appendix I(E)

**Maidstone Borough Council
Policy and Procedural Issues
Local Government Scheme Regulations
Employer Discretions**

This paper confirms the pension policy of Maidstone Borough Council as it relates to the exercise of discretions contained in the Local Government Pension Scheme Regulations 1997 (as amended), the Local Government Pension Scheme (Administration) Regulations 2007¹ and the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007². Last updated July 2010.

- **Regulation 4 (1) (a)**²

The calculation of pensionable pay will include basic annual salary plus any other pensionable salary items from the following categories – Market Supplement/ Premium, Contractual Overtime, Contractual Bonus, Honorarium of greater than 12 month period, Salary Supplement eg for Emergency Planning responsibilities. The pensionable pay will be reviewed annually with effect from 1st April to identify the appropriate Band and Contribution percentage. If the Pay Award is not made on 1st April and the review of contribution rates will be delayed until the award is applied.

- **Regulation 11(2)**²

Where a scheme member's pensionable pay consists of fees, it is the policy of Maidstone Borough Council that, if this produced a higher figure, an average of all such fees for any 3 consecutive years ending 31 March within the period of 10 years ending with the last date of active membership may be used in the calculation of benefits.

- **Regulation 12 and 13**²

It is the policy of the Borough Council only to grant extra pension scheme membership to employees where there is a proven total benefit to the organisation which includes any costs that might be borne by the authority. Any such granting of extra scheme membership needs to be agreed between the Head of Human Resources and the relevant Director. Additional service will not be granted in respect of pre April 1972 service, which at the point of retirement has not been up rated.

- **Regulation 16 (4)ii**¹

If a scheme member wishes to aggregate the most recent of their periods of previous scheme membership with their current membership, it is the policy of

Maidstone Borough Council that the election must be made within 12 months of the Pension Section of Kent County Council being notified that the employee has again become an active member. If the 12 month period has elapsed then the member may make a case for any exceptional circumstances to be considered by the Head of Human Resources, the Head of Finance and the relevant Director.

- **Regulation 18(1)**²

It is Maidstone Borough Council's policy to only provide consent for flexible retirement and the immediate payment of benefits where there is no detrimental effect on the service. Any such consent requires the agreement of the Director of Human Resources and the relevant Director.

- **Regulation 18(3)**²

If consent has been given under Regulation 18(1), it is not Maidstone Borough Council's policy to waive, in whole or part, any actuarial reduction to the scheme member's benefits.

- **Regulation 22(2)**¹

Employees who have the option to pay contributions in respect of a period of unpaid absence must elect to do so within 30 days of the date of the notice issued to them by the Human Resources Section stating the amount of contributions to be paid. This time limit may be extended by the Head of Human Resources if the employee can demonstrate exceptional circumstances so as to justify an extension of time.

- **Regulation 25(3)**¹

It is not the current policy of the Borough Council to operate a shared cost Additional Voluntary Contribution Scheme for employees. However, this policy will be reviewed from time to time by the Head of Human Resources in conjunction with the Chief Finance Officer, subject to Member's approval.

- **Regulation 30(2) and (5)**²

It is not the policy of the Borough Council to give consent to the immediate payment of benefits to employees under this regulation unless there is a demonstrable benefit to the organisation which would take full account of any extra costs to be borne by the Authority. In circumstances where a request is made for an early payment of a deferred benefit this is unlikely to be granted except in the most extreme cases of hardship. Any such consent shall be agreed by the Head of Human Resources and the relevant Director taking account of all the details involved in the case.

Where a scheme member has previously been awarded a preserved benefit, it is not generally the policy of Maidstone Borough Council to give consent under this regulation to the early payment of benefits. However each request will be considered and full account taken of any costs to be borne by the authority. Any consent shall be agreed by the Head of Human Resources and the relevant Director taking account of all the details involved in the case.

Where consent is given on the grounds of compassionate circumstances, full consideration must be given to the Kent County Council guidelines, and only after agreement between the Head of Human Resources and the relevant Director. In compassionate circumstances the Borough Council will be responsible for any additional costs deriving from the decision to release benefits prematurely.

- **Regulation 83(8)**¹

If a scheme member wishes to transfer any pension benefits they have built up in other schemes to the Local Government Pension Scheme, it is the policy of Maidstone Borough Council that the election must be made within 12 months of the Pension Section being notified that the employee has become an active member of the Kent Scheme. If the 12 month period has elapsed then the member may make a case for any exceptional circumstances to be considered by the Head of Human Resources, the Head of Finance and the relevant Director.

Appendix I(F)

Pay Protection Policy Introduction

The Council believes that an integral feature of any successful organisation is its ability to identify the need for change and to manage that change, taking into account management's aspirations as well as the aspirations and well being of its employees.

Whilst the Council is committed to providing security of employment and to minimising the personal impact of organisational change there will be occasions when it will be necessary to reorganise services and the way in which they are delivered. In these circumstances the provisions of this policy will apply.

Scope

This policy applies to any employee who, as a consequence of organisational change, is required by management to move to a new post or suffers a reduction in basic hours worked within the standard working week. The provisions of this policy do not apply where an employee moves to another position as a result of:

action taken in accordance with the Council's disciplinary or capability procedures

the need for re-deployment on health grounds

unacceptable standards of work performance

a request from the individual or by mutual agreement between the individual and the Council

a voluntary application to another position within the Council

Protection Period

Protection of earnings will be given for a period of 36 months. The first twelve months will be protected at the full earnings of the role held by the employee prior to the change. The 13-24 month period will be with a 33% reduction of the difference between the new earnings and the earnings of the role held prior to the change. The 25-36 month period will be with a 66% reduction and after a period of 36 months the employee will move to the salary and earnings of the new post. The employee will be moved to the salary point of the pay scale for the grade of the new post that is closest to the salary of the previous post. In most cases this is likely to be the highest incremental point of the relevant grade.

In exceptional circumstances, and where there may be a cost advantage to the organisation (eg where redundancy costs would be very high) there may

be agreement with the Chief Executive, the Head of Finance and Head of Human Resources to extend this period to a maximum of five years.

Calculation of Protection

Earnings protection will be calculated as an average of the earnings in the four months preceding the organisational change. This will include basic salary, essential car user allowance, lease car cash allowance, stand-by payments and an average of overtime and out of hours payments.

Earnings in the new post will be off-set against protected earnings and if for any particular pay period the earnings in the new post exceed the protected earnings then the higher earnings will be paid for that pay period.

Where the period of protection spans the annual pay award the protected earnings shall remain as they were prior to any pay uplift (ie on a mark-time basis) but the calculation of the new earnings will be at the increased rate.

Conditions of Protection

Protection of earnings is conditional upon the employee undertaking any shift work or other duties which may be required in the new post up to the level at which the earnings in the new post equal the protected earnings.

Protection of earnings is also conditional upon the employee accepting any subsequent offer of a suitable alternative post which attracts a salary in excess of that of the new post.

Overtime will be paid at the new rate (ie the real rate attached to the post) not at the protected rate.

Terms and Conditions other than Pay

Annual Leave entitlements and length of notice period required from the employee will not be protected and those applicable to the new post will be effective from the date of transfer.

Appendix I(G)

KENT ASSOCIATION OF ELECTORAL REGISTRATION OFFICERS AND STAFF

Proposed scale of fees for District/Borough and Parish Council elections held on or after 1st April 2014

| ITEM | Current 2013 £ | Proposed 2014 £ | % increase |
|---|----------------------|---|------------|
| 1. For each Presiding Officer at a Polling Station – single election | 197.25 | 199.22 | 1.00 |
| 2. For each Presiding Officer at a Polling Station – combined election or difficult station due to local circumstances (at the discretion of the Returning Officer) | 242.32 | 244.74 | 1.00 |
| 3. For a Presiding Officer who acts as a supervisor at a Polling Place where there is more than one Polling Station | (additional) 9.56 | (additional) 9.66 | 1.05 |
| 4. Presiding Officer travel (see note 4 below) | 13.52 | 13.66 | 1.04 |
| 5. For each Poll Clerk at a Polling Station – single election | 118.35 | 119.53 | 1.00 |
| 6. For each Poll Clerk at a Polling Station – combined election (at the discretion of the Returning Officer) | 146.52 | 147.99 | 1.00 |
| 7. Poll Clerk travel (see note 4 below) | 7.86 | 7.94 | 1.02 |
| 8. Supervising Officer – for every 10 polling stations overseen | 197.25 | 199.22 | 1.00 |
| 9. For each Presiding Officer, Poll Clerk and Supervising Officer attending training | 43.78 | 44.22 | 1.01 |
| 10. For each training session provided by the Returning Officer to Presiding Officers and Poll Clerks | 169.09 | 170.78 | 1.00 |
| 11. For the delivery of official Poll Cards by hand | 0.34 | Up to 2 nd class postage rate | - |
| 12. For the employment of persons in connection with the counting of votes, clerical and other assistance required by the Returning Officer – for each 500 electors (or part) in a contested election | 69.01 | 69.70 | 1.00 |

Appendix B

| ITEM | Current 2013 £ | Proposed 2014 £ | % increase |
|---|-------------------|--------------------|------------|
| 13. For the employment of persons in connection with the preparation, issue and opening of postal ballot papers – for every 100 (or part) postal ballot papers issued. (Further resources may be needed to meet the effects of the Electoral Administration Act 2006) | 67.63 | 68.31 | 1.01 |
| 14. For each recount of the votes – for each 500 electors (or part) (see note 3 below) | 3.97 | 4.01 | 1.01 |
| 15. Travel of staff in connection with the counting of votes (at the discretion of the Returning Officer – see note 4 below) | 7.86 | 7.94 | 1.02 |
| 16. For clerical and other assistance required by the Returning Officer at an uncontested election – for each 500 electors (or part) | 18.77 | 18.96 | 1.01 |
| 17. Payment to the District/Borough for the use of Council staff to support the Returning Officer in the conduct of elections as follows: | | | |
| (a) contested election – (i.e. without District/Borough) for each 500 electors (or part) | 53.45 | 53.98 | 0.99 |
| (b) contested joint election (i.e. with District/Borough) – for each 500 electors (or part) | 26.72 | 26.99 | 1.01 |
| 18. Payment to the District/Borough for the use of Council staff at an uncontested election – per uncontested election (see note 5 below) | 14.74 | 14.89 | 1.02 |
| 19. Returning Officer's fee for the conduct of elections as follows: | | | |
| (a) contested District/Borough OR Parish election – for each 500 electors (or part) | 29.87 | 30.17 | 1.00 |
| (b) contested joint District/Borough AND Parish election – for each 500 electors (or part) | 41.26 | 41.67 | 0.99 |
| (c) uncontested District/Borough election – single fee | 51.15 | 51.66 | 1.00 |
| (d) uncontested Parish election – single fee | 17.52 | 17.70 | 1.03 |

Appendix I(H)

Details of remuneration and job title of certain senior employees whose earnings are between £50,000 and £150,000.

| Position | Reporting Unit | Remuneration | No of staff | Other services/responsibilities |
|--|------------------------------------|---------------------|-------------|---|
| Chief Executive | Chief Executive | £120,000 - £124,999 | 584 | Returning Officer responsible for all elections & Head of Paid Service |
| Director of Environment & Shared Services | Environment & Shared Services | £100,000 - £104,999 | 240 | |
| Director of Regeneration and Communities | Regeneration and Communities | £100,000 - £104,999 | 221 | Section 151 Officer |
| Head of HR Shared Service | Human Resources Shared Service | £80,000 - £84,999 | 16 | Head of shared service with Swale Borough Council |
| Head of Environment & Public Realm | Environment & Public Realm | £75,000 - £79,999 | 129 | |
| Head of ICT Shared Service | ICT Shared Service | £75,000 - £79,999 | 35 | Head of shared service with Swale and Tunbridge Wells Borough Councils |
| Head of Audit Partnership (MBC) | Internal Audit | £70,000 - £74,999 | 4 | Head of partnership with Ashford, Swale and Tunbridge Wells Borough Councils |
| Head of Policy & Communications | Policy & Communications | £60,000 - £64,999 | 64 | |
| Head of Legal Services | Legal Services | £65,000 - £69,999 | 2 | Monitoring Officer |
| Head of Finance & Resources | Finance & Resources | £65,000 - £69,999 | 104 | |
| Head of Housing & Community Services | Housing & Community Services | £65,000 - £69,999 | 61 | |
| Head of Planning & Development | Planning & Development | £65,000 - £69,999 | 42 | |
| Head of Revenues & Benefits Shared Service | Revenues & Benefits Shared Service | £65,000 - £69,999 | 42 | Head of shared service with Tunbridge Wells Borough Council |
| Head of Commercial & Economic Development | Commercial & Economic Development | £60,000 - £64,999 | 53 | |
| Communications Manager | Communications | £65,000 - £69,999 | 3 | |
| Chief Information Officer | ICT Shared Service | £60,000 - £64,999 | 13 | Shared service with Swale and Tunbridge Wells Borough Councils. Remuneration also includes Emergency Planning supplement. |
| Chief Technology Officer | ICT Shared Service | £60,000 - £64,999 | 19 | Manager within shared service with Swale and Tunbridge Wells Borough Councils |

Appendix B

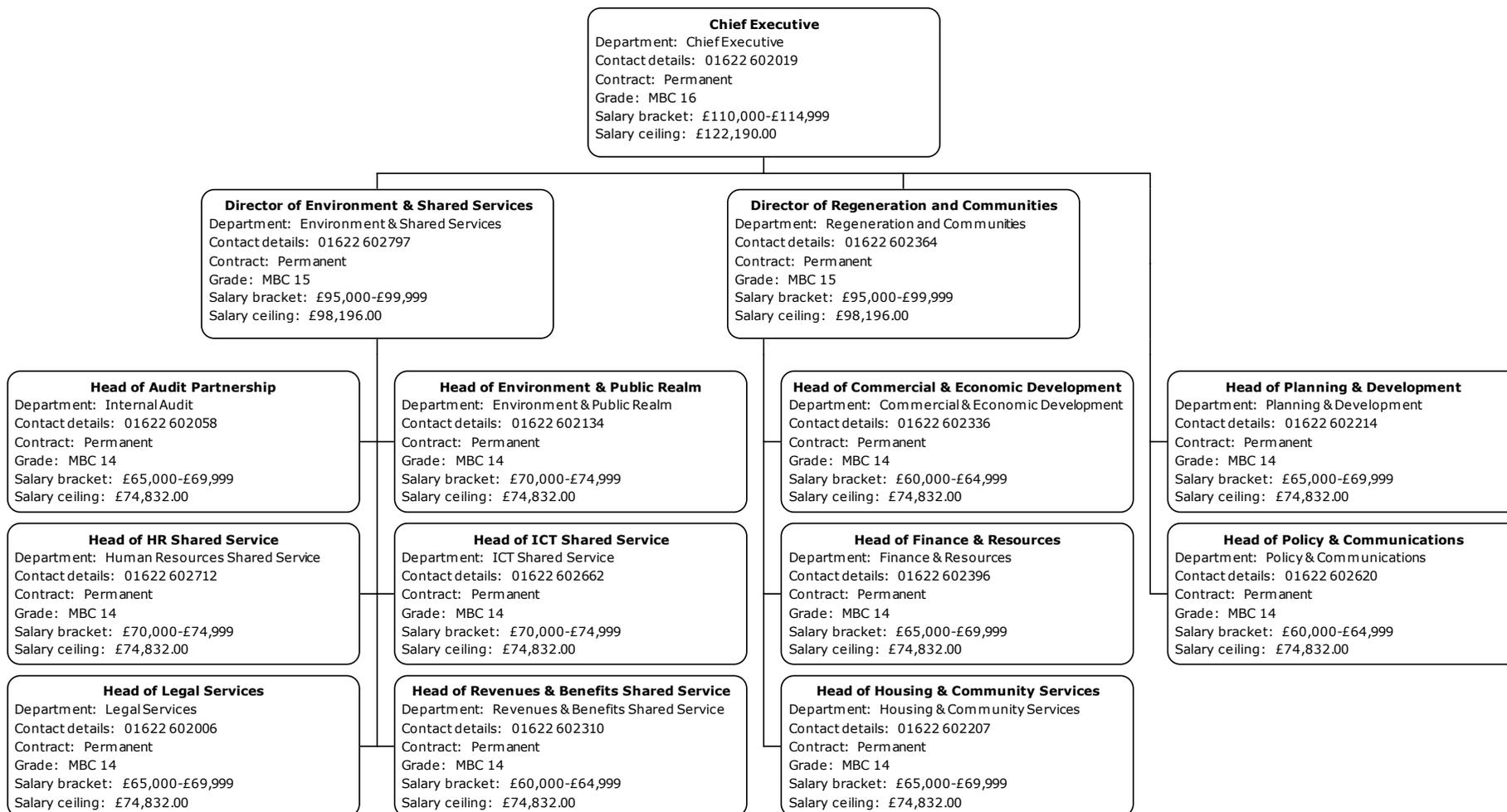
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|---|---|-------------------|----|---|
| Property & Procurement Manager | Property, Procurement & Facilities Management | £60,000 - £64,999 | 32 | |
| Business Improvement Manager | Business Improvement | £55,000 - £59,999 | 5 | |
| Economic Development & Regeneration Manager | Economic Development & Regeneration | £50,000 - £54,999 | 6 | |
| Building Surveying Manager | Building Surveying | £50,000 - £54,999 | 7 | Remuneration includes Emergency Planning Officer supplement |
| HR Shared Service Manager | Human Resources Shared Service | £50,000 - £54,999 | 4 | Manager within shared service with Swale Borough Council |

Number of employees whose remuneration in 2013/14 is at least £50,000 in brackets of £5,000

| Remuneration band | Number of employees in band |
|---------------------|-----------------------------|
| £50,000 - £54,999 | 3 |
| £55,000 - £59,999 | 1 |
| £60,000 - £64,999 | 5 |
| £65,000 - £69,999 | 6 |
| £70,000 - £74,999 | 1 |
| £75,000 - £79,999 | 2 |
| £80,000 - £84,999 | 1 |
| £85,000 - £89,999 | 0 |
| £90,000 - £94,999 | 0 |
| £95,000 - £99,999 | 0 |
| £100,000 - £104,999 | 2 |
| £105,000 - £109,999 | 0 |
| £110,000 - £114,999 | 0 |
| £115,000 - £119,999 | 0 |
| £120,000 - £124,999 | 1 |
| Total | 22 |

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This information is published in accordance with the guidance associated with The Code of Recommended Practice for Local Authorities on Data Transparency (2014) which requires the publication of senior salaries within a £5000 range.



MAIDSTONE BOROUGH COUNCIL

COUNCIL

WEDNESDAY 5 MARCH 2014

REPORT OF HEAD OF POLICY AND COMMUNICATIONS

Report prepared by Angela Woodhouse

1. NON-ATTENDANCE AT COUNCIL MEETINGS

1.1 Issue for Decision

1.1.1 To consider approving the reason for absence for a Councillor who has been unable to attend Council meetings and is at risk of exceeding the six consecutive month requirement.

1.2 Recommendation of the Head of Policy and Communications

1.2.1 That the Council approve the reason of ill-health for non-attendance at Council meetings by Councillor Beerling.

1.2.2 That the approval of the reason for absence be reviewed at the Annual Meeting of the Council scheduled to be held on 7 June 2014.

1.3 Reasons for Recommendation

1.3.1 Councillor Beerling has been absent from Council meetings since 18 September 2013. Should he be unable to attend a meeting prior to 18 March 2014, he would exceed the six consecutive months set out in the Local Government Act 1972.

1.3.2 Section 85 of the Local Government Act 1972 states "...if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority."

1.3.3 Therefore if a Councillor does not attend a meeting for six consecutive months they automatically cease to be a Councillor unless Council approves the reason for the non attendance before the six month period has elapsed

1.3.4 As the reason for absence for Councillor Beerling is on the grounds of ill-health, Council is recommended to approve this reason for absence

in order to prevent Councillor Beerling from ceasing to be a member of the authority should he not attend a meeting before 18 March 2014.

No reason for absence should be approved without a time limit and it is therefore recommended that the approval be reviewed at the Annual Meeting of the Council on 7 June 2014.

1.4 Alternative Action and why not Recommended

1.4.1 The Council could decide not to approve the reason for absence, but should Councillor Beerling be unable to attend a meeting by 18 March 2014 he would cease to be a member of the authority.

1.5 Impact on Corporate Objectives

1.5.1 None

1.6 Risk Management

1.6.1 This report aims to manage the risk to Councillor Beerling of an extended period of absence from Council meetings leading to him ceasing to be a Councillor

1.7 Other Implications

1.7.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development
6. Community Safety
7. Human Rights Act
8. Procurement
9. Asset Management

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1.7.2 Legal – should a Councillor fail to attend council meetings for six consecutive months without an approved reason they will cease to be a member of the authority.

MAIDSTONE BOROUGH COUNCIL

COUNCIL

5 MARCH 2014

REPORT OF THE HEAD OF POLICY AND COMMUNICATIONS

Report prepared by Debbie Snook

1. **COMMITTEE MEMBERSHIP**

1.1 Notification has been received of proposed changes to the membership of Committees.

1.2 **RECOMMENDED:**

1.2.1 That the following changes be approved to reflect the wishes of the Leader of the Conservative Group:

Licensing Committee/Licensing Act 2003 Committee

Substitute Members

Delete Councillor Black. Insert Councillor Ross.