CORPORATE SERVICES POLICY ADVISORY COMMITTEE MEETING

Date: Monday 5 February 2024
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Bartlett (Chairman), Cannon, Conyard, Cooke, Mrs Gooch (Vice-Chairman), Harper, Hinder, S Thompson and Webb

The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.

Issued on Friday 26th January 2024 **Continued Over/:**

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

MAIDSTONE Borough Council

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 12 A and Brief Description	
13.	Exempt Appendix to Item 12 - Shared Revenues and Benefits Service - Consideration of expansion	3 – Financial/Business Affairs	220 - 228

INFORMATION FOR THE PUBLIC

In order to make a statement in relation to an item on the agenda, please call **01622 602899** or email **committee@maidstone.gov.uk** by 4 p.m. one clear working day before the meeting (i.e. by 4 p.m. on Wednesday 31 January 2024). You will need to tell us which agenda item you wish to speak on.

If you require this information in an alternative format please contact us, call **01622 602899**.

To find out more about the work of the Committee, please visit the Council's Website.

MAIDSTONE BOROUGH COUNCIL

CORPORATE SERVICES POLICY ADVISORY COMMITTEE

MINUTES OF THE MEETING HELD ON WEDNESDAY 17 JANUARY 2024

Attendees:

Committee Members:	**Councillors Bartlett (Chairman), Cannon, Conyard, Cooke, Mrs Gooch, Harper, S Thompson and Webb**
Cabinet Members:	**Councillors Perry, Cabinet Member for Corporate Services and Russell, Cabinet Member for Communities, Leisure and Art**

68. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Hinder.

69. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members present.

70. URGENT ITEMS

The Chairman stated that he intended to take additional documents related to the following reports as urgent items to enable them to be considered fully:

- Item 11 – Council Tax Base 2024/25 and Collection Fund Adjustment
- Exempt Appendix 2 to Item 12 – Archbishop's Palace Agreement for Lease

71. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

72. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

73. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

74. EXEMPT ITEMS

RESOLVED: That Item 12 – Archbishop's Palace Agreement for Lease be taken in private due to the possible disclosure of exempt information, for the reason specified having applied the public interest test as the Committee intended to refer to the information contained within Item 13 – Exempt Appendix to Item 12 – Archbishop's Palace Agreement for Lease.

75. MINUTES OF THE MEETING HELD ON 13 DECEMBER 2023

RESOLVED: That the Minutes of the meeting held on 13 December 2023 be approved as a correct record and signed.

76. FORWARD PLAN RELATING TO THE COMMITTEE'S TERMS OF REFERENCE

The Director of Finance, Resources and Business Improvement confirmed that an Item on the Council's Budget Proposals 2024/25 would be presented to the Committee in February.

RESOLVED: That the Forward Plan relating to the Committee's Terms of Reference be noted.

77. MEDIUM TERM FINANCIAL STRATEGY – CAPITAL PROGRAMME

The Cabinet Member for Corporate Services introduced the report and stated that the strategy was part of the budget process, and that there is a link between the capital and revenue budgets. It was highlighted that there were multiple variables in the Capital Programme due to inflation, the planning process and that the limit to borrowing costs was recommended to increase to £369 million during the programme. The recommendation to delegate authority to the Director of Finance, Resources and Business Improvement to approve the budget for the Biodiversity and Climate Change project relating to Maidstone House and the Link was emphasised as improving the viability of the building for future tenants.

During the discussion, reference was made to the relationship between the capital and revenue budgets, and borrowing costs.

In response to questions raised:

The Director of Finance, Resources and Business Improvement stated that:

- Utilising borrowing for the revenue budget would only be used if there was no alternative, as the Council would have to fund capital expenditure with borrowing in future.

- The capital budget for Lockmeadow was intended for the refurbishment of units when tenancies expired and to attract new tenants. The vacant unit at the former Feathers Bar and Grill was highlighted as an example of a unit that required capital funding to incentivise future tenants. The Council had leases with tenants scheduled to expire in the 2030s and there was a sustainable income stream. It was emphasised that Lockmeadow was still a valuable asset to the Council attracting residents to the town centre.

- The £195,000 allocated to Medway Street Car Park in the Capital Programme included combining an adjoining car park with the Council operated car park.

- Capital Works at Maidstone House included a complete renovation of the ventilation system, exterior cladding and improvements set out by the Council's biodiversity and climate change action plan. £800,000 was also allocated to the 4th floor of the building which required maintenance to attract future tenants to the vacancy.

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- Public toilet refurbishment works could be funded either through revenue expenditure if it was for reinstating facilities, or capital expenditure if it was for enhancement of facilities. Any refurbishment of public toilets would form part of the Council's asset management plan, but priority would be made for repairs and maintenance.

- Several small scale schemes had been implemented as part of the Flood Action Plan, including collaborating with the Environment Agency.

- It was recognised that development at Leeds Langley was not allocated in the proposed Local Plan, but the £1 million allocated in the Capital Programme for preliminary costs on the scheme was intended to fund amongst other things a development plan for the area.

- The Council was committed to borrow £80 million over the next three years, which the Council was likely to spend, but that it was earning interest to the extent it had not been spent on capital projects.

The Cabinet Member for Corporate Services stated that:

- Other borough authorities had utilised borrowing for revenue budgets but the Council was very cautious with its capital and would only use it sparingly.

- The cost of borrowing estimated at £15 million in the five year period could change depending on various factors, including planning permission, investment appraisal and changing programmes.

- Flood mitigation measures required partnerships with external stakeholders, including Kent County Council and drainage boards.

RESOLVED to RECOMMEND to CABINET: That it

1. Agrees the capital strategy principles set out in paragraph 2.10 to this report;

2. Agrees the capital funding projection set out in Appendix 2 to this report;

3. Agrees the capital programme 2024/25 onwards as set out in Appendix 3 to this report;

4. Note that in agreeing recommendations 2 and 3 above the Committee will set a prudential borrowing limit of £369.1 million over the period of the programme which will be recommended to Council as part of the Treasury Management Strategy 2024/25; and

5. Gives delegated authority to the Director of Finance, Resources and Business Improvement, in consultation with the Leader of the Council, to review and give approval to the business case and related budget approval for the Biodiversity & Climate Change project related to the Maidstone House and Link as set out in paragraph 2.7 to this report.

78. COUNCIL TAX BASE 2024/25 AND COLLECTION FUND ADJUSTMENT

The Cabinet Member for Corporate Services introduced the report and stated that it was a statutory annual report to set the Council Tax Base for the next financial year. The increase in the number of band D equivalent properties was highlighted and that the possibility of a surplus and deficit had been included in the calculation.

In response to a question, the Director of Finance, Resources and Business Improvement stated that the rate of growth predicted for 2024/25 was lower than in previous financial years and that the council tax base calculation included non-collection estimates.

RESOLVED to RECOMMEND to CABINET: That

1. Pursuant to the report and in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as its Council Tax Base for the year 2024-25 will be 68,263.55;

2. In accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as the Council Tax Base for each parish area for the year 2024-25 will be as identified in Appendix 2 to this report; and

3. The 2023-24 Council Tax projection and proposed distribution detailed in Appendix 3 of this report is agreed.

79. ARCHBISHOP'S PALACE AGREEMENT FOR LEASE

The Cabinet Member for Corporate Services introduced the report and outlined the procurement process the Council had undertaken and that three bidders had been selected in a shortlist. One bidder had subsequently left the process, and the preferred tenant had the most experience in running large-scale hotels. The Council incurred a significant running cost and a loss of rent on the building while it was unoccupied.

The Cabinet Member for Communities, Leisure and Arts stated that the proposal in front of the Committee was the result of an extensive procurement exercise on Archbishop’s Palace, including a previous exclusivity period from a previous preferred tenant, a further tender process, and public consultation. It was stressed that Archbishop’s Palace was a historic building in Maidstone and that the preferred tenant presented to the Committee provided the best business case for the venue.

Concerns were raised over the report presenting a single preferred bidder.
The Director of Finance, Resources and Business Improvement stated that the procurement had involved Councillors and had been carried out in accordance with the framework agreed by Cabinet and recommended by the Committee in July.

The Committee debated the merits of the preferred bidder and raised several concerns on the proposal including whether separate leases of the dungeon and gatehouses were feasible, whether public access to walking on site could be maintained, and whether an additional break clause of the contract could be included for the Council. Further concerns were raised on whether dialogue with

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English Heritage had taken place, whether a viability analysis had been undertaken and whether the internal rates of return of the preferred tenant were sufficient.

The Committee emphasised the important and unique value of Archbishop's Palace in Maidstone but recognised that the Council incurred a significant running cost while the building was still vacant. The Committee were concerned that running Archbishop's Palace would be a particular challenge.

During the discussion it was proposed and seconded that the Committee be recommended to refuse the recommendations on the report and request that Cabinet note the concerns raised during the discussion. This motion was not carried.

A subsequent motion to resolve the recommendations on the report and request that Cabinet give further consideration to the concerns raised during the discussion was moved and seconded. When put to the vote, the substantive motion was carried.

RESOLVED to RECOMMEND to CABINET:

- To agree to a capital expenditure of £1.5 million.

- To delegate authority to the Director of Finance, Resources and Business Improvement to select and appoint professional advisers to obtain all relevant consents, enter into contracts for applicable services as necessary, and to enter into a conditional agreement for lease with the preferred tenant.

- To delegate authority to the Head of Legal Services to negotiate and complete all necessary legal formalities for the agreement for lease and purchase of services as set out above.

- To request further consideration be given to: break clauses in the contract, separate leases for the dungeon and gatehouse, public access to the site, dialogue with English Heritage, internal rates of return and a viability analysis.

Note: Councillors Conyard, Harper and S Thompson wished to minute their dissent to the resolution.

80. DURATION OF MEETING

6:30 p.m. to 8:48 p.m.

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MAIDSTONE BOROUGH COUNCIL FORWARD PLAN
FOR THE FOUR MONTH PERIOD 1 JANUARY 2024 TO 30 APRIL 2024

This Forward Plan sets out the details of the key and non-key decisions which the Cabinet or Cabinet Members expect to take during the next four-month period.

A Key Decision is defined as one which:
1. Results in the Council incurring expenditure, or making savings, of more than £250,000; or
2. Is significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough

The current Cabinet Members are:

 **Councillor David Burton** Leader of the Council DavidBurton@maidstone.gov.uk 07590 229910	 **Councillor Paul Cooper** Deputy Leader and Cabinet Member for Planning, Infrastructure and Economic Development PaulCooper@Maidstone.gov.uk 01622 244070	 **Councillor John Perry** Cabinet Member for Corporate Services JohnPerry@Maidstone.gov.uk 07770 734741
 **Councillor Claudine Russell** Cabinet Member for Communities, Leisure and Arts ClaudineRussell@Maidstone.gov.uk	 **Councillor Patrik Garten** Cabinet Member for Environmental Services PatrikGarten@Maidstone.gov.uk 01622 807907	 **Councillor Lottie Parfitt-Reid** Cabinet Member for Housing and Health LottieParfittReid@Maidstone.gov.uk 07919 360000

PUBLISHED ON 26 January 2024

Anyone wishing to make representations about any of the matters listed below may do so by contacting the relevant officer listed against each decision, within the time period indicated.

Under the Access to Information Procedure Rules set out in the Council's Constitution, a Key Decision or a Part II decision may not be taken, unless it has been published on the forward plan for 28 days or it is classified as urgent:

The law and the Council's Constitution provide for urgent key and part II decisions to be made, even though they have not been included in the Forward Plan.

Copies of the Council's constitution, forward plan, reports and decisions may be inspected at Maidstone House, King Street, Maidstone, ME15 6JQ or accessed from the Council's website.

Members of the public are welcome to attend meetings of the Cabinet which are normally held at the Town Hall, High St, Maidstone, ME14 1SY. The dates and times of the meetings are published on the Council's Website, or you may contact the Democratic Services Team on telephone number **01622 602899** for further details.

David Burton
Leader of the Council

PUBLISHED ON 26 January 2024

Details of the Decision to be taken	Decision to be taken by	Relevant Cabinet Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
Archbishops' palace agreement for lease looking for agreement to move forward with a potential tenant for the palace	Cabinet	Cabinet Member for Corporate Services.	24 Jan 2024	Yes	No Part exempt	Corporate Services Policy Advisory Committee 17 Jan 2024 Overview and Scrutiny Committee 23 Jan 2024	Archbishops palace agreement for lease	**Deborah Turner** deborahturner@maidstone.gov.uk
Council Tax Base 2024/25 and Collection Fund Adjustment. Report setting what the 24/25 C/tax base and collection fund. Used to set the amount of Council Tax and is a statuary requirement.	Cabinet	Cabinet Member for Corporate Services.	24 Jan 2024	Yes	No Open	Corporate Services Policy Advisory Committee 17 Jan 2024	Council Tax Base 2024/25 and Collection Fund Adjustment.	**Adrian Lovegrove** Head of Finance adrianlovegrove@maidstone.gov.uk
Medium Term Financial Strategy 2024 to 2029 - Capital Programme Detail of the 10 year capital programme for	Cabinet	Cabinet Member for Corporate Services.	24 Jan 2024	Yes	No Open	Communities, Leisure and Arts Policy Advisory Committee 9 Jan 2024	Medium Term Financial Strategy 2024 to 2029 - Capital Programme	**Paul Holland, Adrian Lovegrove** Head of Finance paulholland@maidst

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
inclusion in the budget for 2024/25 onwards.						Planning, Infrastructure and Economic Development Policy Advisory Committee 10 Jan 2024 Housing, Health and Environment Policy Advisory Committee 16 Jan 2024 Corporate Services Policy Advisory Committee 17 Jan 2024 Overview and Scrutiny Committee 23 Jan 2024		one.gov.uk, adrianlovegrove@maidstone.gov.uk
Shared Revenues and Benefits Service - Consideration of expansion Report for the approval	Cabinet	Cabinet Member for Corporate Services.	Not before 5 Feb 2024	No	No Part exempt	Corporate Services Policy Advisory Committee 5 Feb 2024	Shared Revenues and Benefits Service - Consideration of expansion	**Zoe Kent** Interim Head of Revenues & Benefits

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
of Swale Borough Council joining the Mid Kent Revenues and Benefits Service						Consultation with the Revenues and Benefits staff		zoekent@swale.gov.uk
Biodiversity and Climate Change Action Plan Update	Cabinet	Cabinet Member for Corporate Services.	7 Feb 2024	No	No Open	Planning, Infrastructure and Economic Development Policy Advisory Committee 29 Jan 2024 Housing, Health and Environment Policy Advisory Committee 30 Jan 2024 Corporate Services Policy Advisory Committee 5 Feb 2024 Communities, Leisure and Arts Policy Advisory Committee 6 Feb 2024	Biodiversity and Climate Change Action Plan Update	**James Wilderspin** Biodiversity and Climate Change Manager jameswilderspin@maidstone.gov.uk

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
Medium Term Financial Strategy 2024 to 2029 - Funding Settlement and Final Saving Proposals Details of the proposed budget for 2024/25. Revenue budget including savings and updates on government financial settlements and CTax increases. Capital programme for 2024/2029	Cabinet	Cabinet Member for Corporate Services	7 Feb 2024	Yes	No Open	Corporate Services Policy Advisory Committee 5 Feb 2024	Medium Term Financial Strategy 2024 to 2029 - Funding Settlement and Final Saving Proposals	**Mark Green, Adrian Lovegrove** Director of Finance, Resources & Business Improvement, Head of Finance markgreen@maidstone.gov.uk adrianlovegrove@maidstone.gov.uk
3rd Quarter Finance, Performance and Risk Monitoring Report	Cabinet	Cabinet Member for Corporate Services.	20 Mar 2024	No	No Open	Planning, Infrastructure and Economic Development Policy Advisory Committee 6 Mar 2024 Communities, Leisure and Arts Policy Advisory Committee 5 Mar 2024	3rd Quarter Finance, Performance and Risk Monitoring Report	**Paul Holland, Adrian Lovegrove** Head of Finance paulholland@maidstone.gov.uk, adrianlovegrove@maidstone.gov.uk

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
						Housing, Health and Environment Policy Advisory Committee 12 Mar 2024 Corporate Services Policy Advisory Committee 13 Mar 2024		
Key Performance Indicators Key performance indicators are reviewed annually. This report proposes the KPIs for the period 2024/25.	Cabinet	Leader of the Council	20 Mar 2024	No	No Open	Housing, Health and Environment Policy Advisory Committee 30 Jan 2024 Communities, Leisure and Arts Policy Advisory Committee 6 Feb 2024 Corporate Services Policy Advisory Committee 13 Mar 2024 Planning, Infrastructure and Economic	Key Performance Indicators	**Carly Benville, Anna Collier** carlybenville@maidstone.gov.uk, annacollier@maidstone.gov.uk

Details of the Decision to be taken	Decision to be taken by	Lead Member	Expected Date of Decision	Key	Exempt	Proposed Consultees / Method(s) of Consultation	Documents to be considered by Decision taker	Representations may be made to the following officer by the date stated
						Development Policy Advisory Committee 6 Mar 2024		

Agenda Item 10

Corporate Services Policy Advisory Committee	**5 February 2024**

Biodiversity and Climate Change Action Plan Update

Timetable	
Meeting	***Date***
Corporate Leadership Team	16 January 2024
Planning, Infrastructure and Economic Development Policy Advisory Committee	29 January 2024
Housing, Health, and Environment Policy Advisory Committee	30 January 2024
Corporate Services Policy Advisory Committee	5 February 2024
Communities, Leisure, and Arts Policy Advisory Committee	6 February 2024
Cabinet	7 February 2024

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

Executive Summary

This is the biannual report on the implementation of the Biodiversity and Climate Change Action Plan. The last update report was published in July 2023.

This report includes updates on (i) the Council's decarbonisation progress in achieving Net Zero by 2030, (ii) updates on the new strategic direction for targeting net zero housing and transportation, and (ii) key achievements and an overview of each action's status of the Biodiversity and Climate Change Action Plan (**Appendix 1**).

Purpose of Report

Recommendation

This report asks Committee to consider the following recommendations:

1. That the Corporate Services Policy Advisory Committee recommended to Cabinet to note the strategic considerations for tackling net zero borough wide and action plan updates shown at **Appendix 1**.

Biodiversity and Climate Change Action Plan Update

Issue	Implications	Sign-off
Impact on Corporate Priorities	The four Strategic Plan objectives are: • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place Accepting the recommendations will materially improve the Council's ability to achieve all its priorities.	Anna Collier Head of Insight Communities and Governance
Cross Cutting Objectives	The four cross-cutting objectives are: • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected Delivering the Biodiversity and Climate Change Action Plan supports the achievement of the Biodiversity and Environmental Sustainability is respected cross cutting objective. It also supports cross cutting objectives of Health Inequalities are Addressed and Reduced Deprivation and Social Mobility is Improved as delivery of actions have the opportunity to improve the health of residents in the longer term and reduce residents' energy costs.	Anna Collier Head of Insight Communities and Governance
Risk Management	Already covered in the risk section (see paragraph 5)	Anna Collier Head of Insight Communities and Governance
Financial	The specific costed proposals will be funded from within existing budgets. Future changes to policies and strategies will need to be assessed to understand the impact to ensure they remain affordable during the year and in future years as part of the Medium-Term Financial Strategy.	Section 151 Officer & Finance Team

Staffing	We will deliver the recommendations with our current staffing.	Anna Collier Head of Insight Communities and Governance
Legal	Local authorities have a duty under Section 40 of the Natural Environment and Rural Communities Act 2006 in exercising their functions to have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity. The Council's Biodiversity and Climate Action Plan demonstrates compliance with the statutory duty.	Legal Team
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes. Some individual actions may have implications in the future and the appropriate review and documentations will be completed as required	Information Governance Team
Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Policy & Information Manager
Public Health	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	No implications	Anna Collier Head of Insight Communities and Governance
Procurement	Some actions will have implications and the appropriate procurement exercises will be undertaken	Anna Collier Head of Insight Communities and Governance
Biodiversity and Climate Change	The updates in this report and recommendations will support the continued implementation of the	Biodiversity and Climate Change Manager

	Biodiversity and Climate Change Action Plan.	

2. INTRODUCTION AND BACKGROUND

2.1 The Policy and Resources Committee adopted the Biodiversity and Climate Change Action Plan on 21st October 2020. The last update was July 2023.

2.2 Since the last update report, officers have explored options to focus the Council's Biodiversity and Climate Change Strategy in discussion with Cabinet and with consideration to PACs feedback over the achievability and impact of the Biodiversity and Climate Change Action Plan. These included ways forward in achieving net-zero housing borough-wide, progressing sustainable integrated transport, solar energy generation investment, local energy action plans, and biodiversity enhancements.

2.3 The largest emission sources in the borough are from domestic electricity and gas consumption which accounts for nearly one third (32%) of total CO_2e emissions in Maidstone Borough (216ktCO_2e in 2021), and transportation which accounts for 52% of total CO_2e emission in Maidstone Borough (354ktCO_2e in 2021).

2.4 The focus and priorities of the Biodiversity and Climate Change Strategy has changed to areas where reducing the largest impacts of the Borough's carbon emissions can be made.

I. Net Zero Housing - Progress with looking at how the Council can improve the condition of domestic homes, looking at gaps and how we add value through the potential new energy officer role, while also looking at the Council's own buildings and growing housing stock.

II. Sustainable Integrated Transport - To focus on 'future focused transport innovation workshop' for Councillors to develop a shared vision, expand awareness of innovative transportation solutions, enabling long-term sustainable transport planning, and building political commitment for environmentally friendly transportation, with preliminary work to bring data/inputs from a variety of stakeholder views (including young people) to the workshop for consideration.

III. Develop a 'Parking and Borough wide EV strategy' - to explore partnerships, provisions for on street infrastructure, that align with national climate goals, reduce range anxiety and stimulate the EV market, and look for opportunity to combine it with the town centre lighting strategy to include on street EV chargers.

IV. Renewable Energy - to maximising the renewable energy generation on MBC estate.

V. Create a Planning policy framework for solar farms in the local plan - creating zoning for renewable energy generation for longer term policy and allocated land as part of the local plan review process.

2.5 A summary of progress for the five areas are outlined in this report.

MBC Decarbonisation

2.6 The Council has set an ambitious net zero by 2030 with substantial financial commitment already set aside. As outline in Appendix 2 of the July 2023 Action Plan Update report, the most substantive impact the Council can directly have on reducing Carbon Emissions are of its own operations, buildings, fleet, and contracts.

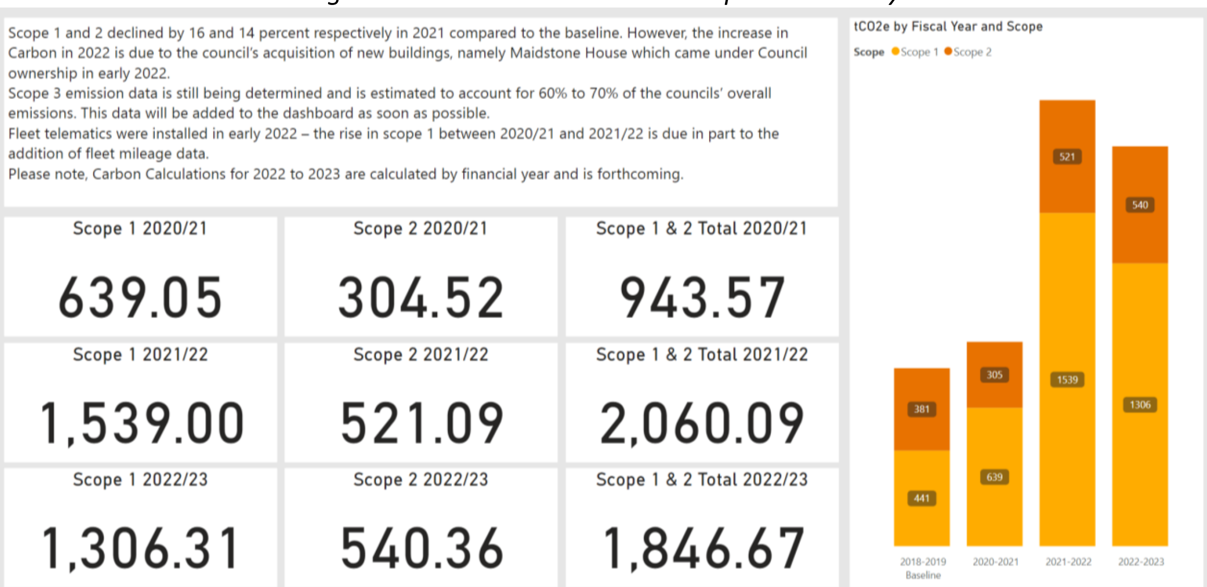
Carbon Footprint

2.7 The Carbon Footprint of the council's buildings and fleet is updated twice a year using automated energy data by Laser Energy. The Council's dashboard is used to calculate MBC's scope 1 and 2 emissions (Reporting on scope 3 emissions is still under investigation). This process helps to identify priority building upgrades and fleet replacement priorities, enabling officers to accurately monitor progress/changes in carbon emissions of the Council. The dashboard also shows the Boroughs historic emissions by sector, which support officers on Borough wide priorities in keeping with the National Government's 2050 Net Zero commitment.

2.8 The Council's total C02 emissions for scope 1 and scope 2 have decreased overall by 10.4% when comparing financial year 2021/22 to 2022/23. Scope 1 decreased by 15.1% and scope 2 increased by 3.7%. In both years, the largest source of scope 1 emissions is from the Maidstone Leisure Centre, accounting for 51.1% off total emissions. The second largest cause of emissions is Maidstone House (17.6%).

2.9 The emissions produced from our Depot's fleet/vehicles was not available for tracking until January 2022, therefore data is missing for the most part of FY 2021/22. However, in 2022/23, the largest cause of emissions was the heavy-duty waste collection vehicles used for our Commercial Waste service.

Figure 1: The Council's Carbon Footprint Summary



Public Sector Decarbonisation Scheme Application

2.10 Officers have committed considerable time to preparing and submitting large scale bids for public sector funding to decarbonise the Council's estate as it is in the direct control of the Council.

2.11 In November officers submitted a largescale bid for Phase 3c of the Public Sector Decarbonisation Scheme (PSDS) for £3,126,536 to retrofit Maidstone House. Included in the bid were provisions for developing detailed designs, upgrading the heating system, replacing the glazing, fully insulating the building, upgrading all the lights to LED, and installing Solar PV on the Link business terrace roof. The preparation of this bid included a complex and technical set of documents and schematics, energy saving calculations, costing and quotes evidence, project management programme, and risks register. The submission of the bid is a first come first serve organised by Salix, where applicants need to submit a bid a soon as the portal opens to be in for a chance to be considered. officers were able to submit the application in under 4 minutes and are currently replying to technical queries and developing the project programme with Salix. Members will be notified should we be successful with the grant application.

Fleet Decarbonisation

2.12 The Depot has undergone substantial upgrades to ensure it has the capacity to transition to an electric fleet in line with a direct aspect in the Council's control to reduce emissions from the fleet. The electricity capacity of the Depot was increased by 277kVA by connecting to a nearby substation with minimal ground works needed. The increased capacity has enabled the instillation of an additional x10 EV chargers in October 2023, bringing the total to 31 plug in charging points installed at the Depot.

2.13 There is now sufficient capacity to charge the growing number of EVs on site for the medium term, which currently stands at 11 EVs with 2 more ordered for 2024, out of a total of 65 vehicles in the fleet (replacement vehicles are selected as per the Green Fleet Strategy).

Domestic Housing Net Zero

2.14 Domestic electricity and gas consumption accounts for nearly one third (32%) of total emissions (216ktCO_2e in 2021). The UK government's aim is to have 600,000 heat pumps a year being installed by 2028, just 55,000 were installed in the UK in 2022. In regard to Action 2.1 to "Explore grants schemes for residents, landlords and housing associations, for retrofitting insulation, and low carbon heating systems," Officers have now completed a net zero scenario for existing housing across the borough, using Parity Projects software. The scenario can be used to develop a cost-effective retrofit programme that aligns with the Borough's carbon reduction targets and gives the Council pathways for every property in the borough to identify the lowest cost route to Net Zero.

2.15 The domestic housing net zero scenario shows an average mean cost of £23,400 per house for achieving net zero across the borough, and a mean of £7,800 per house to achieve a minimum Standard Assessment Procedure (SAP) C rating. These findings can be used to target specify parts of the borough for investment, or heat pump prioritisation, and can be assessed in terms of low-income and priority areas. Officers will use the scenario data to develop strategies, identify energy-efficient retrofitting opportunities, and create strategic areas to support Net Zero domestic housing across the borough, seek partnerships, and open up opportunities for large scale funding to support residents reduce their utility costs.

Transportation Net Zero

2.16 Across Kent, Carbon emissions are generally maintaining a downward trend in terms of tonnes of CO2 per capita. Across North Kent transport emissions comprise the largest component (39%) of emissions followed by domestic (29%). Across the borough of Maidstone, carbon emissions have steadily decreased from 1044ktCO2 in 2005 to 677ktCO2 in 2021. Carbon emissions from transport in Maidstone have showed a slower rate of decline, reducing from 442ktCO2 in 2005 to 354ktCO2 in 2021.

2.17 In respect to Action 1.5 to "Deliver an Electric Vehicle (EV) Strategy for the borough that provides sufficient EV charging infrastructure" there are currently 66 public charge points in Maidstone and 27 of these are 50 kWh devices. On a per population basis, Dartford has the highest rate of provision in North Kent with 73.6 EV charge points per 100,000 people, whilst Maidstone has 37.3 EV charge points per 100,000 people. Plug-in vehicle ownership is steadily increasing in Maidstone. The zero-emission vehicle mandate requires 80% of new cars and 70% of new vans sold in England to be zero emission by 2030, increasing to 100% by 2035. Maidstone is expected to require 1,377 public EV charge point sockets by 2030 and 2,735 by 2035 to meet the increase in demand from zero emission vehicle users.

2.18 In respect to Action 1.1 to "Update the Integrated Transport Strategy, and work towards a Local Cycling and Walking Infrastructure Plan" Kent County Council (KCC) is currently consulting on the Kent Cycling & Walking Infrastructure Plan (KCWIP). The KCWIP is part of the Government's Local Cycling & Walking Infrastructure Plan process. It has a 10-year timeframe but is a 'living document' subject to regular review. At present Maidstone Borough Council is preparing for the development of its own LCWIP to cover the Borough. This will be complementary to the KCWIP when it is developed and support the delivery of the active travel actions in Maidstone's Biodiversity and Climate Change Action Plan.

2.19 The Quality Bus Partnerships has been replaced with Local Bus Focus Groups. Establishing a new Local Bus Focus Group as outlined in the KCC structure within the BSIP, would align with Action 1.8 to "Actively participate in Quality Bus Partnership and ensure that the borough's infrastructure is bus friendly" as well as supporting several actions in the plan to reduce borough carbon emissions and pollution, while supporting public transportation.

Other Achievements in the Action Plan

Climate Emergency UK Scorecard of the implementation of MBC's Action Plan

2.20 In October 2023, Maidstone Borough Council was scored joint 35th place out of 186 Councils, and 3rd in Kent on the implementation of our Action

Plan. Climate Emergency UK (CEUK) has assessed all UK Councils on the actions they've taken towards net zero. This is a second phase update on CEUKs 2021 scoring of Councils Plans. Scores across the country were low with the district average score of 29% with Maidstone scoring 35%.

2.21 In summary, MBC has been recognised for its actions and has scored well relatively to other authorities, however several actions were inaccurately scored or missed by CEUK and the full breadth of MBC progress is not completely captured by this scoring. For more information please see CEUK's Press Release. Officers will take these scores on board as part of prioritising aspects of the Action Plan that scored poorly.

Maidstone's Eco Hub

2.22 The Eco Hub hosted 14 events and talks to raise awareness and create positive behaviour change on climate action, energy efficiency, sustainable living, biodiversity loss, and the cost of living crisis, and partnered with over 24 local sustainable businesses, community groups, and charities.

2.23 1,926 visitors came into the Eco Hub over 17 opening days, with an average of 113 users per day. This is a 121% increase in users of the Eco Hub in 2023 when compared to the 2022 pilot project.

2.24 In partnership with The Mall Maidstone, Officer's entered Maidstone's Eco Hub for the 'best local authority/private sector partnership' Revo award, and Maidstone's Eco Hub is one of three projects that was shortlisted for this national award.

2.25 Officers in the climate change team also worked with the communications team, waste team, and welfare officers to run a community support roadshow which visited three locations in the Borough to help residents with the cost-of-living crisis.

Solar Projects

2.26 Officers have identified seven potential solar PV projects on Council buildings to maximise the renewable energy generated on these buildings for direct use by the Council cutting utility bills and reducing the Council's carbon emissions with a relatively fast payback period for investment (outline in Appendix 2 of the July 2023 Action Plan Update report). Progress on these projects includes:

- Submission of the PSDS bid to include provision for a 16 kWp solar PV array to be installed on the Link Building business terrace roof, combined with green roof. Pending success of bid.
- Preplanning advice to install a 122kWp solar PV canopy over the Mote Park Car Park to be private wired and used to reduce costs of the Leisure Centre. Pending Preplanning advice.
- Investigation into doubling the existing 60 kWp array on the Parkwood Depot roof top to private wire for use of the depot, charge the growing number of Electric Vehicles in the fleet. Pending Investment / Council Decision.
- Lockmeadow Leisure Complex has the largest capacity of MBC properties for solar PV instillation of 995 kWp over 4 roof locations. Pending Council Decision.

LED light upgrades

2.27 Upgrading to LED lighting can have a substantial decrease in utility costs and generally have a very fast pay back period. Several MBC buildings have now been upgraded to fully LED lighting, including:

- The Depot's lights have all been replaced in November 2023 to LEDs.
- Maidstone House Lights have all been replaced with LEDs during the summer 2023.
- The Crematorium Chapel lights have all been replaced with LED lights in Autumn 2023.
- The Elephant House Cob Tree, all the lights have been replaced with LEDs.

2.28 Parking Services remain committed to 100% LED lighting in MBC car parks by the end of 2025. Lamps are being replaced with LED lights as and when they require replacement.

Tree Planting and Rewilding

2.29 Officers are continuing to seek partnerships for tree planting and rewilding projects. In Autumn 2022 and spring 2023 the Council' planted 5,800 trees as part of several partnerships with landowners and Parish Councils (details here). This planting season, officers have identified a number of potential projects and partners with an estimated 6,000 trees to be planted in Spring 2024. Officers are also supporting the preparation for mandatory 10% Biodiversity Net Gain (BNG) which came into law in January 2024, to find alternative funding for continued tree planting and rewilding projects.

The Rural England Prosperity Fund

2.30 Climate Officers have led the organisation and distribution of the Rural England Prosperity Fund. MBC was allocated £539,728 to spend between April 2023 and March 2025 to be awarded to projects for rural communities across the borough. Officers supported applicants and supported the panel with technical inputs. Phase 1 of the funding saw grants awarded as listed below:

- Staplehurst Free Church (SFC) which received £45,000;
- Teston Parish Council which received- £45,000
- Hollingbourne Parish Council - phase 1 funding £22,466 / phase 2 funding allocation of £16,906
- Boxley Parish Council - phase 1 funding £22,466 / phase 2 funding allocation of £32,532

2.31 Officers are now in the process of rolling out the second phase of funding, open on Monday 27th of November to Monday 22nd of January 2024, and supported applicants through a free Introductory webinar held on Wednesday 6 December to highlight key information, provide details of phase one's successful projects, and answer any questions, as well as through the Sustainable Business Directory that showcases an array of eco-businesses to support upgrades and retrofits.

3. AVAILABLE OPTIONS

3.1 That the Corporate Services Policy Advisory Committee receive these updates every six months and are recommended to note updates on implementation to ensure ongoing progress towards tackling net zero borough wide.

3.2 The Committee could ask to receive an update more or less frequently. However, this is not recommended as less frequently wouldn't offer the oversight and more regular updates wouldn't allow sufficient time for substantial work to be undertaken.

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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 That the Corporate Services Policy Advisory Committee recommended to Cabinet to note the strategic considerations for tackling net zero borough wide and action plan updates shown at **Appendix 1**.

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5. RISK

5.1 Responding to the climate emergency is a key corporate risk. Ongoing monitoring of the delivery of the Action plan is a key mitigation as the annual review of the action plan is ensures continued accountability.

5.2 Understanding the costs associated with achieving net-zero and allocate resources effectively, prioritise initiatives, putting appropriate capacity to seek funding, and set realistic targets and timelines.

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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 The Policy and Resources Committee adopted the Biodiversity and Climate Change Action Plan on 21st October 2020. Progress has been regularly reported to Policy Advisory Committees and the Cabinet.

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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 Continue to update the implementation of the Action Plan, monitor progress, and updates to members.

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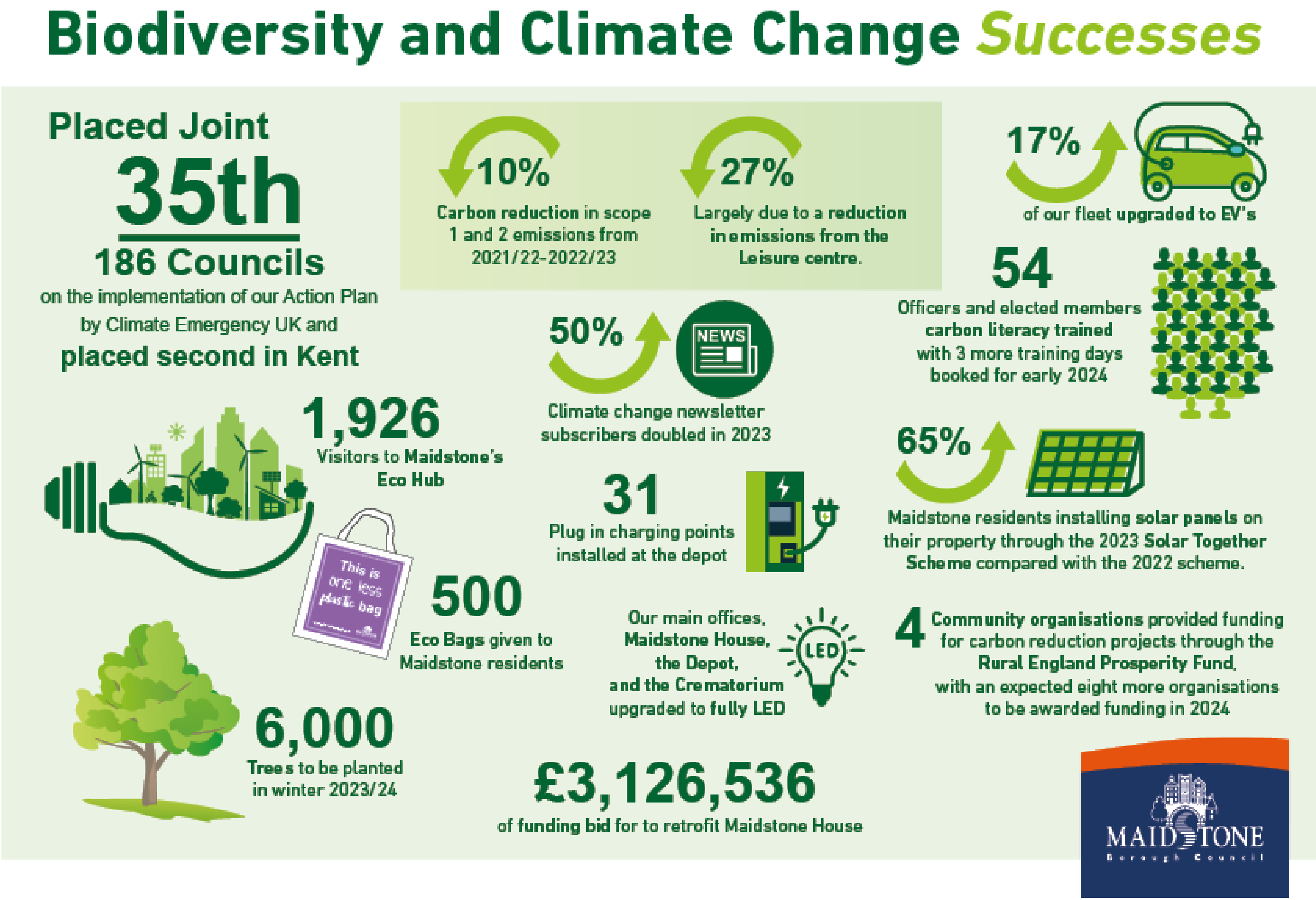
8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- **Appendix 1:** Biodiversity and Climate Change Action Plan Implementation Status

Appendix 1: CSPAC Biodiversity and Climate Change Action Plan Implementation Status



Action	Portfolio Holder and PAC	Responsible Officer(s)	February 2024 Update	Key Performance Indicator	Likely Start Date	Likely Completion Date	Progress
Active Travel and Green Transportation							
Action 1.4 Deliver Policy that ensures sustainable travel, such as bike racks, pool cars, electric vehicle charging, active travel, is integrated into all Maidstone Borough Council construction of new buildings (offices, housing, leisure facilities) and building acquisitions.	Councillor John Perry Corporate Services Policy Advisory Committee	Mark Green Katie Exon	Officers are investigating standardising policy for MBC developments to incorporate where possible, sustainable travel initiatives.	NA	2024	Across timeline to 2030	On track
Adapting to Climate Change							
Action 5.3 Conduct Borough Climate Impact Assessment and (i) Identify natural flood management (nature-based solutions and sustainable urban drainage), **(ii)** Build local communities' resilience, **(iii)** Support business continuity management, and **(iv)** Priorities and strengthen power and water supply and other critical	Councillor John Perry Corporate Services Policy Advisory Committee And Councillor Claudine Russell Communities, Leisure and Arts Policy Advisory Committee	James Wilderspin Gemma Bailey	Officers continue to seek partnerships on tree planting and nature-based solutions with private landowners of flood elevation efforts. Communications and projects such as the Maidstone Eco Hub comprise climate adaptation information and awareness raising of climate impacts to raise awareness throughout the community and local businesses. Officers are investigating Local Energy Action Plans (LEAPs) which are strategic documents developed by local authorities and other relevant stakeholders to outline their approach to sustainable energy management and the transition to low-carbon, renewable energy sources at the local level. Costing approximate £120k for a full LAEP. Due to the size of Kent, it would need to be sub-divided into 2-3 LAEP areas and Districts are being encouraged to work together to develop LEAPs. Folkestone are currently undergoing a pilot and planning to share their experience developing a LEAP. Swale are likely to be interested partnership with Maidstone.	NA	2023	Across timeline to 2030	On track

Action	Portfolio Holder and PAC	Responsible Officer(s)	February 2024 Update	Key Performance Indicator	Likely Start Date	Likely Completion Date	Progress
infrastructure ensuring more resilient communities.							
Enhancing and Increasing Biodiversity							
Action 6.8 Review Maidstone Borough Council non-operational land to assess potential for enhancing biodiversity including allowing community groups to take responsibility for management.	Councillor John Perry Corporate Services Policy Advisory Committee	James Wilderspin	Officers continue to investigate the viability of biodiversity enhancing projects on MBC land. Two previously identified sites are being considered for BNG offsite provision and an assessment in collaboration with Kent Wildlife Trust will be undertaken in spring 2024 to develop the projects and align with mandatory BNG.	NA	2022	Across timeline to 2030	On track
Making our Estate Carbon Neutral							
Action 7.1 Deliver Maidstone Borough Council 2030 Net Zero Commitment, by: (i) Decarbonising the councils' buildings through low carbon heating, LEDs, insulation and smart controls, (ii) decarbonising the council's fleet to fully EV, (iii) investing in renewable energy generation,	Councillor John Perry Corporate Services Policy Advisory Committee And Councillor Claudine Russell Communities, Leisure and Arts Policy Advisory Committee	James Wilderspin Mark Green Katie Exon Darren Guess	16% of the MBC fleet have now been upgrade to EV's (11 of 65 vehicles total), with a further x2 EVs on order for 2024. There are now a total of 31 plug in charging points installed at the depot. 4 buildings have been fully upgraded to LEDs. Preplanning advise is currently being sought for a solar canopy car port project in Mote Park Car Park, to be private wired to the leisure centre to reduce its operational costs and carbon emissions. On November 7th 2023, officers submitted a largescale bid for Phase 3c of the Public Sector Decarbonisation Scheme (PSDS) for £3,126,536 to retrofit Maidstone House. Included in the bid were provisions for developing detailed designs, upgrading the heating system, replacing the glazing, fully insulating the building, upgrading all the lights to LED, and installing Solar PV on the Link business terrace roof. The preparation of this bid included a complex and technical set of documents and schematics, energy saving calculations, costing and quotes evidence, project	Percentage Change of Carbon Emissions from MBC Buildings, Fleet, Contracts (ie Scope 1, 2)	2022	2030	On track

Action	Portfolio Holder and PAC	Responsible Officer(s)	February 2024 Update	Key Performance Indicator	Likely Start Date	Likely Completion Date	Progress
(iv) incorporating energy saving principles into office strategies, and (v) supporting staff to shift to electric/ultra-low emission vehicles, public transportation and more flexible working.			management programme, and risks register. The submission of the bid is a first come first serve organised by Salix, where applicants need to submit a bid a soon as the portal opens to be in for a chance to be considered. On the 7th of November, officers were able to submit the application in under 4 minutes and are currently waiting to be notified if the bid is successful.				
Action 7.2 Measure the Council's carbon footprint each year and report findings to relevant committees and the public.	Councillor David Burton And Councillor John Perry Corporate Services Policy Advisory Committee	James Wilderspin Katie Exon	There has been a 10% carbon reduction in scope 1 and 2 emissions between 2021/22 and 2022/23.	Carbon Footprint Dashboard Percentage Change of Carbon Emissions from MBC Buildings, Fleet, Contracts (ie Scope 1, 2 and 3)	2022	Across timeline to 2023	On track
Action 7.3 Purchase 100% renewable energy for our buildings and operations where we control the supply (market dependant with maximum 10% offset) and investigate Public Energy Partnership Power	Councillor John Perry Corporate Services Policy Advisory Committee	Mark green James Wilderspin Katie Exon	As stated in the July update REGO rates continue to rise for costs for renewable. (Please see July 2023 report for further detail of REGO schemes). In the meantime alternative approaches are being explored. Officers have identified seven potential solar PV projects on Council buildings to maximise the renewable energy generated on these buildings for direct use by the Council cutting utility bills and reducing the Council's carbon	NA	2022	Across timeline to 2023	Delayed due to finding alternative to REGO

Action	Portfolio Holder and PAC	Responsible Officer(s)	February 2024 Update	Key Performance Indicator	Likely Start Date	Likely Completion Date	Progress
Purchase Agreement (PEPPPA).			emissions with a relatively fast payback period for investment (outline in Appendix 2 of the July 2023 Action Plan Update report).				
Action 7.5 Improve data management on all property including leased buildings and prioritise decarbonisation actions and improve EPC ratings.	Councillor John Perry Corporate Services Policy Advisory Committee And Councillor Claudine Russell Communities, Leisure and Arts Policy Advisory Committee	Katie Exon James Wilderspin	Officers continue to improve Data Management for MBC key buildings, and work with Laser Energy and Fidums to monitor consumption. Officers are still working to improve leased data management, particularly for the temporary housing stock.	Percentage change/ reduction in Utility costs/KWh for Gas, Electricity, Water usage at leased assets.	2023	Across the timeline to 2030	On track
Sustainable Decision-Making Processes and Governance							
Action 9.2 Ensure service plans consider biodiversity and climate change and monitor with performance indicators, so that managers plan their services to ensure opportunities for enhancing biodiversity and mitigating and adapting to climate change are taken.	Councillor John Perry Corporate Services Policy Advisory Committee	Carly Benville Anna Collier James Wilderspin	Next refresh and update of the Carbon dashboard is planned in 2024. 24/25 KPIs are in the process of being developed and brought to members in Jan/Feb 2024 PACs. The next round of service planning is in earl 2024. Refresh of dashboard will next be by 31 January 2024. New KPIs will be in place and agreed for 1st April 2024.	NA	2023	Across the timeline to 2030	On track
Action 9.3 Deliver Policy that ensures sustainability	Councillor John Perry	Mark Green	Officers are currently developing SV measures that are suitable for MBC. Updated Sustainability framework to be	NA	2023	2024	Short delay due to

Action	Portfolio Holder and PAC	Responsible Officer(s)	February 2024 Update	Key Performance Indicator	Likely Start Date	Likely Completion Date	Progress
criteria is used for all Maidstone Borough Council construction of new buildings (offices, housing, leisure facilities) and sustainability criteria is part of decision-making process for all Maidstone Borough Council building acquisitions, to ensure buildings owned by the council are sustainable, future proofed, and align with our net zero commitment.	Corporate Services Policy Advisory Committee	Adrian Lovegrove	shared with WLT in February 2024, there has been a short delay due to agenda timetables.				agenda timetables
Action 9.4 Establish criteria for investment in climate change and biodiversity and invest to save schemes (e.g. renewables, heat networks). These will consider relative impact in terms of carbon reduction and ease of delivery, such that expenditure is focused on deliverable, affordable initiatives that maximise impact on the carbon reduction targets.	Councillor David Burton And Councillor John Perry Corporate Services Policy Advisory Committee	James Wilderspin	Officers have developed a business case for solar investment, and to maximise solar PV on MBC owned assets to take advantage of immediate opportunity. Officers are also supporting heat network policy development and feasibility in Maidstone.	NA	Due to start in late 2024	2025	Not due yet
Action 9.5 Deliver corporate policy and sustainable procurement approach to reduce (Scope 3) MBC carbon footprint from contracts and services and ensure a 'carbon cost'	Councillor John Perry Corporate Services Policy Advisory Committee	Dan Hutchins Adrian Lovegrove James Wilderspin	Please see Action 9.3 update. Officers will also investigate how to calculate scope 3 emissions with suppliers and contracts in 2024.	Carbon footprint dashboard	Due to start in late 2024	2025	On track

Action	Portfolio Holder and PAC	Responsible Officer(s)	February 2024 Update	Key Performance Indicator	Likely Start Date	Likely Completion Date	Progress
is part of procurement and decision making.							

Corporate Services Policy Advisory Committee	5 February 2024

Medium Term Financial Strategy and Budget Proposals 2024/25

Timetable	
Meeting	***Date***
Corporate Services Policy Advisory Committee	5 February 2024
Cabinet	7 February 2024
Council	21 February 2024

Will this be a Key Decision?	Yes
Urgency	Not applicable
Final Decision-Maker	Council
Lead Head of Service/Lead Director	Mark Green, Director of Finance, Resources and Business Improvement
Lead Officer and Report Author	Adrian Lovegrove, Head of Finance
Classification	Public
Wards affected	All

Executive Summary

This report represents the final stage in the consideration of the budget for 2024/25. It brings together revenue and capital budget proposals for 2024/25, including a proposed level of Council Tax, so that a balanced budget may be recommended to Council on 21st February 2024. The budget proposals are consistent with the Medium Term Financial Strategy approved by Cabinet on 20th September 2023 and individual revenue and capital budget proposals have been considered by the relevant Policy Advisory Committees and Overview and Scrutiny Committee.

The report also deals with the proposed capital programme 2024/25 to 2033/34, the Treasury Management Strategy and associated strategies and the Council's level of reserves.

This report recommends that the Cabinet:

1. Notes the outcomes of consideration of budget proposals by the Policy Advisory Committees;
2. Agrees the Budget Growth and Savings Proposals set out in Appendix A;

3. Agrees that £198,000 of the unringfenced government grant described in paragraphs 2.5 and 2.6 of the report be used for one-off support to financial inclusion and food larder services;
4. Agrees that maximum use is of made of other residual one-off funding from other relevant council budgets to further sustain financial inclusion and food larder services, the position to be kept under review so that the Council can respond to changes in circumstances and future funding opportunities;
5. Agrees that the balance of the unringfenced government grant described in paragraphs 2.5 and 2.6 of the report be transferred to the Housing Investment Fund, to be used to subsidise the Council's Affordable Housing programme;
6. Agrees the updated Strategic Revenue Projection set out in Appendix B;
7. Agrees a £8.46 annual increase in Band D Council Tax for 2024/25 for recommendation to Council;
8. Agrees the Revised Estimates for 2023/24 and the Budget Estimates for 2024/25 set out in Appendix C for recommendation to Council;
9. Agrees the Capital Programme set out at Appendix D for recommendation to Council;
10. Agrees the Treasury Management Strategy, Investment Strategy and Capital Strategy set out in Appendix E for recommendation to Council;
11. Notes that the projected level of General Fund balances in Appendix F exceeds the agreed minimum level of £4 million;
12. Agrees the updated Medium Term Financial Strategy set out in Appendix G;
13. Recommends to Council the appropriate matters for decision to set a balanced budget for 2024/25 and the necessary level of Council Tax in accordance with the Local Government Finance Act 1992 and the Localism Act 2011 including the decisions made above.
14. Recommends that Council implement with effect from 1 April 2024 the measures in the Regeneration and Levelling-up Act to reduce the period before charging a Council Tax premium on empty property from two years to one and to charge a Council Tax premium on second homes.

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy (MTFS) and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Cross Cutting Objectives	The MTFS and the budget support the cross-cutting objectives in the same way that they support the Council's strategic priorities.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 5 of the report.	Section 151 Officer & Finance Team
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
Legal	Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. The legal implications are detailed within the body of the report which is compliant with statutory and legal regulations such as the CIPFA Code of Practice on Treasury Management in Local Authorities. The Council is required to set a council tax by the 11 March in any year and has a statutory obligation to set a balanced budget. The budget requirements and basic amount of Council Tax must be calculated in accordance	Team Leader (Contentious and Corporate Governance)

	with the requirements of sections 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011). The Council is required to determine whether the basic amount of council tax is excessive as prescribed in regulations - section 52ZB of the 1992 Act as inserted under Schedule 5 to the Localism Act 2011. The Council is required to hold a referendum of all registered electors in the borough if the prescribed requirements regarding whether the increase is excessive are met. Approval of the budget is a matter reserved for full Council upon recommendation by the Cabinet.	
Privacy and Data Protection	Privacy and Data Protection is considered as part of the development of new budget proposals. There are no specific implications arising from this report.	Policy and Information Team
Equalities	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or function is developed, changed or reviewed, an evidence-based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations with be sought.	Equalities and Communities Officer
Public Health	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Public Health Officer
Crime and Disorder	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Section 151 Officer & Finance Team
Biodiversity and Climate Change	The resources to achieve the Council's objectives are allocated through the development of the Medium Term Financial Strategy.	Biodiversity and Climate Change Manager

2. INTRODUCTION AND BACKGROUND

2.1 This section sets out revenue and capital budget proposals for 2024/25 as follows:

- Background
- Local Government Finance Settlement
- Feedback from Policy Advisory Committees and Overview and Scrutiny Committee on budget proposals
- Updates to budget proposals
- Capital Programme
- Treasury Management Strategy
- Balances / Earmarked Reserves
- Medium Term Financial Stategy

Background

2.2 The framework for the annual budget setting process is set out in the Medium Term Financial Strategy (MTFS). The MTFS 2024/25 – 2028/29 was considered by this Policy Advisory Committee on 11 September 2023 and subsequently approved by the Cabinet at its meeting on 20 September 2023.

2.3 The core MTFS scenario (Scenario 4) assumed that, even after increasing the Council Tax by the maximum possible within the referendum threshold, there would still be a budget gap of £ £925,000 in 2024/25, mainly owing to the impact of inflation on the Council's costs, with a steadily increasing budget gap in subsequent years.

2.4 Following consideration of budget savings proposals and other developments, as detailed in the table at paragraph 2.34, it is now possible to recommend a balanced budget, provided that the savings proposals are adopted and Council Tax is increased up to the referendum threshold of 3%. However, the longer term position remains challenging, and further work will be needed to address this the budget gaps forecast for future years.

Local Government Finance Settlement

2.5 Separately from ongoing income from Council Tax and Business Rates, the Local Government Finance Settlement announced on 18 December 2023 confirmed the following unringfenced government grants:

	2024/25
	£000
New Homes Bonus	1,492
Funding Guarantee	3,329
Total	**4,821**

Although New Homes Bonus has reduced from £1.9 million in 2023/24 to £1.5 million in 2024/25, this is compensated for by an increase in the Funding Guarantee. The Funding Guarantee is intended to ensure that all councils see a minimum increase in Core Spending Power of 3%, before any increase in Council Tax. The Funding Guarantee has been a feature of the Local Government Finance Settlement for the past two years, but no commitment has been made that it will continue and so it must be treated as one-off funding.

2.6 A further announcement was made by the Secretary of State for Levelling Up, Housing and Communities on 24 January 2024, in which it was stated that there would be a further increase of 1% in Core Spending Power. Individual local authority allocations have not been announced yet, but to the extent that the effect of this announcement will be to increase the Funding Guarantee, it is proposed that recommendations in this report relating to the Funding Guarantee will apply to any extra funding received.

2.7 One-off funding provides additional resources which it is appropriate for the Council to invest in order to deliver its strategic objectives. Details of relevant budget proposals are set out below.

Deprivation and Health Inequalities

2.8 The Council has been successful in securing funding from third parties for services to address financial inclusion and health inequalities including the food larders for the last two years, principally from the government's Household Support Fund, (allocated by the Department for Work and Pensions to Kent County Council who then passport an allocation to district councils) and from the West Kent Health and Care Partnership (health inequalities funding stream). Implementing these services is consistent with MBC's Strategic Plan particularly our cross-cutting objectives of tackling deprivation and reducing health inequalities.

2.9 At the time of writing the government has made no commitment to continue the Household Support Fund. Furthermore, the Council has been advised that the funding stream that has established food larders via the West Kent Health and Care Partnership will be redirected by the Integrated Care Board.

2.10 It is proposed that the Council supports continuation of financial inclusion services and the food larders by making an allocation of £198,000 from the Funding Guarantee provided by government for 2024/25. This would enable short term continuation of the council's welfare offer and food larders. It is further proposed that residual one-off funding from other relevant council budgets is maximised to further sustain these services. The position will be kept under review so that MBC can respond to changes in circumstances and future funding opportunities.

Housing Investment Fund

2.11 The Council has had a longstanding policy of deploying New Homes Bonus and Funding Guarantee to support the capital programme. This will help the Council to implement its ambitious programme, including new developments at Corben's Yard, Britannia House, Maidstone East and Springfield Library, whilst minimising external borrowing and containing pressure on the revenue budget.

2.12 In the Autumn of 2021, the Leader of the Council announced his ambition for the council to build 1,000 affordable homes in the shortest period possible. This will require external borrowing on a scale not previously undertaken by the Council. In order to ensure the availability of funds for the first phase of this programme at a guaranteed cost, the Council has committed to forward borrowing of £80 million, to be drawn down between 2024 to 2026. Any such borrowing must meet the Prudential Code requirement to be sustainable and affordable.

2.13 The provision of affordable housing involves an inherent requirement for subsidy, as the level of borrowing required could not be sustained by affordable rents alone. It is anticipated that some of this subsidy will be met through external grant, but there will be a residual requirement for the Council to provide a subsidy, which has been estimated as £50,000 per unit.

2.14 Accordingly, it is envisaged that the balance of the 2024/25 unringfenced government grants referenced in paragraphs 2.5 and 2.6 will be transferred to the Housing Investment Fund. This is consistent with previous decisions of the Council and with the Medium Term Financial Strategy, which has been considered regularly by the Policy Advisory Committees and the Cabinet throughout the last 12 months.

Feedback from Policy Advisory Committees and Overview and Scrutiny Committee on Budget Proposals

2.15 Corporate Services Policy Advisory Committee (11 September 2023)

The revenue budget proposals for services within the remit of the Committee. were approved, with the exception of the two growth items relating to biodiversity and climate change, which would need further review by the Committee in conjunction with a further report on the Biodiversity and Climate Change Action Plan. Following further review, these growth proposals have now been included in the final budget proposals.

There was no other substantive feedback from the Policy Advisory Committees or the Overview and Scrutiny Committee.

Updates to Budget Proposals

Council Tax

2.16 The Cabinet agreed at its meeting on 17 January 2024 that the Council Tax Base for 2024/25 would be 68,263.55. The agreed Council Tax Base will yield total Council Tax income of £19,997,807 if Band D Council Tax is increased by 3% (£8.46). This is marginally more than the original MTFS assumption of £19.967 million.

2.17 Assuming the maximum potential increases in precepts from other organisations, the overall level of Band D Council Tax would be as follows:

	% change from last year	£
Kent County Council	5.0	1,610.82
Maidstone Borough Council	3.0	292.95
Kent Police and Crime Commissioner	5.4	256.15
Kent Fire and Rescue Service	3.0	89.91
ANNUAL CHARGE FOR 2024/25	**4.7**	**£2,249.83**

2.18 The Council Tax base report to the Cabinet on 24 January 2024 projected a deficit of £301,992 as at 31 March 2024, which will be debited to the Funding for Future Collection Fund Deficits Reserve in 2024/25.

2.19 Within the Council Tax base, allowance has been made for the Council Tax that may currently be collected on empty homes and second properties. With effect from 1 April 2024 the Regeneration and Levelling-Up Act 2023 will allow Councils to collect further Council Tax on such properties.

2.20 Currently, if a property has been unoccupied and unfurnished for 2 years but less than 5 years, then a 100% council tax premium can be applied to the property. The Act provides for this 2-year period to be shortened to 1 year. This will encourage owners to bring properties back into use so they are not left empty for extended periods.

2.21 So far as second homes are concerned, it will become possible to charge a council tax premium on second homes. Second homes are already liable for Council Tax, but the Act allows councils to apply a 100% council tax premium on second homes. This would mean an owner of a second home in the borough would pay double the normal council tax charge.

2.22 Approval is sought to implement these changes with effect from 1 April 2024.

Business Rates

2.23 The Business Rates income estimate for 2024/25 is based on the recently completed NNDR1 return that has to be provided to the Department for Levelling Up Housing and Communities each January.

2.24 The government's Settlement Funding Assessment, ie the notional amount that the government calculates as due to the Council, after payments to preceptors and the government's tariff, excluding any growth, is £4.456 million, as set out in the Provisional Local Government Finance Settlement. This includes an element for inflation, which at the relevant date was 6.4% per annum. Together with inflation on business rates growth, this is worth an additional £643,000 compared with the amount anticipated in the MTFS.

2.25 The NNDR1 return indicates that, as in previous years, business rates will be higher than the baseline, owing to growth in excess of inflation over the years since the baseline was set in 2013/14.

2.26 Kent County Council and eight of the Kent districts continue to pool their business rates growth, which has the effect of reducing the levy on business rates growth that would otherwise be payable to central government. As previously agreed by Council, Maidstone's 30% share of the saving on the levy is ringfenced for investment in the Council's economic development strategy. A further 30% represents a Growth Fund, which it has been agreed with Kent County Council will be split 50:50 for initiatives at Maidstone East. Neither of these amounts are reflected in the Strategic Revenue Projection, as they have been earmarked for specific purposes.

2.27 The NNDR1 indicates that there will be a deficit of £85,812 on the NNDR element of the collection fund as at 31 March 2024, which will be debited to the Funding for Future Collection Fund Deficits Reserve.

Fees and Charges

2.28 The level of fees and charges made by each Service Area was considered by Policy Advisory Committees and the Cabinet at their meetings in December 2023. As part of these decisions, it was agreed that there would be no increase in parking fees and there would be no charges for bin replacements. This has created additional pressures of £250,000 and £100,000 which have been reflected in the updated Strategic Revenue Projection at Appendix B.

Inflation

2.29 For the purpose of the draft Medium Term Financial Strategy presented to the Cabinet in September 2023, it was assumed that the cost services would increase by 5% for the rate of inflation was assumed. The detailed budget proposals in the SRP at Appendix 2 now include line-by-line estimates for individual categories of expenditure. In some cases the assumption is for a higher increase, eg where contract prices are linked to inflation indices.

2.30 The assumption in relation to pay costs in the Medium Term Financial Strategy is a 5% increase in the pay envelope, representing 5% for basic pay and 1% to allow for increments awarded as staff move up the spine points on their pay grade. Under the Constitution, responsibility for undertaking negotiations and consultation with staff through their trade unions on all matters relating to employment lies with the Chief Cabinet as the Head of Paid Service. These matters include the annual pay settlement, as the Council is not part of any national pay agreements.

2.31 An additional £1 million contingency for excess inflation was included in the strategic revenue projections when the Council set a budget for 2022/23, and was retained in 2023/24, given the increasing rate of inflation at the time. The rate of inflation now appears to be on a downward trajectory and it is therefore proposed that this contingency be removed from the budget for 2024/25.

Revenue costs of capital programme

2.32 A review of the budget provision for the revenue costs of the capital programme, ie financing costs and Minimum Revenue Provision, in light of the 10-year capital programme proposals, has led to an increase of £30,000 as compared with initial projections. It will increase further in subsequent years in line with the expansion of the capital programme.

Updated savings proposals

2.33 There have been some changes in the savings proposals since the September meeting following further developments, as follows.

- Assuming that the numbers in temporary accommodation remain at the current levels, an additional provision of £250,000 is required (in addition to the existing growth of £200,000, which is net of £400,000 savings from accommodating families in our own stock.

- The budget includes provision for income of £125,000 from new commercial property acquisitions. None have been made so far in 2023/24, so this income needs to be removed from the budget. The corresponding borrowing costs have been included within the amendment to revenue costs of the capital programme (see above).

- Additional savings of £9,000 are expected from the proposed expansion of the Revenues and Benefits shared service

- Savings of £25,000 and £50,000 respectively have been deferred by one year in Payroll Services and Transformation

- A restructure of the major projects team within Planning Services has allowed a saviong of £86,000 to be made.

Summary

2.34 In summary, the impact of the above changes to the Strategic Revenue Projection for 2024/25, as compared with the position shown in the scenario 4 within the Medium Term Financial Strategy agreed by the Cabinet on 20 September 2023, is as follows:

	£000
Budget Gap as presented to Cabinet September 2023	**-925**
Funding	
CT funding assumptions - increase in property base (CTB)	31
BR funding assumptions - inflationary increase	643
Pressures	
Fees and charges shortfall - including £250k re no parking fee increase	-180
Refuse bins - new pressure from policy decision	-100
Change to cost inflation	106
Increased cost from Capital Programme Revenue Costs	-30
Savings	
New Savings - original figure	902
Temporary Accommodation - additional growth	-250
Commercial Property - reduced saving as no acquisitions likely in 23/24	-125
Revenues and Benefits - additional savings from expanded shared service	9
Savings deferred by one year (Payroll Services and Transformation)	-75
Major projects saving	86
Budget Surplus	**92**

It is recommended that the budget surplus be carried forward to 2025/26 to offset the budget gap anticipated in future years.

2.35 The updated Strategic Revenue Projections indicate that there will be a budget gap in 2025/26. The likely impact of a business rates reset and the implementation of fair funding means that a still larger deficit is projected in 2026/27, and this deficit will increase over the remaining term of the MTFS.

Revenue Estimates (‘Budget Book’)

2.36 Attached at Appendix C is a summary of the revenue budget for 2024/25, based on the assumptions above. The summary shows the Original Estimate 2023/24 as approved by Council in February 2023; the Revised Estimate 2023/24 calculated as part of the budget development work completed this year; and the Estimate for 2024/25 based upon the details set out in this report. The Estimate for 2024/25 is analysed between gross expenditure, income and net expenditure, so that Members may see clearly how income generated by the Council contributes towards expenditure budgets.

2.37 Appendix C presents the Committee with the budget structured in line with the relevant Policy Advisory Committees and separately structured in line with the strategic priorities set out in the Strategic Plan.

2.38 The Revised Estimate 2023/24 shown in Appendix C totals £25.777 million. This figure is net of all income with the exception of the use of balances and the council tax requirement.

2.39 The Estimate for 2024/25 shown in Appendix C totals £27.278 million. This incorporates all the items discussed above. The figure is net of all income with the exception of Council Tax and Business Rates income. It excludes precepts.

Capital Programme

2.40 A draft Capital Programme was reported to the Cabinet at its meeting on 24 January 2024. The Capital Programme totals £434 million over ten years. Details are set out Appendix D.

2.41 It should be noted that the capital programme sets an overall framework for spending, and specific approval is required for individual schemes within the programme. Accordingly, for example, the balance between private rented sector housing and affordable housing within the capital programme may alter from that shown in Appendix D.

Treasury Management Strategy

2.42 The framework for funding the capital programme and the Council’s activities generally is set out in the Treasury Management Strategy. The Council has adopted CIPFA’s Code of Practice for Treasury Management in Public Services, which requires the Council to produce three linked strategy documents: a Treasury Management Strategy, an Investment Strategy and a Capital Strategy. These are included as Appendix E and have already been considered by the Audit, Governance and Standards Committee at its meeting on 15th January 2024.

2.43 In summary, the Treasury Management Strategy envisages that the capital programme will be funded by borrowing, as permitted subject to the guidance set out in the Prudential Code. The proposals set out in this report indicate a need for up to £327 million of prudential borrowing over the lifetime of the capital programme. The revenue costs of this borrowing are reflected in the Strategic Revenue Projections.

Balances / Earmarked Reserves

2.44 Attached at Appendix F is a statement of general fund balances and details of earmarked reserves. 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.

2.45 Unallocated General fund balances are estimated to remain at around the current level of around £15 million. In considering the level of reserves that should be maintained the Committee should consider the minimum below which the Committee cannot approve the use of balances without agreement by the Council. It was agreed by Council at its meeting on 22 February 2023 that the minimum level of balances be increased to £4 million and no change is proposed to this amount.

2.46 It can be seen that the level of reserves is comfortably in excess of the minimum level of £4 million. However, they still only represent around three months' worth of service expenditure, so are not excessive.

Medium Term Financial Strategy

2.47 Attached as Appendix G is the Medium Term Financial Strategy, updated to reflect the latest position as described in this report.

2.48 The financial projection that complements the Medium Term Financial Strategy is the Strategic Revenue Projection given at Appendix B. The financial projection considers the need for growth and savings over the period of the Medium Term Financial Strategy and incorporates assumptions about inflation and changes in local and national pressures.

2.49 The financial projection that complements the Capital Medium Term Financial Strategy Statement is the capital programme given at Appendix D.

2.50 Amendments to the Strategy may be recommended by the Policy Advisory Committee. The Strategy may require amendment following the Cabinet's consideration of this report or following consideration by Council on 21st February 2024. The final versions will be published as part of the budget documents on the Council's website following the Council meeting.

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3 AVAILABLE OPTIONS

3.1 **Option 1:** To recommend a budget as set out in this report, including the proposed increase in Council Tax.

The Council is statutorily required to set a balanced budget in time for the new financial year and in time for council tax billing to be achieved. This option allows this requirement to be met.

3.2 **Option 2**: To make recommendations for amendments to the budget as set out in this report, including the proposed increase in Council Tax.

The Council is statutorily required to set a balanced budget in time for the new financial year and in time for council tax billing to be achieved. Option 1 allows this requirement to be met.

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4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 Option 1. This ensures a balanced budget, avoids the need to make further savings above and beyond those already considered by the Policy Advisory Committees and maximises the resources available for the 1,000 Affordable Homes programme.

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5 RISKS

5.1 The Council's finances are subject to a high degree of risk and uncertainty. The draft MTFS includes an evaluation of the Council's financial resilience, from which it can be seen that it has adequate, but not excessive, reserves and is positioned well to manage the financial challenges that it faces.

5.2 In order to address risk on an ongoing basis in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each of its meetings.

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6 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 The Cabinet received an initial report on the MTFS at its meeting on 26 July 2023 and has subsequently received further reports on the development of the budget for 2024/25.

6.2 A Residents' Survey was carried out in Autumn 2023 to obtain their views on the issues to be considered when setting a budget. The findings were reported to Policy Advisory Committees and the Cabinet in December 2023.

6.3 Detailed budget proposals were considered by the Policy Advisory Committees and the Overview and Scrutiny Committee. The outcomes of this consultation are set out in this report at paragraph 2.10.

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7 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 The timetable for setting the budget for 2024/25 is set out below.

Date	***Meeting***	***Action***
7 February 2024	Cabinet	Agree 2024/25 budget proposals for recommendation to Council
21 February 2024	Council	Approve 2024/25 budget

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8 REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Budget Savings Proposals 2024/25 to 2028/29
- Appendix B: Strategic Revenue Projection 2024/25 to 2028/29
- Appendix C: Revised Estimates for 2023/24 and Draft Budget Estimates for 2024/25
- Appendix D: Capital Programme 2024/25 to 2033/34
- Appendix E: Treasury Management Strategy, Investment Strategy and Capital Strategy
- Appendix F: Statement of General Fund Balances and Earmarked Reserves
- Appendix G: Updated Medium Term Financial Strategy 2024/25 to 2028/29

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9 BACKGROUND PAPERS

There are no background papers.

Corporate Services

Service	Proposal	24/25 £000	25/26 £000	26/27 £000	27/28 £000	28/29 £000	Total £000
Existing Savings							
Corporate Property	Property Investment Strategy	-125	-125	-125	-125	-125	-625
Housing	New Maidstone Property Holdings developments	-228					-228
Elections	Whole council elections	-60					-60
Corporate Property	Office accommodation savings	-55					-55
Transformation	Automation of transactional services	-50					-50
Corporate Property	Service improvements	-25					-25
HR	Deleting HR adviser post		-18				-18
Finance	Review of structure	-15					-15
MKS ICT	Efficiency improvements			-14			-14
Transformation	Review of print and post including handling and processing cheques	-10					-10
Finance	Investment income - reversal of earlier saving		50				50
Sub-total		-568	-93	-139	-125	-125	- 1,050

Savings Proposals 2024/25 to 2028/29 **Appendix A**

New Savings							
Finance	Additional interest income	-350	350				0
Mid Kent Services	Automated data handling for Council Tax	-40	-15				-55
Mid Kent Services	Shared Revenues and Benefits service with Swale	-39		-73			-112
Mid Kent Services	Transfer Risk Management to Emergency Planning	-29					-29
Corporate Property	Asset Management Plan for commercial property	-29					-29
Corporate Property	Saving in Heather House running costs	-27					-27
Mid Kent Services	Payroll service external income		-25				-25
Emergency Planning	Emergency Planning partnership	-20					-20
Mid Kent Services	Internal audit - Efficiency savings	-19					-19
Mid Kent Services	ICT software savings	-8					-8
Biodiversity & Climate Change	Additional post to support property decarbonisation	49					49
Biodiversity & Climate Change	Revenue budget to support eco initiatives	30					30
Corporate Property	New saving from Property Investment - reduction due to limited options in market.	125					125
Transformation	Automation of transactional services	50	-50				0
Sub-total		-307	260	-73	0	0	-120
OVERALL CHANGE IN BUDGET (£000)		**-875**	**167**	**-212**	**-125**	**-125**	**-1,170**

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets.

Communities, Leisure and Arts

Service	Proposal	23/24 £000	24/25 £000	25/26 £000	26/27 £000	27/28 £000	Total £000
Museum	Museum business rates saving	-35					-35
Strategy, Insight and Governance	Sell internal printing services externally	-5	-5				-10
OVERALL CHANGE IN BUDGET (£000)		**-40**	**-5**	**0**	**0**	**0**	**-45**

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets.

Housing, Health and Environment

Service	Proposal	24/25 £000	25/26 £000	26/27 £000	27/28 £000	28/29 £000	Total £000
Existing Savings							
Garden Waste	Changes to charging arrangements	-80		-80			-160
Sub-total		-80	0	-80	0	0	-160
New Savings							
Environment and Public Realm	Withdrawal from Kent Resource Partnership	-10					-10
Environment and Public Realm	Disposal of PC at Mid Kent Shopping Centre	-8					-8
Housing	Housing grant maximisation	-150					-150
Housing	Reduce landlord incentive budget	-35					-35
Community Safety	Remove surplus budgets	-11					-11
Sub-total		-214	0	0	0	0	-214
OVERALL CHANGE IN BUDGET (£000)		**-294**	**0**	**-80**	**0**	**0**	**-374**

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets.

Planning, Infrastructure and Economic Development

Service	Proposal	24/25 £000	25/26 £000	26/27 £000	27/28 £000	28/29 £000	Total £000
Existing Savings							
Land Charges	Migration of land charges register to HM Land Registry	-30	63				33
Land Charges	Staff reduction	-13					-13
MK Planning Support	Process improvement and automation		-15				-15
Sub-total		-43	48	0	0	0	5
New Savings							
Spatial Planning and Economic Development	Additional contribution from Business Rates Pool	-150					-150
Parking	Delete residual Park and Ride site costs	-100					-100
Development Management	Additional CIL recharge for administration	-50					-50
Plannning	Removal of planning post related to major projects.	-86					-86
Parking	Sandling Road Car Park running costs (one year only)	-50	50				0
Sub-total		-436	50	0	0	0	-386
OVERALL CHANGE IN BUDGET (£000)		**-479**	**98**	**0**	**0**	**0**	**-381**

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets.

REVENUE ESTIMATE 2024/25 to 2028/29

STRATEGIC REVENUE PROJECTION - SCENARIO 4

2023/24 £000		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
19,107	**COUNCIL TAX**	19,998	21,100	22,178	23,313	24,511
	BUSINESS RATES					
4,186	RETAINED BUSINESS RATES	4,456	4,545	4,454	4,365	4,278
2,453	BUSINESS RATES GROWTH	2,824	2,881	2,823	2,767	2,711
0	CHANGES TO LOCAL GOVERNMENT FUNDING (LEVELING UP)	0	0	-818	-818	-818
	COLLECTION FUND ADJUSTMENT					
616	COLLECTION FUND ADJUSTMENT (COUNCIL TAX)	302	0	0	0	0
-2,501	COLLECTION FUND ADJUSTMENT (BUSINESS RATES)	86	0	0	0	0
1,916	COLLECTION FUND SMOOTHING	-388	0	0	0	0
25,777	**RESOURCE - COUNCIL TAX AND BUSINESS RATES**	**27,278**	**28,526**	**28,637**	**29,627**	**30,682**
26,212	**OTHER INCOME**	26,212	27,190	28,505	29,925	31,230
	FORECAST CHANGE IN INCOME	978	1,315	1,420	1,305	3,034
26,212	**RESOURCES - OTHER INCOME**	**27,190**	**28,505**	**29,925**	**31,230**	**34,264**
51,990	**TOTAL RESOURCES AVAILABLE**	**54,468**	**57,031**	**58,563**	**60,857**	**64,945**
51,202	CURRENT BUDGET / PROJECTED SPEND	51,990	54,633	57,286	59,512	61,245
	INFLATION & CONTRACT INCREASES					
	PAY, NI & INFLATION INCREASES	2,643	2,653	2,226	1,733	1,186
787	**BUDGET SURPLUS / (GAP) - BEFORE PRESSURE AND SAVINGS**	-165	-255	-949	-387	2,515
	SERVICE PRESSURES					
-541	PENSION DEFICIT FUNDING REDUCTION	25	26	26	26	26
1,057	ONE OFF PROVISION - WASTE CONTRACTS	143	0	0	0	0
0	REFUSE BINS – REPLACEMENT OF BROKEN BINS	100	0	0	0	0
600	TEMPORARY ACCOMMODATION	450	-250	-100	0	0
152	VACANT PROPERTIES	0	-152	0	0	0
50	MEMBERS ALLOWANCES	0	0		0	0
135	EXTERNAL AUDIT FEES	0	0	0	0	0
0	REVENUE COSTS OF CAPITAL PROGRAMME	963	3,777	3,690	2,877	2,580
50	GENERAL GROWTH PROVISION	50	50	50	50	
0	INFLATIONARY CONTINGENCY	-1,000	0	0	0	50
0	PRESSURES FUNDED BY NHB/FUNDING GUARANTEE	700	0	0	0	0
1,504	**TOTAL SERVICE PRESSURES**	1,431	3,451	3,666	2,953	2,656
52,706	**TOTAL PREDICTED REQUIREMENT**	**56,064**	**60,737**	**63,177**	**64,198**	**65,087**
-716	**BUDGET SURPLUS / GAP (-VE)**	**-1,596**	**-3,706**	**-4,615**	**-3,341**	**-142**
690	**NEW AND AMENDED SAVINGS / GROWTH (-VE)**	**1,688**	**-260**	**292**	**125**	**125**
-27	**SURPLUS / DEFICIT (-VE)**	**92**	**-3,967**	**-4,323**	**-3,216**	**-17**

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES

REVISED ESTIMATE 2023/24 AND ESTIMATE 2024/25

POLICY ADVISORY COMMITTEE SUMMARY

Policy Advisory Committee	Original Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Corporate Services	8,347,960	8,482,040	8,094,750
Planning, Infrastructure & Economic Development	372,870	553,030	-132,630
Housing, Health & Environment	11,074,860	11,255,030	12,484,990
Communities, Leisure & Arts	1,320,210	1,400,580	1,309,530
	21,115,900	**21,690,680**	**21,756,640**
Transfers to Reserves	4,661,220	4,086,440	5,520,960
Net Revenue Expenditure	**25,777,120**	**25,777,120**	**27,277,600**

CORPORATE SERVICES POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2023/243 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Contingency	1,096,140	1,338,420	538,610		538,610
Unapportionable Central Overheads	961,570	949,630	977,110		977,110
Non Service Related Government Grants	-4,661,220	-4,661,220		-4,820,960	-4,820,960
Appropriation Account	1,861,790	1,892,230	1,861,790		1,861,790
Pensions Fund Appropriation	0	0	0		0
Balances, Pensions & Appropriation	**-741,720**	**-480,940**	**3,377,510**	**-4,820,960**	**-1,443,450**
Street Naming & Numbering	-73,350	-73,350		-73,350	-73,350
Building Control	**-73,350**	**-73,350**	**0**	**-73,350**	**-73,350**
Sandling Road Site	30,150	4,900	228,810	-223,130	5,680
Business Support	**30,150**	**4,900**	**228,810**	**-223,130**	**5,680**
Council Tax Collection	66,180	67,780	122,900	-49,850	73,050
Council Tax Collection - Non Pooled	-376,060	-331,280	118,880	-466,730	-347,850
Council Tax Benefits Administration	-164,320	-139,920	31,770	-170,180	-138,410
NNDR Collection	1,810	1,810	3,790	-1,640	2,150
NNDR Collection - Non Pooled	-240,410	-230,410	57,670	-256,490	-198,820
MBC- BID	740	740	19,830	-19,030	800
Registration Of Electors	68,640	68,410	79,470	-2,640	76,830
Elections	164,260	164,380	120,500	-480	120,020
External Interest Payable & MRP	2,202,550	2,202,550	3,165,550		3,165,550
Interest & Investment Income	-150,000	-150,000		-500,000	-500,000
Central Services to the Public	**1,573,390**	**1,654,060**	**3,720,360**	**-1,467,040**	**2,253,320**
Palace Gatehouse	-7,270	7,730	5,270	0	5,270
Archbishops Palace	3,120	-1,900	42,800	0	42,800
Parkwood Industrial Estate	-301,400	-313,680	6,920	-322,770	-315,850
Industrial Starter Units	-18,400	-41,290	27,720	-67,600	-39,880
Parkwood Equilibrium Units	-93,180	-135,390	58,880	-190,550	-131,670
Sundry Corporate Properties	-179,810	7,010	60,380	-226,070	-165,690
Phoenix Park Units	-229,600	-239,060	26,020	-263,460	-237,440
Granada House - Commercial	-99,380	-91,640	89,930	-178,160	-88,230
MPH Residential Properties	-857,250	-876,490	147,690	-1,244,950	-1,097,260
Heronden Road Units	-158,920	-209,680	13,580	-222,300	-208,720
Boxmend Industrial Estate	-104,600	-117,630	12,800	-129,560	-116,760
Wren Industrial Estate	-108,220	-134,620	66,130	-200,610	-134,480
Commercial Investments	**-2,154,910**	**-2,146,640**	**558,120**	**-3,046,030**	**-2,487,910**
Corporate Projects	0	930	76,390	-75,940	450
Corporate Management	825,540	460,660	560,120		560,120
Corporate Management	**825,540**	**461,590**	**636,510**	**-75,940**	**560,570**
Democratic Services Section	286,320	289,100	310,030	-1,810	308,220
Mayoral & Civic Services Section	125,080	125,920	131,280		131,280
Chief Executive	197,850	194,770	201,830		201,830
Biodiversity & Climate Change	99,280	102,810	155,720		155,720
Director of Strategy Governance and Insight	131,680	134,300	134,300		134,300
Electoral Registration Section	94,050	94,780	103,930	-3,510	100,420
Director of Finance, Resources & Business Imp	148,270	145,030	156,120	-5,130	150,990
Accountancy Section	885,740	896,150	953,050	-25,440	927,610
Director of Regeneration & Place	156,480	153,240	159,530		159,530
Procurement Section	118,830	118,830	139,500	-14,730	124,770
Property & Projects Section	363,850	472,210	504,020	-6,270	497,750
Corporate Support Section	314,560	319,940	334,240		334,240
Improvement Section	252,200	253,630	290,470	-28,680	261,790
Executive Support Section	98,970	99,750	103,940		103,940
Emergency Planning & Resilience	134,180	169,460	176,890	-20,000	156,890
Head of Property and Leisure	115,790	117,620	124,210		124,210
Facilities Section	257,250	157,590	165,390		165,390
Town Centre Services Manager	0	65,630	70,350		70,350
Salary Slippage 1PR	-253,970	-279,140	-317,430		-317,430
Corporate Support Services	**3,526,410**	**3,631,620**	**3,897,370**	**-105,570**	**3,791,800**
Civic Occasions	46,030	46,520	48,710		48,710
Members Allowances	455,540	455,540	477,970		477,970
Members Facilities	18,300	18,430	19,370		19,370
Democratic Representation	**519,870**	**520,490**	**546,050**	**0**	**546,050**
Emergency Centre	23,680	23,560	24,580		24,580
Emergency Planning	**23,680**	**23,560**	**24,580**	**0**	**24,580**
Drainage	34,070	34,070	35,780		35,780
Climate change	7,050	14,050	37,400		37,400
Flood Defences & Land Drainage	**41,120**	**48,120**	**73,180**	**0**	**73,180**
Housing Benefits Administration	-314,880	-285,980	87,670	-370,500	-282,830
Housing Benefit Administration	**-314,880**	**-285,980**	**87,670**	**-370,500**	**-282,830**
General Fund Residential Properties	-55,920	-53,200	12,670	-65,740	-53,070
Housing Strategy	**-55,920**	**-53,200**	**12,670**	**-65,740**	**-53,070**
Upper Medway Internal Drainage Board	134,390	134,390	138,430		138,430
Levies	**134,390**	**134,390**	**138,430**	**0**	**138,430**
Maidstone House - Landlord	-413,080	-140,150	1,420,490	-1,596,870	-176,380
Town Hall	126,570	109,060	121,410	-1,500	119,910
South Maidstone Depot	177,360	224,900	189,100		189,100
The Link	49,590	60,420	349,650	-281,240	68,410
Maidstone House - MBC Tenant	683,000	480,440	576,120	-92,650	483,470

CORPORATE SERVICES POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2023/243 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Museum Buildings	268,380	278,000	244,760	-1,230	243,530
Office Accommodation	**891,820**	**1,012,670**	**2,901,530**	**-1,973,490**	**928,040**
Maintenance of Closed Churchyards	11,030	6,030	7,910		7,910
Open Spaces	**11,030**	**6,030**	**7,910**	**0**	**7,910**
Rent Allowances	-114,070	-114,070	28,432,000	-28,546,070	-114,070
Non HRA Rent Rebates	-8,760	-8,760	1,426,050	-1,434,810	-8,760
Discretionary Housing Payments	0	0	231,980	-231,980	0
Rent Rebates	**-122,830**	**-122,830**	**30,090,030**	**-30,212,860**	**-122,830**
Revenues Section	570,350	530,820	929,730	-407,880	521,850
Benefits Section	553,610	512,030	830,350	-313,720	516,630
Fraud Section	40,990	45,910	271,270	-222,120	49,150
Mid Kent Audit Partnership	219,690	220,570	712,650	-540,180	172,470
Legal Services Section	659,430	659,430	771,160	-128,530	642,630
Mid Kent ICT Services	608,850	620,570	1,817,230	-1,146,260	670,970
GIS Section	129,130	130,440	228,840	-91,560	137,280
Director of Mid Kent Services	48,940	45,980	150,310	-99,820	50,490
Mid Kent HR Services Section	418,410	422,820	720,210	-281,400	438,810
MBC HR Services Section	177,450	103,220	189,070	-2,350	186,720
Head of Revenues & Benefits	84,400	64,630	81,190	-33,100	48,090
Revenues & Benefits Business Support	117,100	156,050	253,090	-102,150	150,940
Dartford HR Services Section	-15,740	-16,040	66,810	-83,510	-16,700
IT Support for Revenues and Benefits	27,390	0	0	0	0
I.T. Operational Services	664,490	664,490	689,720		689,720
Central Telephones	16,290	16,290	17,100		17,100
Shared Services	**4,320,780**	**4,177,210**	**7,728,730**	**-3,452,580**	**4,276,150**
Apprentices Programme	54,180	73,700	55,870		55,870
Internal Printing	-920	-920	58,800	-61,920	-3,120
Debt Recovery Service	-19,430	-19,410	959,700	-980,000	-20,300
Debt Recovery MBC Profit Share	-120,440	-83,030		-79,970	-79,970
Trading Accounts	-86,610	-29,660	1,074,370	-1,121,890	-47,520
Corporate Services	**8,347,960**	**8,482,040**	**55,103,830**	**-47,009,080**	**8,094,750**

CORPORATE SERVICES POLICY ADVISORY COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	863,670	863,670	906,860
Allowances	453,760	453,760	476,450
Benefits	31,268,120	30,090,030	30,090,030
Employee Direct	9,364,690	9,816,710	10,211,390
Employee Other	1,625,100	1,135,240	1,128,570
Equipment & Furniture	1,060,110	901,730	875,830
Fees & Charges	-1,175,760	-1,074,730	-1,167,850
General Insurances	15,140	15,140	16,710
Grants & Contributions Paid	2,304,090	2,330,920	3,277,150
Grants & Contributions Received	-40,314,840	-39,201,960	-39,241,970
Income Other	-1,432,960	-1,647,360	-2,006,220
Information & Communications	1,890	1,820	1,900
Leasing & Capital Charges	1,861,790	1,892,230	1,861,790
Premises Other	1,022,990	1,203,830	1,048,220
Printing & Stationery	107,250	107,020	111,770
Professional Services	944,990	1,113,450	1,092,390
Rent	-3,753,920	-4,356,270	-4,593,040
Repairs & Maintenance	795,390	988,460	969,870
Security & Protection	37,210	182,510	191,660
Subsistence & Training	190,770	119,350	200,200
Supplies & Services Other	2,004,650	2,384,160	1,442,670
Utilities	989,100	1,063,430	1,101,530
Vehicle & Transport	114,730	98,900	98,840
Corporate Services	**8,347,960**	**8,482,040**	**8,094,750**

PLANNING, INFRASTRUCTURE & ECONOMIC DEVELOPMENT POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2023/243 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Building Regulations Chargeable	-394,790	-394,790	8,140	-442,540	-434,400
Building Control	-1,040	-1,040		-1,090	-1,090
Building Control	**-395,830**	**-395,830**	**8,140**	**-443,630**	**-435,490**
Innovation Centre	-35,590	-61,150	447,450	-500,370	-52,920
Business Support & Enterprise	0	22,690	5,730		5,730
Business Terrace - Incubator Units	99,480	100,110	162,770	-62,850	99,920
Business Terrace - 1st Floor MH	-10,840	-37,450	211,740	-245,480	-33,740
Business Support	**53,050**	**24,200**	**827,690**	**-808,700**	**18,990**
Land Charges	-263,370	-262,280	25,440	-286,900	-261,460
Central Services to the Public	**-263,370**	**-262,280**	**25,440**	**-286,900**	**-261,460**
Spatial Policy Planning Section	345,670	489,280	263,490		263,490
Head of Planning and Development	118,920	116,380	121,080		121,080
Building Surveying Section	511,880	520,720	545,740		545,740
Economic Development Section	77,920	31,850	18,000	-15,330	2,670
Heritage Landscape and Design Section	347,780	350,760	369,180		369,180
Innovation Centre Section	213,130	220,680	296,870	-60,490	236,380
CIL Management Section	11,570	12,470	112,540	-147,250	-34,710
Development Management Section – Majors	314,060	240,680	247,470		247,470
Development Management Section – Others	1,144,950	1,158,930	1,225,670		1,225,670
Head of Spatial Planning and Economic Develop	115,540	111,960	116,730		116,730
Parking Services Section	404,380	410,380	581,980	-148,630	433,350
Salary Slippage 2SPI	-175,280	-175,280	-202,550		-202,550
Corporate Support Services	**3,430,520**	**3,488,810**	**3,696,200**	**-371,700**	**3,324,500**
Development Control Advice	-292,700	-292,700		-344,200	-344,200
Development Control Appeals	138,450	138,450	145,370		145,370
Development Control Majors	-557,030	-557,030	23,870	-654,740	-630,870
Development Control - Other	-771,760	-774,580	6,980	-856,220	-849,240
Development Control Enforcement	74,800	74,800	78,540		78,540
Development Control	**-1,408,240**	**-1,411,060**	**254,760**	**-1,855,160**	**-1,600,400**
Economic Dev - Promotion & Marketing	2,300	108,400	6,090	-3,500	2,590
Economic Development	**2,300**	**108,400**	**6,090**	**-3,500**	**2,590**
Environment Improvements	7,310	42,660	8,090		8,090
Name Plates & Notices	20,420	20,420	21,450		21,450
Network & Traffic Management	27,730	63,080	29,540	0	29,540
On Street Parking	-314,030	-307,680	498,440	-783,270	-284,830
Residents Parking	-195,910	-197,300	67,890	-261,280	-193,390
Pay & Display Car Parks	-1,328,660	-1,334,580	603,920	-1,949,630	-1,345,710
Non Paying Car Parks	15,290	15,290	16,070	-10	16,060
Off Street Parking - Enforcement	-87,890	-92,850	193,030	-276,690	-83,660
Mote Park Pay & Display	-194,010	-194,190	35,500	-228,500	-193,000
Sandling Road Car Park	-670	-740	4,420	-55,160	-50,740
Parking Services	-2,105,880	-2,112,050	1,419,270	-3,554,540	-2,135,270
Planning Policy	520,750	549,470	525,540		525,540
Neighbourhood Planning	-20,000	-20,000		-20,000	-20,000
Conservation	-11,390	-11,390	4,340	-15,600	-11,260
Planning Policy	489,360	518,080	529,880	-35,600	494,280
Park & Ride	109,040	101,690	0		0
Other Transport Services	-2,900	-5,150	32,490	-36,110	-3,620
Public Transport	106,140	96,540	32,490	-36,110	-3,620
Mid Kent Planning Support Service	349,860	356,140	616,930	-234,530	382,400
Mid Kent Local Land Charges Section	87,230	79,000	191,910	-140,600	51,310
Shared Services	437,090	435,140	808,840	-375,130	433,710
Planning, Infrastructure & Economic Development	**372,870**	**553,030**	**7,638,340**	**-7,770,970**	**-132,630**

PLANNING, INFRASTRUCTURE & ECONOMIC DEVELOPMENT POLICY ADVISORY COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	580,790	574,310	603,040
Employee Direct	4,312,990	4,358,380	4,529,820
Employee Other	-137,430	-49,660	-404,570
Equipment & Furniture	103,890	104,220	109,150
Fees & Charges	-5,747,350	-5,780,170	-6,063,570
General Insurances	20,590	18,960	20,140
Grants & Contributions Paid	21,360	62,950	22,360
Grants & Contributions Received	-813,480	-671,420	-686,470
Income Other	-379,610	-301,940	-365,240
Information & Communications	41,160	41,160	43,220
Premises Other	685,090	645,230	583,340
Printing & Stationery	27,310	26,330	27,640
Professional Services	943,420	982,804	983,520
Rent	-520,520	-650,990	-655,690
Repairs & Maintenance	440,580	435,460	448,650
Security & Protection	87,100	100,870	91,460
Subsistence & Training	7,700	20,190	7,960
Supplies & Services Other	478,060	392,576	324,550
Utilities	161,210	181,620	185,790
Vehicle & Transport	60,010	62,150	62,270
Planning, Infrastructure & Economic Development	**372,870**	**553,030**	**-132,630**

HOUSING, HEALTH & ENVIRONMENT POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2023/243 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Cemetery	-23,560	-20,720	236,110	-243,080	-6,970
National Assistance Act	-430	-430	2,430	-2,880	-450
Crematorium	-966,480	-963,350	644,620	-1,578,700	-934,080
Bereavement Services	**-990,470**	**-984,500**	**883,160**	**-1,824,660**	**-941,500**
Social Inclusion	0	0	0	0	0
Community Development	**0**	**0**	**0**	**0**	**0**
Community Safety	32,590	32,590	34,230	0	34,230
PCC Grant - Building Safer Communities	0	0	34,390	-34,390	0
C C T V	37,450	38,230	39,780		39,780
Community Safety	**70,040**	**70,820**	**108,400**	**-34,390**	**74,010**
Head of Environment and Public Realm	120,320	117,850	122,700		122,700
Bereavement Services Section	315,510	307,890	324,850		324,850
Community Partnerships & Resilience Section	539,840	546,320	560,220		560,220
Licensing Section	124,740	125,750	131,090		131,090
Environmental Protection Section	294,430	294,430	309,150		309,150
Food and Safety Section	288,460	288,460	302,880		302,880
Depot Services Section	922,480	948,950	1,009,380	-38,520	970,860
New Business & Housing Development	119,760	202,570	393,180	-176,000	217,180
Head of Housing & Community Services	118,370	116,030	120,490		120,490
Homechoice Section	235,440	239,190	365,920	-117,740	248,180
Housing Advice Section	318,020	243,760	1,051,850	-797,310	254,540
Housing Standards Team	290,330	294,640	334,330	-23,360	310,970
Housing Management	243,770	337,490	572,970	-224,800	348,170
Homelessness Outreach	48,270	78,320	557,550	-477,390	80,160
Accommodation Resource Team	0	41,830	178,990	-131,680	47,310
Housing and Inclusion	0	1,750	200,960	-199,780	1,180
Salary Slippage 3CHE	-439,110	-439,110	-401,420		-401,420
Corporate Support Services	**3,540,630**	**3,746,120**	**6,135,090**	**-2,186,580**	**3,948,510**
Dwellings rents (gross) Affordable	0	-42,000		-42,000	-42,000
Insurance Costs Paid By The Landlord	0	710	1,680		1,680
Homeless Temporary Accommodation	910,280	910,280	2,214,790	-920,470	1,294,320
Homelessness Prevention	186,820	182,480	156,550	0	156,550
Aylesbury House	49,890	30,990	105,290	-69,140	36,150
Magnolia House	2,200	44,350	99,390	-50,240	49,150
St Martins House	680	5,180	18,290	-12,240	6,050
Marsham Street	71,260	38,130	165,880	-115,500	50,380
Sundry Temporary Accomm (TA) Properties	-8,180	22,970	80,830	-50,700	30,130
2 Bed Property - Temporary Accommodation	-26,200	-24,710	120,350	-137,760	-17,410
3 Bed Property - Temporary Accommodation	-64,400	-55,820	107,570	-155,760	-48,190
4 bed Property - Temporary Accommodation	9,610	-14,390	55,520	-66,140	-10,620
1 Bed Property- Temporary Accommodation	-2,970	17,350	32,880	-13,730	19,150
Trinity	31,240	-12,360	218,270	-220,000	-1,730
Chillington House	-4,740	-1,560	12,550	-16,250	-3,700
276 Willington Street	0	10,290	10,830	0	10,830
St Pauls Vicarage	0	4,340	0	0	0
Homelessness	**1,155,490**	**1,116,230**	**3,400,670**	**-1,869,930**	**1,530,740**
Housing Register & Allocations	14,790	14,790	15,530		15,530
Housing Advice	**14,790**	**14,790**	**15,530**	**0**	**15,530**
Strategic Housing Role	12,440	12,440	13,060		13,060
Housing Strategy	**12,440**	**12,440**	**13,060**	**0**	**13,060**
Parks & Open Spaces	995,060	982,570	1,217,590	-181,950	1,035,640
Playground Maintenance & Improvements	151,570	150,610	159,070		159,070
Parks Pavilions	48,180	32,530	34,010	-10	34,000
Mote Park	286,500	337,190	379,740	-17,410	362,330
Allotments	14,390	14,450	15,390		15,390
Open Spaces	**1,495,700**	**1,517,350**	**1,805,800**	**-199,370**	**1,606,430**
Marden Caravan Site (Stilebridge Lane)	20,440	-21,690	10,720	-31,860	-21,140
Ulcombe Caravan Site (Water Lane)	7,020	7,100	51,600	-42,000	9,600
Other Council Properties	**27,460**	**-14,590**	**62,320**	**-73,860**	**-11,540**
Private Sector Renewal	-46,950	-46,950	3,200	-50,000	-46,800
HMO Licensing	-20,380	-20,380		-33,270	-33,270
Private Sector Housing Renewal	**-67,330**	**-67,330**	**3,200**	**-83,270**	**-80,070**
Lettable Halls	-3,620	-3,510	8,370	-12,020	-3,650
Community Halls	52,780	53,090	48,040	-18,560	29,480
Recreation & Sport	**49,160**	**49,580**	**56,410**	**-30,580**	**25,830**
Recycling Collection	1,937,410	1,846,260	3,801,960	-1,688,990	2,112,970
Recycling	**1,937,410**	**1,846,260**	**3,801,960**	**-1,688,990**	**2,112,970**
Licences	-4,810	3,470	26,800	-23,160	3,640
Licensing Statutory	-63,330	-63,330	89,330	-155,840	-66,510
Licensing Non Chargeable	8,520	8,520	8,950		8,950
Animal Licensing	0	-8,280		-8,690	-8,690

HOUSING, HEALTH & ENVIRONMENT POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2023/243 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Dog Control	30,340	30,340	35,960	-3,900	32,060
Health Improvement Programme	5,640	5,640	5,920		5,920
Pollution Control - General	10,130	16,460	26,100	-14,870	11,230
Contaminated Land	-2,840	-2,840	1,220	-4,000	-2,780
Waste Crime	-1,000	3,880	33,070	-28,130	4,940
Food Hygiene	9,700	9,700	13,940	-3,570	10,370
Sampling	3,830	3,830	4,020		4,020
Occupational Health & Safety	-7,550	-7,550		-11,380	-11,380
Infectious Disease Control	1,390	1,370	1,540		1,540
Noise Control	1,280	1,290	1,360		1,360
Pest Control	-11,840	-11,840	160	-12,000	-11,840
Public Conveniences	319,770	273,530	229,520		229,520
Licensing - Hackney & Private Hire	-67,000	-67,000	83,010	-153,360	-70,350
Regulatory Services	**232,230**	**197,190**	**560,900**	**-418,900**	**142,000**
Street Cleansing	1,267,350	1,312,540	1,410,840	-44,390	1,366,450
Street Cleansing	**1,267,350**	**1,312,540**	**1,410,840**	**-44,390**	**1,366,450**
Commercial Waste Services	-52,340	-44,600	237,630	-276,250	-38,620
Trade Waste	**-52,340**	**-44,600**	**237,630**	**-276,250**	**-38,620**
Fleet Workshop & Management	250,820	250,430	261,820		261,820
MBS Support Crew	-53,600	-43,930	98,030	-147,420	-49,390
Trading Accounts	**197,220**	**206,500**	**359,850**	**-147,420**	**212,430**
Household Waste Collection	2,185,080	2,276,230	2,706,830	-198,070	2,508,760
Waste Collection	**2,185,080**	**2,276,230**	**2,706,830**	**-198,070**	**2,508,760**
Housing, Health & Environment	**11,074,860**	**11,255,030**	**21,561,650**	**-9,076,660**	**12,484,990**

HOUSING, HEALTH & ENVIRONMENT POLICY ADVISORY COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	6,897,330	6,826,530	7,309,470
Employee Direct	7,114,450	7,727,760	8,012,570
Employee Other	171,640	166,560	85,740
Equipment & Furniture	584,090	589,620	603,600
Fees & Charges	-3,427,280	-3,401,270	-3,554,160
General Insurances	16,760	14,380	15,400
Grants & Contributions Paid	33,080	105,010	23,100
Grants & Contributions Received	-1,819,850	-3,607,910	-2,206,450
Income Other	-1,650,110	-1,696,170	-1,555,030
Information & Communications	44,310	31,260	45,570
Premises Other	558,940	598,890	648,080
Printing & Stationery	19,160	24,860	23,410
Professional Services	1,369,410	2,271,750	2,538,170
Rent	-1,003,780	-1,770,430	-1,761,020
Repairs & Maintenance	802,670	789,110	817,800
Security & Protection	68,290	65,200	68,460
Subsistence & Training	110	41,500	120
Supplies & Services Other	579,530	1,717,970	542,310
Utilities	311,420	357,420	424,620
Vehicle & Transport	404,690	402,990	403,230
Housing, Health & Environment	**11,074,860**	**11,255,030**	**12,484,990**

COMMUNITIES, LEISURE & ARTS POLICY ADVISORY COMMITTEE

Cost Centre/Service	Original Approved Estimate 2023/243 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Grants	165,950	165,950	170,930		170,930
Delegated Grants	2,140	2,140	2,200		2,200
Parish Services	144,490	139,410	143,720		143,720
Central Services to the Public	**312,580**	**307,500**	**316,850**	**0**	**316,850**
Lockmeadow	242,530	242,530	418,790	-164,130	254,660
Lockmeadow Complex	-1,452,480	-1,521,450	1,357,740	-2,862,050	-1,504,310
Commercial Investments	**-1,209,950**	**-1,278,920**	**1,776,530**	**-3,026,180**	**-1,249,650**
Performance & Development	47,520	117,370	49,910		49,910
Press & Public Relations	4,660	4,660	4,890	0	4,890
Corporate Management	**52,180**	**122,030**	**54,800**	**0**	**54,800**
Leisure Services Section	68,300	70,570	114,860	-41,720	73,140
Cultural Services Section	406,070	337,320	351,040		351,040
Visitor Economy Section	96,140	134,060	103,670		103,670
Market Section	94,880	97,320	101,430		101,430
Communications Section	256,080	261,220	271,030	-460	270,570
Policy & Information Section	512,010	553,820	537,530	0	537,530
Customer Services Section	730,150	734,450	775,930		775,930
Salary Slippage 4ERL	-43,250	-43,250	-104,660		-104,660
Corporate Support Services	**2,120,380**	**2,145,510**	**2,150,830**	**-42,180**	**2,108,650**
Cultural Development Arts	71,880	70,130	73,620	0	73,620
Museum	19,790	25,100	105,240	-76,690	28,550
Carriage Museum	4,310	6,620	9,030	-1,600	7,430
Museum-Grant Funded Activities	0	10	0	0	0
Hazlitt Arts Centre	330,710	334,820	353,360		353,360
Festivals and Events	-26,220	13,800	5,570	0	5,570
Culture & Heritage	**400,470**	**450,480**	**546,820**	**-78,290**	**468,530**
Market	26,030	26,940	139,410	-112,040	27,370
Economic Development	**26,030**	**26,940**	**139,410**	**-112,040**	**27,370**
Mote Park Adventure Zone	-72,230	-76,500	5,700	-86,000	-80,300
Mote Park Cafe	-63,930	-65,260	11,740	-75,630	-63,890
Parks & Open Spaces Leisure Activities	-1,600	-1,600		-1,600	-1,600
Mote Park Leisure Activities	-19,690	-43,030	0	-43,030	-43,030
Open Spaces	**-157,450**	**-186,390**	**17,440**	**-206,260**	**-188,820**
Leisure Centre	-186,380	-140,740	40,310	-220,500	-180,190
Cobtree Golf Course	-35,000	-35,000		-36,750	-36,750
Recreation & Sport	**-221,380**	**-175,740**	**40,310**	**-257,250**	**-216,940**
Tourism	19,630	11,450	37,750	-25,620	12,130
Museum Shop	-22,280	-22,280	12,890	-36,280	-23,390
Tourism	**-2,650**	**-10,830**	**50,640**	**-61,900**	**-11,260**
Communities, Leisure & Arts	**1,320,210**	**1,400,580**	**5,093,630**	**-3,784,100**	**1,309,530**

COMMUNITIES, LEISURE & ARTS POLICY ADVISORY COMMITTEE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	295,740	312,340	317,090
Employee Direct	2,144,560	2,224,170	2,106,970
Employee Other	-26,600	-9,260	-21,380
Equipment & Furniture	17,050	17,760	17,570
Fees & Charges	-143,690	-191,810	-180,790
General Insurances	38,470	38,570	40,500
Grants & Contributions Paid	334,010	405,820	340,470
Grants & Contributions Received	0	-316,360	0
Income Other	-1,600,850	-1,731,700	-1,756,680
Information & Communications	48,870	54,390	51,320
Premises Other	349,020	335,780	358,090
Printing & Stationery	4,120	37,420	7,400
Professional Services	1,014,770	1,310,380	1,191,790
Rent	-1,820,440	-1,837,840	-1,846,630
Repairs & Maintenance	388,730	408,670	428,440
Security & Protection	5,800	9,190	6,090
Subsistence & Training	740	5,430	780
Supplies & Services Other	247,280	290,450	207,730
Utilities	10,590	30,650	34,240
Vehicle & Transport	12,040	6,530	6,530
Communities, Leisure & Arts	**1,320,210**	**1,400,580**	**1,309,530**

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES

REVISED ESTIMATE 2023/24 AND ESTIMATE 2024/25

PRIORITY SUMMARY

Priority	**Original Estimate 2023/24 £**	**Revised Estimate 2023/24 £**	**Estimate 2024/25 £**
Safe, Clean and Green	9,096,850	9,232,160	10,012,560
Homes and Communities	1,678,090	1,676,330	1,924,750
Thriving Place	1,409,110	1,481,690	1,305,850
Embracing Growth and Enabling Infrastructure	12,860	157,870	-380,790
Central and Democratic	8,918,990	9,142,630	8,894,270
	21,115,900	**21,690,680**	**21,756,640**
Transfers to Reserves	4,661,220	4,086,440	5,520,960
Net Revenue Expenditure	**25,777,120**	**25,777,120**	**27,277,600**

SAFE, CLEAN & GREEN

Cost Centre/Service	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Cemetery	-23,560	-20,720	236,110	-243,080	-6,970
National Assistance Act	-430	-430	2,430	-2,880	-450
Crematorium	-966,480	-963,350	644,620	-1,578,700	-934,080
Bereavement Services	**-990,470**	**-984,500**	**883,160**	**-1,824,660**	**-941,500**
Community Safety	32,590	32,590	34,230	0	34,230
PCC Grant - Building Safer Communities	0	0	34,390	-34,390	0
C C T V	37,450	38,230	39,780		39,780
Community Safety	**70,040**	**70,820**	**108,400**	**-34,390**	**74,010**
Head of Environment and Public Realm	120,320	117,850	122,700		122,700
Bereavement Services Section	315,510	307,890	324,850		324,850
Community Partnerships & Resilience Section	539,840	546,320	560,220		560,220
Licensing Section	124,740	125,750	131,090		131,090
Environmental Protection Section	294,430	294,430	309,150		309,150
Food and Safety Section	288,460	288,460	302,880		302,880
Depot Services Section	922,480	948,950	1,009,380	-38,520	970,860
New Business & Housing Development	119,760	202,570	393,180	-176,000	217,180
Corporate Support Services	**2,725,540**	**2,832,220**	**3,153,450**	**-214,520**	**2,938,930**
Drainage	34,070	34,070	35,780		35,780
Climate change	7,050	14,050	37,400		37,400
Flood Defences & Land Drainage	**41,120**	**48,120**	**73,180**	**0**	**73,180**
Upper Medway Internal Drainage Board	134,390	134,390	138,430		138,430
Levies	**134,390**	**134,390**	**138,430**	**0**	**138,430**
Mote Park Adventure Zone	-72,230	-76,500	5,700	-86,000	-80,300
Parks & Open Spaces	995,060	982,570	1,217,590	-181,950	1,035,640
Playground Maintenance & Improvements	151,570	150,610	159,070		159,070
Parks Pavilions	48,180	32,530	34,010	-10	34,000
Mote Park	286,500	337,190	379,740	-17,410	362,330
Mote Park Cafe	-63,930	-65,260	11,740	-75,630	-63,890
Parks & Open Spaces Leisure Activities	-1,600	-1,600		-1,600	-1,600
Mote Park Leisure Activities	-19,690	-43,030	0	-43,030	-43,030
Allotments	14,390	14,450	15,390		15,390
Maintenance of Closed Churchyards	11,030	6,030	7,910		7,910
Open Spaces	**1,349,280**	**1,336,990**	**1,831,150**	**-405,630**	**1,425,520**
Recycling Collection	1,937,410	1,846,260	3,801,960	-1,688,990	2,112,970
Recycling	**1,937,410**	**1,846,260**	**3,801,960**	**-1,688,990**	**2,112,970**
Licences	-4,810	3,470	26,800	-23,160	3,640
Licensing Statutory	-63,330	-63,330	89,330	-155,840	-66,510
Licensing Non Chargeable	8,520	8,520	8,950		8,950
Animal Licensing	0	-8,280		-8,690	-8,690
Dog Control	30,340	30,340	35,960	-3,900	32,060
Health Improvement Programme	5,640	5,640	5,920		5,920
Pollution Control - General	10,130	16,460	26,100	-14,870	11,230
Contaminated Land	-2,840	-2,840	1,220	-4,000	-2,780
Waste Crime	-1,000	3,880	33,070	-28,130	4,940
Food Hygiene	9,700	9,700	13,940	-3,570	10,370
Sampling	3,830	3,830	4,020		4,020
Occupational Health & Safety	-7,550	-7,550		-11,380	-11,380
Infectious Disease Control	1,390	1,370	1,540		1,540
Noise Control	1,280	1,290	1,360		1,360
Pest Control	-11,840	-11,840	160	-12,000	-11,840
Public Conveniences	319,770	273,530	229,520		229,520
Licensing - Hackney & Private Hire	-67,000	-67,000	83,010	-153,360	-70,350
Regulatory Services	**232,230**	**197,190**	**560,900**	**-418,900**	**142,000**
Street Cleansing	1,267,350	1,312,540	1,410,840	-44,390	1,366,450
Street Cleansing	**1,267,350**	**1,312,540**	**1,410,840**	**-44,390**	**1,366,450**
Commercial Waste Services	-52,340	-44,600	237,630	-276,250	-38,620
Trade Waste	**-52,340**	**-44,600**	**237,630**	**-276,250**	**-38,620**
Fleet Workshop & Management	250,820	250,430	261,820		261,820
MBS Support Crew	-53,600	-43,930	98,030	-147,420	-49,390
Trading Accounts	**197,220**	**206,500**	**359,850**	**-147,420**	**212,430**
Household Waste Collection	2,185,080	2,276,230	2,706,830	-198,070	2,508,760
Waste Collection	**2,185,080**	**2,276,230**	**2,706,830**	**-198,070**	**2,508,760**
Safe, Clean & Green	**9,096,850**	**9,232,160**	**15,265,780**	**-5,253,220**	**10,012,560**

SAFE, CLEAN & GREEN - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	6,897,330	6,843,130	7,309,470
Employee Direct	4,629,170	4,866,690	5,112,510
Employee Other	106,450	53,030	40,700
Equipment & Furniture	511,770	512,820	527,640
Fees & Charges	-3,354,330	-3,368,260	-3,491,660
General Insurances	26,000	19,780	21,100
Grants & Contributions Paid	25,440	23,920	15,070
Grants & Contributions Received	-31,880	-317,970	-34,390
Income Other	-1,739,840	-1,816,360	-1,697,080
Information & Communications	27,910	26,990	28,350
Premises Other	273,600	287,590	303,080
Printing & Stationery	17,420	23,420	21,580
Professional Services	250,760	496,990	265,210
Rent	-27,950	-28,690	-30,090
Repairs & Maintenance	466,030	437,150	457,210
Security & Protection	8,210	8,210	8,620
Subsistence & Training	110	25,300	120
Supplies & Services Other	361,950	456,670	409,820
Utilities	286,670	309,970	372,810
Vehicle & Transport	362,030	371,780	372,490
Safe, Clean & Green	**9,096,850**	**9,232,160**	**10,012,560**

HOMES & COMMUNITIES

Cost Centre/Service	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Grants	165,950	165,950	170,930		170,930
Delegated Grants	2,140	2,140	2,200		2,200
Parish Services	144,490	139,410	143,720		143,720
Central Services to the Public	**312,580**	**307,500**	**316,850**	**0**	**316,850**
MPH Residential Properties	-857,250	-876,490	147,690	-1,244,950	-1,097,260
Commercial Investments	**-857,250**	**-876,490**	**147,690**	**-1,244,950**	**-1,097,260**
Social Inclusion	0	0	0	0	0
Community Development	**0**	**0**	**0**	**0**	**0**
Homechoice Section	235,440	239,190	365,920	-117,740	248,180
Housing Advice Section	318,020	243,760	1,051,850	-797,310	254,540
Housing Standards Team	290,330	294,640	334,330	-23,360	310,970
Housing Management	243,770	337,490	572,970	-224,800	348,170
Homelessness Outreach	48,270	78,320	557,550	-477,390	80,160
Accommodation Resource Team	0	41,830	178,990	-131,680	47,310
Housing and Inclusion	0	1,750	200,960	-199,780	1,180
Corporate Support Services	**1,135,830**	**1,236,980**	**3,262,570**	**-1,972,060**	**1,290,510**
Dwellings rents (gross) Affordable	0	-42,000		-42,000	-42,000
Insurance Costs Paid By The Landlord	0	710	1,680		1,680
Homeless Temporary Accommodation	910,280	910,280	2,214,790	-920,470	1,294,320
Homelessness Prevention	186,820	182,480	156,550	0	156,550
Aylesbury House	49,890	30,990	105,290	-69,140	36,150
Magnolia House	2,200	44,350	99,390	-50,240	49,150
St Martins House	680	5,180	18,290	-12,240	6,050
Marsham Street	71,260	38,130	165,880	-115,500	50,380
Sundry Temporary Accomm (TA) Properties	-8,180	22,970	80,830	-50,700	30,130
2 Bed Property - Temporary Accommodation	-26,200	-24,710	120,350	-137,760	-17,410
3 Bed Property - Temporary Accommodation	-64,400	-55,820	107,570	-155,760	-48,190
4 bed Property - Temporary Accommodation	9,610	-14,390	55,520	-66,140	-10,620
1 Bed Property- Temporary Accommodation	-2,970	17,350	32,880	-13,730	19,150
Trinity	31,240	-12,360	218,270	-220,000	-1,730
Chillington House	-4,740	-1,560	12,550	-16,250	-3,700
276 Willington Street	0	10,290	10,830	0	10,830
St Pauls Vicarage	0	4,340	0	0	0
Homelessness	**1,155,490**	**1,116,230**	**3,400,670**	**-1,869,930**	**1,530,740**
Housing Register & Allocations	14,790	14,790	15,530		15,530
Housing Advice	**14,790**	**14,790**	**15,530**	**0**	**15,530**
General Fund Residential Properties	-55,920	-53,200	12,670	-65,740	-53,070
Strategic Housing Role	12,440	12,440	13,060		13,060
Housing Strategy	**-43,480**	**-40,760**	**25,730**	**-65,740**	**-40,010**
Marden Caravan Site (Stilebridge Lane)	20,440	-21,690	10,720	-31,860	-21,140
Ulcombe Caravan Site (Water Lane)	7,020	7,100	51,600	-42,000	9,600
Other Council Properties	**27,460**	**-14,590**	**62,320**	**-73,860**	**-11,540**
Private Sector Renewal	-46,950	-46,950	3,200	-50,000	-46,800
HMO Licensing	-20,380	-20,380		-33,270	-33,270
Private Sector Housing Renewal	**-67,330**	**-67,330**	**3,200**	**-83,270**	**-80,070**
Public Health - Obesity	0	0	0	0	0
Public Health - Misc Services	0	0	0	0	0
Public Health	**0**	**0**	**0**	**0**	**0**
Homes & Communities	**1,678,090**	**1,676,330**	**7,234,560**	**-5,309,810**	**1,924,750**

HOMES & COMMUNITIES - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Employee Direct	2,820,050	3,197,450	3,194,200
Employee Other	44,940	94,180	25,260
Equipment & Furniture	63,670	76,650	68,970
Fees & Charges	-94,240	-94,240	-107,130
General Insurances	150	0	0
Grants & Contributions Paid	319,740	388,110	324,370
Grants & Contributions Receiv	-1,787,970	-3,289,940	-2,172,060
Income Other	-48,920	-18,460	-3,540
Information & Communication	16,400	4,270	17,220
Premises Other	298,140	353,980	392,740
Printing & Stationery	1,740	1,940	1,830
Professional Services	1,119,910	1,777,220	2,275,560
Rent	-1,910,040	-2,807,440	-3,027,080
Repairs & Maintenance	383,830	440,670	460,170
Security & Protection	60,080	58,290	61,220
Subsistence & Training	0	16,000	0
Supplies & Services Other	217,450	1,278,310	206,340
Utilities	132,480	170,110	177,920
Vehicle & Transport	40,680	29,230	28,760
Homes & Communities	**1,678,090**	**1,676,330**	**1,924,750**

THRIVING PLACE

Cost Centre/Service	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Sandling Road Site	30,150	4,900	228,810	-223,130	5,680
Innovation Centre	-35,590	-61,150	447,450	-500,370	-52,920
Business Support & Enterprise	0	22,690	5,730		5,730
Business Terrace - Incubator Units	99,480	100,110	162,770	-62,850	99,920
Business Terrace - 1st Floor MH	-10,840	-37,450	211,740	-245,480	-33,740
Business Support	**83,200**	**29,100**	**1,056,500**	**-1,031,830**	**24,670**
Leisure Services Section	68,300	70,570	114,860	-41,720	73,140
Cultural Services Section	406,070	337,320	351,040		351,040
Visitor Economy Section	96,140	134,060	103,670		103,670
Economic Development Section	77,920	31,850	18,000	-15,330	2,670
Market Section	94,880	97,320	101,430		101,430
Innovation Centre Section	213,130	220,680	296,870	-60,490	236,380
Head of Spatial Planning and Economic Develop	115,540	111,960	116,730		116,730
Corporate Support Services	**1,071,980**	**1,003,760**	**1,102,600**	**-117,540**	**985,060**
Cultural Development Arts	71,880	70,130	73,620	0	73,620
Museum	19,790	25,100	105,240	-76,690	28,550
Carriage Museum	4,310	6,620	9,030	-1,600	7,430
Museum-Grant Funded Activities	0	10	0	0	0
Hazlitt Arts Centre	330,710	334,820	353,360		353,360
Festivals and Events	-26,220	13,800	5,570	0	5,570
Culture & Heritage	**400,470**	**450,480**	**546,820**	**-78,290**	**468,530**
Market	26,030	26,940	139,410	-112,040	27,370
Economic Dev - Promotion & Marketing	2,300	108,400	6,090	-3,500	2,590
Economic Development	**28,330**	**135,340**	**145,500**	**-115,540**	**29,960**
Lettable Halls	-3,620	-3,510	8,370	-12,020	-3,650
Community Halls	52,780	53,090	48,040	-18,560	29,480
Leisure Centre	-186,380	-140,740	40,310	-220,500	-180,190
Cobtree Golf Course	-35,000	-35,000		-36,750	-36,750
Recreation & Sport	**-172,220**	**-126,160**	**96,720**	**-287,830**	**-191,110**
Tourism	19,630	11,450	37,750	-25,620	12,130
Museum Shop	-22,280	-22,280	12,890	-36,280	-23,390
Tourism	**-2,650**	**-10,830**	**50,640**	**-61,900**	**-11,260**
Thriving Place	**1,409,110**	**1,481,690**	**2,998,780**	**-1,692,930**	**1,305,850**

THRIVING PLACE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	344,120	353,120	377,350
Employee Direct	1,110,710	1,112,360	1,031,190
Employee Other	-95,540	-112,520	-113,440
Equipment & Furniture	36,460	37,170	37,950
Fees & Charges	-125,900	-134,080	-139,660
General Insurances	32,310	37,120	39,470
Grants & Contributions Paid	17,980	102,010	19,980
Grants & Contributions Received	-285,820	-372,230	-151,190
Income Other	-472,960	-566,830	-593,560
Information & Communications	70,840	71,360	74,390
Premises Other	458,180	411,110	426,020
Printing & Stationery	12,400	13,630	13,930
Professional Services	163,190	379,560	182,430
Rent	-548,640	-796,530	-808,520
Repairs & Maintenance	276,270	309,470	323,910
Security & Protection	3,940	151,330	155,340
Subsistence & Training	5,300	18,900	5,560
Supplies & Services Other	226,720	272,710	221,250
Utilities	168,150	188,140	197,560
Vehicle & Transport	11,400	5,890	5,890
Thriving Place	**1,409,110**	**1,481,690**	**1,305,850**

EMBRACING GROWTH & ENABLING INFRASTRUCTURE

Cost Centre/Service	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Building Regulations Chargeable	-394,790	-394,790	8,140	-442,540	-434,400
Building Control	-1,040	-1,040		-1,090	-1,090
Street Naming & Numbering	-73,350	-73,350		-73,350	-73,350
Building Control	**-469,180**	**-469,180**	**8,140**	**-516,980**	**-508,840**
Land Charges	-263,370	-262,280	25,440	-286,900	-261,460
Central Services to the Public	**-263,370**	**-262,280**	**25,440**	**-286,900**	**-261,460**
Spatial Policy Planning Section	345,670	489,280	263,490		263,490
Head of Planning and Development	118,920	116,380	121,080		121,080
Building Surveying Section	511,880	520,720	545,740		545,740
Heritage Landscape and Design Section	347,780	350,760	369,180		369,180
CIL Management Section	11,570	12,470	112,540	-147,250	-34,710
Development Management Section – Majors	314,060	240,680	247,470		247,470
Development Management Section – Others	1,144,950	1,158,930	1,225,670		1,225,670
Parking Services Section	404,380	410,380	581,980	-148,630	433,350
Corporate Support Services	**3,199,210**	**3,299,600**	**3,467,150**	**-295,880**	**3,171,270**
Development Control Advice	-292,700	-292,700		-344,200	-344,200
Development Control Appeals	138,450	138,450	145,370		145,370
Development Control Majors	-557,030	-557,030	23,870	-654,740	-630,870
Development Control - Other	-771,760	-774,580	6,980	-856,220	-849,240
Development Control Enforcement	74,800	74,800	78,540		78,540
Development Control	**-1,408,240**	**-1,411,060**	**254,760**	**-1,855,160**	**-1,600,400**
Environment Improvements	7,310	42,660	8,090		8,090
Name Plates & Notices	20,420	20,420	21,450		21,450
Network & Traffic Management	**27,730**	**63,080**	**29,540**	**0**	**29,540**
On Street Parking	-314,030	-307,680	498,440	-783,270	-284,830
Residents Parking	-195,910	-197,300	67,890	-261,280	-193,390
Pay & Display Car Parks	-1,328,660	-1,334,580	603,920	-1,949,630	-1,345,710
Non Paying Car Parks	15,290	15,290	16,070	-10	16,060
Off Street Parking - Enforcement	-87,890	-92,850	193,030	-276,690	-83,660
Mote Park Pay & Display	-194,010	-194,190	35,500	-228,500	-193,000
Sandling Road Car Park	-670	-740	4,420	-55,160	-50,740
Parking Services	**-2,105,880**	**-2,112,050**	**1,419,270**	**-3,554,540**	**-2,135,270**
Planning Policy	520,750	549,470	525,540		525,540
Neighbourhood Planning	-20,000	-20,000		-20,000	-20,000
Conservation	-11,390	-11,390	4,340	-15,600	-11,260
Planning Policy	**489,360**	**518,080**	**529,880**	**-35,600**	**494,280**
Park & Ride	109,040	101,690	0		0
Other Transport Services	-2,900	-5,150	32,490	-36,110	-3,620
Public Transport	**106,140**	**96,540**	**32,490**	**-36,110**	**-3,620**
Mid Kent Planning Support Service	349,860	356,140	616,930	-234,530	382,400
Mid Kent Local Land Charges Section	87,230	79,000	191,910	-140,600	51,310
Shared Services	**437,090**	**435,140**	**808,840**	**-375,130**	**433,710**
Embracing Growth & Enabling Infrastructure	**12,860**	**157,870**	**6,575,510**	**-6,956,300**	**-380,790**

EMBRACING GROWTH & ENABLING INFRASTRUCTURE - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	532,410	516,930	542,780
Employee Direct	4,095,580	4,190,020	4,399,390
Employee Other	-62,460	28,970	-326,060
Equipment & Furniture	88,270	88,600	92,750
Fees & Charges	-5,817,200	-5,850,020	-6,133,420
General Insurances	17,240	15,010	15,470
Grants & Contributions Paid	20,470	54,920	21,430
Grants & Contributions Received	-527,660	-535,550	-535,280
Income Other	-322,980	-228,000	-287,590
Information & Communications	200	200	210
Premises Other	354,940	336,070	268,770
Printing & Stationery	17,130	16,150	16,950
Professional Services	791,450	748,704	839,410
Rent	-7,400	-10	-10
Repairs & Maintenance	255,610	243,760	243,160
Security & Protection	83,160	96,930	87,320
Subsistence & Training	2,820	4,610	2,840
Supplies & Services Other	400,280	295,456	237,050
Utilities	32,200	74,180	72,980
Vehicle & Transport	58,800	60,940	61,060
Embracing Growth & Enabling Infrastructure	**12,860**	**157,870**	**-380,790**

CENTRAL & DEMOCRATIC

Cost Centre/Service	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Contingency	1,096,140	1,338,420	538,610		538,610
Unapportionable Central Overheads	961,570	949,630	977,110		977,110
Non Service Related Government Grants	-4,661,220	-4,661,220		-4,820,960	-4,820,960
Appropriation Account	1,861,790	1,892,230	1,861,790		1,861,790
Pensions Fund Appropriation	0	0	0		0
Balances, Pensions & Appropriation	**-741,720**	**-480,940**	**3,377,510**	**-4,820,960**	**-1,443,450**
Council Tax Collection	66,180	67,780	122,900	-49,850	73,050
Council Tax Collection - Non Pooled	-376,060	-331,280	118,880	-466,730	-347,850
Council Tax Benefits Administration	-164,320	-139,920	31,770	-170,180	-138,410
NNDR Collection	1,810	1,810	3,790	-1,640	2,150
NNDR Collection - Non Pooled	-240,410	-230,410	57,670	-256,490	-198,820
MBC- BID	740	740	19,830	-19,030	800
Registration Of Electors	68,640	68,410	79,470	-2,640	76,830
Elections	164,260	164,380	120,500	-480	120,020
External Interest Payable & MRP	2,202,550	2,202,550	3,165,550		3,165,550
Interest & Investment Income	-150,000	-150,000		-500,000	-500,000
Central Services to the Public	**1,573,390**	**1,654,060**	**3,720,360**	**-1,467,040**	**2,253,320**
Lockmeadow	242,530	242,530	418,790	-164,130	254,660
Lockmeadow Complex	-1,452,480	-1,521,450	1,357,740	-2,862,050	-1,504,310
Palace Gatehouse	-7,270	7,730	5,270	0	5,270
Archbishops Palace	3,120	-1,900	42,800	0	42,800
Parkwood Industrial Estate	-301,400	-313,680	6,920	-322,770	-315,850
Industrial Starter Units	-18,400	-41,290	27,720	-67,600	-39,880
Parkwood Equilibrium Units	-93,180	-135,390	58,880	-190,550	-131,670
Sundry Corporate Properties	-179,810	7,010	60,380	-226,070	-165,690
Phoenix Park Units	-229,600	-239,060	26,020	-263,460	-237,440
Granada House - Commercial	-99,380	-91,640	89,930	-178,160	-88,230
Heronden Road Units	-158,920	-209,680	13,580	-222,300	-208,720
Boxmend Industrial Estate	-104,600	-117,630	12,800	-129,560	-116,760
Wren Industrial Estate	-108,220	-134,620	66,130	-200,610	-134,480
Commercial Investments	**-2,507,610**	**-2,549,070**	**2,186,960**	**-4,827,260**	**-2,640,300**
Performance & Development	47,520	117,370	49,910		49,910
Corporate Projects	0	930	76,390	-75,940	450
Press & Public Relations	4,660	4,660	4,890	0	4,890
Corporate Management	825,540	460,660	560,120		560,120
Corporate Management	**877,720**	**583,620**	**691,310**	**-75,940**	**615,370**
Democratic Services Section	286,320	289,100	310,030	-1,810	308,220
Mayoral & Civic Services Section	125,080	125,920	131,280		131,280
Chief Executive	197,850	194,770	201,830		201,830
Communications Section	256,080	261,220	271,030	-460	270,570
Policy & Information Section	512,010	553,820	537,530	0	537,530
Biodiversity & Climate Change	99,280	102,810	155,720		155,720
Director of Strategy Governance and Insi	131,680	134,300	134,300		134,300
Electoral Registration Section	94,050	94,780	103,930	-3,510	100,420
Head of Housing & Community Services	118,370	116,030	120,490		120,490
Director of Finance, Resources & Business	148,270	145,030	156,120	-5,130	150,990
Accountancy Section	885,740	896,150	953,050	-25,440	927,610
Director of Regeneration & Place	156,480	153,240	159,530		159,530
Procurement Section	118,830	118,830	139,500	-14,730	124,770
Property & Projects Section	363,850	472,210	504,020	-6,270	497,750
Corporate Support Section	314,560	319,940	334,240		334,240
Improvement Section	252,200	253,630	290,470	-28,680	261,790
Executive Support Section	98,970	99,750	103,940		103,940
Customer Services Section	730,150	734,450	775,930		775,930
Emergency Planning & Resilience	134,180	169,460	176,890	-20,000	156,890
Head of Property and Leisure	115,790	117,620	124,210		124,210
Facilities Section	257,250	157,590	165,390		165,390
Town Centre Services Manager	0	65,630	70,350		70,350
Salary Slippage 1COS	-253,970	-279,140	-317,430		-317,430
Salary Slippage 2SPI	-175,280	-175,280	-202,550		-202,550
Salary Slippage 3CHE	-439,110	-439,110	-401,420		-401,420
Salary Slippage 4ERL	-43,250	-43,250	-104,660		-104,660
Corporate Support Services	**4,485,380**	**4,639,500**	**4,893,720**	**-106,030**	**4,787,690**
Civic Occasions	46,030	46,520	48,710		48,710
Members Allowances	455,540	455,540	477,970		477,970
Members Facilities	18,300	18,430	19,370		19,370
Democratic Representation	**519,870**	**520,490**	**546,050**	**0**	**546,050**
Emergency Centre	23,680	23,560	24,580		24,580
Emergency Planning	**23,680**	**23,560**	**24,580**	**0**	**24,580**
Housing Benefits Administration	-314,880	-285,980	87,670	-370,500	-282,830
Housing Benefit Administration	**-314,880**	**-285,980**	**87,670**	**-370,500**	**-282,830**
Maidstone House - Landlord	-413,080	-140,150	1,420,490	-1,596,870	-176,380
Town Hall	126,570	109,060	121,410	-1,500	119,910
South Maidstone Depot	177,360	224,900	189,100		189,100
The Link	49,590	60,420	349,650	-281,240	68,410
Maidstone House - MBC Tenant	683,000	480,440	576,120	-92,650	483,470
Museum Buildings	268,380	278,000	244,760	-1,230	243,530
Office Accommodation	**891,820**	**1,012,670**	**2,901,530**	**-1,973,490**	**928,040**
Rent Allowances	-114,070	-114,070	28,432,000	-28,546,070	-114,070
Non HRA Rent Rebates	-8,760	-8,760	1,426,050	-1,434,810	-8,760
Discretionary Housing Payments	0	0	231,980	-231,980	0
Rent Rebates	**-122,830**	**-122,830**	**30,090,030**	**-30,212,860**	**-122,830**
Revenues Section	570,350	530,820	929,730	-407,880	521,850
Benefits Section	553,610	512,030	830,350	-313,720	516,630
Fraud Section	40,990	45,910	271,270	-222,120	49,150

CENTRAL & DEMOCRATIC

Cost Centre/Service	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 (Expenditure) £	Estimate 2024/25 (Income) £	Estimate 2024/25 £
Mid Kent Audit Partnership	219,690	220,570	712,650	-540,180	172,470
Legal Services Section	659,430	659,430	771,160	-128,530	642,630
Mid Kent ICT Services	608,850	620,570	1,817,230	-1,146,260	670,970
GIS Section	129,130	130,440	228,840	-91,560	137,280
Director of Mid Kent Services	48,940	45,980	150,310	-99,820	50,490
Mid Kent HR Services Section	418,410	422,820	720,210	-281,400	438,810
MBC HR Services Section	177,450	103,220	189,070	-2,350	186,720
Head of Revenues & Benefits	84,400	64,630	81,190	-33,100	48,090
Revenues & Benefits Business Support	117,100	156,050	253,090	-102,150	150,940
Dartford HR Services Section	-15,740	-16,040	66,810	-83,510	-16,700
IT Support for Revenues and Benefits	27,390	0	0	0	0
I.T. Operational Services	664,490	664,490	689,720		689,720
Central Telephones	16,290	16,290	17,100		17,100
Shared Services	**4,320,780**	**4,177,210**	**7,728,730**	**-3,452,580**	**4,276,150**
Apprentices Programme	54,180	73,700	55,870		55,870
Internal Printing	-920	-920	58,800	-61,920	-3,120
Debt Recovery Service	-19,430	-19,410	959,700	-980,000	-20,300
Debt Recovery MBC Profit Share	-120,440	-83,030		-79,970	-79,970
Trading Accounts	**-86,610**	**-29,660**	**1,074,370**	**-1,121,890**	**-47,520**
Central & Democratic	**8,918,990**	**9,142,630**	**57,322,820**	**-48,428,550**	**8,894,270**

CENTRAL & DEMOCRATIC - SUBJECTIVE ANALYSIS

Subjective Analysis	Original Approved Estimate 2023/24 £	Revised Estimate 2023/24 £	Estimate 2024/25 £
Agency & Contractor	863,670	863,670	906,860
Allowances	453,760	453,760	476,450
Benefits	31,268,120	30,090,030	30,090,030
Employee Direct	10,281,180	10,760,500	11,123,460
Employee Other	1,639,320	1,179,220	1,161,900
Equipment & Furniture	1,064,970	898,090	878,840
Fees & Charges	-1,102,410	-1,001,380	-1,094,500
General Insurances	15,260	15,140	16,710
Grants & Contributions Paid	2,308,910	2,335,740	3,282,230
Grants & Contributions Received	-40,314,840	-39,281,960	-39,241,970
Income Other	-2,478,830	-2,747,520	-3,101,400
Information & Communications	20,880	25,810	21,840
Leasing & Capital Charges	1,861,790	1,892,230	1,861,790
Premises Other	1,231,180	1,394,980	1,247,120
Printing & Stationery	109,150	140,490	115,930
Professional Services	1,947,280	2,275,910	2,243,260
Rent	-4,604,630	-4,982,860	-4,990,680
Repairs & Maintenance	1,045,630	1,190,650	1,180,310
Security & Protection	43,010	43,010	45,170
Subsistence & Training	191,090	121,660	200,540
Supplies & Services Other	2,103,120	2,482,010	1,442,800
Utilities	852,820	890,720	924,910
Vehicle & Transport	118,560	102,730	102,670
Central & Democratic	**8,918,990**	**9,142,630**	**8,894,270**

Draft Capital Programme 2024/25 to 2033/34

	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total	2029/30	2030/31	2031/32	2032/33	2033/34	10 Year Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Housing, Health & Environment												
Private Rented Sector Housing (Gross cost)	21,065	31,879	25,574	12,370	7,274	**98,161**	1,656					**99,817**
1,000 Homes Affordable Housing Programme (Gross cost)	31,096	42,722	25,921	13,908	14,995	**128,643**	10,251	4,711	5,487	4,026	2,576	**155,693**
Temporary Accommodation	20,000					**20,000**						**20,000**
Other Property - Community and Commercial	1,809	1,089	663	143	100	**3,804**						**3,804**
Housing - Disabled Facilities Grants Funding	800	800	800	800	800	**4,000**	800	800	800	800	800	**8,000**
Street Scene Investment	50	50	50	50	50	**250**	50	50	50	50	50	**500**
Flood Action Plan	200	150				**350**						**350**
Continued Improvements to Play Areas	50	60	70	80	80	**340**	80	80	80	80	80	**740**
Parks Improvements	260	70	80	90	100	**600**	100	100	100	100	100	**1,100**
Parks Improvements - Infrastructure Maintenance	200	200	200	200	200	**1,000**	200	200	200	200	200	**2,000**
Grounds Maintenance Machinery Replacement Programme	100	110	105	123	42	**480**	75	75	75	75	75	**855**
Waste Crime Team - Additional Resources	20	10	10			**40**						**40**
Open Spaces - Section 106 funded works	400	400	400	400	400	**2,000**	400	400	400	400	400	**4,000**
Improvements to Cemetery	120					**120**						**120**
Purchase of New Waste Collection Vehicles								6,380				**6,380**
Total	**76,170**	**77,540**	**53,873**	**28,163**	**24,041**	**259,787**	**13,612**	**12,796**	**7,192**	**5,731**	**4,281**	**303,398**
Communities, Leisure & Arts												
Museum Development Plan	180					**180**						**180**
Leisure Provision	2,250					**2,250**						**2,250**
New Leisure Centre	500	500	2,000	15,000	29,000	**47,000**	13,000					**60,000**
Mote Park Kiosk Refurbishment & Extension	250					**250**						**250**
Total	**3,180**	**500**	**2,000**	**15,000**	**29,000**	**49,680**	**13,000**					**62,680**

	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total	2029/30	2030/31	2031/32	2032/33	2033/34	10 Year Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services												
Asset Management / Corporate Property	1,695	175	175	175	175	**2,395**	175	175	175	175	175	**3,270**
Corporate Property Acquisitions	2,500	2,500	2,500	2,500	2,500	**12,500**	2,500	2,500	2,500	2,500	2,500	**25,000**
Kent Medical Campus - Innovation Centre	350					**350**						**350**
Lockmeadow Ongoing Investment	100	100	100	100	100	**500**	100	100	100	100	100	**1,000**
Garden Community	1,187	630	83	82		**1,982**						**1,982**
Infrastructure Delivery	1,000	1,000	1,000	1,000	1,000	**5,000**	1,000	1,000	1,000	1,000	1,000	**10,000**
Other Property Works	800	200				**1,000**						**1,000**
Carbon Reduction to Maidstone B.C. Estate	5,542	2,616	2,493	1,641	1,075	**13,367**	300	300	300	300	300	**14,867**
Parkwood Property Investment to meet EPC targets	785	440				**1,225**						**1,225**
Feasibility Studies	50	50	50	50	50	**250**	50	50	50	50	50	**500**
Digital Projects	30	30	30	30	30	**150**	30	30	30	30	30	**300**
Software / PC Replacement	200	200	200	200	200	**1,000**	200	200	200	200	200	**2,000**
Maidstone House Works	400	100	100	100	100	**800**						**800**
Leeds Langley preliminary costs					1,000	**1,000**						**1,000**
Fleet Vehicle Replacement Programme	478	470	200	300	300	**1,748**	300	300	300	300	300	**3,248**
Total	**15,116**	**8,511**	**6,931**	**6,178**	**6,530**	**43,267**	**4,655**	**4,655**	**4,655**	**4,655**	**4,655**	**66,542**
Planning, Infrastructure & Economic Development												
Public Realm & Greening relating to the Town Centre	1,000					**1,000**						**1,000**
Medway Street Car Park	195					**195**						**195**
Total	**1,195**					**1,195**						**1,195**
TOTAL	**95,661**	**86,551**	**62,803**	**49,342**	**59,571**	**353,928**	**31,267**	**17,451**	**11,847**	**10,386**	**8,936**	**433,814**

MAIDSTONE BOROUGH COUNCIL
CAPITAL STRATEGY 2024/25

CONTENTS

1. INTRODUCTION

1.1. CIPFA's Prudential Code, which governs the Council's capital investment and borrowing, requires councils to have a Capital Strategy. This document should provide a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with a description of how associated risk is managed and the implications for future financial sustainability.

1.2. Accordingly, the Capital Strategy articulates in a single place a number of strategies and policies that the Council already addresses elsewhere: it is an overarching document linking the Strategic Plan, the Medium-Term Financial Strategy, the Treasury Management Strategy and the Asset Management Plan.

1.3. The strategy focuses upon the long-term ambition of the Council for its local area, residents and business, and is aligned with the Strategic Plan in this regard. It is not purely a financial document but a whole organisation approach setting out how investment will support the delivery of the Council's strategic goals.

2. CAPITAL EXPENDITURE AND LINKS TO OTHER CORPORATE STRATEGIES

Strategic Plan

2.1. Capital expenditure at Maidstone Borough Council plays a vital part in the Council's Strategic Plan, since long term investment is required to deliver many of the objectives of the plan.

2.2. The current Strategic Plan went through a thorough process of discussion and refinement over the period June – October 2018 and was approved by Council on 12 December 2018. It sets out four objectives, as follows:

- Embracing Growth and Enabling Infrastructure.
- Homes and Communities.
- A Thriving Place.
- Safe, Clean and Green.

The ways in which capital expenditure can support these priorities are described below.

Embracing Growth and Enabling Infrastructure

2.3. The Council has a vital role in leading and shaping our borough as it grows. This means being proactive in policy and master planning for key sites in the borough, and where appropriate, investing directly ourselves.

2.4. Separate objectives, set out below, address specifically the development of new housing, and other investments intended to make Maidstone a thriving place. In order to enable these developments to take place, investment in infrastructure will be needed. In general, infrastructure schemes are funded from the benefits gained from the development. To address any potential funding gap, the Council will enable infrastructure spending, to the extent that it meets our strategic priorities.

Home and Communities

2.5. The Strategic Plan seeks to make Maidstone a place where people love to live and can afford to live. This means a range of different types of homes, including affordable housing.

2.6. We aim, and are required by law, to address homelessness and rough sleeping. The Council has invested in temporary accommodation for homeless families, thereby ensuring a good standard of accommodation and providing a more cost-effective solution than is offered by the private sector.

A Thriving Place

2.7. The Strategic Plan seeks to make Maidstone a borough that is open for business, attractive for visitors and is an enjoyable and prosperous place to live for our residents. This can be achieved through investment in the County town and rural service centres.

2.8. There are a number of ways in which the Council will take the lead, including working with partners and through direct investment ourselves. The Council has a successful track record of acquiring property within the borough to support wider regeneration objectives. These acquisitions both generate a return that supports the viability of the investment and contribute to making Maidstone a thriving place. We will continue to seek good quality investment opportunities which deliver value and support our strategic goals.

2.9. Where appropriate, we will seek to achieve the necessary scale of investment by identifying joint venture partners. The amount available for direct investment by Maidstone Council is governed by the overall size of the capital programme, but we will adopt a flexible approach within this constraint in order to take advantage of investment opportunities that meet our criteria.

Safe, Clean and Green

2.10. The Council seeks to protect and where possible enhance our environment and to make sure our parks, green spaces, streets and public areas are of a high quality.

Capital Programme Proposals

2.11. Capital Programme proposals have been developed based on the principles set out above and reflect the strategic priorities agreed by Council when it set the current Strategic Plan. The Capital Programme 2024/25 to 2033/34 sets out the recommended programme for schemes which were programmed within the existing capital programme together with new schemes that it is now proposed to include within the capital programme. Details of some of the larger schemes are set out below.

<u>Private Rented Sector Housing Programme - £99.8 million</u>
This encompasses a number of schemes that are in the process of being identified and brought forward, where PRS housing will form part of a mix of tenures alongside Affordable Housing. This covers projects such as Maidstone East and Springfield library, but at this stage in the main are not contractually committed. These will be the subject of separate committee reports at the point a decision to proceed or not is required. All these PRS assets will be owned by the Council but leased (on a long-term basis) upon completion to Maidstone Property Holdings Limited to manage.

<u>1,000 Homes Affordable Housing Programme - £155.7 million</u>
In the Autumn of 2021, The Leader of the Council announced his ambition to build 1,000 affordable homes in the shortest period possible. A

development strategy setting out how this ambition can best be achieved was agreed by Policy & Resources Committee on 19th January 2022. It is likely that the whole programme will take ten years to deliver. The programme is likely to provide only Affordable Rented homes that will be let at 80% of market rent, capped at the Local Housing Allowance. The expenditure shown includes grant receipts from the likes of Homes England that will be necessary to deliver the programme. Assumptions have been made around the level of funding that could be received and this is dealt with in the funding section of this report. During 2023/24 a number of sites were identified and they are schemes that are now being actively developed.

Temporary Accommodation - £20.0 million
The Council has a programme to acquire housing on the open market for temporary accommodation, as it is more cost-effective to use our own property for this purpose and enables delivery of a revenue saving. It is proposed to buy further units in 2024/25 to help deal with the rising numbers of people who are being made homeless because of the current economic crisis.

Commercial and Community Developments £3.8m
The New Business and Housing Development team are in the process of preparing and submitting a planning application for the sites including Maidstone East, St Faiths Community Centre and Heather House Community Centre.

Disabled Facilities Grants - £8.0 million
The Council works with Kent County Council Social Services to deliver adaptations and facilities to enable disabled people to remain at home. This element of the capital programme therefore has a directly beneficial impact for individual local residents. Assistance under this budget is not funded by the Council but is funded from the Department of Health Better Care Fund (BCF) as a specific capital grant.

Parks Improvements - £1.1 million
This is an annual budget to allow for any works that are identified in the parks to be undertaken to improve the standard of the facilities for the public when they visit the parks.

Parks & Open Spaces Infrastructure Maintenance – £2.0 million
Ongoing investment in the infrastructure of the parks will enable the revenue budgets to remain focused on delivering the more regular maintenance such as shrub bed pruning, grass cutting, weeding etc and on ensuring the parks are safe and functional for residents and visitors. Poor maintenance of the parks infrastructure will also impact on the parks revenue budgets due to insurance claims or having to close sections of pathway.

Section 106 Funded Works Open Spaces – £4.0 million
This reflects open spaces capital projects that are funded by S.106 contributions. These works have been taking place for a number of years, but it is considered appropriate that the programme reflects this to show the total forecast capital expenditure.

Purchase of New Waste Collection Vehicles - £6.4 million
Funding is allocated within the Capital Programme for the purchase of the waste collection fleet that forms part of the new contract for Refuse Collection due to commence in March 2024. Replacement of the fleet is envisaged seven year later when the fleet acquired in March 2024 has reached the end of its useful life.

Existing Leisure Centre – Capital Improvements £2.2 million
Cabinet considered proposals for minor capital improvements to the Leisure Centre at its meeting on 8 February 2023. The purpose was to reduce costs and generate increased revenue over the likely extension period of the existing contract. This was agreed by Cabinet and built into the capital programme for 2023/24. As this work has been dependent on decisions about extension of the contract, it has not started as yet, and the majority of the expenditure is now likely to slip to 2024/25.

New Leisure Centre - £60.0 million
The Council is committed to providing leisure services that are accessible to all the borough's residents. This follows from the Council's strategic priorities, and in particular the cross-cutting priority of addressing and reducing health inequalities.

The existing Mote Park Leisure Centre is over 50 years old. It is becoming increasingly expensive to maintain and detracts from the Council's net zero carbon emissions objective. Modelling presented to this Committee's predecessor in February 2023 indicated that the optimum time for a replacement, or at the very least a significantly refurbishment, would be towards the end of the extension period for the existing leisure contract (which is subject to a separate report on this agenda). It was reported in February 2023 that projected capital costs for a new build leisure centre would be in the region of £40 million. A Passivhaus centre or more sophisticated design would cost in excess of £50m. Owing to the complexity of a major refurbishment, the capital costs arising would be at least £35 million, ie not significantly less than the cost of a complete replacement.

It is proposed to make provision in the capital programme for £60 million, which would offer the opportunity to build a new leisure centre commensurate with the Council's ambitions, given current prices. Expenditure is profiled over the next six years, with some initial investment in design and feasibility in 2024/25 and a build programme extending over the three years 2027/28 to 2028/29.
All opportunities to source external funding to mitigate the cost to the Council will be explored. At this stage the proportion to be externally funded cannot be estimated, so the figure of £60 million represents the gross cost of a new leisure centre.

Asset Management / Corporate Property - £3.07 million
The Property Services section carries out a 5-year cycle of condition surveys of Council property which provide a costed programme of essential replacement or refurbishment of building elements to ensure the proper, compliant and efficient operation of the buildings in accordance

with the Asset Management Plan. There is no financial return from the projects, but they do eliminate the accumulation of a backlog of maintenance, reduce the risk of failure and interruption of service and the cost of reactive maintenance.

Corporate Property Acquisitions - £25.0 million
It is envisaged that the Council will continue to seek further suitable opportunities to acquire assets which help deliver the Council's strategic objectives, following the previous acquisitions of the Lockmeadow Leisure Complex, Maidstone House and various industrial units. The capital programme includes this fund which is intended to give the capacity to pursue opportunities to enhance the corporate property portfolio. The Council continues to work with selected agents to identify suitable opportunities and these will be brought forward for member approval when identified.

Infrastructure Delivery - £10.0 million
Infrastructure schemes as outlined in the Local Plan are in general funded directly from the benefits gained from the development. However, in some cases, it is appropriate for the Council to invest directly in infrastructure, for example where viability assessments indicate a funding gap and where it is appropriate for the Council to meet the shortfall in order to enable strategic priorities to be met. An annual amount of £1.0 million has been set aside within the capital programme for this purpose. Including rolled up unspent budget from previous years, this gives a total allocation of £6.2 million over the lifetime of the capital programme.

Biodiversity & Climate Change - £14.867 million
This funding will be used for a number of projects including the purchase of electric vehicles along with investment in charging infrastructure, carbon offsetting, solar investment and looking to make the Council's buildings more energy efficient with a view to reducing both costs and carbon emissions.

Fleet Vehicle Replacement Programme – £3.248 million
Vehicle purchases have been capitalised previously but not included on the programme. Funding comes from capital receipts including the sale of vehicles when they reach the end of their useful life.
Planning, Infrastructure & Economic Development

A full list of the Council's Capital Programme can be found within Table 1 on page 14.

Medium-Term Financial Strategy

2.12. The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council adopted a Strategic Plan for the period 2021 – 2045 in December 2018, and the existing MTFS for the period 2024/25 to 2028/29 reflects the Strategic Plan. The new MTFS will continue to reflect the Strategic Plan priorities.

2.13. The Strategic Plan depends on the Council's financial capacity and capability. Accordingly, the MTFS considers the economic environment and the Council's own current financial position. The external environment is challenging because of high inflation and the state of the UK's public finances. In assessing the Council's own financial position, attention is paid to its track record of budget management, current financial performance and the level of reserves that it holds. It is imperative that the MTFS both ensures Maidstone Council's continuing financial resilience and is sufficiently flexible to accommodate a range of potential scenarios. The Council has prepared financial projections under different scenarios, continuing a practice that has been followed for several years. The MTFS sets out financial projections based on the assumption that inflation will remain elevated and central government continues to give the council limited funding flexibility. The MTFS sets out a proposed approach which will address the budget gap in 2024/25. The position in future years is much more challenging and will require a more radical approach.

2.14. The Council's strategic priorities are met not only through day-to-day revenue spending but also through capital investment. The MTFS makes clear that the council's programme of building 1,000 Affordable Homes will be the principal element of the Capital Strategy.

2.15. Below is a table of the latest draft capital programme which is due to be discussed at Corporate Services Policy Advisory Committee on 17th January 2024.

The draft MTFS was approved by Cabinet on 20th September 2023.

Treasury Management Strategy

2.16. The Treasury Management Strategy sets out how the Council manages its investments and cash flows, including banking, money market and capital market transactions, and how optimum performance is assured whilst managing the risks associated with these activities.

2.17. These specific aspects of the Treasury Management Strategy addresses the Council's capital expenditure plans and how borrowing needs are met. Capital expenditure is funded from the internal resources, borrowing and third party contributions such as Section 106 and Community Infrastructure Levy (CIL) payments on new developments and grant funding, eg from Homes England. The Council allocates some internal resources to fund capital expenditure, including revenue funding and internal borrowing, along with external funding via grant funding and borrowing externally. Long term borrowing costs have been budgeted for within the MTFS. The Council currently has £5m of long-term loans with the PWLB, and has also committed to £80m long term funding through Aviva Life & Pensions UK Limited, paid in tranches over the next 3 years, the first £40m being received in February 2024.

2.18. The Prudential Code 2021 requires that Authorities include a long-term projection of external debt and the capital financing requirement (CFR). This projection should enable review of how the level of underlying borrowing for capital purposes (the CFR) is offset by other cash flows and balances, which (in nearly all authorities) reduce the level of actual debt required. This can be found within the Treasury Management Strategy Statement (TMSS) 2024/25.

Asset Management Plan

2.19. The longer term maintenance of the Council's capital assets is addressed by the Council's Asset Management Plan. The Asset Management Plan ensures that the Council's assets, as a resource, support the delivery of the Council's objectives by:-

- Providing a suitable standard of accommodation for services including those shared with other authorities
- Maintaining property assets and ensuring that they continue to represent an appropriate investment for the Council
- Providing an asset management service to the property holding company
- Meeting the needs of the local community by maintaining assets in parks and open spaces and other community assets
- Safeguarding local heritage through ownership and preservation of historic
  and scheduled ancient monuments.

The current capital programme includes a provision of £1.2 million for Corporate Property Improvements and improvements and £880k for works to industrial properties. There is also a provision of £2.75m for works to the offices of Maidstone House, based on the requirements of the Asset Management Plan.

The Asset Management Strategy is currently under review for the Council's Housing and Property Portfolios. This work is due to be completed during 2024.

3. GOVERNANCE FRAMEWORK

Background

3.1. Capital expenditure proposals are developed in response to the Council's strategic priorities, as described in the previous section. Individual schemes are incorporated in the capital programme, which is included within the Council's Medium Term Financial Strategy.

3.2. The MTFS states that capital schemes will be reviewed and developed so that investment is focused on strategic priorities. The MTFS is updated on an annual basis, as part of the annual budget cycle.

3.3. Subsequent to preparation of the MTFS and its approval by Council each year, capital estimates form part of the annual budget that is submitted to Council for approval.

Developing capital expenditure proposals

3.4. The development of capital expenditure proposals follows certain core principles for the inclusion of schemes within the capital programme. Schemes may be included in the capital programme if they fall within one of the four following categories:

(i) Required for statutory reasons, eg to ensure that Council property meets health and safety requirements;
(ii) Self-funding schemes focused on Strategic Plan priority outcomes;
(iii) Other schemes focused on Strategic Plan priority outcomes; and
(iv) Other priority schemes which will attract significant external funding.

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

(a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, such as the Asset Management Plan, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant service committee.
(b) Where schemes require the use of prudential borrowing, a business case must first be prepared setting out the viability and justification in terms of necessity or contribution to the delivery of strategic goals
(c) Where schemes might improve the Environmental, Social and Governance (ESG) issues that are important to the Council. Some examples would be:

- Promoting greater environmental sustainability
- Local Community benefits
- Ethical sourcing practices

3.6. Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed, they may still be included within the programme if they fall within one of the four categories set out above.

3.7. If, following all considerations, there are a number of approved schemes that cannot be accommodated within the current programme, a prioritised list of schemes that can be added to the programme as future resources permit will be created and approved by the relevant Committee, thus allowing officers to focus funding efforts on delivering schemes that are next in priority order.

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

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

(a) The use of external grants and contributions, subject to maintaining a focus on the priority outcomes of its own strategies;
(b) Opportunities to obtain receipts from asset sales as identified in the Asset Management Plan and approved for sale by Policy and Resources Committee;
(c) The approval of prudential borrowing when the following criteria also apply to the schemes funded by this method:

i. financial viability of the schemes can be clearly evidenced;
ii. the outcome returns economic value commensurate to the cost incurred by borrowing to fund the schemes;
iii. after covering the cost of funding, a further benefit accrues to the Council that directly or indirectly supports the objectives of the strategic plan or the medium term financial strategy.

(d) The use of residual one-off funding such as New Homes Bonus for capital purposes (after any topslice to support the revenue budget), in line with the Council's strategic plan priorities;
(e) Council's strategic plan priorities'. This is because NHB is now partially replaced by the Funding Guarantee, so we need to make the wording more generic ;
(f) The implementation of a community infrastructure levy (CIL) and the management of its use, along with other developer contributions (S106), to deliver the objectives of the infrastructure delivery plan.

3.10. Service managers submit proposals to include projects in the Council's capital programme. Bids are collated by the Finance Section who calculate the financing cost (which can be nil if the project is fully externally financed). Each Committee appraises the proposals with reference to corporate priorities set out in the strategic plan. Corporate Service Policy Advisory Committee recommends the capital programme which is then presented to Council in March each year.

3.11. Prior to any capital commitment being entered into, a detailed report setting out a full project appraisal and detailed financial projections is considered by the relevant service committee.

3.12. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and

Private Finance Initiative). Further details are set out in section 4 of the Capital Strategy.

Performance Monitoring

3.13. The Council has a corporate project management framework that applies to most of the projects included within the capital programme. This provides for designation of a project manager and sponsor, and includes a mechanism for progress on corporate projects to be reported quarterly to a Corporate Projects Board.

3.14. The delivery of the capital programme and emerging schemes are also subject to oversight by the Strategic Investment Board, which meets regularly throughout the year. Membership of the board includes the Chief Executive (Chair), Director of Finance, Resources and Business Improvement, Director of Regeneration and Place, Monitoring Officer and Head of Finance.

3.15. Financial monitoring of capital projects is addressed by the Council's Financial Procedure Rules. Individual Member Service Committees receive quarterly reports on capital expenditure for the services for which they are responsible.

Capitalisation

3.16. Accounting principles govern what counts as capital expenditure. Broadly, it must yield benefits to the Council and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of non-current assets which are charged directly to service revenue accounts.

3.17. The Council has adopted a minimum threshold of £10,000 for capitalisation.

Asset Disposals

3.18. The Council's policy for asset disposals is set out in a policy adopted by Policy and Resources Committee at its meeting on 25th July 2017.

3.19. The policy distinguishes between the following categories.

- Operational Property held and used by the Council for the direct delivery of services for which it has either a statutory or discretionary responsibility. Assets may be disposed of if they have reached the end of their economic or useful life.

- Investment Property held by the Council for revenue generation purposes, which should be assessed by its potential for improved rates of return by either better asset management, or disposal and re-investment of the receipt.

- Community assets such as open space. The Council will not usually dispose of areas of parks or other areas which are classed as public open space.

3.20. Certain schemes within the capital programme are partially funded through sale of some of the completed asset(s) to partner organisations. In this case, the capital scheme value is shown net of these receipts in the capital programme, as the receipt is ringfenced for this purpose.

4. FINANCING THE CAPITAL PROGRAMME

4.1. Typically, local authorities fund capital expenditure by borrowing from the Public Works Loan Board, however there are various borrowing options within the commercial sector which is open to the Authority. All capital expenditure must be financed, either from external sources (government grants, including New Homes Bonus, and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and other long-term liabilities). The planned Capital Programme 2024/25 to 2033/34 is set out in Table 1 below along with the planned funding for the programme in Table 2.

Table 1: Capital Programme 2024/25 to 2033/34

	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total	2029/30	2030/31	2031/32	2032/33	2033/34	10 Year Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Housing, Health & Environment												
Private Rented Sector Housing (Gross cost)	21,065	31,879	25,574	12,370	7,274	**98,161**	1,656					**99,817**
1,000 Homes Affordable Housing Programme (Gross cost)	31,096	42,722	25,921	13,908	14,995	**128,643**	10,251	4,711	5,487	4,026	2,576	**155,693**
Temporary Accommodation	20,000					**20,000**						**20,000**
Other Property - Community and Commercial	1,809	1,089	663	143	100	**3,804**						**3,804**
Housing - Disabled Facilities Grants Funding	800	800	800	800	800	**4,000**	800	800	800	800	800	**8,000**
Street Scene Investment	50	50	50	50	50	**250**	50	50	50	50	50	**500**
Flood Action Plan	200	*150*				**350**						**350**
Continued Improvements to Play Areas	50	60	70	80	80	**340**	80	80	80	80	80	**740**
Parks Improvements	260	70	80	90	100	**600**	100	100	100	100	100	**1,100**
Parks Improvements - Infrastructure Maintenance	200	200	200	200	200	**1,000**	200	200	200	200	200	**2,000**
Grounds Maintenance Machinery Replacement Programme	100	110	105	123	42	**480**	75	75	75	75	75	**855**
Waste Crime Team - Additional Resources	20	10	10			**40**						**40**
Open Spaces - Section 106 funded works	400	400	400	400	400	**2,000**	400	400	400	400	400	**4,000**
Improvements to Cemetery	120					**120**						**120**
Purchase of New Waste Collection Vehicles								*6,380*				**6,380**
Total	**76,170**	**77,540**	**53,873**	**28,163**	**24,041**	**259,787**	**13,612**	**12,796**	**7,192**	**5,731**	**4,281**	**303,398**
Communities, Leisure & Arts												
Museum Development Plan	180					**180**						**180**
Leisure Provision	2,250					**2,250**						**2,250**
New Leisure Centre	500	500	2,000	15,000	29,000	**47,000**	13,000					**60,000**
Mote Park Kiosk Refurbishment & Extension	250					**250**						**250**
Total	**3,180**	**500**	**2,000**	**15,000**	**29,000**	**49,680**	**13,000**					**62,680**

	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total	2029/30	2030/31	2031/32	2032/33	2033/34	10 Year Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services												
Asset Management / Corporate Property	1,695	175	175	175	175	**2,395**	175	175	175	175	175	**3,270**
Corporate Property Acquisitions	2,500	2,500	2,500	2,500	2,500	**12,500**	2,500	2,500	2,500	2,500	2,500	**25,000**
Kent Medical Campus - Innovation Centre	350					**350**						**350**
Lockmeadow Ongoing Investment	100	100	100	100	100	**500**	100	100	100	100	100	**1,000**
Garden Community	1,187	630	83	82		**1,982**						**1,982**
Infrastructure Delivery	1,000	1,000	1,000	1,000	1,000	**5,000**	1,000	1,000	1,000	1,000	1,000	**10,000**
Other Property Works	800	200				**1,000**						**1,000**
Carbon Reduction to Maidstone B.C. Estate	5,542	2,616	2,493	1,641	1,075	**13,367**	*300*	*300*	*300*	*300*	*300*	**14,867**
Parkwood Property Investment to meet EPC targets	785	440				**1,225**						**1,225**
Feasibility Studies	50	50	50	50	50	**250**	50	50	50	50	50	**500**
Digital Projects	30	30	30	30	30	**150**	30	30	30	30	30	**300**
Software / PC Replacement	200	200	200	200	200	**1,000**	200	200	200	200	200	**2,000**
Maidstone House Works	400	100	100	100	100	**800**						**800**
Leeds Langley					1,000	**1,000**						**1,000**
Fleet Vehicle Replacement Programme	478	470	200	300	300	**1,748**	300	300	300	300	300	**3,248**
Total	**15,116**	**8,511**	**6,931**	**6,178**	**6,530**	**43,267**	**4,655**	**4,655**	**4,655**	**4,655**	**4,655**	**66,542**
Planning, Infrastructure & Economic Development												
Public Realm & Greening relating to the Town Centre	1,000					**1,000**						**1,000**
Medway Street Car Park	195					**195**						**195**
Total	**1,195**					**1,195**						**1,195**
TOTAL	**95,661**	**86,551**	**62,803**	**49,342**	**59,571**	**353,928**	**31,267**	**17,451**	**11,847**	**10,386**	**8,936**	**433,814**

Table 2: Capital Financing

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/24 £000	Total 24/25 to 33/34 £000
External sources	1,605	5,421	2,979	13,486	21,356	9,963	1,200	1,200	13,900	1,200	1,200	71,905
Own resources - incl Internal borrowing/MRP	2,649	4,553	6,568	8,477	9,611	9,993	10,523	12,462	13,412	13,482	13,754	102,836
External Borrowing	37,670	85,687	77,004	40,840	18,376	39,615	19,544	3,789	-15,466	-4,297	-6,018	259,074
TOTAL	**41,924**	**95,661**	**86,551**	**62,803**	**49,342**	**59,571**	**31,267**	**17,451**	**11,847**	**10,386**	**8,936**	**433,814**

4.2. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue, which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is set out below; no assumptions have been made here about capital receipts.

Table 3: Replacement of debt finance

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000	Total £000
MRP	1,399	3,108	5,318	7,227	8,361	8,743	9,273	11,212	12,162	12,232	12,504	91,540
Capital receipts	0	0	1,200	0	0	0	0	0	0	0	0	1,200
TOTAL	**1,399**	**3,108**	**6,518**	**7,227**	**8,361**	**8,743**	**9,273**	**11,212**	**12,162**	**12,232**	**12,504**	**92,740**

4.3. The Council’s full minimum revenue provision statement is included within the Treasury Management Strategy.

4.4. The cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £258m over the next 10 years. Based on the above figures for expenditure and financing, the Council’s estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000
Brought forward	72,841	110,511	196,002	273,006	313,846	332,222	371,837	391,381	395,170	379,704	375,407
Capital Expenditure	41,924	95,661	86,551	62,803	49,342	59,571	31,267	17,451	11,847	10,386	8,936
External funding	-1,605	-5,421	-2,979	-13,486	-21,356	-9,963	-1,200	-1,200	-13,900	-1,200	-1,200
Own resources	-1,250	-1,250	-1,640	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250	-1,250
MRP	-1,399	-3,108	-5,318	-7,227	-8,361	-8,743	-9,273	-11,212	-12,162	-12,232	-12,504
TOTAL CFR	**110,511**	**196,392**	**272,616**	**313,846**	**332,222**	**371,837**	**391,381**	**395,170**	**379,704**	**375,407**	**369,390**

Borrowing Strategy

4.5. The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. Due to increasing interest rates, the Council secured £80m of long term borrowing through Aviva Life & Pensions UK Limited to fund the increasing capital programme at a cost of 2.89%. The first tranche totalling £40m is due to be received in February 2024, with the remainder on the following dates:

- February 2025 £20m
- February 2026 £20m

4.6. Projected levels of the Council's total outstanding debt (which comprises borrowing and other long-term liabilities) are shown below, compared with the capital financing requirement

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.03.24 budget £000	31.03.25 budget £000	31.03.26 budget £000	31.03.27 budget £000	31.03.28 budget £000	31.03.29 budget £000	31.03.30 budget £000	31.03.31 budget £000	31.03.32 budget £000	31.03.33 budget £000	31.03.34 budget £000
Debt (excl.PFI & leases)	37,670	123,356	200,360	241,200	259,576	299,191	318,735	322,524	307,058	302,761	296,743
Capital Financing Requirement	110,511	196,392	272,616	313,846	332,222	371,837	391,381	395,170	379,704	375,407	369,390

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 5, the Council expects to comply with this.

4.7. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Authorised limit and operational boundary

Authorised Limit

	31.03.24 budget £m	31.03.25 budget £m	31.03.26 budget £m	31.03.27 budget £m	31.03.28 budget £m	31.03.29 budget £m	31.03.30 budget £m	31.03.31 budget £m	31.03.32 budget £m	31.03.33 budget £m	31.03.34 budget £m
Borrowing	60.000	150.687	232.690	278.530	301.906	346.521	371.065	379.854	369.388	370.092	369.074
Other Long Term Liabilities	0.905	0.309	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**60.905**	**150.996**	**232.69**	**278.53**	**301.906**	**346.521**	**371.065**	**379.854**	**369.388**	**370.092**	**369.074**

Operational Boundary

	31.03.24 budget £m	31.03.25 budget £m	31.03.26 budget £m	31.03.27 budget £m	31.03.28 budget £m	31.03.29 budget £m	31.03.30 budget £m	31.03.31 budget £m	31.03.32 budget £m	31.03.33 budget £m	31.03.34 budget £m
Borrowing	50.000	140.687	222.690	268.530	291.906	336.521	361.065	369.854	359.388	360.092	359.074
Other Long Term Liabilities	0.905	0.309	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total	**50.905**	**140.996**	**222.69**	**268.53**	**291.906**	**336.521**	**361.065**	**369.854**	**359.388**	**360.092**	**359.074**

4.8. Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

4.9. The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the short term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 7: Treasury management investments

	31.03.24 budget £000	31.03.25 budget £000	31.03.26 budget £000	31.03.27 budget £000	31.03.28 budget £000	31.03.29 budget £000	31.03.30 budget £000	31.03.31 budget £000	31.03.32 budget £000	31.03.33 budget £000
Short-term investments	25,000	25,000	20,000	10,000	4,000	4,000	4,000	4,000	4,000	4,000
Longer-term investments	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total	**25,000**	**30,000**	**25,000**	**15,000**	**9,000**	**9,000**	**9,000**	**9,000**	**9,000**	**9,000**

4.10. In years 2023/24 to 2025/26, it is envisaged short term balances will be high due to the forward loans with Aviva Life & Pensions UK Ltd which will be received in February of each financial year. This is expected to be short term as the funds will be utilised within the capital programme.

4.11. Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance, Resources and Business Improvement and staff, who must act in line with the treasury management strategy approved by council. Quarterly reports on treasury management activity are included within the budget monitoring reports which are presented to the Council's Corporate Services Policy Advisory Committee with the half yearly and annual reviews which are scrutinised by Audit, Governance and Standards Committee then recommending to Full council. The Audit, Governance and Standards Committee is responsible for scrutinising treasury management decisions.

4.12. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. Full budget provision is made for capital financing costs within the Council's revenue budgets. This is based on estimates derived from the capital programme, and projected 50 year borrowing costs.

Table 8: Prudential Indicator: Proportion of financing costs to net revenue stream

	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget	2027/28 budget	2028/29 budget
Financing costs (£m)	-0.550	5.510	9.171	10.304	10.676	11.469
Proportion of net revenue stream (%)	-9.026	21.350	34.586	37.819	38.139	40.969

4.13. Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend beyond 5 years into the future. The Director of Finance, Resources and Business Improvement is satisfied that the proposed capital programme is prudent, affordable and sustainable.

4.14. The Authority is required to estimate and measure the Liability Benchmark which

Other Long Term-Liabilities

4.15. This section deals with other long term liabilities to which the Council has committed itself in order to secure capital investment. The Council has no Private Finance Initiative Schemes, but the following scheme is a similar contract as it is defined as a service concession arrangement.

4.16. The Council entered into an agreement during 2009/10 with Serco, the managing contractor of Maidstone Leisure Centre, to undertake a major refurbishment of the centre. Under the terms of the agreement Serco have initially funded the cost of the works through a loan, and the Council are then repaying this loan over a 15 year term, by equal monthly instalments which is due to be finished in 2025/26. The principal element of this loan is reflected on the Council's Balance Sheet and will be written down annually by the amount of principal repaid. Interest paid on the loan is charged to revenue.

5. Investment Strategy

Service Investments: Loans

5.1. The Council can make investments to assist local public services, including making loans to local service providers, local small businesses to promote economic growth, Charities and the Council's subsidiaries that provide services. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to provide value for money to the tax payer.

5.2. The Council has made loans to Kent Savers for £25,000 in 2017/18 which is repayable in 2027/28 at an interest rate of 1%. A loan to Cobtree Manor Estates Trust towards the construction of the new car park which had been agreed in 2019/20 for an amount of £323,000 repayment over 5 years at an annual interest rate of 3%. Current balance owing is £139,293. There has been no agreement to enter into further service loans in the immediate future.

5.3. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. As these loans are very small materially, no loss allowance is required to be accounted for.

5.4. The Authority assesses the risk of loss before entering into a loan agreement assessing the borrower's ability to repay the loan, based on past financial performance. This is monitored over the period of the loan in line with the agreed repayment terms.

Commercial Investments: Property

5.5. The Council does not currently have any investments in property that are considered to be purely commercial in nature, i.e. primarily for yield. Acquisitions are limited to properties situated within the borough, with the intention of supporting the local community, housing and regeneration objectives rather than for the exclusive purpose of generating profits. All property investments are therefore classified as general fund capital projects.

5.6. The Director of Finance, Resources and Business Improvements confirms the authority has complied with paragraphs 51 to 53 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest for the primary purpose of financial return.

6. KNOWLEDGE AND SKILLS

6.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Director of Finance and Business improvement is a qualified accountant with over 16 years' experience in local government, the Corporate Property Manager and the team are experienced in Property Management and the Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury), and ACCA.

6.2. The Council also employs Link Asset Services for Treasury Management advice, who support with the provision of training to members.

6.3. Decisions on service investments are made by the relevant service manager in consultation with the Director of Finance, Resources and Business Improvement and relevant committee (where appropriate) and must meet the criteria and limits laid down in the investment strategy. Most loans are capital expenditure and purchases will therefore also be approved as part of the capital programme.

6.4. Staff are kept updated on latest developments on Treasury, Non-Treasury and Capital through email bulletins and training courses through the Council's advisors Link Asset Services. The Council is also part of the Kent Treasury Benchmarking Group which meet to discuss ongoing issues every 6 months.

6.5. Training is offered to all Members on Treasury, Non-Treasury and Capital to prior to decision making on the relevant Strategies. Training is arranged at least every year, maybe earlier for new Members.

7. RISK MANAGEMENT

7.1. The capital programme forms an increasingly important part of the Council's strategy for delivering its overall priorities. Accordingly, it is of fundamental importance that the associated risks are managed actively. The Council has a comprehensive risk management framework, through which risk in relation to capital investment is managed at all levels.

Corporate

7.2. Corporate risks are identified and reported on a quarterly basis to the Corporate Leadership Team and Policy and Resources Committee. Risks are owned by named Directors and controls developed to mitigate risk. Risks at this level may be generic, relating to a number of capital projects, although it is possible that a single capital project could pose a corporate risk.

Financial

7.3. A Budget risk register seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.

7.4. Typically, risks in this area would relate to funding of the capital programme and over/underspending on individual capital projects.

7.5. For all risks shown on the Budget Risk Register, appropriate controls have been identified and their effectiveness is monitored on a regular basis.

Service

7.6. Individual service areas maintain risk registers, with identified risk owners and details of controls to mitigate risk.

Project

7.7. The Council's project management framework requires managers to maintain risk registers at a project level.

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2024/25

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1.1 Background

The Authority is required to operate a balanced revenue 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 Authority'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 Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it 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, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

> *"The management of the local authority's borrowing, investments and cash flows, including 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

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management Reporting

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

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and 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 Annual Investment Strategy, (the parameters on how investments are to be managed)

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.

c. **An annual treasury report** – This is a backward-looking review document and 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 Full Council. Under current constitutional arrangements this role is undertaken by the Audit Governance and Standards Committee.

Quarterly reports – In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to full Council but do require to be adequately scrutinised. This role is undertaken by the Cabinet as part of quarterly Budget Monitoring. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.3 Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

Capital issues
- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues
- the current treasury position

- treasury indicators which limit the treasury risk and activities of the Authority
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

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

1.4 Training

The CIPFA Treasury Management 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.

Furthermore, pages 47 and 48 of the Code state that they expect "all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis."

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

Training on Treasury Management for members is carried out at least once a year, generally taking the form of a briefing from third party treasury experts in advance of members' consideration of the annual Treasury Management Strategy.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function is maintained by the Head of Finance. Similarly, a formal record of the treasury management/capital finance training received by members is maintained by the Head of Finance.

1.5 Treasury Management Consultants

The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2024/25 – 2028/29

The Authority'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 and Financing

This prudential indicator is a summary of the Authority's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

Capital Expenditure £m	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
	41.924	95.661	86.551	62.803	49.342	59.571

The table shows how the above capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a financing need.

Financing of capital expenditure £m	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Capital grants	1.100	3.098	1.379	13.086	20.956	9.563
Capital reserves	0.505	2.323	1.600	0.400	0.400	0.400
Revenue	2.649	4.358	6.548	16.437	13.384	9.673
Net financing need for the year	**37.670**	**85.882**	**77.024**	**32.880**	**14.603**	**39.935**

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

2.2 The Authority's Borrowing Need (the CFR)

The second prudential indicator is the Authority'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 Authority's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, 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 indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Authority's borrowing requirement, these types of schemes include a borrowing facility by the PFI or lease provider and so the Authority is not required to separately borrow for these schemes. The Authority currently has £0.905m of such schemes within the CFR.

The Authority is asked to approve the CFR projections below:

£m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Capital Financing						
Total CFR	110.511	195.197	271.221	303.101	316.704	355.639
Movement in CFR	**36.271**	**82.773**	**71.725**	**25.693**	**6.462**	**31.512**

Movement in CFR						
Net financing need for the year	37.670	85.882	77.024	32.880	14.603	39.935
Less MRP/VRP and other financing movements	-1.399	-3.108	-5.298	-7.187	-8.141	-8.423
Movement in CFR	**36.271**	**82.773**	**71.725**	**25.693**	**6.462**	**31.512**

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 Authority's overall finances. The Authority is asked to approve the following indicators: -

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.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Interest Paid £000	400	4,634	7,675	8,083	8,355	9,134
Interest Paid (Aviva) £000	0	1,146	1,707	2,268	2,243	2,243
Interest Received £000	-950	-320	-300	-280	-250	-250
Net Revenue Exp £000	6,093	25,810	26,518	27,245	27,993	27,993
%	**-9.03**	**21.16**	**34.25**	**36.97**	**36.97**	**39.75**

The estimates of financing costs include current commitments and the proposals in this budget report.

Maturity Structure of Borrowing

These gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Authority is asked to approve the following treasury indicators and limits: -

Maturity structure of fixed interest rate borrowing 2024/25

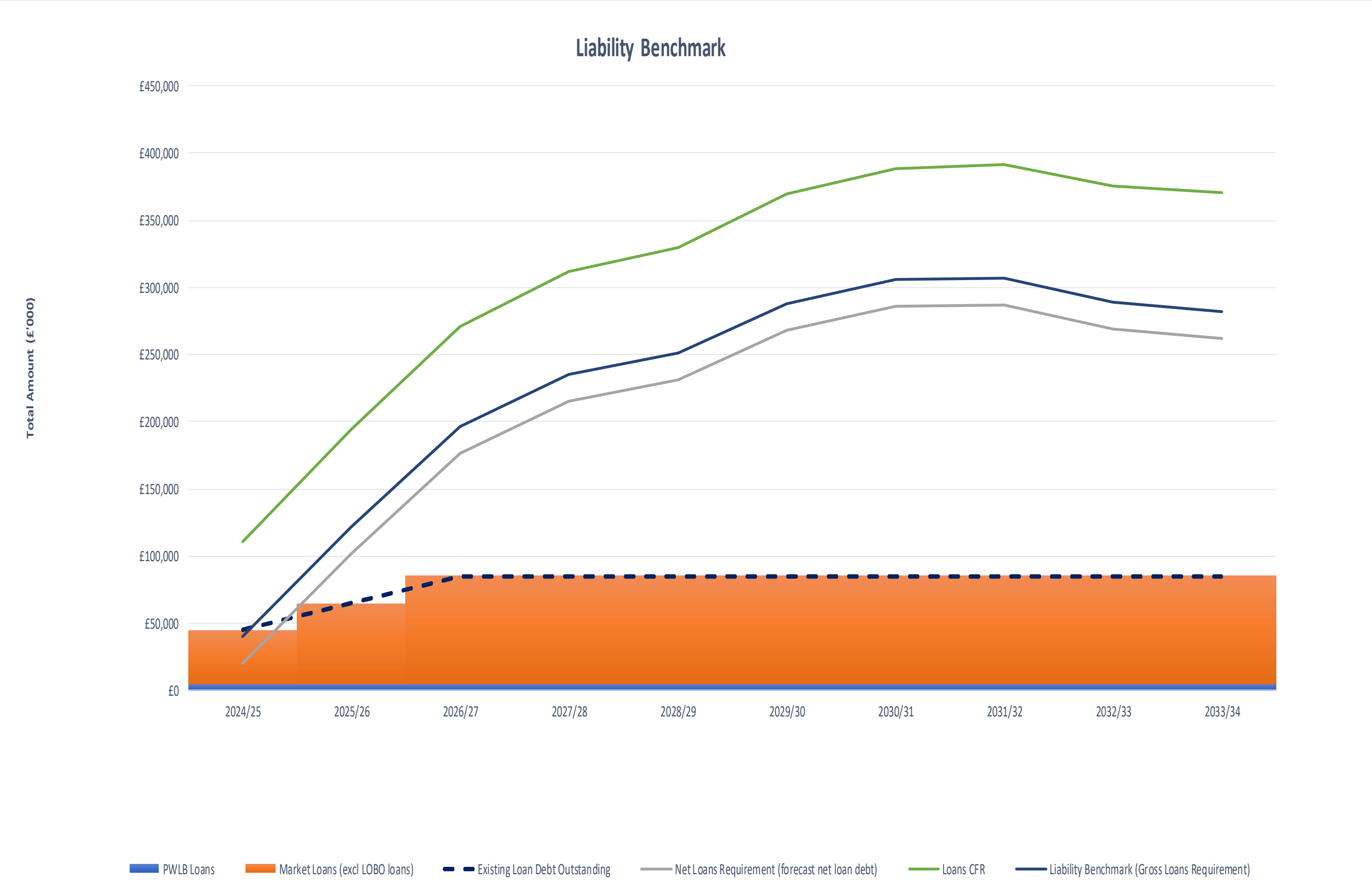
	Upper Limit %	Lower Limit %
Under 12 months	50	0
1 year to 5 years	50	0
5 years to under 10 years	100	0
10 years and within 20 years	100	0
20 years and within 30 years	100	0
30 years and within 40 years	100	0
40 years and within 50 years	100	0

2.4 Liability Benchmark

The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



There was a net borrowing position at the end of 2022/23 of £1.46m. Thereafter the Council borrowing position is due to increase as the Capital Programme ramps up. At present, the Council has only locked in £85 million of borrowing (£5m PWLB and £80m market loans), leaving a gap between the liability benchmark and borrowing from as early as 2025/26. In practice, further borrowing will be undertaken only if it meets the prudential criteria. If not, the capital spending profile of the council will be adjusted to defer investment until such time as it is affordable.

2.5 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc

2.6 Minimum Revenue Provision (MRP) Policy Statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full council approval (or closest equivalent level) in advance of each financial year.

The Authority is recommended to approve the following MRP Statement:

From 1 April 2008 for all unsupported borrowing the MRP policy will be*:*

- **Asset life method (straight line)** – MRP will be based on the estimated life of the assets;

Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25, or in the year after the asset becomes operational.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged at a rate in line with the life of the assets funded by the loan.

MRP Overpayments - Under the MRP guidance, charges in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. There have been no overpayments of MRP to date and none are planned.

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. 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 Current Portfolio Position

The overall treasury management portfolio as at 31st March 2023 and that for 31st December 2023 are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	actual	actual	current	current
	31.3.23	**31.3.23**	**31.12.23**	**31.12.24**
Treasury investments	£000	%	£000	%
Banks	0	0%	0	0%
Building societies - unrated	0	0%	0	0%
Building societies - rated	0	0%	0	0%
Local authorities	0	0%	0	0%
DMADF (H.M.Treasury)	0	0%	0	0%
Money Market Funds	8,540	100%	18,185	100%
Certificates of Deposit	0	0%	0	0%
Total managed in house	**8,540**	**100%**	**18,185**	**100%**
Bond Funds	0	0%	0	0%
Property Funds	0	0%	0	0%
Total managed externally	**0**	**0%**	**0**	**0%**
Total treasury investments	**8,540**	**100%**	**18,185**	**100%**
Treasury external borrowing				
Local Authorities	5,000	50%	5,000	50%
PWLB	5,000	50%	5,000	50%
LOBOs	0	0%	0	0%
Total external borrowing	**10,000**	**100%**	**10,000**	**100%**
Net treasury investments / (borrowing)	**-1,460**	**0**	**8,185**	**0**

The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
External Debt						
Debt at 1 April	9.000	46.979	131.666	207.690	221.293	260.228
Expected change in Debt	37.670	84.687	76.024	13.603	38.935	18.884
Other long-term liabilities (OLTL)	0.905	0.309	0.000	0.000	0.000	0.000
Expected change in OLTL	-0.596	-0.309	0.000	0.000	0.000	0.000
Actual gross debt at 31 March	**46.979**	**131.666**	**207.690**	**221.293**	**260.228**	**279.112**
The Capital Financing Requirement	**110.511**	**195.197**	**271.221**	**303.101**	**316.704**	**355.639**
Under / (over) borrowing	**63.532**	**63.532**	**63.531**	**81.809**	**56.476**	**76.528**

Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance, Resources and Business Improvement reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

3.2 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 and the ability to fund under-borrowing by other cash resources.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Ext Borrowing	50.000	139.687	220.710	257.590	276.193	320.128
Other LT Liab	0.905	0.309	0.000	0.000	0.000	0.000
Total	50.905	139.996	220.710	257.590	276.193	320.128

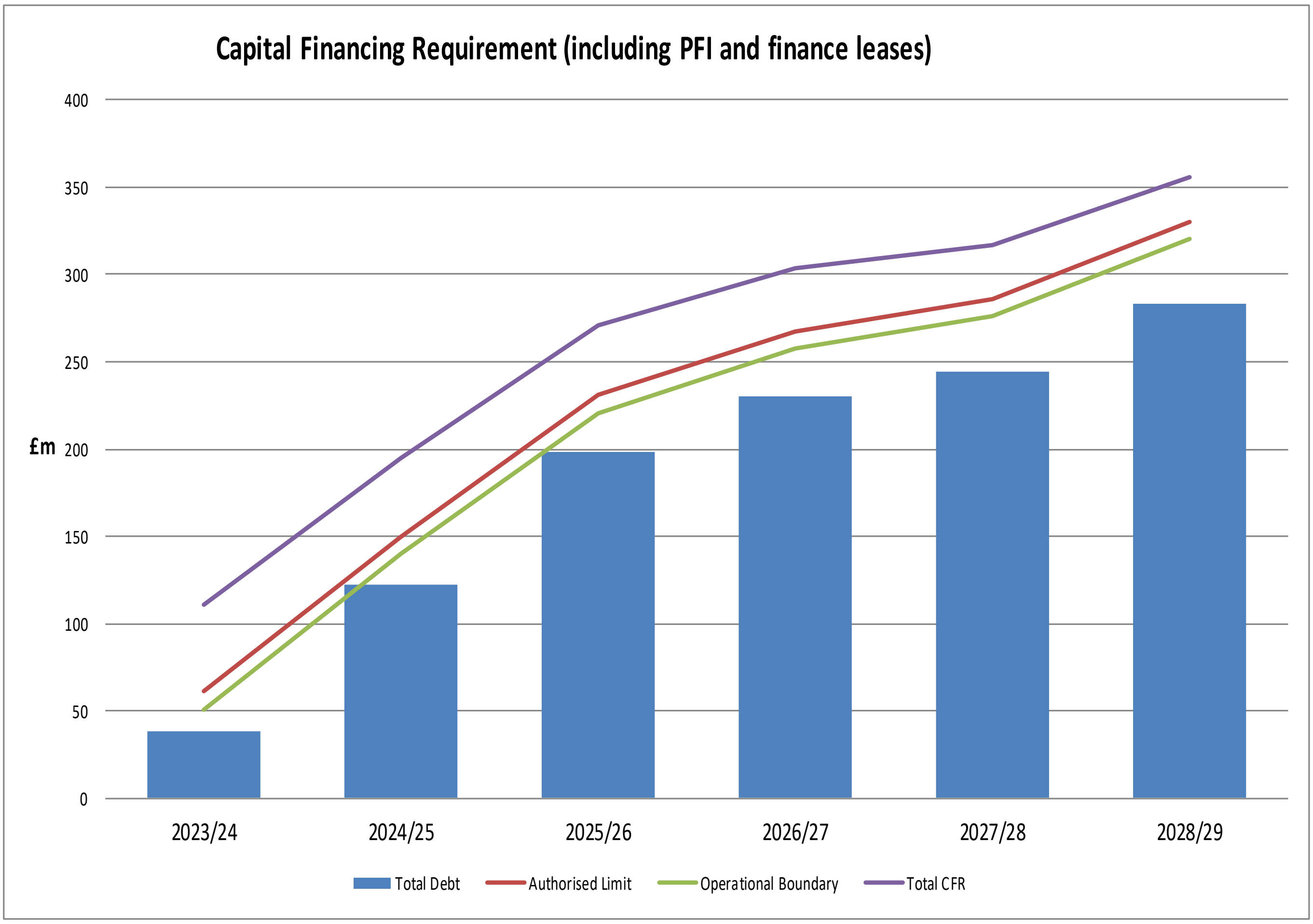
The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external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

- 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 local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Authority is asked to approve the following Authorised Limit.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Ext Borrowing	60.000	149.687	230.710	267.590	286.193	330.128
Other LT Liab	0.905	0.309	0.000	0.000	0.000	0.000
Total	60.905	149.996	230.710	267.590	286.193	330.128

The table and graph below summarise the Council's debt profile, Operational Boundary and Authorised Limit, and show that they remain below the Capital Financing Requirement.

CAPITAL FINANCING REQUIREMENT including PFI and finance leases						
	Est 2023/24 £m	Est 2024/25 £m	Est 2025/26 £m	Est 2026/27 £m	Est 2027/28 £m	Est 2028/29 £m
GF CFR	110.5	195.2	271.2	303.1	316.7	355.6
Total CFR	**110.5**	**195.2**	**271.2**	**303.1**	**316.7**	**355.6**
External Borrowing	37.7	122.4	198.4	230.3	243.9	282.8
Other long term liabilities	0.9	0.3	0.0	0.0	0.0	0.0
Total Debt	**38.6**	**122.7**	**198.4**	**230.3**	**243.9**	**282.8**
Authorised Limit	60.9	150.0	230.7	267.6	286.2	330.1
Operational Boundary	50.9	140.0	220.7	257.6	276.2	320.1



3.3 Prospects for Interest Rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 07 November 2023. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Additional notes by Link on this forecast table: -

- Our central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.
- Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.
- On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- Gilt yield curve movements have broadened since our last Newsflash. The short part of the curve has not moved far but the longer-end continues to reflect inflation concerns. At the time of writing there is 60 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy:

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).

- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Geopolitical risks,** for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening to 5.25%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.

- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher. (We saw some movements of this type through October although generally reversed in the last week or so.)

- Projected **gilt issuance, inclusive of natural maturities and QT,** could be too much for the markets to comfortably digest without higher yields compensating.

LINK GROUP FORECASTS

We now expect the MPC will keep Bank Rate at 5.25% for the remainder of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. We do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation starts to fall through the remainder of 2023 and into 2024.

Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 06.11.23 p.m.	Target borrowing rate now (end of Q3 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	5.02%	3.80%	3.90%
10 years	5.15%	3.80%	3.80%
25 years	5.61%	4.20%	4.10%
50 years	5.38%	4.00%	3.90%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate has increased from 2.75% to 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to wait for inflation, and therefore gilt yields, to drop back later in 2024.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10bps and set out below. You will note that investment earnings have been revised somewhat higher for all years from 2025/26 as Bank Rate remains higher for longer.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.70%	4.70%
2025/26	3.20%	3.00%
2026/27	3.00%	2.80%
2027/28	3.25%	3.05%
Years 6 to 10	3.25%	3.05%
Years 10+	3.25%	3.05%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.

Forward borrowing of £80 million has been undertaken in anticipation of significant capital expenditure over the next two years.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations in relation to any further borrowing. The Director of Finance, Resources and Business Improvement will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant likelihood of a sharp FALL in borrowing rates,* then further borrowing will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* consideration will be given to further forward borrowing whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the Audit, Governance & Standards Committee at the next available opportunity.

3.5 Policy on Borrowing in Advance of Need

The Authority 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 Authority 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.

3.6 Rescheduling

Rescheduling of current borrowing in our debt portfolio is not currently envisaged.

If rescheduling is to be undertaken, it will be reported to the Audit, Governance & Standards Committee, at the earliest meeting following its action.

3.7 Approved Sources of Long and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The Authority's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Authority's investment priorities will be security first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. This Authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in use.

   Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

   Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The Authority has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 25%.

6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.

7. **Transaction limits** are set for each type of investment in 4.2.

8. This Authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).

9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).

10. This Authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in **sterling**.

12. As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

This Authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.
The above criteria are unchanged from last year.

4.2 Creditworthiness Policy

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

1. "watches" and "outlooks" from credit rating agencies;
2. CDS spreads that may give early warning of changes in credit ratings;
3. sovereign ratings to select counterparties from only the most creditworthy countries.

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

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

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

Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market

movements may result in downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long-term rating where applicable)	Money and/or % limit	Transaction limit	Time limit
Banks *	**Yellow**	**£8m**	**£8m**	**5yrs**
Banks	**Purple**	**£7m**	**£7m**	**2 yrs**
Banks	**Orange**	**£5m**	**£5m**	**1 yr**
Banks – part nationalised	**Blue**	**£5m**	**£5m**	**1 yr**
Banks	**Red**	**£5m**	**£5m**	**6 mths**
Banks	**Green**	**£3m**	**£3m**	**100 days**
Banks	**No Colour**	**Not to be used**	**£0m**	
Limit 3 category – Authority's banker (where "No Colour")	**-**	**£1m**	**£1m**	**1 day**
Other institutions limit	**-**	**£3m**	**£3m**	**5yrs**
DMADF	**UK sovereign rating**	**unlimited**	**£5m**	**6 months**
Local authorities	**n/a**	**£8m**	**£8m**	**5yrs**
Housing associations	**Colour bands**	**£8m**	**£8m**	**As per colour band**
	Fund rating**	**Money and/or % Limit**		**Time Limit**
Money Market Funds CNAV	**AAA**	**£10m**	**£10m**	**liquid**
Money Market Funds LVNAV	**AAA**	**£10m**	**£10m**	**liquid**

Money Market Funds VNAV	**AAA**	**£10m**	**£10m**	**liquid**
Ultra-Short Dated Bond Funds with a credit score of 1.25	**Dark Pink / AAA**	**£8m**	**£8m**	**liquid**
Ultra-Short Dated Bond Funds with a credit score of 1.50	**Light Pink / AAA**	**£8m**	**£8m**	**liquid**

* Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt – see appendix 5.4.
** Please note: "fund" ratings are different to individual counterparty ratings, coming under either specific "MMF" or "Bond Fund" rating criteria.

Creditworthiness.
Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK

CDS prices
Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

4.3 Limits

Due care will be taken to consider the exposure of the Authority's total investment portfolio to non-specified investments, countries, groups and sectors.

a. **Non-specified treasury management investment limit.** The Authority has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 25% of the total treasury management investment portfolio.

b. **Country limit.** The Authority has determined that it will only use approved counterparties from the UK and 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 in Appendix 5.6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other limits. In addition: -

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies/institutions;
- sector limits will be monitored regularly for appropriateness.

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). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.
The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to have peaked at 5.25% in Q4 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.70%
2025/26	3.20%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the Authority will seek to utilise its business reserve instant access and notice accounts, Money Market Funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Authority'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 Authority is asked to approve the following treasury indicator and limit: -

Upper limit for principal sums invested for longer than 365 days			
£m	**2024/25**	**2025/26**	**2026/27**
Principal sums invested for longer than 365 days	£5m	£5m	£5m
Current investments as at 31.12.23 in excess of 1 year maturing in each year	£0m	£0m	£0m

4.5 Investment Performance / Risk Benchmarking

This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of 3 month SONIA Rate.

4.6 End of Year Investment Report

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

4.7 External Fund Managers

£18.185m of the Council's funds are externally managed within Money Market Funds with the following institutions:

- Aberdeen Standard Investments
- Federated Investors (UK) LLP
- CCLA – The Public Sector Deposit Fund

The Authority's external fund managers will comply with the Annual Investment Strategy. The agreements between the Authority and the fund managers additionally stipulate guidelines on duration and other limits in order to contain and control risk.

The Authority fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Authority is provided with a suite of regular reporting from its manager.

5 APPENDICES

1. Economic background
2. Approved countries for investments
3. Treasury management scheme of delegation
4. The treasury management role of the section 151 officer
5. Key Considerations

5.1 ECONOMIC BACKGROUND

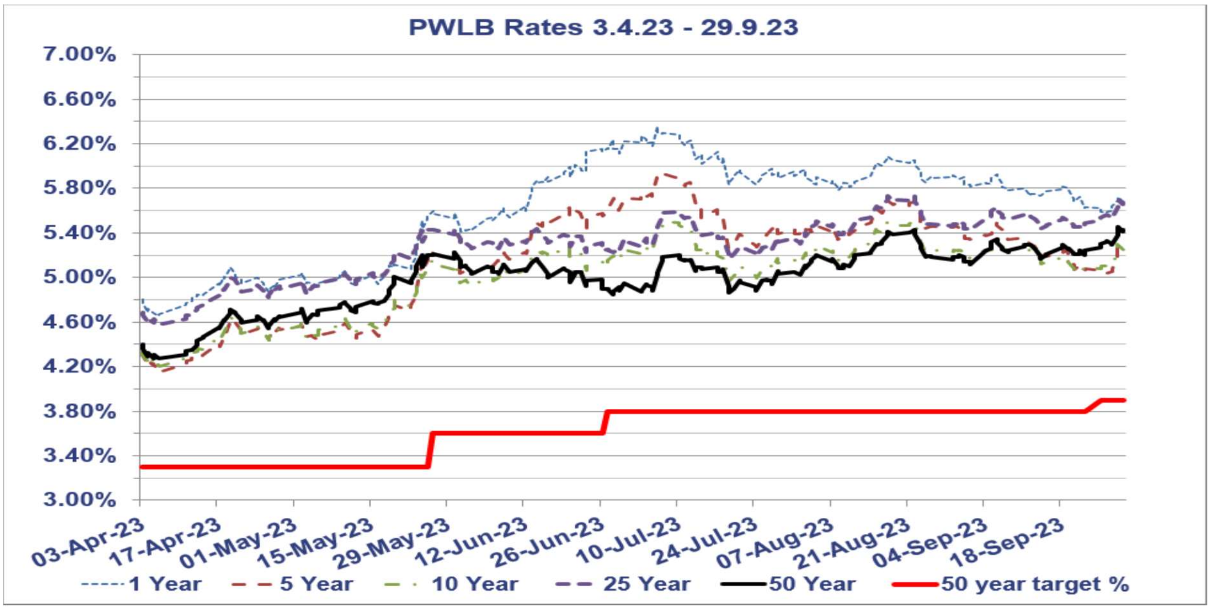
- The first half of 2023/24 saw:
  - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
  - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
  - CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
  - Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
  - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).
- The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0% q/q rise in real GDP in the period July to September, being followed by a contraction in the next couple of quarters.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to

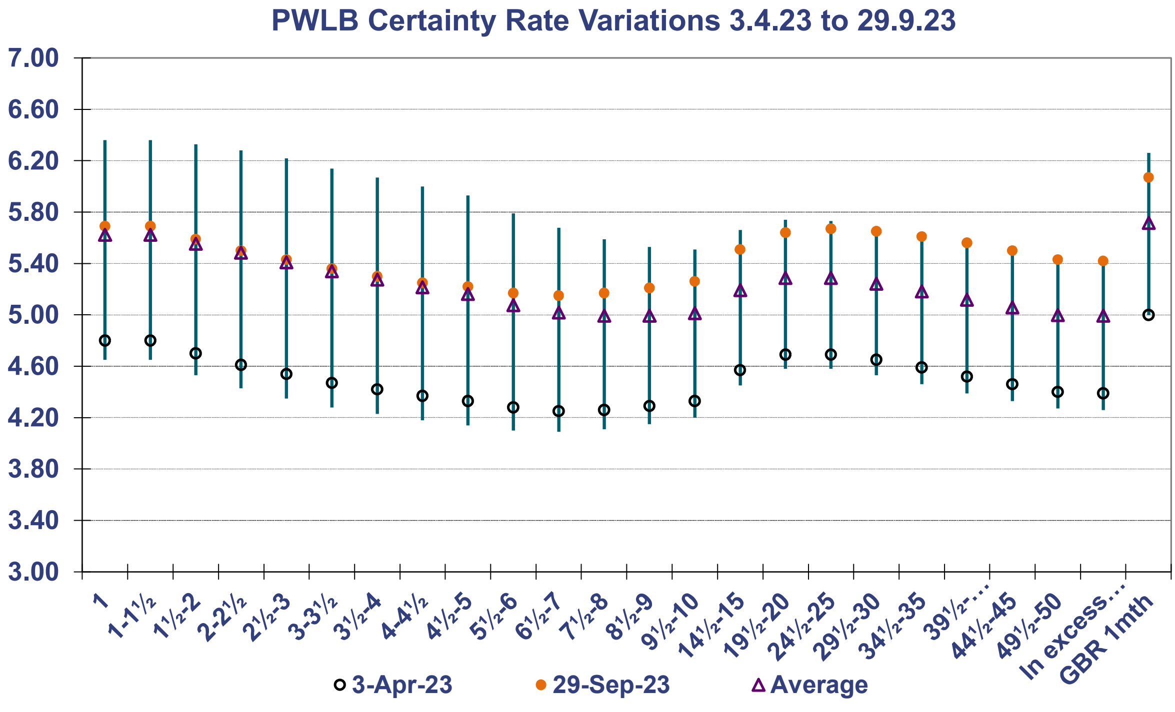
2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August 2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.
- In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

In the table below, the rise in gilt yields across the curve as a whole in 2023/24, and therein PWLB rates, is clear to see.

PWLB RATES 01.04.23 - 29.09.23





HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

The peak in medium to longer dated rates has generally arisen in August and September and has been primarily driven by continuing high UK inflation, concerns that gilt issuance may be too much for the market to absorb comfortably, and unfavourable movements in US Treasuries.

The S&P 500 and FTSE 100 have struggled to make much ground through 2023.

CENTRAL BANK CONCERNS

Currently, the Fed has pushed up US rates to a range of 5.25% to 5.5%, whilst the MPC followed by raising Bank Rate to 5.25%. EZ rates have also increased to 4% with further tightening a possibility.

Ultimately, however, from a UK perspective it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

5.2 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA
- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+
- Canada
- Finland
- U.S.A.

AA
- Abu Dhabi (UAE)

AA-
- Belgium
- France
- Qatar
- **U.K.**

5.3 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Audit Governance & Standards Committee/ Cabinet / Full Council

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit Governance & Standards Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.4 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe *(say 20+ years – to be determined in accordance with local priorities.)*
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

- *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

Key Considerations

2021 revised CIPFA Treasury Management Code and Prudential Code – changes which will impact on future TMSS/AIS reports and the risk management framework

CIPFA published the revised Codes on 20th December 2021 and stated that revisions need to be included in the reporting framework from the 2023/24 financial year. This Authority, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.

The revised Treasury Management Code required all investments and investment income to be attributed to one of the following three purposes: -

Treasury management
Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery
Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return
Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code requires an authority to implement the following: -

1. **Adopt a liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;

2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;

3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;

4. Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;

5. **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;

6. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are: -

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

An authority's Capital Strategy or Annual Investment Strategy should include: -

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;

2. An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e., whether plausible losses could

be absorbed in budgets or reserves without unmanageable detriment to local services);

3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;

4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);

5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);

6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return.

As this TMSS and AIS deals solely with treasury management investments, the categories of service delivery and commercial investments should be addressed as part of the Capital Strategy report.

However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appr

Appendix F

Medium Term Financial Strategy 2024/25
Estimate of General Fund Balances and Earmarked Reserves to 31 March 2025

	Unallocated General Fund	Earmarked Reserves	Grand Total
	£000	£000	£000
Balance as at 31st March 2023	14,832	19,497	34,329
Movement in balances during 2023/24	1,325	1,035	2,361
Estimated Balance as at 31 March 2024	**16,157**	**20,533**	**36,690**
Expected movement during 2024/25	0	1,155	1,155
Estimated Balance as at 31 March 2025	**16,157**	**21,688**	**37,845**

	Balance 1st April 2023	Estimated movement in	Estimated movemen t out	Estimated Balance as at 31st March 2024	Estimated movement in	Estimated movement out	Estimated Balance as at 31st March 2025
	£000	£000	£000	£000	£000	£000	£000
General Fund							
Unallocated Balance	14,832	1,325	(300)	16,157			16,157
Subtotal	**14,832**	**1,325**	**(300)**	**16,157**	**0**	**0**	**16,157**
Earmarked Reserves							
Spatial Planning reserve	558	0	(558)	0	0	0	0
Neighbourhood Planning	77	0	(20)	57	0	0	57
Planning Appeals	229	0	0	229	0	0	229
Civil Parking Enforcement	370	0	(40)	330	0	(275)	55
Future Capital Expenditure	2,455	0	0	2,455	0	(2,455)	(0)
Future Funding Pressures	2,481	500	0	2,981	0	0	2,981
Homelessness Prevention & Temporary Accommodation	1,124	0	(135)	989	0	(150)	839
Business Rates Earmarked Balances	4,305	0	(451)	3,854	0	(150)	3,704
Funding for Future Collection Fund Deficits	2,504	0	(1,916)	588	0	(388)	200
Commercial Risk	500	0	0	500	0	0	500
Invest to Save	500	0	0	500	0	0	500
Recovery and Renewal Reserve	575	0	(350)	225	0	(50)	175
Renewable Energy	188	50	0	238	0	0	238
Enterprise Zone	0	120	(120)	0	0	0	0
Major Works (MH) Sinking Fund	213	200	0	413	0	0	413
Housing Investment Fund	3,216	3,956	0	7,172	4,623	0	11,795
Resources carried forward from 2022/23 to 2023/24	200	0	(200)	0	0	0	0
Subtotal	**19,497**	**4,826**	**(3,791)**	**20,533**	**4,623**	**(3,468)**	**21,688**
Total General Fund and Earmarked Reserves	**34,329**	**6,151**	**(4,091)**	**36,690**	**4,623**	**(3,468)**	**37,845**

MAIDSTONE BOROUGH COUNCIL

MEDIUM TERM FINANCIAL STRATEGY 2024/25 – 2028/29

CONTENTS

1. OVERVIEW AND SUMMARY OF MEDIUM TERM FINANCIAL STRATEGY

1.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council's Strategic Plan, agreed in December 2018, covers the period 2019 to 2045. The Strategic Plan incorporates four key objectives: embracing growth and enabling infrastructure; homes and communities; a thriving place; and safe, clean and green. Further details are set out in **Section 2.**

1.2 Delivering the Strategic Plan depends on the Council's financial capacity and capability. Accordingly, the MTFS considers the economic environment and the Council's own current financial position. The external environment (**Section 3**) is challenging because of high inflation and the state of the UK's public finances. In assessing the Council's current financial position (**Section 4**), attention is paid to its track record of budget management, current financial performance and the level of reserves that it holds.

1.3 It is imperative that the MTFS both ensures Maidstone Council's continuing financial resilience and is sufficiently flexible to accommodate a range of potential scenarios. The Council has prepared financial projections under different scenarios, continuing a practice that has been followed for several years. Most key variables in local authority funding are determined by central government, such as the Council Tax referendum limit and the share of business rates that is retained locally. Details of the Local Government Finance Settlement for 2024/25 have now been provided and this along with a consideration of the funding likely to be available in the future is set out in **Section 5**.

1.4 Planning assumptions for the different scenarios are set out in **Section 6.** A key assumption is the level of Council Tax, as this is the council's principal source of income. Increases in Council Tax are subject to a referendum limit, which have now been confirmed as part of the local government finance settlement 2024/25 as 3% for the coming year. This is significantly less than the current rate of inflation, which means that there will be a budget gap, all other factors being equal. The position for future years is even more challenging, given that the expected reset of local government funding is unlikely to be favourable for Maidstone.

1.5 Fees and charges in aggregate make an equally important contribution to the Council's resources. Given the rise in the Council's input costs, it is important that these rise in line with inflation. For the purpose of the 2024/25 budget was assumed to be 5%.

1.6 The MTFS sets out financial projections based on these assumptions in **Section 7**. These are based on scenario 4, which assumes that inflation will remain elevated and central government continues to give the council limited funding flexibility. The table below shows projections for scenario 4, before taking account of the budget changes that were considered by PACs, Overview and Scrutiny Committee and Cabinet in September 2023.

Table 1: MTFS Revenue Projections 2024/25 – 2028/29

	24/25	24/25	25/26	26/27	28/29
	£m	£m	£m	£m	£m
Total Resources	53.7	54.7	56.4	58.5	60.2
Predicted Expenditure	55.3	59.2	61.0	61.9	62.7
Budget Gap	1.6	4.5	4.6	3.4	2.5
Existing Planned Savings	0.7	0.0	0.2	0.1	0.1
Savings Required	0.9	4.5	4.4	3.3	2.4

In accordance with legislative requirements the Council must set a balanced budget. Section 7 concludes by setting out a proposed approach which will specifically address the budget gap in 2024/25. The position in future years is much more challenging and will require a more radical approach.

1.7 The Council's strategic priorities are met not only through day-to-day revenue spending but also through capital investment. The Council's programme of building 1,000 Affordable Homes is the centre-piece of the Capital Strategy. Capital investment therefore serves to deliver the Council's strategic priorities, but must remain affordable and sustainable. As set out in **Section 8** below, funds have been set aside for capital investment, using prudential borrowing, and further funding may be available by taking advantage of opportunities to bid for external funding.

1.8 The MTFS concludes by describing the process of agreeing a budget for 2024/25, including consultation with all relevant stakeholders, in **Section 9.**

2. CORPORATE OBJECTIVES AND KEY PRIORITIES

2.1 The Council has a Strategic Plan which was originally adopted by Council in December 2018. The Strategic Plan has been refreshed in light of the Covid-19 pandemic. Each year the Strategic Plan is refreshed as appropriate. For 2023/24, the Strategic Plan was updated to reflect the Council's ambition in regard to Biodiversity and Climate Change, the emerging Town Centre Strategy, community resilience, and delivering 1,000 Affordable Homes.

2.2 Cabinet agreed at its meeting on 26 July 2023 that no further review of the Strategic Plan would be required for 2024/25. The four key objectives remain as follows:

- Embracing Growth and Enabling Infrastructure
- Homes and Communities
- A Thriving Place
- Safe, Clean and Green.

'Embracing growth and enabling infrastructure' recognises that we want Maidstone Borough to work for the people who live, visit and work; now and in the future. We want a Borough where there is a variety of jobs, housing need is met and infrastructure is in place to meet the growing needs of our residents and economy. We also want to ensure we lead and shape our place as it grows, including leading master planning and investing to bring about high quality housing and jobs in the Borough.

'Homes and communities' expresses that we want to have a place that people love and where they can afford to live. This means ensuring that there is a good balance of different types of homes, including affordable housing. We will have safe and desirable homes that enable good health and wellbeing for our communities. We will address homelessness and rough sleeping to move people into settled accommodation. We will work with our partners to improve the quality of community services and facilities including for health care and community activities. Residents will be encouraged and supported to volunteer and play a full part in their communities.

'A thriving place' is a Borough that is open for business, attractive for visitors and is an enjoyable and prosperous place to live for our residents. Maidstone is the Business Capital of Kent; we will continue to grow our local economy with high employment, good local jobs and thriving local businesses. We want our town and village centres to thrive and be ft for the future. We will lead investment in the County town and rural service centres through our regeneration projects and working with partners. We are proud of our heritage and will continue to grow our leisure and cultural offer.

A 'safe, clean and green' place is one where we will keep Maidstone an attractive and clean place for all. Maidstone is a safe place to live and we want our residents to feel safe. We want to protect and where possible enhance our environment and make sure our parks, green spaces, streets and public areas are high quality by ensuring they are looked after, well managed and respected.

2.3 Since the adoption of the Strategic Plan in December 2018, the objective of 'Embracing growth and enabling infrastructure' has started to be realised, for example the completion of the Innovation Centre and development a new Garden Community.

2.4 Amongst initiatives to help make Maidstone a 'Thriving Place' have been MBC investment at Lockmeadow and on the Parkwood Industrial Estate, along with the emerging plans for developing a Town Centre Strategy. We will continue to leverage the Council's borrowing power, if appropriate in conjunction with partners, to realise our ambitions for the borough.

2.5 Our 'Homes and Communities' aspirations are being achieved by investment in temporary accommodation and the Trinity Centre and the Leader's commitment to build 1,000 new affordable homes.

2.6 The objective of a 'Safe, Clean and Green' place has been emphasised by the Council's commitment to a carbon reduction target and the capital investment to help enable this to be delivered and timely preparation for new waste management arrangements.

2.7 Within the framework of the existing Strategic Plan, the Council is therefore prioritising:

- development of the Local Plan and related strategies and policies, in particular the Town Centre Strategy
- continued investment to make Maidstone a thriving place
- investment in 1,000 new affordable homes
- measures to enable the Council's carbon reduction target to be met.

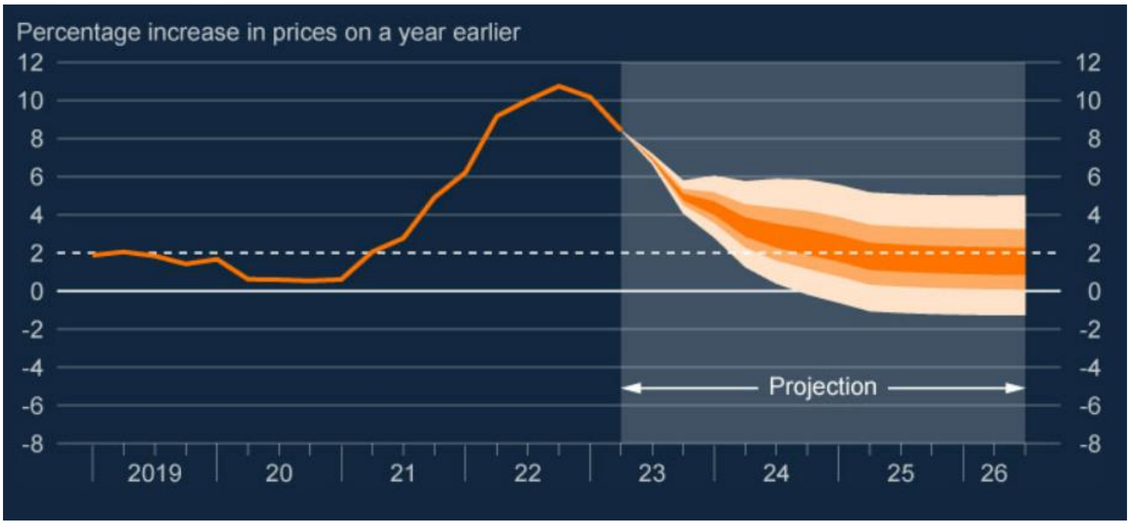
2.8 The funding envelope within which these priorities must be delivered depends heavily on the Council's own revenue-generating capacity. The Council is largely self-sufficient financially, drawing most of its income from Council Tax and a range of other locally generated sources of income, including Parking, Planning Fees and the Council's property portfolio. However, it operates within the local authority funding framework set by central government, which is likely to impose tight constraints, and is affected by macro-economic conditions, in particular the rate of inflation. The two key variables in financial planning are therefore the restriction set by central government on the amount by which Council Tax can be increased and the rate of inflation. The financial implications are set out in section 6 below.

3. ECONOMIC ENVIRONMENT

Macro outlook

3.1 The UK economy has been battered by a series of shocks over the past three years. The Covid pandemic was followed by Russia's invasion of Ukraine, which led to big increases in energy and food prices. The number of people available to work has not recovered from the Covid pandemic and productivity growth is low. This has led to high inflation, which is only just beginning to fall.

Figure 1: CPI inflation projection based on market interest rate expectations



Source: Bank of England Monetary Policy Committee report, August 2023

3.2 Whilst inflation is projected to fall to 2% by early 2025, Bank of England forecasts have proved consistently over-optimistic and there is a high risk that inflation levels will remain elevated.

Public Finances

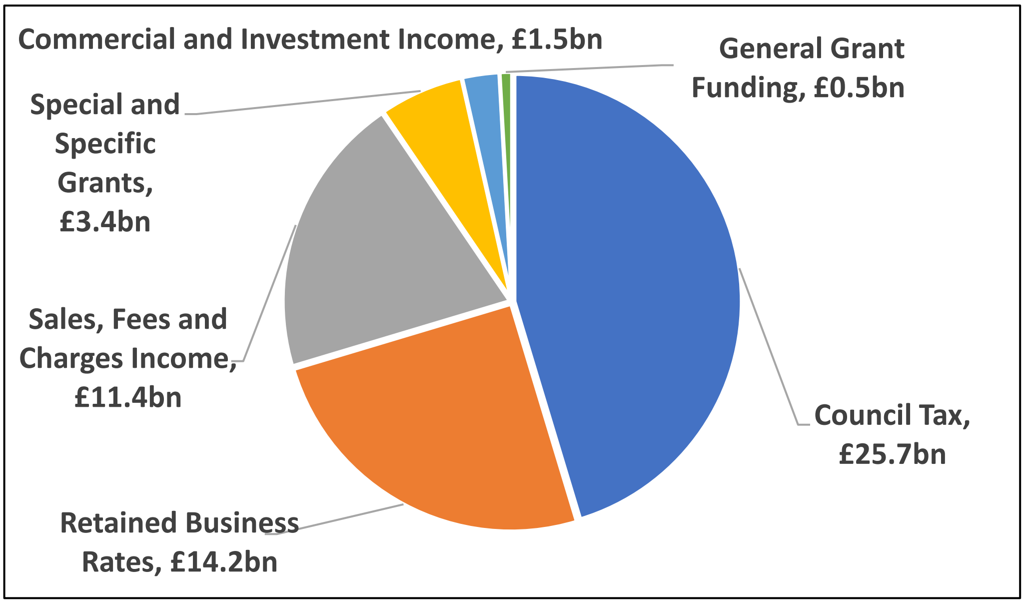
3.3 Slow growth and higher interest rates have negatively impacted the public finances. To address this, HM Treasury envisages a programme of fiscal consolidation over the next few years, with taxes set to rise to nearly 38% of GDP and increases in public service spending limited to 1% a year in real terms. This means that whoever is in government after the forthcoming general election will face very tough choices on tax and spending.

3.4 The overall public expenditure context is relevant for the council, because the local authority funding framework set by government is a crucial determinant of the Council's financial position. This is primarily because central government restricts the amount by which Council Tax can be increased through the referendum limit and it determines the share of business rates that can be retained locally.

Local Government Funding

3.5 The main sources of local government funding nationally are set out below.

Figure 2: How Council Services are funded



Source: IFS, 'Does Funding Follow Need?', October 2022

3.6 In recent years, the reduction in direct central government funding for local government has been mitigated by increases in locally generated sources of income, with Council Tax rising by more than the overall rate of inflation. Upper tier authorities in particular have been able to raise additional tax through a social care precept. This has led the government's preferred measure of council spending, 'Council spending power', to increase, even though it may not reflect the actual resources available. However, funding has failed to keep up with the increased demands on council services, particularly for social care and housing.

3.7 The other main element of local government funding, beside Council Tax, is Business Rates. The 2010-15 Coalition Government transferred a notional 50% of locally-collected Business Rates income back to local government, but the requirement to adjust the amount of business rates retained between authorities, based on respective service needs, means that authorities with an active commercial sector and low perceived levels of need, like Maidstone, retain a low proportion of business rates (just 10% in Maidstone's case). It was originally intended to increase the 50% share of business rates retained locally to 75%, but this is no longer government policy.

3.8 The gradual squeeze on council funding means that an increasing number of councils are unable to set balanced budgets. This is formally signalled by the issue of a section 114 report. The councils that are most vulnerable tend to be those facing social care cost pressures, ie upper tier or single tier authorities, so it is likely that any additional support for local government in 2024/25 will be focused on them.

Conclusion

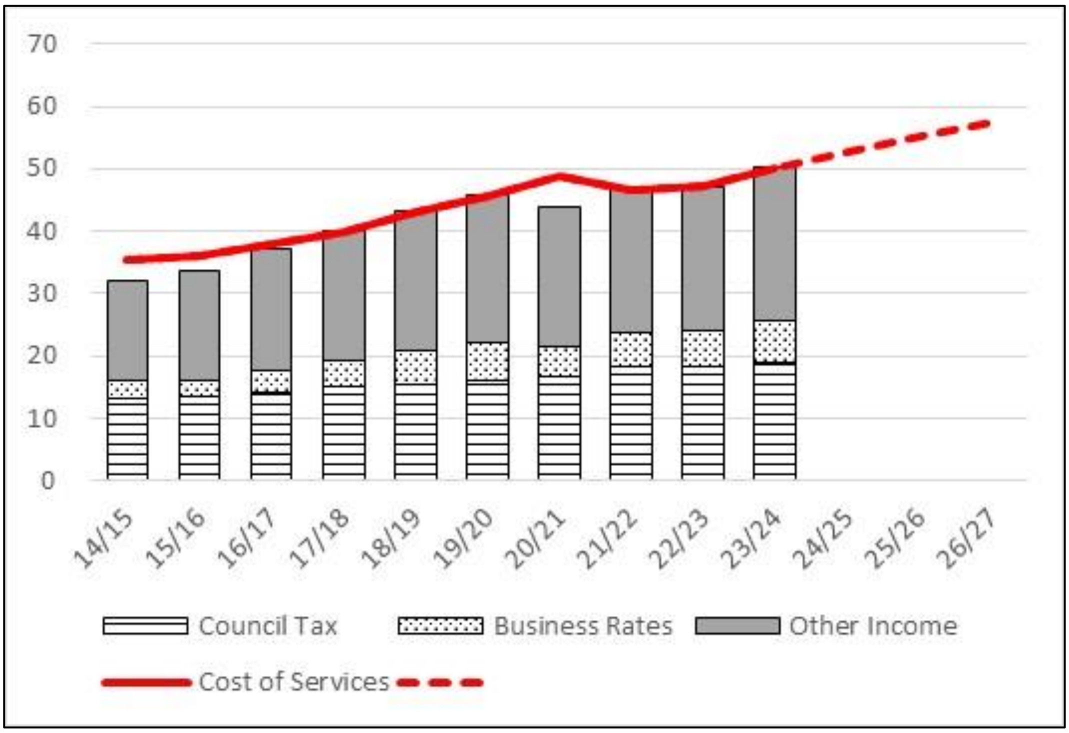
3.9 The UK economy faces low growth prospects and continued high inflation. This limits the scope for any increase in public expenditure. To the extent that the funding framework for local government will be flexed to alleviate financial pressures caused by expenditure growth, this is likely to benefit upper tier or single tier authorities, not lower tier authorities like Maidstone.

4. CURRENT FINANCIAL POSITION

4.1 As a lower tier authority, Maidstone Borough Council is not subject to the extreme pressures currently faced by upper tier authorities arising in particular with respect to adults' and children's social care.

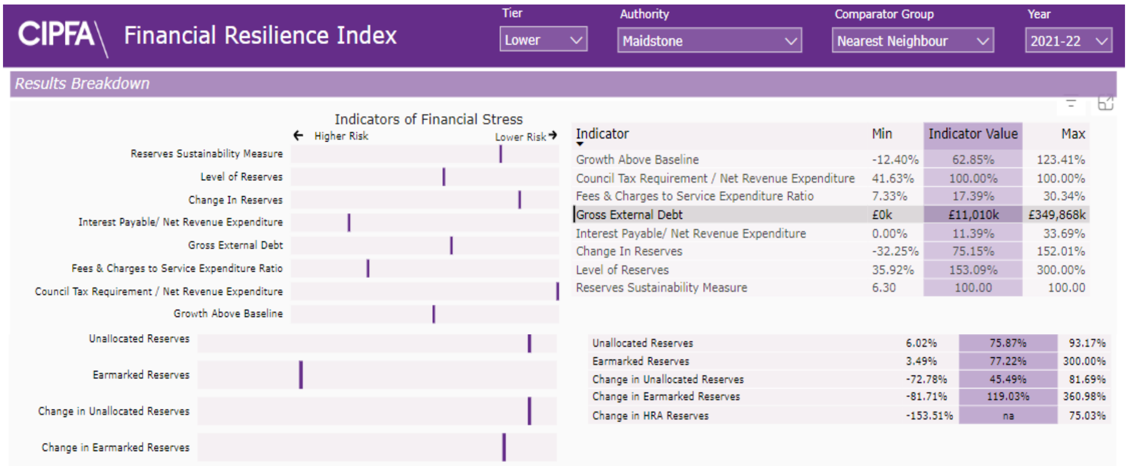
4.2 The Council is broadly self-sufficient financially. It ceased receiving direct government support in the form of Revenue Support Grant (RSG) in 2016/17 and relies mainly on Council Tax and a range of other locally generated sources of income, including parking, planning fees and the property portfolio, to fund ongoing revenue expenditure. During the pandemic, income fell and expenditure increased, but the consequent budget gap, being the difference between cost of services and aggregate income, was covered with direct government funding. This is illustrated in the graph below.

Figure 3: Sources of Council funding



4.3 The Council's financial resilience can be assessed using CIPFA's Resilience Index. The screen shot below shows Maidstone's scores for 2021/22 (the most up to date data).

Figure 4 – CIPFA Resilience Index for the Council in 2021/22



Source: https://www.cipfa.org/services/financial-resilience-index/resilience-index

4.4 There are a number of measures captured by the Resilience Index that contribute to financial resilience, according to CIPFA, based on the Revenue Outturn data submitted to central government for 2021/22.

Reserves:

- sustainability of reserves
- level of reserves
- change in reserves
- level of unallocated reserves
- level of earmarked reserves
- change in unallocated reserves
- change in earmarked reserves.

Indebtedness:

- interest payable / net revenue expenditure
- gross external debt.

Financial profile:

- fees and charges as a % of service expenditure
- council tax requirement as % of net revenue expenditure
- growth above the government's business rates baseline.

4.5 CIPFA also considers that financial resilience depends on the quality of management, as evidenced by:

- quality of financial management, including use of performance information
- effective planning and implementation of capital investment
- ability to deliver budget savings if necessary
- risk management.

An assessment is set out below of how the Council performs on these measures.

Reserves

4.6 Indicators of financial stress relating to reserves for Maidstone are generally towards the 'lower risk' end of the spectrum, as compared with our peers. As at 31 March 2023 the Council had unallocated General Fund reserves of £14 million. This corresponds to three months of service expenditure, thus providing an adequate but not excessive level of 'cushion' against unforeseen events.

4.7 It should be noted that 'earmarked reserves' are shown as being towards the higher end of the risk spectrum, meaning that the Council holds lower earmarked reserves than many of its peers. Given that such reserves are, by definition, 'earmarked', it is not necessarily the case that high levels of earmarked reserves should be regarded as reducing risk. Drawing on such reserves could mean diverting them from the projects for which they were intended. A high level of earmarked reserves could also indicate a failure in project delivery.

4.8 It is nevertheless the case that the council needs to build up its Housing Investment Fund, which comes within the category of earmarked reserves. This is because the affordable housing programme requires a revenue subsidy, which needs to be in place before properties are transferred to a Housing Revenue Account (see paragraph 8.7 below).

4.9 Reserves are shown below within the context of the council's overall financial position, as represented by its most recent balance sheet (previous year shown for comparative purposes).

Table 2: Maidstone Borough Council balance sheet (unaudited)

31st March 2022 £000		31st March 2023 £000
194,798	Long Term Assets	204,587
53,195	Current Assets	25,345
76,495	Current Liabilities	51,942
90,382	Long Term Liabilities	15,606
81,115	**Net Assets**	**162,384**
12,517	Unallocated General Fund Balance	14,402
21,358	Earmarked General Fund Balance	19,322
1,459	Capital Reserves	1,540
45,781	Unusable Reserves	127,120
81,115	**Total Reserves**	**162,384**

4.10 The main changes between the two balance sheet dates and the principal reasons are as follows:

- *Increase in long term assets:* A number of additional properties were purchased during 2022/23.
- *Decrease in current assets:* These have reduced as the short-term liquid investments held at the start of the year have been used to fund the capital programme and make Support for Energy payments to eligible households along with some other Covid-19 related payments.
- *Decrease in current liabilities:* The decrease in liabilities is mainly owing to the deployment of government grants, previously held as liquid investments pending use for the purposes described above.
- *Decrease in long term liabilities:* There has been a significant reduction in the pensions liability. This has come about due to a change in the discount rate used, which is linked to short-term interest rates, which rose between March 2022 and March 2023.
- *Increase in unusable reserves:* This arises because the pension asset / liability in the balance sheet is treated as unusable. As the liability has fallen (see above) so the level of reserves increases.

4.11 The unallocated general fund balance within usable reserves represents the Council's core reserves. It is an essential part of the Council's strategic financial planning, as this amount represents the funds available to address unforeseen financial pressures.

4.12 For local authorities there is no statutory minimum level of unallocated reserves. It is for each Council to take a view on the required level having regard to matters relevant to its local circumstances. CIPFA guidance issued in 2014 states that to assess the adequacy of unallocated general reserves the Chief Financial Officer should take account of the strategic, operational and financial risks facing their authority. The assessment of risks should include external risks, such as natural disasters, as well as internal risks such as the achievement of savings.

4.13 Maidstone Council historically set £2 million as a minimum level for unallocated reserves. In the light of the heightened risk environment facing the Council, it was agreed from 2021/22 that this minimum should be increased to £4 million. In practice, the level of unallocated reserves held is higher, at £14 million, thus providing a reasonable, but not excessive, level of additional assurance.

Indebtedness

4.14 The Council has a relatively low level of external debt. As at 31 March 2023 this amounted to £10 million (included within liabilities in Table 2). Although the Council has expanded its property portfolio in recent years, this has largely been funded from internal sources.

4.15 The CIPFA Resilience Index shows interest payable compared with net revenue expenditure as being towards the higher risk end of the spectrum. However, this is somewhat misleading, because the figure used for interest payable comprises just £100,000 payable on external debt and £1.8 million representing a notional interest charge on pension liabilities.

Financial profile

4.16 Three of the metrics used by CIPFA indicate the authority's underlying financial profile. These largely reflect the strengths and weaknesses of the local economy and are usually of very long historical standing.

Fees and charges as a % of service expenditure measures the extent to which an authority can cover service expenditure through fees and charges. It is beneficial, for example, if an authority can generate substantial parking income. Maidstone tends towards 'higher risk' on this measure, possibly indicating that it is not exploiting such sources of income as effectively as it could do.

Council tax requirement as % of net revenue expenditure measures the extent to which Council Tax income covers revenue expenditure. Maidstone is very low risk on this basis, as it can cover revenue expenditure fully through council tax income, without being dependent on external income or government funding.

Growth above baseline measures the rate of business rates growth as compared to the government's baseline. An area with a strong local economy would perform well on this metric. Maidstone is in the middle of the risk spectrum.

Financial management

4.17 The Council has a strong track record of managing finances within the agreed budgets. The revenue out-turn for 2022/23 is set out below, showing that the Council ended the year spending just £212,000 (1%) less than the agreed budget for the year.

Table 3: 2022/23 Revenue Out-turn

Service	Budget £000	Actual £000	Variance £000
Economic Development	620	720	-100
Planning	2,112	2,444	-332
Parking	-1,410	-1,865	455
Corporate Services	10,894	10,270	624
Housing & Health	2,726	3,711	-985
Environmental Services	6,874	6,364	510
Communities, Leisure & Arts	1,414	1,375	39
Total	**23,231**	**23,019**	**212**

4.18 Financial management at Maidstone Borough Council contains a number of elements. Officers and members are fully engaged in the annual budget setting process, which means that there is a clear understanding of financial plans and the resulting detailed budgets

4.19 Detailed financial reports are prepared and used on a monthly basis by managers, and on a quarterly basis by elected members, to monitor performance against the budget. Reports to members are clear, reliable and timely, enabling a clear focus on any areas of variance from the plan.

4.20 Financial reports are complemented by performance indicators, which are reported both at the service level to the wider leadership team, and at a corporate level to members. Member reports on performance indicators are aligned with the financial reports, so that members see a comprehensive picture of how services are performing.

4.21 Financial management and reporting is constantly reviewed to ensure that it is fit for purpose and meets the organisation's requirements. Quarterly financial reports to members have been redesigned over the last two years to make them more user-friendly.

4.22 Where variances arise, prompt action is taken to address them. Action plans are put in place at an early stage if at appears that there is likely to be a budget overspend.

4.23 The authority consistently receives clean external and internal audit opinions.

Capital investment

4.24 The Council has a capital programme amounting to around £200 million over the next five years. The main element within the programme is the housing programme. Site acquisitions to date provide the capacity to deliver around 500 units. These will comprise a mix of tenures but a significant element will contribute to the overall target of delivering 1,000 affordable homes over the next ten years.

4.25 All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code, which requires that capital investment should be funded in a way that is prudent, affordable and sustainable. Accordingly, an investment appraisal is undertaken prior to any site acquisitions for the housing programme.

4.26 The capital programme is largely funded through external sources, so it depends on the availability of funding, whether through Public Works Loan Board borrowing or other sources of finance. The Council has locked in £80 million of future borrowing, to be drawn down between 2024 to 2026, in order to mitigate the funding risk.

4.27 Member oversight is ensured, first by inclusion of schemes in the capital programme that is approved as part of the annual budget setting process. Subsequently, prior to any capital commitment being entered into, a report setting out details of the capital scheme is considered by the relevant service committee.

4.28 The Council has a corporate project management framework that applies to projects included within the capital programme. This provides for designation of a project manager and sponsor and includes a mechanism for progress on major projects to be reported to a Strategic Capital Investment Board.

4.29 So far as the housing programme is concerned, effective delivery of the programe is assured through an experienced in-house client team, which sources appropriate external skills (architects, employers' agents, contractors) to implement individual schemes. Each scheme is monitored from a financial and operational viewpoint and financial monitoring of capital projects is incorporated within the quarterly reports to Service Committees.

Ability to deliver budget savings

4.30 The Council has a good track record of delivering budget savings, whilst sustaining and investing in services. Savings initiatives are planned so far as possible across the five-year period of the MTFS, rather than the focus being simply on achieving whatever savings are necessary in order to balance the budget for the coming year.

4.31 A common criticism of local authority financial planning is that proposed savings are often over-optimistic and are not based on realistic evidence of what is achievable. The Council aims to mitigate this risk with a robust process for developing budget savings proposals:

- New and updated savings proposals are sought on a regular annual cycle, with Service Managers typically briefed on the savings remit in August/September
- Savings proposals are then developed over a period of around two months
- Savings proposals have to be formally documented and signed off by the Service Head who will be responsible for delivering them.

4.32 Once savings have been built into the budget, their achievement is monitored as part of the regular financial management process described above.

Risk management

4.33 The Council's MTFS is subject to a high degree of risk and uncertainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.

4.34 The major risk areas that have been identified as potentially threatening the Medium Term Financial Strategy are as follows, in ranking order.

- Inflation rate is higher than 2% government target
- Capital programme cannot be delivered given budgets and funding
- Constraints on council tax increases
- Failure to contain expenditure within agreed budgets
- Planned savings are not delivered
- Financial impact from major emergencies such as Covid-19
- Adverse impact from changes in local government funding
- Collection targets for Council Tax and Business Rates missed
- Financial impact from IT security failure
- Business Rates pool fails to generate sufficient growth
- Fees and Charges fail to deliver sufficient income
- Other income fails to achieve budget
- Pension liability cannot be funded
- Litigation costs exceed budgeted provisions
- Increased complexity of government regulation
- Shared services fail to meet budget
- Council holds insufficient balances

4.35 The Council has implemented JCAD risk management software, which allows individual service areas to log and monitor risks. By reviewing risks on a regular basis in this way, it is expected that any major new risks will be identified and appropriate mitigations developed.

Conclusion

4.36 When assessed against the CIPFA criteria for financial resilience, the Council can be seen to have adequate reserves in the short term and to be positioned well to manage the financial challenges it will face. The following section considers whether this position is sustainable.

5. SCENARIO PLANNING

5.1 As Maidstone's financial position is dependent on government policy and on broader economic factors such as inflation, neither of which can be predicted with any certainty, it is appropriate to model the impact of different scenarios on the Council. Following a similar approach to that adopted when developing the current 2023/24 – 2027/28 Medium Term Financial Strategy, the following four scenarios can be sketched out.

Scenario 1: Inflation falls, limited funding flexibility The rate of price inflation falls in line with BoE forecasts, but government maintains existing constraints on local government finances in order to reduce debt and create capacity for tax cuts.
Scenario 2: Inflation falls, some funding flexibility Inflation falls in line with BoE forecasts, and government adopts more accommodative local government finance settlements to help councils address demand pressures.
Scenario 3: Inflation remains elevated, some funding flexibility Inflation only reaches the target level of 2% at the end of the MTFS planning period. Owing to the continued high level of inflation, government relaxes constraints on local government finances to allow council services to be protected.
Scenario 4: Inflation remains elevated, limited funding flexibility Inflation only reaches the target level of 2% at the end of the MTFS planning period, but government maintains the existing level of constraints on local government finances.

Scenario 4 is the most challenging of those sketched out above, as it represents a combination of continued high inflation and tight constraints on the Council's revenue raising capacity. For planning purposes, we consider it prudent at this stage to adopt Scenario 4. However, the other scenarios will be modelled and the implications considered when developing the detailed Medium Term Financial Strategy.

5.2 The next section sets out planning assumptions under each of the above scenarios.

6. PLANNING ASSUMPTIONS

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

(a) the Council Tax base;

(b) the level of Council Tax;

(c) retained Business Rates, which in turn depends on overall business rates and government policy on distributing Business Rates income;

(d) other local income, eg fees and charges;

(e) the cost of service delivery, which is subject to the effect of inflation on input prices.

Each of these is considered in more detail below.

Council Tax base

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

6.3 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. See table below:

Table 4: Number of Dwellings in Maidstone

	2018	2019	2020	2021	2022
Number of dwellings	70,843	71,917	73,125	75,034	76,351
% increase compared with previous year	1.74%	1.52%	1.68%	2.61%	1.76%

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

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

6.5 Future growth assumptions for each scenario are set out below.

Council Tax base growth assumptions					
	24/25	25/26	26/27	27/28	28/29
Scenario 1 – Inflation falls, limited funding flexibility	1.5%	1.5%	2.0%	2.0%	2.0%
Scenario 2 – Inflation falls, some funding flexibility	1.5%	1.5%	2.0%	2.0%	2.0%
Scenario 3 – Inflation remains elevated, some funding flexibility	1.5%	1.0%	1.0%	1.0%	1.0%
Scenario 4 – Inflation remains elevated, limited funding flexibility	1.5%	1.0%	1.0%	1.0%	1.0%

Level of Council Tax

6.6 The level of council tax increase for 2024/25 is a decision that will be made by Council based on a recommendation made by the Cabinet. In practice, the Council's ability to increase the level of council tax is limited by the need to hold a referendum for increases over a government set limit. In 2023/24, the limit was 3%. The Council approved the maximum possible increase. The rationale for this approach was that:

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

6.7 Given that CPI inflation was 8.7% for the year to May 2023, it was not expected that the referendum limit would be reduced in 2024/25 from the 2023/24 level of 3%, and indeed this has been confirmed to be the case. However, after the General Election that is due to take place by January 2025, the government may seek to bear down on inflation by restricting the limit to 2%, being the target level of inflation[1].

6.8 Future growth assumptions for each scenario are set out below.

[1] The Leader of the Labour Party announced in March 2023 that a Labour government would freeze Council Tax in 2024/25, using the proceeds of a windfall tax on oil and gas companies. Presumably this means that central government would reimburse local authorities with an amount equivalent to that by which they would have increased tax locally.

Council Tax increase assumptions					
	24/25	25/26	26/27	27/28	28/29
Scenario 1 – Inflation falls, limited funding flexibility	3.0%	2.0%	2.0%	2.0%	2.0%
Scenario 2 – Inflation falls, some funding flexibility	3.0%	2.0%	2.0%	2.0%	2.0%
Scenario 3 – Inflation remains elevated, some funding flexibility	5.0%	3.0%	2.0%	2.0%	2.0%
Scenario 4 – Inflation remains elevated, limited funding flexibility	3.0%	2.0%	2.0%	2.0%	2.0%

6.9 A key MTFS assumption is that Council Tax increases are maximised within the constraints of the referendum limit.

Retained business rates

6.10 Under the current business rates regime, local government in aggregate retains 50% of business rates income. However, most of the 50% share collected locally is lost to Maidstone, because it is redistributed to other authorities through a system of tariffs and top-ups.

Table 5: Baseline Business Rates Income 2023/24

	£000	%
Baseline Business Rates income	62,333	100
Government share	-31,166	-50
Kent County Council / Kent Fire & Rescue Authority	-6,233	-10
Government tariff	-21,551	-35
Baseline Business Rates income retained by MBC	3,382	-5

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

6.11 The Council has been able to minimise the levy payable on business rates growth through its membership of the Kent Business Rates Pool. This is because the levy payable by some pool members (district councils) is offset against the top-up received by the major preceptors (Kent County Council and Kent Fire and Rescue).

6.12 Business rates pool income is allocated, in accordance with the Pool Memorandum of Understanding between Kent authorities, as follows.

Maidstone Borough Council – used for specific projects that form part of the Economic Development strategy. £250,000 of this amount is top-sliced in the budget for ED salaries and spatial planning.	30%

Growth Fund – In Maidstone this is split 50:50 between MBC and Kent County Council for the regeneration of the Town Centre and is deployed at Maidstone East and Sessions House / Invicta House respectively.	30%
Kent County Council	30%
Contingency - To compensate Kent local authorities who do not benefit directly from pool membership (eg because their business rates growth is lower than the baseline)	10%

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

- Government uses the share of business rates that local authorities are allowed to retain as a mechanism for directing resources towards the areas of perceived need (hence Maidstone, as a relatively prosperous area, only retaining 5% of baseline business rates). This resource allocation has remained broadly unchanged since 2014, when the current local government funding system was introduced, but a 'fair funding review', which will update the resource allocation, has been mooted for several years. In practice it is now unlikely to be implemented before 2026/27.

- The government share of business rates and the tariff (see Table 4 above) are fixed £ amounts, based on a predetermined business rates baseline. This has benefited the Council over the past ten years, as the rate of business rates growth has been greater locally than general price inflation, and the Council has benefited from this excess growth. However, the reverse could be the case if there is a downturn in total business rates income.

- As part of any change to the funding system, the business rates baseline is expected to be adjusted. This will give a higher baseline for the Council, with the result that the accumulated business rates growth of the past ten years, which (subject to the levy) is currently retained locally, would be lost.

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

6.15 Future growth assumptions for each scenario are set out below.

Business rates growth assumptions					
	24/25	25/26	26/27	27/28	28/29
Scenario 1 – Inflation falls, limited funding flexibility	3.0%	2.0%	-2.0%	-2.0%	-2.0%
Scenario 2 – Inflation falls, some funding flexibility	3.0%	2.0%	0.0%	0.0%	0.0%
Scenario 3 – Inflation remains elevated, some funding flexibility	5.0%	3.0%	0.0%	0.0%	0.0%
Scenario 4 – Inflation remains elevated, limited funding flexibility	5.0%	2.0%	-2.0%	-2.0%	-2.0%

Other income

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

Table 6: Projected Other Income 2023/24

	£ million
Fees and charges	10.5
Property rental income	7.1
Shared services trading income	3.7
Other income	2.8
TOTAL	**24.1**

The Council has a policy that guides officers and councillors to set the appropriate level of fees and charges based on demand, affordability and external factors. Given the current inflationary environment, it is important to target an appropriate overall increase in the amount of fees and charges to mitigate the expected increase in the Council's input costs. The alternative would be for the Council to have to make further savings, potentially reducing the level of services that it provides to residents.

6.17 Note that some fees and charges are set by central government and are not necessarily increased annually. Rents may only change at the point of periodic rent reviews.

6.18 Future growth assumptions for each scenario are set out below. These correspond to the inflation level projected for the respective scenarios, on the basis that it is reasonable to expect income to increase in line with expenditure. A key MTFS assumption is that overall income from fees and charges increases in line with expected increases in the Council's input costs.

Other income growth assumptions					
	24/25	25/26	26/27	27/28	28/29
Scenario 1 – Inflation falls, limited funding flexibility	3.0%	2.0%	2.0%	2.0%	2.0%
Scenario 2 – Inflation falls, some funding flexibility	3.0%	2.0%	2.0%	2.0%	2.0%
Scenario 3 – Inflation remains elevated, some funding flexibility	5.0%	5.0%	4.0%	3.0%	2.0%
Scenario 4 – Inflation remains elevated, limited funding flexibility	5.0%	5.0%	4.0%	3.0%	2.0%

Cost of services

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

6.20 As described above, there is considerable doubt about whether inflation will fall as quickly as official forecasts suggest. Accordingly, the preferred scenario 4 adopts a more prudent approach than simply following the Bank of England forecast.

Cost of services growth assumptions					
	23/24	24/25	25/26	26/27	27/28
Scenario 1 – Inflation falls, limited funding flexibility	3.0%	2.0%	2.0%	2.0%	2.0%
Scenario 2 – Inflation falls, some funding flexibility	3.0%	2.0%	2.0%	2.0%	2.0%
Scenario 3 – Inflation remains elevated, some funding flexibility	5.0%	5.0%	4.0%	3.0%	2.0%
Scenario 4 – Inflation remains elevated, limited funding flexibility	5.0%	5.0%	4.0%	3.0%	2.0%

For the purposes of detailed budget planning, a more granular approach is taken to forecasting budget growth, and specific percentages are applied to the different categories within cost of services.

7. REVENUE PROJECTIONS

7.1 Strategic revenue projections for scenario 4 are summarised in table 7 below. In light of the many uncertainties around future funding, it is important to note that projections like these can only represent a 'best estimate' of what will happen. It is important to note that projections like these can only represent a 'best estimate' of what will happen.

Table 7: MTFS Revenue Projections 2024/25-2028/29

	24/25	25/26	26/27	27/28	28/29
	£m	£m	£m	£m	£m
Scenario 4					
Total Resources	53.7	54.7	56.4	58.5	60.2
Predicted Expenditure	55.3	59.2	61.0	61.9	62.7
Budget Gap	1.6	4.5	4.6	3.4	2.5
Existing Planned Savings	0.7	0.0	0.2	0.1	0.1
Savings Required	0.9	4.5	4.4	3.3	2.4

7.2 Issues contributing to the budget gap of £900,000 in 2024/25 are inflation and £700,000 of additional growth in 2023/24 which was funded from one-off resources and is now built into base budgets. In 2026/27 and future years, the potential loss of funding from a local government funding reset and the cost of borrowing for the capital programme lead to much larger budget gap figures.

7.3 Note that all these assumptions assume that Council Tax income is increased by the maximum possible given the referendum limit, and fees and charges are increased in line with inflation. In all cases, the budget gap would be greater if these measures were not taken. See below for illustrative figures for 2024/25.

	£000
'Do nothing' budget gap	2,023
Increase Council Tax by 3%	-573
Increase Other Income by 5%	-525
Budget gap per Strategic Revenue Projection	925 (see Table 7 above)

7.4 In summary, it is assumed here that Council Tax is increased by the maximum possible, which in Scenario 4 is 3%; and that in order to deliver a 5% increase in other income, fees and charges are increased appropriately. To the extent that individual categories of fees and charges are not increased by this amount, compensating additional increases would need to be found elsewhere.

Approach to balancing the budget

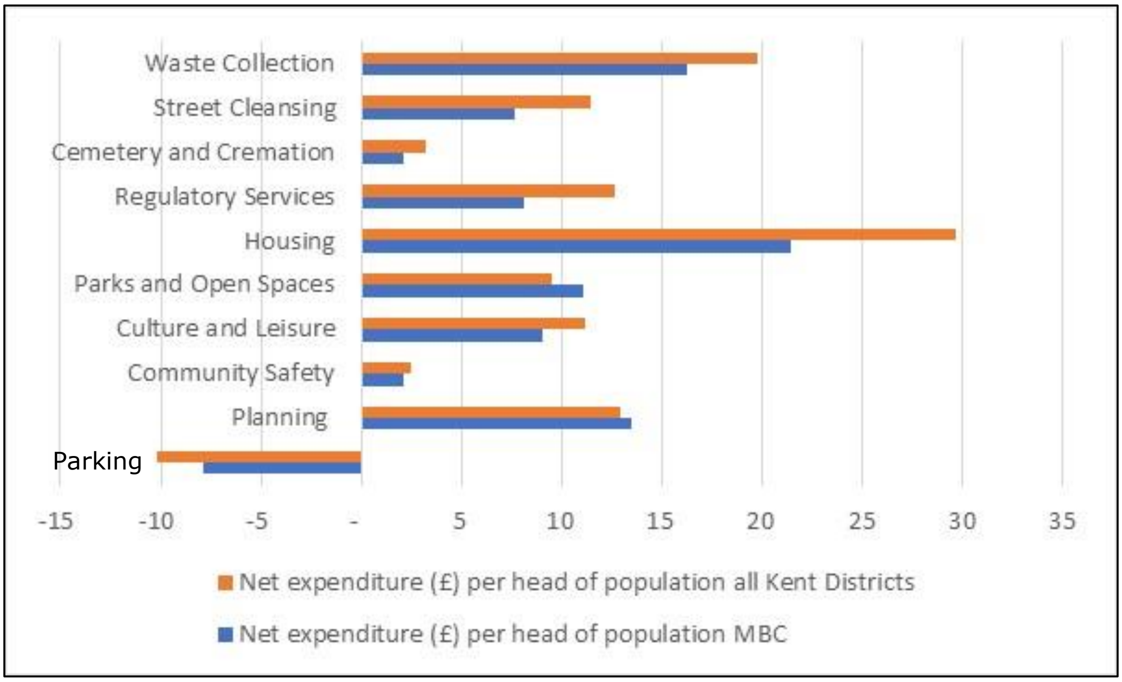
7.5 The immediate priority in setting a balanced budget for 2024/25 is to close the budget gap of £925,000 for next year. In line with the Council's usual practice, savings proposals have been sought from service managers.

Whilst individual proposals may not amount to significant sums, in aggregate they may contribute substantially to meeting the deficit. Budget proposals have been developed, following a similar approach and these have been reviewed by Policy Advisory Committees who have provided a recommendation for the Executive and Council which would balance the budget in 2024/25.

7.6 It can be seen from the table above that savings, or increased income on a much greater scale will be required in subsequent years. Assuming that the projections remain broadly unchanged, this will demand a much more thoroughgoing review of Council budgets, and potentially service reductions. In seeking areas where there may be potential for making savings, it is worth comparing the Council's most recent spending data with those of its peers – the other district Councils of Kent. This is not to imply that this Council is over-spending or under-spending in particular areas. Rather, it is intended to put our allocation of expenditure against the different priorities in context.

<u>Figure 5: Expenditure per head of population</u>

Source: Local Authority 2021/22 Revenue Outturn returns



7.7 From this it can be seen that MBC spends more than its peers on:

- Parks and Open Spaces
- Planning and Development
- Parking (ie income is lower than average).

6.7 Work will need to take place over the coming year so that savings proposals are ready for the start of the 2025/26 budget process.

8. CAPITAL STRATEGY

8.1 The capital programme plays a vital part in delivering the Council's strategic plan, since it is only through long term investment that our ambitions for the borough, in particular the 1,000 Affordable Homes programme, can be realised. The capital programme has an impact on revenue, because of the cost of borrowing and the annual charge (Minimum Revenue Provision – MRP) that the Council is required to make to set aside sufficient money to fund the repayment of borrowing.

8.2 The profile of the current five year capital programme is as follows.

Table 8: Capital Programme 2023/24 – 2027/28

	23/24	24/25	25/26	26/27	27/28	Total
	£000	£000	£000	£000	£000	£000
Affordable Housing	6,123	20,080	22,825	25,487	22,442	96,958
Social Housing Grant	-5,790	-3,120	-1,290	-8,250	-6,060	-24,510
Private Rented Sector	3,090	6,765	6,832	9,578	6,861	33,125
Temporary Accommodation	12,000	12,000	8,000	0	0	32,000
Disabled Facilities	800	800	800	800	800	4,000
Housing – Other	675	1,325	974	543	100	3,616
Environment	6,970	880	730	580	590	9,750
Communities, Leisure & Arts	4,329	3,700	3,350	1,000	1,000	13,379
Planning & Infrastructure	206	0	0	0	0	206
Corporate Services	10,514	7,280	5,423	5,249	4,903	33,369
Total	**38,917**	**49,710**	**47,644**	**34,986**	**30,636**	**201,893**

8.3 As the level of investment increases, the revenue cost of borrowing increases. Ultimately this is offset by income, to the extent that capital schemes generate income, eg in the form of housing rents. However, there is a period during which capital schemes need to be funded before they start to generate income. We have developed a 10 year programme for 24/25 onwards to aid making these longer terms decisions.

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

- Construction price
- Contractor failure / liquidation

- Availability / cost of finance (currently the Council has arranged £80 million of funding, but the availability and cost of finance when this is exhausted is not known).

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

8.6 In order to avoid the Council facing an ongoing revenue burden from subsidising affordable housing tenants, and to avoid setting deficit budgets in the Housing Revenue Account (HRA) when it is established, it is assumed that a capital sum of around £50,000 per unit must be set aside for each unit of affordable housing. Note that there are strict rules about the HRA ringfence, above all the fact that the HRA cannot set a deficit budget. The capital sum must be set aside **before** housing units are transferred into the HRA. Otherwise, the HRA would run a deficit for every unit of housing transferred in, because of the excessive cost of funding housing stock that is transferred into it.

8.7 If the target of 1,000 affordable homes is to be achieved over a ten year period, the Council needs to set aside funds now to provide the necessary subsidy. An opportunity to provide this subsidy, without impacting core revenue spending, is available thanks to the government's continued deployment of one-off resources each year to local authorities in the form of New Homes Bonus and Services Grant. In 2022/23, an initial tranche of £3.2 million was earmarked from New Homes Bonus and transferred to a Housing Investment Fund. Although there is no assurance that such grants will continue to be available into the future, if the Council is to provide affordable homes as part of its capital programme, it needs to maximise the amount of one off resources, eg New Homes Bonus and Services Grant, that are transferred into the Housing Investment Fund. Note that there is a risk that New Homes Bonus will reduce in future, as housing growth falls, so any other one off resources will likely be required as well.

8.8 It is proposed that a key MTFS assumption is that one-off resources such as New Homes Bonus and Services Grant are earmarked for the Housing Investment Fund.

9. CONSULTATION AND NEXT STEPS

9.1 Each year the Council carries out consultation as part of the development of the MTFS. A budget survey has been carried out and the results of the survey have been considered as part of the update on the MTFS to Policy Advisory Committees in December 2023.

9.2 Consultation with members took place in September 2023 on detailed revenue budget proposals. Individual Policy Advisory Committees considered the budget proposals relating to the services within their areas of responsibility, and Overview and Scrutiny Committee and Cabinet considered the budget proposals for the Council as a whole.

9.3 Proposed fees and charges for 2024/25 were considered by the Policy Advisory Committees and Cabinet in December 2023; capital budget proposals were considered by the PACs, Overview and Scrutiny Committee and Cabinet in January 2024. The final budget will be presented to Council on the 21st February 2024.

Corporate Services Policy Advisory Committee	5 February 2024

Revenues and Benefits Shared Service Business Case Report

Timetable	
Meeting	***Date***
Corporate Services Policy Advisory Committee	5 February 2024
Cabinet	14 February 2024

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Georgia Hawkes, Director of Mid Kent Shared services
Lead Officer and Report Author	Zoe Kent, Interim Head of Revenues and Benefits
Classification	Public report with private appendix *Partially Exempt from Disclosure – Appendix II exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended): Information relating to the financial or business affairs of any particular person including the authority holding that information.*
Wards affected	All wards

Executive Summary

In 2021 as part of a review of services a proposal was put forward for the Swale Revenues and Benefits team to join the Mid Kent shared service. This report provides an update on the work carried out to align the services and the options to be considered by Cabinet.

This report will be reviewed by the Corporate Services Policy Advisory Committee.

Purpose of Report

To seek approval for officers to expand the shared service arrangement for delivery of the Revenues and Benefits function across Maidstone, Swale and Tunbridge Wells Borough Councils.

This report asks the Committee to consider the following recommendations to the Cabinet.

1. To agree to expand the Mid Kent Revenues and Benefits partnership to include Swale Borough Council.

2. That delegation is awarded to the Director of Finance, Resources and Business Improvement to make the appropriate arrangements in line with the business case and sign the shared service collaboration agreement.

Revenues and Benefits Shared Service Business Case Report

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims as set out in section 3.	Zoe Kent, Interim Head of Revenues and Benefits
Cross Cutting Objectives	The report recommendations support the achievement of the 'Deprivation and Social Mobility is improved' cross cutting objective by ensuring the Revenues and Benefits Service is able to provide a high-quality service to all residents including those suffering hardship.	Zoe Kent, Interim Head of Revenues and Benefits
Risk Management	The shared service business case has considered the risks of Swale joining the Revenues and Benefits service. Each option is included in the risk assessment table 7 of the business case. Option 2 is considered a high risk so therefore not recommended	Zoe Kent, Interim Head of Revenues and Benefits
Financial	The proposals set out in the report are projected to generate net revenue budget savings for Maidstone Borough Council of £39,000 in year one, rising to an an ongoing annual saving of £112,000 by year five. Furthermore, the proposal to expand the Revenue and Benefits shared service offers the opportunity for greater resilience, more capacity to carry out project work and to deliver performance and quality initiatives, and greater capacity to respond to future changes including changes in legislation.	Mark Green, Section 151 Officer
Staffing	There will be Staffing implications and these are set out in section 3Accepting the recommendations will include savings that may put staff at risk of redundancy. The proposals within this report and the business case have considered the risk of	Zoe Kent, Interim Head of Revenues and Benefits

	redundancies.	
Legal	The Council has the power under the Local Government Act 1972 and other enabling powers to enter into shared arrangements for the provision of this service. Any resulting partnership arrangement will be made pursuant to Section 113 of the Local Government Act 1972, which allows a local authority to place any of its officers, who consent to the arrangement, at the disposal of another local authority on such terms as may be agreed between the parties. A collaboration agreement will be approved by Mid Kent Legal if the shared service is approved.	Team Leader (Contentious and Corporate Governance)
Information Governance	• The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Information Governance Team – Lauren McNichol
Equalities	• We recognise the recommendations may have varying impacts on different communities within Maidstone. Therefore will carry out an equalities impact assessment during the first year of the restructure.	Policy & Information Manager
Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Zoe Kent, Interim Head of Revenues and Benefits
Crime and Disorder	There are no implications to Crime and Disorder	Zoe Kent, Interim Head of Revenues and Benefits
Procurement	No new services are being procured as part of the business case	Zoe Kent, Interim Head of Revenues and Benefits
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and are; • There are no implications on biodiversity and climate change.	Zoe Kent, Interim Head of Revenues and Benefits

2. INTRODUCTION AND BACKGROUND

2.1 The Revenues and Benefits service is one of the largest services provided by district councils and given its transactional nature one that is suited to shared service/partnership working.

2.2 This is evidenced through the existing successful shared service arrangements between Maidstone and Tunbridge Wells Borough Council and similar arrangements across Kent, including Dartford and Sevenoaks and Canterbury, Dover and Thanet.

2.3 In addition to maintaining strong performance in relation to its core services, e.g. processing new Housing Benefit and Council Tax Reduction Scheme claims in 15.7 days, the Mid Kent Services (MKS) Revenues and Benefits Partnership has demonstrated that through its flexibility, scale and ability to draw across partner resources it could also deliver combined services across a range of new schemes through the pandemic such as the Test and Trace Support Scheme and Business Grant Scheme.

2.4 Earlier work for the existing shared service confirmed the potential for financial savings, performance improvements and opportunities to enhance the overall resilience of the service with the detailed business case (approved in October 2010).

2.5 Whilst the decision was taken by Swale Borough Council (SBC) not to progress the Revenues and Benefits shared service at that time, in August 2021 a new proposal was taken to the Mid Kent shared service board to extend the Revenues and Benefits shared service to include SBC. In January 2022 the proposal was reviewed by the three councils, and it was agreed that SBC would make a number of changes before the business case was brought back to the Mid Kent shared service board. This included providing an immediate shared management of both SBC and MKS Revenues and Benefits and if approved combine both services after a period of 18-24 months to allow for:

a) the implementation of a new simplified banded CTR scheme within SBC
b) the implementation of a common document imaging system across both services
c) the transfer of customer enquiries from SBC Revenues and Benefits to the corporate Customer Services; and
d) the adoption of common processes and procedures across both sites.

2.6 A number of factors have been considered as part of the business case.

- Service Resilience – The retirement of key officers across both teams. A combined team is better able to manage peaks in demand and support specialist functions.

- The introduction of Universal Credit and withdrawal of the housing Benefit scheme, which district councils have administered since 1987, represents a further risk to the resilience of the service with the administration grant and staffing for Housing Benefit services currently cross subsidising the administration of Council Tax Support due to their combined assessment.

- Financial Imperative – All partners have identified the need for financial savings to maintain a balanced budget and combining services provides an opportunity to reduce management, staffing and ICT costs whilst protecting the service delivered to residents.

- New ways of working – with an increasing number of staff working remotely and already sharing some core systems, a combined service would now be able to operate with minimal disruption to staff working arrangements and with no impact on each partner's local economy.

- ICT – Whilst the partners already share a common IT system for Revenues and Benefits (Capita) they have used different document management systems. Swale have now moved to NEC, so all systems are aligned.

2.7 The timetable for the business case being considered and being moved forward (if approved by the three councils) is shown in table 1. All three councils will need to approve SBC joining the partnership for it to be agreed.

Table 1

Decision Process	By end of:
Tunbridge Wells - Finance and Governance Advisory Board	23 January 2024
Swale – Decision by Policy and Resources Committee	31 January 2024
Maidstone – Corporate Services Policy Advisory Committee	5 February 2024
Decision by Maidstone & Tunbridge Wells Cabinets	14 February 2024

2.8 Three options have been considered within the business case. Option one – no change, option two – considering externalising services, option three – as the agreed changes have been carried out by SBC and there is a financial case providing savings, SBC join the Mid Kent Revenues and Benefits Partnership.

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3. AVAILABLE OPTIONS

3.1 Option one – do nothing – Whilst the MKS shared service and Swale Revenues and Benefits service could continue, this option is not recommended because in their current form the services would struggle to make any material reduction in costs without threatening the service provided to residents. Resilience within the service would remain a risk particularly for Swale BC given the current reliance on a small number of key officers within the service. There are also a significant number of officers within the Mid Kent team that are likely to retire soon. A new Mid Kent Head of Revenues and Benefits would need to be recruited.

3.2 Option two - Outsourcing the service – A separate exercise could be undertaken to test the current market in terms of costs and quality of service, this option is not recommended because the exercise undertaken in 2010 demonstrated no financial benefit beyond that possible through a shared service arrangement. With a shared service arrangement held at the time to provide greater flexibility and control for partner authorities. The East Kent Services Revenues and Benefits team was outsourced and is being brought back in-house due to the provider withdrawing from the market. This is added risk that is likely to bring additional costs to the authorities.

3.3 Option three – Expanded shared service – SBC has brought in the changes that were requested by the Mid Kent board in December 2021. This has aligned the services and reduced the costs of SBC joining the partnership. Tables 14 to 18 within the business case provide details of the possible savings from a three-way partnership. As there is already a shared management arrangement in place and a shared fraud team and enforcement service partnership this should mitigate any risks.

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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The preferred option is option three. This option will bring savings as shown in exempt appendix 2, to the partners over a period of five years. It allows for further automation of processes over this period to cover the reduction in staffing numbers in years three to five which will come from natural wastage rather than redundancies. There are redundancies and pension costs in year one of the proposed expansion of the shared service, this is due to the restructuring of the management of the service.

4.2 This option allows for the expansion of the business rates teams and business support teams across Mid Kent and SBC. This ensures there is resilience for all the partners in areas where there are fewer staff carrying out roles, which brings high risks due to the amount collected in Business Rates and paid out as Housing Benefit.

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5. RISK

5.1 The risks of all options are included in table 7 and part 18 of the business case. The Mid Kent Audit team review all risks within one risk assessment for both MKS and Swale Revenues and Benefits. This has meant that risks across all three authorities are considered at the same time both individually for each authority and as a partnership for example with shared IT.

5.2 If Swale joining the Mid Kent Revenues and Benefits partnership is approved the risk assessment will be reviewed and updated regularly to ensure that costs, performance and any risks are reviewed and managed appropriately.

5.3 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. That consideration is shown in appendix 1 part 18 within the business case risk assessment. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the policy.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

6.1 If option three is approved by each council and SBC join the Mid Kent Revenues and Benefits Partnership a consultation will be carried out with the Mid Kent and Swale Revenues and Benefit staff and the unions.

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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

7.1 A consultation will be carried out with the staff and unions. The Head of Mid Kent Revenues and Benefits will be appointed and will put in place a structure after, the staff consultation and the TUPE arrangements to move Swale staff to the Mid Kent Revenues and Benefits service employee (Maidstone Borough Council).

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8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Proposed extension of the Mid Kent Revenues and Benefits Service Business Case
- Appendix 2: Exempt: Business Case Financial Information - Restricted

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Appendix 1 - Business Case (2024) Combining Mid Kent Services Revenues and Benefits Service with Swale Borough Council Revenues and Benefits Service

Contents

1. Background to the existing service provisions and the original business case (2021)

1.1 The Mid Kent Improvement Partnership (MKIP) was formed in 2008 and involves Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council.

1.2 In effect, MKIP represents an agreement to improve service delivery and reduce service costs for residents across Mid-Kent. The services delivered through the partnership are called Mid-Kent Services (MKS).

1.3 The partnership has been designed to be flexible enough to meet the needs of each authority. This means that some shared services and projects have involved only two authorities whereas others include all three authorities within Mid Kent. In the case of Audit services, MKS also partners with Ashford Borough Council.

1.4 There are currently ten areas of shared service in the partnership namely:

- Environmental Health (Maidstone, Swale and Tunbridge Wells)
- Audit (Ashford, Maidstone, Swale and Tunbridge Wells)
- Human Resources (Maidstone and Swale)
- ICT (Maidstone, Swale and Tunbridge Wells)
- Legal (Maidstone, Swale and Tunbridge Wells)
- Local Land Charges (Maidstone, Swale and Tunbridge Wells)
- Mid-Kent Enforcement Service (Maidstone, Swale and Tunbridge Wells)
- Planning Support (Maidstone and Swale)
- Fraud and Compliance (Maidstone, Swale and Tunbridge Wells)
- Revenues and Benefits (Maidstone and Tunbridge Wells)
- Shared Head of Revenues and Benefits (Maidstone, Swale and Tunbridge Wells)

Mid Kent Services Revenues and Benefits Partnership (MKS)

1.5 The Mid Kent Services Revenues and Benefits Partnership (MKS) was created in 2011 following agreement in 2010 by Maidstone Borough Council and Tunbridge Wells Borough Council to create a shared service.

1.6 The initial proposal was to combine the services from three Councils (Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council). However, Swale Borough Council withdrew from this particular partnership at this time as savings could be made internally. In addition, at the time, location of the administration centre in Maidstone was a factor for staff. With the advent of extensive remote working, which has increased since the COVID-19 pandemic, this is much less of an issue.

1.7 The MKS partnership has developed since its creation and successfully administers services for both of the original Councils.

Swale Borough Council (SBC)

1.8 The Revenues and Benefits Service within Swale Borough Council is traditional in nature. Whilst the main services are operated solely on behalf of the Borough Council, it already works in partnership with Mid Kent Services for the provision of Fraud investigation and the Enforcement for Council Tax and Non-Domestic Rating.

Services currently administered within both Revenues and Benefits Services

1.9 The Revenues and Benefits service is one of the largest service provisions provided by any authority and consists primarily of the following areas of Local Taxation and Benefits:

- The administration, collection, and recovery of Council Tax.
- The administration, collection, and recovery of National Non-Domestic Rates (Business rates).
- The administration and assessment of Housing Benefit on behalf of the Department for Work and Pensions.
- The administration and assessment of Council Tax Reduction; and
- The collection of Housing Benefit overpayments.

1.10 In addition to the above, the services are responsible for undertaking customer enquiries either via the telephone, face to face or online albeit that there are differences in approach as outlined later within this business case.

The original Business Case (2021)

1.11 The original business case was developed by officers during 2021 and four options were presented to all three Councils as follows:

(a) **OPTION 1** - No change.
(b) **OPTION 2** - Market testing with a view to externalising the services.
(c) **OPTION 3** – Immediately combining the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service; or
(d) **OPTION 4**
To provide an immediate shared management of both MKS and SBC until such time as a decision is made on the business case to combine the services:
  (a) the implementation of a new simplified banded CTR scheme within SBC.
  (b) the implementation of a common document imaging system across both services.
  (c) the transfer of customer enquiries from SBC Revenues and Benefits staff to the corporate Customer Services team; and
  (d) the adoption of common processes and procedures across both sites.

1.12 A decision was made to adopt **Option 4** and work has progressed since that time to prepare for the full combination of the services.

1.13 This new business case reviews the work already undertaken to prepare for the merge of the services and makes recommendations for future service delivery.

2. Option 4 - Progress

2.1 The following section provides details of the work undertaken in relation to the original Option 4 and in particular gives an assessment of the progress to date.

To provide an immediate shared management of both MKS and SBC

2.2 In line with the recommendation, the Revenues and Benefits Manager for SBC was appointed Revenues and Benefits Manager SBC/Interim Head of Revenues & Benefits – Mid Kent Services.

2.3 The appointment was effective from 4th January 2022 and effectively both services (SBC and MKS) are now under an interim single service lead.

The implementation of a new simplified banded CTR scheme within SBC

2.4 A project was undertaken at the beginning of 2022 to replace the existing Council Tax Reduction scheme within Swale Borough Council with a modern, more efficient Income - banded scheme with effect from 1st April 2023.

2.5 After extensive work the new scheme was approved by full Council of SBC and was successfully implemented with effect from 1st April 2023. As with all schemes, there will be a period of adjustment for both staff and customers. However, the timely introduction of the scheme in line with the original business case means that the authority will not be disadvantaged by having to administer an 'old fashioned' means tested scheme that was based on the previous Council Tax Benefit approach.

2.6 The new scheme is less reactive, works effectively with Universal Credit and is easy to understand by both customers and staff.

The implementation of a common document imaging system across both services.

2.7 In March 2022 the Swale Cabinet approved that the Swale Revenues and Benefits team would move to the Information@work document management system to align with Mid Kent services document system.

2.8 Since then, the Swale Business Support manager has been working with the two companies to ensure that the data that is transferred is compatible with the new document management system. This has taken time due to the differences in the two systems and the large amount of data that will be transferred.

2.9 The first samples of data have been transferred and testing is currently being carried out to ensure that the data is accurate. The Swale teams are being trained on using the Information@work document management system. It is hoped that the system will be live by the end of 2023.

The transfer of customer enquiries from SBC Revenues and Benefits staff to the corporate Customer Services

2.10 Over the last year a project team has been in place to manage the move of customer facing contact within the Revenues and Benefits team to the Swale Customer Service team. The project team has worked to ensure the appropriate number of staff members are moved to cover the 40,000 calls that are received annually. In July 2023 a consultation was carried out with the Swale Revenues and Benefits team. Training has been carried out and the new team moved over to the corporate Customer Services from 1 November 2023.

3. Key Statistics

Table 1 - statistics

Area	**Mid Kent Services (MKS)**	**Swale (SBC)**
Council Tax		
Number of Chargeable Dwellings	129,153	66,290
Telephone enquiries	52,130	30,790
Property Inspections	2,461	1,150
Reminders issued (2022/23)	35,442	13,441
Final Notices issued (2022/23)	14,823	646
Summonses issued (2022/23)	6,690	1,764
Non-Domestic Rates		
Number of Hereditaments	9,421	4,950
Telephone enquiries	2,390	*not recorded
Property Inspections	1,470	830
Housing Benefit		
Live claims	7,746	4,615
Council Tax Reduction		
Live Claims	15,188	9,734
Housing Benefit & CTR incoming work		
New claims	5,550	2,395
Changes in circumstance	89,830	86,231
Public enquiries (HB/CTR)	*not recorded	834 (includes CT)
Telephone enquiries (HB/CTR)	14,357	9,497
Incoming Documentation (all areas)	**124,994**	**51,450 (excluding NDR)**

4. Current Key Performance Indicators

Table 2 – Key performance indicators (shown per Council)

Area	**2022/23**	**2023/24 (October 2023)**
Council Tax (in year)	**%**	**%**
Maidstone	96.76	63.89
Tunbridge Wells	97.50	65.27
Swale	95.30	64.48
National Average – Shire Districts	97.2%	
Non-Domestic Rates (in year)	**%**	**%**
Maidstone	97.65	67.15
Tunbridge Wells	98.22	66.50
Swale	98.18	65.62
National Average – Shire Districts	97.5%	
Housing Benefit & CTR (New Claims) *	**No. of days to process (2022/23)**	**2023/24 (October 2023)**
Maidstone	16.71	13.91
Tunbridge Wells	17.16	14.88
Swale	19.55	16.41
National Average – All (Quarter 4 2022/23)	19.33	
Housing Benefit & CTR (Changes in Circumstance) *	**No. of days to process**	**2023/24 (October 2023)**
Maidstone	2.51	4.08
Tunbridge Wells	2.59	3.36
Swale	8.81	7.86
National Average – All (Quarter 4 2022/23)	3.66	

* It should be noted that the performance figures shown for SBC for 2022/23 are **before** the change to the new income-banded Council Tax Reduction scheme which came into effect from 1st April 2023. The figures for 2023/24 include the automation that has been brought in at SBC in line with MKS, these figures should improve further once the change of staff to the Swale customer services team has bedded in.

4.1 In addition to the statistics previously reported in the last business case, the following additional Housing Benefit statistics are shown to reflect the relative complexity of the Housing Benefit caseload between each of the authorities.

4.2 Broadly all new working age applicants for Housing Benefit are now directed to DWP Universal Credit and the only new claims received are from the following persons:
(a) applicants who are either single and of pension age, or where both members of a couple are of pension age
(b) working age applicants who reside in specified accommodation (where care support or supervision are provided); and
(c) working age applicants who are homeless and where the authority has a duty to provide temporary accommodation.

4.3 It will be appreciated that in the case of (b) and (c), the complexity of the claims requires significant additional work in order to determine both the circumstances, the eligibility of the applicant and any entitlement. These claims take considerably more time to process than an average claim and therefore the Housing Benefit processing statistics will need to be considered taking this information into account.

Table 3 - Additional Housing Benefit and Council Tax Reduction caseload details

Caseloads October 2023	Mid Kent Services (MKS)	Swale (SBC)
Housing Benefit Caseload	**7,746**	**4,615**
Pensioners	3,644	2,253
Working Age (legacy)	4,102	2,362
Specified Accommodation (Exempt, Managed, Refuges etc)	780	217
Temporary Accommodation	301	367
Council Tax Reduction Caseload	**15,188**	**9,734**
Working Age	10,179	6,095
Pensioners	5,009	3,639

5. Staffing Structures

5.1 The services (MKS and SBC) currently have the following staffing structures:

Table 4 – Current staffing structures

	MKS current	Swale current	Total
Head of Revenues & Benefits	1	1	2
Benefits Manager	1	1	2
Benefits Team Leader/supervisor	2	0.73	2.73
Benefits Senior Officer	1	0	1
Benefit Officers	12.54	10.08	22.62
Benefits Ass / Pre-assess	1	3	4
Revenues Manager	1	1	2
Council Tax Team Leader/supervisor	2	1	3
Council Tax Senior Officer	1	0	1
Council Tax Officers	10.27	10.12	20.39
Council Tax Assistants	2	0	2
NDR Team Leader	1	0	1
NDR Senior Officer	0	1	1
NDR Officers	2	0	2
Senior Property Inspector	1	0	1

Property Inspectors	1	1	2
Systems and Support Manager	1	1	2
Systems Officer		0.6	0.6
Support Team Leader	0	1	1
Appeals/DHP/EHP/Subsidy	2.92	1	3.92
Overpayments Officers	1	1.3	2.3
Financial Inclusion Officer	1	0	1
Project Officer	1	0	1
Business Support Officer	1	0	1
Total	47.73	34.83	82.56

5.2 In both services (MKS & SBC), administration of services is undertaken either:
- Internally by employed staff
- externally by a company / on demand service etc; or
- by agency staff - not directly employed by the services / authority.

5.3 This breakdown in service provision is shown for comparison in Table 5 below:

Table 5 - Provision of administration

	Customer Services (for R&B areas)	**Mail / Scanning / Post administration**	**Council Tax Billing**	**Council Tax Recovery**	**NDR Billing**	**NDR Recovery**	**Enforcement (agents)**
MKS	Carried out in house within the Maidstone Customer services team and the Tunbridge Wells Contact Centre	Carried out by Maidstone Print Room	In house	In house	In house	In house	In house MKS & External
SBC	Previously within Swale Revs and Bens moved to Swale Customer services from 1 November 2023	Carried out currently by Swale Revs and Bens admin roles and the Swale print room	In house	In house	In house	In house	In house MKS & External

	Property Inspections	**Benefits / CTR administration**	**Benefit overpayment recovery**	**IT Support (user side)**	**Subsidy/Forms / Govt Returns/ statistics etc**	**Fraud investigation**	**Financial Reconciliations**
MKS	In house	In house	In house	In house	In house	In house	Maidstone - in house Tunbridge Wells - within TW Finance team
SBC	In house	In house	In house	In house	In house	In house	Finance Team

5.4 The above information needs to be taken into account when determining both the base line costs of each service and also for productivity comparison purposes.

6. Existing Partnership arrangements affecting the Revenues and Benefits Services

6.1 Currently both MKS and SBC already have partnership arrangements in place to provide the following elements of the Revenues and Benefits service:

Joint Senior Management

6.2 As outlined previously, the Interim Head of Service is responsible for both MKS and SBC Revenues and Benefits Services and reports directly to SBC and as Interim Head of Service to the Director of Mid Kent Services.

Mid Kent Enforcement Service

6.3 The partnership provides enforcement services to Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council. This area of the partnership is responsible for enforcement of debts in respect of outstanding Council Tax and Non-Domestic Rates for all three authorities. The service is also responsible for enforcement in other areas such as parking.

Mid Kent Fraud and Compliance

6.4 The partnership (which is partly funded by Kent County Council) is responsible for fraud and compliance work. It was created in 2016 when the responsibility for the investigation of Housing Benefit moved to the Department for Work and Pensions. The partnership currently undertakes work in the following areas:

- New Homes Bonus
- Implementation of penalties through non-compliance by taxpayers
- Review and compliance of small business rates relief
- Single Person Discount compliance; and
- Verifying whether premises should be subject to Business Rates or Council Tax.

7. IT provision

7.1 IT Support for all three Councils is provided by Mid Kent ICT Services. This was created in April 2013 from the former ICT teams at Maidstone, Swale and Tunbridge Wells Borough Councils. It inherited the equipment and systems from the component local authorities and took on responsibility for on-going, maintenance, security, and hardware refreshes. It also provides and supports the core business systems for the three councils and a number of shared services.

7.2 Core software systems are at the heart of all Revenues and Benefits Services and both MKS and SBC extensively use the Capita Academy Software Systems for:

- Council Tax
- Non-Domestic Rating
- Housing Benefit; and
- Council Tax Reduction.

7.3 All of the above have been procured from the supplier jointly by MKS and SBC and are currently operated and maintained under a single contract agreement.

7.4 As outlined within Section 2, as part of the adopted **Option 4** it was agreed that MKS and SBC would move to process all documentation using the Northgate Information@Work system.

7.5 This project has been commenced and both services will be using a single supplier for document imaging and processing by the end of 2023. Clearly any efficiencies will only take effect when both services are fully merged. However, it will provide ongoing savings when compared with running dual systems.

8. Customer service provision

8.1 Customer access to the services is vital so that taxpayers, ratepayers and applicants for Housing Benefit and Council Tax Reduction can make enquiries and provide any necessary information to the Councils.

8.2 Whilst both services receive a high level of enquiries per annum (see Table 1), the majority of contact with the customers is via telephone. The number of actual personal visits to Council offices is reducing year on year and not surprisingly electronic / online contact is becoming the preferred method of providing information to all of the Councils. The COVID-19 crisis in 2020 and 2021 accelerated the need for remote customer access.

8.3 Prior to the last Business Case and the decision to adopt OPTION 4, the provision of telephone and public enquiries for both MKS and SBC services was different. In the case of MKS, customer access is dealt with corporately by Customer Services staff who do not form part of the Revenues and Benefits Service. A recharge is made for that service.

8.4 In the case of SBC, all public enquiries relating to Council Tax, Non-Domestic Rating and Benefits were undertaken by staff from within the Revenues and Benefits service.

8.5 The project to transfer all public enquiries from the SBC Revenues and Benefits service to the corporate customer services provision was completed at the end of October 2023. The transfer of calls to the Customer Services team commenced from 1st November 2023. Continued monitoring and management of this transfer will be in place until the team has bedded in.

9. Issues for the current services

9.1 Both services (MKS and SBC) are facing a number of issues which will need to be taken into account irrespective of any suggested change in delivery approach. These are as follows:

Mid Kent (MKS)

9.2 Since 2011 a significant amount of time has been taken to ensure that processes align within Maidstone and Tunbridge Wells.

9.3 Staff are all on Maidstone contracts and all staff work on both Maidstone and Tunbridge Wells work. The IT systems are combined so there is no changing between systems when working on a case from either authority.

9.4 A number of staff have been employed through agencies and on fixed term contracts. It is expected that these contracts will be ended under the new structure proposed if Swale joins the partnership. It should be noted that, if the shared service to include Swale does not go ahead, at least two permanent posts may need to be added to the Mid Kent Revenues and Benefits team structure within 5 years.

Swale

9.5 Since April 2022 time has been spent on changing the Council Tax Reduction scheme to an income-banded scheme, changing the document management system, and moving the phone calls from the Revenues and Benefits service to Customer Services.

9.6 The new income- banded scheme commenced in April 2023 and time was then spent on bringing in the automation, this went live in August 2023. The statistics for the Swale Housing Benefit team have shown significant improvement and are expected to improve further before the end of the financial year.

9.7 It should be noted that there is also a difference in the management of Government grant schemes between the three authorities. In 2022 and 2023 the energy rebate schemes were managed within the MKS Fraud and Compliance team for Maidstone. Tunbridge Wells managed the scheme themselves with help from the Mid Kent Fraud and Compliance team. In Swale the 2022 Energy Rebate scheme was managed within the Council Tax team which meant no recovery action was carried out until September 2022. This is the reason why there is a significantly lower number of recovery documents issued.

10. Productivity comparison

10.1 Through the creation of the original and this revised business case, it has been identified that productivity of staff will be key irrespective of the option chosen.

Revenues and Benefits service areas are highly decision based rather than transactional, and as such the measurement of productivity can, in some circumstances be subjective.

10.2 For the purposes of this revised business case, a comparison has been made of staff numbers in relation to caseloads generally. This is not the most ideal method of comparison, but the only fair method given that each service works differently and records incoming work and documentation in significantly different ways. This approach is currently used for budgeting purposes within the MKS authorities.

Table 6 Productivity comparison – Staffing vs Caseload

MKS

Area	**Caseload**	**Staff**	**Ratio**
Housing Benefit	7,746	13.5	574
CTR	15,273	13.5	1,131
Council Tax	129,153	15	8,610
Business Rates	9,421	2	4,710

SBC

Area	**Caseload**	**Staff**	**Ratio**
Housing Benefit	4,615	9	513
CTR	9,734	9	1,082
Council Tax	66,290	8	8,286
Business Rates	4,950	1	4950

Comparison	**MKS**	**SBC**	**Difference (MKS /SBC)**
Housing Benefit	574	513	60 (MKS)
CTR	878	811	49 (MKS)
Council Tax	8,610	8,286	324 (MKS)
Business Rates	4,710	4950	240 (SBC)

10.3 From the above there are some productivity differences which are minor in nature and have no overall effect on the business case. The following should be noted:

(a) Housing Benefit
   - (i) MKS has remained relatively static; and
   - (ii) SBC has increased since the last business case (403 to 513)

(b) Council Tax Reduction
   - (i) MKS has remained relatively static; and
   - (ii) SBC has increased slightly since the last business case due partly to the introduction of the new income banded CTR scheme (729 to 811)

(c) Council Tax
   - (i) MKS has increased since the last business case (7,310 to 8,610); and
   - (ii) SBC has increased significantly (21%) since the last business case (6,832 to 8,286)

(d) Non Domestic Rating

   (i) The MKS and SBC productivity is similar. There is effectively one officer per authority. MKS has a team leader who also manages the Business Improvement Districts for each authority; and

   (ii) The resilience of business rates would be improved by Swale joining the partnership, as it is such a small team.

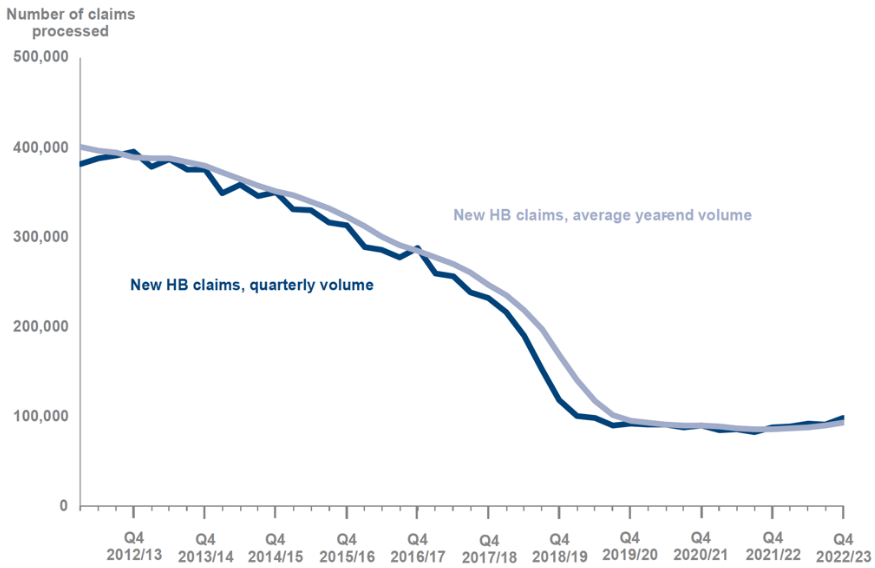
11. Future changes affecting any decisions.

11.1 The services covered within Revenues and Benefits are fast moving and subject to constant change both at a national and local level. Since 2013, the provision of all of the above services has changed significantly (and continues) to change. When considering any option for future service provision, it is important therefore that the business case takes into account changes in the administration of Housing Benefit, Council Tax, Council Tax Reduction and Non-Domestic Rating. The following paragraphs outline the known changes to each part of the service.

Housing Benefit – new claims

11.2 Housing Benefit for working age applicants has, since 2013 been slowly replaced by Universal Credit which is administered by the Department for Work and Pensions. The number of new Housing Benefit claims nationally has reduced significantly (from 400k claims per year in 2013 to a current level of 99K).

Diagram 1 – HB New Claims volume



11.3 This has been reflected in the reduction in number of new claims received by all of the Councils' services over that period. However, the level is not expected to reduce further as Housing Benefit will continue to be claimed by pension age applicants, those applicants that live in specified (supported accommodation) and homeless applicants.

11.4 Diagram 1 above clearly shows that the workload of authorities in respect of new Housing Benefit claims has plateaued and in fact is slightly increasing, and this will need to be considered in the design of any new service provision.

11.5 The caseload of each of the services is shown in Table 1 (Live Claims).

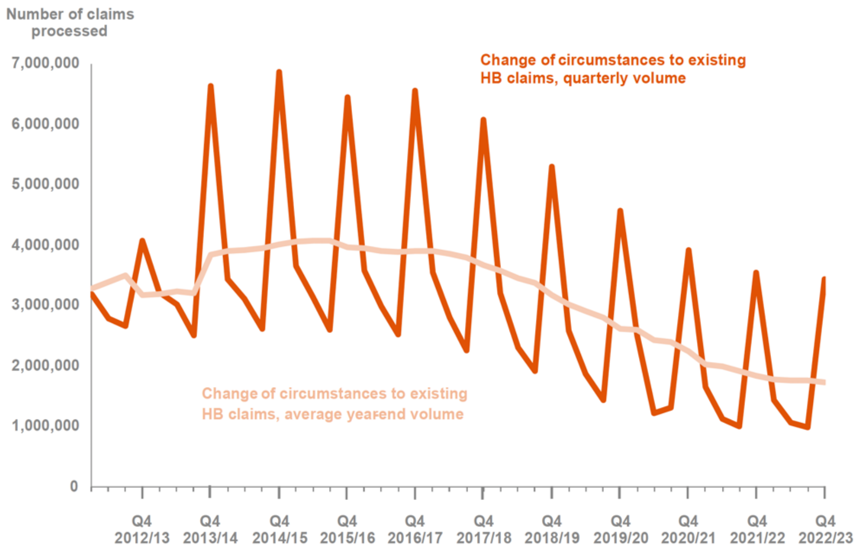
Housing Benefit – changes in circumstances

11.6 It should be noted that the volume of changes in circumstances affecting claims has however only reduced by 40% since 2013 despite the greater reduction in new claims.

11.7 Diagram 2 shows that the overall level of changes nationally. The reason for this is that the methods of identifying changes in circumstances have become more sophisticated over time with proportionally more changes per application being identified automatically by extensive data matching, and direct notification of changes by the DWP and HMRC.

11.8 It is expected that the current level of changes for Housing Benefit received by both MKS, and SBC will not fall below the current level and, with the introduction of further initiatives by the DWP such as the extension of the Housing Benefit Accuracy Award Initiative (HBAA) the number of changes in circumstance are likely to increase.

Diagram 2 – HB Changes in Circumstances volumes



11.9 At the present time 97% of all working within Housing Benefits relates to changes in circumstances.

Housing Benefit - introduction of the Supported Housing (Regulatory Oversight) Act 2023

11.10 The introduction of the Supported Housing (Regulatory Oversight) Act 2023 will significantly change the approach and administration of Exempt Accommodation cases.

11.11 Government, in passing this legislation to place a new duty on Councils to:

- require local authorities in England to review supported housing in their areas and develop strategies in order to ensure that the accommodation is fit for purpose and that the costs (which are in the main met by Housing Benefit) are controlled:
- give the Secretary of State power to introduce national support standards which will need to be taken into account when determining benefit
- give local authorities power to create local licensing schemes for exempt accommodation; and
- give the Secretary of State an option to introduce a new planning Use-Class for exempt accommodation.

11.12 Claims for Housing Benefit in exempt accommodation are complex at best and require specialist staff knowledge. The implementation of the new legislation will require staff to work closely with other departments including the County Council. The new duties will place additional delays on the processing of such benefit claims which, given the relatively small number of total new claims received will affect overall performance and place additional burdens on staff.

Housing Benefit - DWP future initiatives

11.13 With the current Housing Benefit Accuracy Award (HBAA) coming to an end, the DWP is expected to require each authority to undertake additional full case reviews (FCR). This will add to the overall workload of any Benefit service.

Council Tax

11.14 The administration of Council Tax has remained relatively stable over a number of years and, whilst there is always discussion at Government level as to its suitability as a modern tax, there are no plans known to date to undertake a fundamental review.

11.15 The main changes over the next three to five years will be as follows:

- the introduction of 100% empty homes premiums from a one-year period (current two years) - effective from 1st April 2024 (subject to Council agreement)
- the introduction of 100% second homes premium - effective from 1st April 2025 (subject to Council approval)
- the introduction of the Enforcement Conduct Board to set good practice and oversee complaints against enforcement agents; and
- potential changes to the processes allowed for the recovery of the tax including the move to more supportive measures and the tailoring of actions to individual taxpayer's circumstances.

11.16 A key priority for any Revenues and Benefits Services (including MKS and SBC) will continue to be both the expansion of the tax base, collection of the tax as well as compliance to ensure that any discounts, exemptions, reliefs, and reductions are only awarded when the correct circumstances exist.

Non-Domestic Rating

11.17 Business rates have continued to be a major source of income for authorities through the Business Rates Retention system (introduced in 2013). However, since the COVID-19 crisis, the pressures of businesses generally have been considerable leading to Government providing a high level of reliefs. Currently over 60% of businesses pay either no rates or have a significantly reduced bill to pay.

11.18 Government is currently introducing a number of new initiatives through the new Non Domestic Rating Act including:

- the introduction of three yearly revaluations
- greater duties to be placed on ratepayers to provide information to the Valuation Office Agency (VOA)
- the introduction of new reliefs (in addition to the extensive number of reliefs) such as improvement relief and a revised transitional relief scheme
- the full revision of discretionary rate relief (which will require all authorities to reconsider the granting of discretionary relief)
- changing the basis of completion notices; and
- the introduction of anti-avoidance legislation to assist Councils in maximising the rate base.

11.19 It will be essential for both services to have sufficient resource to undertake all of the changes.

11.20 To ensure that performance targets continue to be met with reducing staffing numbers, further automation will be considered in all teams. This will be balanced against the support that is needed for vulnerable customers.

New initiatives including Emergency Grants and Cost of Living support.

11.21 Both MKS and SBC Revenues and Benefits Services allocated significant resource during 2020 and 2021 to COVID-19 related schemes such as business grants and Test and Trace self-Isolation payments. The trend for Central Government to use Local Government to deliver assistance has continued in 2022 and 2023 with cost-of-living payments, household support fund and Council Tax Hardship / Support funds.

11.22 The Revenues and Benefits Service is now seen as a 'first responder' in any crisis. It will therefore be necessary to consider this when determining any future service provision.

12. Options for change

12.1 The purpose of this revised business case is to consider the future service provision for the MKS and SBC Revenues and Benefits services. Whilst there are a number of potential options, realistically there are three viable approaches:

OPTION 1 - No change, namely, to continue with separate services

(a) with separate management; **or**

(b) with shared management (as at present)

OPTION 2 - Market testing with a view to externalising the service

OPTION 3 – Combining the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits Service into a single operation.

12.2 The following sections explain each of the options and provides:

- an explanation and summary of each option
- the potential advantages and disadvantages of each option; and
- the likely identifiable risks.

OPTION 1 - No change

12.3 Notwithstanding the recommendations from the previous business case, an option available to both MKS and SBC would be to leave both services in place as they are today.

12.4 The 'as is' option leaves the existing Revenues and Benefits services in place with MKS continuing to administer the services for Maidstone and Tunbridge Wells and SBC continuing to administer its own Revenues and Benefits Services.

12.5 This approach could be adopted with either a separate or shared management provision although the former would clearly add costs to both services.

OPTION 2 - Market testing with a view to externalising the service.

12.6 An alternative to combining the MKS with SBC Revenues and Benefits Services could be to outsource either or both services to the private sector or to engage with another local authority (or local authority partnership).

OPTION 3 – Combining the current MKS Revenues and Benefits Service with the existing Swale Revenues and Benefits service.

12.7 This option continues the approach recommended in the previous business case by aligning and subsequently combining the Revenues and Benefits partnership operated by MKS with SBC Revenues and Benefits service.

12.8 This option would be in line with OPTION 3 of the previous business case.

12.9 Combination of services would be in line with the approach already operated in other areas of the MKIP where all three Councils are involved.

High Level assessment of each option.

12.10 Building on the above, a 'high level' assessment of each of the option's ability to deliver all three Council's requirements is as follows:

Table 7 - Options analysis

	OPTION 1 - No change	OPTION 2 - Market testing with a view to externalising the service	OPTION 3 Combination of the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service
General description / comments	This option would leave the current services 'as is'. For the purposes of this revised business case, we have assumed that all other service elements (such as the current Fraud and Enforcement partnerships) would remain in place. Likewise, the provision of IT. The approach could either continue with a shared management function or have separate management teams. In the case of the latter this would reverse the recommendation made in the previous business case and incur additional costs to both services.	Externalisation of Revenues and Benefits Services has been popular especially during the 1990s. Large public sector companies have been involved in the externalisation of a number of services both small and large. Over the last 10 years, the number of outsourced services has reduced significantly due to either large private sector companies withdrawing from the marketplace or local authorities deciding that an 'in house' or LA partnership provision is the preferred approach. Locally all externalised Revenues and Benefits services have been returned to local authority control. An example would be the East Kent Partnership which had been externalised to CIVICA. This has now reverted to local authority control due to the general reluctance of the contractor to continue with the service and the relatively high cost due to the changing nature of the services.	This option would allow for both MKS and SBC Revenues and Benefits Services to combine into a single unit delivering a complete service for all three Councils. This would be in line with the recommendation (OPTION 3) of the previous business case.
Political acceptance	The 'as is' option could be accepted by all participating Councils given that it would	Market testing and particularly the outsourcing of the service to an external provider is often contentious.	There is a history of effective partnership working with the existing MKS Revenues and Benefits Service having a history of strong performance.

	OPTION 1 - No change	OPTION 2 - Market testing with a view to externalising the service	OPTION 3 Combination of the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service
Note: Partners retain political control under all options as sovereign Councils.	leave the current service provision under current political control.	This becomes more prevalent if service delivery is moved from each of the Councils' areas to central processing sites elsewhere. The political acceptance of this approach would be questioned given the view of external providers to wind down existing contracts.	The work undertaken by SBC to align its operational approach and the adoption of common operating systems facilitates a straightforward move to a combined service.
Effect on Service Provision	**MKS** Mid Kent Services, being larger in scope has greater ability to adapt to the new demands placed on the service, however, there would be difficulty in generating any additional cost savings due to economies of scale. **SBC** It is recognised that there would be difficulty in achieving any economies of scale.	**MKS & SBC** Any move to fully externalise the services would place a significant risk on the delivery of the services. In the case of SBC, the externalisation of the service would inevitably mean that large parts, if not all the service would be relocated to other pre-established service delivery sites around the country.	**MKS & SBC** Given the already close working relationship of the two services, combined with the fact that partnership working already exists in a number of areas such as IT, enforcement and fraud, the risk to service provision is reduced. The approach has been significantly **de-risked** with the alignment undertaken by SBC and the appointment of an Interim shared Head of Service.
Savings / Value for Money	**MKS & SBC** In both cases, the ability to generate further savings for their respective Councils is limited. This is particularly relevant in the case of SBC given its size.	**MKS & SBC** Externalisation may initially deliver some savings. Externalisation can be an advantage where there is a need for significant investment due to out of date IT or the need to obtain / refurbish new buildings. This is not the case with either MKS or SBC.	The combination of both sets of services could result in savings primarily due to the reduction in management and staffing costs. Some additional savings will also be obtained through the ability of a larger service to negotiate reduced prices with suppliers. The option maximises the opportunity to benefit from economies of scale and benefits from an existing track

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	OPTION 1 - No change	OPTION 2 - Market testing with a view to externalising the service	OPTION 3 Combination of the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service
	Both Revenues and Benefits services have, to date, delivered savings for their respective authorities.	Experience has also shown that in a service environment such as Revenues and Benefits, where there are significant legislative changes, having a fixed long-term contract is restrictive. In these cases, any initial savings achieved are reduced by the need to amend contracts and change the service to meet any new requirements.	record of working together and delivering savings from sharing.
Collaboration Agreement	Not applicable.	Not applicable.	The creation of an acceptable collaboration agreement is key for this option. Significant focus will be placed on the share of savings, particularly in the short term with the majority being achieved by a reduction in staff.

	OPTION 1 - No change	OPTION 2 - Market testing with a view to externalising the service	OPTION 3 Combination of the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service
Performance and quality of service provision	**MKS & SBC** Both MKS and SBC deliver high quality services. Both services have recovered well from the COVID-19 crisis and have maintained performance despite new duties being placed on the services by Central Government to address the cost-of-living crisis. **SBC** The service has improved its performance whist at the same time undertaking significant projects (as outlined earlier) in order to align the service with the MKS approach.	There is no evidence that the externalisation of either service would improve performance or quality of the service. The move to a fully externalised service would inevitably result in a reduction in performance and quality in the short and medium term.	The combination of these two services should not result in any reduction in performance or service quality in the mid to long term. When combined, the increased service size will allow for sufficient resource to be allocated to projects as well as performance and quality initiatives.
Productivity	**MKS & SBC** In general, there should always be a move to increase productivity. **SBC** Now that all proposed changes to the service provision have been made (the introduction of a new Council Tax Reduction Scheme; the move to new document management software and public enquiries being undertaken corporately), there will be a need for a	The productivity of staff under this option would be the responsibility of an external provider. Should this option be chosen, it will be essential for the sovereign Councils to ensure that all outputs are met in line with any contractual agreement.	It will be essential to ensure that the combination of all the service does not result in a reduction in productivity across the board albeit that the risks have been minimised through the alignment process.

	OPTION 1 - No change	OPTION 2 - Market testing with a view to externalising the service	OPTION 3 Combination of the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service
	period of consolidation and gradual improvement in productivity.		
Resilience	**MKS** In the case of MKS, the size of the service provision does allow for significant resilience although (as with SBC) the age profile of key members of staff are such that the service will, in the next few years, face challenges in respect of staff leaving and the need to recruit. **SBC** It has been identified that the age profile of key members of staff are such that the service will, in the next few years, face challenges in respect of staff leaving and the need to recruit.	Externalisation of any of the services could potentially increase resilience. This is largely dependent on the supplier selected but the general lack of suitable Revenues and Benefits staff affects both public and private providers.	A major advantage of this option is that the combined service will provide resilience to change. The new service would be of the size of a large unitary or metropolitan authority. Sharing technology and staff resources across partner Councils will maximise the potential to increase resilience.

	OPTION 1 - No change	OPTION 2 - Market testing with a view to externalising the service	OPTION 3 Combination of the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service
	The loss of experience will inevitably lead to reduce ability of the service to continue to provide the level of service required by the Council.		
Ability to deliver change / Future Proofing	**MKS** The large size of the service does allow it to, not only have sufficient resource for day-to-day service provision, but also gives some level of flexibility and the ability to deliver change. **SBC** Whilst the service is currently able to successfully deliver day to day requirements, fundamental changes to the nature of the services will place significant strain on the ability of the service to both deliver change as well as maintain performance.	Externalisation to large providers will provide economies of scale and also allow for sufficient available resource to enable change. A key issue however is that, where there are nationwide changes or changes in legislation, providers can struggle to make changes or, as importantly, require changes in contract terms / price to allow for those changes to be made.	Combined with increased resilience, the option would allow significant future proofing for all three authorities.
Business Complexity	**MKS and SBC** This option is not complex. The existing services would remain in place and remaining 'as is' would be considered a straightforward option.	Externalisation of the services would be complex. Existing business support and back-office functions would change and there would be a requirement for Councils to establish a client function to oversee any contracted service provision.	Given that both services already share key back-office services and use common IT, further sharing will simplify the overall operating model and fully integrate with the Mid Kent Services ethos.

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<table>
<tr><th></th><th>OPTION 1 - No change</th><th>OPTION 2 - Market testing with a view to externalising the service</th><th colspan="2">OPTION 3 Combination of the current MKS Revenues and Benefits Service with the existing SBC Revenues and Benefits service</th></tr>
<tr><td>Effect on other services</td><td>No effect generally. However, any reduction in collection performance will result in pressure on the collection funds of the authorities.</td><td>Externalisation of the Revenues and Benefits Service would have a significant effect on both support services provided to the current services as well having a detrimental effect on partnerships that are already in place.

Any external partner would want to provide their own HR, Legal, IT and enforcement services.

All of the Councils would be required to provide a client function to oversee any contract.</td><td colspan="2">The effect on other services will be minimal given the level of partnership working already in place.</td></tr>
<tr><td>Overall risk of OPTION</td><td>MEDIUM</td><td>HIGH</td><td>LOW</td><td>MEDIUM</td></tr>
</table>

13. RECOMMENDED APPROACH

13.1 There is significant merit in adopting **OPTION 3** which basically allows for the combination of Mid Kent Revenues and Benefits Services with Swale Revenues and Benefits Services. It is a progression from the previous business case. Clearly the timing of the merge would need to be agreed and the combination undertaken in such a way as to minimise the effect on both services.

13.2 The option is **low /medium risk** provided that the overall performance of the combined service is at least at the level currently being achieved by MKS. Likewise, the risk is low provided all of the partner authorities understand that the year 1 implementation costs mean that significant savings will only be achieved after the initial implementation period of 12 months.

13.3 Should no agreement be reached; the option would not be viable at all. Likewise, should the performance of the larger combined service fall, the option becomes a medium-high risk for the existing MKS authorities.

13.4 Notwithstanding the above, the eventual combined service will achieve significant financial savings whilst at the same time providing increased resilience.

13.5 The option should be considered as a 'natural fit' with the other services that are already shared between Maidstone, Swale and Tunbridge Wells. It will provide significant additional resilience to both Revenues and Benefits Services and enable the combined service to be future proofed and able to deal with any of the proposed legislative changes.

13.6 The key benefits that will be achieved through the full combination of the services will be:

- **Financial Benefits** – after the initial implementation period of 12 months, annual staff savings across the three authorities
- **Increased Resilience** – a larger pool of staff which is able to manage the peaks and troughs in service demand and provide cover for specialist roles that are currently vulnerable areas within the service
- **Service Improvement** – including the ability to share the cost and skills needed to drive out further savings in areas such as channel migration, staff training and procurement of services
- **Value for money** – the ability to demonstrate that the services are high in quality and performance but with the ability to deliver maximum economies of scale; and
- **Potential expansion** – either through the inclusion of other services within the larger partnership or by enabling services to be provided to other authorities remotely.

Implementation

13.7 A proposed implementation plan / timescale has been included within Section 17 of the business case. The approach is to have three distinct stages:

- Stage 1 – Initial Implementation
- Stage 2 – Combining the services; and
- Stage 3 – Full implementation and normal running.

13.8 An outline of each proposed stage is detailed below.

Stage 1 Initial Implementation

13.9 This initial stage will consist of the creation of an implementation team led by the Head of Revenues Benefits Service who will be assimilated from the current interim role. The implementation team will be supported by external support, legal and HR. The Head of Revenues and Benefits will be responsible for the delivery of the combined MKS and SBC services and lead the project team, with support through the initial stages of the merger.

13.10 The eventual combination of the services allows for the amalgamation of the two services, but also provides an excellent opportunity to relook at the service in future years when the majority of the working age caseload will move to Universal Credit.

Stage 2 Combining the Services

13.11 Stage 2 (the bulk of the work) will largely be the combining of the two services into a single operating unit. During this stage, staff will be recruited into the new staffing structure, managers and team leaders will undertake their new responsibilities and will continue the alignment of processes and procedures across the whole of the service taking best practices into account at all times.

13.12 This stage will also be key in the training and re-training of staff to enable maximum flexibility and to enable all post holders to undertake existing and new duties.

Stage 3 Full merge

13.13 The full combination of both services is projected to be approximately 18 months after final agreement. This is achievable due to the already close working relationship of the two services (MKS and SBC) and the preparatory work completed by SBC.

13.14 Once integrated, there will be a planned reduction in staffing complement over a further 4-year period to achieve the desired levels.

Changes to the staffing requirement and the alignment of services

13.15 Both services are similar in structure, so combining them will mean there will be significant areas of duplication, this gives an opportunity to reduce the number of officers doing the same job, which will allow for staff savings to accrue.

13.16 The following table shows the current total staffing contingent based on post levels:

Table 8 – Total Staffing FTE (both services)

	MKS current	Swale current	Total
Head of Revenues & Benefits	1	1	2
Benefits Manager	1	1	2
Benefits Team Leader/supervisor	2	0.73	2.73
Benefits Senior Officer	1	0	1
Benefit Officers	12.54	10.08	22.62
Benefits Ass / Pre-assess	1	3	4
Revenues Manager	1	1	2
Council Tax Team Leader/supervisor	2	1	3
Council Tax Senior Officer	1	0	1
Council Tax Officers	10.27	10.12	20.39
Council Tax Assistants	2	0	2
NDR Team Leader	1	0	1
NDR Senior Officer	0	1	1
NDR Officers	2	0	2
Senior Property Inspector	1	0	1
Property Inspectors	1	1	2
Systems and Support Manager	1	1	2
Systems Officer	0	0.6	0.6
Support Team Leader	0	1	1
Appeals/DHP/EHP/Subsidy	2.92	1	3.92
Overpayments Officers	1	1.3	2.3

Financial Inclusion Officer	1	0	1
Project Officer	1	0	1
Business Support Officer	1	0	1
Total	47.73	34.83	82.56

Current Management Structure

13.17 The current management structure of the services is shown in Chart 1 and Chart 2 below:

Chart 1
Mid Kent Current Management Structure

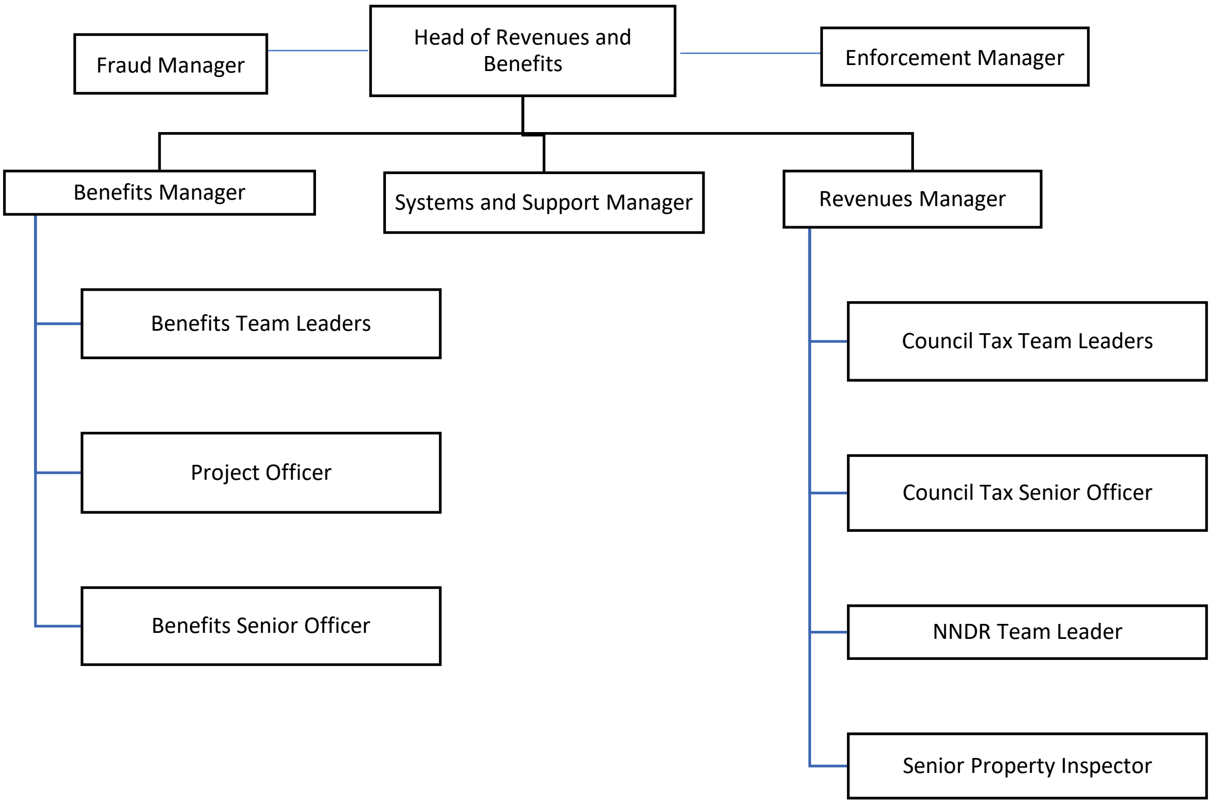
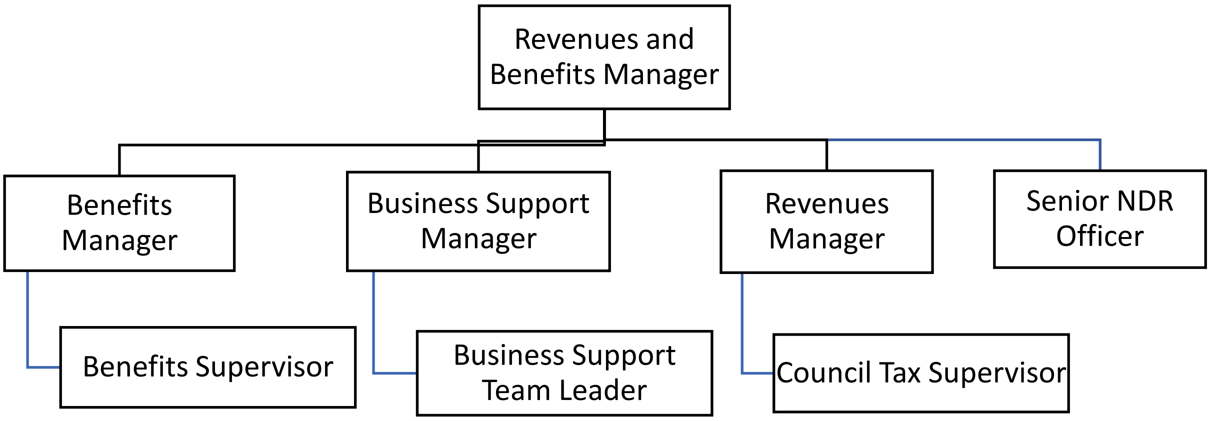


Chart 2
Swale Current Management Structure



Proposed Staffing Requirement

13.18 Details of the proposed structure are provided within Appendix 2.

13.19 Details of savings to be achieved are provided within Appendix 2.

Staff Terms and Conditions

13.20 Both MKS and Swale staff have different terms and conditions. However, this will not prevent the merge of the services. Swale staff will be offered the chance to move to a Maidstone 37-hour contract, for those who are not moved onto new contracts as part of the selection processes for new roles.

Performance Standards

13.21 It will be essential that the new service is able to deliver high performance through the implementation stage as well as, of course, when it is fully established. The following table provides the targets for performance in both revenues and benefits expected by all of the authorities.

Table 9 Provisional performance targets (2024-2027)

Area	2024/25	2025/26	2026/27	2027/28
Council Tax (in year)	**%**	**%**	**%**	**%**
Maidstone	96.76	96.80	96.80	96.80
Tunbridge Wells	97.50	97.50	97.50	97.50
Swale	95.50	95.50	95.50	95.50

Area	2024/25	2025/26	2026/27	2027/28
Non-Domestic Rates (in year)	**%**	**%**	**%**	**%**
Maidstone	97.65	97.75	97.75	97.75
Tunbridge Wells	98.22	98	98	98
Swale	97.65	97.75	97.75	97.75
Housing Benefit & CTR (New Claims)	**No. of days to process**			
Maidstone	18.5	18.5	18.5	17.5
Tunbridge Wells	18.5	18.5	18.5	17.5
Swale	19	18.5	18.5	17.5
Housing Benefit & CTR (Changes in Circumstance)	**No. of days to process**			
Maidstone	3.5	3.5	3.5	3.5
Tunbridge Wells	3.5	3.5	3.5	3.5
Swale	5	4.5	4	3.5

13.22 Due to the current cost of living crisis and increased interest rates the provisional collections for Council Tax and Business Rates have been set to maintain the current rates of collection. It is a difficult time for residents and both businesses alike, collection of Council Tax across Kent has been challenging and these targets are set to protect the finances of all partner authorities. In the case of Housing Benefit and Council Tax Reduction, the main objective of the partnership will be to maintain and improve new claims and change of circumstances processing times, whilst at the same time undertaking any Government initiatives such as the Housing Benefit Accuracy Award Initiative (HBAA).

13.23 Progress and performance will be reported regularly through existing monitoring reports within the three councils, to the Mid Kent Services Board, the Mid Kent Services Executive Board and the Shared Services Board.

13.24 Accuracy, speed and finance can be demonstrated by the targets set in the above tables.

14. Proposed Governance model

14.1 The proposed model for governance (detailed below) is consistent with the approach already approved by each of the Mid Kent partners (including all three Councils) and is currently in operation for all existing shared services.

14.2 It is important to note that decision making ultimately rests with each sovereign Council and is subject to the delegations and decision-making protocols set out within their constitution.

MKS Board

14.3 The MKS Board, consisting of the Leader, one other member, and the Chief Executive of each of the three MKS councils, meets at least three times per year and has the following roles:

- to approve and own the MKS Programme
- to initiate shared service projects (consider the business case) and appoint project and shared service boards
- to set MKS objectives and direction
- to take decisions on specific project/service issues outside of the remit of the project and shared service boards
- to monitor MKS 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 partners for improvement.

Executive Board

14.4 The MKS Board is underpinned by the MKS Executive Board, consisting of the three Chief Executives, which meets quarterly to set direction for MKS.

Shared Service Board

14.5 To ensure that MKS continues to represent to value for money the MKS Shared Services Board, consisting of the three S151 Officers, meets quarterly to review performance, delivery against budget and any shared investment required.

Collaboration Agreement

14.6 Before commencement of the extended shared service, the collaboration agreement will be reviewed, to set out the terms of the shared service.

14.7 The support of the MKS Legal Partnership will be sought in formalising the agreement between partners.

15. IT requirements

15.1 Moving to the fully combined service will, in effect, be straightforward given that the operating systems will remain as at present with the Capita Academy software being used as the main processing systems and documentation being processed using the Northgate Information@Work system. A major advantage is that this arrangement will be in line with the existing arrangements for both MKS and SBC who have jointly procured the operating systems and maintain a single contract with the existing supplier.

15.2 As all three authorities are sovereign, there will be a requirement to maintain separate databases for Council Tax (including Council Tax Reduction), Non-Domestic Rating and Housing Benefit. Likewise reporting to Government will be by individual authorities.

15.3 All partnerships (as opposed to actual combined authorities) are used to this, and the software is capable of meeting all requirements.

16. IT and Administrative efficiencies

16.1 Improvements in service delivery and the reduction in administration will be made incrementally year on year. The priority of the combined service will be to drive improvements through the increased use of new technology.

16.2 This will be undertaken throughout the combining process initially at Stage 1 and fully at Stage 3.

17. Proposed timescales for implementation.

17.1 The following sections outline a suggested timeline for implementation. The final timetable will need to be agree with all three partner authorities. It should be noted that the timetable has been created taking into account the three 'stage' approach to the project proposed.

Table 10 - Proposed Implementation timetable

Action:	By end of:
Tunbridge Wells - Finance and Governance Advisory Board	23 January 2024
Swale – Decision by Policy and Resources Committee	31 January 2024
Maidstone – Corporate Services Policy Advisory Committee	5 February 2024
Decision by Maidstone & Tunbridge Wells Cabinets	14 February 2024
Stage 1: Initial Implementation	
1. Collaboration agreement approved and signed	February 2024
2. Initial all staff briefings	February 2024
3. Formal consultation 30 days with managers, team leaders & staff	February 2024
4. Close of consultation, review of comments and agreement on the structure	March 2024
5. Tupe of staff	April 2024
Stage 2 - Combining the Services	
6. Commencement of selection process - advertisement and recruitment to manager and team leader posts	April 2024
7. Appointment of managers and team leaders	April 2024
8. Selection process across officers and team	May 2024
9. Appointment of staff	May 2024
10. Combination of services	June 2024
Stage 3 – Full alignment of both services and further automation and improvements	
11. Alignment, automation, and improvements to be carried out	December 2025

18. Risk Analysis

18.1 The following section details the risks identify so far. This initial analysis will form the basis of the full risk register.

Table 11 - Risk Analysis

ID	Risk description	Likelihood of the risk occurring	Impact if the risk occurs	Mitigating action	Contingent action	Progress on actions
	Stage 1					
1	**Option 3** (the recommended option) is not accepted by partner authorities.	Medium	Medium	The risk will be medium in the short term but in the longer term this may increase to high risk for SBC due to the reasons already outlined. More information to support the recommendation would continue to be provided to the partner authorities.	Existing services will continue unaffected in the short term.	
2	Failure to approve collaboration agreement.	Medium	High	Early involvement of Mid Kent Legal Services and continued engagement through the partner authorities, MKS Board, Exec Board and SSB.		
3	Timescale for project set up are insufficient.	Low	Medium	Extend timescale.	Flexibilities in the revised business case timescale allow for some slippage.	
4	Revised Business Case becomes obsolete or is undermined by external (Government) or internal changes.	Low	High	There is no ability to reduce the likelihood, but the project team will make sure early warning is given by reviewing business case on regular basis.	Initiate escalation procedure to all participating authorities.	

ID	Risk description	Likelihood of the risk occurring	Impact if the risk occurs	Mitigating action	Contingent action	Progress on actions
5	Failure to retain key project staff and support.	Medium	High	Essential that key project staff and support is identified immediately that option is agreed. Project staff / support to be appointed as soon as possible.		
6	Delays in creation and agreement of structure, Job Descriptions and Roles.	Low	Medium	Extend timescale.	Flexibilities already exist in business case timescale.	
7	Political change within one or more of the councils.	Medium	Medium	Reasons for the shared service to be explained in detail to the new administration. Decision likely to be made before the May 2024 elections. Collaboration agreement to be in place when the shared service starts.	New collaboration agreement will be used with the business case to show the reasoning behind the partnership.	
	Stage 2					
8	Failure or delays in the appointment of managers and team leaders.	Low	Low	The project would look to assimilate staff from existing services into the new roles with minimal disruption.		
9	Failure or delays in the appointment of staff to new posts.	Low	Low	The project would look to assimilate staff from existing services into the new roles with minimal disruption.		
10	Reduction in outputs for a significant period due to reduced productivity.	Medium	Medium	Imperative that the project team focus on a smooth transition to the new arrangement and that both performance and quality outputs are maintained.	Key targets to be set for all staff.	

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ID	Risk description	Likelihood of the risk occurring	Impact if the risk occurs	Mitigating action	Contingent action	Progress on actions
11	Staff moving across from Swale BC on different terms and conditions, including a 34-hour week	High	Medium	Differences in terms and conditions between authorities are common and the partnership has dealt with similar issues in previous shared services, but there is a risk of staff dissatisfaction within the team. The project team includes HR representation and part of the implementation is a workstream to include communications with and team building with staff.	All existing staff will be offered the option to transfer to MBC terms and conditions. All new officers alongside any newly created roles as part of the merger will be employed on MBC contracts.	
12	Management risks within the new shared service	Low	Medium	The highest risk comes from the collection of Council Tax. In the new proposed combined staff structure, there are more managers within Revenues than in the current Swale or MKS structure. This strengthens the resilience of the Revenues section.		
	Stage 3					
13	Failure to align processes and procedures within timescale.	Low	Medium	Project would continue using existing processes until aligned.		
14	Failure to training of staff in all relevant areas.	Low	Medium	Project would continue using existing staff skills until all training undertaken.		

ID	Risk description	Likelihood of the risk occurring	Impact if the risk occurs	Mitigating action	Contingent action	Progress on actions
15	Unplanned work that must be accommodated.	Low	High	Document all assumptions made in planning and communicate to the Project Team. Where there is any change, this will be escalated to the partner authorities.		
16	Lack of communication, causing lack of clarity and confusion for staff.	Medium	Medium	A communication plan is to be created if the option is agreed and will form an essential part of the project.	Correct misunderstandings immediately to avoid any misinformation to staff.	
17	Scope creep.	Low	Low	Ensure alignment of any changes with the Business Case.		
18	Unresolved project issues not escalated in a timely manner.	Low	Medium	Hold regular project team meetings. Review the project plan and stakeholder engagement plan for potential areas of conflict.	When aware, the issues will immediately be escalated to Project Team.	
19	Added workload or time requirements because of new direction of partners, policy, or statute.	Low	Medium	No ability to reduce likelihood.	Where there is any change, this will be escalated to the partner authorities.	
20	Legal action delays or pauses project.	Low	Medium	Ensure all actions cleared through Legal.	This will be escalated to the Project Team who will notify Legal department. The project will follow instructions from Legal.	

19. Financial implications

19.1 The financial implications can be found in Appendix II, tables 14 to16 show the current staffing costs of the service, the estimated costs of the proposed structure. The estimated savings by authority from years one to five and the maximum costs of setting up the service.

20. Staffing implications

20.1 The staffing implications can be found in Appendix II, There are 82.5 FTE employed within Revenues and Benefits across both sets of services, with a net reduction of 5.7 FTE (7%) planned through the implementation of the combined shared service. The majority of the initial staff savings will be at management level where some redundancies are expected. There has already been a reduction of 9.5 posts since the previous business case in 2021.

20.2 Whilst both services will need to hold vacant posts, it is anticipated that the remaining reduction in staffing will be achieved largely by natural wastage. If this is not possible then it may include a level of compulsory redundancy. Staff and unions will be consulted as part of the decision-making process and support sought from the HR team to minimise the number of redundancies and overall concerns of staff.

21. Budgetary implications

21.1 Budgetary implications are shown in Appendix II.

Section 1. Existing Service Cost

21.2 Shown in Appendix II

Section 2. Combining of Services

Option 2 Cost Implications

21. 3 As outsourced Revenues and Benefits teams have reduced over recent years and some suppliers have withdrawn from the market, this was not considered to be a viable option and does not fit with the decision made in 2021 by the authorities to align processes and re-consider the business case for combining the MKS and SBC services, so no further work has been carried out to explore this option further and costings have not been provided.

Option 3 Staffing and Cost Implications

21.4 Shown in Appendix II

22. Corporate implications

22.1 The implementation of the shared service supports each of the Councils' priorities to deliver high quality, efficient and effective services.

23. Equality Impact Assessment

23.1 We are undertaking an equalities impact assessment to inform the decision-making process. The service will also undertake further equality impact assessment within the first year of operation to ensure that the service continues to meet the needs of all residents.

Agenda Item 13

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted