

Strategic Plan Review – Update on priority milestones and 2020/21 budget

Final Decision-Maker	Council
Lead Head of Service	Chief Executive
Lead Officer and Report Author	Alison Broom - Chief Executive Anna Collier – Policy and Information Manager Ellie Dunnett – Head of Finance
Classification	Public
Wards affected	All

Executive Summary

This report provides a brief update with respect to the decisions made by the Policy and Resources Committee in September concerning review of the Strategic Plan in the context of change and uncertainty for the council's financial position and service delivery arising from the impact of the Covid19 pandemic.

Purpose of Report

Noting

This report makes the following recommendations to this Committee:

1. That the Committee notes the report

Timetable

Meeting	Date
Policy and Resources Committee	21st October 2020 25th November 2020 16th December 2020 20th January 2021 10th February 2021
Council	24th February 2021

Strategic Plan Review – Update on priority milestones and 2020/21 budget

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>This report considers the proposed areas of focus for the Strategic Priorities for the next five years and identifies action for progressing the shaping of the areas of focus for 2021-2026.</p>	Chief Executive
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>Members will also consider the crosscutting objectives when they review and agree areas of focus for 2021-26 and the MTFS as it develops</p>	Chief Executive
Risk Management	Already covered in the risk section	Chief Executive
Financial	The Strategic Plan sets the Council's Priorities and the direction for the Medium-Term Financial Strategy	Section 151 Officer & Finance Team
Staffing	This report is for noting	Chief Executive
Legal	This review of the Council's priorities within the Strategic Plan will enable the Council to deliver services in an efficient and effective manner and which meets the needs and	Legal Team

	<p>aspirations of local inhabitants and stakeholders.</p> <p>In reviewing the priorities, the Council is obliged to ensure that its financial obligations are adhered to. The Council has a legal duty to set a balanced budget and continue to monitor the budget during the course of each municipal year and take remedial action if at any time it appears likely that expenditure will exceed available resources. This review is relevant to the statutory obligation.</p> <p>The S151 Officer has a personal duty under Section 114(3) of the Local Government Finance Act 1988 to report to the Council if it appears that the set budget will be exceeded.</p> <p>This will also include the impacts of Section 115(6) of the Act which prohibits any new agreement which would incur expenditure from being entered into following the release of a S114 report and consideration of the implications by the Council. Having received a S114 report, members are obliged to take all reasonable practical measures to bring the budget back into balance. Key considerations for the Council include the need for an adequate contingency provision, taking into account the S151 officer's guidance on the financial prudence of options before members and ensuring that there are reasonable grounds for making decisions.</p> <p>The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. The review will also contribute to the obligation being discharged.</p>	
<p>Privacy and Data Protection</p>	<p>The recommendations do not have an impact on privacy and data protection. If as a result of the update to the milestones and the emerging MTFs for 2021-2026 changes are required to services involving personal data, then data privacy impact assessments will be undertaken.</p>	<p>Policy and Information Team</p>

Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment. If as a result of the update to the milestones and the emerging MTFS for 2021-2026 changes are required to services, then an Equalities Impact assessment will be undertaken	Equalities and Corporate Policy Officer
Public Health	The report is for noting however the financial implications of the COVID-19 pandemic on the council will have an impact on how council services are delivered and therefore will also impact upon the wider determinants of health.	Public Health Officer
Crime and Disorder	The report updates the Committee on a review of Community Safety that was itself agreed by the Committee in September 2020	Head of Service or Manager
Procurement	No implications	Head of Service & Section 151 Officer

2. INTRODUCTION AND BACKGROUND

- 2.1 At its meeting of 21 July 2020 this committee agreed the approach and timetable for a review of the priorities and outcomes in the Strategic Plan 2019 to 2045 and updating the Medium-Term Financial Strategy (MTFS) to cover the five-year period 2021 to 2026. The first steps in this review including engagement with all councillors were undertaken in August and reported to the Committee at its September meeting where decisions were made about key areas of focus for cost reduction and approaches to leveraging resources to complement the council's spending and investment. The purpose of this report is to update the Committee on progress made with respect to these decisions. The report also contains a brief summary of results from the council's survey of residents' experience of the first phase of the Covid19 pandemic. The survey closed on 2nd October 2020 and a more detailed report will be made to a subsequent meeting of this Committee.
- 2.2 The current Strategic Plan was developed involving a wide cross section of Councillors, staff and other stakeholders in 2018 before being adopted in December of that year. The vision and priorities are clear and remain relevant. Progress has been made across all priorities and details were set out in the July report. Considering the pandemic and its significant impact, work is now being carried out to review our outcomes for 2019/24 to produce a refreshed set of outcomes for 2021/26 reflecting the change in context and resources arising from the impacts of the Covid-19 health emergency; the outcomes and milestones also need to respond to our Covid-19 recovery approach.

Context

- 2.3 Covid-19 has had a major impact on the Council's financial position. Members were advised of the scale of the impact as currently assessed at the Policy and Resources Committee on 21 July 2020. The impact was set out for the current financial year and for the period of the MTFS. In July, this Committee considered 3 scenarios – adverse, neutral, and favourable. The neutral scenario forecast a budget gap for 2021/22 of £3.3m (assuming that the pre-covid19 identified level of savings is achieved). This represents around 15% of the council's net revenue budget. Even if there is a rapid recovery from the pandemic, the financial impact will be felt for some time. The Council will have to draw on its reserves to fund the current financial year's deficit. The council will need to consider how quickly reserves can be rebuilt and the right level at which to maintain them in the future and reassess the overall level of resources available for the future.
- 2.4 A great degree of uncertainty remains around financial forecasts and the degree of support from central government. This arises from the complex context for local authority funding and changes that were being formulated pre Covid-19 for example with respect to business rates reform as well as the impact of the pandemic.

Financial Update

- 2.5 The restrictions introduced in order to contain the Covid-19 pandemic continue to have a profound impact on the Council's financial position, both for the current year's forecast and the development of the Medium-Term Financial Strategy.

Revenue

- 2.6 The Council has continued to submit monthly financial monitoring information to the government. The most recent submission, showing the estimated income losses and expenditure pressures, and the forecast year end position as at the end of September 2020 is summarised within the tables below. The figures represent current estimates and will be subject to change depending on a variety of factors including the speed of economic recovery, further restrictions to contain the spread of Covid-19 and ongoing negotiations in relation to key contracts.
- 2.7 Additional expenditure has been incurred through the Council's response to the pandemic, in supporting vulnerable people, in particular finding accommodation for homeless people and establishing a community hub, purchase of personal protective equipment, and adapting Council buildings to facilitate social distancing. Other sources of pressure on expenditure budgets arise from the potential future costs of temporary accommodation following the removal of the ban on evictions from rented accommodation, and ongoing negotiations with third party suppliers in relation to leisure services following the closure of these facilities and consequent loss of income for the operators. The figures below include a provision for these costs.

Additional Spending Pressures			
	August 2020	September 2020	Full Year 2020-21
	£000	£000	£000
Housing (including homelessness)	3	3	190
Leisure & Cultural services	0	0	661
Environmental and regulatory	0	0	70
ICT	0	0	15
Revenues & Benefits	0	0	20
Shielding (including community hub)	0	0	115
Other services (including PPE)	0	0	313
Total additional pressures	3	3	1,384

Additional Spending Pressures 2020/21

- 2.8 The most significant budget pressures arise from income losses, both from non-collection of Council Tax and Business Rates, and reduction in the Council's capacity to collect income through sales, fees and charges because of lockdown, government restrictions and social distancing measures related to the pandemic. Current monitoring indicates a slight improvement in the income position, mainly in relation to car parking. At the peak of the lockdown, pay and display parking income collection was down 97% year on year, compared with 60% based on more recent monitoring data. However, parking income makes up a very significant proportion of the council's annual budget (approximately 10% of total resources) and so losses of this level remain very significant in financial terms if the situation continues for a prolonged period.
- 2.9 The Council has recently submitted the first in a series of applications for compensation under the Government's scheme for sales, fees and charges income losses. Under the scheme, Councils will absorb losses up to 5% of their planned 2020/21 sales, fees and charges income, with the government compensating them for 75p in every pound of relevant loss thereafter. We will update the committee on the outcome of this claim when we receive notification from the government.

Income Reductions			
	August 2020	September 2020	Full Year 2020-21
	£000	£000	£000
Business Rates (MBC share)	150	85	703
Council Tax (MBC share)	70	45	855
Sales, fees and charges:			
<i>Parking services</i>	108	75	1,226
<i>Property rentals</i>	152	153	1,217
<i>Leisure & cultural services</i>	47	74	519
<i>Planning fees and advice</i>	32	32	483
<i>Other fees and charges</i>	155	92	717

Total income reductions	614	556	5,720
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Loss of income 2020/21

- 2.10 The government has allocated £3.7bn emergency funding to help local authorities respond to the Covid-19 pandemic. Maidstone Borough Council's share of this is £2.051m. Combining the projected spending pressures and loss of income with this funding, the estimated total impact for this financial year is as follows:

	August 2020	September 2020	Full Year 2020-21
	£000	£000	£000
Expenditure pressures	3	3	1,384
Income reductions	614	556	5,720
Government support	0	0	-2,051
Total impact	877	-860	-5,053

- 2.11 The Council holds sufficient reserves within the general fund and earmarked reserves to fund this shortfall. However, this will represent a significant reduction in reserves which will need to be replaced over the course of the Medium-Term Financial Strategy in order to ensure that the Council continues to be financially resilient.

Capital

- 2.12 Several capital schemes were put on hold in the first quarter of the year during the initial lockdown period. Most schemes are now progressing as planned, with key projects including the Innovation Centre at Kent Medical Campus and housing developments at Union and Brunswick Street expected to be complete by the end of this financial year. Total expenditure of £28.4m is expected for this financial year.
- 2.13 The Mote Park Visitor Centre and Estate Services Building project remains within the capital programme but has been delayed. A new employer's agent has been appointed and plans are in place to tender the works for this scheme before Christmas. If the tender prices are on budget the works will commence in April 2021.

Cash Flow

- 2.14 The Council's cash flow position is currently healthy, although this is expected to decline towards the end of the financial year with reduced receipts from Council Tax and Business Rates placing additional pressure on liquidity and increasing demand for short term borrowing.

Next Steps for the Medium-Term Financial Strategy

- 2.15 Medium term financial planning for the period from 2021/22 onwards is progressing, with the current strategic revenue projection identifying a budget gap of £3.3m for next year. Work to identify savings and increase

income generation to help close this gap over the Medium-Term Financial Strategy period is ongoing. Consideration will be given to all sources of funding available to the council (including reserves), and how best to deploy these to ensure that the council remains financially resilient and well placed to support recovery. A detailed report on the Medium-Term Financial strategy will be presented to Policy and Resources committee at its meeting in November. Locally, work on recovery planning is also progressing. As chair of Kent Finance Officers Association, Mark Green, Director of Finance and Business improvement is chairing the finance recovery cell at county level. This group is focussed on short, medium, and longer-term recovery of finances, including loss of income, and cost recovery.

Service delivery prioritisation

2.16 As noted in September service prioritisation needs to be conducted and concluded at pace so that the ramifications can be assessed and quantified and a proposed revised MTFs can be properly evaluated and presented to members by December 2020. It will be complemented by several other pieces of work described in the July report to Policy and Resources Committee by the Director of Finance and Business Improvement which will address;

- better use of technology
- external grant funding
- income generation
- office accommodation
- overhead costs of delivering the capital programme
- overhead costs of project delivery
- service commissioning
- shared service arrangements
- staff reward packages
- the structure of democratic representation and
- synergies between service areas

2.17 The Council remains committed to delivering the vision in our Strategic Plan in a period of significant change and continuing uncertainty. This is not only as a result of the Covid-19 but also from central government policy changes including for spatial planning (currently the subject of consultation) and devolution (consultation which had been anticipated this autumn has been delayed until 2021). These are likely to have significant consequences for how and at what pace we can deliver our vision.

2.18 Success in delivering the vision for the borough as reflected in the council's Strategic Plan and the more specific short to medium term priorities depends on community leadership and collaboration with partners in the public, private and voluntary and community sectors.

2.19 The decisions made in September by this committee were

- Further development of the Council's capital strategy and programme including consideration of partnership funding of large-scale projects

and infrastructure including consideration of joint ventures and development corporation

- A review of planning and economic development services reflecting on the effectiveness of our current services and reconsidering our service delivery model taking into account the changes in the planning system and looking at: expertise, organisational arrangements, including the synergies between planning policy and economic development, our arrangements for delivering/enabling construction projects, and agility.
- A report concerning a protocol for working strategically with the community and voluntary sectors and parishes is progressed initially via the Communities Housing and Environment Committee
- That the council initiates dialogue with the Business Improvement District concerning current challenges and future investment in the town centre
- Officers review the scope of work undertaken and resources allocated to the community safety unit.
- The direction of travel on modernising the arrangements at the museum is now more modest and focuses on making the best use of existing spaces.
- Review of the contribution of the Hazlitt to the town centre economy and consideration of options for its sustainability.
- Reduction of the priority of raising resident satisfaction with cleanliness to maintaining it.
- References to individual projects are removed from areas of focus in the Strategic Plan.
- Climate change becomes a cross cutting issue for all services to consider proactively and that an officer is required to lead this work and be proactive in finding funding streams to complement the council's commitment

2.20 Since September attention has been particularly focussed on decisions which have the greatest bearing on achieving a balanced revenue budget for 2021/2 and beyond. Officers have developed options for future service delivery for our cultural services and have commenced work to enable review of community safety and planning and economic development services. As a result

- An options paper relating to the both the Hazlitt theatre and Maidstone Museums will be presented to the Economic Regeneration and Leisure Committee in November 2020
- A report setting out the scope for reviewing community safety will be presented to the Communities, Housing and Environment Committee in November 2020
- Work has commenced to scope the review of planning and economic development services, in consultation with the Chairs of the relevant committees; in the meantime, cost savings with effect for 2021/22 are being identified
- Officers have initiated dialogue with the Business Improvement District concerning current challenges and future investment in the town centre; a meeting will take place at the end of October

- 2.21 As part of the Strategic Plan Review process the Policy and Resources Committee agreed consultation with the public concerning experience of the Covid19 pandemic. An on-line survey was conducted for a period of six weeks and which closed on 2nd October 2020. It covered feelings and impact for people, economic and lifestyle topics and sought feedback about council services and support available.
- 2.22 Over 1450 responses were received. The data will provide helpful information in terms of building up a picture of the general experience and views of our community. The data can be segmented for example in terms of demographic characteristics including age, ethnicity and gender and those who are more vulnerable to the health and economic impacts of the pandemic for example our shielded population or households with low income. Further work is being undertaken to ensure appropriate weighting before drawing any conclusions from the whole data set. Care will be taken to use the data intelligently. The survey results will be shared in more detail with the Member Covid19 Recovery Consultative Group and drawn on as one source of information for example in our planning for any further response during the Covid19 pandemic including communication, for the recovery phase(s), the council's wider work for example on financial hardship and response to other future emergencies.
- 2.23 A report concerning a protocol for working strategically with the community and voluntary sectors and parishes will be presented to the Communities Housing and Environment Committee at its November meeting. It will draw on experience of working together during the Covid19 pandemic, lessons learnt from the council's perspective and feedback from others including the Maidstone branch of the Kent Association of Local Councils and best practice from elsewhere in the UK.

3. AVAILABLE OPTIONS

- 3.1 This report is for noting only.

4. RISK

- 4.1 This report is presented for information only and has no risk management implications. Risks related to amending actions in the Strategic Plan will be detailed in future reports to this Committee as the changes are finalised.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 All Councillors were consulted on the areas of focus of 2019-2024, they were asked to consider which should be deleted, kept or delayed and

whether there were any new areas of action. The report also refers to consultation with the public with respect to their experience of the Covid19 pandemic.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The actions agreed by the Policy and Resources Committee in September 2020, which are reported for noting here, will be further progressed and will inform the Council's Strategic Plan milestones and Medium-Term Financial Strategy for 2021-26
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7. REPORT APPENDICES

- 7.1 There are no appendices
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8. BACKGROUND PAPERS

None