

AGENDA

CABINET MEETING



Date: Wednesday 11 February 2015
Time: 6.30 pm or at the conclusion of
the Cobtree Manor Estate Charity
Committee whichever is the later
Venue: Town Hall, High Street,
Maidstone

Membership:

Councillors Mrs Blackmore (Chairman), Burton,
Greer, McLoughlin, Perry and Mrs Ring

Page No.

1. Apologies for Absence
2. Urgent Items
3. Notification of Visiting Members
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

Continued Over/:

Issued on 3 February 2015

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 CAROLINE MATTHEWS on 01622 602743**. To find out more about the work of the Cabinet, please visit www.maidstone.gov.uk

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

7.	Minutes of the Meeting held on 14 January 2015	1 - 4
KEY DECISION REPORTS		
8.	Report of the Chief Executive and Leader - Draft Strategic Plan 2015/2020	5 - 34
9.	Report of the Director of Regeneration and Communities - Budget Strategy 2015 16 Onwards	35 - 115
10.	Report of the Head of Commercial and Economic Development - A Sustainable Future for Mote Park (Adventure Zone)	116 - 123
NON-KEY DECISION REPORTS		
11.	Report of the Joint Mid Kent Improvement Partnership (MKIP) Task and Finish Group - Report on Governance and Communication	124 - 144
12.	Report of the Director of Regeneration and Communities - Budget Monitoring 3rd Quarter 2014/15	145 - 161
13.	Report of the Director of Regeneration and Communities - Treasury Management Strategy 2015 16	162 - 197
14.	Report of the Head of Policy and Communications - 2014/15 Quarter 3 Key Performance Indicator Report	198 - 223

PART II

To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.

Head of Schedule 12A/ Brief Description

Paragraph 3 – Information re financial/business affairs

15.	Exempt Appendix to the Report of the Director of Regeneration and Communities - A Sustainable Future for Mote Park (Adventure Zone)	224 - 228
16.	Report of the Director of Environment and Shared Services - Review of Commercial Project - Expansion of Bereavement Services	229 - 268

MAIDSTONE BOROUGH COUNCIL

CABINET

MINUTES OF THE MEETING HELD ON WEDNESDAY 14 JANUARY 2015

Present: Councillor Mrs Blackmore (Chairman), and
Councillors Burton, Greer, McLoughlin, Perry and
Mrs Ring

92. APOLOGIES FOR ABSENCE

There were no apologies for absence.

93. URGENT ITEMS

The Chairman stated that in her opinion the following should be taken as Urgent Items:-

- a) an Urgent Update from Officers, together with the SCRAIP from the Planning, Transport and Development Overview and Scrutiny Committee, all relating to Agenda Item 8 – Maidstone Borough Local Plan – Development Management and Infrastructure Delivery Policies; and
- b) Agenda Item 10 which were the References from council relating to two petitions received from Harrietsham Against Reckless Development and the Chairman of Sutton Valence Parish Council.

94. NOTIFICATION OF VISITING MEMBERS

Councillors English, Mrs Springett and Wilson attended the meeting and indicated their wish to speak to Agenda Item 8 relating to the Development Management and Infrastructure Delivery Policies.

95. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

96. DISCLOSURES OF LOBBYING

All Cabinet Members stated that they had been lobbied in regard to Agenda Item 8 – Development Management and Infrastructure Delivery Policies.

97. EXEMPT ITEMS

RESOLVED: That all agenda items be taken in public as proposed.

98. MINUTES OF THE MEETING HELD ON 17 DECEMBER 2014

RESOLVED: That the Minutes of the meeting held on 17 December 2014 be approved as a correct record and signed.

99. REPORT OF THE HEAD OF PLANNING AND DEVELOPMENT - MAIDSTONE BOROUGH LOCAL PLAN - DEVELOPMENT MANAGEMENT AND INFRASTRUCTURE DELIVERY POLICIES

Cabinet considered the report of the Head of Planning and Development relating to the Maidstone Borough Local Plan – Development Management and Infrastructure Delivery Policies.

Members also considered the Urgent Update from Officers and the SCRAIP from the Planning, Transport and Development Overview and Scrutiny Committee from the meeting held on 16 December 2014.

The Head of Planning and Development updated Members on a representation he had received from Agents acting for the Eclipse Business Park which queried the appropriateness of identifying the site for Park and Ride use and making it too site specific. Members noted the comments made.

DECISION MADE:

- 1) That the proposals set out in the SCRAIP from Planning, Transport and Development Overview and Scrutiny Committee (PTDOSOC) on 16 December 2014 as attached at Appendix C to the report of the Head of Planning and Development, together with the proposed amendments to the development management policies detailed in Appendix A to the report be agreed, subject to the following amendments:-

Policy DM1 – There should be an additional amendment to Policy DM1 so that the first sentence reads – “Proposals for development on previously developed land (Brownfield land) that make effective and efficient use of land and which meet the following criteria will be encouraged and permitted”.

Policy DM4 – Paragraph iii) be removed, paragraphs xii) and xiii) be amalgamated and the rest of the paragraphs be renumbered to reflect these changes.

Policy DM10 – An additional paragraph be added – “Further consideration will be given to concerns about receptor sites and additional reference will be drafted by the Head of Planning and Development in consultation with the portfolio holder for Planning, Transport and Development”.

Policy DM23 11.124 – The final sentence of this paragraph should read “Where affordable housing is proposed or required, the housing register **will** provide additional guidance”.

Policy DM25 Key Issue 2 Officer Response: Replace the word 'principal' with the word 'principle' and Key Issue 8 Officer Response: remove the Planning Minister's name

and with the exception of Policies DM13, 14 and 15 which will be subject to further consideration when transport modelling advice is available and Policy DM24 which will be subject to further consideration when updated viability information is available;

- 2) That, the proposals set out in the SCRAIP from PTDOSEC on 16 December 2014 (as attached to the report at Appendix C) and the proposed amendments to the infrastructure delivery policies detailed in Appendix A to the report be agreed and that the policies be approved for regulation 19 consultation in July 2015;
- 3) That, the proposals set out in the SCRAIP from PTDOSEC on 16 December 2014 (as attached to the report at Appendix C), and the amendments to the proposed care home policy detailed in Appendix B to the report be approved, for regulation 18 consultation in February 2015; and
- 4) That it be noted that in regard to **Policy DM18** – an additional representation had been received to include the James Whatman Site, at least in part, in the list of retained employment sites and that consideration should be given to this before Regulation 19 consultation is conducted; and
- 5) That reference to Neighbourhood Plans and their importance in the Development Plan framework be highlighted and strengthened in the introductory narrative to the Local Plan as a whole and that publicity material associated with the Local Plan should also reference the important role of Neighbourhood Plans prominently where appropriate.

100. ORAL REPORT OF THE HEAD OF PLANNING AND DEVELOPMENT - PLANNING PERFORMANCE

The Head of Planning and Development gave an oral update on the Planning Support Shared Service performance:-

Outcomes for determination of Planning Applications

3rd Quarter – 74% Majors in time
49% Minors in time
68% Others in time

Planning Application Validations

Speed of validations is on average at 5 working days

Members felt that there had been a significant improvement and was very

encouraging.

RESOLVED: That the updated performance figures for the Planning Support Shared Service be noted.

101. REFERENCES FROM COUNCIL - PETITIONS

Members considered the References from Council relating to the two petitions presented to the Council meeting on 10 December 2014 relating to Harrietsham and Sutton Valence.

RESOLVED: That the issues raised in the petitions be noted.

102. DURATION OF MEETING

6.30 p.m. to 9.20 p.m.

MAIDSTONE BOROUGH COUNCIL

CABINET

WEDNESDAY 11 FEBRUARY 2015

REPORT OF THE CHIEF EXECUTIVE AND LEADER

Report prepared by Angela Woodhouse

1. DRAFT STRATEGIC PLAN 2015 - 2020

1.1 Issue for Consideration

1.1.1 The Strategic Plan and the Medium Term Financial Strategy are the key corporate planning documents for the Council. The Strategic Plan sets out what we want to achieve, the actions we will take and how we will measure our performance.

1.1.2 Cabinet are asked to approve the Draft Strategic Plan for 2015-2020 for submission to Council on 25 February.

1.2 Recommendation of Chief Executive and Leader

1.2.1 That the Draft Strategic Plan 2015-2020 be recommended to full Council for approval.

1.3 Reasons for Recommendation

1.3.1 The Draft Strategic Plan at **Appendix A** outlines a vision for the borough, supported by a clear mission for the Council to put people first and a set of clear priorities.

1.3.2 During the course of the plan's development we have consulted with staff at One Council briefing sessions, outlining the vision and priorities for the next five years and asking them to identify how we could achieve the priorities and what the barriers may be. This feedback has shaped the actions outlined in the priorities and will be used by heads of service and unit managers in their service planning. Work was also carried out with unit managers to look at how we measure achievement considering which indicators would give us the most useful information.

1.3.3 We have also held several budget roadshows with the public to discuss the priorities; asking residents to identify which are most important to

them. Over 12,000 residents took part in the consultation. There was positive feedback from this exercise and the results are shown in **Appendix B.**

- 1.3.4 As a result of the feedback, a clean and safe environment and transport improvements are proposed as top priorities for the Council. This has also been reflected in the medium term financial strategy.
- 1.3.5 Overview and Scrutiny considered the Draft Strategic Plan in January. They made a number of recommendations to improve the Plan's narrative and these changes have been incorporated into the Plan.
- 1.3.6 The Draft Plan has been developed giving careful consideration to performance data and other contextual information including the most recent residents' survey results, national research and other emerging strategies and plans. Information on the Borough Profile and 100 people is provided at **Appendix C.**
- 1.3.7 The plan has been deliberately kept short and focused to ensure it translates into action easily and it is clear to residents and council employees and our partners what we want to achieve over the next five years. The Leader and Chief Executive will complete their introduction to the plan following scrutiny's input.
- 1.3.8 There is synergy between the council's previous strategic plan and the new plan that has been developed. The mission to put people first continues the theme of Great People and underpins all of the council's priorities going forward. The previous Great People priority included outcomes for how we deliver our services and ensuring that people are not disadvantaged by where they live. Keeping Maidstone an attractive place for all and securing a successful economy continue our previous priorities of Great Place and Great Opportunity. There is a renewed emphasis in the plan on listening to our communities and working with our Parishes. The Draft Plan contains a balanced set of priorities that reflect all parts of the Borough both rural and urban.
- 1.3.9 The diagram at page 3 of the Draft Strategic Plan includes a section on the Council's values. These have been in place for a number of years having been set and reviewed with Council employees. For clarification the reference to internal and external teams in the Service value means that we should give excellent customer service to both our residents and others as well as from team to team within the council.
- 1.3.10 As face to face and on-line consultation has already been carried out on the priorities with residents and staff, the next phase will be on-line consultation on the draft plan itself and consultation with Overview and Scrutiny and all elected Members.

1.4 Alternative Action and why not Recommended

1.4.1 The current Strategic Plan finishes in March 2015, the draft Strategic Plan sets the vision and corporate priorities for the next five years. Without a Plan to set our priorities and provide clear focus for employees and related plans and policies the effectiveness of the Council would be significantly reduced.

1.5 Impact on Corporate Objectives

1.5.1 The Strategic Plan sets out the Council's Corporate Priorities for the next four years and it represents the top level document from which all other plans and strategies of the Council will flow.

1.6 Risk Management

1.6.1 A Strategic Risk Register and Action Plan will be developed following the formal approval of the Strategic Plan

1.7 Other Implications

1.7.1

1.	Financial	<input checked="" type="checkbox"/>
2.	Staffing	<input checked="" type="checkbox"/>
3.	Legal	<input type="checkbox"/>
4.	Equality Impact Needs Assessment	<input type="checkbox"/>
5.	Environmental/Sustainable Development	<input checked="" type="checkbox"/>
6.	Community Safety	<input type="checkbox"/>
7.	Human Rights Act	<input type="checkbox"/>
8.	Procurement	<input type="checkbox"/>
9.	Asset Management	<input type="checkbox"/>

Financial

The Draft Strategic Plan sets the priorities for the Council's spending for the next five years.

Staffing

The Draft Strategic Plan sets the strategic priorities, which staff will deliver; this will also be part of individual appraisals.

Equality Impacts Needs Assessment

The stage 1 assessment is attached at **Appendix D**

1.8 Relevant Documents

1.8.1 Appendices

Appendix A – Draft Strategic Plan 2015-2020

Appendix B – Consultation Response

Appendix C – Borough Profile and 100 People Document

Appendix D – Equality Impact Needs Assessment

<u>IS THIS A KEY DECISION REPORT?</u>		<u>THIS BOX MUST BE COMPLETED</u>	
Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If yes, this is a Key Decision because:			
The plan sets the priorities for the Council's Medium Term Financial Strategy and Services			
Wards/Parishes affected: All			

Draft Strategic Plan

2015-2020

Please note artwork etc. still to be completed

Foreword from the Leader

The Strategic Plan is Maidstone Borough Council's most important document because it illustrates how we will create the conditions in making Maidstone Borough an attractive place to live, work and visit. The council faces tough challenges over the next five years however we must create the conditions which allow for managed economic growth, but also respects our natural environment and the heritage which the county town of Kent possesses.

Maidstone is the county town of Kent and we have attracted investment and growth to help secure our future. We have a unique mix of rural Kentish villages, urban areas and a vibrant town centre, which makes Maidstone a highly desirable place in which to live, work and visit. However I believe we must not be complacent. Following public consultation about our priorities it was clear residents value a clean and safe borough and improvement to our transport infrastructure to ease the traffic congestion across the Borough of Maidstone.

The delivery of improved road infrastructure must occur through close working with key partners. For example work on the improved Bridges Gyratory scheme will start later in 2015. Other schemes across the borough will be funded through a variety of measures and will seek to improve key pinch points.

Although our borough is a clean and safe place we must work with all partners to continue to improve all areas of the public realm for the benefit of all. Working together with our parish councils and other local community groups we will facilitate improvements across the borough.

Over the next five years the Council will face a difficult financial future, along with most public sector organisations, as our funding for the provision of local services is reduced. We are taking steps to manage our assets more effectively through a series of measures including our Festivals and Events programme.

This document puts people at the heart of our plans. I want Maidstone to have a bright future and I believe the Strategic Plan sets out what we want to achieve over the next five years and what we will deliver for our residents, our businesses and also our visitors

Councillor Annabelle Blackmore

Introduction from the Chief Executive

Maidstone sits at the heart of Kent and within the sphere of influence of London one of the world's most vibrant cities. This gives us both key locational advantages and challenges.

We need to create the conditions where Maidstone retains its intrinsic attractiveness, ensure that there are enough homes to accommodate our growing population and that we capitalise on the positive attributes of our location by creating the conditions for and harnessing the benefits of managed economic growth. We need to evolve the character of communities across the borough for the benefit of both our existing and future residents and in a way that respects the quality of people's lives, our heritage and the natural attributes of our environment.

We will do this by working closely with the public, businesses, our partners including Kent County Council and other organisations to encourage investment and growth for the benefit of everyone.

We will make sure the services we provide are of a high standard and value for money so everyone is satisfied and those that need support get it.

Maidstone is a diverse place – with distinctive rural and urban communities. We will invest in the quality of our neighbourhoods so that they are places where people are proud to live, in our town centre to draw on the economic strength that Maidstone gives to the area and in infrastructure which is needed to support growth across the borough as a whole.

Although unemployment levels are low, since the recession economic output has fallen more in Maidstone than elsewhere in Kent and nationally and median earnings have declined. There are significant health inequalities reflecting the variation in prosperity across our communities. This diversity is at the centre of our ambition for Maidstone to be a place where everyone has a chance to succeed and where nobody gets left behind. We want to reduce inequality while by building resilience in individuals, communities, businesses and the Council itself.

Our plans will be built on our STRIVE values which we will use to guide our service design through the years ahead. In working to deliver our plan we will need to be innovative and creative. We will enable our staff, utilising their skills and experience, to find innovative and creative approaches and new ways of working.

Alison Broom

OUR VISION

That our residents live in decent homes, enjoy good health and a pleasant environment, with a successful economy that is supported by reliable transport networks.

OUR MISSION

Putting People First.

PRIORITY 1

Keeping Maidstone Borough an attractive place for all

PRIORITY 2

Securing a successful economy for Maidstone Borough

Providing a clean and safe environment

Encouraging good health and wellbeing.

Respecting the character of our Borough

Ensuring there are good leisure and cultural attractions

Enhancing the appeal of the town centre for everyone

Securing improvements to the transport infrastructure of our Borough

Promoting a range of employment opportunities and skills required across our Borough

Planning for sufficient homes to meet our Borough's needs

OUR VALUES

Service

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 positive and professional manner.

Teamwork

Working together to achieve our objectives and goals in a way that utilises the talents and creativity of everyone in our organisation.

Responsibility

We work in an environment that encourages us to take ownership for our actions. Making the right choices and decisions that lead to a satisfactory outcome for all.

Integrity

We have the courage to act on our convictions to build trust and honesty. We work with our partners and customers to create a feeling of openness and transparency in everything we do.

Value

Taking care and weighing up our options, aiming to get the maximum effect for every penny of public money we spend.

Equality

Valuing our differences and understanding how they can contribute to a better working environment and services that are fair and easy to access.

Providing a Clean and Safe Environment

Over the past 5 years, Maidstone Borough Council has demonstrated its commitment to deliver cost effective and sustainable waste and recycling services as a result our recycling rate has improved significantly. Maidstone does not experience high levels of crime. We have with our Community Safety Partnership agreed that reducing anti-social behaviour, domestic abuse, reoffending and improving road safety are our priorities up until 2018.

We mean:

- People feel safe in the Borough and they live in a clean environment of high quality

We will:

- Work with our partners to improve all areas of the public realm
- Deliver the waste and recycling strategy
- Deliver an efficient and effective street cleansing service
- Deliver the Community Safety strategy
- Deliver the Air Quality Strategy working with partners

Measured by:

- Resident satisfaction
- British crime survey
- Environmental quality indicators
- Recycling
- Reduction in residual waste
- Estimated levels of CO2 Emissions (per head of population)

Encouraging Good Health and Wellbeing

Deprivation in the borough is lower than average, however 15% (4,300) of children (under 16 years old) in Maidstone live in poverty. There is a larger difference in life expectancy of men and women; 7 years lower for men and 4 years lower for women in the most deprived areas of Maidstone than in the least deprived.

We mean:

- Addressing the social determinants of health through our role in services like Housing, Environmental Health and Community Development and our provider role in terms of leisure activities
- Improved health outcomes for residents, reduced health inequality

We will:

- Deliver our housing strategy
- Deliver our health inequalities action plan
- Work with businesses to promote health and wellbeing

Measured by:

- Health Indicators
- Number of private sector homes improved
- Disabled Facilities Grants
- Homelessness Prevention

Respecting the Character of our Borough

Maidstone is the county town of Kent, in terms of its geography it is largely rural and the countryside offers high quality landscape and biodiversity. Approximately 50% of the borough population lives in a parished area. We are focused on achieving economic prosperity, whilst at the same time balancing protecting the environment and landscape that makes the borough of Maidstone a great place to live, work in and visit.

We mean:

- Thriving and Resilient Urban and Rural Communities
- Listening to our communities
- Respecting our Heritage and Natural Environment
- Devolving services where we can and working with Kent County Council to do the same

We will:

- Deliver and honour our parish charter
- Deliver the communication and engagement action plan
- Work with our Parishes and Communities on the design of their communities

Measured by:

- Resident survey
- Parish survey

Ensuring there are good Leisure and Cultural Attractions

There is always something to see or do in Maidstone with the river, two museums and a theatre in the town centre, four green flag parks, a well-used leisure centre, a castle, various markets and a variety of festivals and events held across the Borough and throughout the year.

We mean:

- Maidstone has leisure and cultural offers which attract visitors and meet the needs of our residents

We will:

- Adopt and deliver a Destination Management Plan with a shared statement of intent to manage, develop and promote our borough
- Deliver the festival and events strategy
- Maximise the benefits of our leisure and cultural assets through our commercialisation approach to maintain key services

Measured by:

- Customer satisfaction with our leisure and cultural attractions
- Visitor economy indicators

Enhancing the Appeal of the Town Centre for Everyone

Maidstone has had an historically thriving town centre however we need to ensure that we keep pace with the changing economic environment and continue to meet the demands of businesses and consumers. Investment in Maidstone town centre is needed if it is to continue to be a popular place for leisure, to live, shop and work.

We mean:

- Ensuring we have a thriving and attractive town centre that is fit for the future

We will:

- Be proactive in delivering a vision for the town centre through working with partners, businesses and regenerating areas ourselves.

Measured by:

- % of vacant retail units
- Conversion of office space to residential,
- How Maidstone is rated as a retail destination
- Resident satisfaction

Securing Improvements to the Transport Infrastructure for our Borough

Maidstone is strategically situated between London and the channel ports and is serviced by two motorway networks, the M20 and M2, with rail connections to central London. 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.

We mean:

- A transport network that meets the needs of residents and businesses

We will:

- Deliver an integrated transport strategy and work with our partners to seek improvements to the transport infrastructure

Measured by:

- Measures from Integrated Transport Strategy
- Resident Survey

Promoting a range of employment skills and opportunities across the borough

There were 68,300 people employed in the Maidstone economy in 2012 with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital. There were 6,760 registered businesses in Maidstone in 2012, equivalent to 43 businesses per 1,000 population, compared to 39 for England and an above average rate of self-employment.

We mean:

- Meeting the skills and employment needs of our residents, not becoming a dormitory borough and supporting and attracting businesses

We will:

- Adopt a Economic Development Strategy and Deliver with Partners.
- Work with businesses and support them to grow and develop
- Support the principle of an enterprise hub
- Work with our partners to support those not in education, employment or training (NEET)

Measured by:

- % of our residents that are NEET
- Net change in jobs
- % of Job Seekers Allowance claimants
- Business Start-ups versus failures

Planning for Sufficient Homes to meet our Borough's Needs

Over the last five years, the supply of new affordable housing within the borough has been greater than in neighbouring authorities, although still less than historic levels. 189 new affordable homes were built in the borough in 2013/14. In total 630 new homes were delivered in 2012/13, of these new homes over 80% were built on land that had previously been developed.

We mean:

- Having enough homes to meet our residents needs with sufficient homes across a range of tenures

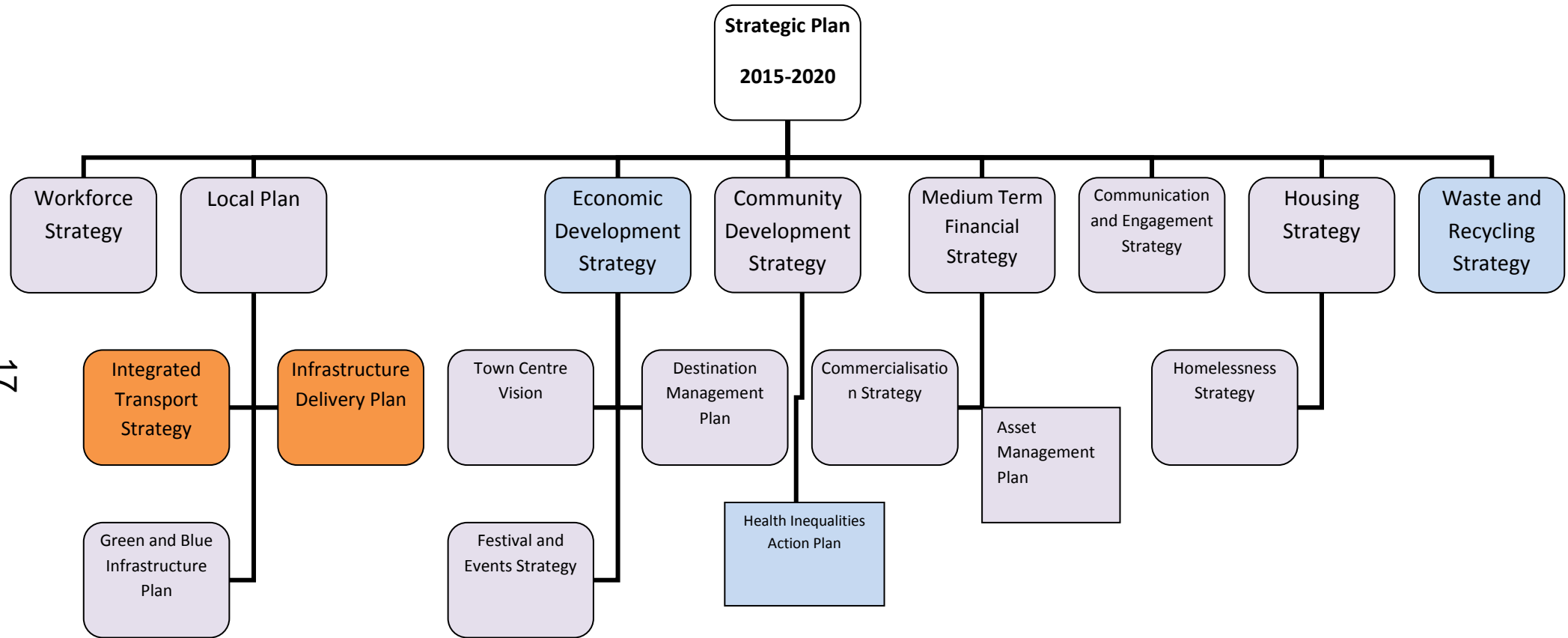
We will:

- Adopt a local plan
- Deliver the Housing Strategy

Measured by:

- Net Additional Homes
- % of additional homes that are affordable

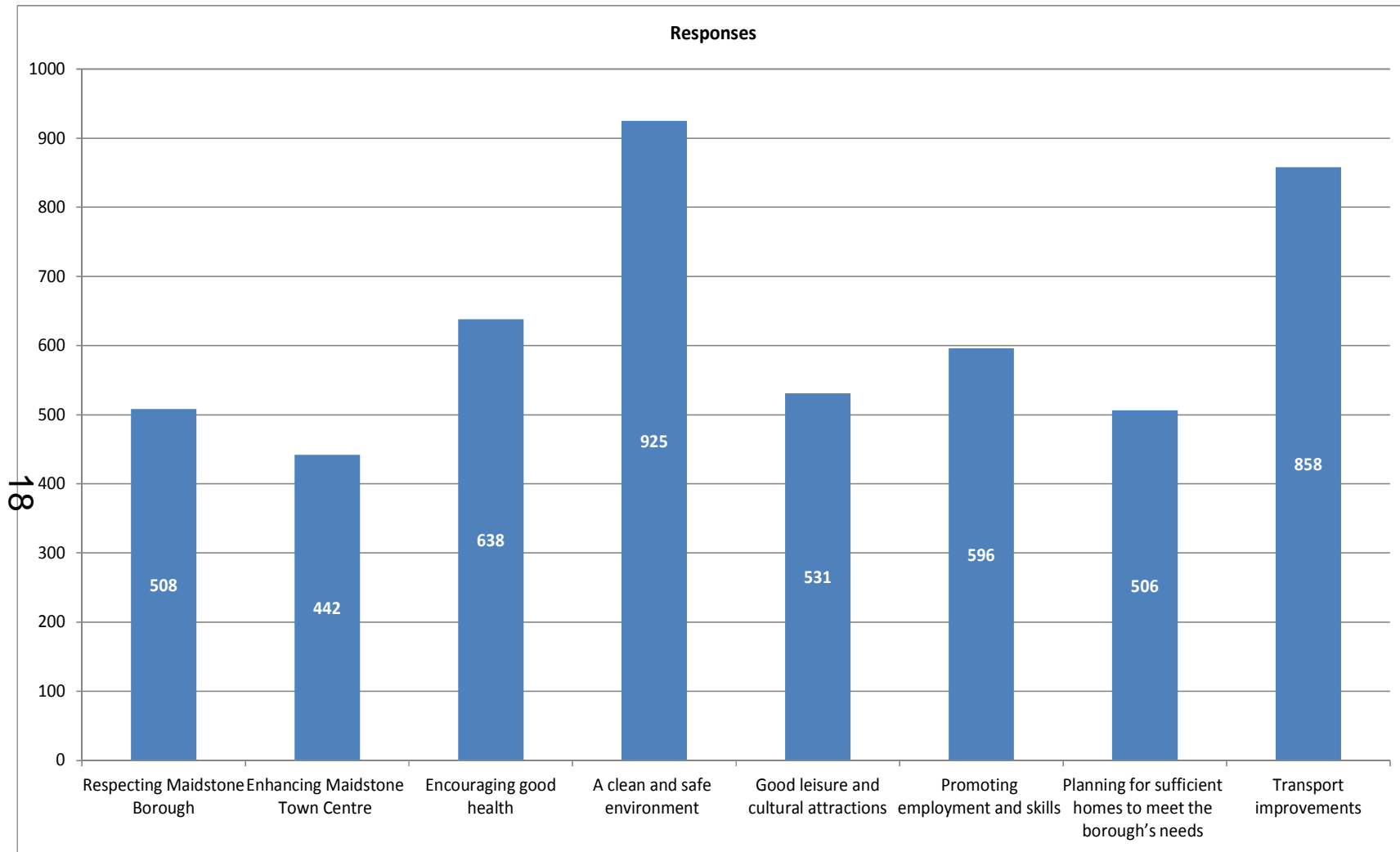
How it all fits together – Our Strategies and Plans



17

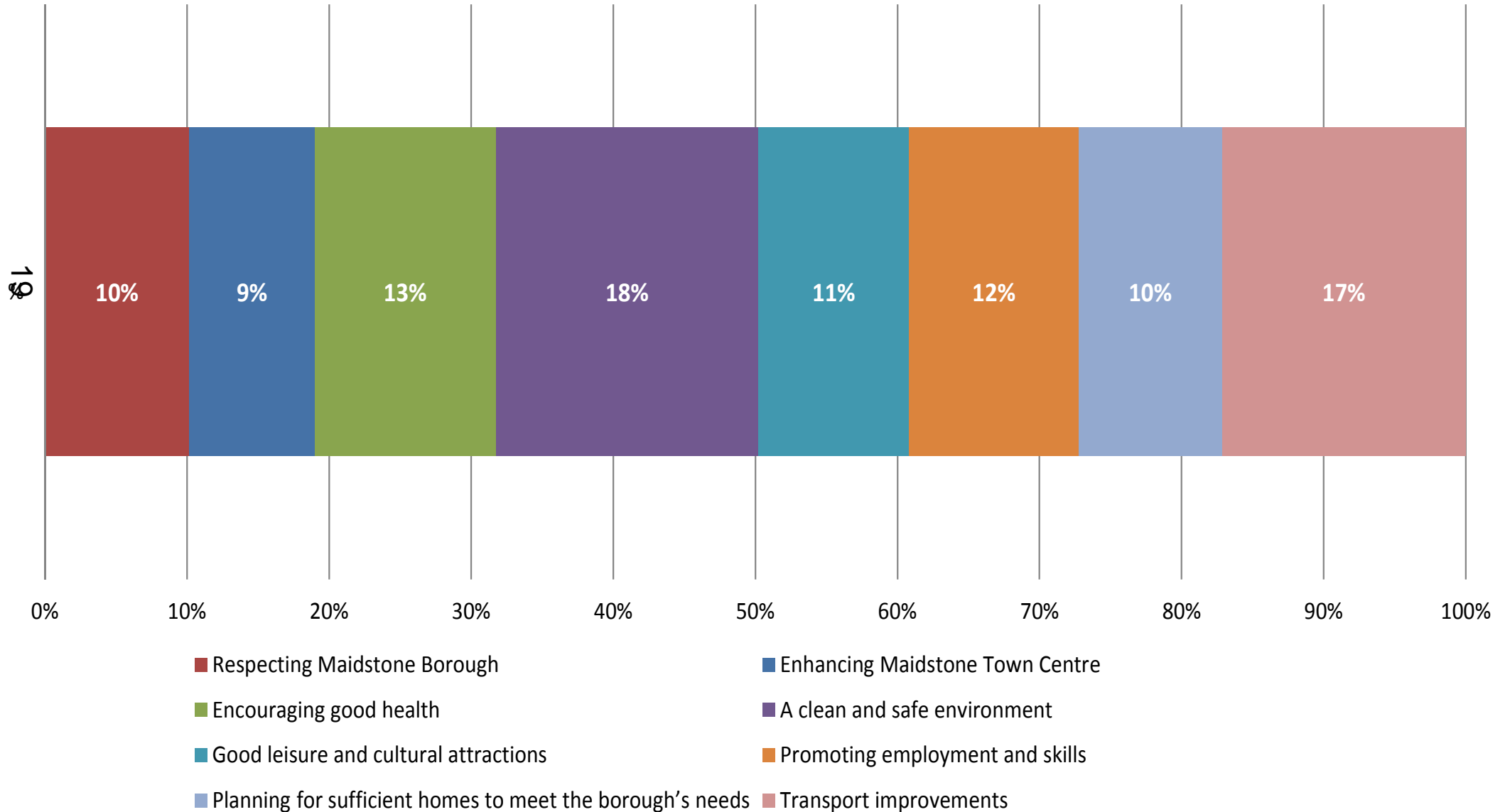
Priority 1 Keeping Maidstone an attractive place for all
Priority 2 Securing a successful economy
Supports both priorities

MY council what matters to ME – Consultation Results



MY council what matters to ME – Consultation Results

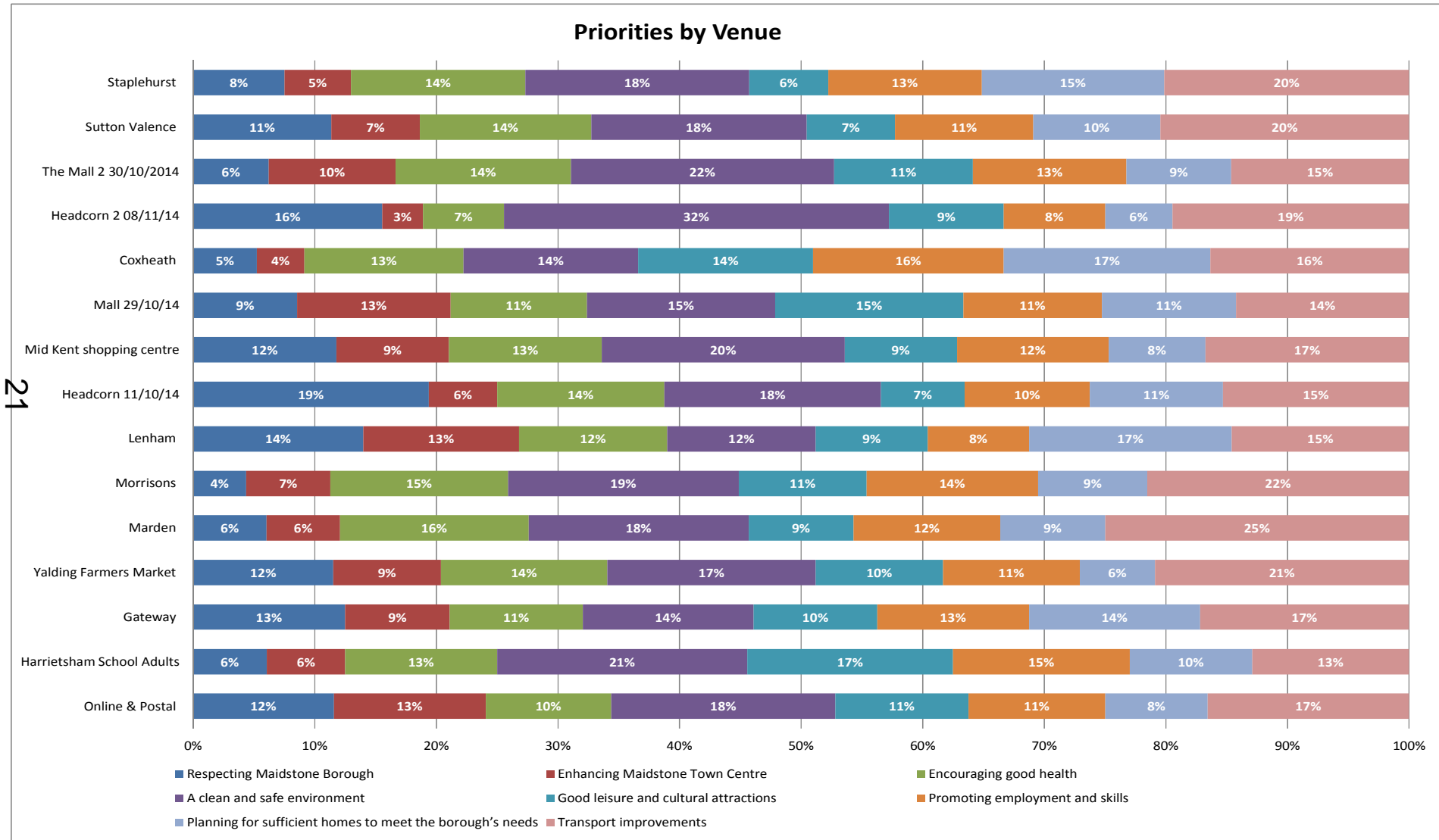
Percentage of responses by priority



MY council what matters to ME – Consultation Results

	Respecting Maidstone Borough	Enhancing Maidstone Town Centre	Encouraging good health	A clean and safe environment	Good leisure and cultural attractions	Promoting employment and skills	Planning for sufficient homes to meet the borough's needs	Transport improvements
Online & Postal	12%	13%	10%	18%	11%	11%	8%	17%
Harrietsham School Adults	6%	6%	13%	21%	17%	15%	10%	13%
Gateway	13%	9%	11%	14%	10%	13%	14%	17%
Yalding Farmers Market	12%	9%	14%	17%	10%	11%	6%	21%
Narden	6%	6%	16%	18%	9%	12%	9%	25%
Morrisons	4%	7%	15%	19%	11%	14%	9%	22%
Lenham	14%	13%	12%	12%	9%	8%	17%	15%
Headcorn 11/10/14	19%	6%	14%	18%	7%	10%	11%	15%
Mid Kent shopping centre	12%	9%	13%	20%	9%	12%	8%	17%
Mall 29/10/14	9%	13%	11%	15%	15%	11%	11%	14%
Coxheath	5%	4%	13%	14%	14%	16%	17%	16%
Headcorn 2 08/11/14	16%	3%	7%	32%	9%	8%	6%	19%
The Mall 2 30/10/2014	6%	10%	14%	22%	11%	13%	9%	15%
Sutton Valence	11%	7%	14%	18%	7%	11%	10%	20%
Staplehurst	8%	5%	14%	18%	6%	13%	15%	20%

MY council what matters to ME – Consultation Results



MY council what matters to ME – Consultation Results

Online & Postal Comments

There were 31 comments received about the consultation, in summary there were three around reducing cultural services, nine about income generation, and four relating to reducing staff costs. Four comments have been categorised as management where the comments were about shared services and reviewing services and three were categorised as Homes and Planning, though each has a different focus within this category.

The full comments are shown in full below:

Response Text

Run a Home Improvement Agency that takes fees from the customers who are able to pay. Many residents are uncomfortable with finding builders, choosing the right works, seeking quotes, knowing whether the price is reasonable and the quality of work is right, knowing when they should apply for Building or Planning consents. A Home Improvement Agency could help.

22

Take more services (e.g.transport & refuse) in house ,which should save money and increase locally based employment and achieve better service via more accountability

reduce cultural & central services

Cut unnecessary job roles in local government, reduce inefficiencies in delivery of services, outsource to the private sector where cost-savings can be made

No new builds.

How much has this cost- need an answer

Why no link sutton road to loose road look at bircholt road

We live in the Borough, but only come into Maidstone 2-3 times per year. The southern approach needs improving - we might come in more often then, pay parking, support businesses etc. Or you could save the money that you spend on the parks, river, Leisure Centre that we don't use because the traffic is so bad. Why don't you make all events, cultural, leisure facilities self funding - they have to break even. You could contract them out.

MY council what matters to ME – Consultation Results

Planning affects everyone but benefits a few. Increase costs of planning permission etc because this is costing a lot and the cost of planning next to the investment and return are minimal. Cultural services whilst more is spent it does benefit everyone and is raising income locally through tourism and events and makes it a vibrant place to live. What does central services include?

Could we share a Chief Executive with another council?

Charge for Car Parking

Charge for fees for freedom of information requests

Give the council the opportunity to have business plans without restrictions

Be more commercially aware

Explore more shared services/resources with neighbouring boroughs. Look at corporate sponsorship/selling advertising space to increase revenue so that all services aren't effected by budget cuts.

N

Do a comprehensive review of the council's services putting customers at the focus of the review - then cut out all the waste.

MAKE MORE REVENUE FROM EMPTY BUILDINGS, UTILISE CURRENT PROPERTY MORE BY ALLOWING MORE EVENTS TO BRING MONEY IN, OPENING PLACES LIKE THE TOWN HALL UP TO OTHER BUSINESS TO USE AS MEETING ROOMS ETC, ENCOURAGE LOCAL SCHOOLS AND COLLEGES TO USE THE SERVICES MORE

Bigger issues all infrastructure

Focus on purpose. Think systemically. Be honest about the level of current failure demand inherent in every single service.

Severe cuts to the allowances paid to councillors. They must feel some of the pain of this.

Sack all employees paid over £60k pa

Less money to be spent on cultural services

MY council what matters to ME – Consultation Results

To increase income:

Make use of the traffic wardens we already have or consider increasing the number. I walk around large areas of the town regularly and see so many motorists parked illegally causing traffic obstructions or creating hazards for pedestrians. I have complained to the council and the police several times about illegal parking on Buckland Hill and St Peters Street.

Make more regular checks on housing benefit and council tax benefit claimants, the council seem to assume that people will automatically update them of a change in living arrangements. Possibly a bi-annual claim form to be signed and returned by claimants would at least allow the council to investigate any that are not returned promptly.

To make savings:

The council could make more use of volunteers to save on staffing costs and at the same time encourage residents to be more involved in their community. There are plenty of young people either unemployed or in some form of training/education who often need some form of work experience or references to help them secure their first job. There are many retired people feeling isolated and research shows that keeping active longer improves general health. There are many parents who are currently not working as they have young children but would gladly give a few hours of their time while children attend pre-school. There are costs involved with recruiting and coordinating volunteers but the town would benefit short-term from savings to staffing costs and long-term from the sense of community involvement that it would create which would in turn possible cut other costs such as graffiti, littering etc.

~~M~~ake in house optimisations

The council should be saying to the business community 'Maidstone is open for business' this is clearly not the case as we have recently seen with the J8 purposeful turned down. This will mean a reduction in business rates being collected and residents having to bear the brunt of cuts of increased council tax. Council tax should not rise above inflation any year.

More fare paying attractions, e.g. Crazy golf in Mote Park (a really good one!); selling expertise to other councils on a consultancy fee basis; investing in property and becoming a market landlord

Encourage well known brands into town who can afford to stay - no more cheap shops

I believe building on the Commercialisation strategy to encourage income, look at outside funding as a way of supporting staff posts where possible and identifying where services are available and eradicating duplication in Maidstone where possible will all aid savings.

Increase charging for advice and consent eg. Planning and other professional services.

Greater use of advertising and sponsorship to generate income.

Invest in solar panels and other renewables for long term income.

MY council what matters to ME – Consultation Results

Charge night venues more for licensing and fines for anti social behaviour and kebab shop fines for the litter and rubbish

Set up, encourage and support local community volunteer groups, who help keep their local communities clean and tidy. Litter picking etc.

Make more council buildings/facilities eco sustainable. Install solar panels.

Have bin men report large amounts of litter or fly tipping or investigate if public reported if they are going by it - save having an inspector go out to it.

Increase income from Maidstone Leisure Centre - charge more, do one of events, seasonal events that bring in money.

Run more seasonal and special events at Mote Park to increase income.

Encourage youth clubs to do activities that help and support the local areas and communities.

Privatise the museum, theatre and leisure centre.

Reduce spending on the many services which are not your responsibility and concentrate on delivering core services efficiently.

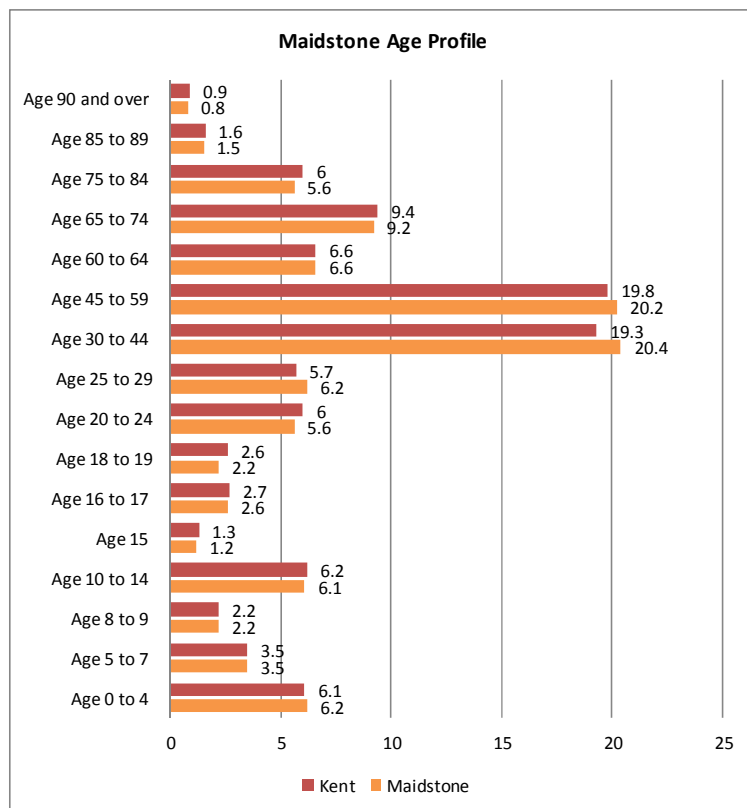
Increase Council Tax

Sack the the deadlegs at the top

Maidstone Profile 2014

Population

The total population of Maidstone is 159,300 people, the greatest out of the twelve Kent districts. Between 2003 and 2013 the population in Maidstone grew by 12.8% or 18,100 people. Just over half the population is female (50.7%) and 49.3% of the population is male. The largest ethnic group in Maidstone is White (94.1%).



The largest single BME ethnic group is Asian/Asian British 3.2% (4,943).

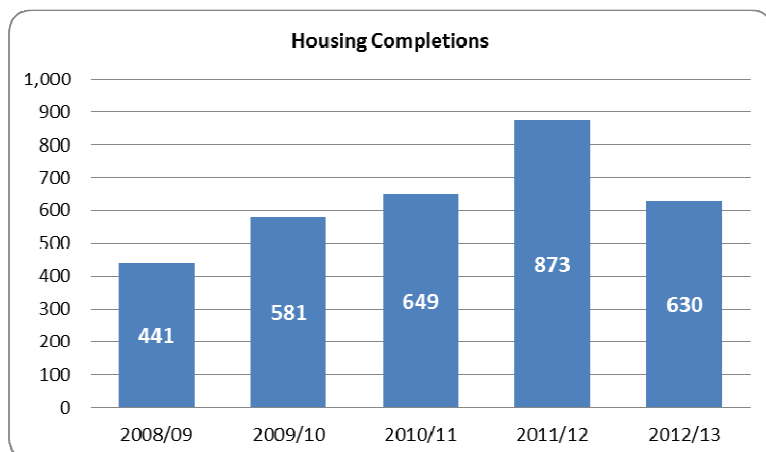
Maidstone has a marginally lower proportion of 75 to 84 year olds with only 5.6% compared to the Kent figure of 6%. The town has the highest population aged between 25-29 years old, accounting for 6.2% of the total population for Maidstone (9,900 people), the Kent figure is 5.7%. The same is true for the age group 30-44 year olds with this group numbering 31,500, here Maidstone has the greatest proportion of people in this age group with 20.4% of the population compared to Kent with 18.5%.

Maidstone has a lower number of people aged 15 with 1.2%, this is lower than the Kent figure of 1.3%, however, this is the same proportion in England overall.

Maidstone has a higher proportion of people aged 45-59 years old than Kent and England with this group making up 20.2% of the population in the borough.

Housing

With 66,982 homes Maidstone has the greatest number of dwellings in the County. In the four years from 2009 to 2013 Maidstone district has increased its dwelling stock by 4.65%.



Maidstone has the greatest number of both detached and semi-detached properties out of the districts in Kent. Taken together they amount to 46% of the districts' housing stock, this is significantly higher than the proportion for England overall which is currently 40%. Maidstone has a lower proportion of flats/maisonettes compared to all England with this type of property accounting for 16% in the borough compared to 22% nationally.

Maidstone has a higher proportion of people that either own their home outright or with a mortgage at 70% compared to England where the proportion is 63%. In turn the proportion of people living in social rented accommodation is lower than for England at 13% compared to 18%.

In October 2013 there were 414 long term vacant dwelling in Maidstone accounting for 8% of all long term vacant dwellings in Kent. Long term vacant dwellings account for 0.62% of the boroughs housing stock, lower than the proportion for England overall which is 0.93%.

The majority of properties (54%) in the borough are in Council Tax bands C and D. Maidstone has a significantly lower proportion of properties in bands A and B when compared to both Kent and England, with just 19% of dwelling in the borough in these bands compared with 29% in Kent and 44% in England. This is likely due to the proximity of the borough to London coupled with higher than average house prices in the South East when compared to other regions; Sevenoaks which is closer to London has just 9% of its dwelling stock within these bands.

2013	Maidstone	Kent	South East
Detached	£375,477	£393,786	£456,839
Semi Detached	£232,300	£227,986	£267,092
Terraced	£180,686	£188,016	£220,579
Flat/ Maisonette	£134,435	£150,544	£172,293
All	£236,525	£246,121	£286,032

Average house prices in the borough are lower than that for the South East region for all property types but higher than the average for Kent, as the table shows, for semi-detached properties.

In terms of Council tax Maidstone has the third highest average rate per dwelling for council tax (band D) in Kent for 2014/15 (£1536 including parish precepts).

Economy, Employment & Skills

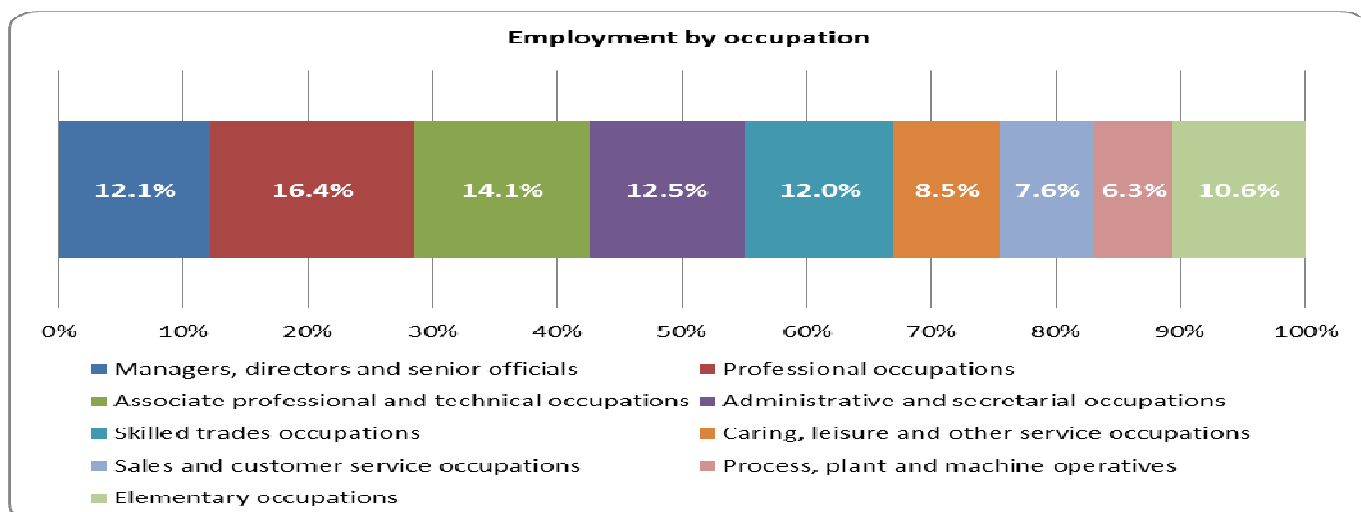
Of the total population, 99,400 (62.4%) people are aged 16-74 and considered of working age. 82.6% of people are economically active, of which 78.9% of people are in employment¹.

The wage gap between work based and resident based earning is currently £59.60, there has been a reduction in the difference between workplace and resident earnings over the last year – with the gap shrinking by £5.80 compared to the previous year. The difference male resident based earnings per week are £122 higher than female resident based earnings.

The main industries in Maidstone are Construction, followed by Professional, Scientific and Technical Industries and Retail. The Borough also has a growing medical sector. Maidstone town centre is home to both Kent Country Council and Maidstone Borough Council offices with 19,700 residents employed by the public sector.

There are 7,340 VAT and or PAYE registered businesses in the borough, and 65.6% of new businesses survive at least three years compared to the KCC area average of 60.3%. At present the percentage of vacant retail units in the town centre is less than 9%.

The graph below shows employment by occupation for all people aged 16-74 in Maidstone.

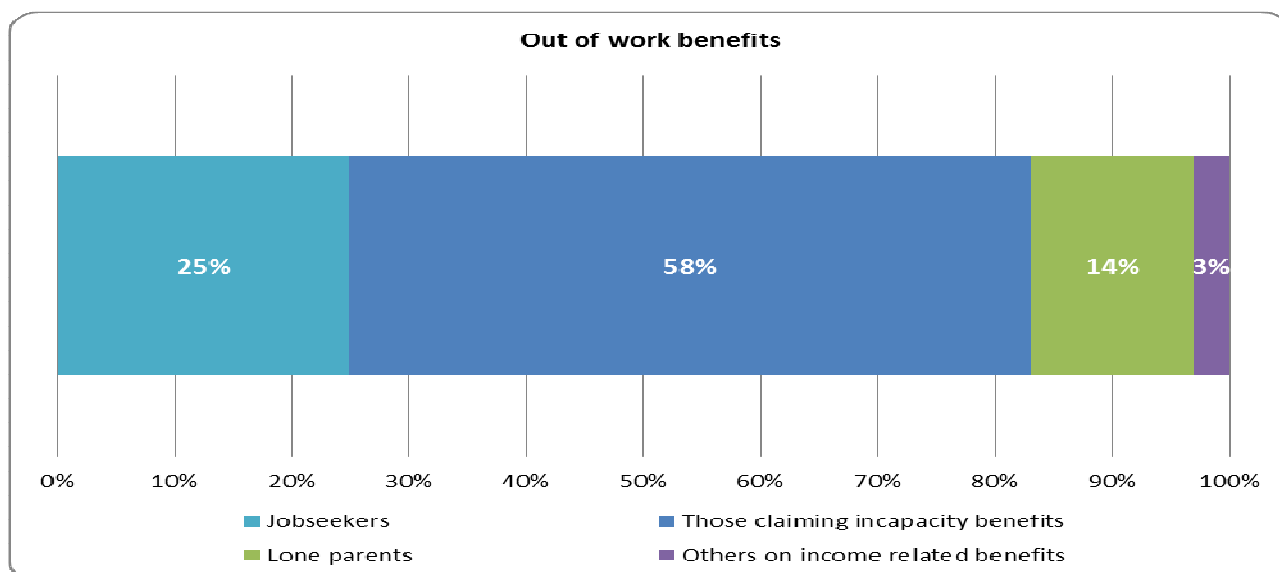


Maidstone has a fairly high proportion of people educated to NVQ level 4 or higher, 32% compared to 35% for Great Britain using data from the office for national statistics for Jan 2013 to December 2013. By comparison 7% of the working age population have no qualifications.

Six of the Lower Super Output Areas in Maidstone, are areas that are amongst the top 20% of most deprived areas in England. 15.1% of children under 16 in Maidstone are living in poverty; this is lower than the figure for Kent which is 20.6%.

¹ Model based as % of economically active.

In the Borough 2% of households do not have central heating and 16% of households do not have a car or a van, these are lower than the averages for England overall. In addition 10.9% of the borough children receive free school meals compared to 13.8% in Kent overall.



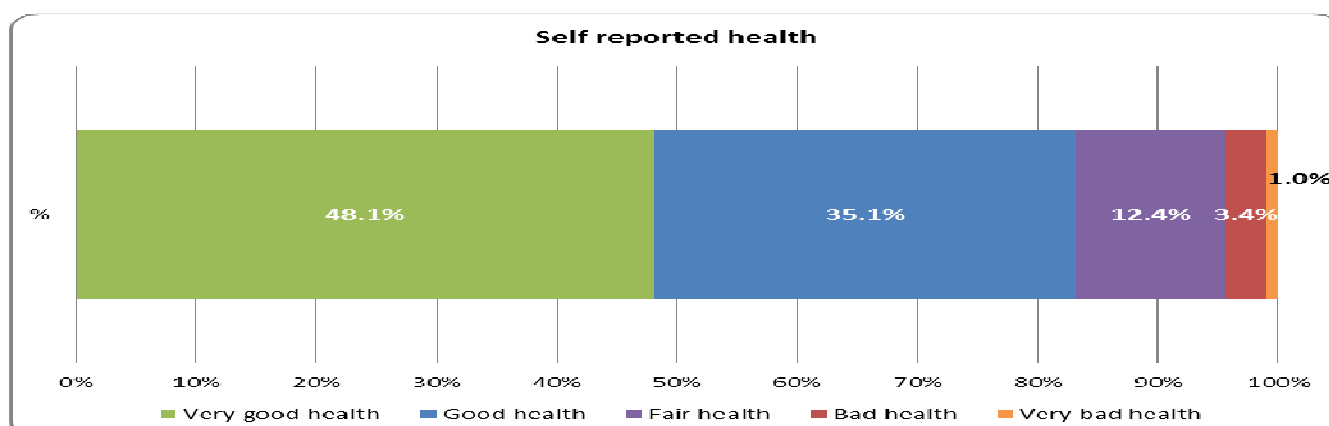
The number of people claiming out of work benefits in Maidstone is slightly lower than overall figures for Kent; 7.3% (7,300) of the total working population (aged 16-64) are on out-of-work benefits. This figure includes 4.3% of people who are on incapacity benefits and 1.8% of people claiming job seekers allowance. The graph shows the proportion of out of work benefits being claimed in the borough.

There are 31,520 people in the borough that are receiving their state pension, of these 4,480 (14%) claim a pension credit.

Health

Life expectancy at birth in Maidstone for both men and women match the overall figures for Kent at 79.9 years for men and 83.4 years for women. However at the age of 65, life expectancy for a Maidstone resident is slightly lower for both genders when compared to the overall figures for Kent.

The graph shows the self-reported health from the 2011 census, which shows that 4.4% of people feel they are in bad or very bad health, the figure for England overall is 5.5%.



15.8% (24,505) of people in Maidstone consider themselves to have a limiting life long illness and 9,700 (6.1%) people in Maidstone claim a disability benefit.

Of those aged over 65, 4,930 claim either disability living allowance or attendance allowance compared to 1,610 of those age 24 and under. 10% (15,561) of Maidstone residents provide some form of unpaid care each week and 1.3% (1,370) of those aged 16 and over currently claims a carer’s allowance.

Environment & Leisure

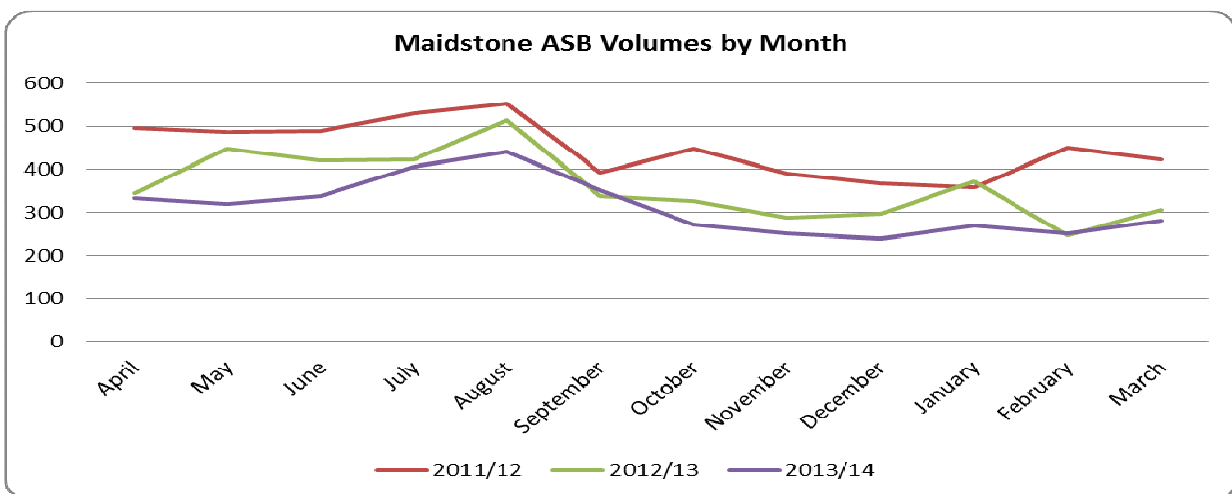
In 2013 the Council carried out a resident satisfaction survey, this showed that 54% of residents were satisfied or very satisfied with street cleanliness. Over the last five years the levels of litter in the borough has been below 2% when inspected and over the last three year fly-tipping incidents in the borough has declined by 19%.

Maidstone has the second highest figure of the Kent districts for total waste arisings and is in the bottom quarter when compared to all English district authorities. However, performance in relation to recycling is above the England average and Maidstone has reached a 50% recycling rate in 2014.

User satisfaction at the leisure centre is 73%. The number of people using the leisure centre has increased since 2011 by over 18% with over 60,000 people using the centre each month. Nationally Maidstone has a lower than average percentage of adults participating in sport and active recreations with 26.6%.

Maidstone had a 10.6% increase in crime during 2013/14 with 877 additional crimes. Maidstone has the 6th lowest crime rate out of the Kent districts at 59.1 crimes per 1,000 population in Kent. Violence against the person accounts for the greatest proportion of crime at 26.9%.

Overall, Maidstone has the third greatest volume of domestic violence incidents out of the Kent districts. In 2013/14 there was a 21.3% increase in domestic violence incidents with an additional 84 incidents compared to the same period last year.

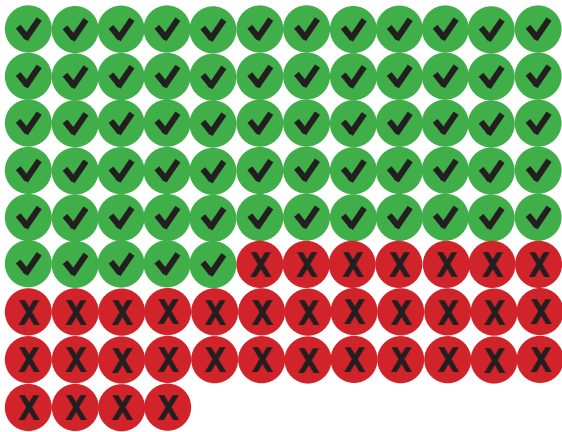


There was a 13% decline in Anti-social behaviour (ASB) incidents in 2013/14 with 574 fewer incidents than the previous year. The graph shows the volume of ASB incidents in Maidstone by month over the last three

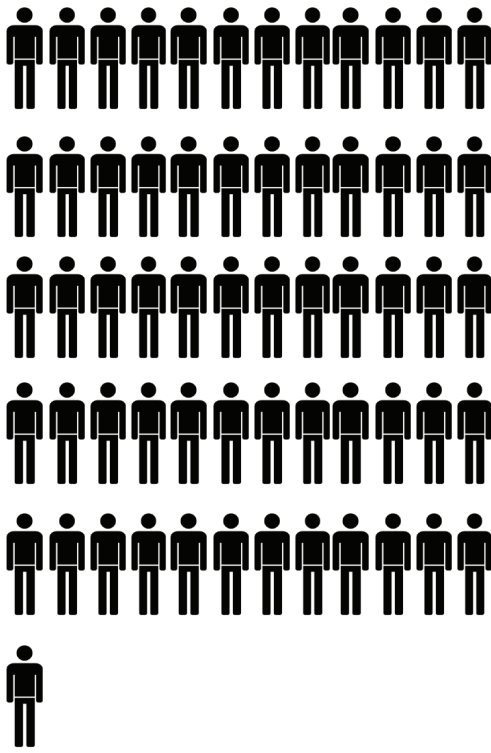
years. It shows that there has been a peak in incidents in August each year over the period shown and a drop in September.

If there were only 100 people in the borough of Maidstone...

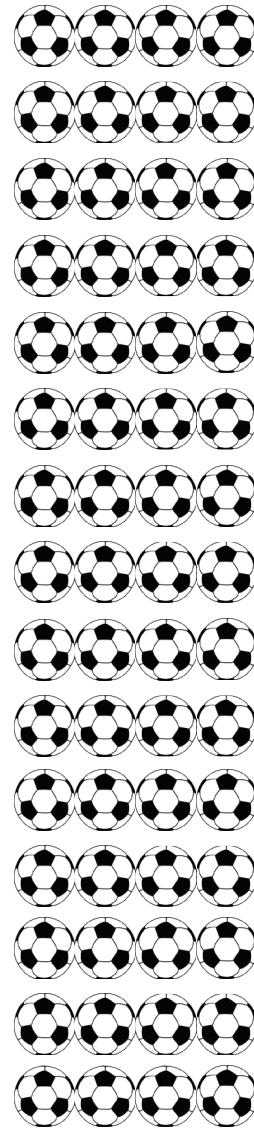
67 would agree that they belong to their local area... and 33 would disagree



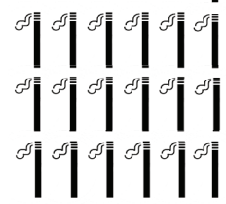
61 would say that they trust the Council



60 are likely to be physically active (adults)



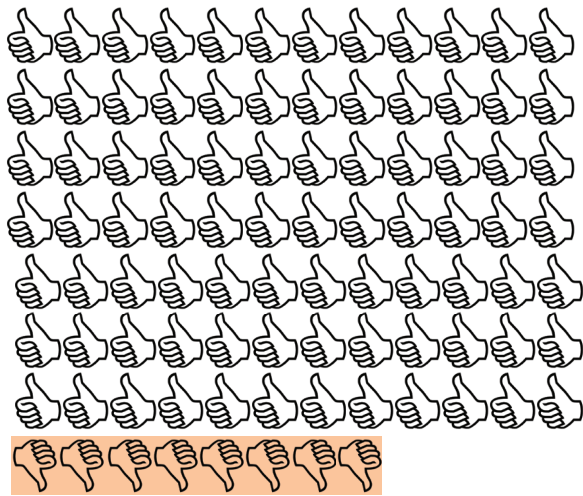
19 would be likely to smoke (over 16's)



8 would claim an out of work benefit



84 would be satisfied with their local area as a place to live... and 8 would be dissatisfied



66 would be satisfied with the way the council runs things



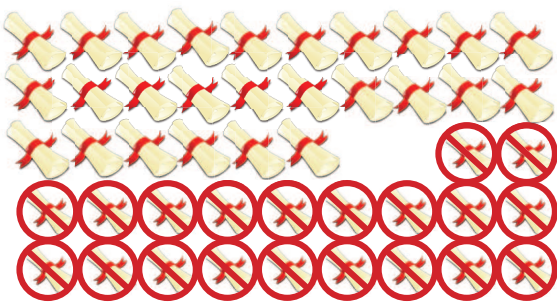
and 15 would be dissatisfied



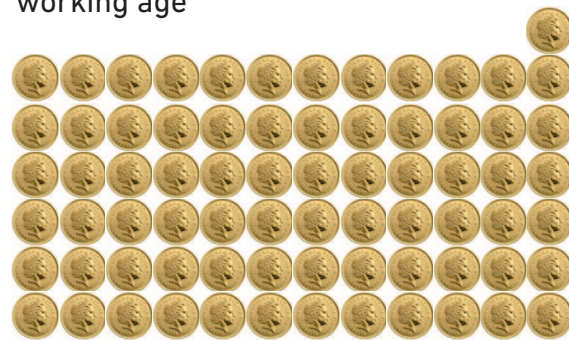
43 would agree the council provides good value for money



26 (over 16) would be qualified to NVQ 4+ (degree level) while 20 (over 16's) would have no qualifications



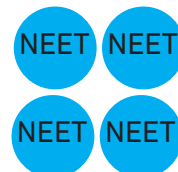
73 would be economically active (employed and self employed) whilst of working age



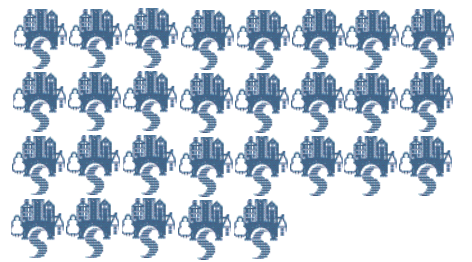
26 would be likely to be obese



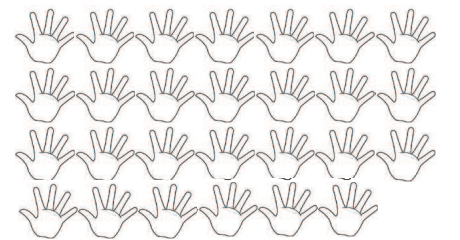
When aged 16 - 18 years old, 4 would be NEETs (not in education, employment or training)



29 people would agree that they can influence decisions affecting their local area...



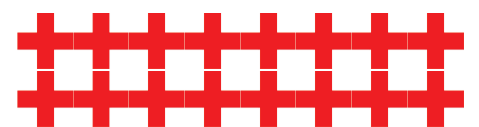
...and 27 would like to be more involved in the decisions that affect their local area.



56 would agree that people from different backgrounds get on together



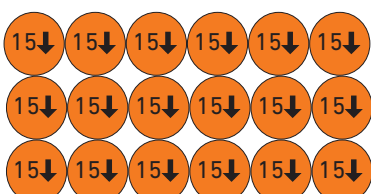
16 would consider themselves to have a limiting long term illness...



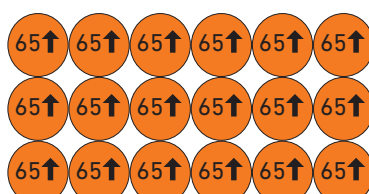
...of which 6 would be claiming disability allowance



18 would be 15 years or younger



and 18 would be aged 65 and over



6 would be from black and minority ethnic groups



Stage 1: Equality Impact Assessment

1. What are the main aims purpose and outcomes of the change and how do these fit with the wider aims of the organization?

The Strategic Plan sets out the strategic direction of the Council. The new plan is aligned with previous plans the main change has been a renewed emphasis on listening to our communities.

The Strategic Plan sets out a vision for the council:

“That our residents live in decent homes, enjoy good health and a pleasant environment with a successful economy that is supported by reliable transport networks.”

The mission is

“Putting People First”

This vision and mission is underpinned by 2 priorities, with eight areas of action.

2. How do these aims affect our duty to:

- **Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the act.**
- **Advance equality of opportunity between people who share a protected characteristic and those who do not.**
- **Foster good relations between people who share a protected characteristic and those who do not.**

The Strategic Plan proposed is underpinned by a number of policies and strategies that have regard to the above duty, including our workforce strategy, communication and engagement strategy and corporate equality policy. The mission statement “putting people first” reflects the desire to further the duty.

3. What aspects of the policy including how it is delivered or accessed could contribute to inequality?

The Strategic Plan sets the strategic direction for our spending and services,

all decisions and service delivery should have regard to the plan.

4. Will the policy have an impact (positive or negative) upon the lives of people, including particular communities and groups who have protected characteristics ? What evidence do you have for this?

If services are changed they will need to be assessed using the Equality Impact Needs Assessment to determine the impact on the lives of people.

MAIDSTONE BOROUGH COUNCIL

CABINET

WEDNESDAY 11 FEBRUARY 2015

REPORT OF DIRECTOR OF REGENERATION AND COMMUNITIES

Report prepared by Paul Riley

1. BUDGET STRATEGY 2015/16 ONWARDS

1.1 Issue for Decision

1.1.1 This report brings together the revenue and capital budgets for 2015/16 with a view to recommending a balanced budget to Council on the 25 February 2015 including a proposed level of Council Tax.

1.1.2 The budget outlined in this report incorporates the growth and savings agreed at the Cabinet meeting on 17 December 2014. The report also identifies issues emerging since that time.

1.1.3 The report provides information on the financial position beyond 2015/16 to assist the Cabinet with decision making and agreeing a medium term financial strategy.

1.2 Recommendation of Director of Regeneration & Communities

1.2.1 It is recommended that the Cabinet:

- a) Note the results of the consultation exercises detailed in section 1.6 of the report;
- b) Consider the views of Strategic Leadership and Corporate Services Overview and Scrutiny Committee in relation to mitigating risks regarding housing acquisitions and the request for member training on risk management;
- c) Consider the views of Audit Committee regarding the risk assessment on the details set out in 1.6.15 and 1.6.16 relating to maximum risk exposure;

- d) Agree the Revised Estimate 2014/15 as set out in Appendix E, for recommendation to Council;
- e) Agree the Estimate 2015/16 as set out in Appendix E and incorporating the savings proposed at Appendix D and the growth items set out in Appendix B, for recommendation to Council;
- f) Agree to recommend to Council adoption of a minimum balance of £2,000,000 as set out in section 1.17;
- g) Agree working balances should be set at £300,000 above minimum balances approved by Council, which would currently be £2,300,000;
- h) Agree the capital programme set out in Appendix G, for recommendation to Council;
- i) Consider options for the level of council tax and agree a recommendation for Council;
- j) Agree the medium term financial strategies for revenue and capital as set out in Appendices H and I.

1.2.2 It is recommended that the Cabinet agree to recommend to Council the appropriate matters for decision to set a balanced budget for 2015/16 and the necessary level of council tax in accordance with the Local Government Finance Act 1992, the Localism Act 2011 and the decisions made under 1.2.1 of these recommendations.

1.3 Reasons for Recommendation

1.3.1 This report brings together the revenue and capital budgets for 2015/16 and provides the Cabinet with the most up to date information on expected resources. The objective of the report is to provide the Cabinet with the information necessary to recommend to Council a balanced budget and a level of council tax.

1.3.2 On two previous occasions this year the Cabinet has considered the developing medium term financial strategy for 2015/16 onwards. On the first occasion a strategic revenue projection and a council tax level was set for the purposes of planning and consultation with the public and overview and scrutiny committee.

1.3.3 In addition the Cabinet has considered two quarterly budget monitoring reports for the current financial year. These reports

have reviewed revenue, capital and other balance sheet items and reported on any major variances or other issues. The reports identified areas where income is above budget and where expenditure levels are above budget. The Cabinet has made decisions in relation to those reports and resources have been reallocated to areas of budget pressure in line with those decisions.

1.4 Current Year 2014/15

1.4.1 One major area where expenditure is in excess of budget, Housing Temporary Accommodation, has been reported for the last three years and a temporary resolution has been found each year. This year the purchase and use of Aylesbury House has resolved part of the pressure on this budget. At the December 2014 meeting the Cabinet agreed an allocation of £160,000 into this budget to permanently resolve the remaining budget pressure.

1.4.2 The third quarterly budget monitoring report elsewhere on this agenda reports a growing level of employee underspend after an allowance is made for temporary staff and consultants. In addition income from both parking and planning are above target. The expected outturn for 2014/15 is a positive variance or underspend of £587,682.

1.5 The Strategic Plan and Other Strategies

1.5.1 During this year there has been a fundamental review of the strategic plan. The current plan is for the period to 31st March 2015. A new strategic plan has been developed for the period 2015/16 to 2019/20 and is reported elsewhere on this agenda. Alongside this work the medium term financial strategy for 2015/16 to 2019/20 has been developed to maximise the links between resources available and priorities of the council. Later in this report changes are being proposed to the budget book that reflects the closer developed links between the medium term financial strategy and the strategic plan.

1.5.2 The medium term financial strategy also incorporates consideration of the following:

- a) The workforce strategy – provision is included in the budget for expected growth and savings in employee costs.
- b) The asset management strategy – provision has been made from both capital and revenue resources for the repair and maintenance of assets. In addition there are resources within the capital programme for the acquisition of additional

commercial property.

- c) The ICT strategy – ICT is provided to the council by a shared service in partnership with Swale and Tunbridge Wells Borough Councils. The ICT strategy is therefore a three way strategy. The medium term financial strategy incorporates contributions to improvements that enhance the partnership and resources for the needs of this council.
- d) The Local Plan, (especially the links to the infrastructure delivery plan) – delivery of sustainable growth requires resources to improve all forms of infrastructure. While the infrastructure delivery plan remains in draft the council has made decisions regarding the use of new homes bonus and the future development of a community infrastructure levy that will enable infrastructure work to commence where plans require. An estimate of future resources available is set out in the capital programme later in this report.
- e) Risk register – the funding needs of actions plans developed for mitigation of identified risks are, where appropriate, incorporated into the budget strategy.
- f) Treasury Management – the 2015/16 strategy is reported elsewhere on this agenda. Recent debate has set out the difficulty with improving investment income in the current market and the strategy continues to place security above return.
- g) Commercialisation Strategy – the financial plan set out in the strategy is reflected in the medium term financial strategy in terms of both revenue benefits and capital implementation costs.
- h) Housing Strategy & Homeless Strategy – in recognition of the pressure on the temporary accommodation budget the Cabinet has approved additional permanent resources from 2015/16.

1.6 Consultations

1.6.1 Consultation with the public

- 1.6.2 The consultation with the public was carried out between October 2014 and December 2014. The consultation was available on the Council's website over this period and social media was utilised to raise awareness. Under the successful banner of "My Council - What matters to me", which has been used for budget

consultations over the last three years, Cabinet Members and officers met with local residents in both rural and town locations across the borough to discuss the budget and consider the priorities set out in the strategic plan.

- 1.6.3 The key feedback from those meetings is that residents place most importance on two of the eight priorities: "providing a clean and safe environment"; and "securing improvements to the transport infrastructure of our borough". Later in this report the budget will identify links to the strategic plan priorities. The two high priority issues for residents also retain the highest levels of funding reflecting their importance to the Council. A clean and safe environment receives the highest allocation of revenue funding and transport infrastructure will benefit from the capital funding being set aside for infrastructure to support the local plan.
- 1.6.4 Consultation with Strategic Leadership & Corporate Services Overview and Scrutiny Committee
- 1.6.5 The Strategic Leadership and Corporate Services Overview and Scrutiny Committee followed the development of the medium term financial strategy and the budget for 2015/16 through its budget working group. This group met with officers and members on several occasions during the year and reported back to the committee on its views. This enabled detailed consideration of the factors used in the developing budget.
- 1.6.6 The working group has completed an in depth review of the provisional business plans and proposals that will be brought forward to achieve the objectives of the commercialisation strategy. This was completed so that the group could be confident that the assumptions built in to the proposed medium term financial strategy are achievable.
- 1.6.7 The group has also considered a number of other aspects of the medium term financial strategy:
- a) the proposed fees and charges increases;
 - b) the link between budgetary provision and the priorities set out in the draft strategic plan; and
 - c) the savings and efficiencies set out in this report;
- 1.6.8 The constitution requires the Cabinet to formally consult with Overview and Scrutiny and this was achieved by formal consultation at the meeting of the Strategic Leadership and Corporate Services Overview and Scrutiny Committee on 6th January 2015. The Cabinet Member for Corporate Services, the

Head of Finance and Resources and the Chief Executive attended the meeting to answer questions on the budget strategy.

- 1.6.9 The committee made recommendations to Cabinet in relation to the medium term financial strategy and these are as follows:
- That the Committee be noted as in active support of Officers in finding options that mitigate the financial risk to the Council while achieving strategic objectives, and request an update from the Head of Housing and Community Services on this issue.
 - That Officers be requested to develop member development sessions in strategic risk to be incorporated into new member inductions commencing from elections in May 2015, to be rolled out to all members, and refined as the constitution develops.
- 1.6.10 The SCRAIP will be completed by the Cabinet Member for Corporate Services following this meeting.
- 1.6.11 Consultation with Audit Committee
- 1.6.12 The Audit Committee considered the budget strategy at its meeting on 26 January 2015. The committee's remit is with reference to risk management and it considered the operational risk assessment of the budget that is produced by the finance team as part of its service planning work each year. In the main, the view of the Committee was that the risk assessment identified the appropriate risks and the general work of the Council in monitoring the budget and the specific mitigation measures proposed were satisfactory.
- 1.6.13 In one area the Committee agreed to pass a reference on to the Cabinet. This is in relation to the level of balances and the future planned activity of the Council. The Committee felt that the work completed on the medium term financial strategy did not suitably bring together all of the issues so that the maximum financial exposure identified for all activities could be seen in relation to the available resources that would be utilised if plans were to fail.
- 1.6.14 While it is true that the Cabinet has not reviewed the worst case outcomes since September 2014 the purpose of the strategic revenue projection is to bring together the consequences of all the Council's plans and objectives at a level that Cabinet considers appropriate. In September 2014 the Cabinet considered three options for the strategic revenue projection this included best outcome, a worst outcome and a most likely outcome option. The

Cabinet selected a modified most likely outcome for planning purposes and again modified it in December 2014 in light of more accurate information.

1.6.15 Officers have reviewed the current strategic revenue projection and the third quarterly monitoring report for 2014/15 and identified the following projects as potentially significant exposure if the planning assumptions are incorrect:

- a) Commercial activity - £200,000 per annum income
- b) Temporary Accommodation – current overspend £354,664 should be resourced in 2015/16
- c) Introduction of Universal Credit – partial loss of Benefit Administration Grant £150,000
- d) Business Rates – Growth not achieved £1,167,467

1.6.16 These issues are mitigated in the current risk management plans as follows:

- a) Commercial activity will be supported by up to £164,000 of rental income from Phoenix Park for 2015/16. However the commercial activity must still provide the planned income of £1,000,000 within the five years of the strategy.
- b) Temporary Accommodation is now supported by Aylesbury House and two other premises providing a further eight units. In addition Cabinet has provided net additional budgets of £160,000 on a permanent basis from 2015/16.
- c) Universal credit will commence this year but the full implementation will take some years. The planned loss of grant is greater than grant losses in prior years and within the strategy period the full amount is lost.
- d) Business Rates growth is predicted to be significant but the value is well within the expected parameters. The proposal is for the resources to be held as a reserve until central government confirmation of the surplus during 2016/17 when proposals for its use can be confirmed.
- e) In addition to the direct mitigations of the risks the Council retains a specific balance of £500,000 as a resource set aside against the risk of commercial failure of one or more commercial projects.

1.6.17 Members should note that the intention of the risk management statement provided to Audit Committee and set out at **Appendix A** is to ensure that a suitable level of cover exists for such risks and that actions will be taken to monitor and react to signs of such events occurring.

1.7 The Strategic Revenue Projection

1.7.1 The Cabinet considered and agreed a strategic revenue projection at its meeting in September 2014 and has considered updates at its meeting in December 2014. The current strategic revenue projection is attached as **Appendix B** and includes amendments that have arisen since the December report.

1.7.2 Set out in Sections 1.8 to 1.14 below is the latest information about the key elements of the updated projection.

1.8 Provisional Finance Settlement

1.8.1 The provisional finance settlement was announced on 18 December 2014 on the day after the Cabinet considered a report on the draft budget for consultation with overview and scrutiny. The Department for Communities and Local Government allow a period of consultation until 15 January 2015. In February each year the final settlement figures are then announced and at that time they provide an indicative value for the following year.

1.8.2 In February 2014 the government provided indicative figures for 2015/16 and on 18th December 2014 they provided provisional figures based on current data and the outcome of the autumn statement. There has been a reduction in the total value. The national data provided on the two occasions is as follows:

2015/16 Settlement National Figures	As at February 2014	As at December 2014	£ Difference	% Difference
Revenue Support Grant	£9,233,280,899	£9,435,365,359	£199,084,460	2.16
Business Rates Baseline	£11,417,533,227	£11,323,173,448	-£94,359,779	-0.83
	£20,650,814,126	£20,758,538,807	£104,724,681	0.50

1.8.3 Nationally a number of changes occurred between the indicative figures of February 2014 and the Provisional figures of December 2014. A large part of the growth in revenue support grant, £145,200,000, is the provision of council tax freeze grant to those authorities that did freeze their council tax. The reduction in business rates relates to the 2% cap placed on increases in the autumn statement. The indicative figures assumed an increase in RPI of 2.76% which is not now available.

1.8.4 The report considered by the Cabinet in December 2014 used the indicative finance settlement figures provided to Maidstone by the DCLG in January 2014. The provisional figures announced on 18th December 2014 are lower than the indicative figures by £8,629 as set out in the table below. This is not a significant figure but does require additional savings to be found.

2015/16 Settlement Maidstone Figures	As at February	As at December	£ Difference	% Difference

	2014	2014		
Revenue Support Grant	£2,250,663	£2,266,690	£16,027	0.71
Business Rates Baseline	£2,983,341	£2,958,685	-£24,656	-0.83
	£5,234,004	£5,225,375	£-8,629	-0.16

1.8.5 Maidstone has not claimed council tax freeze grant in 2014/15 and did not receive the grant. The Council did however benefit from some minor changes to rural funding and the New Homes Bonus top slice refund. In terms of the business rates baseline the Council has seen a reduction due to the use of a 2% cap rather than the RPI assumed in the indicative figures.

1.9 Parish Funding

1.9.1 The Cabinet considered the amount and distribution of the local council tax support grant that the Council has agreed to passport to parish councils. The grant is distributed to parishes proportionate to the level of council tax lost due to council tax support grant.

1.9.2 Attached at **Appendix C** is a table of values that the Cabinet agreed at its December 2014 meeting could be provisionally reported to parish councils to assist in their budget and precept setting.

1.9.3 The calculation of the overall amount of grant to distribute is based upon the change in the Council's resources from the finance settlement each year. When Cabinet considered the distribution of the grant to Parishes at its December 2014 meeting the finance settlement figures were not available and indicative figures supplied by the government in February 2014 were used. Based on this formula the overall grant was reduced from the 2014/15 value of £96,802 by 15.27% to £82,024.

1.9.4 The finance settlement was announced the day after the December 2014 Cabinet meeting and the actual resources are £8,629 less than the indicative figures suggest. This means that the overall reduction in funding from 2014/15 into 2015/16 is 15.4% not 15.27%.

1.9.5 A similar but larger change occurred in development of the 2014/15 budget strategy but the Cabinet in February 2014 made a decision not to amend the allocation to parish councils and it would be appropriate to make a similar recommendation to Council this year and the council will absorb the difference.

1.10 Business Rates Pool and NNDR1 Estimate

- 1.10.1 The business rates estimate for 2015/16 is based on the recently calculated NNDR1 return provided to the Department for Communities & Local Government on 31st January 2015. The return predicts growth above the baseline business rates level set out in the finance settlement. The table below sets out the distribution of the business rates calculated for the NNDR1 return and compares this to the assumed values from the government's finance settlement announced on 18th December 2014.

Authority - Share	Provisional Finance Settlement	NNDR1 Return	Shares of Estimated Growth
Business Rates Total	56,124,896	58,525,075	2,400,179
Central Government 50%	28,062,448	29,262,537	1,200,089
Kent County Council 9%	5,051,241	5,267,257	216,016
Kent & Medway Fire & Rescue 1%	561,249	585,251	24,002
Maidstone Borough Council 40%	22,449,958	23,410,030	960,072
Tariff due to Government	-19,491,273	-19,491,273	
Maidstone – baseline need	-2,958,685	-2,958,685	
Maidstone - estimated growth	0	960,072	

- 1.10.2 The significant difference occurs due to three factors:
- The provisional finance settlement figures are the product of inflationary increases in the original baseline figures set at the commencement of the system on 1 April 2013. The figures do not reflect growth or changes in exemptions and allowances.
 - There are a number of allowances that have been introduced by central government such as retail relief and the extension of the 100% small business rates relief and the effect of these were unknown in 2013/14 and were built into the system at a value that allowed a high level of take up which has not materialised yet.
 - In the initial year of the system, 2013/14, the Council was required to set aside a significant provision against the cost of backdated and current appeals by businesses against their rateable value assessments. This provision will only require adjustment in 2014/15 and 2015/16.

- 1.10.3 The table at 1.10.1 shows that the Council technically retains 40% of the funds but there is a tariff payable to central government. The tariff is set as part of the finance settlement in each year and the Council must pay a tariff of £19,491,273 from its share in 2015/16. The balance equates to the business rates baseline given in the finance settlement and any growth attributable to the Council.

- 1.10.4 The total growth is in line with the predictions made by the Council at the time that the Council joined the Kent Business Rates Pool for 2015/16. The current prediction for this Council's share of growth directly from business rates collected is £960,072 as set out in the table at 1.10.1.
- 1.10.5 In addition, some of the special exemptions granted by central government that are mentioned in 1.10.2 b) are reimbursed to the Council through section 31 grant outside of the business rates system. These grants must be included in the calculation of growth and therefore the levy on growth. The current estimate of these grants, based on the NNDR1 data is a total of £860,380. Adding this to the £960,072 growth estimated in 1.10.4 above gives a growth for levy purposes of £1,820,452.
- 1.10.6 In normal circumstances this growth would be subject to a 50% levy which is payable to central government to support the payment of safety net grant to local authorities who saw business rates decline in their area. Due to the fact that the Council is a member of the Kent Business Rates Pool the levy will not be due in full. The levy on members of the pool is 1.25% rather than 50%.
- 1.10.7 The pool agreement enables the Council to retain some growth and distribute the balance as follows:

Action / Beneficiary	Formula	£
MBC retains the first 50% of the growth	$1,820,452 * 50\%$	910,226
Central government receive the levy	$1,820,452 * 1.25\%$	22,756
the balance (887,470) is shared within the pool:		
Retained by MBC	$887,470 * 30\%$	266,241
Growth Fund contribution MBC / KCC	$887,470 * 30\%$	266,241
Retained by KCC	$887,470 * 30\%$	266,241
Held as a provision against pool losses	$887,470 * 10\%$	88,747
Total		1,820,452

- 1.10.8 The sum retained by the Council is estimated to be £1,176,467 and comprises rows 2 and 5 of the table above. Cabinet has already considered the use of the growth identified in this estimate and agreed that it should be utilised in two ways. The initial 50% share retained by the Council should create an earmarked reserve and, following the year end audit, the resources that are actually confirmed should be utilised in 2016/17. The funding retained from the pool must be utilised in accordance with the memorandum of understanding which suggests two purposes:
- To enhance financial resilience for each of the pool members; and

- To promote further economic growth within the district based pool area.

1.10.9 Cabinet have previously considered options to utilise the resources to achieve the second purpose by supporting the actions required in the economic development strategy with this resource.

1.10.10 In order to recognise the business rates growth within the budget for 2015/16 the estimated growth figure has been incorporated into the resources section of the strategic revenue projection at the value calculated from the NNDR1 return. The two objectives identified for the resources in paragraph 1.10.8 have also been shown in the strategic revenue projection at Appendix B.

1.11 New Homes Bonus

1.11.1 The Council has previously made the decision that New Homes Bonus should not be used as a temporary resource to provide a balanced revenue budget. With the exception of some small value revenue projects that were one-off in nature, resources gained from New Homes Bonus have been reserved for support to the capital programme. The Council's intention is to ensure that resources are available from New Homes Bonus and future Community Infrastructure Levy contributions to support the needs of the Infrastructure Delivery Plan. The funding is set out in the capital programme later in this report.

1.11.2 For the financial year 2015/16 the Council will receive a grant of £4,306,285 which is an increase of £565,874 over the 2014/15 payment. This represents payment for new homes in the period October 2013 to October 2014.

1.11.3 Payment of New Homes Bonus commenced in 2011/12 with the first payments representing housing growth in the year October 2009 to October 2010. Under the scheme the payment is compounded for six years and the current payment is an accumulation of the figures for the last five years as set out in the table below. Members should note that the financial values and property numbers do not directly match as an enhancement is paid for any units that are affordable housing and this varies year on year.

Year	£	Property Growth
2011/12	892,316	766
2012/13	903,336	720
2013/14	1,152,721	891
2014/15	792,038	606
2015/16	565,874	346

Totals	4,306,285	3,329
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- 1.11.4 The Government has commenced a review of the scheme and recently published a report on winners and losers from new homes bonus. As the major part of the funding has been top-sliced from business rates the government has calculated the business rates without top-slice and compared this with the results of the current system. The initial review concludes that Shire District Councils are the greatest beneficiaries of the scheme. The negative impact falls in the main on County Councils and Metropolitan Borough Councils. By region, the South East has the greatest proportion of beneficiaries from the scheme. Across Kent, Maidstone is the greatest beneficiary but property growth in Maidstone is shown in the table above as in decline since 2013/14.
- 1.11.5 The review will not be complete until after the general election in May 2015 and it can be expected that the scheme will at least change to rectify some of the imbalance. Members should also note that the Labour Party has stated that they will cease the scheme if they form a government following the general election.
- 1.11.6 At this time it would be prudent to assume that funding will reduce but this is unlikely to happen through the deletion of the whole scheme in one year. The figures set out in the section of the report on the capital programme assume an annual reduction of 35% in the calculated value of New Homes Bonus each year from 2016/17 with no future years added after 2017/18.
- 1.12 Fees & Charges
- 1.12.1 At the December 2014 meeting, Cabinet considered a report on fees and charges and approved the proposed increases which provide £76,300 additional income. At that time Cabinet requested further details on the proposed increase in income from parking and details of the current trend on fees in development management.
- 1.12.2 The third quarterly monitoring report elsewhere on this agenda identifies both parking and development management as areas where fee income is in excess of the current target. The income above estimate at 31st December 2014 for parking was £42,821 and for development management £140,625. In both cases the income forms only part of the variance reported in the third quarterly monitoring report.
- 1.12.3 The parking service proposed a £21,300 increased budget for parking income in 2015/16 which was approved by Cabinet in December 2014. The increase relates to greater use of King Street

Car Park and not an overall increase in fees. This sum is approximately half of the increased income currently reported for 2014/15. The balance of the current year's increase relates to use of other car parks and due to the inconsistent nature of the demand for individual car parks the trend remains uncertain. The parking services manager has recommended a cautious approach at this time and a full review for the 2016/17 budget.

1.12.4 The Head of Planning and Development is working with the business improvement section to review the long term growth predictions and the expected levels of staffing required to ensure appropriate levels of service tied to the increased level of applications. Due to the changes to the Planning Administration Section and the work on the local plan it is essential that this issue is given full consideration and, as with the parking service, the options will be reported to members for inclusion in the 2016/17 budget.

1.13 Council Tax Levels

1.13.1 In 2013 the government announced arrangements for council tax freeze grant to be available for the two years 2014/15 and 2015/16. In both years the grant available is equivalent to 1% of the council tax. The grant conditions do allow for an enhancement that effectively disregards the local council tax support discount provided by the Council and therefore represent slightly more than 1% of net council tax receivable.

1.13.2 In 2014/15 the Council did not accept the grant and increased council tax by 1.99%. This was in line with the decisions of all major preceptors. In 2015/16 the major preceptors have all reported that their decision is to again increase council tax by 1.99%. The Cabinet's draft budget, which was used for all consultation, included the same level of increase for the Council.

1.13.3 The additional income that a 1.99% increase generates for Maidstone Borough Council alone is £262,081 and the 1% enhanced council tax freeze grant available is £144,169. The budget reported here is balanced against the level of resources available from a 1.99% increase and a decision to take the council tax freeze grant would require an immediate amendment to the budget of £117,912 to ensure it remains in balance.

1.13.4 The longer term impact of accepting the council tax freeze grant would be more severe. Resources would further reduce due to the decline of revenue support grant, future council tax increases, and future tax base increases. These are explained below:

- a) The council tax freeze grant, once awarded, is rolled up into the Council's finance settlement becoming an integral part of the revenue support grant. The Government has previously made clear that the revenue support grant has a finite life span. The Council's current strategy assumes revenue support grant will not be received by this Council after 2018/19. Any consideration of the benefit of the council tax freeze grant would have to incorporate the decline of the grant over that period of time.
- b) The Council's current strategy assumes compounded increases in council tax equivalent to 1.99% per annum for the five years of the strategy. If the council tax is not increased for one year this will mean a permanent reduction in the level of income receivable. This is because the council tax referendum limit is annual and any increase not taken cannot be added in a later year. It is permanently foregone.
- c) All growth in the tax base would only provide resources at the lower level of council tax charge.

1.13.5 The table below sets out the elements of council tax revenue that would be foregone. This represents the total amount of cash that the Council would not receive in the period of the strategy if it chose to accept the available council tax freeze grant in 2015/16. The columns relate to the three issues set out in paragraph 1.13.4 above:

Paragraph:	a.	b.	c.	
Year	Grant Received £	Income foregone on tax charge £	Income foregone on tax base £	Total £
2015/16	-144,169	196,559	65,523	117,913
2016/17	-93,039	202,700	65,846	175,507
2017/18	-58,634	208,898	66,170	216,434
2018/19	-26,710	215,733	66,493	255,516
2019/20	0	222,610	66,840	289,450
Total after 5 Years	-322,552	1,046,500	330,872	1,054,820

1.13.6 The table shows that income foregone will rise over the period of the MTFs and the net revenue foregone over the period would be £1,054,820. The total column of the table shows that an immediate budget reduction of £117,913 would be required, rising to £289,450 by the year 2019/20.

1.13.7 The strategic revenue projection set out at Appendix B continues to assume a 1.99% increase in the council tax charge for 2015/16.

1.14 Savings proposals

1.14.1 Based upon the considerations set out in this section the Council will need to identify £3,141,000 over the period of the medium term financial strategy. In 2015/16 the requirement for savings is £652,000.

1.14.2 Set out in **Appendix D** are the savings proposed by officers and Cabinet Members for 2015/16 and these total the required £652,000. The proposals therefore produce a balanced budget. These proposals have been reported to Cabinet previously and formed part of the consultation with Overview and Scrutiny. No further changes for 2015/16 are proposed.

1.14.3 In future years, 2016/17 to 2019/20, the medium term financial strategy requires an additional £2,489,000 in savings and efficiencies to be achieved to ensure a balanced budget and continued future resilience of the Council.

1.15 Resulting Revenue Estimates

1.15.1 Attached at **Appendix E** is a summary of the revenue budget for 2015/16. The summary shows the Original Estimate 2014/15 as approved by Council in March 2014; the Revised Estimate 2014/15 calculated as part of the budget development work completed this year; and the Estimate for 2015/16 based upon the details set out in the section on the strategic revenue projection.

1.15.2 The Cabinet Member for Corporate Services has requested that the budget be presented to match the structure of the strategic priorities set out in the Strategic Plan considered elsewhere on this agenda. This work has been completed and the summary set out in Appendix E is presented by priority rather than by Cabinet Member. For completeness a second summary is included in Appendix E that is presented by Cabinet Member Portfolio as in previous years.

Revised Estimate 2014/15

1.15.3 The revised estimate 2014/15 shown in Appendix E totals £21,087,450. This figure is net of all income with the exception of the use of balances, the finance settlement and the council tax requirement. This figure, compared to the original estimate approved by Council in February 2014 shows an increase of

£2,010,700. The main variance is the value of the carry forward budgets approved by Cabinet in May 2014.

Original Estimate 2015/16

- 1.15.4 The estimate 2015/16 shown in Appendix E totals £19,029,560. This incorporates an allowance for slippage. The figure is net of all income with the exception of the use of balances, the finance settlement and the council tax requirement. This figure excludes the value of all precepts but includes the government grant passported to parishes to compensate for the local council tax support scheme.
- 1.16 Capital Estimates
- 1.16.1 The Capital Programme was reported to Cabinet in December 2014 and considered by Overview and Scrutiny in January 2015. The programme covers the same period as the strategic revenue projection, 2015/16 to 2019/20.
- 1.16.2 Since the programme was considered by Cabinet in December a number of service requests have been received for minor amendments to the programme. A revised programme and revised funding is set out in **Appendix F**. The revisions since December 2014 are as detailed below:
- 1.16.3 Play Area Improvements - The programme that was considered and approved at Cabinet in December 2014 amended the profile of the play area improvement budget to deliver the proposed project over a five year period. After further consideration by officers and the Cabinet Member the profile has been amended to a three year period from 2015/16.
- 1.16.4 Commercial Projects - The funding that was set out in the capital programme considered by the Cabinet in December 2014 included resources for commercial acquisitions and commercial projects. At this time the sums set aside in the programme are based on early projections of the cost of known schemes that will be considered by Cabinet in the near future. While there is no proposal to amend the figures at this time Members should view the current sum of £9,720,320 as "likely to change" as the details and cost of individual schemes become more firm or new schemes are proposed for later years of the programme.
- 1.16.5 Flood Defences - Following a series of discussions with organisations such as the Environment Agency, Kent County Council, neighbouring Borough Councils and affected Parish Councils further consideration has been given to the need to

contribute to the future cost of improvements in flood defences. The potential contribution is linked to the government funding of £17,000,000 that has been identified for support within Kent. The provisional funding for this scheme has been set aside from the general resources available to infrastructure delivery at a proposed level of £50,000 per annum.

- 1.16.6 Capital Funding - In addition to the scheme changes detailed above, officers reported verbally to members, at the Cabinet meeting in December 2014, that the New Homes Bonus payment for 2015/16 had been announced by central government. The figure was close to the value estimated in the developing budget but, due to the risk of changes to the new homes bonus system, the Council's previous capital funding estimates had been reduced by 35% of the calculated total. At this time the government is carrying out a review of the outcomes of the new homes bonus system but has not reported on the possible future options. This means that the announcement for 2015/16 was for the full amount of New Homes Bonus without amendment. The figure for the Council, as set out in section 1.11.3 is £4,306,285.
- 1.16.7 While considering the revenue budget strategy at its meeting in December 2014 Cabinet agreed to provide permanent additional funding to support temporary accommodation costs within the homelessness service. In order to achieve this budget was redirected from the planning policy base budgets. In place of the base budget Cabinet approved the use of £480,000 of New Homes Bonus from the 2015/16 receipt for a three year period. This leaves a balance of £3,826,280 funding for the capital programme. This is an increase of £1,071,880 from the figures used in the December 2014 report
- 1.16.8 Capital Receipts - The medium term financial strategy assumes low levels of sales of assets that will generate capital receipts and the capital funding set out in Appendix F assumes no receipts for 2015/16 onwards. In the current year a number of small windfall receipts have occurred and the Council has recently received an additional payment from Golding Homes under the stock transfer agreement for sold dwellings increasing the balance of usable receipts by £106,350 since the figures produced for the Cabinet report in December 2014.
- 1.16.9 Developer Contributions - Recent progress on the local plan and the related work on the development of the community infrastructure levy has enabled officers to produce an updated profile for receipt of contributions and this has reduced the level of receipt estimated to be available for capital funding during the period of the strategy. This is a reduction of £2,639,860 from the

figures used in the December 2014 report. However the overall value of funding from developer contributions over the period of the local plan will not vary.

1.16.10 The overall movement in funding is a net decrease of £1,461,630 over the five years of the programme. Combined with the proposed funding for flood defence works the remaining funding that is unallocated but will contribute to the infrastructure delivery plan works is £12,081,610.

1.17 Balances/Earmarked Reserves

1.17.1 Attached at **Appendix G** is a statement of general fund balances and details of the earmarked reserves that have been set up following the external auditors report on the Council's 2013/14 Audit.

1.17.2 The earmarked reserves incorporate a capital reserve that includes all of the retained New Homes Bonus and other revenue support to the capital programme available from previous years. In addition the earmarked reserve for the local plan contains the £480,000 set aside by Cabinet to replace the budget funding that has been transferred to the housing service.

1.17.3 In section 1.10 of this report the estimated level of resources available from business rates growth is identified. The report recommends that this resource, at this time an early estimate for the coming year, should be identified in the budget but set aside as an earmarked reserve for use in 2016/17 once the actual value of the growth is confirmed by the government.

1.17.4 While funding from these earmarked reserves may be required in 2015/16, at this time only one scheme to utilise general fund balances exists for 2015/16. As part of a three year approval to support increases in pension backfunding Cabinet agreed to contribute £50,000 per annum from balances for the three years of the current fund valuation and 2015/16 will be the second year of the arrangement.

1.17.5 General fund balances are estimated to be £4,470,000 by 31 March 2016. In considering the level of reserves that should be maintained Cabinet should make two decisions:

- a. The first is an absolute minimum below which the Cabinet cannot approve the use of balances without agreement by the Council. Since 2009 this has been held stable at £2,000,000 despite the net revenue expenditure level decreasing from £22,295,330 to £19,008,000. It is recommended that Cabinet

propose to Council that the minimum level of balances be maintained at £2,000,000.

- b. The second is an operational minimum, set for daily use of balances by Cabinet, for Cabinet. In the past this has been set £300,000 above the Council set minimum. This would be £2,300,000 and it is recommended that Cabinet approve the principle that the daily use level of balances should be £300,000 above the Council set minimum.

1.18 Medium Term Financial Strategy

- 1.18.1 The Council publishes two separate financial strategies. One for the revenue plan and one for the capital plan.
- 1.18.2 Attached as **Appendix H** is the Revenue Medium Term Financial Strategy 2015/16 Onwards and at **Appendix I** is the Capital Medium Term Financial Strategy 2015/16 Onwards. 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 assessment about the future to be made.
- 1.18.3 The financial projection that complements the Revenue Medium Term Financial Strategy is the strategic revenue projection given at Appendix B. The financial projection considers the targeted need for growth and savings over the period of the Revenue Medium Term Financial Strategy and incorporates a number of assumptions about inflation and changes in local and national initiatives.
- 1.18.4 The financial projection that compliments the Capital Medium Term Financial Strategy is the capital programme given at Appendix F
- 1.18.5 Both strategies may require amendment following Cabinet's consideration of this report and following consideration by Council on 25 February 2015. The final versions will be published as part of the budget documents on the Council's website following the Council meeting.

1.19 Future Actions (Council Meeting)

- 1.19.1 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 detailed in this report need to be addressed. In addition the precepts of Kent County Council, the Police Authority, the Fire Authority and all parish

councils are required. These will all be incorporated into a resolution to the Council meeting on 25 February 2015.

- 1.19.2 It is the intention of officers to collate the decisions from this meeting and incorporate them into the necessary resolutions required by the Localism Act 2011 in order to achieve the above in time for the Council meeting.
- 1.19.3 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. Based upon the process undertaken this year, and the information contained within this report, it is not anticipated that this opinion will include any adverse comments.
- 1.20 Alternative Action and why not Recommended
 - 1.20.1 The alternatives for each recommendation are included in the report for consideration with one exception that is detailed below.
 - 1.20.2 The Cabinet could recommend to the Council the setting of a council tax charge that is greater than that used as a planning assumption in the SRP. The Department for Communities and Local Government announced the level of tax increase that would trigger a referendum at the same time as it announced the provisional finance settlement and the limit is 2%. Any increase above this limit would require the Council to hold a referendum which would incur significant additional costs for the referendum and, if the response was not in favour of the increase, the resetting of the budget and rebilling all tax payers.
- 1.21 Impact on Corporate Objectives
 - 1.21.1 The capital and revenue budget developed from this strategy provide resources for the achievement of the Council's priorities. The MTFS has been developed in conjunction with the strategic plan and the budget summary set out at Appendix E is reported by strategic priority in line with the wishes of the Cabinet Member for Corporate Services.
- 1.22 Risk Management
 - 1.22.1 The development of the medium term financial strategy and the budget for 2015/16 supports the mitigation of the strategic risk of not having the resources available to achieve the Council's priorities. The robust process followed, along with the Council's

policy to deliver a balanced budget ensure that expenditure estimates appropriately support the delivery of council services.

- 1.22.2 The policy on balances helps to mitigate the risk of budget pressures arising from unbudgeted costs from the financial consequences of unforeseen emergencies.
- 1.22.3 The key risks at an operational level are identified as part of the process of developing the annual budget. These risks were reported to the Audit Committee in January 2015 and their views are set out in this report at section 1.6. The risks identified are set out in Appendix A.

1.23 Other Implications

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

- 1.23.1 Financial implications – These are dealt with comprehensively in the report.
- 1.23.2 Staffing Implications – The current budget provides the resources necessary to fund the proposed staffing levels and the proposed pay strategy.
- 1.23.3 Legal implications – The report and the recommendations it proposes will enable the Council to set a balanced budget and a council tax charge within the time limits and constraints of legislation. The most recent legislation specifying the decisions required and the responsibilities for making those decisions is the

Localism Act 2011 and the recommendations that Cabinet make to Council will be set out in the Council report as required by the legislation.

1.24 Relevant Documents

1.24.1 Appendices

- Appendix A – Risk Assessment
- Appendix B – Strategic Revenue Projection 2015/16 to 2019/20
- Appendix C – Parish Funding for Local Council Tax Support 2015/16
- Appendix D – Savings Proposals 2015/16
- Appendix E – Summary Revenue Budget 2015/16
- Appendix F – Capital Programme 2015/16 to 2019/20
- Appendix G – Estimate of General Fund Balances and Earmarked Reserves at 31 March 2016
- Appendix H – Revenue Medium Term Financial Strategy 2015/16 to 2019/20
- Appendix I – Capital Medium Term Financial Strategy 2015/16 to 2019/20

<u>IS THIS A KEY DECISION REPORT?</u>		<u>THIS BOX MUST BE COMPLETED</u>	
Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If yes, this is a Key Decision because:			
.....			
Wards/Parishes affected:			
.....			

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
1.	Level of Balances	Effectiveness of agreed minimum level of working balances. For 2015/16 this is expected to be £2.3m which is 12% of net revenue expenditure	a. Minimum balance is insufficient to cover unexpected events. This would require a large single event or multiple unexpected events greater than £2.3m. b. Minimum balance is in excess of real need and resources are held without identified purpose with low investment returns.	a. The Council would need to identify additional resources the results of which could be immediate budget reductions or use of earmarked reserves. b. The Council would not gain best value from its resources as Investment returns are low in the current market.
<p>At this time balances are in excess of the minimum level at £3.6m for 2015/16. This value is over and above mitigation measures for some risks, such as commercial activities, already considered by Cabinet in developing the budget.</p> <p>The Council’s external auditor has identified the council’s level of general balances is in the lower quartile for its nearest neighbour group. They have however stated that holding significant balances is not necessarily evidence of good financial management and the Council holds other resources, which are earmarked, along with general balances.</p>				

E-II

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
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2.	Inflation rate prediction	Inflation allowances are set for: <ul style="list-style-type: none"> • Utilities • Fuel • Contracts • Business rates • Insurance costs • Employee costs Inflationary increases create a growth pressure of £0.47m in 2015/16	a. Actual levels are above prediction b. Actual levels are below predictions	a. A failure to resource expenditure levels accurately will create an unbudgeted drain upon resources and the Council may not achieve its objectives without calling upon balances. b. The services may have supported the budget strategy through savings that were unnecessary, resulting in an increase in balances or unused resources that could be used to achieve strategic priorities.
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The allowances for inflation are developed from three key threads:

1. The advice and knowledge of professional employees
2. The data available from national projections
3. An assessment of past experience both locally and nationally

The inflation allowances produce a growth pressure that is low at approximately 1.4% of gross revenue expenditure. In addition they cover a range of expenditure types, allowing for a reasonable spread of risk.

C-I

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
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3.	National Strategy	Effectiveness of central government strategy as outlined in the spending review 2010 and 2013 along with more recent budget announcements.	A failure of the national strategy to reduce the structural deficit as planned.	The country has remained in recession longer than the originally planned period and the Chancellor of the Exchequer has indicated that public sector reductions will continue through the next parliament at a similar level to the period since 2010. The provisional finance settlement figures for 2015/16 indicate a reduction in central government funding of £1m. The strategy assumes that Government funding will be zero by 2019/20.
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The medium term financial strategy to 2019/20 has been developed to allow for a significant impact on the Council’s resources giving the Council maximum opportunity to identify and manage the changes necessary to ensure the provision of alternative resources and the identification of efficiencies. The Council has focussed on developing other sources of income to ensure it can maximise its resources while dealing with the consequences of government strategy.

D-III

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
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4.	Limitation of council tax increases	The current arrangement announced by central government for a council tax freeze includes a grant equivalent to a 1% increase in council tax. This is coupled with the requirement for a public referendum on “excessive” increases in council tax above 2%.	Should the grant be accepted by the Council, provision must be made in 2015/16 to finance £0.12m without the possibility of a tax increase to mitigate the loss in future years.	<p>A 1% freeze for 2015/16 would provide freeze grant of £144,000</p> <p>The Council would forego £117,000 in 2015/16 rising to £298,000 by 2018/19 if the freeze grant was accepted in preference to a 2% increase in council tax.</p> <p>Acceptance of this grant would create an immediate additional budget pressure for which savings have not been identified of the £117,000 identified above.</p>
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To date planning for the budget 2015/16 has been based upon a 1.99% increase including public consultation and consultation with Strategic Leadership and Corporate Services Overview and Scrutiny Committee. No issues have been raised in relation to the proposed increase through either consultation route. Should a proposal be made to accept the council tax freeze grant the Council could only approve this as part of the approval of a balanced budget so the proposal would also need to include options to identify £0.12m of savings.

C-III

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
5.	Fees & Charges	Fees & charges and other service based income sources could fail to deliver expected income levels	Fee charging services are being affected by falling demand due to the economy.	<p>A loss of income for service budgets will require restrictions on expenditure levels and delivery of all objectives may not be met. The total value of all income from fees and charges is in excess of £7.8m.</p> <p>Budget monitoring shows that the budgeted income from fees and charges in the current year is being exceeded but only due to the support of two services where demand is resistant to price increases.</p>
<p>For the past two years most services have not achieved their income targets and no additional increases have been proposed for 2015/16. In a small number of areas income has remained in excess of the budgeted level and these services have enabled total fees and charges to match with the budgeted level of income. Evidence exists to show that the economy is improving and low interest rates and low inflation will influence public spending. However low wage growth will also have a negative contributory effect.</p> <p>The increase proposed for 2015/16 is solely in those areas that have shown resilience to the current economic climate and represent only a 1% increase in total income from fees and charges.</p> <p style="text-align: right;">D-III</p>				

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
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6.	Commercial Activities	The Council is considering a number of commercial opportunities and the medium term financial strategy assumes a contribution from these proposals in 2015/16 of £0.2m.	The commercial opportunities currently under consideration are not approved or do not deliver the expected level of income in 2015/16.	<p>The medium term financial strategy includes a contribution from commercial opportunities of £1m over the five year period of the strategy. Should proposals slip or not be approved a shortfall will occur in 2015/16 of up to £0.2m.</p> <p>If delivery of the additional resources in 2015/16 is delayed it does not mean that future years could slip and a target of up to £0.4m would be required in 2016/17.</p>
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The medium term financial strategy includes assumptions for commercial property purchases in 2016/17 that can now be expected to deliver early. This will provide a resource in 2015/16 that would enable a partial deferral of the need to provide resources from the commercial opportunities currently under consideration. The resource that is expected to be available will not allow a complete deferral of the need to provide resources from commercial activities.

When developing the initial strategy for commercial activity the Council did set aside a provision of £0.5m against losses from activities that do not deliver. This provision is cash limited but available to cover short term losses.

D-II

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
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7.	Capital financing	Availability of funding for the capital programme	<p>There are a number of sources of funding for the capital programme all of which may not be available in the medium term:</p> <p>New Homes Bonus – a government review is expected and may lead to a reduction in funding.</p> <p>Revenue support – removed due to need of revenue budget savings</p> <p>Capital grants – The disabled facilities grant now forms part of the Better Care Fund paid to the county council.</p> <p>Capital receipts –reducing due to availability of assets for sale and a greater focus on commercial use of assets for revenue generation</p> <p>Prudential borrowing – approved by Council but limited in use to commercial property acquisitions.</p> <p>Developer contributions – a community infrastructure levy will not be in place until adoption of the local plan</p>	Funding may not be available for future schemes.
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The programme does not identify schemes that would utilise all potential resources and the medium term financial strategy requires resources to be available prior to commencement of any one project. This enables the Council to assess risk on a scheme by scheme basis.

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
8.	Horizon scanning	Appropriate risks and opportunities must be recognised in advance.	<p>Horizon scanning requires input from all service managers and the financial consequences of future issues may not be clearly identified.</p> <p>Complexity of financial and other regulations along with increasing delays in providing guidance reduce the ability of the Council to identify risks at a early stage.</p>	<p>On a small number of occasions the financial consequences of future events are likely to be significant. Failure to provide adequate warning would leave the council little time to prepare through the medium term financial strategy.</p> <p>In general these events bring consequences to other agencies and external relationships.</p>
<p>The Council has a number of formal procedures for monitoring new legislation, consultations and policy / guidance documents. In addition our relationship with organisations such as the Council’s external auditor provides access to additional knowledge regarding relevant future events.</p> <p style="text-align: right;">E-II</p>				

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
9.	Efficiency	The level of saving required to achieve a balanced budget is significant and non-delivery of these savings will have a major consequence on managing financial viability of the organisation.	Failure to deliver savings and / or failure to monitor and react to non-delivery.	Savings proposals for 2015/16 do not present a high risk. Excluding the target for commercial activity set out separately at risk 6 the medium term financial strategy has no high risk savings proposals for 2015/16.
<p>Savings proposals are separately identified and monitored in the Council’s general ledger. The ability to achieve the targeted savings is reported quarterly to Corporate Leadership Team and to Cabinet. This enables in year actions to be considered at the earliest opportunity.</p> <p style="text-align: right;">E-II</p>				

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
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10.	Collection Fund	<p>Collection rates.</p> <p>a) The retention of business rates means that collection rates have become of local importance to ensure the retained element of business rates is maximised. Business rates due is in excess of £58m for 2015/16.</p> <p>b) The localisation of support for council tax means that a charge is now made to some benefit claimants with little or no previous experience of handling money or paying for any part of their council tax. This increases the risk of non-collection. Council tax due is in excess of £80mm per annum with the cost of local support exceeding £10m per annum</p>	<p>The Council currently collects in excess of 97% of business rates due in year. This level of collection must be maintained or improved to ensure expected resources are received.</p> <p>For tax payers on benefit and of working age there has been a requirement from 2014/15 to pay additional amounts of tax. Only 87% of the assessed benefit will now be supported by the local scheme and tax payers may find it difficult to identify resources to pay the balance due.</p>	<p>In both cases the consequence will be a reduced level of key resources to ensure a balanced budget. This will mean further cuts in other budgets or the cost of financing outgoing cash flow to other agencies in relation to taxes not yet collected.</p>
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The two schemes commenced on 1st April 2013 and almost two years of experience exists in relation to collection rates. It is clear that collection rates for the business rates are on target and have delivered on target during 2013/14. The collection rates for council tax and particularly the collection of residual charges under the local council tax support scheme were significantly better than estimated in 2013/14 and to date in 2014/15. This is evidenced by the surplus in excess of £1m on the collection fund in the previous year.

D-II

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
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11.	Business Rates Pool	<p>The Council has entered a business rates pool with Kent County Council for 2014/15. This arrangement means that the Council cannot rely on central government safety net funding should the level of business rates fall by more than 7.5%.</p> <p>For 2015/16 the pool will include 10 new members adding to the complexity and potential for vulnerability.</p>	<p>a) Major changes may occur in the rateable value of properties following appeal.</p> <p>b) Other members of the business rates pool may fail to deliver stability or growth, requiring support from this council.</p>	<p>In all cases the result will be a reduction in income from business rates and a potential consequence for the Council. Provisions exist so any loss of income would relate to the excess over the provision already made.</p>
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The Council entered a business rates pool in 2014/15 between the Council and Kent County Council. The predicted additional resources this gained for the Council in the current year is £95,000. The pool has been reconfigured for 2015/16 to include an additional 9 districts and Kent Fire & Rescue. This is evidence of its potential benefits and the predicted gain for this Council in 2015/16 is £200,000. The pool is monitored quarterly Kent wide and this Council is the Pool administrator. The pool contains a provision for poor performing districts and the Council can exit the pool on 1st April in any year by giving notice by the previous September.

D-II

Section: FINANCE

Risk No	Risk Name	Vulnerability (Why, what’s happening, what’s the problem)	Trigger/risk (What’s the event/ what could go wrong?)	Consequences (What would occur as a result, how much of a problem would it be, to whom and why?)
12.	Medium term	The medium term financial strategy must be the link between the strategic priorities of the council and its financial resilience. The Council will consider for approval a new strategic plan for the period 2015/16 to 2020/21. It is essential that resources exist to deliver the priorities set out in the strategic plan finally approved.	These issues must all be identified in the medium term financial strategy at a level considered adequate to cover the likely consequences to this authority.	In reviewing the strategy the consequences of some of the Council’s plans could be misinterpreted and the strategy could fail to take full account of the risks. Developing the strategy alongside the strategic plan will ensure that some of this risk is mitigated.
<p>The Cabinet Member for Corporate Services has requested that the budget be reported through its links to the strategic priorities as a method of reporting the level of funding and expenditure on each priority. This would improve awareness of the links between the Strategic Plan and the medium term financial strategy.</p> <p style="text-align: right;">E-III</p>				

Risk Management: Risk Profile

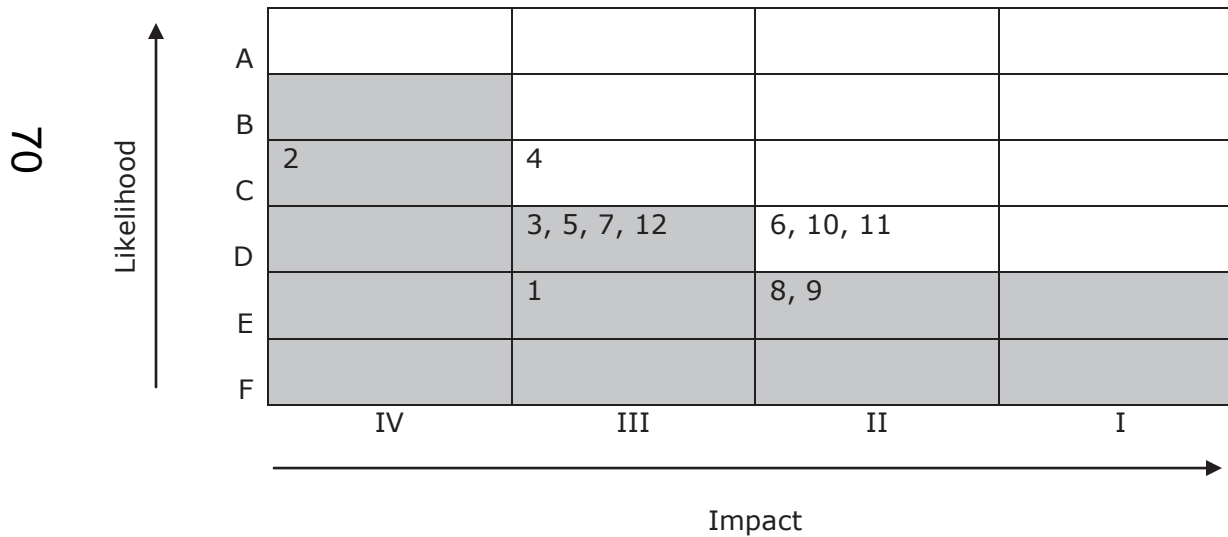
The risks have been mapped against a typical appetite to risk. The risk assessment has been prepared in the context of key service objectives. The risks at this stage have not been 'mitigated'.

The **vertical axis** shows **Likelihood**:

A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible

The **horizontal axis** shows **Impact**:

1= catastrophic; 2 = critical; 3 = marginal; 4 = negligible



RECOMMENDED RESOURCE ASSUMPTIONS

**BUDGET STRATEGY 2015/16 ONWARDS
REVISED STRATEGIC REVENUE PROJECTION**

2014/15 £,000		2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
AVAILABLE FINANCE						
3,274	REVENUE SUPPORT GRANT	2,267	1,463	922	420	0
2,903	RETAINED BUSINESS RATES	2,959	3,018	3,078	3,140	3,203
	BUSINESS RATES GROWTH AND POOL	1,176	1,186	1,196	1,206	1,216
6,177		6,402	5,667	5,196	4,766	4,419
71	COLLECTION FUND ADJUSTMENT	302				
12,868	COUNCIL TAX	13,429	13,765	14,109	14,462	14,824
19,116	BUDGET REQUIREMENT	20,133	19,432	19,305	19,228	19,243
13,938	OTHER INCOME	14,214	14,414	14,614	14,814	15,014
33,054	TOTAL RESOURCES AVAILABLE	34,347	33,846	33,919	34,042	34,257
EXPECTED SERVICE SPEND						
33,487	CURRENT SPEND	33,054	34,347	33,846	33,919	34,042
	INFLATION INCREASES					
455	PAY AND INFLATION INCREASES	471	476	435	527	456
	NATIONAL INITIATIVES					
25	LOSS OF ADMINISTRATION GRANT	150		100		
50	PENSION DEFICIT FUNDING					
	SINGLE TIER PENSION ARRANGMENTS		275			
	LOCAL PRIORITIES					
80	ELECTIONS					
50	LOCAL PLAN					
30	MARKET INCOME					
21	ADVERTISING SPONSORSHIP					
30	ECONOMIC DEVELOPMENT STAFFING	30	30			
	ECONOMIC DEVELOPMENT STRATEGY	266				
	BUSINESS SUPPORT PROVISION	868				
	HOUSING TEMPORARY ACCOMMODATION	160				
80	SERVICE ARRANGEMENTS WITH PARISHES					
	MINOR INITIATIVES					
	GROWTH PROVISION				50	50
34,308	TOTAL PREDICTED REQUIREMENT	34,999	35,128	34,381	34,496	34,548
1,254	ANNUAL SAVINGS TARGET	652	1,282	462	454	291

BUDGET STRATEGY 2015/16 ONWARDS

PARISH COUNCIL FUNDING FOR LCTS

Name	LCTS in Tax		Loss of CT due to LCTS	Proposed Grant	Grant	
	Base	Band D			2014/15	Difference
Barming	27.4	32.94	903	724	902	- 178
Bearsted	155.3	27.12	4,212	3,376	4,463	- 1,087
Bicknor						
Boughton Malherbe	12.8	23.56	302	242	305	- 63
Boughton Monchelsea	77.7	40.74	3,165	2,537	2,899	- 362
Boxley	125.6	24.34	3,057	2,450	3,425	- 975
Bredhurst	12.3	51.83	638	511	735	- 224
Broomfield & Kingswood	37.7	80.1	3,020	2,420	2,587	- 167
Chart Sutton	29	50.8	1,473	1,181	1,695	- 514
Collier Street	13.7	37.82	518	415	377	38
Coxheath	146.5	41.08	6,018	4,823	5,895	- 1,072
Detling	33.9	56.56	1,917	1,537	1,905	- 368
Downswood	55	30.04	1,652	1,324	1,629	- 305
East Sutton	3.5	43.86	154	123	101	22
Farleigh East	54.6	47.45	2,591	2,076	2,570	- 494
Farleigh West	18.8	65.35	1,229	985	1,032	- 47
Frinted						
Harrietsham	70.1	51.65	3,621	2,902	2,820	82
Headcorn	133.8	64.92	8,686	6,962	7,308	- 346
Hollingbourne	34.5	36.15	1,247	999	1,302	- 303
Hucking						
Hunton	18.4	57.1	1,051	842	1,061	- 219
Langley	54.8	35.08	1,922	1,541	2,085	- 544
Leeds	42.2	84.09	3,549	2,844	3,255	- 411
Lenham	118.2	40.89	4,833	3,873	5,148	- 1,275
Linton	20.6	44.12	909	728	736	- 8
Loose	66.8	55.02	3,675	2,945	3,328	- 383
Marden	162.3	52.74	8,560	6,860	8,854	- 1,994
Nettlestead	52.4	45.36	2,377	1,905	2,117	- 212
Otham	16.9	39.88	674	540	721	- 181
Otterden						
Staplehurst	156.3	54.93	8,586	6,880	6,846	34
Stockbury	32.6	39.5	1,288	1,032	1,260	- 228
Sutton Valence	47.1	47.45	2,235	1,791	1,960	- 169
Teston	19.6	67.41	1,321	1,059	1,223	- 164
Thurnham	9.4	30.08	283	227	337	- 110
Tovil	163.3	57.9	9,455	7,576	9,417	- 1,841
Ulcombe	24	47.5	1,140	914	901	13
Wichling						
Wormshill						
Yalding	107.8	56.48	6,089	4,880	5,603	- 723
	2154.9	£1,662	£102,350	£82,024	£96,802	-£14,778

BUDGET STRATEGY 2015/16 ONWARDS

BUDGET STRATEGY SAVINGS

Proposal	2015/16 £	2016/17 £
Executive Support structural review	35,000	
Revenue support to capital programme	309,000	
Investment Interest	20,000	30,000
Small Budgets Review	28,000	
Energy Use - low energy bulbs	10,000	10,000
Rent - Commercial Conversions	90,000	188,000
Adjustment to Planning Policy Budgets	160,000	
Implementation of CSIP		90,270
Income from shared services		37,000
Total	652,000	355,270

BUDGET STRATEGY 2015/16 ONWARDS

SUMMARY ESTIMATE 2015/16 BY PRIORITY

Priorities	2014/2015 Estimate		2015/2016
	Original £	Revised £	Estimate Original £
Respecting Character	919,990	884,720	818,170
Encouraging Health & Well-Being	4,089,460	5,115,300	3,846,710
Clean & Safe	5,077,070	5,099,520	5,147,810
Leisure & Cultural Attractions	4,131,620	4,474,590	4,445,060
Enhancing the Town Centre	19,190	19,550	15,080
Employment Opportunities & Skills	429,700	578,700	355,990
Planning for Sufficient Homes	2,413,350	3,544,080	2,563,960
Improvements to Transport Infrastructure	662,060	625,660	670,310
Trading Accounts	-2,036,045	-1,882,450	-2,150,555
Central & Democratic Costs	3,510,355	2,725,220	3,567,025
Total Service Spending	19,216,750	21,184,890	19,279,560
General Underspend	-140,000	-97,440	-250,000
NET SERVICE SPENDING	19,076,750	21,087,450	19,029,560
Contribution to (from) Balances			
- Planned - General			-50,000
- Carry Forward		-1,990,700	
- Invest to Save	40,000	20,000	20,000
TOTAL CONTRIBUTION TO (FROM) BALANCES	40,000	-1,970,700	-30,000
BUDGET REQUIREMENT	19,116,750	19,116,750	18,999,560

APPENDIX E

Priority Summary - Detail by cost centre	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Respecting Character			
Community Development	220,790	170,120	172,410
Social Inclusion	121,330	103,310	98,610
Civic Occasions	150,730	167,950	129,000
Parish Services	210,890	205,910	205,640
Conservation	110,600	129,960	103,410
Medway Conservancy	107,610	107,530	109,230
Net Cost of Sections	-1,960	-60	-130
Character Total	919,990	884,720	818,170

APPENDIX E

Priority Summary - Detail by cost centre

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Encouraging Health & Well-Being			
Drainage	94,440	96,300	98,010
Health Promotion	7,410	38,730	5,870
Health Improvement Programme	5,470	9,570	1,260
Environmental Enforcement	258,590	252,930	277,990
Pest Control	23,410	17,250	18,780
Public Conveniences	125,910	116,870	110,660
Troubled Families	0	156,010	16,710
Public Health - Sexual Health	4,580	17,470	10,290
Public Health - NHS Health Check Programme	6,040	10,850	4,990
Public Health - Obesity	6,040	18,040	7,070
Public Health - Physical Activity	6,040	51,980	6,530
Public Health - Substance Misuse	3,110	3,960	4,290
Public Health - Smoking & Tobacco	3,110	9,890	3,980
Public Health - Misc Services	17,900	15,330	23,160
Cultural Development Sports	115,060	125,200	87,700
Leisure Centre	37,180	198,190	187,150
Cobtree Golf Course	-35,150	-34,150	-29,780
Housing Advice	204,280	211,230	184,570
Cemetery	198,760	199,600	194,750
National Assistance Act	850	830	840
Maintenance of Closed Churchyards	34,750	38,220	33,860
Pollution Control - General	166,590	219,120	188,850
Contaminated Land	16,950	18,380	17,840
Food Hygiene	311,840	258,190	239,040
Sampling	12,660	9,680	10,700
Occupational Health & Safety	185,960	157,400	149,680
Infectious Disease Control	17,560	15,740	24,600
Noise Control	118,770	119,670	124,200
Licensing - Hackney & Private Hire	-15,930	-21,260	-18,110
Housing Register & Allocations	161,160	178,820	143,620
Private Sector Renewal	1,226,900	1,674,980	646,150
HMO Licensing	25,520	26,360	30,900
Homeless Temporary Accommodation	132,530	134,930	294,930
Homelessness Prevention	60,400	150,790	60,400
Homelessness - Admin	334,730	364,720	320,640
Aylesbury House	0	6,510	7,640
Magnolia House	0	19,950	6,620
Rent Allowances	-352,700	-344,090	-344,090
Non HRA Rent Rebates	950	3,320	3,320
Discretionary Housing payments	770	2,300	2,300
Housing Benefits Administration	553,880	563,440	691,070
Net Cost of Sections	13,140	2,050	-2,270
Health & Well-Being Total	4,089,460	5,115,300	3,846,710

APPENDIX E

Priority Summary - Detail by cost centre	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Clean & Safe			
Building Safer Communities (BSC)	440	0	0
C C T V	355,680	380,750	356,850
Community Safety	243,750	252,100	269,860
Licences	47,790	44,390	52,110
Licensing Statutory	60,300	59,510	52,420
Licensing Non Chargeable	21,740	20,930	24,240
Dog Control	146,730	141,160	127,110
Licensing of Caravan Sites - 1960 Act	22,600	21,570	23,860
Street Cleansing	1,634,890	1,653,270	1,651,650
Household Waste Collection	1,298,060	1,316,660	1,366,390
Recycling Collection	1,247,070	1,207,390	1,226,580
Net Cost of Sections	-1,980	1,790	-3,260
Clean & Safe Total	5,077,070	5,099,520	5,147,810

APPENDIX E

Priority Summary - Detail by cost centre

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Leisure & Cultural Attractions			
Cultural Development Arts	35,110	38,420	43,950
Museum	972,050	1,085,040	1,028,900
Carriage Museum	57,870	57,410	58,120
Hazlitt Arts Centre	378,130	386,030	395,120
Hazlitt Arts Bar & Catering	0	0	0
Whatman's Arena	25,700	25,440	26,290
Heritage Millennium Amphitheatre	2,850	2,830	2,820
Hazlitt Youth & Education	0	0	0
Festivals and Events	0	31,640	36,150
Lettable Halls	18,450	23,420	22,980
Community Halls	181,480	216,810	226,480
Playground Improvements	281,320	360,860	434,080
Parks Pavilions	43,560	52,780	52,650
Cobtree Manor Park	600	0	160
Kent Life	0	0	0
Allotments	17,550	17,470	17,550
Tourism	116,930	144,470	106,610
Leisure Services Other Activities	44,700	36,680	36,650
Parks & Open Spaces	1,076,040	1,062,000	1,057,950
River Park	489,630	510,490	492,840
Mote Park	389,940	419,340	374,250
Net Cost of Sections	-290	3,460	31,510
Leisure & Culture Total	4,131,620	4,474,590	4,445,060

APPENDIX E

Priority Summary - Detail by cost centre	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Enhancing the Town Centre			
Town Centre Management Sponsorship	19,190	19,550	15,080
Town Centre Total	19,190	19,550	15,080

APPENDIX E

Priority Summary - Detail by cost centre	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Employment Opportunities & Skills			
Economic Research	45,490	45,970	43,850
Business Support & Enterprise	152,840	171,580	108,250
Economic Dev. Training & Employment	40,780	69,230	56,310
Economic Dev Government Initiatives	53,670	53,820	55,440
Economic Dev - Promotion & Marketing	137,020	238,190	90,740
Net Cost of Sections	-100	-90	1,400
Employment & Skills Total	429,700	578,700	355,990

APPENDIX E

Priority Summary - Detail by cost centre	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Planning for Sufficient Homes			
Development Control Advice	109,360	65,890	86,920
Development Control Enforcement	399,840	556,170	405,080
Housing Advances	1,960	1,580	1,160
Building Regulations Chargeable	0	-5,420	-10,590
Building Regulations Non Chargeable	55,460	54,580	55,280
Building Control	90,270	81,340	82,390
Street naming & Numbering	-1,890	8,850	12,550
Building Consultancy	0	0	0
Development Control Applications	334,600	316,850	278,940
Development Control Appeals	111,940	239,450	120,280
Planning Policy	876,970	843,190	720,200
Strategic Housing Role	376,430	1,301,920	751,010
Marden Caravan Site (Stilebridge Lane)	39,990	43,180	32,910
Ulcombe Caravan Site (Water Lane)	18,900	30,110	19,960
Net Cost of Sections	-480	6,390	7,870
Homes Total	2,413,350	3,544,080	2,563,960

APPENDIX E

Priority Summary - Detail by cost centre	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Improvements to Transport Infrastructure			
Environment Improvements	21,130	17,470	18,930
Residents Parking	-62,440	-77,960	-71,180
Non Paying Car Parks	66,840	61,120	61,450
Park & Ride	523,110	509,980	554,790
Socially Desirable Buses	67,090	66,760	65,010
Other Transport Services	26,830	28,150	20,820
Name Plates & Notices	19,590	20,290	20,270
Net Cost of Sections	-90	-150	220
Infrastructure Total	662,060	625,660	670,310

APPENDIX E

Priority Summary - Detail by cost centre

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Trading Accounts			
Industrial Starter Units	-5,620	-4,170	-2,980
Parkwood Equilibrium Units	-21,225	-28,590	-29,705
Pay & Display Car Parks	-1,077,980	-1,078,200	-1,069,440
Off Street Parking - Enforcement	-14,690	-23,820	-19,250
Conference Bureau	45,960	72,980	61,060
Museum Shop	-8,720	27,180	17,870
Crematorium	-371,290	-312,170	-361,230
Trade Waste Services	0	-1,130	-660
Market	39,680	30,170	17,420
Palace Gatehouse	80	-810	-1,090
Archbishops Palace	-64,960	-67,760	-66,700
Parkwood Industrial Estate	-320,630	-326,480	-316,330
Sundry Corporate Properties	-44,200	-38,470	-66,610
Parks Dwellings	16,440	8,970	5,450
Chillington House	0	3,060	-38,590
On Street Parking	-84,140	-111,660	-124,140
Land Charges	-124,750	-32,040	-156,070
Net Cost of Sections	0	490	440
Trading Total	-2,036,045	-1,882,450	-2,150,555

APPENDIX E

Priority Summary - Detail by cost centre

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Central & Democratic Costs			
Members Facilities	179,440	199,780	194,370
Subscriptions	18,190	21,300	20,590
Charity Administration	14,040	13,960	14,540
Press & Public Relations	226,040	163,740	155,680
Mid Kent Improvement Partnership	30	1,070	1,930
Grants	234,560	289,500	235,380
Delegated Grants	2,190	2,180	2,180
Switch Cafe Project	20,520	20,210	21,630
Appropriation Account	216,581	-1,480,320	-3,878,970
Members Allowances	451,840	443,950	443,630
Portfolio Allocations	311,960	308,260	324,760
Overview & Scrutiny	86,910	137,160	79,940
Contingency	436,570	191,090	274,880
Performance & Development	68,820	70,370	102,080
Corporate Projects	90,200	246,150	161,650
Corporate Management	807,780	872,280	859,290
Unapportionable Central Overheads	1,721,945	2,130,650	2,166,375
Council Tax Collection	510,010	541,130	528,660
Council Tax Benefits Administration	299,860	318,170	323,710
Council Tax Benefits	0	0	0
NNDR Collection	-85,160	-60,060	-66,000
Registration Of Electors	194,080	209,840	212,650
Elections	223,080	216,690	218,450
Emergency Centre	59,170	61,650	71,930
Emergency - December 2013 Flood	0	0	0
Recovery Costs December 2013 Flood	0	0	0
Business Support Team	0	291,150	0
Repair and Renew	0	1,030	0
External Interest Payable	208,700	208,700	178,500
Interest & Investment Income	-250,000	-250,000	-270,000
Pensions Fund Management	1,333,000	1,333,000	1,333,000
Gains/Losses on Asset Disposals	1,000,000	1,000,000	1,000,000
Capital Grants & Contributions	0	0	0
Non Service Related Government Grants	-3,740,411	-3,704,710	0
Net Cost of Sections	-9,820	-4,180	-56,930
Town Hall	194,280	143,750	137,840
South Maidstone Depot	-1,480	-680	2,370
The Gateway King Street	7,200	10,570	7,800
Maidstone House	-48,220	22,690	-4,420
I.T. Operational Services	34,920	-7,220	-6,530
Central Telephones	-14,080	2,020	3,450
Mid Kent ITC Software	0	14,910	15,160
Fleet Workshop & Management	0	-1,160	3,710
MBS Support Crew	0	-270	-130
Grounds Maintenance	0	1,040	1,370
Youth Development Programme	41,950	50,030	52,410
Internal Printing	-1,340	28,800	33,090
Pensions Fund Appropriation	-1,333,000	-1,333,000	-1,333,000
Central & Democratic Total	3,510,355	2,725,220	3,567,025

BUDGET STRATEGY 2015/16 ONWARDS

SUMMARY ESTIMATE 2015/16 BY PORTFOLIO

Services	2014/2015 Estimate		2015/2016
	Original £	Revised £	Estimate Original £
Leader of the Council	1,643,060	1,564,920	1,566,520
Community & Leisure Services	4,189,280	4,778,970	4,475,320
Corporate Services	1,631,420	895,600	1,795,850
Economic & Commercial Development	2,078,960	2,465,090	2,153,080
Environment	8,226,860	9,803,120	8,125,050
Planning, Transport & Development	1,447,170	1,677,190	1,163,740
Total Service Spending	19,216,750	21,184,890	19,279,560
General Underspend	-140,000	-97,440	-250,000
NET SERVICE SPENDING	19,076,750	21,087,450	19,029,560
Contribution to (from) Balances			
- Planned - General			-50,000
- Carry Forward		-1,990,700	
- Invesst to Save	40,000	20,000	20,000
TOTAL CONTRIBUTION TO (FROM) BALANCES	40,000	-1,970,700	-30,000
BUDGET REQUIREMENT	19,116,750	19,116,750	18,999,560

APPENDIX E**Portfolio Summary - Detail**

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Leader of the Council			
Charity Administration	14,040	13,960	14,540
Contingency	436,570	191,090	274,880
Performance & Development	68,820	70,370	102,080
Corporate Projects	90,200	246,150	161,650
Press & Public Relations	226,040	163,740	155,680
Corporate Management	807,780	872,280	859,290
Mid Kent Improvement Partnership	30	1,070	1,930
Net Cost of Sections	-420	6,260	-3,530
Portfolio Total	1,643,060	1,564,920	1,566,520

APPENDIX E

Portfolio Summary - Detail

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Community & Leisure Services			
Cultural Development Arts	35,110	38,420	43,950
Lettable Halls	18,450	23,420	22,980
Community Halls	181,480	216,810	226,480
Cultural Development Sports	115,060	125,200	87,700
Leisure Centre	37,180	198,190	187,150
Parks & Open Spaces	1,076,040	1,062,000	1,057,950
River Park	489,630	510,490	492,840
Playground Improvements	281,320	360,860	434,080
Parks Pavilions	43,560	52,780	52,650
Mote Park	389,940	419,340	374,250
Cobtree Manor Park	600	0	160
Kent Life	0	0	0
Allotments	17,550	17,470	17,550
Leisure Services Other Activities	44,700	36,680	36,650
Community Safety	243,750	252,100	269,860
Building Safer Communities (BSC)	440	0	0
C C T V	355,680	380,750	356,850
Health Improvement Programme	5,470	9,570	1,260
Switch Cafe Project	20,520	20,210	21,630
Community Development	220,790	170,120	172,410
Social Inclusion	121,330	103,310	98,610
Troubled Families	0	156,010	16,710
Public Health - Sexual Health	4,580	17,470	10,290
Public Health - NHS Health Check Programme	6,040	10,850	4,990
Public Health - Obesity	6,040	18,040	7,070
Public Health - Physical Activity	6,040	51,980	6,530
Public Health - Substance Misuse	3,110	3,960	4,290
Public Health - Smoking & Tobacco	3,110	9,890	3,980
Public Health - Misc Services	17,900	15,330	23,160
Grants	234,560	289,500	235,380
Delegated Grants	2,190	2,180	2,180
Parish Services	210,890	205,910	205,640
Net Cost of Sections	-3,780	130	90
Portfolio Total	4,189,280	4,778,970	4,475,320

APPENDIX E

Portfolio Summary - Detail

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Corporate Services			
Civic Occasions	150,730	167,950	129,000
Members Allowances	451,840	443,950	443,630
Portfolio Allocations	311,960	308,260	324,760
Members Facilities	179,440	199,780	194,370
Subscriptions	18,190	21,300	20,590
Overview & Scrutiny	86,910	137,160	79,940
Unapportionable Central Overheads	1,721,945	2,130,645	2,166,375
Council Tax Collection	510,010	541,130	528,660
Council Tax Benefits Administration	299,860	318,170	323,710
Council Tax Benefits	0	0	0
NNDR Collection	-85,160	-60,060	-66,000
Registration Of Electors	194,080	209,840	212,650
Elections	223,080	216,690	218,450
Emergency Centre	59,170	61,650	71,930
Emergency - December 2013 Flood	0	0	0
Recovery Costs December 2013 Flood	0	0	0
Business Support Team	0	291,150	0
Repair and Renew	0	1,030	0
Medway Conservancy	107,610	107,530	109,230
External Interest Payable	208,700	208,700	178,500
Interest & Investment Income	-250,000	-250,000	-270,000
Palace Gatehouse	80	-810	-1,090
Archbishops Palace	-64,960	-67,760	-66,700
Parkwood Industrial Estate	-320,630	-326,480	-316,330
Industrial Starter Units	-5,620	-4,170	-2,980
Parkwood Equilibrium Units	-21,225	-28,585	-29,705
Sundry Corporate Properties	-44,200	-38,470	-66,610
Parks Dwellings	16,440	8,970	5,450
Chillington House	0	3,060	-38,590
Pensions Fund Management	1,333,000	1,333,000	1,333,000
Gains/Losses on Asset Disposals	1,000,000	1,000,000	1,000,000
Capital Grants & Contributions	0	0	0
Non Service Related Government Grants	-3,740,411	-3,704,710	0
Rent Allowances	-352,700	-344,090	-344,090
Non HRA Rent Rebates	950	3,320	3,320
Discretionary Housing payments	770	2,300	2,300
Housing Benefits Administration	553,880	563,440	691,070
Net Cost of Sections	-9,130	-9,840	-68,190
Town Hall	194,280	143,750	137,840
South Maidstone Depot	-1,480	-680	2,370
The Gateway King Street	7,200	10,570	7,800
Maidstone House	-48,220	22,690	-4,420
I.T. Operational Services	34,920	-7,220	-6,530
Central Telephones	-14,080	2,020	3,450
Mid Kent ITC Software	0	14,910	15,160
Youth Development Programme	41,950	50,030	52,410
Internal Printing	-1,340	28,800	33,090
Appropriation Account	216,581	-1,480,320	-3,878,970
Pensions Fund Appropriation	-1,333,000	-1,333,000	-1,333,000
Portfolio Total	1,631,420	895,600	1,795,850

APPENDIX E

Portfolio Summary - Detail

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Economic & Commercial Development			
Museum	972,050	1,085,040	1,028,900
Carriage Museum	57,870	57,410	58,120
Hazlitt Arts Centre	378,130	386,030	395,120
Hazlitt Arts Bar & Catering	0	0	0
Whatman's Arena	25,700	25,440	26,290
Heritage Millennium Amphitheatre	2,850	2,830	2,820
Hazlitt Youth & Education	0	0	0
Festivals and Events	0	31,640	36,150
Tourism	116,930	144,470	106,610
Conference Bureau	45,960	72,980	61,060
Museum Shop	-8,720	27,180	17,870
Economic Research	45,490	45,970	43,850
Business Support & Enterprise	152,840	171,580	108,250
Town Centre Management Sponsorship	19,190	19,550	15,080
Market	39,680	30,170	17,420
Economic Dev. Training & Employment	40,780	69,230	56,310
Economic Dev Government Initiatives	53,670	53,820	55,440
Economic Dev - Promotion & Marketing	137,020	238,190	90,740
Net Cost of Sections	-480	3,560	33,050
Portfolio Total	2,078,960	2,465,090	2,153,080

APPENDIX E

Portfolio Summary - Detail

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Environment			
Cobtree Golf Course	-35,150	-34,150	-29,780
Cemetery	198,760	199,600	194,750
National Assistance Act	850	830	840
Crematorium	-371,290	-312,170	-361,230
Maintenance of Closed Churchyards	34,750	38,220	33,860
Drainage	94,440	96,300	98,010
Licences	47,790	44,390	52,110
Licensing Statutory	60,300	59,510	52,420
Licensing Non Chargeable	21,740	20,930	24,240
Dog Control	146,730	141,160	127,110
Health Promotion	7,410	38,730	5,870
Licensing of Caravan Sites - 1960 Act	22,600	21,570	23,860
Pollution Control - General	166,590	219,120	188,850
Contaminated Land	16,950	18,380	17,840
Environmental Enforcement	258,590	252,930	277,990
Food Hygiene	311,840	258,190	239,040
Sampling	12,660	9,680	10,700
Occupational Health & Safety	185,960	157,400	149,680
Infectious Disease Control	17,560	15,740	24,600
Noise Control	118,770	119,670	124,200
Pest Control	23,410	17,250	18,780
Public Conveniences	125,910	116,870	110,660
Licensing - Hackney & Private Hire	-15,930	-21,260	-18,110
Street Cleansing	1,634,890	1,653,270	1,651,650
Household Waste Collection	1,298,060	1,316,660	1,366,390
Trade Waste Services	0	-1,130	-660
Recycling Collection	1,247,070	1,207,390	1,226,580
Strategic Housing Role	376,430	1,301,920	751,010
Housing Register & Allocations	161,160	178,820	143,620
Housing Advice	204,280	211,230	184,570
Housing Advances	1,960	1,580	1,160
Private Sector Renewal	1,226,900	1,674,980	646,150
HMO Licensing	25,520	26,360	30,900
Homeless Temporary Accommodation	132,530	134,930	294,930
Homelessness Prevention	60,400	150,790	60,400
Homelessness - Admin	334,730	364,720	320,640
Aylesbury House	0	6,510	7,640
Magnolia House	0	19,950	6,620
Marden Caravan Site (Stilebridge Lane)	39,990	43,180	32,910
Ulcombe Caravan Site (Water Lane)	18,900	30,110	19,960
Net Cost of Sections	12,800	3,350	9,340
Fleet Workshop & Management	0	-1,160	3,710
MBS Support Crew	0	-270	-130
Grounds Maintenance	0	1,040	1,370
Portfolio Total	8,226,860	9,803,120	8,125,050

APPENDIX E

Portfolio Summary - Detail

	Original Est 14/15	Revised Est 14/15	Original Est 15/16
	£	£	£
Planning, Transport & Development			
Building Regulations Chargeable	0	-5,420	-10,590
Building Regulations Non Chargeable	55,460	54,580	55,280
Building Control	90,270	81,340	82,390
Street naming & Numbering	-1,890	8,850	12,550
Building Consultancy	0	0	0
Development Control Advice	109,360	65,890	86,920
Development Control Applications	334,600	316,850	278,940
Development Control Appeals	111,940	239,450	120,280
Development Control Enforcement	399,840	556,170	405,080
Planning Policy	876,970	843,190	720,200
Conservation	110,600	129,960	103,410
Land Charges	-124,750	-32,040	-156,070
Environment Improvements	21,130	17,470	18,930
Name Plates & Notices	19,590	20,290	20,270
On Street Parking	-84,140	-111,660	-124,140
Residents Parking	-62,440	-77,960	-71,180
Pay & Display Car Parks	-1,077,980	-1,078,200	-1,069,440
Non Paying Car Parks	66,840	61,120	61,450
Off Street Parking - Enforcement	-14,690	-23,820	-19,250
Park & Ride	523,110	509,980	554,790
Socially Desirable Buses	67,090	66,760	65,010
Other Transport Services	26,830	28,150	20,820
Net Cost of Sections	-570	6,240	8,090
Portfolio Total	1,447,170	1,677,190	1,163,740

BUDGET STRATEGY 2015/16 ONWARDS

CAPITAL SUMMARY 2015/16 ONWARDS

SUMMARY

Estimate 2014/15 £	CAPITAL PROGRAMME SUMMARY	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
EXPENDITURE						
3,363,510	COMMUNITY & LEISURE	2,093,000	1,930,000	1,940,000	1,940,000	1,350,000
450,880	CORPORATE SERVICES	350,000	350,000	350,000	350,000	350,000
3,376,210	ECONOMIC & COMMERCIAL DEVELOPMENT	4,335,370	3,120,370	0	0	0
47,490	ENVIRONMENT	0	0	0	0	0
223,200	PLANNING, TRANSPORT & DEVELOPMENT	50,000	6,323,720	1,930,360	1,930,360	3,041,130
7,461,290	GRAND TOTAL - ALL PORTFOLIOS	6,828,370	11,724,090	4,220,360	4,220,360	4,741,130
RESOURCES						
10,256,210	REVENUE CONTRIBUTION	3,826,280	3,117,000	2,899,800	2,899,800	1,926,000
450,000	CAPITAL GRANTS	450,000	450,000	450,000	450,000	450,000
702,720	CAPITAL RECEIPTS	0	0	0	0	0
0	PRUDENTIAL BORROWING	2,451,490	3,548,510	0	0	0
0	DEVELOPER CONTRIBUTIONS	0	761,540	870,560	870,560	2,365,130
11,408,930	GRAND TOTAL - ALL RESOURCES	6,727,770	7,877,050	4,220,360	4,220,360	4,741,130

Estimate 2014/15 £	NET FUNDING	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
11,408,930	RESOURCES AVAILABLE (CUMMULATIVE)	10,675,410	11,724,090	4,220,360	4,220,360	4,741,130
7,461,290	RESOURCES REQUIRED	6,828,370	11,724,090	4,220,360	4,220,360	4,741,130
3,947,640	BALANCE CARRIED FORWARD	3,847,040	0	0	0	0

Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
2014/15 COMMUNITY & LEISURE					
26,150					
6,950					
301,710	580,000	580,000	590,000		
12,000					
31,400					
3,160					
3,490					
1,646,460	750,000	750,000	750,000	750,000	750,000
1,118,500	600,000	600,000	600,000	600,000	600,000
105,090					
76,600					
32,000	163,000				
3,363,510	2,093,000	1,930,000	1,940,000	1,350,000	1,350,000

Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
2014/15 CORPORATE SERVICES					
82,790					
42,030					
130,890	175,000	175,000	175,000	175,000	175,000
195,170	175,000	175,000	175,000	175,000	175,000
450,880	350,000	350,000	350,000	350,000	350,000

Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
2014/15 ECONOMIC & COMMERCIAL DEVELOPMENT					
76,210	335,370				
700,000					
2,600,000	4,000,000	3,120,370			
3,376,210	4,335,370	3,120,370	0	0	0

Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
2014/15 ENVIRONMENT					
14,800					
8,800					
23,890					
47,490	0	0	0	0	0

Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
2014/15 PLANNING, TRANSPORT & DEVELOPMENT					
9,350					
13,850					
		1,400,000			
		1,000,000			
	50,000	50,000	50,000	50,000	50,000
200,000		3,439,040	1,032,630	2,556,400	2,466,720
			250,000	280,000	274,410
		434,680	597,730	500,000	250,000
223,200	50,000	6,323,720	1,930,360	3,386,400	3,041,130

Estimate 2014/15 REVENUE CONTRIBUTION £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
6,156,797 Balance brought forward					
309,000 Revenue support					
50,000 From balances for Play Areas					
3,740,413 New Homes Bonus	3,826,280	3,117,000	2,899,800	2,675,300	1,926,000
10,256,210 Total	3,826,280	3,117,000	2,899,800	2,675,300	1,926,000

Estimate 2014/15 CAPITAL GRANTS £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
450,000 DFGs	450,000	450,000	450,000	450,000	450,000
450,000	450,000	450,000	450,000	450,000	450,000

Estimate 2014/15 CAPITAL RECEIPTS £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
192,586 Balance brought forward					
510,134 Miscellaneous					
702,720	0	0	0	0	0

Estimate 2014/15 PRUDENTIAL BORROWING £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
Commercialisation Programme	2,451,490	3,548,510			
0	2,451,490	3,548,510	0	0	0

Estimate 2014/15 DEVELOPER CONTRIBUTIONS £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
Community Infrastructure Levy		761,540	870,560	1,214,910	2,365,130
0	0	761,540	870,560	1,214,910	2,365,130

BUDGET STRATEGY 2015/16 ONWARDS
ESTIMATE OF GENERAL FUND BALANCES TO 31 MARCH 2016

	Unallocated General Fund	Asset Replacement	Planning Management	Commercialisation	Invest to Save	Grand Total
	£,000	£,000	£,000	£,000	£,000	£,000
Estimated Balance as at 31st March 2014	13,508	167	0	500	542	14,717
2013/14 Carry Forwards Used in 2014/15	-7,619					-7,619
Business Rates Deficit	-829					-829
Pensions	-52					-52
Use of 2012/13 Underspend	-288					-288
Annual Transactions	-200		200		20	20
Estimated Balance as at 31st March 2015	4,520	167	200	500	562	5,949
Pensions	-50					-50
Annual Transactions					20	20
Estimated Balance as at 31st March 2016	4,470	167	200	500	582	5,919

ESTIMATE OF EARMARKED RESERVES TO 31 MARCH 2016

	31/03/2014	Movement in 2014/15	31/03/2015	Movement in 2015/16	31/03/2016
	£,000	£,000	£,000	£,000	£,000
Capital Support	10,256	-2,483	7,773	-3,926	3,847
Local Plan	540	-540	0	320	320
Business Rates Reserve	0		0	868	868
Trading Accounts	179	0	179	0	179

**DRAFT
MEDIUM TERM FINANCIAL STRATEGY
REVENUE 2015/16 ONWARDS**

Index	Page
Introduction	1
Expenditure	2
Funding	4
Balances & Earmarked Reserves	7
Efficiency	8
Consultation	9
Risk Management	10

1. INTRODUCTION

- 1.1 This financial strategy form one of two strategies that aim to support the Council's corporate objectives as identified in the strategic plan 2015 - 2020. Whilst achieving this, major issues relating to resources and facing the Council in the medium term are considered where they relate to the day to day revenue activities of the Council. For issues relating to the capital programme see the strategy regarding capital.
- 1.2 Set out in the document is the revenue spending plan of the Council at a high level. The success of this plan will depend upon the resources available to the Council and the approach taken to ensure that those resources are aligned with corporate objectives and are being controlled in a way that ensures long-term stability. This is achieved through the development of the plan over a five year period.
- 1.3 Recent years have seen significant change in resources and responsibilities in the public sector. This has had a major impact on the Council's strategy that includes plans to develop ways to mitigate the risks relating to the retention of business rates. In addition the Council has developed a strategy that will focus on the opportunities available to the Council to act more commercially and generate income from appropriate assets.
- 1.4 Although this document is developed for the medium term with an outlook of five years, the Council reviews the strategy on an annual basis for the following period in order to reflect changes in circumstances which impact upon the strategy. The review is completed to coincide with the annual review of the strategic plan to enable Members and Officers to ensure changes are appropriately reflected in both documents through links to the strategic plan key outcomes.
- 1.5 This year the Council has amended its budget documentation to better link with the strategic plan by summarising the budget by the priorities listed in the strategic plan. In addition, production of this strategy, the revised budget statement and the balanced budget it facilitates support the key outcomes of the strategic plan in their own right.
- 1.6 The Council consults with a wide range of stakeholders and partners during the development period and give serious consideration to their views and responses.

2. EXPENDITURE

- 2.1 This financial strategy adopts a high-level review of the corporate objectives and budget pressures over the five-year period. This approach ensures a focus on factors that may influence the Council's stated aim to maintain working balances and ensure that they are used for specific and special activities and not to balance the budget. The strategic revenue projection assumes that the level of balances will be maintained, over the five year period, at or above the working level set annually by Cabinet.
- 2.2 Detailed proposals for dealing with financial pressures and service demand are set out in the priority based budgets in the full revenue estimate. The major pressures assumed in the strategy are set out below:

2.2.1 Pay and price inflation:

The strategic revenue projection considers the allocation for pay inflation on an annual basis. The increase must allow for any staff pay award, incremental increases earned through competence appraisal and increases in employer contributions such as national insurance or current pension costs.

Other costs are increased by a suitable inflation index balanced with the objectives of the strategy. Large elements of this cost will be tied to conditions of contracts which will specify the annual increase necessary, other costs will increase by the annual increase in an inflation index such as the consumer price index. The strategy may intentionally use levels of increase lower than these indices to enhance general efficiencies.

Table 1 below details the factors used for each year of the current strategy.

Inflation Indices	2015/16	2016/17	2017/18	2018/19	2019/20
	%	%	%	%	%
Pay Inflation	1.5	1.5	2.0	2.0	2.0
Energy (Average)	2.1	2.1	2.1	2.1	2.1
Business Rates	2.0	2.0	2.0	2.0	2.0
Contractual Commitments	3.0	3.0	3.0	3.0	3.0
Other Cost Increases	0.0	0.0	0.0	0.0	0.0
Growth £,000	471.0	476.0	435.0	527.0	456.0

[Table 1: Pay & price Indices]

2.2.2 Corporate objectives and key priorities:

In addition to these inflationary pressures the Council will develop and implement improvements to the corporate objectives identified in the strategic plan and, where significant, any local objectives identified in service plans. This may place additional pressure on the revenue budget.

The financial projection will also provide, where necessary, resources for national statutory responsibilities where these are to be provided locally.

Table 2 below identifies the links between the financial projection and key objectives.

Strategic Issue	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Single Tier Pension Arrangements		275			
Economic Development Staffing	30	30			
Economic Development Strategy	266				
Business Support Provision	868				
Housing Temporary Accommodation	160				
Future Pressures				50	50

[Table 2: Strategic Issues, links to other documents]

3. FUNDING

3.1 During the period since the spending review in 2010 the Government has completed a review of local Government finance and revised the system of formula grant and national non-domestic rates. From 1 April 2013 a system that enables the retention of part of the business rates collected by the Council brought significant risk to the level of funding available to the Council from revenue support grant and business rates.

3.2 The SRP assumes that the Council will make every effort to maximise resources this includes retained business rates, council tax yields and locally derived income.

- In order to maximise potential income from business rates growth the Council has developed a business rates pool in partnership with Kent County Council. The pool will enter its second year in 2015/16 increasing to cover the majority of Kent Councils and the strategy estimates significant income from this source;
- In order to maximise yield from council tax the council has increased its fraud work and is involved in the development of Kent wide fraud arrangements;
- In order to maximise its locally derived income the Council has introduced some commercial activities and is developing more.

3.3 Other grants and funding from government and public sector organisations is reducing and the Council does not place long term reliance on this source of income. Where the financial projection includes the use of fixed term grant or other time limited income sources the relevant Cabinet Member and senior officer are responsible for preparing and acting on suitable exit strategies at the end of the fixed term.

3.4 Government Grant:

Under the current system the finance settlement for 2015/16 is rolled forward from the previous year's settlement after adjustments only for new government initiatives and policy. The Government has confirmed the level of revenue support grant and the business rates baseline need for 2015/16 and indicative figures have been provided for 2015/16, these are given in Table 3 below. The grant continues to reduce from the levels received in prior years.

The Chancellor of the Exchequer confirmed in his Autumn Statement 2014 that reductions in Government funding will continue for the forthcoming parliament following the 2015 election. Reductions, greater than those experienced by local Government since 2010, are currently predicted during the next parliament.

Other grants received from the Government are similarly under threat

from the effects of the Government's strategy to reduce public sector expenditure. The strategy will assume future grant aid is likely to be at risk and will assume cash frozen values where no information to the contrary is available.

3.5 Retained Business Rates

As a result of the local government finance review which commenced in 2010, the Council now retains a part of the business rates it collects locally. In providing for the retention in this way the Government has passed on to the Council the risk related to the overall levels of business rates collected. Using a system of baseline funding levels, support for significant reductions and sharing of any increase the system ensures gains and losses that are experienced by the Council are limited but not negated.

The baseline funding level for this Council is £2.9m in 2015/16, which is a 2% increase over the previous year. Expected levels of income would provide the Council with significantly more income than that at £4.1m. This is a consequence of growth within the business rates system and the protective benefits of being a member of the Kent Business Rates Pool.

There remain significant risks to the Council:

- a) The business rates figure is estimated, based on the known factors and current records as at 31 December 2014. The prediction of the events that will occur between April 2015 and March 2016 is difficult and the system has only operated one year nine months providing little historic knowledge or trends on which to base future projections.
- b) The system requires the Council to reimburse successful rating appeals including backdated refunds to before the current system existed.

The strategy recommends that business rates growth is not utilised within year. This enables final confirmation after the values have been confirmed at the year end. The strategy also assumes resources to maintain a provision against loss will be retained from the overall business rates income.

3.6 Council Tax

The Council has a responsive approach to the level of Council Tax and will set this at an appropriate level commensurate with the needs of the strategic plan. In recent years it has set a small increase below CPI inflation levels and remains flexible on the level of increase for future years. The increase is set by the Council's ability to otherwise set a balanced budget.

The Council must consider the need to set a balanced budget that enables it to provide the services required by its customers. The significant risks facing the future financial stability of the Council have been considered along with the strategic revenue projection's assessment of the future reductions in resource levels that have been predicted to follow the next spending review. The strategy assumes an annual Council Tax increase of 1.99% in order to improve resource stability over the period.

In addition the Council has considered the levels of exemptions from Council Tax, for which it has flexibility, with the intention of improving the yield from Council Tax other than through the increase in the charge. This has meant local reductions in the period or level of some exemptions available in the borough.

3.7 Fees & Charges

The Council has a policy on the development of fees and charges that fall within its control. This policy ensures that an evaluation of market forces and links to either the strategic plan or service plans are drivers of change in price. This means that any increases in this funding source will be identified through each portfolio's detailed budget preparation work.

For 2014/15 all fees and charges collected by the Council were considered by Cabinet and a range of increases were set in line with the policy statement. Although the increase in each charge was considered and set appropriately for its individual circumstance, the overall position created a 1% increase in expected income.

The tables 3 and 4 below show the expected level of resources for each year of the strategy and any pressures that will affect the level income or its collection.

Strategic Issue	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Revenue Support Grant	2,267	1,463	922	420	-
Retained Business Rates	2,959	3,018	3,078	3,140	3,203
Business Rates Growth	1,176	1,186	1,196	1,206	1,216
Council Tax	13,731	13,765	14,109	14,462	14,824
Other Income (incl. Fees & Charges)	14,214	14,414	14,614	14,814	15,014

[Table 3: Resource and income levels]

Strategic Issue	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Loss Of Administration Grant	150		100		

[Table 4: Strategic Issues, links to other documents]

4. **BALANCES & EARMARKED RESERVES**

- 4.1 The Council holds a series of balances and reserves in order to provide financial stability and protection from unforeseen circumstances or events. In setting the level of these balances and reserves an assessment is made of the potential risks and opportunities that could reduce or enhance those balances.
- 4.2 Revenue balances at 1 April 2014 totalled £13.51m and it is estimated that this balance will be £4.52m by 31 March 2015.
- 4.3 The major items reducing the balance are approved budget carry forwards of £7.62m from 2013/14 resources into 2014/15 for prior agreed purposes and a reserve of £0.83m set aside to resource the known deficit on the business rates at 31 March 2014.
- 4.4 The Government's intention is to continue to reduce resources available to local Government and the Council will continue to set a balanced budget by identifying savings and efficiencies. As far as possible this will be completed as need arises but it may continue to be successfully completed in advance. While the Council does not expect underspends as significant as those seen in 2011/12 it will plan for the potential to underspend from savings delivered in advance of identified need.
- 4.5 During the development of this strategy Cabinet considered a recommendation from the Council's external auditor regarding the maintenance of earmarked reserves and agreed that in four circumstances this would be appropriate. The estimated value of earmarked reserves for each year end is set out below.

Reserve	31/03/2014 £,000	31/03/2015 £,000	31/03/2016 £,000
Capital Support	10256	7773	3847
Local Plan	540	0	320
Business Rates Reserve	0	0	868
Trading Accounts	179	179	179

[Table 5: Earmarked Reserves]

- 4.6 Excluding these earmarked reserves general balances are estimated to be at £4.5m by 31 March 2016 and allocations also exist of a further £1.4m identified by purpose.

	31/03/2014	31/03/2015	30/03/2016
Balances	£,000	£,000	£,000
Unallocated General Fund	13,508	4,520	4,470
Asset Replacement	167	167	167
Planning Management	-	200	200
Commercialisation	500	500	500
Invest to Save	542	582	582
Grand Totals	14,717	5,969	5,919

[Table 6: General Balances]

5. Efficiency

- 5.1 The Council's strategic plan recognises value for money as underpinning the delivery of its priorities. This theme runs through service plans and by this the Council's approach to efficiency is integrated in to all decision making.
- 5.2 The Council uses a number of measures to identify locations to achieve efficiency and gauge success. These include:
- Peer review and peer challenge.
 - Benchmarking to measure unit cost and performance, comparing these over time and across similar councils throughout the country.
 - Other benchmarking exercises undertaken by local managers to challenge service delivery in their own area.
 - The identification of efficiency targets that match the Council's need over the period of this medium term financial strategy.
- 5.3 Efficiency proposals are carefully measured for effect upon capacity, acceptable levels of service, quality standards, and the potential of shared service provision. All efficiency proposals consider the effect of fixed costs and the effect on the base financial standing of the Council and the opportunity for reinvestment of gains into priority services or toward achievement of corporate objectives.
- 5.4 The adoption of efficiency and VFM as part of this strategy helps to ensure that the strategic revenue projection will remain within available resources.
- 5.5 The strategic revenue projection identifies the need for savings to make a balanced budget, which must be considered in line with the development of efficiency savings. Table 7 below details the required saving for each year, based on the factors used in the financial projection, and the percentage of net revenue spend the given saving represents.

Strategic Projection	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Annual Savings Target	652	1282	462	454	291
Percentage of Net Revenue Expenditure	3.1%	6.2%	2.3%	2.3%	1.5%

[Table 7: Annual savings requirement]

- 5.6 The Council has required the savings target to be met in the medium term and at this time proposals are in place to provide efficiency and savings to support the requirement through to 2016/17. The Council is continuing to develop long term proposals to ensure the future risk is mitigated at the earliest time.

6. CONSULTATION

- 6.1 The Council has a co-ordinated approach to consultation on the budget process. To this end a programme has been proposed that ensures the focus of annual consultations avoids the review of similar themes and builds a body of opinion.
- 6.2 The Council consults annually on this strategy and the proposed budget for the forthcoming year. The intention of the consultation is to both inform and be informed by local residents, businesses and stakeholders.
- 6.3 In recent years the consultation has considered the level of Council tax increase acceptable and the service areas where reductions should occur, the elasticity of demand for services provided by the Council with a related fee and for this strategy the consultation focused on the long term factors faced by the Council due to the current economic climate and the relative importance residents place on a range of discretionary services provided by the Council.
- 6.4 For 2015/16 the Council produced a new strategic plan and consultation matched the budget to the strategic priorities.

7. RISK MANAGEMENT

- 7.1 In outlining the resources available to the Council and the focus of those resources on the strategic priorities, this strategy must consider the barriers to achieving the resource levels assumed by the budget.
- 7.2 A full risk assessment of the strategy has been completed and forms part of the operational risk assessment of the services provided by the Head of Finance and Customer services.
- 7.3 Twelve major risk areas have been identified and action plans have been developed for each. The twelve areas are as follows:
- 1) The level of balances;
 - 2) Inflation allowances;
 - 3) National strategy;
 - 4) Limitations on Council Tax increases;
 - 5) Fees and charges;
 - 6) Commercial Activity;
 - 7) Capital financing;
 - 8) Horizon scanning;
 - 9) Delivery of efficiency;
 - 10) Collection Fund, collection rates;
 - 11) Business Rates pooling;
 - 12) Medium Term Strategy.

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MEDIUM TERM FINANCIAL STRATEGY

CAPITAL 2015/16 ONWARDS

Index	Page
Introduction	1
Programme	2
Funding	4

1. INTRODUCTION

- 1.1 This financial strategy forms one of two financial strategies that aim to support the Council's corporate objectives as identified in the strategic plan 2015 – 2020. Whilst achieving this, major issues relating to resources and facing the Council in the medium term are considered where they relate to the capital programme. For issues relating to the Council's day to day activities see the strategy regarding revenue.
- 1.2 Set out in this document is an overview of the capital plans of the Council and the criteria by which such plans are developed and approved. The success of the programme is dependent upon the Council's ability to generate the resources required and ###
- 1.3 Although this document is developed for the medium term with an outlook of five years, the Council reviews the programme on an ongoing basis and consider its effectiveness formally each quarter. Changes are linked to the priorities of the strategic plan through the process of scheme approval as set out in this document.
- 1.4 This strategy is in compliance with the guidance set out in the Prudential Code. This code of practice is published by the Chartered Institute of Public Finance and Accountancy and covers the full range of capital planning. Compliance with the code is a statutory requirement and the Council's MTFS has been developed to ensure compliance. In summary the relevant objectives of the code are:
 - a) To ensure within a clear framework that capital expenditure plans are affordable, prudent and sustainable;
 - b) That treasury management decisions are taken in accordance with good professional practice;
 - c) That local strategic planning, asset management planning and proper option appraisal are supported; and
 - d) To provide a clear and transparent framework to ensure accountability.

2. PROGRAMME

- 2.1 The strategy for the capital programme requires consideration at two levels, the overall programme and the scheme specifics.
- 2.2 The overall programme is considered in terms of the prudential borrowing principles of sustainability, affordability and prudence. At the overall programme level the relative priority of schemes, as they enhance the provision of corporate or service based objectives is also considered.
- 2.3 The inclusion of specific capital schemes within the overall programme requires an assessment, at the scheme specifics level, that is based on affordability in revenue and capital terms, including the whole life cost, project timeline and risk assessment.
- 2.4 Schemes will be assessed using three approaches:
 - a) Where schemes fit within a specific strategy and resources are available for that strategy within the capital programme the scheme would be subject to appraisal and prioritisation against the objectives of that strategy and approved by the relevant cabinet Member;
 - b) Where schemes can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must be presented to the Property Investment Advisory Panel. These proposals will receive final approval from the Property Investment Cabinet Committee;
 - c) Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed the budget working group of the Strategic Leadership & Corporate Services Overview and Scrutiny Committee considers schemes against the priorities below.
- 2.5 Prioritisation of schemes will occur in the following order:
 - a) For statutory reasons;
 - b) Fully or partly self-funded schemes with a focus on priority outcomes;
 - c) Other schemes with a focus on priority outcomes;
 - d) Maintenance / Improvement of property portfolio not linked to priority outcomes;
 - e) Other non-priority schemes with a significant funding gearing.

APPENDIX I

- 2.6 The Council sees significant need for capital investment in the future. Not only those schemes currently in the capital programme but the infrastructure schemes required for the housing and business growth that is required to meet the needs of the growing population of the borough. In the main it is expected that those schemes will be funded directly from the benefits gained from development however viability assessments of expected development suggests that there will be a funding gap. The Council must prepare itself to support that infrastructure need in order to deliver its strategic priorities.
- 2.7 In addition the Council is constantly focused on the need for efficiency in the use of resources and the delivery of services. It is aware of the need to diversify the sources of income obtained outside of the reducing support from central Government. One aspect of this is to take a commercial approach to the provision of services that have displayed increased demand and higher cost over the last five years. As this may require capital investment the Council has agreed to allow borrowing to achieve this objective subject to:
- a) A business case and successful implementation of savings that cover the cost of borrowing; and
 - b) Ensuring the principles set out in 1.4 and 3.4 are met.
- 2.8 The programme for the period 2014/15 to 2018/19 currently focuses on a series of projects providing investment in the property assets and core funding for affordable housing and the commencement of the commercial approach to services. At this time Council is developing its response to infrastructure need as set out in 3.5 and this is included in the capital programme at the level of scheme type.
- 2.9 The capital programme is a five year programme and Table 1 below summarises the programme by portfolio:

TABLE 1: SUMMARY CAPITAL PROGRAMME.

Estimate 2014/15 £	CAPITAL PROGRAMME SUMMARY	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
	PORTFOLIO					
3,363,510	COMMUNITY & LEISURE	2,093,000	1,930,000	1,940,000	1,940,000	1,350,000
450,880	CORPORATE SERVICES	350,000	350,000	350,000	350,000	350,000
3,376,210	ECONOMIC & COMMERCIAL DEVELOPMENT	4,335,370	3,120,370	0	0	0
47,490	ENVIRONMENT	0	0	0	0	0
223,200	PLANNING, TRANSPORT & DEVELOPMENT	50,000	6,323,720	1,930,360	1,930,360	3,041,130
7,461,290	GRAND TOTAL - ALL PORTFOLIOS	6,828,370	11,724,090	4,220,360	4,220,360	4,741,130

3. FUNDING

- 3.1 The medium term financial strategy takes a flexible approach to funding the capital programme, as resources from capital receipts have become uncertain the Council has provided support to maintain core asset management programmes. In addition priority schemes commence only when funding is available.
- 3.2 The Council's main source of funding for the capital programme over recent years has been from new homes bonus. The funding stream is identifiable in value over a period of six years but has an uncertain future. As a prudent use of this money the Council has supported its capital programme and not the deferral of financial savings required in the revenue budget.
- 3.3 In the past the programme benefited from major receipts from the sale of assets. The Council no longer holds many surplus assets of significant value that are surplus to operational need. As a result, the funding from capital receipts has reduced to the sale of small assets that can be identified as surplus.
- 3.4 In 2012/13 the Council approved the use of prudential borrowing for the following activities:
 - a) acquisition of commercial property;
 - b) acquisition of property to alleviate homelessness; and
 - c) action to enable stalled development to progress
- 3.5 Use of prudential borrowing is subject to an approved business case that evidences a benefit above that required to repay any debt over the life of the commercial activity. The additional benefit may be financial or non-financial but must directly or indirectly supports the objectives of the strategic plan.
- 3.6 The programme now includes an assessment of likely receipts from developer contributions. These may arise in future from the community infrastructure levy or at present from section 106 agreements with developers.
- 3.7 Due to the uncertainty of future funding it is essential that the Council maintains the principle of prior funding of schemes. Although commitment to a scheme is given by its inclusion in the programme, this strategy requires that funding is identified in advance of formal commencement of work. The quarterly monitoring of the capital

APPENDIX I

programme enables Cabinet to take effective decisions based on current levels of funding before major projects commence.

3.8 Table 2 below identifies the current funding assumptions:

TABLE 2: CAPITAL PROGRAMME FUNDING

Estimate 2014/15 £	CAPITAL PROGRAMME SUMMARY	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £
	RESOURCES					
10,256,210	REVENUE CONTRIBUTION	3,826,280	3,117,000	2,899,800	2,899,800	1,926,000
450,000	CAPITAL GRANTS	450,000	450,000	450,000	450,000	450,000
702,720	CAPITAL RECEIPTS	0	0	0	0	0
0	PRUDENTIAL BORROWING	2,451,490	3,548,510	0	0	0
0	DEVELOPER CONTRIBUTIONS	0	761,540	870,560	870,560	2,365,130
11,408,930	GRAND TOTAL - ALL RESOURCES	6,727,770	7,877,050	4,220,360	4,220,360	4,741,130

Agenda Item 10

MAIDSTONE BOROUGH COUNCIL

CABINET

WEDNESDAY 11th FEBRUARY 2015

REPORT OF HEAD OF COMMERCIAL AND ECONOMIC DEVELOPMENT

Report prepared by Marcus Lawler

1. A SUSTAINABLE FUTURE FOR MOTE PARK (ADVENTURE ZONE)

1.1 Issue for Decision

1.1.1 To consider approving the establishment of a pay-to-use leisure facility, or 'Adventure Zone' in Mote Park comprising: adults' and children's internally belayed high-course; Segway hire; adventure golf course; and climbing walls. To receive a further report on the provision of a café at Mote Park.

1.2 Recommendation of the Head of Commercial and Economic Development

1.2.1 That Cabinet approves the creation of a pay-to-use leisure facility in Mote Park. This will include: an internal belayed high course; internal belayed high course for children; climbing wall; adventure golf course; Segway hire facility.

1.2.2 That a capital budget of £790,000 is made available to deliver the project and that authority to spend the project budget is delegated to the Head of Commercial and Economic Development, in consultation with the Cabinet Members for Community and Leisure Services and Corporate Services, including the purchase and installation of the necessary equipment for the Adventure Zone.

1.2.3 That authority is delegated to the Head of Commercial and Economic Development to obtain the necessary approval and consents for the Adventure Zone.

1.2.4 That authority is delegated to the Head of Commercial and Economic Development to finalise and implement an operating model for the Adventure Zone in consultation with the Cabinet Member for Community and Leisure Services.

1.2.5 That Cabinet receives a further report detailing the proposals for the provision of a café in Mote Park.

1.3 Reasons for Recommendation

1.3.1 In June 2013 Cabinet approved the formation of Maidstone Culture and Leisure and delegated authority to the Director of Communities and Regeneration to develop proposals to create an Adventure Zone in Mote Park. This report sets out the proposals relating to the establishment of the Adventure Zone and the work undertaken to date.

1.3.2 The decision record from the June 2013 Cabinet shows:

3. That the principle of reducing the net cost of cultural and leisure services to the Council be agreed and delegated authority be given to the Director of Regeneration and Communities to progress the projects identified in paragraphs 1.3.7– 1.3.9 of the report of the Director of Regeneration and Communities and, in particular, agree:-

(iv) The principle of a Mote Park adventure zone, subject to the necessary approvals and consents being achieved.

(v) The possible provision of a new café and retail outlet for Mote Park to be considered as part of the Council's capital programme.

1.3.3 In order to ensure the robustness of the Mote Park Adventure Zone proposals a significant amount of work has been undertaken including market research, residents' and user surveys and a detailed financial appraisals.

1.4 Market research.

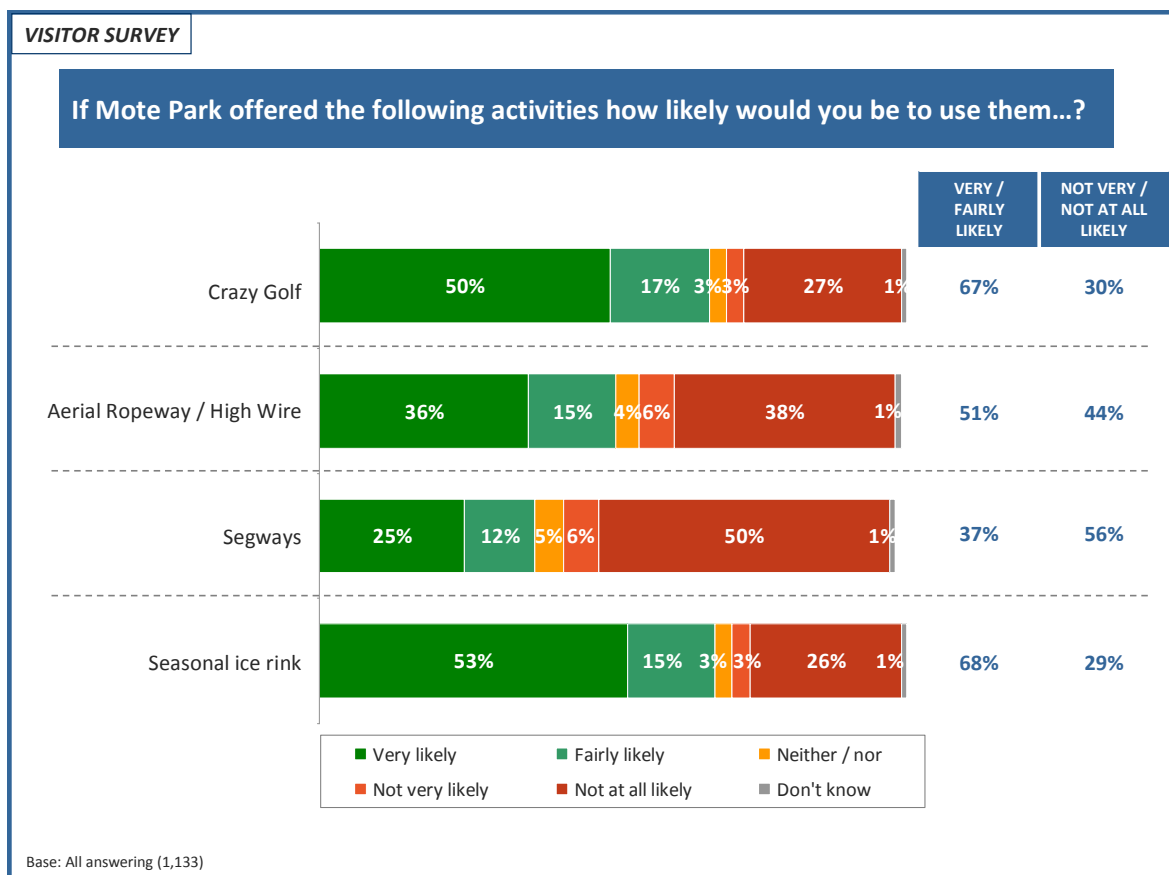
1.4.1 The first piece of research was focused on identifying a configuration of activities that would be suitable for Mote Park; and identifying the costs and revenue potential applicable to that model. This included liaison with other authorities and also Serco, the managing agent of the council's leisure centre who operate several similar facilities. Various options were identified and visited by the Parks and Leisure Manager. The recommended configuration would be based on the Adventure Zone owned by the National Watersports Centre in Nottingham. This is because:

- The internal belay design has a superior safety record when compared to traditional high ropes courses.
- The footprint is relatively small, which will minimise the ecological; heritage; and spacial impact on Mote Park.

- The configuration allows a greater flow of customers per hour than traditional designs, providing greater revenue potential and lower overhead ratio.

The Adventure Zone at the National Watersports Centre is operated by Serco and they have been helpful in providing operational and commercial data. This information has formed the first basis of the financial projections in the exempt annex.

1.4.2 The second piece of research focused on understanding the wants and needs of the users of Mote Park, and the borough’s residents. In particular they measured the appetite of the public to use the proposed activities. Lake Market Research was commissioned to undertake a face-to-face survey of users of Mote Park; a postal survey of a representative demographic sample of residents; and to publicly advertise an online survey. A total of x survey responses were completed and analysed. The full results are available in a consultation report, but the most pertinent data for defining a potential market can be summarised, as follows:



The average of those very or fairly likely to use the various activities (51%) was applied to the known number of visits which took place in

Mote Park last year (1.1m). It is therefore estimated that our maximum annual market would be 561,000 customer uses. For financial forecasting it has been assumed that the Adventure Zone will service ten percent of that number (56,100) with a phased increase to that figure over 3 years. This is in line with the National Watersports offering which serviced 41,000 customers in its first year of operation. This data formed the second basis for the financial projection in the exempt appendix to this report.

1.4.3 The last piece of research concerned pricing and competition. The location of the nearest potential direct competitors, and their pricing was identified; the results were as follows:

Activity	Location	Price	Comment
Children's high course	Aylesford	£5.95	
Adults high course	Essex	tbc	Operated by Essex County Council. It is currently being installed and prices are to be decided. Due to open summer 2015.
Segways	Shorne Woods, Kent Leeds Castle, Kent	£12 £20	
Climbing wall	Maidstone Tunbridge Wells Rochester	£6 £10 £12	
Adventure golf	Sidcup	£8 adults £6 children	

The final price schedule will be determined during the selection of the commercial model, in due course. This research shows that the prices currently charged at the National Watersports Centre would be the cheapest amongst the likely competitors. When weighed with the fact that the proposed Adventure Zone will already enjoy an existing passing footfall of 561,000 potential customers, it is considered that the National Watersports Centre prices would be achievable. They are:

Activity	Price
Children's high course	£5
Adults high course	£5
Segways	£10

Climbing wall	£4
Adventure golf	£6

This group of data formed the final basis for the financial projections in the exempt appendix.

1.5 Adventure Zone Proposals

1.5.1 The Adventure Zone will consist of adults' and children's internally belayed high courses; climbing walls; Segway hire; and crazy golf. Decisions on the exact layout and final siting will be taken following: a heritage impact analysis; ecological impact analysis; pre-planning advice; and commercial and operational modelling. These pieces of work would form the first phase of the project.

1.5.2 The activities will be co-located to facilitate a more efficient operation and it is intended that the Adventure Zone will be co-located with the proposed café and retail outlet, should it subsequently be approved. A separate report on the proposals for the café will be presented to Cabinet in March.

1.5.3 The total area required for the Adventure Zone and café combined will be no larger than 1.76 acres. This represents 0.38% of the total area of Mote Park.

1.5.4 The planned date for the Adventure Zone to be operational is July 2016.

1.5.5 Establishing an Adventure Zone at Mote Park support the council's commercialization strategy and medium term financial strategy by generating income to support the continued delivery of services. It will also enable investment in facilities such as the toilets and the café at the park, which were highlighted in the recent Mote Park user surveys conducted by Lake Market Research.

1.5.6 The Adventure Zone will improve the leisure and recreation offering within the borough and will be a boost to the visitor economy and promote Mote Park as a visitor destination. The Adventure Zone will promote physical wellbeing by encouraging physical activity in adults and children.

1.6 Alternative Action and why not Recommended

1.6.1 The council could chose not to approve the recommendations in this report but that would be contrary to the June 2013 Cabinet decision and would mean that none of the benefits set out in 1.5.5 and 1.5.6 would be realised. This would have particular implications for the

Medium Term Financial Strategy and the Commercialisation Strategy as alternative income generation would have to be identified.

1.7 Impact on Corporate Objectives

1.7.1 This project supports the delivery of the council’s Corporate Priority:

For Maidstone to be a decent place to live.

Continues to be a clean and attractive environment for people who live in and visit the borough.

1.8 Risk Management

1.8.1 A number of risks have been identified as part of the market research and these will need to be managed. A risk assessment of this project has been conducted and the risks identified will be managed as part of the formal project management arrangements.

1.9 Other Implications

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

Financial Implications

1.9.1 The financial implications of the project have been reviewed and the exempt appendix details the set up costs, the capital requirement and the projected 5 year income contribution. The actual position in relation to the financial assumptions will be subject to the selection of the final design of the Adventure Zone and the operational model. The financial assumptions will continue to be reviewed as part of the project management arrangements.

1.9.2 Staffing - Depending on the final operational model, the Adventure Zone will require staff to be recruited and trained to operate it. This will be a combination of permanent and seasonal staff on full time and part-time engagements. The recruitment process will be undertaken in line with the relevant council policies and procedures.

1.9.3 Legal – Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 empowers the Council to provide such recreational facilities as it thinks fit either without charge or on payment of such charges as the Council thinks fit.

1.9.4 Environmental. Part of the project will include external analysis of the ecological and heritage impact of the Adventure Zone on Mote Park. The results of these analyses will be considered when the final design and siting is decided and the planning application is made. The Adventure Zone and proposed café area will require an area approximately 1.76 acres of Mote Park.

1.9.5 Procurement – The project will be undertaken in accordance with EU and UK public procurement rules as appropriate, together with the Council's Contract Standing Orders. Input from the Procurement team will be provided as part of the project management arrangements.

1.10 Relevant Documents

1.10.1 Appendices Financial projections (exempt).

1.10.2 Background Documents

- Commercialisation Strategy.
- Maidstone Borough Council Mote Park Consultation Report.
- Report of the Director of Communities and Regeneration June 2013.

IS THIS A KEY DECISION REPORT?

THIS BOX MUST BE COMPLETED

Yes

No

If yes, this is a Key Decision because: The budget required is in excess of £250,000.

.....

Wards/Parishes affected: All wards and parishes will be affected as Mote Park is the largest and most heavily used open space in the borough.

.....

Agenda Item 11

MAIDSTONE BOROUGH COUNCIL

CABINET

WEDNESDAY 11 FEBRUARY 2015

REPORT OF THE JOINT MID KENT IMPROVEMENT PARTNERSHIP (MKIP) TASK AND FINISH GROUP

Report of Poppy Brewer, Democratic Services Officer

1. **Joint Mid Kent Improvement Partnership Task and Finish
Group report on governance and communication**

1.1 Issue for Decision

1.1.1 To consider the recommendations within the 'Joint Scrutiny Task and Finish Group report on governance and communication' attached at appendix i.

**1.2 Recommendation of the Joint Mid Kent Improvement
Partnership Task and Finish Group**

1.2.1 That Maidstone Borough Council Cabinet be requested to consider and respond to the recommendations which have arisen from the joint study of MKIP governance and communications, which were approved by the Strategic Leadership and Corporate Services Overview and Scrutiny Committee subject to the following amendments:

- i. That recommendation (a) be amended to read: That opportunities for pre-scrutiny should be provided within existing governance arrangements at each authority prior to any new shared service proposals being considered at a tri-Cabinet meeting (i.e. after MKIP Board *consideration*, if not before);
- ii. That an additional recommendation be added under the 'governance' section, namely: *(n) That given the change in governance arrangements at Maidstone Borough Council from May 2015, that consequential amendments be made to reflect the absorption of the Overview and Scrutiny function within the Policy and Resources Committee and three other service committees.*

1.3 Reasons for Recommendation

1.3.1 A special meeting of the three Overview & Scrutiny Committees of Maidstone, Swale and Tunbridge Wells Borough Councils was held on 7 July 2014 to review the Mid Kent Improvement Partnership (MKIP). At this meeting, it was recommended that a Joint Task & Finish group be established to consider how MKIP's governance

arrangements should be taken forward and how an MKIP communications plan should be developed.

- 1.3.2 A review was conducted by the Joint Task and Finish group through a number of question and answer sessions which involved speaking to members of the MKIP Board, Shared Service Managers, client Heads of Service from each of the authorities, Heads of Communication, S151 officers, Monitoring officers and external partners.
- 1.3.3 The Joint Task and Finish group carried out detailed analysis of the governance arrangements for MKIP and questioned witnesses on the methods of communication currently used internally and externally. The key findings of this review are presented in the attached report and highlight where enhancements could be made to improve current procedures and strengthen the practices of MKIP.
- 1.3.4 A second special meeting of the three Overview and Scrutiny Committees of Maidstone, Swale and Tunbridge Wells Borough Councils was held on 12 January 2015 to consider the report of the Joint Task and Finish group and the recommendations made.

1.4 Alternative Action and why not Recommended

- 1.4.1 The Cabinet could decide not to consider the recommendations within the Joint Scrutiny Task and Finish Group report, however the recommendations are based on evidence from a wide range of sources and delivers against the Council priority: 'Corporate and Customer Excellence' outlined in 1.5.

1.5 Impact on Corporate Objectives

- 1.5.1 Seven shared services are delivered under the MKIP , with five of these services sitting under the directorate of Mid Kent Services. The work of MKIP is therefore vital to ensuring the delivery of a number of key services and the corporate priorities of each individual authority.

5. Financial Implications

- 5.1 None

6. Relevant Documents

- 6.1 Appendix i – Mid Kent Improvement Partnership Joint Task and Finish Group report on governance and communication
Appendix ii - Scoping Report
Appendix iii - Witness Sessions and Papers Reviewed
Appendix iv - MKIP Governance Arrangements
Appendix v - Diagram of governance arrangements for MKIP and MKS
Appendix vi - Summary of survey findings

7. Background Documents

10.1 None

8. Other Implications

8.1

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

<u>IS THIS A KEY DECISION REPORT?</u>	<u>THIS BOX MUST BE COMPLETED</u>
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If yes, this is a Key Decision because:	
.....	
Wards/Parishes affected:	
.....	

Appendix A

Mid Kent Improvement Partnership

Joint Scrutiny Task and Finish Group report on governance and communication

Report date:	22 December 2014
Task and Finish Group Chairman:	Councillor Andy Booth (Swale BC)
Task and Finish Group Members:	Councillors Fay Gooch and Paulina Stockell (Maidstone BC) Councillor Mike Henderson (Swale BC) Councillors Bill Hills and Chris Woodward (Tunbridge Wells BC)
O&S support officers:	Poppy Brewer, Democratic Services Officer (Maidstone BC) Bob Pullen, Policy and Performance Officer (Swale BC) Holly Goring, Policy and Performance Manager (Tunbridge Wells BC)
Service liaison officers:	Paul Taylor, Director (Mid Kent Services) Jane Clarke, Programme Manager (Mid Kent Improvement Partnership)

1 Report summary

- 1.1 This report outlines the findings of the Joint Task and Finish Group (JTFG) which was established to review the governance and communication arrangements of the Mid Kent Improvement Partnership.

2 List of recommendations

2.1 The Task and Finish Group recommends:

That the Overview and Scrutiny Committees for Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council each request that their individual Cabinets should jointly consider and respond to the following recommendations that have arisen from the joint scrutiny of governance and communications:

Governance

- a) that opportunities for pre-scrutiny should be provided within existing governance arrangements at each authority prior to any new shared service proposals being considered at a tri-Cabinet meeting (i.e. after MKIP Board approval, if not before);**
- b) that joint Overview & Scrutiny task and finish groups should be convened by the Overview and Scrutiny Committee(s) of the individual authorities, as necessary, to jointly review any major issues that arise in regard to shared service delivery and also any new options, such as the possibility of contracting to deliver a shared service for an authority outside the partnership;**
- c) that the MKIP Board will notify the Overview and Scrutiny functions of each authority when there are potential items of interest that a joint task and finish group could review on their behalf;**
- d) that the creation of the Mid Kent Services Director post should be favourably considered in light of the value already placed on this role by members of the Shared Services Boards and others, as it provides a single point of contact for the MKIP Board and Mid Kent Service Managers;**
- e) that the role of the MKIP Programme Manager should be re-examined and aligned with the reporting arrangements arising from the appointment of a Mid Kent Services Director (if the post is confirmed);**
- f) that early consideration should be given to transferring the management of the Planning Support and Environmental Health shared services under the Mid Kent Services umbrella as soon as possible;**
- g) that a toolkit is created to assist managers in their role as internal clients of shared services;**
- h) that (where appropriate) shared services create a service catalogue for their service that will help internal clients to better understand the extent of the service they provide;**

Communication

- i) that a joint communications plan is developed to improve staff and member awareness and understanding of MKIP (shared service development) and MKS (shared service delivery);**

- j) that the MKIP Board has responsibility for the effective implementation of an agreed communications plan and ensures its delivery is resourced appropriately;**
- k) that communication should be improved between the newly created Shared Service Boards and the MKIP Board to ensure the latter is fully aware of any major service issues and any suggested options for change;**
- l) that client representatives on the Shared Service Boards should ensure the outcomes of their meetings, including any related direction coming from the MKIP Board, are effectively cascaded to relevant staff within each authority;**
- m) that future MKIP Board meetings should be held and papers published in accordance with the appropriate local authority access to information regulations.**

3 The review

3.1 The Joint Task and Finish Group (JTFG) was established to:

- consider how the Mid Kent Improvement Partnership's (MKIP) governance arrangements should be taken forward and how an MKIP communications plan should be developed.

3.2 The review was instigated by a joint meeting of the Maidstone, Swale and Tunbridge Wells Scrutiny Committees on 7 July 2014.

3.3 One of the JTFG's first tasks was to scope how to conduct the review. The final version of the Scoping Report is at Appendix i.

3.4 The review was conducted principally through a number of question and answer sessions with a range of Cabinet members and senior officers from the three authorities and/or external partners. The JTFG also reviewed a number of reports, agendas and minutes of meetings and other papers. A schedule of who gave evidence to the Group and the literature reviewed is at Appendix ii.

3.5 The planning support review is outside the remit of the JTFG, however a preview summary report was included as part of our evidence base.

3.6 The JTFG would like to thank all those who agreed to meet with us to answer questions and for providing information. The JTFG would also like to thank the O&S support officers and service liaison officers who are listed above as well as Roger Adley (Maidstone BC) and Adam Chalmers (Tunbridge Wells BC) for their advice on communications and Clare Wood (Maidstone BC) for her assistance in designing the survey and for analysing the results. A lot has been achieved in a very short space of time.

4 Background

4.1 The Mid Kent Improvement Partnership was formed in 2008 between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. Ashford subsequently withdrew from the partnership (although they are still part of the Audit shared service) and it now comprises Maidstone, Swale and Tunbridge Wells Borough Councils. The first MKIP shared service was Mid Kent Audit which went live as a four-way shared service in 2009. There are now seven shared services within the MKIP family. They are as follows, with the host authorities highlighted in bold:

- Audit (Ashford, **Maidstone**, Swale and Tunbridge Wells);
- Environmental Health (**Maidstone, Swale and Tunbridge Wells – no host**);
- Human Resources (**Maidstone** and Swale);
- ICT (**Maidstone**, Swale and Tunbridge Wells);
- Legal (Maidstone, **Swale** and Tunbridge Wells);
- Planning Support (**Maidstone**, Swale and Tunbridge Wells); and
- Revenue and Benefits (**Maidstone and Tunbridge Wells – no host**).

4.2 The main objectives that MKIP seeks to deliver are:

- to improve the quality of service to customers;
- to improve the resilience of service delivery;
- to deliver efficiency savings in the procurement, management and delivery of services;
- to explore opportunities for trading in the medium to long-term;
- to share best practice; and
- to stabilise or reduce the environmental impact of service provision.

4.3 Nationally, a great many councils are involved in sharing services. In 2012, 219 councils were involved in shared services. By 2013, that number had risen to 337 councils. The Government is strongly encouraging local councils to share services and staff. The MKIP constituent authorities are clearly early adopters of the shared service agenda.

5 Findings

Governance

Key findings

5.1 The MKIP governance arrangements have evolved gradually since the partnership was first established in 2008. The MKIP governance arrangements are at Appendix iii and were last updated in May 2012.

5.2 The JTFG heard that all major decisions regarding MKIP, including the creation of new shared services, or significant changes to existing ones, were taken by each constituent authority according to their respective constitutions. In practice, decisions had been taken at co-located but separate meetings of the three constituent Cabinets, with agendas, reports and minutes of meetings published separately on their own website.

MKIP Board

5.3 The MKIP Board consists of the Leader and Chief Executive of each of the three MKIP councils and meets quarterly. Its role is:

- To approve and own the MKIP Programme and provide direction to the MKIP Programme Manager;
- To initiate shared service projects and appoint project and shared service boards;
- To set MKIP objectives and direction;
- To join together strategic plans and form a MKIP strategic plan;
- To take decisions on specific project/service issues outside of the remit of the project and shared service boards;
- To receive Audit reports with limited assurance on follow-up;
- To monitor MKIP performance and finance and agree actions to resolve performance and finance issues; and
- To review these arrangements from time to time and make recommendations to the Parties for improvement.

5.4 The JTFG was provided with a sample agenda, reports and minutes of a Board meeting and it was clear to see from these that the role of the Board is to maintain a strategic oversight on the constituent elements of the shared service partnership and of MKIP as a whole.

Shared Service Boards

5.5 Below the MKIP Board, seven Shared Service Boards have been established. The Shared Service Boards are comprised of client-side representatives from each of the partnership authorities, generally at Director level, the MKS Director, the MKIP Programme Manager and the Shared Service Manager.

5.6 The Terms of Reference of the Shared Service Boards are:

- Shared Service Boards will provide the following governance actions:
 - agree the Service Plan for each Financial Year;

- advise on the management of and agree variations to the budgets for the shared service including approving items of savings and growth to go forward to each partner authority to form part of their annual budgeting process and consideration in setting their budgets for the service;
- advise the relevant Head of Paid Service (or nominee) on the appraisals of the Joint Head of Service;
- receive reports on and consider the finance and performance of the shared service;
- provide strategic direction as required;
- provide reports to the MKIP Board when requested, when the Shared Service Board wish to raise a general MKIP issue or when the service underperforms (i.e. fails to meet the majority of targets over 3 quarters) or the Shared Service Board wish to make significant changes to the agreed service plan.

5.7 The JTFG heard that matters such as service planning and performance management were being addressed and the creation of reporting forms enabled key information to be reported to the Shared Service Boards on these matters. Further clarity may need to be added to the terms of reference to strengthen the Shared Service Board's responsibility in reviewing performance and finance, as their role evolves.

Mid Kent Services (MKS)

5.8 A new directorate called Mid Kent Services (MKS) has been established within the MKIP partnership which is governed slightly differently. Five services fall within the MKS Directorate and two (Environmental Health and Planning Support) fall outside of MKS. The key differences are explained in paras 5.18 to 5.27 below and the diagrams at Appendix iv set out the respective reporting lines, with the main one being that the MKS Director is the 'line manager' for all MKS Services.

Effectiveness

5.9 The JTFG heard from virtually all members of the MKIP Board as well as the Monitoring Officers and Section 151 (i.e. Chief Finance) Officers of the three authorities at various points during the review.

5.10 The evidence the JTFG heard from all quarters was that the governance arrangements were working well.

5.11 The governance arrangements had evolved over the years and were deliberately designed to be flexible, enabling the nature of the partnership and the services within it to expand and develop in an organic way.

5.12 The JTFG were also advised that the collaboration agreements for each of the shared services were currently being reviewed, which would further strengthen the governance under which these services worked. Each collaboration agreement would need to reflect the size of the service and its complexity and cover areas such as financing, staffing, roles and responsibilities and exit arrangements.

Accountability

- 5.13 Two elements of governance which did concern the JTFG were accountability and transparency. The latter is dealt with in the Communications section below at paras 5.45 to 5.49.
- 5.14 As mentioned in para 5.2, major decisions regarding MKIP would be taken by the respective Cabinets of each partner authority. However, it is only when Cabinet papers are published that overview and scrutiny members have any opportunity to scrutinise planned actions, unless Cabinets have proactively sought the views of overview and scrutiny in advance.
- 5.15 This is in stark contrast to some shared service partnerships elsewhere in the country which are governed by, for example joint committees. Proposals for significant change are likely to have been considered in advance and agendas, reports and minutes of these committees published. The MKIP Board, where any proposals for significant change in respect of MKIP will be considered initially, is not a joint committee in the formal sense. Therefore, there does not appear to be any ready mechanism under which overview and scrutiny committees, whether individually from within each authority, or jointly, can be alerted to significant proposals for change and to be able to consider any proposals. The JTFG questions whether this is good governance.
- 5.16 There have been instances where decisions on shared services taken by tri-Cabinet meetings (co-located meetings of the three individual Cabinets) have resulted in formal call-in procedures being instigated on at least three occasions.
- 5.17 The JTFG considers that overview and scrutiny, both individually at a partner authority level and jointly, is an important element of good governance and therefore recommends:

Recommendation:

- a): that opportunities for pre-scrutiny should be provided within existing governance arrangements at each authority prior to any new shared service proposals being considered at a tri-Cabinet meeting (i.e. after MKIP Board approval, if not before);
- b): that joint Overview & Scrutiny task and finish groups should be convened by the Overview and Scrutiny Committee(s) of the individual authorities, as necessary, to jointly review any major issues that arise in regard to shared services delivery and also any new options, such as the possibility of contracting to deliver a shared service for an authority outside the partnership;
- c): that the MKIP Board will notify the Overview and Scrutiny functions of each authority when there are potential items of interest that a joint task and finish group could review on their behalf;

Mid Kent Services

5.18 Mid Kent Services (MKS) is a shared service directorate that brings together the majority of shared services under an organisational structure that includes a Mid Kent Services Director, who was appointed on a one year trial in 2014. The shared services that currently fall under MKS are:

- Audit;
- Human Resources;
- ICT;
- Legal; and
- Revenue and Benefits.

5.19 MKS's current tasks are:

- to lay the ground to make HR/Payroll a three-way partnership rather than the current two-way arrangements between Maidstone and Swale;
- develop an MKIP communications plan;
- ensure services have up to date collaboration agreements, service level agreements and risk registers;
- create a vision and culture for MKS staff; and
- to resolve a long list of 'snagging issues' that are impeding productivity for shared service staff.

5.20 The work of the JTFG reinforced the importance of a cohesive vision for Mid Kent Services and the positive work that the MKS Director was doing to address this.

5.21 The JTFG observed that other shared service partnerships elsewhere in the country of similar size to MKIP had appointed an officer at Director level to oversee their services. An example included the Anglia Revenue Partnership, the Director of which had met with the Group, and comprised of seven local authorities sharing a common Revenue and Benefits service.

5.22 The Heads of MKS Shared Services told the Group how much they valued the role of the MKS Director since it had been established. For example, it provided shared service managers with a conduit to convey information between themselves and the MKIP Board and to gain, in return a more complete perspective of the views of the MKIP Board via the MKS Director; helping to overcome some long-standing snagging issues that had served to frustrate the objectives of establishing the partnership in the first place.

5.23 The JTFG is therefore recommending that the creation of the MKS Director post is looked upon favourably and, whilst this is being considered, that the MKIP Programme Manager post, which was established in advance of the Director post, is reviewed, even more importantly in the event that the MKS Director role is confirmed.

5.24 The JTFG recommends:

Recommendation:

d): that the creation of the Mid Kent Services Director post should be favourably considered in light of the value already placed on this role by members of the Shared Services Boards and others, as it provides a single point of contact for the MKIP Board and Mid Kent Service Managers;

e): that the role of the MKIP Programme Manager should be re-examined and aligned with the reporting arrangements arising from the appointment of a Mid Kent Services Director (if the post is confirmed);

5.25 The MKS was formed largely around the needs of the five 'back office' or 'transactional' shared services – i.e. Audit, HR, ICT, Legal, Revenues and Benefits. At the time of the establishment of MKS, the Environmental Health and Planning Support shared services had only just been created and a decision was taken not to include them in MKS at that stage.

5.26 From the evidence the JTFG had seen, it would be advantageous from a consistency and good governance perspective to bring the Environmental Health and Planning Support shared services under the MKS umbrella as soon as possible. It would also assist with communication when explaining the organisational structure of the Mid Kent Improvement Partnership.

5.27 The JTFG recommends:

Recommendation:

f): that early consideration should be given to transferring the management of the Planning Support and Environmental Health shared services under the Mid Kent Services umbrella as soon as possible;

Facilitating access to shared services

5.28 The JTFG heard on two separate occasions from Heads of Service who were clients of MKIP services during the review.

5.29 On both occasions, the client Heads of Service were complimentary about the improvements they had witnessed as a result of the creation of shared services including the ability to provide a broader range of specialisms and greater expertise, increased capacity and better resilience of services.

5.30 However, client Heads of Service also referred to their need to gain a greater understanding of their role as shared service clients, such as what it is they need to know and what to ask for from service providers in order to deliver their own services effectively. Some spoke of a lack of clear signposting and the fact that some shared services had the appearance of delivering a 'one size fits all' approach. It was felt that this could affect the prioritisation of projects that were important corporate objectives to each of the individual authorities.

5.31 The JTFG considered and discussed this feedback and thought that some sort of toolkit or catalogue could be produced for each of the shared services (especially so for the back-office ones) which could address this.

5.32 The JTFG recommends:

Recommendation:

g): that a toolkit is created to assist managers in their role as internal clients of shared services;

h): that (where appropriate) shared services create a service catalogue for their service that will help internal clients to better understand the extent of the service they provide;

Communication

Key findings

5.33 It was evident that the MKIP Board was already aware that more needs to be done to improve knowledge and awareness of MKIP/MKS issues amongst councillors, staff and residents. The development of a Communications Plan was a key objective for the Mid Kent Services Director. In addition, the survey [summary provided at Appendix v] the JTFG commissioned of councillors confirmed that awareness of the MKIP/MKS arrangements was low.

5.34 It was noted that the key stakeholders regarding communications were staff and councillors. The general public were not thought to be particularly interested in how shared services were delivered – particularly ‘back office’ services – only whether they received a good service which was delivered cost effectively.

5.35 With three separate councils involved in MKIP, with their different cultures and ways of doing things, it was important for both staff and members that messages about MKIP were consistent, recognising that each council had its own systems for communicating corporate messages to staff and councillors. It was noted that MKIP/MKS did not have a specific presence on each council’s website or intranet.

Communications plan

5.37 One of the JTFG’s terms of reference was to review how a MKIP communications plan should be developed.

5.38 The JTFG heard from communications experts at the councils, that the essence of a good plan was to decide: who the message was intended for and how the message would be conveyed; what the overall aim and objectives were; and how the effectiveness of the plan could be reviewed and evaluated, with the overarching aim of keeping things simple.

5.39 Communications officers at Maidstone and Tunbridge Wells Borough Councils, in consultation with officers at Swale BC, have produced a draft outline communications plan at [Appendix vi] which the JTFG commends to the MKIP Board to develop further and implement.

5.40 The JTFG recommends:

Recommendation

i): that a joint communications plan is developed to improve staff and member awareness and understanding of MKIP (shared service development) and MKS (shared service delivery);

j): that the MKIP Board has responsibility for the effective implementation of an agreed communications plan and ensures its delivery is resourced appropriately ;

Disseminating information

5.41 The JTFG heard that the implementation of the new Shared Service Boards had gone smoothly and that the respective roles of the new Boards and the MKIP Board were clearly defined. The Shared Service Boards had assisted in reviewing the detail of shared services (in terms of performance, finance or operation) and enabled matters of concern to be referred up to the MKIP Board for further discussion. A reporting form had been created since the establishment of the Shared Service Boards which had enabled each Shared Service Manager to advise the Mid Kent Services Director and client representatives of the above. These reporting forms had been found to be particularly useful and provided a detailed audit trail of the development and operation of their shared service. This feedback was welcomed by the JTFG and it was considered useful to continue this work to further strengthen the role of the Shared Service Board.

5.42 The JTFG looked at the role of the client representatives on the Shared Service Boards. This role has to fully understand the balance of business in terms of the authority requirements of individual services where issues were arising and be able to report back on operational matters affecting the shared services. At present the 'client representative' tended to be a Director from each of the individual authorities. Despite these individuals having great oversight of matters affecting their individual authorities both operationally and financially, the JTFG felt it would be more beneficial to have officer(s) attend the Shared Service Board meetings who had specific expertise and knowledge of each of the MKS Services. For example if an issue were to occur in respect of ICT, would the client representatives be best placed to communicate these issues, a specialist from the individual authority or a direct user of the service?

5.43 The JTFG recognised that to invite further 'client representatives' to the Shared Service Board meetings could place added pressure on limited staff resources so were prepared to accept that the current 'client representatives' were best placed to sit on the Shared Service Boards provided that communication with specialists or internal clients of those services was strengthened, and to ensure the requirements of each authority were adequately reflected in the Shared Service Board meetings.

5.44 The JTFG recommends:

Recommendation

k): that communication should be improved between the newly created Shared Service Boards and the MKIP Board to ensure the latter is fully aware of any major service issues and any suggested options for change;

l): that client representatives on the Shared Service Boards should ensure the outcomes of their meetings, including any related direction coming from the MKIP Board, are effectively cascaded to relevant staff within each authority;

Transparency

5.45 One of the JTFG's key findings was that members and staff felt they were kept in the dark about the operation of the MKIP Board. Whilst the JTFG recognised that the MKIP Board had not been deliberately clandestine in its work, and it was recognised that services operating and undertaking normal business within the individual authorities were not always subject to this level of attention, the fact that MKIP Board agendas, reports and minutes of meetings were not published is in sharp contrast to some other shared services partnerships, including the Anglia Revenue Partnership and the South Thames Gateway Building Control Partnership.

5.46 Both of these partnerships have governance arrangements which are overseen by Joint Committees comprised of the constituent authorities. As Joint Committees established under the Local Government Act 1972, these Committees are required to abide by the normal Access to Information rules which apply to all local authority committees with requirements to publish agendas, reports and minutes of meetings unless these contain confidential or exempt information.

5.47 It should be noted that paragraph 8.2 of the MKIP governance arrangements (see Appendix iii) states that:

“notice of the management board meetings and access to agendas and reports will be applied as if the meeting was covered by the Local Authorities (Executive Arrangements) (Access to Information) (England) Amendment Regulations 2000 and 2002 or Section 100 A-K and Schedule 12A to the Local Government Act 1972, as appropriate.”

But it is not clear why papers are not published.

5.48 The JTFG is not advocating that the MKIP Board is necessarily reconstituted as a Joint Committee, but steps should be taken to increase the transparency of its operations.

5.49 The JTFG recommends:

Recommendation

m) that future MKIP Board meetings should be held and papers published in accordance with the appropriate local authority access to information regulations.

Appendices

- Appendix i Scoping report
- Appendix ii Witness sessions and papers reviewed
- Appendix iii MKIP governance arrangements
- Appendix iv Diagram of governance arrangements for MKIP and MKS
- Appendix v Councillors knowledge of MKIP – summary of survey results
- Appendix vi Draft communications plan
- Appendix vii Glossary

**Mid Kent Improvement Partnership Joint Task and Finish Group – 10 September
2014**

Scoping Report

1. Aim of the Review

To consider how Mid Kent Improvement Partnership's (MKIP) governance arrangements should be taken forward and how a MKIP communications plan should be developed.

2. Why has this review been selected?

Over the last 12 months scrutiny members have taken a keen interest in shared services and the development of MKIP. Committee members, across the three authorities, have raised a number of important issues relating to:

- Governance arrangements;
- Seeking clarity on the role of O&S to be able to scrutinise the decisions of the MKIP Management Board, if it so wished;
- The objectives of the Mid Kent Services Director and how these would be measured; and
- Communication.

With that in mind, a joint meeting was arranged on 7 July 2014 to enable further consideration of these issues. It was at this meeting that the Tunbridge Wells Borough Council's Overview and Scrutiny Committee, Maidstone Borough Council's Strategic Leadership and Corporate Services Overview and Scrutiny Committee formally agreed (with Swale Borough Council's Scrutiny Committee at their meeting on 23 July 2014) to establish a joint Task and Finish Group to consider how MKIP's governance arrangements should be taken forward and how a MKIP communications plan should be developed.

It was further agreed that the Task and Finish Group report back to a joint meeting of these three Committees in December 2014.

3. Who will carry out the review?

The review will be carried out by a Task and Finish Group including:

- Maidstone - Councillors Fay Gooch and Paulina Stockell
- Swale – Councillors Andy Booth and Mike Henderson with substitutes Councillors Lloyd Bowen and/or Peter Marchington
- Tunbridge Wells – Councillors Bill Hills and Chris Woodward

4. Officer Support

The main officer support will be the Scrutiny Lead Officer from the same authority as the Chair of the Task and Finish Group. However, the Scrutiny officers from the other two authorities will provide assistance when and where required.

5. How the review will be carried out

It is suggested that the Task and Finish Group takes a number of steps to work through the evidence and reach some conclusions. It is recommended that the Group should undertake the following activities:

1. Session 1 - 10 September 2014

- A. To receive evidence from the Mid Kent Services Director and the MKIP Programme Manager on the current and future proposals for the governance arrangements for the partnership and development of a communications plan. This will include an opportunity to learn about lessons learnt from good practice elsewhere.

The aim of this session is to get all members of the group to the same level of background knowledge so that the group can plan its programme of work.

- B. To consider this scoping report and amend it accordingly following the evidence at 1A above.

2. Session 2 - Mid/Late September 2014

- A. To receive evidence from a mix of Heads of Service from across the three authorities that covers a range of services with different expectations and delivery options i.e. from internal and external facing departments.

The aim of this session is to get an understanding from the Heads of Service as clients using MKIP services, and as providers of shared services themselves, on how MKIP affects their work, whether it is clear who does what and where and whether changes to services are clearly communicated, internally and externally.

- B. Governance Part

To receive evidence from at least one of the Council's Monitoring Officers and one of the Council's Section 151 Officers.

The aim of this session is to get an understanding from the Monitoring Officer(s) on what they consider good governance for the partnership, what constitutes openness, transparency and accountability, what legal powers fall to which body and how to ensure appropriate oversight.

- C. Communications Part

To receive evidence from the Head of Communications from each of the three authorities.

The aim of this session is to get an understanding of what constitutes a good communications plan, the differences between internal and external communications, how to engage stakeholders and the public and how to deal with feedback.

3. Start a Members Survey – October 2014

To survey the non Executive members of the three authorities on how much they know about MKIP, what decisions it takes and what would be the best method of influencing decision-making and whether they know who to contact if a member of the public has a query about an MKIP service.

4. Session 3 - October 2014

A. To invite representatives of the MKIP board to give evidence with a request that minimum representation be provided of one Leader and one Chief Executive.

The aim of this session is to get an understanding from the MKIP board on what their role is, how they make decisions, where the limits of their decision making are and how their decisions are communicated.

B. To receive evidence from a local authority good practice example(s).

This will enable the group to hear first hand from a local authority on how they dealt with the governance and communication issues and what has worked, what the pitfalls are and how to overcome them.

5. Session 4 - Early November 2014

A. Feedback from Members Survey

To consider the implications from the Members Survey for the governance and communications aspects of the partnership.

B. To receive evidence from a national perspective with input from, for example, the Department for Communities and Local Government, Local Government Association or Local Government Information Unit.

The aim of this session is to get an understanding from national bodies on what is considered best practice for the governance and communications of a shared service and to understand any future national plans.

6. Session 5 - Mid/Late November 2014

To receive the draft report that details the evidence received and proposes some recommendations.

To consider the contents of the draft report, agree the Group's final report and recommendations for submission to the joint meeting of the Scrutiny Committees.

7. Joint Committee Meeting - December 2014

Report back to joint Committee meeting of the three authorities with final report/recommendations.

6. Cost/Community Implications

The financial implications will be staff time in:

- supporting the review,
- presenting evidence to the Task and Finish Group,
- undertaking a members survey exercise.

Non Executive members and the community need effective governance arrangements to provide appropriate assurance about the performance and delivery of shared services. The need for openness, transparency and accountability is important for these services and the work of Overview and Scrutiny can help to further these areas.

Similarly, key messages properly communicated are essential to ensure members of the public are well informed by changes to services on which they rely.

7. What are the expected outputs?

It is expected that the Task and Finish Group will produce a report, summarising the evidence they have gathered and containing specific recommendations for a Joint Committee meeting of the three authorities to consider. The Scrutiny Committees would then submit recommendations to their respective decision makers.

8. Timescale

It is anticipated that the group will conclude the outcomes of the review in time for a joint meeting of the three authorities in December 2014.

MAIDSTONE BOROUGH COUNCIL

CABINET

WEDNESDAY 11 FEBRUARY 2015

REPORT OF DIRECTOR OF REGENERATION AND COMMUNITIES

Report prepared by Ellie Dunnet

1. BUDGET MONITORING 3RD QUARTER

1.1 Issue for Decision

1.1.1 To consider the capital and revenue budget and expenditure figures for the third quarter of 2014/15.

1.1.2 To consider other financial matters with a material effect on the medium term financial strategy or the balance sheet.

1.2 Recommendation of Head of Finance & Resources

1.2.1 It is recommended that Cabinet:

- a) Note the satisfactory revenue position at the end of the third quarter of 2014/15;
- b) Agree the proposals for slippage and re-profiling in the capital programme to 2015/16;
- c) Note the detail in the report on the collection fund, general fund balances and treasury management activity;
- d) Agree to utilise £106,500 of the projected underspend for the advancement of the review of office accommodation; and
- e) Agree to set aside £400,000 of the projected underspend for 2014/15 to fund specific projects which support the delivery of the council's strategic priorities.

1.3 Reasons for Recommendation

1.3.1 The Director of Regeneration & Communities is the Responsible Financial Officer, and has overall responsibility for budgetary control

and financial management. However in practice day to day budgetary control is delegated to service managers, with assistance and advice from their director and the finance section. This report advises and updates the Cabinet on the current position with regard to both revenue and capital expenditure against the approved budgets, and also includes sections on Collection Fund performance and Treasury Management performance.

1.3.2 The report uses a number of terms that may require definition and a glossary of terms is given in section 1.14.3 of the report.

1.4 Revenue

1.4.1 The budget used in this report is the agreed estimate for 2014/15 including the carry forward resources agreed by Cabinet in May 2014. Actual expenditure to December 2014 includes all major accruals for goods and services received but not paid for by the end of the quarter.

1.4.2 An analysis that is summarised by portfolio, of the full year budget, the profiled budget to December 2014 and expenditure to December 2014 is attached as Appendix A. The financial analysis is based on direct expenditure only. This removes the influence of internal recharges and accounting adjustments upon the variance analysis. An indicative projected year end outturn figure is also shown.

1.4.3 Appendix A shows that actual spend is £687,682 less than the budget at the end of the third quarter. A detailed analysis of the figures at cost centre level shows 139 out of a total of 232 cost centres are currently reporting actual spend less than budget. The projected outturn at 31 March 2015 is currently an underspend of £587,682. Proposals for utilisation of the underspend are detailed at paragraphs 1.4.7 and 1.4.8.

1.4.4 Also shown at Appendix A is a subjective analysis across all services. This identifies that within the net under spend £474,989 (Q2 2014/15 £189,248) relates to employee costs, due to continuing vacancy levels

1.4.5 The third table at Appendix A summarises the position specifically with regard to fees and charges income. At the end of the third quarter this income is £96,324 above the target figure. It should be noted that within this total there are a number of areas reporting income below budget. Further details of service areas where major variations from budgeted fees and charges are given later in this section of the report.

- 1.4.6 In accordance with best practice, virements are reported to Cabinet as part of quarterly budget monitoring. A virement represents the transfer of a budget between objectives that occurs subsequent to the formal approval of the budget by Council. One reportable virement was undertaken during the third quarter, relating to a rent reduction of £1,530 at the Masters Tower, Old College.
- 1.4.7 In August 2014, Cabinet approved funding of £90,000 to progress the review of office accommodation and prepare the Council for 2023 when the current accommodation comes to the end of its lease period. At this time it was agreed that further funding would be identified in accordance with the recommendations of the reviews. Following the completion of the initial reviews, it has been identified that further funding of £106,500 will be required for the advancement of the project through to the end of 2014/15. This amount includes the works required to relocate the Contact Centre to the Gateway, which is additional to the original scope of the project. It is recommended that this is funded from the underspend for the current year. A detailed report on the development of work streams for this project and further funding required will be presented to Cabinet in March 2015.
- 1.4.8 It is also proposed that £400,000 of the remaining underspend is earmarked for the progression of a small number of specific projects which support the council's strategic priorities. A list of potential projects identified to receive this funding will be presented to Cabinet in March.
- 1.4.9 A number of service areas are reporting positive variances through significantly less spend or additional income than was budgeted for at the end of the third quarter. Brief details on these areas are given below:-
- a) There is a positive variance of £73,474 (Q2 2014/15 £52,122) on pay and display car parks which is attributable to a combination of lower than expected running costs and higher than expected income. Two car parks, King Street and Lockmeadow are performing significantly above their income targets. In addition to this, on-street parking is showing an underspend of £79,952 (Q2 2015/14 £37,514) which is largely due to lower than expected running costs and higher than expected income from parking meters and PCNs. This is detailed further in the Quarter 3 Key Performance Indicator report elsewhere on this agenda. However, it should be noted that this income is ring fenced so this does not represent a general underspend.

- b) There is an underspend of £53,420 (Q2 2014/15 £27,396) relating to residents parking, where income from resident and visitor permits has been higher than anticipated.
- c) The Park and Ride budget is reporting an underspend of £34,534 (Q2 2014/15 £10,530) which is a continuation of the trend observed in the first two quarters of the year. This is a result of a reduction in income budgets following a reduction in the contract price, and season ticket income, which is currently below target now being reported as a separate income stream. However, it should be noted that this service has marginally missed its target for the number of on-board transactions this quarter, as detailed in the Key Performance Indicator report elsewhere on the agenda.
- d) There is a positive variance of £39,859 (Q2 2014/15 £26,684) against corporate management which is largely a result of a reduction in the external audit fee set by the Audit Commission. This represents 6% of the profiled budget at the end of the third quarter.
- e) There is a variance of £32,886 (Q2 2014/15 £1,533) within grants arising from the 'Make Maidstone Smile' budget which is yet to be utilised.
- f) There are underspends against Human Resources and Learning and Development of £31,391 (Q2 2015/14 £22,139) and £49,079 (Q2 - £6,583) respectively, which relate to unspent carry forwards.
- g) The environmental enforcement section is showing an underspend of £47,894 (Q2 2014/14 £38,608). This is due to a combination of smaller underspends in the controlled running costs for this service and is a continuation of the position at the end of the second quarter.
- h) The private sector renewals budget is reporting an underspend of £35,553 (Q2 2014/15 £10,410) which relates to lower than budgeted controlled running costs. The variance represents 1.5% of the total budget for the year.
- i) The homelessness prevention budget is reporting an underspend of £34,302 (Q2 2014/15 £12,486) which is a combination of unspent carry forwards and lower than budgeted controlled running costs.
- j) Development control income has continued to exceed the budgeted figure, with a positive variance of £154,935 (Q2 2014/15 £19,767) at the end of quarter three.

1.4.10 A number of areas are showing significantly more spend or a shortfall in income compared to the amounts actually budgeted at the end of the third quarter, and these are reported below:-

- a) The Homeless Temporary Accommodation budget has continued to show expenditure greater than budget, with an adverse variance of £354,664 at the end of the third quarter of 2014/15 (Q2 2014/15 £289,711). Cabinet will be aware that a project is underway to target reductions in the cost of temporary accommodation and one of the new properties became operational during second quarter. It is anticipated that this will result in a reduction in future expenditure on temporary accommodation. During the third quarter the council saved £32,190 after running costs, in comparison to the cost of alternative sources of temporary accommodation. Aylesbury House was fully occupied throughout November and December although it should be noted that the savings are not sufficient to compensate for the overspend.
- b) There is an adverse variance of £116,621 (Q2 2014/15 £78,667) against the crematorium budget, largely due to lower than expected income, which is currently 10% below the target. Repairs and maintenance costs have also been higher than budgeted. There has been a recent upturn in bookings which will help to address this variance, and the situation is being monitored closely by the service manager. However, it should be noted that the income levels achieved in 2013/14 were exceptional due to the closure of Medway crematorium for refurbishment during the year.
- c) The procurement section is showing an adverse variance of £41,443 (Q2 2014/15 £31,276) which is a result of income targets not being achieved during the first half of the year. This is a continuation of the trend observed for the past two financial years.
- d) There is an overspend of £42,955 (Q2 2014/15 £35,449) on the Museum budget which represents 7% of the profiled budget at the end of the third quarter. This is a consequence of income being lower than expected, reactive maintenance work and installation of a fire alarm.
- e) There is an overspend of £39,766 (Q2 2014/15 £12,344) showing against the non-pooled ICT budget. This is due to a number of commitments for which funding is yet to be confirmed.
- f) There is an adverse variance of £37,206 (Q2 2014/15 £10,530) appearing within unapportionable central overheads. This represents a 2% variance and relates to pension accruals where contributions have been higher than the figures anticipated at the time the budget was set.

- g) There is an adverse variance of £31,130 arising from lower than expected investment income due to low interest rates. This is detailed later in this report at paragraph 1.9.5.

1.4.11 Budgets have now been established for the Mid Kent Planning Support service, which is currently reporting an underspend of £49,204k across the three authorities in the partnership. However, it should be noted that this will be off-set by implementation costs which are currently £96,060k.

1.4.12 The report identifies a number of areas which require action by Cabinet at this time and these are set out in the recommendations at section 1.2 of this report. In each case the proposed actions are set out in the recommendations at paragraph 1.2.1 of this report. Allowing for the continuation of the issues detailed as budget pressures above, the predicted outturn for 2014/15 is an underspend of £587,682.

1.4.13 The budget strategy for 2014/15 identified savings and efficiencies totalling £1,254,000. These savings are being monitored corporately and it is anticipated that this target will be met by the end of the year.

1.5 Balances

1.5.1 Balances as at 1st April 2014 were £15.4m. The current medium term financial strategy assumes balances of £4.5m by 31st March 2015.

1.5.2 The major reason for the movement in balances during 2014/15 relates to the use of carry forwards approved by Cabinet in May 2014.

1.5.3 The position set out above allows for the level of balances of £2.3m, as previously agreed by Cabinet, to be maintained.

1.6 Collection Fund

1.6.1 Following the introduction of local council tax support from 1 April 2013 and the approval of the Business Rates pooling arrangement with Kent County Council, enhanced monitoring of the collection fund has been put in place to provide adequate assurance around developments affecting the assumptions made in the current year's budget.

- 1.6.2 The collection rates achieved at the end of the second quarter, and the targets set, are reported below. The rates are given as a percentage of the debt targeted for collection in 2014/15.

	Target %	Actual %
Council Tax	86.79	86.50
NNDR	85.82	85.57

The target collection rate has been marginally missed for both Council Tax and NNDR. It should be noted that however that Maidstone's collection rate for the year to date is above average compared with other Kent districts.

- 1.6.3 Whilst the percentage variances are small, the gross values of Council Tax and Business Rates collected each year are significant. The Head of the Revenues and Benefits Partnership follows a recovery timetable and action is currently being taken to attempt to bring collection rates back to target.
- 1.6.4 Prior year arrears collection is on target and officers will continue to pursue payment of any developing arrears along with the arrears from prior years.
- 1.6.5 **Council Tax Support** – The actual collection rate is 66.72% against a target of 59.11%.
- 1.6.6 The level of local council tax support recorded at the end of quarter 3 shows a caseload of 10,054 claimants (10,471; Q3 2013/14). For Maidstone Borough Council the support provided is £1.52m (£1.62m; Q3 2013/14) compared to an estimated support of £1.60m used to calculate the budget.
- 1.6.7 While there are a significant proportion of pensionable age claimants the overall reduction in claimants shows a positive correlation between reductions in those claiming job seekers allowance in the borough and the reduction in caseload. Members should note that as the year progresses, changes in caseload have a proportionately reduced effect on the full year cost.
- 1.6.8 **Retained business rates** – the current collectable business rates is showing a minor net increase of £0.4m against the original estimate.
- 1.6.9 The major risk from appeals has been provisioned and this remains adequate when compared to the level of change due to appeals decisions witnessed to date.

1.7 Capital

1.7.1 Attached at Appendix B is a summary of the current capital programme for 2014/15, as agreed by Council. This includes the initial capital programme for the financial year plus amounts carried forward from 2013/14. It also reflects the slippage that was identified in the monitoring report for the first two quarters of 2014/15.

1.7.2 The table in Appendix B gives the following detail:

Column	Detail.
1.	Description of scheme, listed in portfolio order.
2.	Approved budget for 2014/15 after the adjustments detailed above.
3.	Actual spend to the end of December 2014.
4.	Balance of budget available for 2014/15.
5 – 7.	Quarterly analysis of expected spend for the remainder of 2014/15.
8.	Balance of budget that will slip into 2015/16.
9.	Budget no longer required.

1.7.3 Capital expenditure to the end of the third quarter of 2014/15 is shown as £1.39m. The budget for the year, adjusted for slippage detailed in the first and second quarter budget monitoring reports is £5.97m. This comprises a number of planned projects for which expenditure is expected to be incurred in the final quarter of the year, including £0.88m for acquisition of commercial assets, £0.28m for continued improvements to play areas and £1.17m housing grants.

1.7.4 Following the third quarter monitoring, officers anticipate that £1.89m will need to be reprofiled into 2015/16. This is detailed in column 8 of Appendix B. These are items where the programmed works have been rescheduled to now take place during 2015/16.

1.8 Capital Financing

1.8.1 The agreed capital programme for the period 2014/15 to 2018/19, as approved by Council in March 2014, identifies sufficient resources to finance the 2014/15 programme.

1.8.2 Resources that can currently be confirmed are:

<u>Funding Source:</u>	<u>£m</u>
Grants & Contributions	0.5
Revenue Support	10.2
Prudential Borrowing	6.0
Capital receipts	<u>0.2</u>
	16.9

1.8.3 The slippage and re-profiling proposed for approval elsewhere in this report will mean that net expenditure of £1.89m will be re-profiled into 2015/16 subject to this recommendation being agreed.

1.9 Treasury Management

1.9.1 The Council has adopted and incorporated into its Financial Regulations, the CIPFA Code of Practice on Treasury Management in Local Authorities. This Code covers the principles and guidelines relating to borrowing and investment operations. In March 2014, the Council approved a Treasury Management Strategy for 2014/15 that was based on this code. The strategy requires that Cabinet should formally be informed of treasury management activities quarterly as part of budget monitoring.

1.9.2 During the quarter ended 31 December 2014:

- Inflation (CPI) fell to 1.0% in November. This is the lowest it has been since 2002 and is expected to remain at this level for the remainder of 2015.
- GDP has grown by 2.6%.

1.9.3 The Council’s Treasury Management advisors, Capita Asset Services, have provided the following forecast:

- The markets are now expecting to see an increase in the Bank Rate towards the end of 2015.
- The Governor of the Bank of England has repeatedly stated that these increases will be slow and gradual due to concerns over the impact on consumers with lower than inflation pay increases.
- Economic growth has slowed in the third quarter but is expected to continue through to 2016.
- The fall in unemployment is expected to continue and average pay is expected to increase.

The latest interest rates and PWLB rate forecasts are listed below.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70

Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

1.9.4 At 30 September 2014 the council held investments totalling £30.06m (Q2 2014/15 £29.83m). A full list of investments held is included at Appendix C. £19.06m (Q2 2014/15 £21.83m) of investments are in accounts which can be called upon immediately or for a short notice period. This is due to the shorter term rates being more appealing than longer term.

1.9.5 Investment income is below target with a balance of £156,000 (Q2 2014/15 £101,000) compared to a budget of £187,500 (Q2 2014/15 £125,000). The average interest rate for this period is 0.69% (Q2 2014/15 0.69%). The low interest rates are a consequence of Government support for lending schemes which have prompted a reduction in need for additional cash by financial institutions. Treasury management performance is regularly benchmarked against similar councils and this has shown that these results are in line with the benchmark group.

1.9.6 There has been no borrowing during the third quarter of 2014/15.

1.10 Alternative Action and why not Recommended

1.10.1 The budget monitoring process could be left to officers. The current Constitution already requires officers to report budget variances to the relevant Cabinet Member in specific circumstances. The absence of any such reports would then suggest that no specific items have been identified for consideration.

1.10.2 If such an approach were taken the leadership team would have a reduced financial awareness. This could restrict their ability to meet service requirements and achieve the Council's corporate objectives.

1.11 Impact on Corporate Objectives

1.11.1 This report monitors actual activity against the revenue and capital budgets and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's medium term

financial strategy and is therefore focused on the strategic plan and corporate objectives.

1.11.2 Regular monitoring by Cabinet ensures that actual activity is in accordance with the plan set out in the budget and that the Council is able to achieve its objectives.

1.12 Risk Management

1.12.1 The Council has produced a balanced budget for both capital and revenue expenditure and income for 2014/15. This budget is set against a backdrop of limited resources and an economic climate that is still in difficulty. Regular and comprehensive monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives Cabinet the best opportunity to take actions to mitigate such risks.

1.12.2 The current revenue budget does not exhibit the level of risk identified in previous years and a small contingency exists for any significant budget pressures that may yet develop.

1.12.3 Funding for the capital programme has been secured for 2014/15.

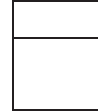
1.12.4 Reporting on other issues such as council tax and non-domestic rates collection and treasury management activity ensures that the report covers all major balance sheet items in addition to the capital programme and revenue budget. No significant risks are identified in any of these areas.

1.13 Other Implications

1.13.1

1. Financial	X
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



1.13.2 Financial implications are the focus of this report through high level budget monitoring. The process of budget monitoring ensures that services can react quickly to potential resource problems. The process ensures that the Council is not faced by corporate financial problems that may prejudice the delivery of corporate objectives.

1.14 Conclusions

1.14.1 The third quarter monitoring report shows a positive evaluation for the period. Revenue and capital expenditure, balances, treasury management and council tax and NNDR collection are all considered to be satisfactory and will continue to be closely monitored throughout the year.

1.14.2 All other items monitored are at or above target for the second quarter.

1.14.3 Glossary of terms:

Term	Definition
Accrual	The inclusion in the financial report of a money value to represent the receipt of goods or services within the report period, if actual payment has not yet been made.
Adverse variance	The difference between expected (budgeted) cost and actual cost where the actual value is a higher cost than expected.
Capital expenditure	Spending on the creation, purchase or enhancement of the Council's assets
Capital Receipts	Income from the sale of assets. This income can only be used for the creation, purchase or enhancement of other Council assets.
Carry forwards	A budget for works or services that remained unused at year end, has a purpose that still requires completion and has been moved into the following year with the approval of Cabinet.
Collection Fund	The collection fund is a statutory fund that the

	Council maintains for the collection and distribution of council tax and business rates.
Cost centre	An accounting location or service as set out in the annual budget report i.e. The Museum or the Leisure Centre.
Local council tax support	The local system of discount applied to council tax that replaced the national council tax benefit system on 1 st April 2013.
Portfolio	A grouping of council services that are all the responsibility of one Cabinet Member as set out in the annual budget report.
Positive variance	The difference between expected (budgeted) cost and actual cost where the actual value is a lower cost than expected.
Profiled budget	The total amount expected to be spent (from the budget) by the period end, after considering the expected pattern of spend throughout the year and past trends.
Retained business rates	The system of localised business rates in operation since 1 st April 2013. The system allows the Council to retain a proportion of business rates collected rather than pay the total amount to central government.
Revenue expenditure	Expenditure on the day to day running costs of the Council's services.
Revenue Support	Revenue funding that has been set aside to finance goods and service of a capital nature.
SELEP	South East Local Enterprise Partnership
Subjective analysis	An accounting type used to define costs i.e. salaries, vehicle hire, premises rents.
Treasury Management	The management of the organisation's investments, cash flows and banking along with control of the risks associated with those activities.
Virement	A virement represents the transfer of a budget between services (cost centres) that happens

after the formal approval of the budget by Council. The authority to make certain types of virement is set out in the Council's constitution.

1.15 Relevant Documents

1.15.1 Appendices:

Appendix A – Revenue Budget Report

Appendix B – Capital Programme 2014/15

Appendix C – List of Investments as at 30 September 2014

<u>IS THIS A KEY DECISION REPORT?</u>		<u>THIS BOX MUST BE COMPLETED</u>	
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, this is a Key Decision because:			
.....			
Wards/Parishes affected:			
.....			

MAIDSTONE BOROUGH COUNCIL**CABINET****BUDGET MONITORING - THIRD QUARTER 2014/15****REVENUE BUDGET REPORT BY CABINET MEMBER TO 31 DECEMBER 2014**

Cabinet Member	Original Estimate 2014/15	Revised Estimate 2014/15	Revised Estimate to 31 December 2014	Spend to 31 December 2014	Variance to 31 December 2014	Projected Outturn March 2015	Projected Variance March 2015
	£	£	£	£	£	£	£
Leader of the Council	1,583,230	1,565,720	676,786	602,970	73,816	1,491,904	73,816
Community & Leisure Services	4,542,390	4,802,230	3,351,200	3,207,864	143,336	4,758,894	43,336
Corporate Services	2,235,390	873,869	1,943,975	1,734,800	209,175	664,694	209,175
Economic & Commercial Development	2,332,595	2,462,755	1,547,345	1,540,477	6,868	2,455,887	6,868
Environment	8,538,900	9,803,120	4,786,022	5,013,853	-227,831	10,030,951	-227,831
Planning, Transport & Development	2,000,320	1,677,190	952,189	469,871	482,318	1,194,872	482,318
Balances	-2,116,075	-2,068,134	0	0	0	-2,068,134	0
	19,116,750	19,116,750	13,257,517	12,569,835	687,682	18,529,068	587,682

REVENUE BUDGET REPORT BY SUBJECTIVE ANALYSIS TO 31 DECEMBER 2014

Subjective Heading	Original Estimate 2014/15	Revised Estimate 2014/15	Revised Estimate to 31 December 2014	Spend to 31 December 2014	Variance to 31 December 2014	Projected Outturn March 2015	Projected Variance March 2015
	£	£	£	£	£	£	£
Employees	19,806,810	18,549,555	13,957,080	13,482,091	474,989	18,074,566	474,989
Premises	4,167,300	4,207,180	3,545,662	3,538,680	6,982	4,200,198	6,982
Transport	1,470,880	1,472,880	1,099,439	1,066,058	33,381	1,439,499	33,381
Supplies & Services	9,275,850	9,368,930	6,248,147	6,338,433	-90,286	9,559,216	-190,286
Contract Payments	3,643,520	3,858,740	2,704,979	2,825,894	-120,915	3,979,655	-120,915
Benefits	44,264,085	43,443,036	34,133,370	36,249,622	-2,116,252	45,559,288	-2,116,252
Capital Financing	4,750,281	4,775,550	643,455	643,455	-0	4,775,550	-0
Income	-68,261,976	-66,559,121	-49,074,614	-51,574,397	2,499,783	-69,058,904	2,499,783
	19,116,750	19,116,750	13,257,517	12,569,835	687,682	18,529,068	587,682

FEES & CHARGES INCOME BY CABINET MEMBER TO 31 DECEMBER 2014

Cabinet Member	Original Estimate 2014/15	Revised Estimate 2014/15	Revised Estimate to 31 December 2014	Income to 31 December 2014	Variance to 31 December 2014	Projected Outturn March 2015	Projected Variance March 2015
	£	£	£	£	£	£	£
Community & Leisure Services	-70,040	-70,040	-53,311	-30,580	-22,731	-92,771	22,731
Corporate Services	-2,150	-2,150	-1,611	-1,329	-282	-2,432	282
Economic & Commercial Development	-259,880	-259,880	-205,526	-197,944	-7,582	-267,462	7,582
Environment	-2,194,570	-2,192,570	-1,613,620	-1,629,440	15,820	-2,176,750	-15,820
Planning, Transport & Development	-4,940,200	-5,021,580	-3,811,632	-3,922,731	111,099	-4,910,481	-111,099
	-7,466,840	-7,546,220	-5,685,700	-5,782,024	96,324	-7,449,896	-96,324

**MAIDSTONE BOROUGH COUNCIL
CABINET**

BUDGET MONITORING - THIRD QUARTER 2014/15

Capital Programme 2014/15 by Cabinet Member to 31st December 2014

Capital Programme Heading	Adjusted Estimate 2014/15 £	Actual to December 2014 £	Budget Remaining £	Q4 Profile £	Projected Total Expenditure £	Slippage into 2015/16 £	Budget not required £
CCTV Control Room	26,150	5,000	21,150	21,150	26,150	0	
Cobtree Golf Course	6,950		6,950	0	0	6,950	
Continued Improvements to Play Areas	301,710	26,083	275,627	50,000	76,083	225,627	
Green Space Strategy	12,000	2,305	9,695	9,695	12,000	0	
Hazlitt Theatre Refurbishment Works	3,160	1,500	1,660	1,660	3,160	0	
Museum Carbon Management Scheme	31,395	24,832	6,563	6,563	31,395	0	
Small Scale Capital Works Programme	3,495		3,495	3,495	3,495	0	
Gypsy Site Improvements	32,000		32,000	32,000	32,000	0	
Housing Grants	1,646,460	473,342	1,173,118	633,000	1,106,342	540,118	
Support for Social Housing	894,500	54,000	840,500	840,500	894,500	0	
Stilebridge Lane Sewage Treatment Works	76,600	2,380	74,220	74,220	76,600	0	
Vacant Property Acquisition	329,090	176,210	152,880	152,880	329,090	0	
Community & Leisure	3,363,510	765,652	2,597,858	1,825,163	2,590,815	772,695	0
High Street Regeneration	76,210	41,946	34,264	10,000	51,946	24,264	
Enterprise Hub	700,000	7,212	692,788	0	7,212	692,788	
Acquisition of Commercial Assets	1,110,530	230,665	879,865	879,865	1,110,530	0	
Economic & Commercial Development	1,886,740	279,823	1,606,917	889,865	1,169,688	717,052	0
Asset Management/Corporate Property	130,890	108,117	22,773	22,773	130,890	0	
King Street Multi-Storey Car Park	82,790	52,660	30,130	0	52,660	30,130	
Parkwood Industrial Estate Environmental Imps	42,030	1,575	40,455	40,455	42,030	0	
Software/PC Upgrade & Repair	195,170	168,809	26,361	26,361	195,170	0	
Corporate Services	450,880	331,161	119,719	89,589	420,750	30,130	0
Land Drainage/Imps.to Ditches & Watercourses	8,800	3,815	4,985	4,985	8,800	0	
Crematorium Access Gates	23,890	10,593	13,297	10,593	21,186	2,704	
Car Park Improvements	14,800		14,800	0	0	14,800	
Environment	47,490	14,408	33,082	15,578	29,986	17,504	0
Planning Delivery Grant	9,350		9,350	0	0	9,350	
Transport & Highways	200,000		200,000	0	0	200,000	
Regeneration Schemes	13,850		13,850	0	0	13,850	
Planning, Transport & Development	223,200	0	223,200	0	0	223,200	0
Total	5,971,820	1,391,044	4,580,776	2,820,195	4,211,239	1,760,581	0

MAIDSTONE BOROUGH COUNCIL

CABINET

BUDGET MONITORING - THIRD QUARTER 2014/15

INVESTMENTS AS AT 31 DECEMBER 2014

Type of Investment/Deposit	Counterparty	Issue Date	Maturity Date	£ Amount Invested	% Current Interest Rate	Credit Limits	
						£ Maximum Deposit	Suggested Term
Call account	Lloyds Bank			2,000,000	0.75	8,000,000	2yrs
Money Market Fund	Goldman Sachs			1,060,000	0.43	8,000,000	2yrs
Money Market Fund	Federated			1,010,000	0.38	8,000,000	2yrs
Enhanced Money Market Fund	Federated			6,990,000	0.65	8,000,000	2yrs
Enhanced Money Market Fund	Ignis			8,000,000	0.67	8,000,000	2yrs
Fixed Term Deposit	Skipton Building Society	28/07/2014	28/01/2015	1,000,000	0.64	3,000,000	6 Mnths
Fixed Term Deposit	Nationwide Building Society	07/08/2014	09/02/2015	1,000,000	0.64	3,000,000	6 Mnths
Fixed Term Deposit	Nationwide Building Society	16/09/2014	16/03/2015	2,000,000	0.65	3,000,000	6 Mnths
Fixed Term Deposit	Lloyds Bank	14/10/2014	13/10/2015	2,000,000	0.70	8,000,000	2yrs
Fixed Term Deposit	Skipton Building Society	11/12/2014	11/06/2015	1,000,000	0.68	3,000,000	6 Mnths
Fixed Term Deposit	Lloyds Bank	04/07/2014	05/01/2015	1,000,000	0.70	8,000,000	2yrs
Fixed Term Deposit	Lloyds Bank	22/07/2014	22/07/2016	3,000,000	1.30	8,000,000	2yrs

£30,060,000

Agenda Item 13

MAIDSTONE BOROUGH COUNCIL

CABINET

11 FEBRUARY 2015

REPORT OF DIRECTOR OF REGENERATION AND COMMUNITIES

Report prepared by John Owen

1. TREASURY MANAGEMENT STRATEGY 2015 16

1.1 Issue for Decision

- 1.1.1 In accordance with CIPFA's Code of Practice on Treasury Management, Cabinet is asked to consider the Draft Treasury Management Strategy for 2015/16 including the Treasury and Prudential Indicators.

1.2 Recommendation of Director of Regeneration & Communities

- 1.2.1 That Cabinet considers the draft strategy and related appendices as referred to in section 1.19 of this report and recommends it to Council.

1.3 Reasons for Recommendation

- 1.3.1 The Council has adopted CIPFA's Code of Practice on Treasury Management (the Code) which requires an annual report on the strategy and plan to be pursued in the coming year to be made to full Council. This report considers the proposed strategy for 2015/16 onwards along with current guidance from CIPFA and the DCLG.
- 1.3.2 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.

- 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 previously been delegated to the Audit Committee by the Council.

1.3.3 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.
- c) Council will approve the strategy by March of each year for the forthcoming financial year.

1.4 The 2014/15 Strategy

1.4.1 The Strategy for 2014/15 was approved by Council in March 2014 and set the following objectives:-

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

1.5 Current Cashflow Performance

1.5.1 At the November 2014 meeting of the Audit Committee the mid-year performance report included details for 2014/15 of the position as at 30 September 2014. An update on that position is provided below.

1.5.2 £3m has been invested with Lloyds Bank (part nationalised bank) for 2 years at a rate of 1.3%. £2m has been set aside for investment with Royal Bank of Scotland for two years duration, although this deal is yet to be finalised. This represents the £5m core cash as agreed within the strategy, to use for investments with a duration of over 1 year.

1.5.3 All other investments have been short term (less than 1 year).

1.5.4 During 2014/15, the Council had to borrow for one week due to cash flow shortage in June 2014.

- 1.5.5 Due to capital slippage and revenue underspends, there have been some difficulties in finding highly rated institutions in which to invest Council funds.
- 1.5.6 Details of the Council's investments and performance to date are as follows:

	£m	%
Investments as at 1 st April 2014	19.186	
Investment Balance as at 31st Dec 2014	32.1	
Investment Income as at 31st Dec 2014	0.156	
Ave Balance/Rate of Investments to 31st Dec 2014	30.6	0.69
Est. Investments as at 31 st March 2015	22.4	

1.6 Developing the Strategy

- 1.6.1 In formulating and executing the strategy for 2015/16, the Council will continue to have regard for 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.
- 1.6.2 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.
- 1.6.3 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.
- 1.6.4 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 Capita's creditworthiness service.
- 1.6.5 The Council has previously only used UK institutions to invest funds, with the exception of Svenska Handelsbanken. However it is proposed that overseas institutions are used where the country's

sovereign rating is the same as or better than the UK's AA+ rating and the institution itself is of a high credit quality. All the relevant counterparties with associated durational bands based on the above credit criteria are detailed within Appendix B

- 1.6.6 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 potentially incur a penalty.
- 1.6.7 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, no further investments will be made with that body.
- 1.6.8 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 the downgrade of an institution or removal from the Council's lending list.
- 1.6.9 The strategy will permit the use of leading building societies for investment purposes. This will be limited to 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.
- 1.6.10 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.
- 1.6.11 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.

1.7 A Forward Look

- 1.7.1 Capita Asset Services has revised its Interest Rate Forecast. Previously, it was thought that rates would increase in June 2015,

however it looks like this will now be either late 2015 or early 2016. This has reduced investment rates. Current investment rates are as follows:

- Instant Access 0.40%
- 3 months 0.50%
- 6 months 0.65%
- 1 year 0.95%
- 2 years 1.25%
- 5 years 1.85%

1.7.2 The Council's advisors, Capita Asset Services, have provided the following interest rate forecast.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

The previous change in bank rate was expected to be June 2015, however partly due to the UK economy growth not being as high as previously predicted, the rate change has now moved to the end of 2015.

Short Term PWLB rates have also reduced to reflect the current abnormally low level in rates.

- 1.7.3 The following table shows the balance of investments which will mature during 2015/16 and the total of this balance which will be needed to fund the revenue/capital expenditure.

Investment	2015/16 £m
Short Term Investments at start of Year	17.4
Use of Balances/Capital receipts	13.6
Total Core Cash	3.8

- 1.7.4 These maturities will therefore cover the anticipated use of cash balances for the period and leave a minimum of £3.8m available for investment, along with day to day cash flow management funds. It is suggested that £3m of these funds may be set aside to be used for longer term rates if they become more appealing.
- 1.7.5 The use of property funds has been considered as an alternative source of investment income. At this stage the expected returns from such investments are not sufficient to justify the additional risks to security of capital and liquidity associated with this type of investment, although this will continue to be monitored during the course of the year.
- 1.7.6 A number of authorities have been investing in certificates of deposits (CDs) which allow authorities to invest with highly secure counterparties such as HSBC and Standard Chartered which would not normally be accessed by the Council through other means. Certificates of deposits are purchased via a custodian who takes a small fee from the purchase. CDs are highly liquid as they do not need to be held to maturity and can be sold in the secondary bond market. However, the downside risk to this is that these may be sold at a loss.

1.8 Capital Programme and Prudential Borrowing

- 1.8.1 As part of the development of the prudential indicators, which form part of the treasury management strategy, the Council must consider the affordability of its capital programme.
- 1.8.2 In the past the 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. The affordability of the programme is therefore calculated by the lost revenue income from the possible investment of the resources.
- 1.8.3 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.

- 1.8.4 At this time the strategy proposes the use of additional core cash of up to £3m to be held for longer term investment of over one year, if the rates are appealing.
- 1.8.5 The current long term borrowing rate from the Public Works Loan Board given in the table at paragraph 1.7.2 is 3.4% 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 2.7% of the amount borrowed. The affordability of the capital programme has been calculated based upon the assumption that internal borrowing would occur initially.
- 1.8.6 Should rates move quicker than the forecast predicts, the current and proposed strategies do allow the Head of Finance and Customer Services to take advantage of external borrowing.

1.9 Cashflow Projection to 2017/18

- 1.9.1 A cash flow projection up to March 2018 has been created reflecting the spending proposals in the Budget Strategy 2015/16 onwards. The cash flow projection shows that anticipated investment income will be £0.27m 2015/16, £0.3m 2016/17 and £0.3m in 2017/18. The Council may need to accept a higher level of risk in order to achieve these targets, whilst maintaining due regard for security of capital and liquidity.
- 1.9.2 With reference to the proposal to use internal borrowing to finance the capital programme, as set out in section 1.8 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.

1.10 Minimum Revenue Provision

- 1.10.1 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.

- 1.10.2 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).
- 1.10.3 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 installments over the 15 year life of the contract and is suitably equivalent to a MRP value.
- 1.10.4 With the real potential for the use of prudential borrowing it is felt appropriate that a policy statement is approved by Council in line with the requirements of the Code. The Code states that there is a choice between two options, or a mix of both:
- a. **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction;
 - b. **Depreciation method** – MRP will follow standard depreciation accounting procedures.
- 1.10.5 Due to the requirement to split assets into component parts and depreciate different components at different rates, the asset life method of calculating MRP would provide a more stable and transparent method for the Council to use.
- 1.11 Summary of Changes Proposed
- 1.11.1 The following changes are proposed to the existing strategy:
- 1.11.2 Invest additional core cash of up to £3m for over 1 year if rates were to improve, potentially using this amount to invest in property funds;
- 1.11.3 Include overseas institutions within the council's counterparty list who are listed on Capita's credit quality listing and where the country's sovereignty rating is equal or above the UK rating AA+.
- 1.11.4 The Head of Finance & Resources be given delegated authority to invest within the certificate of deposit market to access highly secure counterparties.

1.12 Draft Strategy for 2015/16

- 1.12.1 The council will maintain a counterparty list to identify institutions suitable for investment. The counterparty list will be maintained using the following principles:
- a) Use of 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 will be 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 will be 2 years.
 - e) Use of the top 5 Building Societies will be ranked using the management expenses and asset size ranking.
 - f) The Head of Finance & Resources will have 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.
- 1.12.2 The DCLG provides criteria for specified investments with all other investments being non-specified. The following principles are applied to their use:
- a) Only the top five building societies (with the exception of Nationwide Building Society) 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 an additional £3m core cash deposits for greater than one year (bringing maximum total long term investments to £8m) if rates are at a premium over predicted base rates and funds are available for the term. These may be used to invest within property funds.

- d) The use of enhanced cash funds and Money Market Funds which are AAA rated funds. These funds spread the risk over many counterparties and funds may be withdrawn by giving a short notice period.
- e) The use of overseas banks to be included which are on Capita Asset Services counterparty list and whose country sovereignty rating is the same or higher than the UK.

1.13 Minimum Revenue Provision 2015/16

- 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;
- c) The Minimum Revenue Provision relating to the arrangement with Serco Paisa for leisure centre improvements will be based on principal repaid during the year.

1.14 Prudential and Treasury Management Indicators

- 1.14.1 The Prudential and Treasury Management Indicators that have been developed based upon the proposed strategy set out in section 1.12 above.

1.15 Training

- 1.15.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. A treasury management training session was delivered by Capita, the Council's treasury management advisors in December 2014 and was open for all members to attend. It is expected that all members responsible for scrutiny will attend future training sessions.

1.16 Alternative Action and why not Recommended

- 1.16.1 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.

- 1.16.2 Limits - the proposed strategy allows maximum investments with certain institutions of £8m. The Council could choose to retain the current limit of £8m or even reduce this level. Given the difficulty in identifying opportunities to lend at suitable rates within the counterparty list, it is considered appropriate to incorporate sufficient flexibility by retaining the current limit for investments with the most secure organisations.
- 1.16.3 Counterparties - the proposed strategy allows non-specified investments with other local authorities and the top five building societies. The Council could choose to utilise additional counterparties from the non-specified investments group. However, due to the fact that this would involve an increased level of risk to the security of the council's cash, this is not considered to represent a prudent course of action and is therefore not recommended.
- 1.16.4 Alternative use of cash - 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 could compromise liquidity and put the Council at future risk should an unforeseen event occur.
- 1.16.5 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 which would make it difficult to ascertain a suitable sum to assign to an external manager.

1.16 Impact on Corporate Objectives

- 1.16.1 The Treasury Management Strategy will impact upon all corporate objectives through the resource it provides from the investment of the council's balances. These resources are incorporated in the council's budget.

1.17 Risk Management

- 1.17.1 Risk Management is included within the Treasury Management Practices which the council adheres to. The main risks to the council are counterparty risk, liquidity risk and interest rate risk which are closely monitored on a regular basis using the council's treasury

advisors, Capita, and other market intelligence. If there is a possibility of a negative risk, the appropriate action is taken immediately through delegated authority.

1.17.2 The Prudential and Treasury Management Indicators that have been developed based upon the proposed strategy set out in section 1.11 above.

1.18 Other Implications

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

1.18.1 The financial implications are set out in the body of the report.

1.18.2 The legal implications, including the Council’s ability to borrow and to invest, are also set out in the body of the report.

1.19 Relevant Documents

1.19.1 Appendices

- Appendix A – Treasury Management Strategy Statement 2015/16
- Appendix B – Counterparty List
- Appendix C – Treasury & Prudential Indicators

1.20 Background Documents

None

IS THIS A KEY DECISION REPORT?

THIS BOX MUST BE COMPLETED

Yes

No

If yes, this is a Key Decision because:

.....

Wards/Parishes affected:

.....

Treasury Management Strategy Statement
Minimum Revenue Provision Policy Statement and
Annual Investment Strategy

Maidstone Borough Council
2015/16

INDEX

1	INTRODUCTION	3
1.1	Background.....	3
1.2	Reporting requirements.....	3
1.3	Treasury Management Strategy for 2015/16.....	4
1.4	Treasury management consultants.....	4
1.5	Training.....	4
2	THE CAPITAL PRUDENTIAL INDICATORS	5
2.1	Capital expenditure.....	5
2.2	The Council’s borrowing need (the Capital Financing Requirement).....	5
2.3	Affordability prudential indicators.....	5
2.4	Incremental impact of capital investment decisions on council tax.....	6
3	BORROWING	7
3.1	Treasury Indicators: limits to borrowing activity.....	7
3.2	Prospects for interest rates.....	8
3.3	Borrowing strategy.....	8
3.4	Policy on borrowing in advance of need.....	9
4	ANNUAL INVESTMENT STRATEGY	10
4.1	Investment policy.....	10
4.2	Creditworthiness policy.....	15
4.3	Country limits.....	18
4.4	Investment strategy.....	18

1 INTRODUCTION

1.1 Background

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 second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny - The above reports are required to be adequately scrutinised before being recommended to the Council. This role has previously been undertaken by the Audit Committee.

A quarterly update on the Council's treasury management position is also provided through budget monitoring reports presented to Cabinet.

1.3 Treasury Management Strategy for 2015/16

The strategy for 2015/16 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- the investment strategy; and
- creditworthiness policy.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Treasury management consultants

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

Responsibility for treasury management decisions ultimately remains within the organisation and officers will not place undue reliance on the advice of external service providers.

The terms of appointment and value gained through use of treasury management consultants will be subject to regular review.

1.5 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. A treasury management training session was delivered by Capita, the Council's treasury management advisors in December 2014 and was open for all members to attend. Further training will be arranged as required.

The training needs of treasury management officers are also periodically reviewed.

2 THE CAPITAL PRUDENTIAL INDICATORS

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Capital expenditure forecasts are shown below:

2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
11,673	5,170	5,528	5,310	5,086

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes the liability for the arrangement with Serco Paisa for leisure centre improvements. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

CFR projections are shown in the table below:

2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
-65	-2,033	-2,033	-2,033	-2,033

2.3 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

2014/15 %	2015/16 %	2016/17 %	2017/18 %	2018/19 %	2019/20 %
-1.1	0.0	0.0	-0.3	-1.1	-1.1

The estimates of financing costs include current commitments and the proposals in the 2015/16 budget report.

2.4 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in the 2015/16 budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Council tax - band D	1.20	4.4	4.42	4.34	4.21

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Debt	6,000	6,000	6,000	6,000
Other long term liabilities (Serco Pasia*)	5,426	4,971	4,514	4,033
Total	11,426	10,971	10,514	10,033

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit	2014/15 £000	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Debt	10,000	10,000	10,000	10,000
Other long term liabilities (Serco Pasia*)	5,426	4,971	4,514	4,033
Total	15,426	14,971	14,514	14,033

* Other Long Term Liabilities is the same for Operational Boundary and Authorised Limit due to no additional liabilities being incurred during 2015/16.

3.2 Prospects for interest rates

The Council's advisors, Capita Asset Services, have provided the following interest rate forecast:

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

Previously the bank rate was anticipated to rise in June 2015. However, partly due to the UK economic growth not being as high as previously predicted, the forecast has now been revised to the end of 2015. Investment returns are therefore expected to remain relatively low during 2015/16 and beyond.

These rates are also reflected in the corresponding reduction in short term PWLB lending rates.

3.3 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has been funded using cash supporting the Council's reserves, balances and cash flow as a temporary measure, rather than through loan debt. This strategy is prudent as currently investment returns are low and counterparty risk is relatively high.

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. The 2015/16 strategy 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.

Should rates move more quickly than the forecast predicts, the current and proposed strategies do allow the Head of Finance and Resources to take advantage of external borrowing. The Council's

policy on borrowing in advance of need is set out at section 3.4 of this strategy.

The current long term borrowing rate from the Public Works Loan Board is 3.4% 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 2.7% of the amount borrowed. The affordability of the capital programme has been calculated based upon the assumption that internal borrowing would occur initially.

3.4 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

The council will maintain a counterparty list to identify institutions suitable for investment. The counterparty list will be maintained using the following principles:

- a) Use of the Council's Treasury Management Consultant's scheme for rating of institutions for creditworthiness which uses a sophisticated modeling 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 is 2 years.
- e) Use of the top 5 Building Societies is ranked using the management expenses and asset size ranking.
- f) The Head of Finance & Resources will have been 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. The following principles are applied to their use:

- a) Only the top five building societies (with the exception of Nationwide Building Society) 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 an additional £3m core cash deposits for greater than one year (bringing maximum total long term investments to £8m) if rates are at a premium over predicted base rates and funds are available for the term, with the potential to invest within property funds.
- d) The use of enhanced cash funds and Money Market Funds which are AAA rated funds. These funds spread the risk over many counterparties and funds may be withdrawn by giving a short notice period.
- e) The use of overseas banks to be included which are on Capita Asset Services counterparty list and whose country sovereignty rating is the same or higher than the UK.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

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 set out below:

	* Minimum credit criteria / colour band	** Max % of total investments/ £ limit per institution	Max. maturity period
Debt Management Account Deposit Facility (DMDAF) – 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			

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

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

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 will be reviewed before they are undertaken.

4.2 Creditworthiness policy

This Council employs the creditworthiness service provided by Capita Asset Services. This service uses a 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 used in conjunction with the following information:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap, an insurance policy to cover the lender for the risk of a borrower defaulting on a loan, is monitored to reflect the risk within a counterparty's rating;
- sovereign ratings to select counterparties from only the most creditworthy countries (AA+ or above).

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, with the following exceptions:

1. The suggested maximum duration for semi nationalised UK Banks is 1 year. This council's treasury management strategy enables investments with these institutions for up to 2 years, as previously agreed as part of the 2014/15 strategy.
2. The council's treasury management strategy allows the use of the top 5 Building Societies (some falling into the 'no-colour' category based on the Capita bandings). Ranking will be based on the management expenses and asset size ranking.

The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 2 years (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used (except for the top 5 Building Societies ranked using the management expenses and asset size)

Based on these criteria, the current counterparty list is as follows:

	Maximum Deposit	Suggested Term
UK Institutions		
Bank of Scotland Plc	£8m	24 mths
Lloyds Bank Plc	£8m	24 mths
National Westminster Bank Plc	£8m	24 mths
The Royal Bank of Scotland Plc	£8m	24 mths
Coventry BS	£2m	Building Society - 6 mths
Leeds BS	£2m	Building Society - 6 mths
Skipton BS	£2m	Building Society - 6 mths
Yorkshire BS	£2m	Building Society - 6 mths
Close Brothers Ltd	£3m	100 days
MBNA Europe Bank	£3m	100 days
Bank of New York Mellon (International) Ltd	£5m	12 mths
HSBC Bank plc	£5m	12 mths
Standard Chartered Bank	£5m	12 mths
Nationwide BS	£3m	6 mths
Abbey National Treasury Services plc	£3m	6 mths
Barclays Bank plc	£3m	6 mths
Cater Allen	£3m	6 mths
Merrill Lynch International	£3m	6 mths
Santander UK plc	£3m	6 mths
Collateralised LA Deposit*	£5m	60 mths
Debt Management Office	£5m	60 mths
Supranationals	£5m	60 mths
UK Gilts	£5m	60 mths
Overseas Institutions		
Norddeutsche Landesbank Girozentrale	£3m	100 days
Silicon Valley Bank	£3m	100 days
Australia and New Zealand Banking Group Ltd	£5m	12 mths
Commonwealth Bank of Australia	£5m	12 mths
National Australia Bank Ltd	£5m	12 mths
Westpac Banking Corporation	£5m	12 mths
Bank of Montreal	£5m	12 mths
Bank of Nova Scotia	£5m	12 mths
Canadian Imperial Bank of Commerce	£5m	12 mths
Royal Bank of Canada	£5m	12 mths

Toronto Dominion Bank	£5m	12 mths
Nordea Bank Finland plc ~	£5m	12 mths
Pohjola Bank	£5m	12 mths
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	£5m	12 mths
The Hong Kong and Shanghai Banking Corporation Ltd	£5m	12 mths
Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)	£5m	12 mths
Qatar National Bank	£5m	12 mths
Samba Financial Group	£5m	12 mths
DBS Bank Ltd	£5m	12 mths
Oversea Chinese Banking Corporation Ltd	£5m	12 mths
United Overseas Bank Ltd	£5m	12 mths
Nordea Bank AB	£5m	12 mths
Svenska Handelsbanken AB	£5m	12 mths
Bank of New York Mellon, The	£5m	12 mths
HSBC Bank USA, N.A.	£5m	12 mths
JPMorgan Chase Bank NA	£5m	12 mths
Northern Trust Company	£5m	12 mths
State Street Bank and Trust Company	£5m	12 mths
U.S. Bancorp	£5m	12 mths
Wells Fargo Bank NA	£5m	12 mths
Landwirtschaftliche Rentenbank	£5m	24 mths
NRW.BANK	£5m	24 mths
Banque et Caisse d'Epargne de l'Etat	£5m	24 mths
Clearstream Banking	£5m	24 mths
Bank Nederlandse Gemeenten	£5m	24 mths
Nederlandse Waterschapsbank N.V	£5m	24 mths
Macquarie Bank Limited	£3m	6 mths
BNP Paribas Fortis	£3m	6 mths
KBC Bank NV	£3m	6 mths
National Bank of Canada	£3m	6 mths
Danske Bank	£3m	6 mths
BNP Paribas	£3m	6 mths
Credit Agricole Corporate and Investment Bank	£3m	6 mths
Credit Industriel et Commercial	£3m	6 mths
Credit Agricole SA	£3m	6 mths
Societe Generale	£3m	6 mths
BayernLB	£3m	6 mths
Deutsche Bank AG	£3m	6 mths
Landesbank Baden Wuerttemberg	£3m	6 mths
Landesbank Berlin AG	£3m	6 mths
Landesbank Hessen-Thueringen Girozentrale (Helaba)	£3m	6 mths
ING Bank NV	£3m	6 mths
DnB Bank	£3m	6 mths
Arab National Bank	£3m	6 mths
Riyad Bank	£3m	6 mths
Skandinaviska Enskilda Banken AB	£3m	6 mths
Swedbank AB	£3m	6 mths
Credit Suisse AG	£3m	6 mths

UBS AG	£3m	6 mths
Citibank International Plc ~	£3m	6 mths
Credit Suisse International ~	£3m	6 mths
Goldman Sachs International ~	£3m	6 mths
Goldman Sachs International Bank ~	£3m	6 mths
Morgan Stanley & Co. International plc ~	£3m	6 mths
Sumitomo Mitsui Banking Corporation Europe Ltd ~	£3m	6 mths
UBS Ltd ~	£3m	6 mths
Bank of America, N.A.~	£3m	6 mths
BOKF, NA	£3m	6 mths
Citibank, N.A. ~	£3m	6 mths
Money market Funds AAA Rated	£8m	60 mths
Cash Enhanced Funds AAA Rated	£8m	60 mths

As well as limits on the amount of funds that can be placed with individual counterparties, Capita would suggest imposing group limits. The group limit should be equal to the individual limit of one counterparty within the same group.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of Capita's 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. A credit default swap is an insurance policy to cover the lender for the risk of a borrower defaulting on a loan. Monitoring this market, the credit risk of any particular counterparty can be assessed and appropriate action can be taken to reflect this risk within a counterparty's rating. 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 sovereign support for banks and the credit ratings of that supporting government.

4.3 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 above at 4.2. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Capita Asset Services has revised its Interest Rate Forecast. Previously, it was thought that rates would increase in June 2015, however it looks like this will now be either late 2015 or early 2016. This has reduced investment rates. Current investment rates are as follows:

- Instant Access 0.40%
- 3 months 0.50%
- 6 months 0.65%
- 1 year 0.95%
- 2 years 1.25%
- 5 years 1.85%

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
	2015/16	2016/17	2017/18
	£000	£000	£000
Principal sums invested > 364 days	8,000	8,000	8,000

Maidstone Borough Council Proposed Counterparty List 2015/16

	Maximum Deposit	Suggested Term
UK Institutions		
Bank of Scotland Plc	£8m	24 mths
Lloyds Bank Plc	£8m	24 mths
National Westminster Bank Plc	£8m	24 mths
The Royal Bank of Scotland Plc	£8m	24 mths
Coventry BS	£2m	Building Society - 6 mths
Leeds BS	£2m	Building Society - 6 mths
Skipton BS	£2m	Building Society - 6 mths
Yorkshire BS	£2m	Building Society - 6 mths
Close Brothers Ltd	£3m	100 days
MBNA Europe Bank	£3m	100 days
Bank of New York Mellon (International) Ltd	£5m	12 mths
HSBC Bank plc	£5m	12 mths
Standard Chartered Bank	£5m	12 mths
Nationwide BS	£3m	6 mths
Abbey National Treasury Services plc	£3m	6 mths
Barclays Bank plc	£3m	6 mths
Cater Allen	£3m	6 mths
Merrill Lynch International	£3m	6 mths
Santander UK plc	£3m	6 mths
Collateralised LA Deposit*	£5m	60 mths
Debt Management Office	£5m	60 mths
Supranationals	£5m	60 mths
UK Gilts	£5m	60 mths
Overseas Institutions		
Norddeutsche Landesbank Girozentrale	£3m	100 days
Silicon Valley Bank	£3m	100 days
Australia and New Zealand Banking Group Ltd	£5m	12 mths
Commonwealth Bank of Australia	£5m	12 mths
National Australia Bank Ltd	£5m	12 mths
Westpac Banking Corporation	£5m	12 mths
Bank of Montreal	£5m	12 mths
Bank of Nova Scotia	£5m	12 mths
Canadian Imperial Bank of Commerce	£5m	12 mths
Royal Bank of Canada	£5m	12 mths
Toronto Dominion Bank	£5m	12 mths
Nordea Bank Finland plc ~	£5m	12 mths
Pohjola Bank	£5m	12 mths
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	£5m	12 mths
The Hong Kong and Shanghai Banking Corporation Ltd	£5m	12 mths
Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank)	£5m	12 mths
Qatar National Bank	£5m	12 mths
Samba Financial Group	£5m	12 mths
DBS Bank Ltd	£5m	12 mths
Oversea Chinese Banking Corporation Ltd	£5m	12 mths
United Overseas Bank Ltd	£5m	12 mths
Nordea Bank AB	£5m	12 mths
Svenska Handelsbanken AB	£5m	12 mths
Bank of New York Mellon, The	£5m	12 mths
HSBC Bank USA, N.A.	£5m	12 mths
JPMorgan Chase Bank NA	£5m	12 mths
Northern Trust Company	£5m	12 mths
State Street Bank and Trust Company	£5m	12 mths
U.S. Bancorp	£5m	12 mths
Wells Fargo Bank NA	£5m	12 mths
Landwirtschaftliche Rentenbank	£5m	24 mths
NRW.BANK	£5m	24 mths
Banque et Caisse d'Epargne de l'Etat	£5m	24 mths
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ING Bank NV	£3m	6 mths
DnB Bank	£3m	6 mths
Arab National Bank	£3m	6 mths
Riyad Bank	£3m	6 mths
Skandinaviska Enskilda Banken AB	£3m	6 mths
Swedbank AB	£3m	6 mths
Credit Suisse AG	£3m	6 mths
UBS AG	£3m	6 mths
Citibank International Plc ~	£3m	6 mths
Credit Suisse International ~	£3m	6 mths
Goldman Sachs International ~	£3m	6 mths
Goldman Sachs International Bank ~	£3m	6 mths
Morgan Stanley & Co. International plc ~	£3m	6 mths
Sumitomo Mitsui Banking Corporation Europe Ltd ~	£3m	6 mths
UBS Ltd ~	£3m	6 mths
Bank of America, N.A.~	£3m	6 mths
BOKF, NA	£3m	6 mths
Citibank, N.A. ~	£3m	6 mths
Money market Funds AAA Rated	£8m	60 mths
Cash Enhanced Funds AAA Rated	£8m	60 mths

As well as limits on the amount of funds that can be placed with individual counterparties, Capita would suggest imposing group limits. The group limit should be equal to the individual limit of one counterparty within the same group.

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

2014/15 %	2015/16 %	2016/17 %	2017/18 %	2018/19 %	2019/20 %
-1.1	0.0	0.0	-0.3	-1.1	-1.1

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

	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
i) Forecast of total budgetary requirement no changes to capital programme	1,970	450	450	450	450	450
ii) Forecast of total budgetary requirement after changes to capital programme	11,673	5,170	5,528	5,310	5,086	5,086
iii) Additional Council Tax Required	1.20	4.40	4.42	4.34	4.26	4.21

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

Current Financial Plan

2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
11,673	5,170	5,528	5,310	5,086	5,086

This is the estimate of capital expenditure taken from the Corporate Budget Strategy 2014/15 Onwards .

Capital Financing Requirement

2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
-65	-2,033	-2,033	-2,033	-2,033	-2,033

This is a measure of the capital expenditure incurred historically by the council that has yet to be financed. The negative figures shows that the Council's Capital Programme is fully funded

PRUDENTIAL INDICATORS

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

	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Borrowing	10,000	10,000	10,000	10,000	10,000	10,000
Other Long Term Liabilities	5,426	4,971	4,514	4,033	3,526	3,005
Total	15,426	14,971	14,514	14,033	13,526	13,005

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

	2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
Borrowing	6,000	6,000	6,000	6,000	6,000	6,000
Other Long Term Liabilities	5,426	4,971	4,514	4,033	3,526	3,005
Total	11,426	10,971	10,514	10,033	9,526	9,005

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

2014/15 %	2015/16 %	2016/17 %	2017/18 %	2018/19 %	2019/20 %
100	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

2014/15 %	2015/16 %	2016/17 %	2017/18 %	2018/19 %	2019/20 %
80	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 2014/15

	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

2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
5,000	8,000	8,000	8,000	8,000	8,000

Agenda Item 14

MAIDSTONE BOROUGH COUNCIL

CABINET

WEDNESDAY 11TH FEBRUARY 2015

REPORT OF HEAD OF POLICY AND COMMUNICATIONS

Report prepared by Clare Wood

1. 2014/15 QUARTER 3 KEY PERFORMANCE INDICATOR REPORT

1.1 Issue for Decision

1.1.1 Cabinet are asked to consider progress made to date for the 2014/15 Key Performance Indicators.

1.2 Recommendation of the Head of Policy & Communications

1.2.1 It is recommended that Cabinet:

- a) Note the out-turns of the KPIs (Appendix A), definitions are included for reference at Appendix B;
- b) Note the following indicators that are unlikely to achieve the annual performance target:
 - DCV 005 Processing of minor planning applications within statutory timescales (reported at Q3).
 - DCV 006 Processing of other planning applications within statutory timescales.
 - WCN 006 Missed bins.
 - HSG 005 Number of households prevented from becoming homeless through the intervention of housing advice.
 - PIT Satisfaction with complaint handling
 - BIM 004 Change in the number of outgoing post items.
 - HRO 001 Working days lost to sickness absence (rolling years).
- c) Agree the new monitoring KPI for Development Enforcement: DCE 004 Percentage of enforcement cases investigated within 21 days (investigated means that a site visit has been made and action has been taken.

d) Identify if there are any other areas where further action is required.

1.3 Reasons for Recommendation

1.3.1 The Council set 59 Key Performance Indicators (KPIs) in the Strategic Plan 2011-15, 2014-15 update; there are 35 indicators that can be reported at the quarter 3 point to check if the authority is on track to meet its targets.

1.3.2 The Council's quarterly performance reporting cycle is aligned with financial reporting to enable it to effectively oversee financial performance against corporate priorities and assess whether value for money is being achieved in the delivery of services. The financial monitoring report for the third quarter shows an under spend of £687,682 with 139 out of 232 cost centres under spending. A significant proportion (£474,989) of the underspend can be attributed to employee costs. More information on financial monitoring is available in the Quarter 3 Budget Monitoring Report that will be taken to Cabinet in February.

1.4 Context

1.4.1 The Council uses a range of information to manage performance, including performance indicators. The Council's top-level indicators are referred to as Key Performance Indicators (KPIs). The Key Performance Indicators are set out in the Strategic Plan. These were reviewed in April 2014 with new targets and indicators agreed by Cabinet in July 2014. These will continue to be reviewed annually to ensure that they are aligned with the Council's priorities.

1.5 Performance Summary

1.5.1 Appendix A shows progress out-turn data for all indicators that can be collected. Some indicators are collected bi-annually or annually, these indicators have not been included in this report.

1.5.2 Where an indicator is new and there is no quarterly data, no direction can be given. Where direction is available this has been given comparing the quarter 3 out-turn for 2013/14 with the quarter 3 out-turn for 2014/15.

1.5.3 The following tables show the status of the Key Performance Indicators in relation to targets and direction of travel.

RAG Ratings	Green	Amber	Red	N/A	Total
A growing economy	2 (66%)	1 (33%)		2	5
A decent place to live	9 (56%)	2 (13%)	5 (31%)		16
Corporate & customer excellence	8 (57%)	2 (14%)	4 (29%)		14
Total	19 (58%)	5 (15%)	9 (27%)	2	35

Direction	Up	Down	N/A	Total
A growing economy	3 (60%)	2 (40%)		5
A decent place to live	5 (36%)	9 (64%)	2	16
Corporate & customer excellence	9 (69%)	4 (31%)	1	14
Total	17 (53%)	15 (47%)	3	35

1.5.4 Overall, 58% (19) of all KPIs that can be measured quarterly have achieved their quarterly targets and 53% (17) KPIs are showing improved performance compared to the third quarter in 2013/14.

1.5.5 At this point last year 40% (14) of KPIs had achieved the quarter 3 target for the year to date and 39% (10) KPIs were showing an improvement in performance compared to the previous year. The tables below show a comparison of the indicator ratings and direction of travel for quarter 3 2013/14 and quarter 3 2014/15.

Quarter 3	Green	Amber	Red	N/A	Total
2013/14	14 (40%)	11 (31%)	10 (29%)	4	39
2014/15	19 (58%)	5 (15%)	9 (27%)	2	35

Quarter 3	Up	Across	Down	N/A	Total
2013/14	10 (39%)	1 (4%)	15 (57%)	13	39
2014/15	17 (53%)	0	15 (47%)	3	35

1.5.6 It should be noted that at the end of 2013/14, 51% of KPIs achieved the annual target set and 55% of out-turns were showing improved performance compared to the previous year.

1.5.7 Of the five KPIs that have been rated amber for quarter 3 it should be noted that four are within 2.5% of the target.

1.6 Performance by Priority

For Maidstone to have a growing economy

- 1.6.1 Income from pay and display car parks has increased by 10% compared to the same period last year, this equates to an additional £28.66 income per parking space.
- 1.6.2 As in previous quarters for 2014/15 the number of park and ride onboard transactions has marginally missed the quarterly target and has been rated amber. The decline in performance has lessened this year, with the quarterly targets for the current financial year missing target by less 1,000 transactions whereas in 2013/14 the quarterly targets were missed by at least 5,000 each quarter. Overall, the year to date figure is 0.6% under the year to date target. It is expected that the annual out-turn will be rated amber.
- 1.6.3 The percentage of people claiming Job Seekers Allowance (JSA) has continued to drop throughout the year, and currently stands at 1.2% which equates to 1,161 people. Out of this group 225 people (19%) have been claiming this benefit for over 12 months. Tunbridge Wells has the lowest proportion of JSA claimants out of the twelve Kent districts at 0.7% (477 people) and Thanet has the greatest with 3.6% (2,868 claimants). It is thought that some of the people coming off JSA are doing so as they are starting their own business and are now classed as self-employed.
- 1.6.4 Although no work experience placements were delivered during quarter three, work continues on the employability and skills programme with officers engaging with local businesses to raise awareness and sell the benefits of the work experience scheme. In addition funding has been allocated for a Saturday job scheme, this will offer 24 placements in Maidstone in the first year. A council focused work experience event in partnership with the Job Centre is planned for quarter 4.

For Maidstone to be a decent place to live

- 1.6.5 Two of the three indicators that monitor the determination of planning applications are not expected to achieve the annual target. Both DCV 005 Processing of minor planning applications and DCV 006 Processing of other planning applications have failed to achieve the quarterly target to date for 2014/15. However, major applications are showing an improvement in performance compared to the same period last year and is on track to achieve the annual target. The down turn in performance for minor and other planning applications is due to

implementation issues with the whole system change in planning which has led to a backlog. In order to assist six additional staff members have been engaged to aid with the clearing of the backlog. In November Cabinet requested an update on the planning shared service at each meeting from the Head of Planning, Transport and Development.

- 1.6.6 The data for DCE 001 percentage of planning enforcement cases signed off within 21 days has not been provided for quarters one and two. Due to the changes in the planning service systems this indicator is now very time consuming and involves a lot of manual processing. As part of the new planning support service new indicators for the partnerships have been devised and it is proposed that this indicator is replaced with Percentage of enforcement case where inspection is undertaken within 21 days.
- 1.6.7 In relation to housing, the affordable homes delivery programme (HSG 001) is on track to achieve the annual target, despite marginally missing the quarter 3 target. The number of private sector homes improved (HSG PS 003) and average length of stay in temporary accommodation (HSG 009) are also on track to achieve the annual targets. During quarter 2 a triage system was introduced to handle homelessness cases, this has meant the figures have increased during quarter 3. However, based on previous year's data and performance to date it is expected that the annual target will be missed.
- 1.6.8 In terms of waste and cleanliness, DEP 001 which measures that percentage of land where litter falls below an acceptable level has not achieved the quarterly target. The areas concerned have been visited and rectified and there is a wider review of street cleansing arrangements currently underway. The recycling rate (WCN 001) is on track to achieve the annual target and the total waste arisings (kgs) (WCN 004) has achieved the quarterly target for the first time this year. At quarter 2 we reported that the annual target for this indicator was unlikely to be achieved, the current quarters performance means that the year to date figure has now been rated amber and the annual out-turn is expected to be rated amber (within 10%).

Corporate & customer excellence

- 1.6.9 All of the indicators that measure the council's contact with its residents and customers have achieved their targets for the year to date. Call waiting times in the contact centre (CTC 001) are less than two minutes and over 80% of visitors to the Gateway have been seen within 20 minutes (CTC 002). In addition contracts in the gateway and by phone have reduced and contacts through the website have increased (BIM abc). Unfortunately the number of outgoing post items is currently showing a 16% increase for the year to date. This is due to

the changes to voter registration with more letters and poll cards sent than initially expected and the new planning support service which handles all applications for MKIP.

1.6.10 Satisfaction with complaint handling will not achieve the annual target. The response rate improved in quarter 3 to just over 40% however the reason for low satisfaction are unclear with respondents are dissatisfied with the handling of their complaints for nearly all services with no discernable patterns or trends. We will be looking at the ways satisfaction data with complaints handling is obtained to try improve the out-turns for this indicator.

1.6.11 Working days lost to sickness absence has not achieved the target. This is due to long-term rather than short-term sickness, although the majority of people on long-term sick returned to work during the third quarter it is expected that the annual target will not be achieved. Those that remain off work are being managed through occupational health.

1.7 Alternative Action and why not Recommended

1.7.1 The Key Performance Indicators reflect local priorities and measure progress towards the Council's Strategic Outcomes. They are the Council's top level indicators and are linked to the Council's Strategic Plan.

1.7.2 Not monitoring progress against the Strategic Plan 2011-15 could mean that the Council fails to deliver its priorities and would also mean that action could not be taken effectively to address performance during the year.

1.8 Impact on Corporate Objectives

1.8.1 Key Performance Indicators are part of the Council's overarching Strategic Plan 2011-15 and play an important role in the achievement of our corporate objectives as well as covering a wide range of service and priority areas; for example, waste and recycling.

1.9 Risk Management

1.9.1 The production of robust performance reports contributes to ensuring that the view of the Council's approach to the management of risk and use of resources is not undermined and allows early action to be taken in order to mitigate the risk of not achieving targets and outcomes.

1.10 Other Implications

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

Financial

1.10.1 Performance indicators and targets are closely linked to the allocation of resources and determining good value for money.

1.10.2 The financial implications of any proposed changes are also identified and taken into account in the Council's Medium Term Financial Plan and associated annual budget setting process with performance issues highlighted as part of the budget monitoring reporting process.

Staffing

1.10.3 Having a clear set of targets enables staff outcomes/objectives to be set and effective action plans to be put in place.

Environmental

1.10.4 The actions and indicators cover and are used to monitor a number of priority areas.

1.11 Relevant Documents

Strategic Plan 2011-15 (2014/15 Refresh)

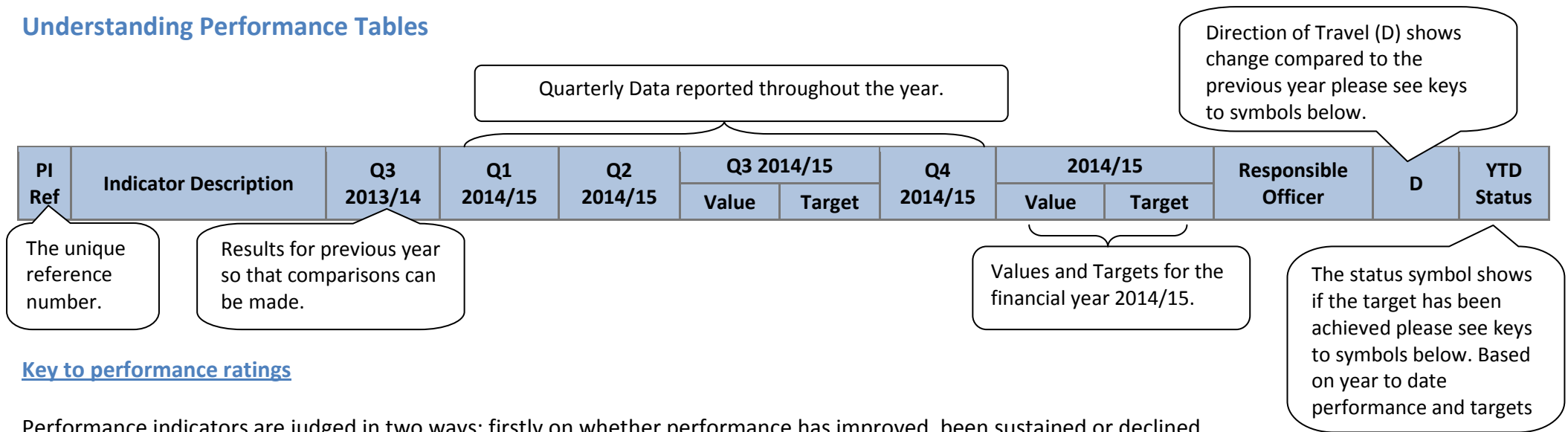
1.11.1 Appendices

Appendix A – 2014/15 Quarter 3 Key Performance Indicator Report

Appendix B – Key Performance Indicator Definitions

<u>IS THIS A KEY DECISION REPORT?</u>		<u>THIS BOX MUST BE COMPLETED</u>	
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, this is a Key Decision because:			
.....			
Wards/Parishes affected:			
.....			

Understanding Performance Tables



Key to performance ratings

Performance indicators are judged in two ways; firstly on whether performance has improved, been sustained or declined, compared to the same period in the previous year for example, 2014/15 quarter 3 out-turns will be compared against 2013/14 quarter 3 out-turns. This is known as Direction. Where there is no previous data no assessment of Direction can be made. The second way in which performance is assessed looks at whether an indicator has achieved the target set and is known as PI status. Some indicators will show an asterisk (*) after the figure, these are provisional out-turns that are awaiting confirmation. Contextual indicators are not targeted but are given a direction. Indicators that are not due for reporting or where there is delay in data collection are not rated against targets or given a direction.

PI Status		Direction	
	Target not achieved		Performance has improved
	Target missed (within 10%)		Performance has not changed / been sustained
	Target met		Performance has declined
	No target to measure performance against		No previous performance to judge against
	Data Only		



For Maidstone to have a growing economy

Objective 1. A transport network that supports the local economy

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
PKG 002	Income from pay and display car parks per space	£301.29	£291.15	£304.34	£333.00	£288.26		£928.49	£1029.49	Jeff Kitson		
PKG 007	Number of on-board Park & Ride bus transactions	106,662	89,849.5	90,217	105,595	105,840		285,661	378,000	Jeff Kitson		
To date for 2014/15 this indicator has slightly missed the target each quarter. The annual target of 378,000 based on the 2013/14 annual out-turn which was 377,907, it is expected that the annual target this year will be marginally missed.												





Objective 2. A growing economy with rising employment, catering for a range of the skill sets to meet the demands of the local economy

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
E&S 001	Work experience placements delivered (by the Council) across the borough	6	13	5	0			18		John Foster		
This quarter, officer time was devoted to building relationships with private sector businesses to raise the awareness of the value of work experience to young people. Previously efforts have been focused on offering work experience within the council, the new approach of working with businesses should create many more places than the Council could have offered. Maidstone Studios has been targeted as its home to some 20 businesses. A Council focussed work experience event will be held in partnership with Job Centre plus in the fourth quarter.												
E&S 002	Number of employers that have engaged with NEETs (not in education, employment or training)	0	4	38	6			48		John Foster		

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
	through MBC											
	Funding has been allocated for a Saturday job scheme which will offer 16 and 17 year olds a 3 month placement within a business of their interest, commencing in April 2015. It will offer 24 placements in the district in the first year, with the intention for this scheme to be continued in subsequent years. Initially employers will be engaged to provide 3 month placements fully funded by the Kent Troubled Families Programme. Discussions have commenced with the Federation of Small Businesses as to how to promote this opportunity as widely as possible across a range of sectors.											
LVE 002	Percentage of people claiming Job Seekers Allowance	1.8%	1.5%	1.3%	1.2%	2.5%		1.2%	2.5%	John Foster		
	We are still awaiting the release of the figures for December 2014. Compared to the other Kent districts, Tunbridge Wells has the lowest proportion of people claiming JSA at 0.7% and Thanet the highest proportion at 3.6%, Maidstone is currently 5 th out of the twelve Kent authorities with 1,209 people claiming this benefit which equates to 1.2%.											











2015 For Maidstone to be a decent place to live

Objective 3. Decent, affordable housing in the right places across a range of tenures









PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
DCV 004	Processing of planning applications: Major applications (NI 157a)	63.64%	68.75%	80.00%	77.78%	70.00%		75.93%	70.00%	James Bailey		
DCV 005	Processing of planning applications: Minor applications (NI 157b)	73.91%	62.65%	51.81%	49.09%	75.00%		55.20%	75.00%	James Bailey		
	To date for 2014/15 the Council has determined 221 minor planning applications compared to 257 at the same point in 2013/14. Performance has declined significantly compared to the quarter 3 period last year when 73.91% of minors determined were done so within the statutory timescales, to 49.09% for											

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
	the currently quarter. Delivery issues with the new planning support service have impacted on this figure and there is currently a backlog of applications. Following the consideration of the quarter 2 performance report Cabinet are receiving monthly updates on the planning support service. Based on previous performance it is unlikely that the annual target will be achieved.											
DCV 006	Processing of planning applications: Other applications (NI 157c)	88.26%	80.00%	69.12%	68.10%	85.00%		73.03%	85.00%	James Bailey	↓	🛑
	To date for 2014/15 the Council has determined 697 other planning applications, compared to 872 at the same point in 2013/14. As with minor planning applications performance has declined compared to 2013/14 and the implementation of the new planning support service has impacted on this indicator. At this stage it is possible that the annual target may only be slightly missed (with 10% of target) however, it is more likely that the annual target will not be achieved.											
HSG 001	Number of affordable homes delivered (gross)	75	39	41	21	25		101	200	Andrew Connors	↓	✅
	Although the quarter 3 target has not been achieved this delivery programme for affordable homes is still on track to deliver the 200 affordable homes expected. Please note the target for this indicator is profiled to take into account the delivery programme and seasonal variations.											
HSG PS 003	Number of private sector homes improved	68	70	52	45	45		122	180	Nigel Bucklow	↓	✅
HSG PS 002	Number of private sector vacant dwellings that are returned into occupation or demolished	22	38	17	44	15		99	60	Nigel Bucklow	↑	✅

Objective 4. Continue to be a clean and attractive environment for people who live in and visit the borough

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
DCE 001	Percentage of planning enforcement cases signed off within 21 days	88%	Data not provided	Data not provided	39.37%	90%		Data not provided	90%	James Bailey		
	Due to the changes in the IT systems in planning this indicator is now very time consuming to gather data for and involves a lot of manual processing. As part of the new planning support service new indicators for the partnerships have been devised and it is proposed that this indicator is replaced with Percentage of enforcement case where inspection in undertaken within 21 days. A data cleansing exercise is being undertaken to ensure the quality of the data for the new indicator is robust for quarters one and two and will be reported in the Annual Performance Report.											
DEP 001	The percentage of relevant land and highways that is assessed as having deposits of litter that fall below an acceptable level (NI 195a)	1.67%	1.66%	1.66%	6.67%	1.70%		6.67%	1.70%	Jennifer Shepherd		
	These quarterly results are disappointing and has shown a below acceptable standard of cleansing and poor public perception of street cleansing. The areas of the borough that had falling below an acceptable standard has been visited and rectified. Currently a review of street cleansing is being undertaken and changes to the current working practises will address these issues and provide an improved standard of cleansing and public perception.											
WC N 001	Percentage of household waste sent for reuse, recycling and composting (NI 192)	45.95%	51.50%	51.23%	47.77%	50.00%		50.22%	50.00%	Jennifer Shepherd		
WC N 004	Total waste arising per household (Kgs)		225.07	212.58	205.39	206.25		643.04	825.00	Jennifer Shepherd		
DEP 007	Percentage of fly-tipping reports responded to within one working day	99.77%	97.54%	98.85%	97.93%	99.00%		98.08%	99.00%	Jennifer Shepherd		

Objective 5. 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

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
HSG 005	Number of households prevented from becoming homeless through the intervention of housing advice	74	118	50	64	87		232	350	Ellie Kershaw		
	Whilst still below target the number of preventions has increased from quarter 2. This is was expected with the implementation of the triage system, going forward a further rise is expected as the system becomes more embedded and CSAs become more confident in the service. It is difficult to predict if the target for this indicator will be achieved as in previous years quarter 4 has often been the best performing however it is dependent on how many people present to the Council as homeless. It is likely that the annual target will not be achieved and will be missed by 10% or more.											
HSG 009	Average length of stay in temporary accommodation (those leaving TA)		73.7 days	48.4 days	46.0 days	57.6 days		55.0 days	57.6 days	Ellie Kershaw		
MF M 001a	Number of families accepted on the Maidstone Families Matter programme (to date)	2	178	217	275	45		275	189	Ellie Kershaw		
MF M 001b	Percentage of those accepted to the Maidstone Families Matter programme that have been engaged with (Rolling)	850.00%*	55.06%	81.57%	74.55%	60.00%		71.64%	60.00%	Ellie Kershaw		
	*Quarter 3 2013/14 shows an unusually high out-turn, this is because during this period only two families were accepted onto the programme whilst those accepted previously were engaged with.											

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
R&B 004	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events (NI 181)	10.29	9.98	9.65	9.78	10.00		9.80	10.00	Steve McGinnes		











Corporate & customer excellence









Objective 6. Services are customer focused and residents are satisfied with them

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
CTC 001	The average wait time for calls into the Contact Centre	95.00 seconds	149.00 seconds	112.00 seconds	80.00 seconds	120.00 seconds		113.67 seconds	120.00 seconds	Sandra Marchant		
CTC 002	Percentage of Visitors to the Gateway responded to by a CSA within 20 minutes	80.56%	76.2%	84.55%	84.11%	75%		81.6%	75%	Sandra Marchant		
R&B 009	Overall satisfaction with the benefits service	88.98%	91.15%	90.24%	93.64%	85%		91.62%	85%	Steve McGinnes		
PIT 001	Percentage of complaints resolved within the specified timescale	91.3%	95.6%	93.49%	85.32%	95%		92.86%	95%	Angela Woodhouse		
PIT 002	Satisfaction with complaint handling	36.17%	54.39%	.00%	26.09%	45.00%		35.83%	45.00%	Angela Woodhouse		
	The response rate has increased since the previous quarter to 41.4%. However satisfaction is very low. The reasons for this are unclear and respondents are dissatisfied with the handling of their complaints for nearly all services. The only services that received feedback that wasn't negative were the Depot and											

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
	Economic Development, however both of these services only received one survey response.											

Objective 7. Effective, cost efficient services are delivered across the borough

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
BIM 003a	Percentage of customer contacts made in person in the Gateway	7.67%	6.90%	7.20%	6.06%	7.40%		6.72%	7.30%	Georgia Hawkes		
BIM 003b	Percentage of customer contacts made online by visiting the councils website	72.85%	75.47%	73.59%	78.01%	74.50%		75.68%	75.00%	Georgia Hawkes		
BIM 003c	Percentage of customer contacts made by phone through the contact centre	19.49%	17.63%	19.22%	15.93%	18.00%		17.60%	17.70%	Georgia Hawkes		
BIM 004	Change in number of out-going post items 2014/15		14.04%	11.40%	24.35%	10%		16.07%	10.00%	Georgia Hawkes		
	There has been an increase of 45,212 postal items for the year to date compared with the same period in 2013/14. The increase is thought to be partly due to the changes with electoral registration, the sending of more poll cards by post and the new planning support service - this deals with applications from all MKIP authorities. Other service areas, for example Council tax has reduced their out-going post. At this stage it is expected that the annual target will not be achieved.											
R&B 005	Percentage of Non-domestic Rates Collected (BV 010)	87.82%	33.64%	59.23%	85.57%	84.48%		85.57%	97.80%	Steve McGinnes		

PI Ref	Indicator Description	Q3 2013/14	Q1 2014/15	Q2 2014/15	Q3 2014/15		Q4 2014/15	2014/15		Responsible Officer	D	YTD Status
					Value	Target		Value	Target			
R&B 006	Percentage of Council Tax collected (BV 009)	86.74%	29.30%	58.10%	86.50%	86.79%		86.50%	98.30%	Steve McGinnes		
WC N 006	Missed bins	98.5	37.6	41.0	25.2	30.0		34.6	30.0	Jennifer Shepherd		
	The quarterly target for this indicator has been achieved for the first time since the new waste contract commenced. Based on performance for the year to date the annual target is unlikely to be met and the target will either be marginally missed (within 10%) or not achieved.											
HRO 001/ BV 214	Working Days Lost Due to Sickness Absence (rolling year) (BV 12) Maidstone	8.51 days	7.46 days	8.36 days	9.59 days	8.00 days		9.59 days	8.00 days	Dena Smart		
	Long-term sickness increased at the end of quarter 2 and is currently over target at 6.68 days per employee. The majority of people in this category have now returned to work and those which remain off work are being managed through occupational health. Short-term sickness is currently performing under target at 2.91 days per employee. It is expected that the annual target will not be achieved.											
BIM 002	Percentage of financial transactions not carried out on-line or by direct debit/standing order	8.28%	8.7%	8.65%	7.42%	10%		8.26%	10%	Paul Riley		

For Maidstone to have a growing economy

Outcomes by 2015:

1. A growing economy with rising employment, catering for a range of skill sets to meet the demands of the local economy.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer (attraction)	LVE 003 Percentage of vacant retail units within the town centre	Annual	Aim to minimise	John Foster	Maidstone is a shopping centre of regional significance. Its continued attractiveness for businesses, visitors and shoppers is important to the prosperity of the Borough.
Process	LVE 002 Percentage of people claiming Job Seekers Allowance	Quarterly	Aim to minimise	John Foster	JSA claimant count records the number of people claiming Jobseekers Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices. People claiming JSA must declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made. Measures the health of the jobs economy.
	DCV 002 a) Percentage of major business planning applications take-up of pre-applications advice b) Percentage of those taking pre-application advice where the applications were approved	Bi-annual	Aim to maximise	Rob Jarman	These indicators measure the take-up and quality of pre-application advice. Pre-application advice is being promoted by the team to ensure that developments are high quality and well designed.
Finance	R&B 002 Value of business rateable floor space	Annual	Aim to maximise	Steve McGinnes/ John Foster	The rateable value represents the open market annual rental value of a business/non-domestic property. This means the rent the property would let for on the valuation date, if it was being offered on the open market.
Learning & Development	KCC 003 Number of 16-18 year olds who are not in education, employment or training (NEETS) (NEW)	Annual	Aim to minimise	Sarah Robson	Non-participation in education, employment or training between the ages of 16 and 18 is a major predictor of later unemployment, low income, depression, involvement in crime and poor mental health.
Learning & Development	KCC 004 Working age people educated to NVQ level 4 of higher (NEW)	Annual	Aim to maximise	Sarah Robson	This indicator is needed because of the important role local authorities have with regard to economic development and the key part that skills and qualifications play in supporting economic development.

2. A transport network that supports the local economy.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	PKG 008 Percentage change in bus usage on services from Maidstone depot	Annual	Aim to maximise	Jeff Kitson	To assess the change in bus usage as part of the monitoring of the outcome 'a transport network to support the local economy'. This indicator shows if more or less journeys are being made by buses. The source data is provided by Arriva and are global figures for their Maidstone depot –and cover sections of route beyond the boundary however they give a good indication of what is happening in the area.
Process	PKG 007 Number of Park and Ride transactions	Quarterly	Aim to maximise	Jeff Kitson	The Indicator compares the on bus transaction figure (these are the cash sales to passengers boarding buses) on Park and Ride with the one for the same period of the previous year therefore, assessing fluctuations in the service usage.
Finance	PKG 002 Income from pay and display car parks per parking space	Quarterly	Aim to maximise	Jeff Kitson	Pay and Display income is monitored closely - data collated daily will be used to calculate the income per parking space at each quarter of the financial year. Demonstrating income efficiency and usage in monetary terms.

216

For Maidstone to be a decent place to live

3. Decent, affordable housing in the right places across a range of tenures.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	DCV 003 Percentage of residential planning applications processed within statutory timescales	Quarterly	Aim to maximise	Rob Jarman	To ensure local planning authorities determine planning applications in a timely manner. These indicators measure the percentage of planning applications dealt with in a timely manner for their respective categories.
Customer	DCV Processing of planning applications within statutory timescales - 004 (Majors), 005 (Minors) ,006 (Others)	Quarterly	Aim to maximise	Rob Jarman	

KPI Explanations 2014

Appendix D

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Process	HSG 010 Net addition homes delivered	Annual	Aim to maximise	Rob Jarman	This indicator measures the net increase in dwelling stock over the year. This was originally a national indicator that was introduced to encourage a greater supply of new homes to address the long term housing affordability issue.
	HSG 001 Number of affordable homes delivered	Quarterly	Aim to maximise	John Littlemore	To promote an increase in the supply of affordable housing. This indicator shows how many affordable homes have been delivered.
	HSG PS 003 Number of private sector homes improved	Quarterly	Aim to maximise	John Littlemore	This is the number of private sector homes that have been improved by various means throughout the year in which the outcome has had a positive impact of the resident's health, safety or welfare.
Finance	DCV 007 Average cost of planning service per application	Annual	Aim to minimise	Rob Jarman	This indicator is to assess value for money in the planning processing expressed per application. Costs will exclude enforcement work.
Finance	HSG 003 Average grant per MCB funded affordable home unit	Annual	N/A	John Littlemore	Total supply of all affordable dwelling completions built or acquired by RSLs (or other bodies) with financial support (grant) directly from the Council, i.e. all affordable homes delivered via schemes which MBC has contributed to, divided by the total grant paid. This will include any renovations or conversions (resulting in the provision of additional affordable dwellings).
Learning & Development	SPT 004 Percentage of new homes built on previously developed land	Annual	Aim to maximise	Rob Jarman	To encourage the provision of additional housing on previously developed land and through conversions of existing buildings in order to minimise development on green fields.

4. Continues to be a clean and attractive environment for people who live in and visit the Borough.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	COM 008 Satisfaction with local area as a place to live (Resident Survey)	Biennial	Aim to maximise	Sarah Robson	MBC recognises that the quality of place remains a priority to residents and drives how satisfied people are with their local area as a place to live. These indicators will provide MBC with a baseline of local satisfaction which will help us identify and address the sorts of issues affecting how residents feel about their local area.
Customer	DEP 004 Satisfaction with street cleaning (residents survey)	Biennial	Aim to maximise	Jennifer Shepherd	
Customer	PKS 002 Satisfaction with Parks & Open Spaces (residents survey)	Biennial	Aim to maximise	Jason Taylor	
Customer	DEP 007 Percentage of fly-tipping reports responded to within 1 working day	Quarterly	Aim to minimise	Jennifer Shepherd	Fly-tipping is the common term used to describe waste illegally deposited on land as described under Section 33 of the Environment Protection Act 1990. This indicator is to monitor the timely removal of illegal dumping of waste on relevant land and highways.
Process	DCE 001 Percentage of planning enforcement cases signed off within 21 days	Quarterly	Aim to maximise	Rob Jarman	To ensure a timely response to planning enforcement.
Process	DEP 002 Local Street & Environmental Cleanliness a) Litter, b) Detritus (NI 195ab)	Annual	Aim to minimise	Jennifer Shepherd	The percentage of relevant land and highways that is assessed as having deposits of litter or detritus that fall below an acceptable level.
Process	WCN 001 Percentage of household waste sent for reuse, recycling and composting (NI 192)	Quarterly	Aim to maximise	Jennifer Shepherd	The indicator measures percentage of household waste arising's which have been sent by the Authority for reuse, recycling, composting or anaerobic digestion. This is a key measure of local authorities' progress in moving management of household waste up the hierarchy, consistent with the Government's national strategy for waste management.
Finance	PKS 001 Cost of maintaining the borough's parks and open spaces per head of population	Annual	Aim to minimise	Jason Taylor	To monitor the cost of maintaining the borough's parks and open spaces
Finance	WCN 002 Cost of waste collection per household	Annual	Aim to minimise	Jennifer Shepherd	To monitor cost of municipal waste disposal, to ensure that good value for money is achieved while delivering a high quality service.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Finance	DEP 003 Cost of street cleansing per head of population	Annual	Aim to minimise	Jennifer Shepherd	The cost of street cleansing per head of the residents of Maidstone is an indicator to show any changes in the cost of street cleansing.
Learning & Development	WCN 004 Total waste arising's per household (NEW)	Quarterly	Aim to minimise	Jennifer Shepherd	In line with the position of waste reduction at the top of the waste hierarchy, the Council wishes to see a year on year reduction in the total amount of waste arising's per household. Local authorities have an important role to play in assisting their residents to reduce waste (as well as encouraging sorting of waste for recycling, re-use, home composting and other forms of home treatment of waste).
Learning & Development	CMP 001 Percentage CO2 reduction from local authority operations	Annual	Aim to maximise	TBC	The public sector is in a key position to lead on CO2 emissions reduction by setting a behavioural and strategic example to the private sector and the communities they serve. The aim of this indicator is to measure the progress made by MBC to reduce CO2 emissions from the relevant buildings and transport used to deliver its functions and to encourage them to demonstrate leadership on tackling climate change.
Learning & Development	CDP 011 Recorded crime per 1,000 population	Annual	Aim to minimise	Sarah Robson	This indicator provides a snapshot of the level of crime in the borough and its direction of travel. The data for this indicator comes from Kent Police.

219

5. Residents are not disadvantaged because of where they live or who they are, vulnerable people are assisted and the level of deprivation is reduced.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	HSG 009 Average length of stay in bed and breakfast accommodation (those leaving TA)	Quarterly	Aim to minimise	John Littlemore	Average length of stay in temporary accommodation (TA) for those leaving TA in period. To measure the authority's success in reducing temporary accommodation use.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	INT 001 Percentage of the Borough covered by Broadband	Annual	Aim to maximise	Dave Lindsay	A broadband internet connection is increasingly viewed as a vital utility at work and home – the electricity of the 21st century. A largely deregulated market means that broadband services are competitively priced. However, it also makes the provision of these services a commercial decision by Internet Service Providers (ISPs), often favouring the denser urban areas.
Process	R&B 004 Average time taken to process new benefit claims and changes of circumstances	Quarterly	Aim to minimise	Steve McGinnes	HB/CTB of £19bn is paid to over 5 million low income households. Delays in the administration of these benefits can impact on some of the most vulnerable people in our society by: <ul style="list-style-type: none"> • Leading to rent arrears and evictions • Preventing access to housing because landlords are reluctant to rent to HB customers • Acting as a deterrent to people moving off benefits into work because of the disruption to their claim
Process	HSG 005 Number of households presented from becoming homeless through intervention	Quarterly	Aim to maximise	John Littlemore	To measure the effectiveness of housing advice in preventing homelessness or the threat of homelessness. Under section 179(1) of the Housing Act 1996 part VII, as amended by the Housing Act 2002, housing authorities have a duty to ensure that advice and information about homelessness and prevention of homelessness are available free of charge to anyone in their district.
Process	MFM 001a Number of families accepted on the Maidstone Families Matter programme	Quarterly Quarterly	Aim to maximise	Ellie Kershaw	These indicators measure the progress of the Maidstone Families Matter programme. This is Maidstone’s local version of the government’s Troubled Families Programme. Currently this programme runs until March 2015.
	MFM 001b Percentage of those accepted to the Maidstone Families Matter programme that have been engaged with				
Finance	LVE 007 Gap between median wage of employee (residents) and the median wage of employees (workplace) (salary differences)	Annual	Aim to minimise	John Foster	Proxy indicator measure for increases in standard of living but also a measure of economic competitiveness with knowledge driven industries requiring higher skilled labour force and able to pay higher wages. Resident based wage

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
					levels in Maidstone are higher than the workplace based levels suggesting lower skilled and lower wage level local economy.
Learning & Development	CDP 003 Percentage of residents participating in neighbourhood planning as a percentage of the ward population	Annual	Aim to maximise	Sarah Robson	Resident participation is important for successful neighbourhood planning. This indicator assesses what percentage of the ward population have been involved and participated in the process.
Learning & Development	KCC 003 Number of 16-18 year olds who are not in education, employment or training (NEETS) (REPEATED)	Annual	Aim to minimise	John Foster	Non-participation in education, employment or training between the ages of 16 and 18 is a major predictor of later unemployment, low income, depression, involvement in crime and poor mental health.
Learning & Development	KCC 004 Working age people educated to NVQ level 4 or higher (REPEATED)	Annual	Aim to maximise	John Foster	This indicator is needed because of the important role local authorities have with regard to economic development and the key part that skills and qualifications play in supporting economic development.

221

Corporate and Customer Excellence

Outcomes by 2015:

6. Services are customer focused and residents are satisfied with them. (Customer & Resident Scorecard)

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	COM 001 Percentage of residents satisfied with the way the Council runs it's services	Biennial	Aim to maximise	Roger Adley	MBC recognises that the quality of place remains a priority to residents and can influence how satisfied people are with their local area as a place to live. These indicators will provide MBC with an indication of local satisfaction which will help them identify and make improvements to the borough and to how services are delivered.
Customer	Percentage of residents satisfied with key services: WCN 003 Refuse & Recycling collections PKS 003 Maidstone Leisure Centre PKS 002 Parks and open spaces DEP 004 Street cleanliness	Biennial	Aim to maximise	Jennifer Shepherd & Jason Taylor	

KPI Explanations 2014

Appendix D

222

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	R&B 009 Percentage of customers satisfied with benefits service	Annual	Aim to maximise	Steve McGinnes	The indicator is intended to gage the level of customer satisfaction with how the benefit service operates.
Process	COM 007 Percentage of residents that feel that the Council keeps them well informed about the services and benefits it provides.	Biennial	Aim to maximise	Roger Adley	One of MBC's key roles is to provide advice, therefore it is important to ensure that residents and customers can easily access and understand the information that we provide. These indicators demonstrate the levels of satisfaction with of our communications.
Process	CTC 001 Average wait time for calls (Seconds)	Quarterly	Aim to minimise	Sandra Marchant	This indicator is the average wait time a customer telephoning the Contact Centre has to wait before being answered by a Customer Service Advisor.
Process	CTC 002 Percentage of customers to the Gateway seen within 20 minutes	Quarterly	Aim to maximise	Sandra Marchant	This indicator is the percentage of visitors to the Gateway responded to within 20 minutes by a Customer Service Advisor. The aim is to keep customers wait times to a minimum and to improve access to Council services.
Finance	Percentage of residents agreeing that the Council provides value for money (Residents Survey)	Biennial	Aim to maximise	Paul Riley & Roger Adley	This indicator measures the extent to which resident is feel that the Council is providing value for money. The Council has a duty provide services that are cost efficient.
Learning & Development	PIT 002 Percentage of those making complaints satisfied with how their complaint was handled	Quarterly	Aim to maximise	Angela Woodhouse	These indicators are to measure complaint resolved on time and to gage the level of customer satisfaction with the complaints process. These are also reported as part of the quarterly complaints report.
	PIT 001 Percentage of complaints resolved within specified timescale	Quarterly	Aim to maximise	Angela Woodhouse	

7. Effective, cost efficient services are delivered across the borough.

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
Customer	WCN 006 Number of missed bins per 100,000 collections	Quarterly	Aim to minimise	Jennifer Shepherd	This indicator monitors the performance of the contractor and ensures that the service delivers quality and that changes are communicated properly to residents.
Customer	BIM 003a Percentage of customer contacts made in person in the Gateway	Quarterly	Aim to minimise	Georgia Hawkes	This suite of indicators measures contact to council across the Gateway, Contact Centre and Website in order to assess the progress of the channel shift project.
	BIM 003b Percentage of customer contacts made online by visiting the		Aim to maximise		

KPI Explanations 2014

Appendix D

Element	Indicator	Frequency	Good Performance	Responsible Officer	Rationale
	councils website				
	BIM 003c Percentage of customer contacts made by phone through the contact centre		Aim to minimise		
Process	BIM 004 Change in the number of outgoing post items,	Quarterly	Aim to maximise (Negative change)	Georgia Hawkes	It is more costly to send an item in the post than it is to do so by email. This indicator monitors the change in number of post items being sent out to inform progress on the channel shift project.
Process	R&B 006 Percentage of Council tax collected	Quarterly	Aim to maximise	Steve McGinnes	These two indicators monitor the collection of Council Tax and NDNR against the target, the collection of which is a key local authority function.
Process	R&B 005 Percentage of business rates collected	Quarterly	Aim to maximise	Steve McGinnes	
Finance	BIM 002 Percentage of financial transactions not carried out on-line or by direct debit/standing order	Quarterly	Aim to minimise	Georgia Hawkes	This is a test of value for money. Payments made on-line or by direct debit, standing order or direct credit cost the Council much less to process than payments made over the phone or cash or cheques sent in the post or deposited at the payment kiosks.
Finance	DVC 007 Average cost of planning service per application	Annual	Aim to minimise	Rob Jarman	The measure the cost of the development management team per application they have processed.
Learning & Development	HRO 001 Working Days Lost Due to Sickness Absence (rolling year) (BV 12)	Quarterly	Aim to minimise	Dena Smart	To monitor the level of sickness absence in the council.

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