

MAIDSTONE BOROUGH COUNCIL

**REVENUE AND
CAPITAL ESTIMATES**

2018/19

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STATEMENT OF ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

1. INTRODUCTION

1.1 Section 25 of the Local Government Act 2003 requires that a local authority's Chief Finance Officer must report on:

- the robustness of the estimates made for the purposes of the budget calculations; and
- the adequacy of the proposed financial reserves.

1.2 The following statement seeks to fulfil this requirement in respect of the 2018/19 budget setting process for Maidstone Borough Council. I acknowledge my responsibility for ensuring the robustness of the estimates and the adequacy of the reserves as part of the process.

1.3 The context for the budget setting process is set out in the Council's Medium Term Financial Strategy (MTFS), which is included as section 7 of this Appendix. The MTFS covers both revenue and capital budgets and underpins the budget setting process over the coming five year period. It sets out in financial terms how the Council will deliver its Strategic Plan. The constraints include the overall economic outlook, the financial resources available to the Council, and current service pressures. The MTFS identifies a gap between spending plans and available resources, and sets out how this can be addressed.

2. ROBUSTNESS OF ESTIMATES

2.1 The budget contains estimates of future income and expenditure, which like any future events are subject to risk and uncertainty. The way in which the estimates have been drawn up has sought to mitigate this risk as much as possible.

2.2 It has done this, first of all, by adopting a structured approach in preparing the estimates. The budget estimates are the outcome of an exhaustive process, which commenced with Members agreeing underlying assumptions and a plan for developing a Medium Term Financial Strategy at the meeting of Policy and Resources Committee on 28 June 2017. The MTFS recognises that there is a high degree of uncertainty about the medium term financial position, and therefore incorporates various potential scenarios, representing favourable, neutral and adverse sets of circumstances. Budget proposals were developed to address the neutral and adverse scenarios. The neutral scenario budget proposals were subject to consultation with the relevant Service Committees.

2.3 There has been a thorough assessment of future spending pressures. In drawing up Strategic Revenue Projections, careful estimates have been made of the way in which spending is likely to increase and the potential sources of new spending pressures. There is considerable uncertainty about the impact of the new local government funding regime that is due to be implemented in 2020. For example, there will be severe pressures to spend money elsewhere in the public sector. Furthermore, there is a risk that, in assessing 'fair funding' levels for different local authorities, there will be a transfer of resources away from district councils to councils with direct responsibility for adults' and children's social care. An allowance has been made for the

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potential impact of this change, in the form of an additional budget contingency of £1.3 million per annum.

- 2.4 Future financial projections have been checked against current performance as reported through the Council's regular quarterly budget monitoring. The budget estimates have been reviewed in the light of the latest (2017/18 Quarter 3) budget monitoring information. Overall, current budget monitoring indicates a positive position, but where appropriate additional contingency has been included in respect of overspends that are likely to continue into 2018/19.
- 2.5 The table below sets out the specific factors that have been taken into account in the process of drawing up the MTFs and setting the 2018/19 budget.

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| The Council's corporate objectives and key priorities | The estimates reflect the level of resources required to achieve the key outcomes from the Council's priorities within the Strategic Plan. The estimates also include resources to deliver the outcomes of other key strategies including partnership working. |
| Consultation with Council Taxpayers | The results of the 2017 Residents' Survey and the views expressed in prior year consultations have been taken into account when developing the Medium Term Financial Strategy and budget proposals. |
| Consultation with Business Ratepayers | The Council discusses its Medium Term Financial Strategy with representatives of the business community and publishes details of budget proposals. Business ratepayers may make written representations and these will be considered as part of the budget process. |
| Consultation with Service Committees | The Policy & Resources Committee has consulted each of the Service Committees on the budget proposals. None of the Service Committees has proposed any changes to the initial budget proposals. |
| The level of funding likely from Central Government towards the costs of local services | The level of Revenue Support Grant has fallen to zero with effect from 2017/18 and this is reflected in the Strategic Revenue Projections. Other government grants are normally service specific and the amount and future risk is considered as part of the service budget and service risk assessment. |
| Retained element of business rates | Since 1 April 2013 a proportion of business rates income has been retained by the Council, separately from Revenue Support Grant. The amount of business rates income due to the Council under existing arrangements has been projected using prudent assumptions and has been reflected in the Strategic Revenue Projections. Additional income is anticipated as a result of the Council's participation in the Kent & Medway Business Rates Pool and will be earmarked as a separate exercise from the main budget setting process. |

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| Council Tax Base | The recommended council tax base for 2018/19 is 60,921.6 and represents a 2.5% increase in the tax base over the 2017/18 figure. |
| Power of the Secretary of State to require a local referendum in respect of rising Council Tax levels | The Localism Act 2011 contained requirements for the Council to hold a referendum in circumstances where it plans an increase in council tax that is considered excessive and due regard has been paid to this requirement. This is consistent with the objective of the Medium Term Financial Strategy for the revenue budget to achieve a balanced budget whilst maintaining a reasonable level of council tax increase. |
| The Prudential Code and its impact on Capital Planning | <p>The Council uses a number of sources for the financing of its capital expenditure. The main source in recent years has been New Homes Bonus but financing also includes the use of capital receipts, capital grants and contributions and revenue resources.</p> <p>Within the current strategy it is envisaged that the Council will use prudential borrowing in future, in line with the requirements of the Prudential Code. A major objective of the Prudential Code is to ensure, within a clear framework, that the capital expenditure plans of the authority are affordable, prudent and sustainable. These principles are set out in the Medium Term Financial Strategy statement for capital with specific details contained in the Council's Treasury Management Strategy.</p> |
| The Council's Capital Programme | The Council's capital programme is based on the principles of prioritisation, affordability and deliverability. The Council has adopted a Medium Term Financial Strategy for capital which sets out the planning process and priorities for capital. |
| Interest Rates | Interest costs and returns have been assumed based on the advice of the Council's treasury management advisors as set out in the Treasury Management Strategy. Where prudential borrowing is undertaken, interest costs are fixed at the start of the loan term. |
| Adequacy of Balances | At the start of 2018/19 it is anticipated that the uncommitted general fund balance will be £4.2m, falling to £4.0m by 31st March 2019. The adequacy of reserves is discussed in more detail below. |
| Earmarked Reserves | The Council maintains a series of Earmarked Reserves to manage more effectively the resources set aside for specific activities. By 31 March 2019 these reserves are estimated to be £2.3m. |

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| Pay and Price Inflation | The MTFS takes account of the impact of inflation on service expenditure, based on current predictions of the future level of inflation. Included within the budget is suitable provision for these increases. |
| Fees and Charges | The Council's strategy is to maximise income, subject to market conditions, opportunities, comparable charges elsewhere and the impact of charges on the delivery of key objectives. The Council has approved a policy on the use of fees and charges and service managers have regard to that policy when proposing changes to fees and charges. Increased levels of fees and charges are incorporated in the 2018/19 budget where these have been proposed and subsequently agreed by Members. |
| Growth Pressures | The Budget for 2018/19 and the projections within the MTFS for the revenue budget include all known and quantified key priorities and growth pressures that the Council is aware of at the present time. New priorities and growth pressures are anticipated to emerge over the period and in consequence, the strategy will be updated at least annually. There is an expectation that expenditure on expanding and improving services should be accommodated by direct charges to service users or reductions elsewhere within the Council's budget from efficiencies and low priority services through a prioritisation process. |
| Achieving budget savings | The MTFS depends on the delivery of budgeted savings. The Council has a good track record of delivering planned savings and regular budget monitoring ensures that prompt action is taken where savings are delayed. The deliverability of future savings is assessed as part of the budget preparation process. |
| Financial Management | The Council's financial information, management and reporting arrangements are sound and its procedures in relation to budget under / overspends are clear. Collection rates for council tax and business rates remain satisfactory. The Council's external auditor has found the Council's budgetary control procedures to be sound and is satisfied with the overall internal financial control arrangements, the Council's arrangements for ensuring the legality of transactions and has given an unqualified opinion on the 2016/17 Accounts. It is anticipated that a similar position will be reported for future years. |

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| <p>Insurance Arrangements and Business Continuity</p> | <p>Risks identified via the preparation of Service Risk Registers have wherever possible been mitigated to an acceptable level. Any remaining risks have been transferred to an external insurance provider where possible. In addition, specific arrangements are in place to ensure the continuity of business in the event of both major and minor disruptions to services. As insurance premiums are reactive to the external perception of the risks faced by local authorities and to market pressures, both risks and excess levels are kept under constant review. The Council has a well established Business Continuity Plan for key services.</p> |
| <p>Corporate Governance and Risk Management</p> | <p>The Council has adopted a local Code of Corporate Governance based upon the requirements of the CIPFA/SOLACE Corporate Governance framework. This incorporates risk management and the Council has a risk management strategy involving the preparation of risk registers at a Corporate level and for each Service area. The Council has had an established and effective Audit Committee since 2007.</p> |

3. Adequacy of Reserves

3.1 The Council maintains reserves as a financial safety net to allow for unforeseen circumstances. There is no statutory definition of a minimum level of reserves. Rather, it is accepted that minimum prudent level of reserves that the Council should maintain is a matter of judgement.

3.2 The Council has set a target for the minimum General Fund balance of £2 million. It is useful to establish a benchmark in this way but in the end the appropriate level of reserves is likely to fluctuate depending on the degree of risk that the Council faces. It is even possible that a given level of reserves may be excessive, if there is no likelihood of their being required, and there is an opportunity cost from failing to use the money in some more productive way.

3.3 The corporate risks faced by the Council, which might give rise to a call on reserves, include the following:

- breakdown of governance controls
- legal / compliance breaches
- inadequate workforce capacity / skills
- project failure
- ICT system failure / security
- poor partner relationships
- housing pressures continue to increase
- financial restrictions.

These risks are kept under regular review and mitigations developed as appropriate.

3.4 Specific financial risks facing the Council include the following:

- Failure to contain expenditure within agreed budgets

- Fees and Charges fail to deliver sufficient income
- Commercialisation fails to deliver additional income
- Planned savings are not delivered
- Shared services fail to meet budget
- Council holds insufficient balances
- Inflation rate predictions underlying MTFS are inaccurate
- Adverse impact from changes in local government funding
- Constraints on council tax increases
- Capital programme cannot be funded
- Increased complexity of government regulation
- Collection targets for Council Tax and Business Rates missed
- Business Rates pool fails to generate sufficient growth.

These risks are likewise kept under regular review and mitigating actions taken. The financial risks, and an up to date evaluation of each, are reported to each meeting of the Audit, Governance and Standards Committee.

- 3.5 The Council's risk management strategy and policies seek to identify risk such those outlined above and to promote appropriate mitigations. Nevertheless, there will remain a degree of residual risk, and it is for this reason that it is appropriate to hold reserves.
- 3.6 The uncommitted General Fund balance as at 31 March 2018 is projected to be £4.2 million. Other earmarked balances total £2.1 million. As at 31 March 2019, the General Fund balance is projected to be £4.0 million with earmarked balances totalling £2.3 million. This is above the minimum level of balances set by the Council but is appropriate given the variety and potential severity of risks that the Council faces.
- 3.7 Taking into account the risks that the Council faces, and the overall scale and scope of the Council's activities, I consider the level of reserves to be adequate but not excessive. The level of reserves remains under regular review and is reported to Members as part of the quarterly budget monitoring process.

4. Conclusion

- 4.1 I am of the opinion that the approach taken in developing the 2018/19 budget meets the requirements contained in the Local Government Act 2003 to ensure the robustness of the estimates and the adequacy of reserves.

Mark Green
Director of Finance and Business Improvement

Date: 28 February 2018

**REVENUE ESTIMATE 2018/19 TO 2022/23
STRATEGIC REVENUE PROJECTION (Neutral)**

| 2017/18 £000 | | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 |
|--------------------------------------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| AVAILABLE FINANCE | | | | | | |
| 14,732 | COUNCIL TAX | 15,407 | 15,951 | 16,514 | 17,097 | 17,700 |
| | TARIFF / TOP-UP ADJUSTMENT | | -1,589 | -1,589 | -2,889 | -2,889 |
| 3,044 | RETAINED BUSINESS RATES | 3,136 | 3,254 | 3,319 | 3,385 | 3,453 |
| 1,025 | BR GROWTH | 1,237 | 1,250 | 0 | 500 | 500 |
| 96 | COLLECTION FUND ADJUSTMENT | -418 | | | | |
| 18,897 | BUDGET REQUIREMENT | 19,362 | 18,866 | 18,244 | 18,094 | 18,765 |
| 19,293 | OTHER INCOME | 19,509 | 19,707 | 19,897 | 20,090 | 20,285 |
| 38,190 | TOTAL RESOURCES AVAILABLE | 38,871 | 38,573 | 38,142 | 38,184 | 39,050 |
| EXPECTED SERVICE SPEND | | | | | | |
| 36,500 | CURRENT SPEND | 38,190 | 38,871 | 38,573 | 38,142 | 38,184 |
| INFLATION & CONTRACT INCREASES | | | | | | |
| 560 | PAY, NI & INFLATION INCREASES | 960 | 826 | 852 | 878 | 905 |
| | MAIDSTONE HOUSE RENT INCREASE | 40 | 40 | | | |
| NATIONAL INITIATIVES | | | | | | |
| 25 | LOSS OF ADMINISTRATION GRANT | 100 | | | | |
| 0 | PENSION DEFICIT FUNDING | 34 | 36 | 150 | 150 | 150 |
| 180 | PLANNING SERVICE | 70 | | | | |
| LOCAL PRIORITIES | | | | | | |
| 94 | HOMELESSNESS PREVENTION | 36 | | | | |
| 235 | TEMPORARY ACCOMMODATION | 100 | | | | |
| | HEATHER HOUSE | 25 | | | | |
| 200 | REPLACE CONTINGENCY | | | | | |
| 50 | MUSEUM | | | | | |
| 200 | LOCAL PLAN REVIEW | 0 | | | | |
| | PLANNING APPEALS | 400 | -400 | | | |
| | PLANNING ENFORCEMENT | 100 | -100 | | | |
| 96 | MOTE PARK CAFÉ - NEW CONTRACT | -56 | | | | |
| | LOSS OF INTEREST INCOME | 120 | | | | |
| | MARKET - LOSS OF INCOME | 40 | | | | |
| | REVENUE COSTS OF CAPITAL PROGRAMME | 123 | 487 | 470 | 350 | 315 |
| 50 | GROWTH PROVISION | 50 | 50 | 50 | 50 | 50 |
| 38,190 | TOTAL PREDICTED REQUIREMENT | 40,331 | 39,810 | 40,094 | 39,570 | 39,604 |
| SAVINGS REQUIRED | | -1,461 | -1,237 | -1,953 | -1,386 | -554 |
| SAVINGS IDENTIFIED | | 1,558 | 1,007 | 1,014 | 860 | 608 |
| PROJECTED EARLY DELIVERY OF SAVINGS | | -97 | 97 | 0 | 0 | 0 |
| SURPLUS / DEFICIT | | 0 | -133 | -939 | -526 | 54 |

APPENDIX A**THE MAIDSTONE BOROUGH COUNCIL**
STATEMENT OF COUNCIL TAX REQUIREMENT - 2018/19

| | £ | £ | BAND D £ |
|--------------------------------------------------------------|----------------|--------------------|--------------------|
| MAIDSTONE BOROUGH COUNCIL NET SPEND | | 19,361,980 | 317.82 |
| ADD: | | | |
| Parish Precepts | | 1,811,097 | 29.73 |
| DEDUCT: | | | |
| Retained Business Rates | -3,135,707 | | |
| Retained Business Rates Growth | -1,237,336 | | |
| Collection Fund Adjustment | <u>418,136</u> | -3,954,907 | -64.92 |
| TOTAL COUNCIL TAX REQUIREMENT | | <u>17,218,170</u> | <u>282.63</u> |
| ADD PRECEPTS | | | |
| Kent County Council Precept | | 71,256,340 | 1,169.64 |
| Kent County Council Adult Social Care Charge | | 4,145,106 | 68.04 |
| Kent Police & Crime Commissioner Precept | | 10,304,889 | 169.15 |
| Kent & Medway Fire & Rescue Authority Precept | | <u>4,600,423</u> | <u>75.51</u> |
| TOTAL COUNCIL TAX REQUIREMENT | | <u>107,524,928</u> | <u>1,764.97</u> |
| MAIDSTONE BOROUGH COUNCIL (EXCLUDING PARISH PRECEPTS) | | | 252.90 |
| TOTAL COUNCIL TAX (EXCLUDING PARISH PRECEPTS) | | | 1,735.24 |
| TAX BASE | | | 60,921.6 |

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES

REVISED ESTIMATE 2017/18 AND ESTIMATE 2018/19

COMMITTEE SUMMARY

| Cost Centre/Service | Original Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|-----------------------------------------------------|--------------------------------------------|-------------------------------------------|-----------------------------------|
| Policy & Resources | 6,564,030 | 7,370,240 | 7,518,050 |
| Strategic Planning, Sustainability & Transportation | -1,020,660 | -1,094,760 | -1,227,240 |
| Communities, Housing & Environment | 8,773,840 | 8,042,550 | 7,944,440 |
| Heritage, Culture & Leisure | 410,590 | 1,449,590 | 1,333,460 |
| | 14,727,800 | 15,767,620 | 15,568,710 |
| Slippage | -314,500 | -238,670 | -395,904 |
| | 14,413,300 | 15,528,950 | 15,172,806 |
| Transfers to and from General Balances | -78,540 | -1,081,690 | 10,000 |
| Transfers to and from Earmarked Reserves | 4,562,130 | 4,449,630 | 4,179,310 |
| Net Revenue Expenditure | 18,896,890 | 18,896,890 | 19,362,116 |

SUMMARY ESTIMATE 2018/19 - BY COMMITTEE

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Policy & Resources | | | | | |
| Contingency | 200,000 | 342,520 | 248,210 | | 248,210 |
| Unapportionable Central Overheads | 1,751,580 | 1,787,370 | 1,777,370 | | 1,777,370 |
| Non Service Related Government Grants | -4,001,420 | -3,864,370 | | -3,218,600 | -3,218,600 |
| Appropriation Account | 1,010,710 | 964,920 | 980,940 | | 980,940 |
| Balances, Pensions & Appropriations Total | -1,039,130 | -769,560 | 3,006,520 | -3,218,600 | -212,080 |
| Business Support & Enterprise | | 22,000 | | | 0 |
| Town Centre Management Sponsorship | | 15,000 | | | 0 |
| Business Terrace | 69,820 | 70,640 | 167,590 | -94,370 | 73,220 |
| Phase 3 -Business Terrace Expansion | | | 72,390 | -71,950 | 440 |
| Business Support Total | 69,820 | 107,640 | 239,980 | -166,320 | 73,660 |
| Council Tax Collection | -328,900 | -303,190 | 116,620 | -418,060 | -301,440 |
| Council Tax Benefits Administration | -163,800 | -158,480 | | -158,480 | -158,480 |
| NNDR Collection | -240,370 | -227,780 | 17,120 | -250,970 | -233,850 |
| Registration Of Electors | 59,210 | 120,600 | 49,030 | -2,290 | 46,740 |
| Elections | 102,250 | 115,270 | 117,290 | -420 | 116,870 |
| External Interest Payable | 124,980 | 124,980 | 231,610 | | 231,610 |
| Interest & Investment Income | -220,000 | -220,000 | | -100,000 | -100,000 |
| Central Services to the Public Total | -666,630 | -548,600 | 531,670 | -930,220 | -398,550 |
| Palace Gatehouse | -10,660 | -7,620 | 2,450 | -10,100 | -7,650 |
| Archbishops Palace | -99,210 | -98,930 | 39,590 | -139,340 | -99,750 |
| Parkwood Industrial Estate | -307,340 | -313,420 | 12,700 | -329,390 | -316,690 |
| Industrial Starter Units | -20,170 | -23,660 | 28,290 | -51,210 | -22,920 |
| Parkwood Equilibrium Units | -39,030 | -55,530 | 50,940 | -110,170 | -59,230 |
| Sundry Corporate Properties | -97,100 | 17,870 | 69,740 | -368,900 | -299,160 |
| Parks Dwellings | -16,580 | -50,390 | 25,300 | -76,190 | -50,890 |
| Chillington House | -34,630 | -24,500 | 8,500 | -33,330 | -24,830 |
| Phoenix Park Units | -217,910 | -214,940 | 16,870 | -233,740 | -216,870 |
| Granada House - Commercial | -115,840 | -111,760 | 27,990 | -139,970 | -111,980 |
| Granada House - Residential | -105,950 | -105,060 | 940 | -107,010 | -106,070 |
| Heronden Road Units | | -122,310 | 6,140 | -157,570 | -151,430 |
| Commercial Investments Total | -1,064,420 | -1,110,250 | 289,450 | -1,756,920 | -1,467,470 |
| Performance & Development | 14,800 | 9,030 | 9,240 | | 9,240 |
| Corporate Projects | 42,840 | 46,450 | 40,450 | | 40,450 |
| Press & Public Relations | 40,050 | 31,330 | 30,990 | | 30,990 |
| Corporate Management | 103,000 | 101,740 | 92,060 | | 92,060 |
| Corporate Management Total | 200,690 | 188,550 | 172,740 | 0 | 172,740 |
| Economic Development Section | 228,320 | 284,390 | 278,630 | | 278,630 |
| Head of Economic and Commercial Dev. | 95,500 | 102,340 | 98,920 | | 98,920 |
| Democratic Services Section | 136,030 | 135,770 | 162,090 | | 162,090 |
| Mayoral & Civic Services Section | 104,710 | 104,670 | 105,390 | | 105,390 |
| Chief Executive | 160,680 | 168,710 | 173,810 | | 173,810 |
| Communications Section | 78,900 | 196,320 | 178,340 | | 178,340 |
| Policy & Information | 213,120 | 214,930 | 220,470 | | 220,470 |
| Head of Policy and Communications | 104,850 | 105,130 | 107,230 | | 107,230 |
| Democratic & Admin.Services Manager | 45,960 | | | | 0 |
| Registration Services Section | 128,850 | 129,860 | 134,040 | | 134,040 |
| Director of Finance & Business Imp. | 134,010 | 136,030 | 137,330 | | 137,330 |
| Accountancy Section | 641,910 | 673,500 | 699,130 | -14,380 | 684,750 |
| Director of Regeneration & Place | 134,110 | 135,240 | 136,570 | | 136,570 |
| Property & Procurement Manager | 81,060 | 41,760 | | | 0 |
| Procurement Section | 69,980 | 68,040 | 148,090 | -76,050 | 72,040 |
| Property & Projects Section | 264,330 | 251,650 | 258,710 | | 258,710 |
| Facilities & Corporate Support Section | 409,710 | 367,910 | 418,910 | | 418,910 |
| Improvement Section | 240,900 | 283,630 | 251,170 | | 251,170 |
| Executive Support | 156,820 | 155,920 | 159,900 | | 159,900 |
| Head of Commissioning & Business Improvement | | 209,010 | 126,130 | | 126,130 |
| Customer Services Manager | 75,190 | | | | 0 |
| Customer Services Section | 613,410 | 639,480 | 599,020 | | 599,020 |
| Corporate Support Services Total | 4,118,350 | 4,404,290 | 4,393,880 | -90,430 | 4,303,450 |
| Civic Occasions | 34,850 | 35,850 | 36,390 | | 36,390 |
| Members Allowances | 342,540 | 365,840 | 371,000 | | 371,000 |
| Members Facilities | 40,100 | 39,340 | 39,940 | | 39,940 |
| Subscriptions | 18,100 | 7,240 | 7,390 | | 7,390 |
| Democratic Representation Total | 435,590 | 448,270 | 454,720 | 0 | 454,720 |
| Economic Dev - Promotion & Marketing | 800 | 36,320 | 4,130 | -3,500 | 630 |
| Economic Development Total | 800 | 36,320 | 4,130 | -3,500 | 630 |
| Economic Research | | 6,750 | | | 0 |
| Economic Research Total | 0 | 6,750 | 0 | 0 | 0 |
| Emergency Centre | 29,080 | 36,280 | 32,960 | | 32,960 |
| Emergency Planning Total | 29,080 | 36,280 | 32,960 | 0 | 32,960 |
| Housing Benefits Administration | -450,700 | -437,220 | | -337,220 | -337,220 |

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|---------------------------------------------|-----------------------------------------|-------------------------------|----------------------------------------|-----------------------------------|-----------------------|
| Housing Benefit Administration Total | -450,700 | -437,220 | 0 | -337,220 | -337,220 |
| Medway Conservancy | 108,870 | 108,870 | 115,400 | | 115,400 |
| Levies Total | 108,870 | 108,870 | 115,400 | 0 | 115,400 |
| Town Hall | 81,470 | 85,110 | 90,380 | -3,990 | 86,390 |
| South Maidstone Depot | 133,430 | 134,350 | 136,770 | | 136,770 |
| The Link King Street | 91,730 | 97,310 | 349,600 | -241,390 | 108,210 |
| Maidstone House | 1,057,670 | 1,159,540 | 1,239,540 | -124,430 | 1,115,110 |
| Office Accommodation Total | 1,364,300 | 1,476,310 | 1,816,290 | -369,810 | 1,446,480 |
| Rent Allowances | -203,330 | -222,790 | 44,769,080 | -44,991,870 | -222,790 |
| Non HRA Rent Rebates | -5,000 | -4,550 | 450,670 | -455,220 | -4,550 |
| Discretionary Housing Payments | 1,000 | 1,210 | 251,400 | -250,190 | 1,210 |
| Rent Rebates Total | -207,330 | -226,130 | 45,471,150 | -45,697,280 | -226,130 |
| Mid Kent Improvement Partnership | | 290 | 141,650 | -141,090 | 560 |
| Revenues Section | 344,570 | 448,720 | 773,010 | -333,350 | 439,660 |
| Benefits Section | 432,300 | 437,610 | 747,740 | -309,710 | 438,030 |
| Head of Revenues & Benefits | | 85,280 | 107,880 | -42,070 | 65,810 |
| Revenues & Benefits Business Support | 136,010 | 143,650 | 388,000 | -253,130 | 134,870 |
| Fraud & Visiting Partnership Section | 47,300 | 62,120 | 215,640 | -163,350 | 52,290 |
| Mid Kent Audit Partnership | 196,370 | 204,010 | 700,440 | -494,480 | 205,960 |
| Legal Services Section | 483,150 | 482,850 | 551,030 | -60,000 | 491,030 |
| Revenues & Benefits Manager | 233,980 | | | | 0 |
| Mid Kent ICT Services | 680,060 | 681,410 | 1,583,830 | -890,610 | 693,220 |
| GIS Section | 102,440 | 102,850 | 173,690 | -68,790 | 104,900 |
| Director of Mid Kent Services | 24,820 | 39,020 | 119,040 | -80,700 | 38,340 |
| Mid Kent HR Services Section | 360,880 | 370,170 | 627,650 | -248,720 | 378,930 |
| MBC HR & Payroll Section | 228,400 | 145,930 | 228,510 | -19,530 | 208,980 |
| I.T. Operational Services | 327,190 | 383,380 | 244,330 | | 244,330 |
| Central Telephones | 60,200 | 60,200 | 61,400 | | 61,400 |
| Shared Services Total | 3,657,670 | 3,647,490 | 6,663,840 | -3,105,530 | 3,558,310 |
| Mid Kent ITC Software | 187,420 | 187,420 | 521,820 | -334,400 | 187,420 |
| Youth Development Programme | 48,200 | 48,250 | 48,620 | -170 | 48,450 |
| Internal Printing | -85,240 | -87,290 | 49,860 | -136,130 | -86,270 |
| Debt Recovery Service | -143,310 | -147,150 | 727,550 | -876,000 | -148,450 |
| Trading Accounts Total | 7,070 | 1,230 | 1,347,850 | -1,346,700 | 1,150 |
| Policy & Resources | 6,564,030 | 7,370,240 | 64,540,580 | -57,022,530 | 7,518,050 |

POLICY & RESOURCES COMMITTEE

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 8,446,060 | 8,803,050 | 9,415,090 |
| Employee Other | 1,876,060 | 2,058,250 | 1,748,400 |
| Repairs & Maintenance | 380,120 | 406,170 | 404,020 |
| Utilities | 373,430 | 373,430 | 405,060 |
| Premises Other | 1,423,800 | 1,626,550 | 1,493,310 |
| Vehicle & Transport | 154,380 | 149,660 | 152,160 |
| Equipment & Furniture | 1,086,570 | 1,135,900 | 1,113,790 |
| Supplies & Services Other | 574,610 | 1,420,630 | 804,150 |
| Printing & Stationery | 205,800 | 181,900 | 145,430 |
| Professional Services | 544,370 | 687,070 | 576,030 |
| Security & Protection | 34,960 | 35,450 | 36,150 |
| Subsistence & Training | 165,760 | 108,510 | 162,340 |
| Allowances | 332,280 | 355,580 | 360,910 |
| Grants & Contributions Paid | 233,740 | 246,940 | 345,910 |
| General Insurances | 13,160 | 14,890 | 15,310 |
| Information & Communications | 25,350 | 8,910 | 9,400 |
| Agency & Contractor | 839,440 | 823,010 | 894,600 |
| Benefits | 46,974,200 | 45,471,150 | 45,471,150 |
| Leasing & Capital Charges | 1,017,140 | 971,350 | 987,370 |
| Grants & Contributions Received | -54,621,320 | -53,699,840 | -52,927,960 |
| Income Other | -1,258,890 | -1,334,420 | -1,156,040 |
| Fees & Charges | -866,150 | -917,290 | -1,092,050 |
| Rent | -1,390,840 | -1,556,610 | -1,846,480 |
| Policy & Resources | 6,564,030 | 7,370,240 | 7,518,050 |

SUMMARY ESTIMATE 2018/19 - BY COMMITTEE

| Cost Centre/Service | Original Approved Estimate 2017/18 | Revised Estimate 2017/18 | Estimate 2018/19 (Expenditure) | Estimate 2018/19 (Income) | Estimate 2018/19 |
|--------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------------------------|-----------------------------|
| | £ | £ | £ | £ | £ |
| Strategic Planning, Sustainability and Transportation | | | | | |
| Building Regulations Chargeable | -320,160 | -320,160 | 6,820 | -326,850 | -320,030 |
| Building Control | -990 | -990 | 2,000 | -3,020 | -1,020 |
| Street Naming & Numbering | -49,000 | -49,000 | | -49,000 | -49,000 |
| Building Control Total | -370,150 | -370,150 | 8,820 | -378,870 | -370,050 |
| Land Charges | -233,400 | -234,010 | 36,350 | -335,550 | -299,200 |
| Central Services to the Public Total | -233,400 | -234,010 | 36,350 | -335,550 | -299,200 |
| Development Management Section | 787,690 | 898,560 | 864,420 | | 864,420 |
| Spatial Policy Planning Section | 442,350 | 398,530 | 396,470 | | 396,470 |
| Head of Planning and Development | 102,100 | 161,070 | 104,430 | | 104,430 |
| Development Mgt.Enforcement Section | 143,850 | 146,890 | 169,160 | | 169,160 |
| Building Surveying Section | 358,410 | 358,490 | 367,640 | | 367,640 |
| Heritage Landscape and Design Section | 171,560 | 170,790 | 175,700 | | 175,700 |
| Planning Business Management | 107,200 | 117,720 | 72,220 | | 72,220 |
| Parking Services Section | 310,600 | 308,580 | 433,040 | -109,410 | 323,630 |
| Corporate Support Services Total | 2,423,760 | 2,560,630 | 2,583,080 | -109,410 | 2,473,670 |
| Development Control Advice | -115,000 | -115,000 | | -115,000 | -115,000 |
| Development Control Applications | -1,295,980 | -1,304,440 | 125,320 | -1,559,060 | -1,433,740 |
| Development Control Appeals | 119,410 | 119,410 | 121,800 | | 121,800 |
| Development Control Enforcement | 64,520 | 64,520 | 165,810 | | 165,810 |
| Development Control Total | -1,227,050 | -1,235,510 | 412,930 | -1,674,060 | -1,261,130 |
| Environment Improvements | 17,170 | 16,440 | 16,450 | | 16,450 |
| Name Plates & Notices | 17,600 | 17,600 | 17,950 | | 17,950 |
| Network & Traffic Management Total | 34,770 | 34,040 | 34,400 | 0 | 34,400 |
| On Street Parking | -273,530 | -297,440 | 410,250 | -698,710 | -288,460 |
| Residents Parking | -223,000 | -223,180 | 45,090 | -267,180 | -222,090 |
| Pay & Display Car Parks | -1,580,200 | -1,598,710 | 388,090 | -2,138,340 | -1,750,250 |
| Non Paying Car Parks | 9,300 | 9,700 | 10,000 | -10 | 9,990 |
| Off Street Parking - Enforcement | -188,370 | -164,530 | 167,780 | -327,750 | -159,970 |
| Mote Park Pay & Display | -175,180 | -175,020 | 29,530 | -203,910 | -174,380 |
| Mote Park - Enforcement | 24,660 | | | | 0 |
| Sandling Road Car Park | -111,770 | -111,770 | 128,600 | -240,100 | -111,500 |
| Parking Services Total | -2,518,090 | -2,560,950 | 1,179,340 | -3,876,000 | -2,696,660 |
| Planning Policy | 200,000 | 31,950 | 200,000 | | 200,000 |
| Neighbourhood Planning | | 4,740 | 0 | | |
| Conservation | -11,470 | -11,470 | 10,000 | -21,470 | -11,470 |
| Planning Policy Total | 188,530 | 25,220 | 210,000 | -21,470 | 188,530 |
| Park & Ride | 198,900 | 188,390 | 563,950 | -366,720 | 197,230 |
| Socially Desirable Buses | 63,780 | 63,780 | 48,130 | | 48,130 |
| Other Transport Services | -9,300 | -9,300 | 15,700 | -25,250 | -9,550 |
| Public Transport Total | 253,380 | 242,870 | 627,780 | -391,970 | 235,810 |
| Mid Kent Planning Support Service | 396,070 | 430,230 | 671,930 | -237,470 | 434,460 |
| Mid Kent Local Land Charges Section | 31,520 | 12,870 | 135,090 | -102,160 | 32,930 |
| Shared Services Total | 427,590 | 443,100 | 807,020 | -339,630 | 467,390 |
| Strategic Planning, Sustainability and Transportation | -1,020,660 | -1,094,760 | 5,899,720 | -7,126,960 | -1,227,240 |

STRATEGIC PLANNING, SUSTAINABILITY & TRANSPORTATION COMMITTEE

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|--------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 3,103,070 | 3,086,730 | 3,131,280 |
| Employee Other | 29,290 | 114,400 | -51,510 |
| Repairs & Maintenance | 182,720 | 195,150 | 192,650 |
| Utilities | 13,240 | 13,040 | 14,350 |
| Premises Other | 241,530 | 259,740 | 255,980 |
| Vehicle & Transport | 512,680 | 494,430 | 507,720 |
| Equipment & Furniture | 80,310 | 74,960 | 76,480 |
| Supplies & Services Other | 228,730 | 219,940 | 208,660 |
| Printing & Stationery | 27,330 | 35,530 | 36,220 |
| Professional Services | 611,070 | 517,850 | 675,400 |
| Security & Protection | 71,000 | 95,740 | 172,420 |
| Subsistence & Training | 2,550 | 13,350 | 2,590 |
| Grants & Contributions Paid | 65,350 | 65,500 | 65,820 |
| General Insurances | 7,520 | 9,240 | 9,470 |
| Information & Communications | 5,000 | 470 | 500 |
| Agency & Contractor | 590,820 | 588,420 | 601,690 |
| Grants & Contributions Received | -493,190 | -499,810 | -465,040 |
| Income Other | -268,960 | -276,660 | -277,270 |
| Fees & Charges | -6,026,960 | -6,051,820 | -6,377,620 |
| Rent | -3,760 | -50,960 | -7,030 |
| Strategic Planning, Sustainability & Transportation | -1,020,660 | -1,094,760 | -1,227,240 |

SUMMARY ESTIMATE 2017/18 - BY COMMITTEE

| Cost Centre/Service | Original Approved Estimate 2017/18 | Revised Estimate 2017/18 | Estimate 2018/19 (Expenditure) | Estimate 2018/19 (Income) | Estimate 2018/19 |
|-------------------------------------------------|-------------------------------------------|---------------------------------|---------------------------------------|----------------------------------|-------------------------|
| | £ | £ | £ | £ | £ |
| Communities, Housing & Environment | | | | | |
| Grants | 205,270 | 206,270 | 195,270 | | 195,270 |
| Delegated Grants | 2,100 | 2,100 | 2,100 | | 2,100 |
| Parish Services | 130,170 | 130,170 | 127,320 | | 127,320 |
| Central Services to the Public Total | 337,540 | 338,540 | 324,690 | 0 | 324,690 |
| Social Inclusion | | 40,510 | | | 0 |
| Community Development Total | 0 | 40,510 | 0 | 0 | 0 |
| Community Safety | 66,440 | 66,440 | 42,770 | | 42,770 |
| Building Safer Communities | | | 32,250 | -32,250 | 0 |
| C C T V | 192,350 | 191,310 | 214,410 | -21,100 | 193,310 |
| Community Safety Total | 258,790 | 257,750 | 289,430 | -53,350 | 236,080 |
| Head of Environment and Public Realm | 86,660 | 86,750 | 92,090 | | 92,090 |
| Environmental Ops.Enforcement Section | 317,340 | | | | 0 |
| Community Partnerships & Resilience Section | 127,950 | 476,380 | 473,340 | | 473,340 |
| Licensing Section | 104,300 | 104,460 | 107,050 | | 107,050 |
| Environmental Protection Section | 237,070 | 235,860 | 240,820 | | 240,820 |
| Food and Safety Section | 292,700 | 290,620 | 249,630 | | 249,630 |
| Depot Services Section | 432,680 | 636,760 | 653,460 | | 653,460 |
| Head of Housing & Community Services | 102,800 | 102,960 | 104,760 | | 104,760 |
| Housing & Enabling Section | 328,060 | 197,540 | 199,990 | | 199,990 |
| Housing & Inclusion Section | 501,660 | 552,390 | 555,420 | | 555,420 |
| Housing & Health Section | 282,440 | 263,340 | 288,790 | | 288,790 |
| Corporate Support Services Total | 2,813,660 | 2,947,060 | 2,965,350 | 0 | 2,965,350 |
| Drainage | 31,700 | 31,700 | 31,720 | | 31,720 |
| Flood Defences & Land Drainage Total | 31,700 | 31,700 | 31,720 | 0 | 31,720 |
| Homeless Temporary Accommodation | 424,450 | 416,270 | 895,100 | -336,070 | 559,030 |
| Homelessness Prevention | 245,400 | 288,100 | 284,640 | | 284,640 |
| Aylesbury House | 20,170 | 23,080 | 100,710 | -58,640 | 42,070 |
| Magnolia House | -5,960 | -8,270 | 36,820 | -39,040 | -2,220 |
| Marsham Street | 31,360 | 40,160 | 85,790 | -39,070 | 46,720 |
| Sundry Temporary Accommodation (TA) Properties | 7,180 | 3,980 | 23,850 | -43,480 | -19,630 |
| 2 Bed Property - Temporary Accommodation | | 3,990 | 30,490 | -41,640 | -11,150 |
| 3 Bed Property - Temporary Accommodation | | -80 | 18,240 | -28,040 | -9,800 |
| 4 bed Property - Temporary Accommodation | | -970 | 10,200 | -19,600 | -9,400 |
| Homelessness Total | 722,600 | 766,260 | 1,485,840 | -605,580 | 880,260 |
| Housing Register & Allocations | 10,000 | 10,000 | 10,200 | | 10,200 |
| Housing Advice Total | 10,000 | 10,000 | 10,200 | 0 | 10,200 |
| Strategic Housing Role | 13,500 | 13,500 | 13,770 | | 13,770 |
| Housing Strategy Total | 13,500 | 13,500 | 13,770 | 0 | 13,770 |
| Marden Caravan Site (Stilebridge Lane) | 19,020 | 18,950 | 48,500 | -29,510 | 18,990 |
| Ulcombe Caravan Site (Water Lane) | 6,930 | 6,850 | 45,570 | -38,690 | 6,880 |
| Other Council Properties Total | 25,950 | 25,800 | 94,070 | -68,200 | 25,870 |
| Private Sector Renewal | -47,370 | -47,370 | 2,680 | -50,000 | -47,320 |
| HMO Licensing | -13,380 | -13,380 | | -14,380 | -14,380 |
| Private Sector Housing Renewal Total | -60,750 | -60,750 | 2,680 | -64,380 | -61,700 |
| Public Health - Obesity | | | 94,000 | -94,000 | 0 |
| Public Health - Misc Services | | 13,620 | 58,300 | -58,300 | 0 |
| Public Health Total | 0 | 13,620 | 152,300 | -152,300 | 0 |
| Recycling Collection | 562,060 | 638,250 | 1,941,040 | -1,227,410 | 713,630 |
| Recycling Total | 562,060 | 638,250 | 1,941,040 | -1,227,410 | 713,630 |
| Licences | -6,800 | -6,800 | 25,210 | -28,890 | -3,680 |
| Licensing Statutory | -71,040 | -71,040 | 61,330 | -131,320 | -69,990 |
| Licensing Non Chargeable | 7,030 | 7,030 | 7,350 | | 7,350 |
| Dog Control | 24,150 | 24,150 | 28,610 | -3,900 | 24,710 |
| Health Promotion | | 1,750 | | | 0 |
| Health Improvement Programme | 8,800 | 8,800 | 8,980 | | 8,980 |
| Pollution Control - General | 25,940 | 232,110 | 38,970 | -11,590 | 27,380 |
| Contaminated Land | | | 1,020 | -1,000 | 20 |
| Environmental Enforcement | 13,580 | 13,580 | 36,320 | -2,520 | 33,800 |
| Food Hygiene | 8,840 | 8,840 | 10,960 | -1,910 | 9,050 |
| Sampling | 3,300 | 3,300 | 3,370 | | 3,370 |
| Occupational Health & Safety | 23,670 | 23,670 | 24,720 | -570 | 24,150 |
| Infectious Disease Control | 960 | 1,000 | 980 | | 980 |
| Noise Control | 1,160 | 1,200 | 1,200 | | 1,200 |
| Pest Control | -12,000 | -12,000 | 150 | -12,120 | -11,970 |
| Public Conveniences | 139,590 | 128,460 | 137,400 | | 137,400 |
| Licensing - Hackney & Private Hire | -68,400 | -68,400 | 72,870 | -138,920 | -66,050 |
| Regulatory Services Total | 98,780 | 295,650 | 459,440 | -332,740 | 126,700 |
| Street Cleansing | 967,030 | 967,940 | 985,870 | -33,260 | 952,610 |
| Street Cleansing Total | 967,030 | 967,940 | 985,870 | -33,260 | 952,610 |
| Commercial Waste Services | -66,090 | -69,550 | 117,200 | -188,170 | -70,970 |

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|-----------------------------------------------|--------------------------------------------------|-------------------------------------|-------------------------------------------|--------------------------------------|--------------------------|
| Trade Waste Total | -66,090 | -69,550 | 117,200 | -188,170 | -70,970 |
| Fleet Workshop & Management | 749,940 | 707,210 | 679,010 | | 679,010 |
| MBS Support Crew | -59,920 | -52,300 | 104,410 | -175,190 | -70,780 |
| Grounds Maintenance | 1,316,850 | | | | 0 |
| Grounds Maintenance - Commercial | | 59,810 | 127,070 | -100,170 | 26,900 |
| Trading Accounts Total | 2,006,870 | 714,720 | 910,490 | -275,360 | 635,130 |
| Household Waste Collection | 1,052,200 | 1,111,550 | 1,310,340 | -149,240 | 1,161,100 |
| Waste Collection Total | 1,052,200 | 1,111,550 | 1,310,340 | -149,240 | 1,161,100 |
| Communities, Housing & Environment | 8,773,840 | 8,042,550 | 11,094,430 | -3,149,990 | 7,944,440 |

COMMUNITIES, HOUSING & ENVIRONMENT COMMITTEE

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|-----------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 4,638,170 | 3,447,900 | 3,341,360 |
| Employee Other | 196,770 | 89,920 | 20,790 |
| Repairs & Maintenance | 197,770 | 209,590 | 207,370 |
| Utilities | 50,270 | 61,360 | 60,680 |
| Premises Other | 198,100 | 245,600 | 207,050 |
| Vehicle & Transport | 413,650 | 395,390 | 386,780 |
| Equipment & Furniture | 348,800 | 328,140 | 312,480 |
| Supplies & Services Other | 892,060 | 926,070 | 693,710 |
| Printing & Stationery | 10,670 | 10,670 | 10,060 |
| Professional Services | 1,310,160 | 1,143,320 | 1,107,920 |
| Security & Protection | 50,240 | 50,240 | 10,440 |
| Subsistence & Training | 200 | 5,860 | 100 |
| Grants & Contributions Paid | 367,440 | 571,500 | 350,060 |
| General Insurances | 6,950 | 4,490 | 4,700 |
| Information & Communications | 53,420 | 58,050 | 44,960 |
| Agency & Contractor | 2,942,870 | 3,895,450 | 4,143,560 |
| Leasing & Capital Charges | 248,650 | 192,410 | 192,410 |
| Grants & Contributions Received | -234,550 | -598,160 | -234,550 |
| Income Other | -1,003,860 | -1,067,780 | -1,072,000 |
| Fees & Charges | -1,215,210 | -1,275,860 | -1,237,860 |
| Rent | -698,730 | -651,610 | -605,580 |
| Communities, Housing & Environment | 8,773,840 | 8,042,550 | 7,944,440 |

SUMMARY ESTIMATE 2018/19 - BY COMMITTEE

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|-----------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Heritage, Culture & Leisure | | | | | |
| Cemetery | -98,240 | 38,910 | 183,820 | -142,270 | 41,550 |
| National Assistance Act | -490 | -490 | 2,040 | -2,510 | -470 |
| Crematorium | -829,770 | -753,260 | 457,300 | -1,216,090 | -758,790 |
| Maintenance of Closed Churchyards | 1,000 | | 5,000 | | 5,000 |
| Bereavement Services Total | -927,500 | -714,840 | 648,160 | -1,360,870 | -712,710 |
| Leisure Services Section | | 52,120 | 53,810 | | 53,810 |
| Cultural Services Section | 509,340 | 484,300 | 501,790 | | 501,790 |
| Visitor Economy Section | | 87,070 | 99,190 | -11,390 | 87,800 |
| Maidstone Culture & Leisure Section | 137,620 | | | | 0 |
| Parks & Leisure Services Section | 158,400 | | | | 0 |
| Bereavement Services Section | 170,340 | 156,790 | 153,490 | | 153,490 |
| Market Section | 76,000 | 74,330 | 76,880 | | 76,880 |
| Corporate Support Services Total | 1,051,700 | 854,610 | 885,160 | -11,390 | 873,770 |
| Cultural Development Arts | 28,110 | 17,040 | 14,800 | | 14,800 |
| Museum | 275,900 | 302,560 | 372,340 | -94,810 | 277,530 |
| Carriage Museum | 28,800 | 32,880 | 37,060 | -2,000 | 35,060 |
| Museum-Grant Funded Activities | | 56,380 | | | 0 |
| Museum Café | | -3,200 | 37,550 | -41,010 | -3,460 |
| Hazlitt Arts Centre | 266,450 | 266,270 | 267,680 | | 267,680 |
| Festivals and Events | -3,260 | -3,260 | 28,490 | -41,410 | -12,920 |
| Culture & Heritage Total | 596,000 | 668,670 | 757,920 | -179,230 | 578,690 |
| Market | -171,440 | -176,500 | 176,000 | -312,080 | -136,080 |
| Economic Development Total | -171,440 | -176,500 | 176,000 | -312,080 | -136,080 |
| Mote Park Adventure Zone | | | | -57,000 | -57,000 |
| Parks & Open Spaces | 59,230 | 857,850 | 806,170 | -55,360 | 750,810 |
| River Park | 35,410 | | | | 0 |
| Playground Maintenance & Improvements | 20,920 | 131,810 | 134,330 | | 134,330 |
| Parks Pavilions | 25,080 | 22,300 | 25,410 | -10 | 25,400 |
| Mote Park | 39,230 | 186,320 | 241,560 | -54,140 | 187,420 |
| Mote Park Cafe | 9,210 | 6,000 | 236,980 | -287,910 | -50,930 |
| Cobtree Manor Park | -132,890 | -176,760 | 122,780 | -178,810 | -56,030 |
| Kent Life | 340 | -400 | 44,250 | -61,900 | -17,650 |
| Cobtree Manor Park Visitor Centre | -5,850 | -7,630 | 243,850 | -271,180 | -27,330 |
| Allotments | 11,040 | 11,040 | 11,260 | | 11,260 |
| Open Spaces Total | 61,720 | 1,030,530 | 1,866,590 | -966,310 | 900,280 |
| Lettable Halls | -2,490 | 10 | 6,800 | -7,360 | -560 |
| Community Halls | 46,930 | 44,890 | 88,830 | -16,380 | 72,450 |
| Leisure Centre | -218,370 | -223,470 | -23,600 | -200,000 | -223,600 |
| Cobtree Golf Course | -66,830 | -67,160 | 103,650 | -156,950 | -53,300 |
| Recreation & Sport Total | -240,760 | -245,730 | 175,680 | -380,690 | -205,010 |
| Tourism | 26,100 | 18,080 | 33,900 | -15,150 | 18,750 |
| Museum Shop | -18,740 | -18,740 | 25,970 | -44,640 | -18,670 |
| Leisure Services Other Activities | 33,510 | 33,510 | 34,440 | | 34,440 |
| Tourism Total | 40,870 | 32,850 | 94,310 | -59,790 | 34,520 |
| Heritage, Culture & Leisure | 410,590 | 1,449,590 | 4,603,822 | -3,270,357 | 1,333,460 |

HERITAGE, CULTURE & LEISURE COMMITTEE

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|----------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 1,496,640 | 2,254,980 | 2,201,160 |
| Employee Other | 11,140 | 44,990 | 43,240 |
| Repairs & Maintenance | 569,790 | 552,660 | 556,920 |
| Utilities | 251,570 | 250,570 | 234,260 |
| Premises Other | 328,520 | 384,120 | 344,710 |
| Vehicle & Transport | 27,630 | 19,800 | 18,940 |
| Equipment & Furniture | 53,080 | 103,560 | 97,860 |
| Supplies & Services Other | 600,280 | 763,280 | 562,290 |
| Printing & Stationery | 8,110 | 7,610 | 7,720 |
| Professional Services | 110,260 | 237,150 | 158,860 |
| Security & Protection | 11,700 | 11,000 | 11,000 |
| Subsistence & Training | 1,500 | 6,100 | 1,500 |
| Grants & Contributions Paid | 17,100 | 18,600 | 16,930 |
| General Insurances | 33,720 | 38,740 | 39,520 |
| Information & Communications | 44,270 | 30,360 | 31,220 |
| Agency & Contractor | 247,580 | 239,580 | 246,470 |
| Leasing & Capital Charges | 0 | 31,220 | 31,220 |
| Grants & Contributions Received | -10,160 | -167,580 | 0 |
| Income Other | -1,446,920 | -1,412,530 | -1,312,140 |
| Fees & Charges | -1,709,490 | -1,728,890 | -1,690,140 |
| Rent | -235,730 | -235,730 | -268,080 |
| Heritage, Leisure & Culture | 410,590 | 1,449,590 | 1,333,460 |

MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES

REVISED ESTIMATE 2017/18 AND ESTIMATE 2018/19

PRIORITY SUMMARY

| Cost Centre/Service | Original Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|------------------------------------------|----------------------------------------|---------------------------------------|-------------------------------|
| Character | 640,360 | 669,610 | 655,350 |
| Health & Wellbeing | 1,984,690 | 1,805,520 | 1,733,960 |
| Clean & Safe | 3,545,010 | 4,233,170 | 4,347,750 |
| Leisure & Culture | 1,567,130 | 2,419,180 | 2,304,450 |
| Town Centre | 69,820 | 85,640 | 73,660 |
| Employment & Skills | 229,120 | 349,460 | 279,260 |
| Homes | 1,184,000 | 1,165,490 | 1,225,890 |
| Infrastructure | 385,050 | 372,010 | 381,740 |
| Trading | -4,613,250 | -4,635,450 | -5,158,860 |
| Central & Democratic | 9,735,870 | 9,302,990 | 9,725,510 |
| | 14,727,800 | 15,767,620 | 15,568,710 |
| Slippage | -314,500 | -238,670 | -395,904 |
| | 14,413,300 | 15,528,950 | 15,172,806 |
| Transfers to and from General Balances | -78,540 | -1,081,690 | 10,000 |
| Transfers to and from Earmarked Reserves | 4,562,130 | 4,449,630 | 4,179,310 |
| Net Revenue Expenditure | 18,896,890 | 18,896,890 | 19,362,116 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Character | | | | | |
| Conservation | -11,470 | -11,470 | 10,000 | -21,470 | -11,470 |
| Social Inclusion | | 40,510 | | | 0 |
| Civic Occasions | 34,850 | 35,850 | 36,390 | | 36,390 |
| Parish Services | 130,170 | 130,170 | 127,320 | | 127,320 |
| Medway Conservancy | 108,870 | 108,870 | 115,400 | | 115,400 |
| Head of Economic & Commercial Dev. | 95,500 | 102,340 | 98,920 | | 98,920 |
| Housing & Health Section | 282,440 | 263,340 | 288,790 | | 288,790 |
| Character | 640,360 | 669,610 | 676,820 | -21,470 | 655,350 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 348,230 | 397,330 | 357,920 |
| Employee Other | 4,330 | 5,470 | 5,100 |
| Repairs & Maintenance | 300 | 1,300 | 1,300 |
| Utilities | 108,870 | 108,870 | 115,400 |
| Vehicle & Transport | 16,340 | 24,810 | 16,440 |
| Equipment & Furniture | 900 | 1,200 | 1,220 |
| Printing & Stationery | 1,230 | 1,230 | 1,250 |
| Professional Services | 600 | 41,710 | 610 |
| Supplies & Services Other | 18,310 | 12,440 | 17,360 |
| Subsistence & Training | 0 | 5,900 | 0 |
| Allowances | 22,490 | 22,490 | 22,830 |
| Grants & Contributions Paid | 140,170 | 140,930 | 137,320 |
| General Insurances | 40 | 40 | 60 |
| Information & Communications | 20 | 10 | 10 |
| Grants & Contributions Received | 0 | -72,650 | 0 |
| Fees & Charges | -21,470 | -21,470 | -21,470 |
| Character | 640,360 | 669,610 | 655,350 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 | Revised Estimate 2017/18 | Estimate 2018/19 (Expenditure) | Estimate 2018/19 (Income) | Estimate 2018/19 |
|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------------------------|-----------------------------|
| | £ | £ | £ | £ | £ |
| Health & Wellbeing | | | | | |
| Leisure Centre | -218,370 | -223,470 | -23,600 | -200,000 | -223,600 |
| Mote Park Adventure Zone | | | | -57,000 | -57,000 |
| Cobtree Golf Course | -66,830 | -67,160 | 103,650 | -156,950 | -53,300 |
| Cemetery | -98,226 | 38,910 | 183,820 | -142,270 | 41,550 |
| National Assistance Act | -490 | -490 | 2,040 | -2,510 | -470 |
| Maintenance of Closed Churchyards | 1,000 | | 5,000 | | 5,000 |
| Drainage | 31,700 | 31,700 | 31,720 | | 31,720 |
| Health Promotion | | 1,750 | | | 0 |
| Health Improvement Programme | 8,800 | 8,800 | 8,980 | | 8,980 |
| Pollution Control - General | 25,940 | 232,110 | 38,970 | -11,590 | 27,380 |
| Contaminated Land | | | 1,020 | -1,000 | 20 |
| Environmental Enforcement | 13,580 | 13,580 | 36,320 | -2,520 | 33,800 |
| Food Hygiene | 8,840 | 8,840 | 10,960 | -1,910 | 9,050 |
| Sampling | 3,300 | 3,300 | 3,370 | | 3,370 |
| Occupational Health & Safety | 23,670 | 23,670 | 24,720 | -570 | 24,150 |
| Infectious Disease Control | 960 | 1,000 | 980 | | 980 |
| Noise Control | 1,160 | 1,200 | 1,200 | | 1,200 |
| Pest Control | -12,000 | -12,000 | 150 | -12,120 | -11,970 |
| Public Conveniences | 139,590 | 128,460 | 137,400 | | 137,400 |
| Licensing - Hackney & Private Hire | -68,400 | -68,400 | 72,870 | -138,920 | -66,050 |
| Public Health - Obesity | | | 94,000 | -94,000 | 0 |
| Public Health - Misc Services | | 13,620 | 58,300 | -58,300 | 0 |
| Housing Register & Allocations | 10,000 | 10,000 | 10,200 | | 10,200 |
| Private Sector Renewal | -47,370 | -47,370 | 2,680 | -50,000 | -47,320 |
| HMO Licensing | -13,380 | -13,380 | | -14,380 | -14,380 |
| Homeless Temporary Accommodation | 424,450 | 416,270 | 895,100 | -336,070 | 559,030 |
| Homelessness Prevention | 245,400 | 288,100 | 284,640 | | 284,640 |
| Aylesbury House | 20,166 | 23,080 | 100,710 | -58,640 | 42,070 |
| Magnolia House | -5,960 | -8,270 | 36,820 | -39,040 | -2,220 |
| Marsham Street | 31,360 | 40,160 | 85,790 | -39,070 | 46,720 |
| Sundry Temp.Accomm (TA) Properties | 7,180 | 3,980 | 23,850 | -43,480 | -19,630 |
| 2 Bed Property - Temporary Accomodation | | 3,990 | 30,490 | -41,640 | -11,150 |
| 3 Bed Property - Temporary Accomodation | | -80 | 18,240 | -28,040 | -9,800 |
| 4 Bed Property - Temporary Accomodation | | -970 | 10,200 | -19,600 | -9,400 |
| Rent Allowances | -203,330 | -222,790 | 44,769,080 | -44,991,870 | -222,790 |
| Non HRA Rent Rebates | -5,000 | -4,550 | 450,670 | -455,220 | -4,550 |
| Discretionary Housing Payments | 1,000 | 1,210 | 251,400 | -250,190 | 1,210 |
| Housing Benefits Administration | -450,700 | -437,220 | | -337,220 | -337,220 |
| Bereavement Services Section | 170,340 | 156,790 | 153,490 | | 153,490 |
| Environmental Ops.Enforcement Section | 317,340 | | | | 0 |
| Environmental Protection Section | 237,070 | 235,860 | 240,820 | | 240,820 |
| Food and Safety Section | 292,700 | 290,620 | 249,630 | | 249,630 |
| Head of Housing & Community Services | 102,800 | 102,960 | 104,760 | | 104,760 |
| Housing & Enabling Section | 328,060 | 197,540 | 199,990 | | 199,990 |
| Housing & Inclusion Section | 501,660 | 552,390 | 555,420 | | 555,420 |
| Head of Revenues & Benefits | | 22,460 | 107,880 | -42,070 | 65,810 |
| Revenues & Benefits Manager | 233,980 | 62,820 | | | 0 |
| Revenues & Benefits Business Support | 136,010 | 143,650 | 388,000 | -253,130 | 134,870 |
| Debt Recovery Service | -143,310 | -147,150 | 727,550 | -876,000 | -148,450 |
| Health & Wellbeing | 1,984,690 | 1,805,520 | 50,489,280 | -48,755,320 | 1,733,960 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 2,352,030 | 1,727,340 | 1,718,720 |
| Employee Other | 234,210 | 54,520 | 43,500 |
| Repairs & Maintenance | 136,650 | 153,970 | 155,870 |
| Utilities | 66,640 | 77,730 | 42,670 |
| Premises Other | 126,460 | 178,210 | 146,010 |
| Vehicle & Transport | 54,150 | 39,890 | 21,720 |
| Equipment & Furniture | 215,950 | 204,730 | 196,540 |
| Supplies & Services Other | 620,010 | 699,440 | 541,620 |
| Printing & Stationery | 3,890 | 2,020 | 1,230 |
| Professional Services | 983,770 | 1,046,320 | 1,061,210 |
| Security & Protection | 50,240 | 50,240 | 10,440 |
| Subsistence & Training | 200 | 2,250 | 600 |
| Grants & Contributions Paid | 11,500 | 216,800 | 11,840 |
| General Insurances | 3,640 | 3,170 | 3,270 |
| Information & Communications | 20,300 | 20,040 | 15,850 |
| Agency & Contractor | 318,400 | 867,910 | 1,044,600 |
| Benefits | 46,965,690 | 45,471,150 | 45,471,150 |
| Leasing & Capital Charges | 0 | 2,440 | 2,440 |
| Grants & Contributions Received | -47,970,560 | -46,809,700 | -46,523,030 |
| Income Other | -607,520 | -595,010 | -573,760 |
| Fees & Charges | -960,600 | -956,500 | -1,043,020 |
| Rent | -640,360 | -651,440 | -615,510 |
| Health & Wellbeing | 1,984,690 | 1,805,520 | 1,733,960 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|---------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Clean & Safe | | | | | |
| Community Safety | 66,440 | 66,440 | 42,770 | | 42,770 |
| Building Safer Communities | | | 32,250 | -32,250 | 0 |
| C C T V | 192,350 | 191,310 | 214,410 | -21,100 | 193,310 |
| Licences | -6,800 | -6,800 | 25,210 | -28,890 | -3,680 |
| Licensing Statutory | -71,040 | -71,040 | 61,330 | -131,320 | -69,990 |
| Licensing Non Chargeable | 7,030 | 7,030 | 7,350 | | 7,350 |
| Dog Control | 24,150 | 24,150 | 28,610 | -3,900 | 24,710 |
| Street Cleansing | 967,030 | 967,940 | 985,870 | -33,260 | 952,610 |
| Household Waste Collection | 1,052,200 | 1,111,550 | 1,310,340 | -149,240 | 1,161,100 |
| Recycling Collection | 562,060 | 638,250 | 1,941,040 | -1,227,410 | 713,630 |
| Head of Environment & Public Realm | 86,660 | 86,750 | 92,090 | | 92,090 |
| Depot Services Section | 432,680 | 636,760 | 473,340 | | 473,340 |
| Community Partnerships & Resilience Section | 127,950 | 476,370 | 107,050 | | 107,050 |
| Licensing Section | 104,300 | 104,460 | 653,460 | | 653,460 |
| Clean & Safe | 3,545,010 | 4,233,170 | 5,975,120 | -1,627,370 | 4,347,750 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 1,581,040 | 2,015,250 | 2,063,210 |
| Employee Other | -54,480 | 32,370 | 25,880 |
| Utilities | 10,190 | 10,190 | 11,310 |
| Premises Other | 19,670 | 34,590 | 27,360 |
| Vehicle & Transport | 32,720 | 45,450 | 45,490 |
| Equipment & Furniture | 252,410 | 268,560 | 264,460 |
| Supplies & Services Other | 62,990 | 24,500 | -16,290 |
| Printing & Stationery | 8,250 | 9,420 | 9,610 |
| Professional Services | 342,100 | 110,690 | 111,110 |
| Subsistence & Training | 100 | 3,810 | 100 |
| Grants & Contributions Paid | 12,500 | 10,500 | 10,620 |
| General Insurances | 3,390 | 2,400 | 2,500 |
| Information & Communications | 31,200 | 36,680 | 27,740 |
| Agency & Contractor | 2,854,470 | 3,256,600 | 3,390,320 |
| Leasing & Capital Charges | 0 | 1,700 | 1,700 |
| Grants & Contributions Received | -32,250 | -32,250 | -32,250 |
| Income Other | -607,180 | -615,180 | -608,010 |
| Fees & Charges | -972,110 | -972,110 | -987,110 |
| Rent | 0 | -10,000 | 0 |
| Clean & Safe | 3,545,010 | 4,243,170 | 4,347,750 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|-----------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Leisure & Culture | | | | | |
| Cultural Development Arts | 28,110 | 17,040 | 14,800 | 0 | 14,800 |
| Museum | 275,900 | 302,560 | 372,340 | -94,810 | 277,530 |
| Carriage Museum | 28,800 | 32,880 | 37,060 | -2,000 | 35,060 |
| Museum-Grant Funded Activities | | 56,380 | 0 | 0 | 0 |
| Museum Café | | -3,200 | 37,550 | -41,010 | -3,460 |
| Hazlitt Arts Centre | 266,450 | 266,270 | 267,680 | 0 | 267,680 |
| Festivals and Events | -3,260 | -3,260 | 28,490 | -41,410 | -12,920 |
| Lettable Halls | -2,490 | 10 | 6,800 | -7,360 | -560 |
| Community Halls | 46,930 | 44,890 | 88,830 | -16,380 | 72,450 |
| Parks & Open Spaces | 59,230 | 857,850 | 806,170 | -55,360 | 750,810 |
| River Park | 35,410 | | | | 0 |
| Playground Maintenance | 20,920 | 131,810 | 134,330 | | 134,330 |
| Parks Pavilions | 25,080 | 22,300 | 25,410 | -10 | 25,400 |
| Mote Park | 39,230 | 186,320 | 241,560 | -54,140 | 187,420 |
| Mote Park Cafe | 9,210 | 6,000 | 236,980 | -287,910 | -50,930 |
| Cobtree Manor Park | -132,890 | -176,760 | 122,780 | -178,810 | -56,030 |
| Kent Life | 340 | -400 | 44,250 | -61,900 | -17,650 |
| Cobtree Manor Park Visitor Centre | -5,850 | -7,630 | 243,850 | -271,180 | -27,330 |
| Allotments | 11,040 | 11,040 | 11,260 | 0 | 11,260 |
| Tourism | 26,100 | 18,080 | 33,900 | -15,150 | 18,750 |
| Leisure Services Other Activities | 33,510 | 33,510 | 34,440 | | 34,440 |
| Parks & Leisure Services Section | 158,400 | 52,120 | 53,810 | | 53,810 |
| Cultural Services Section | 509,340 | 484,300 | 501,790 | | 501,790 |
| Visitor Economy Section | | 87,070 | 99,190 | -11,390 | 87,800 |
| Maidstone Culture & Leis.Section | 137,620 | | | | 0 |
| Leisure & Culture | 1,567,130 | 2,419,180 | 3,443,270 | -1,138,820 | 2,304,450 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 1,166,770 | 1,769,460 | 1,712,280 |
| Employee Other | 1,290 | 32,150 | 28,000 |
| Repairs & Maintenance | 393,920 | 374,790 | 371,930 |
| Utilities | 158,540 | 158,540 | 170,790 |
| Premises Other | 187,680 | 229,530 | 198,890 |
| Vehicle & Transport | 20,430 | 12,600 | 11,530 |
| Equipment & Furniture | 33,590 | 61,670 | 62,300 |
| Supplies & Services Other | 429,320 | 610,360 | 405,710 |
| Printing & Stationery | 5,200 | 4,700 | 4,760 |
| Professional Services | 65,930 | 192,420 | 113,280 |
| Security & Protection | 11,700 | 11,000 | 11,000 |
| Subsistence & Training | 1,400 | 6,000 | 1,400 |
| Grants & Contributions Paid | 14,000 | 15,500 | 13,770 |
| General Insurances | 28,370 | 34,110 | 34,570 |
| Information & Communications | 40,070 | 27,880 | 28,660 |
| Agency & Contractor | 243,980 | 238,730 | 245,620 |
| Leasing & Capital Charges | 0 | 28,780 | 28,780 |
| Grants & Contributions Received | -10,160 | -167,580 | 0 |
| Income Other | -975,780 | -965,190 | -851,980 |
| Fees & Charges | -190,840 | -197,990 | -197,990 |
| Rent | -58,280 | -58,280 | -88,850 |
| Leisure & Culture | 1,567,130 | 2,419,180 | 2,304,450 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Town Centre | | | | | |
| Town Centre Mgt.Sponsorship | | 15,000 | | | 0 |
| Business Terrace | 69,820 | 70,640 | 167,590 | -94,370 | 73,220 |
| Phase 3 Business Terrace Expansion | | | 72,390 | -71,950 | 440 |
| Town Centre | 69,820 | 85,640 | 239,980 | -166,320 | 73,660 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Repairs & Maintenance | 13,900 | 19,370 | 24,920 |
| Utilities | 10,710 | 10,710 | 11,790 |
| Premises Other | 109,870 | 129,690 | 149,470 |
| Equipment & Furniture | 8,210 | 8,490 | 8,950 |
| Supplies & Services Other | 2,460 | 13,280 | 23,530 |
| Printing & Stationery | 900 | 1,400 | 1,940 |
| Professional Services | 120 | 15,120 | 120 |
| General Insurances | 970 | 1,190 | 1,240 |
| Information & Communications | 4,500 | 3,180 | 3,270 |
| Agency & Contractor | 12,530 | 13,530 | 14,750 |
| Income Other | -4,670 | -10,400 | -16,160 |
| Fees & Charges | -89,680 | -119,920 | -150,160 |
| Town Centre | 69,820 | 85,640 | 73,660 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|--------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Employment & Skills | | | | | |
| Economic Research | | 6,750 | | | 0 |
| Business Support & Enterprise | | 22,000 | | | 0 |
| Economic Dev - Promotion & Marketing | 800 | 36,320 | 4,130 | -3,500 | 630 |
| Economic Development Section | 228,320 | 284,390 | 278,630 | | 278,630 |
| Employment & Skills | 229,120 | 349,460 | 282,760 | -3,500 | 279,260 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|--------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 216,260 | 288,420 | 268,450 |
| Employee Other | 4,310 | 12,190 | -2,100 |
| Repairs & Maintenance | 500 | 500 | 500 |
| Utilities | 2,550 | 2,550 | 2,830 |
| Vehicle & Transport | 1,940 | 1,940 | 1,940 |
| Equipment & Furniture | 790 | 790 | 800 |
| Supplies & Services Other | 3,600 | 20,870 | 8,100 |
| Printing & Stationery | 900 | 900 | 910 |
| Professional Services | 0 | 52,000 | 0 |
| Subsistence & Training | 400 | 1,500 | 400 |
| Grants & Contributions Paid | 600 | 600 | 610 |
| General Insurances | 20 | 20 | 30 |
| Information & Communications | 750 | 270 | 290 |
| Income Other | 0 | -29,590 | 0 |
| Fees & Charges | -3,500 | -3,500 | -3,500 |
| Employment & Skills | 229,120 | 349,460 | 279,260 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|----------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Homes | | | | | |
| Building Regulations Chargeable | -320,160 | -320,160 | 6,820 | -326,850 | -320,030 |
| Building Control | -990 | -990 | 2,000 | -3,020 | -1,020 |
| Street Naming & Numbering | -49,000 | -49,000 | | -49,000 | -49,000 |
| Development Control Advice | -115,000 | -115,000 | | -115,000 | -115,000 |
| Development Control Applications | -1,295,980 | -1,304,440 | 125,320 | -1,559,060 | -1,433,740 |
| Development Control Appeals | 119,410 | 119,410 | 121,800 | | 121,800 |
| Development Control Enforcement | 64,520 | 64,520 | 165,810 | | 165,810 |
| Planning Policy | 200,000 | 31,950 | 200,000 | | 200,000 |
| Neighbourhood Planning | | 4,740 | | | 0 |
| Strategic Housing Role | 13,500 | 13,500 | 13,770 | | 13,770 |
| Marden Caravan Site (Stilebridge Lane) | 19,020 | 18,950 | 48,500 | -29,510 | 18,990 |
| Ulcombe Caravan Site (Water Lane) | 6,930 | 6,860 | 45,570 | -38,690 | 6,880 |
| Development Management Section | 787,690 | 898,560 | 864,420 | | 864,420 |
| Spatial Policy Planning Section | 442,350 | 398,530 | 396,470 | | 396,470 |
| Head of Planning and Development | 102,100 | 161,070 | 104,430 | | 104,430 |
| Development Mgt.Enforcement Section | 143,850 | 146,890 | 169,160 | | 169,160 |
| Building Surveying Section | 358,410 | 358,490 | 367,640 | | 367,640 |
| Mid Kent Planning Support Service | 396,070 | 430,230 | 671,930 | -237,470 | 434,460 |
| Heritage Landscape and Design Section | 171,560 | 170,790 | 175,700 | | 175,700 |
| Planning Business Management | 107,200 | 117,720 | 72,220 | | 72,220 |
| Mid Kent Local Land Charges Section | 32,520 | 12,870 | 135,090 | -102,160 | 32,930 |
| Homes | 1,184,000 | 1,165,490 | 3,686,650 | -2,460,760 | 1,225,890 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 2,706,040 | 2,694,030 | 2,721,960 |
| Employee Other | 1,580 | 85,370 | -81,290 |
| Repairs & Maintenance | 76,870 | 76,870 | 76,870 |
| Utilities | 14,960 | 14,960 | 14,960 |
| Premises Other | 520 | 380 | 400 |
| Vehicle & Transport | 83,540 | 82,750 | 80,890 |
| Equipment & Furniture | 8,250 | 6,500 | 6,640 |
| Supplies & Services Other | 97,900 | 116,250 | 92,530 |
| Printing & Stationery | 18,410 | 23,160 | 23,610 |
| Professional Services | 511,050 | 397,980 | 554,100 |
| Security & Protection | 69,000 | 93,740 | 170,380 |
| Subsistence & Training | 2,550 | 12,450 | 2,590 |
| Grants & Contributions Paid | 20,250 | 20,250 | 20,670 |
| General Insurances | 180 | 180 | 270 |
| Information & Communications | 200 | 70 | 70 |
| Agency & Contractor | 2,000 | 2,000 | 2,000 |
| Grants & Contributions Received | -368,200 | -374,820 | -339,630 |
| Income Other | -2,990 | -28,520 | -3,020 |
| Fees & Charges | -1,989,910 | -2,058,110 | -2,118,110 |
| Rent | -68,200 | 0 | 0 |
| Homes | 1,184,000 | 1,165,490 | 1,225,890 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|----------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Infrastructure | | | | | |
| Environment Improvements | 17,170 | 16,440 | 16,450 | | 16,450 |
| Name Plates & Notices | 17,600 | 17,600 | 17,950 | | 17,950 |
| Residents Parking | -223,000 | -223,180 | 45,090 | -267,180 | -222,090 |
| Non Paying Car Parks | 9,300 | 9,700 | 10,000 | -10 | 9,990 |
| Park & Ride | 198,900 | 188,390 | 563,950 | -366,720 | 197,230 |
| Socially Desirable Buses | 63,780 | 63,780 | 48,130 | | 48,130 |
| Other Transport Services | -9,300 | -9,300 | 15,700 | -25,250 | -9,550 |
| Parking Services Section | 310,600 | 308,580 | 433,040 | -109,410 | 323,630 |
| Infrastructure | 385,050 | 372,010 | 1,150,310 | -768,570 | 381,740 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 397,030 | 392,700 | 409,320 |
| Employee Other | 27,710 | 29,030 | 29,780 |
| Repairs & Maintenance | 55,380 | 55,280 | 54,780 |
| Utilities | 4,700 | 4,500 | 4,930 |
| Premises Other | 72,620 | 80,160 | 72,780 |
| Vehicle & Transport | 429,140 | 411,680 | 426,830 |
| Equipment & Furniture | 19,840 | 19,740 | 20,140 |
| Supplies & Services Other | 23,640 | 23,340 | 7,750 |
| Printing & Stationery | 1,370 | 5,070 | 5,160 |
| Professional Services | 20,620 | 20,620 | 20,660 |
| Subsistence & Training | 0 | 900 | 0 |
| Grants & Contributions Paid | 41,000 | 41,000 | 41,020 |
| General Insurances | 610 | 480 | 510 |
| Information & Communications | 3,700 | 0 | 0 |
| Agency & Contractor | 55,560 | 55,380 | 56,650 |
| Grants & Contributions Received | -108,990 | -108,990 | -109,410 |
| Income Other | -154,860 | -154,860 | -155,140 |
| Fees & Charges | -504,010 | -504,010 | -504,010 |
| Rent | -10 | -10 | -10 |
| Infrastructure | 385,050 | 372,010 | 381,740 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|----------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Trading | | | | | |
| Museum Shop | -18,740 | -18,740 | 25,970 | -44,640 | -18,670 |
| Crematorium | -829,770 | -753,260 | 457,300 | -1,216,090 | -758,790 |
| Commercial Waste Services | -66,090 | -69,550 | 117,200 | -188,170 | -70,970 |
| Market | -171,440 | -176,500 | 176,000 | -312,080 | -136,080 |
| Land Charges | -234,400 | -234,010 | 36,350 | -335,550 | -299,200 |
| Palace Gatehouse | -10,660 | -7,620 | 2,450 | -10,100 | -7,650 |
| Archbishops Palace | -99,210 | -98,930 | 39,590 | -139,340 | -99,750 |
| Parkwood Industrial Estate | -307,340 | -313,420 | 12,700 | -329,390 | -316,690 |
| Industrial Starter Units | -20,170 | -23,660 | 28,290 | -51,210 | -22,920 |
| Parkwood Equilibrium Units | -39,030 | -55,530 | 50,940 | -110,170 | -59,230 |
| Sundry Corporate Properties | -97,100 | 17,870 | 69,740 | -368,900 | -299,160 |
| Parks Dwellings | -16,580 | -50,390 | 25,300 | -76,190 | -50,890 |
| Chillington House | -34,630 | -24,500 | 8,500 | -33,330 | -24,830 |
| Phoenix Park Units | -217,910 | -214,940 | 16,870 | -233,740 | -216,870 |
| Granada House - Commercial | -115,840 | -111,760 | 27,990 | -139,970 | -111,980 |
| Granada House - Residential | -105,950 | -105,060 | 940 | -107,010 | -106,070 |
| Heronden Road Units | | -122,310 | 6,140 | -157,570 | -151,430 |
| On Street Parking | -273,530 | -297,440 | 410,250 | -698,710 | -288,460 |
| Pay & Display Car Parks | -1,580,200 | -1,598,710 | 388,090 | -2,138,340 | -1,750,250 |
| Off Street Parking - Enforcement | -188,370 | -164,530 | 167,780 | -327,750 | -159,970 |
| Mote Park Pay & Display | -175,180 | -175,020 | 29,530 | -203,910 | -174,380 |
| Mote Park - Enforcement | 24,660 | | | | 0 |
| Sandling Road Car Park | -111,770 | -111,770 | 128,600 | -240,100 | -111,500 |
| Market Section | 76,000 | 74,330 | 76,880 | | 76,880 |
| Trading | -4,613,250 | -4,635,450 | 2,303,400 | -7,462,260 | -5,158,860 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 181,370 | 260,190 | 267,900 |
| Employee Other | 2,550 | 3,900 | 4,110 |
| Repairs & Maintenance | 427,560 | 451,140 | 447,640 |
| Utilities | 63,430 | 62,430 | 68,120 |
| Premises Other | 407,430 | 507,300 | 427,410 |
| Vehicle & Transport | 5,300 | 5,300 | 5,500 |
| Equipment & Furniture | 86,010 | 98,500 | 101,920 |
| Supplies & Services Other | 201,710 | 203,320 | 207,630 |
| Printing & Stationery | 10,260 | 10,010 | 10,210 |
| Professional Services | 155,920 | 192,740 | 195,940 |
| Security & Protection | 2,000 | 2,000 | 2,040 |
| Grants & Contributions Paid | 2,000 | 2,150 | 2,190 |
| General Insurances | 11,890 | 14,060 | 14,510 |
| Information & Communications | 7,300 | 4,240 | 4,390 |
| Agency & Contractor | 536,860 | 531,890 | 543,890 |
| Grants & Contributions Received | -16,000 | -16,000 | -16,000 |
| Income Other | -334,230 | -336,480 | -334,450 |
| Fees & Charges | -5,023,300 | -5,077,860 | -5,309,910 |
| Rent | -1,341,310 | -1,554,280 | -1,801,900 |
| Trading | -4,613,250 | -4,635,450 | -5,158,860 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Cost Centre/Service | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 (Expenditure) £ | Estimate 2018/19 (Income) £ | Estimate 2018/19 £ |
|----------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------|
| Central & Democratic | | | | | |
| Members Allowances | 342,540 | 365,840 | 371,000 | | 371,000 |
| Members Facilities | 40,100 | 39,340 | 39,940 | | 39,940 |
| Subscriptions | 18,100 | 7,240 | 7,390 | | 7,390 |
| Contingency | 200,000 | 342,520 | 248,210 | | 248,210 |
| Performance & Development | 14,800 | 9,030 | 9,240 | | 9,240 |
| Corporate Projects | 42,840 | 46,450 | 40,450 | | 40,450 |
| Press & Public Relations | 40,050 | 31,330 | 30,990 | | 30,990 |
| Corporate Management | 103,000 | 101,740 | 92,060 | | 92,060 |
| Mid Kent Improvement Partnership | | 290 | 141,650 | -141,090 | 560 |
| Unapportionable Central Overheads | 1,751,580 | 1,787,370 | 1,777,370 | | 1,777,370 |
| Council Tax Collection | -328,900 | -303,190 | 116,620 | -418,060 | -301,440 |
| Council Tax Benefits Administration | -163,800 | -158,480 | | -158,480 | -158,480 |
| NNDR Collection | -240,370 | -227,780 | 17,120 | -250,970 | -233,850 |
| Registration Of Electors | 59,210 | 120,600 | 49,030 | -2,290 | 46,740 |
| Elections | 102,250 | 115,270 | 117,290 | -420 | 116,870 |
| Emergency Centre | 29,080 | 36,280 | 32,960 | | 32,960 |
| Grants | 205,270 | 206,270 | 195,270 | | 195,270 |
| Delegated Grants | 2,100 | 2,100 | 2,100 | | 2,100 |
| External Interest Payable | 124,980 | 124,980 | 231,610 | | 231,610 |
| Interest & Investment Income | -220,000 | -220,000 | | -100,000 | -100,000 |
| Non Service Related Government Grants | -4,001,420 | -3,864,370 | | -3,218,600 | -3,218,600 |
| Democratic Services Section | 136,030 | 135,770 | 162,090 | | 162,090 |
| Mayoral & Civic Services Section | 104,710 | 104,670 | 105,390 | | 105,390 |
| Chief Executive | 160,680 | 168,710 | 173,810 | | 173,810 |
| Communications Section | 78,900 | 196,320 | 178,340 | | 178,340 |
| Policy & Information | 213,120 | 214,930 | 220,470 | | 220,470 |
| Head of Policy and Communications | 104,850 | 105,130 | 107,230 | | 107,230 |
| Revenues Section | 344,570 | 448,720 | 773,010 | -333,350 | 439,660 |
| Democratic and Admin.Services Manager | 45,960 | | | | 0 |
| Registration Services Section | 128,850 | 129,860 | 134,040 | | 134,040 |
| Benefits Section | 432,300 | 437,610 | 747,740 | -309,710 | 438,030 |
| Fraud & Visiting Partnership Section | 47,300 | 62,120 | 215,640 | -163,350 | 52,290 |
| Mid Kent Audit Partnership | 196,370 | 204,010 | 700,440 | -494,480 | 205,960 |
| Director of Finance & Business Imp. | 134,010 | 136,030 | 137,330 | | 137,330 |
| Head of Finance and Resources | 3,710 | | | | 0 |
| Accountancy Section | 638,200 | 673,500 | 699,130 | -14,380 | 684,750 |
| Legal Services Section | 483,150 | 482,850 | 551,030 | -60,000 | 491,030 |
| Director of Regeneration & Place | 134,110 | 135,240 | 136,570 | | 136,570 |
| Property & Procurement Manager | 81,060 | 41,760 | | | 0 |
| Procurement Section | 69,980 | 68,040 | 148,090 | -76,050 | 72,040 |
| Property & Projects Section | 264,330 | 251,650 | 258,710 | | 258,710 |
| Facilities & Corporate Support Section | 409,710 | 367,910 | 418,910 | | 418,910 |
| Improvement Section | 240,900 | 283,630 | 251,170 | | 251,170 |
| Executive Support | 156,820 | 155,920 | 159,900 | | 159,900 |
| Customer Services Manager | 75,190 | | | | 0 |
| Head of Commissioning & Business Improvement | | 209,010 | 126,130 | | 126,130 |
| Mid Kent ICT Services | 680,060 | 681,410 | 1,583,810 | -890,610 | 693,200 |
| GIS Section | 102,440 | 102,850 | 173,690 | -68,790 | 104,900 |
| Customer Services Section | 613,410 | 639,480 | 599,020 | | 599,020 |
| Director of Mid Kent Services | 24,820 | 39,020 | 119,040 | -80,700 | 38,340 |
| Mid Kent HR Services Section | 360,880 | 370,170 | 627,650 | -248,720 | 378,930 |
| MBC HR & Payroll Section | 228,400 | 145,930 | 228,510 | -19,530 | 208,980 |
| Town Hall | 81,470 | 85,110 | 90,380 | -3,990 | 86,390 |
| South Maidstone Depot | 133,430 | 134,350 | 136,770 | | 136,770 |
| The Link, King Street | 91,730 | 97,310 | 349,600 | -241,390 | 108,210 |
| Maidstone House | 1,057,670 | 1,159,540 | 1,239,540 | -124,430 | 1,115,110 |
| I.T. Operational Services | 327,190 | 383,380 | 244,330 | | 244,330 |
| Central Telephones | 60,200 | 60,200 | 61,400 | | 61,400 |
| Mid Kent ITC Software | 187,420 | 187,420 | 521,820 | -334,400 | 187,420 |
| Fleet Workshop & Management | 749,940 | 707,210 | 679,010 | | 679,010 |
| MBS Support Crew | -59,920 | -52,300 | 104,410 | -175,190 | -70,780 |
| Grounds Maintenance | 1,316,850 | | | | 0 |
| Grounds Maintenance - Commercial | | 59,810 | 127,070 | -100,170 | 26,900 |
| Youth Development Programme | 48,200 | 48,250 | 48,620 | -170 | 48,450 |
| Internal Printing | -85,240 | -87,290 | 49,860 | -136,130 | -86,270 |
| Appropriation Account | 1,010,700 | 964,920 | 980,960 | | 980,960 |
| Central & Democratic | 9,735,870 | 9,302,990 | 17,890,960 | -8,165,450 | 9,725,510 |

SUMMARY ESTIMATE 2018/19 - BY PRIORITY

| Subjective Analysis | Original Approved Estimate 2017/18 £ | Revised Estimate 2017/18 £ | Estimate 2018/19 £ |
|---------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------|
| Employee Direct | 8,743,680 | 8,047,940 | 8,569,130 |
| Employee Other | 1,891,760 | 2,052,560 | 1,707,940 |
| Repairs & Maintenance | 225,320 | 230,350 | 227,150 |
| Utilities | 247,920 | 247,920 | 271,550 |
| Premises Other | 1,267,700 | 1,356,150 | 1,278,730 |
| Vehicle & Transport | 464,780 | 434,860 | 455,260 |
| Equipment & Furniture | 942,810 | 972,380 | 937,640 |
| Supplies & Services Other | 835,740 | 1,606,120 | 980,870 |
| Printing & Stationery | 201,500 | 177,800 | 140,750 |
| Professional Services | 495,750 | 515,790 | 461,180 |
| Security & Protection | 34,960 | 35,450 | 36,150 |
| Subsistence & Training | 165,360 | 101,010 | 161,440 |
| Allowances | 309,790 | 333,090 | 338,080 |
| Grants & Contributions Paid | 441,610 | 454,810 | 540,680 |
| General Insurances | 12,240 | 11,710 | 12,040 |
| Information & Communications | 20,000 | 5,420 | 5,800 |
| Agency & Contractor | 596,910 | 580,420 | 588,490 |
| Leasing & Capital Charges | 1,265,790 | 1,162,060 | 1,178,080 |
| Grants & Contributions Received | -6,853,060 | -7,383,400 | -6,607,230 |
| Income Other | -1,291,400 | -1,356,160 | -1,274,930 |
| Fees & Charges | -62,390 | -62,390 | -62,390 |
| Rent | -220,900 | -220,900 | -220,900 |
| Central & Democratic | 9,735,870 | 9,302,990 | 9,725,510 |

Maidstone Borough Council
Medium Term Financial Strategy 2018/19
Estimate of General Fund Balances to 31 March 2019

| | Unallocated General Fund | Asset Replacement | Planning Management | Commercial Risk | Invest to Save | Earmarked Reserves | Grand Total |
|----------------------------------------------|-----------------------------|----------------------|------------------------|--------------------|----------------|-----------------------|--------------|
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Balance as at 31st March 2017 | 7,950 | 167 | 200 | 500 | 500 | 8,026 | 17,343 |
| 2016/17 Carry Forwards Used in 2017/18 | -786 | 0 | 0 | 0 | 0 | 0 | -786 |
| Movement in balances during 2017/18 | -2,942 | -130 | -200 | 0 | 0 | -6,928 | -10,200 |
| Estimated Balance as at 31 March 2018 | 4,222 | 37 | 0 | 500 | 500 | 1,098 | 6,357 |
| Expected movement in balances during 2018/19 | -200 | -37 | 0 | 0 | -7 | 140 | -104 |
| Estimated Balance as at 31 March 2019 | 4,022 | 0 | 0 | 500 | 493 | 1,238 | 6,253 |

Estimate of Earmarked Reserves to 31 March 2019

| | 31/03/2017 | Movement in 2017/18 | Est. Balance at 31/3/18 | Est. Movement in 2018/19 | Est. Balance at 31/3/19 |
|------------------------|--------------|------------------------|-------------------------------|--------------------------------|-------------------------------|
| | £,000 | £,000 | £,000 | £,000 | £,000 |
| Capital Support | 7,215 | -7,172 | 43 | -43 | 0 |
| Local Plan Review | 336 | -146 | 190 | 150 | 340 |
| Neighbourhood Planning | 74 | 75 | 149 | -75 | 74 |
| Business Rates Reserve | 158 | 315 | 473 | 108 | 581 |
| Trading Accounts | 243 | | 243 | | 243 |
| Total | 8,026 | -6,928 | 1,098 | 140 | 1,238 |

ESTIMATED CAPITAL PROGRAMME RESOURCES 2018/19 - 2022/23

| Source of funding | Estimate | | | | | Total £000 |
|----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 18/19 £000 | 19/20 £000 | 20/21 £000 | 21/22 £000 | 22/23 £000 | |
| Contribution from Earmarked Reserve (New Homes Bonus) | 3,200 | 3,400 | 0 | 0 | 0 | 6,600 |
| Capital Grants (Disabled Facilities) | 800 | 800 | 800 | 800 | 800 | 4,000 |
| Internal Borrowing | 18,401 | 0 | 0 | 0 | 0 | 18,401 |
| Prudential Borrowing | 4,132 | 17,983 | 8,086 | 7,225 | 7,225 | 44,651 |
| TOTAL | 26,533 | 22,183 | 8,886 | 8,025 | 8,025 | 73,652 |

PROPOSED FIVE YEAR CAPITAL PROGRAMME 2018/19 - 2022/23

| | 17/18 | Five year plan | | | | | Total £000 |
|--------------------------------------------------------------------------|-------------------|----------------|---------------|---------------|---------------|---------------|---------------|
| | Projected £000 | 18/19 £000 | 19/20 £000 | 20/21 £000 | 21/22 £000 | 22/23 £000 | |
| Housing Development and Regeneration | 1,666 | 9,066 | 14,631 | 3,786 | 3,350 | 3,350 | 34,183 |
| Temporary Accommodation | 3,914 | 4,500 | 600 | 600 | 600 | 600 | 6,900 |
| Disabled Facilities Grants | 692 | 1,192 | 800 | 800 | 800 | 800 | 4,392 |
| Flood Action Plan | 5 | 500 | 500 | 63 | | | 1,063 |
| Public Realm Capital Improvements | 50 | 150 | 25 | 25 | | | 200 |
| Commercial Waste | | 180 | | | | | 180 |
| Gypsy Site Fencing Works | 42 | | | | | | 0 |
| Sub-total Communities, Housing & Environment | 6,369 | 15,588 | 16,556 | 5,274 | 4,750 | 4,750 | 46,918 |
| Mote Park Dam Works | 0 | 1,300 | 600 | | | | 1,900 |
| Mote Park Visitor Centre | 74 | 562 | 1,073 | | | | 1,635 |
| Mote Park Adventure Zone and Other Improvements | 1,469 | 515 | 375 | | | | 890 |
| Continued improvements to Play Areas | 469 | 881 | | | | | 881 |
| Museum Development Plan | 145 | 175 | 170 | 90 | | | 435 |
| Crematorium Development Plan | 264 | 353 | | | | | 353 |
| Other Parks Improvements | | 100 | | | | | 100 |
| Sub-total Heritage, Culture & Leisure | 2,421 | 3,886 | 2,218 | 90 | 0 | 0 | 6,194 |
| Property Investment Strategy | 3,597 | 2,403 | 2,500 | 2,500 | 2,500 | 2,500 | 12,403 |
| Infrastructure Delivery | | 600 | 600 | 600 | 600 | 600 | 3,000 |
| Town Centre Regeneration | 444 | 2,540 | | | | | 2,540 |
| Corporate Property | 200 | 756 | 175 | 175 | 175 | 175 | 1,456 |
| Maidstone East/Sessions Square | 576 | 296 | | | | | 296 |
| Software / PC Replacement | 143 | 115 | 84 | 247 | | | 446 |
| Feasibility Studies | 50 | 50 | 50 | | | | 100 |
| Sub-total Policy & Resources | 5,010 | 6,760 | 3,409 | 3,522 | 3,275 | 3,275 | 20,241 |
| Bridges Gyrotory Scheme | 160 | 299 | | | | | 299 |
| Riverside Towpath | 40 | | | | | | 0 |
| Sub-total Strategic Planning, Sustainability & Transportation | 200 | 299 | 0 | 0 | 0 | 0 | 299 |
| Sub-total | 14,000 | 26,533 | 22,183 | 8,886 | 8,025 | 8,025 | 73,652 |
| Section 106 Contributions | 20 | 160 | 209 | 238 | 103 | 782 | 1,492 |
| TOTAL | 14,020 | 26,693 | 22,392 | 9,124 | 8,128 | 8,807 | 75,144 |

MAIDSTONE BOROUGH COUNCIL

MEDIUM TERM FINANCIAL STRATEGY
2018/19 – 2022/23

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1. OVERVIEW AND SUMMARY OF MEDIUM TERM FINANCIAL STRATEGY

Background

- 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.
- 1.2 The broad economic context for the Strategy is one of considerable uncertainty, particularly in the final three years of the planning period. The Government offered a four year funding settlement to local authorities in 2016, covering the years 2016/17 to 2019/20, which provides some certainty about the level of income that the Council can expect for the first two years covered by the MTFS, ie 2018/19 and 2019/20. However, the position for 2020/21 onwards is very uncertain.
- 1.3 The Government's four year funding offer was conditional on the council preparing an Efficiency Plan setting out proposals for utilising the available funding. Council agreed a combined Medium Term Financial Strategy 2017/18 – 2021/22 and Efficiency Plan and accepted the funding offer at its meeting on 21 September 2016.
- 1.4 The MTFS is reviewed and updated on an annual basis. The current document therefore updates the strategy agreed in 2016 in light of the Council's developing strategic priorities, the external environment, and the latest financial projections, in order to provide a new MTFS for the five year period 2018/19 to 2022/23.

Strategic Context

- 1.5 The Council has set two overriding corporate priorities: keeping Maidstone Borough an attractive place for all; and securing a successful economy for Maidstone Borough. These will be delivered both through our day-to-day revenue expenditure and through investment in the borough's infrastructure as part of the Council's capital programme. Funding for revenue spending is tightly constrained, as set out below, but the Council will seek to optimise delivery of the priorities within these constraints.
- 1.6 Capital investment faces a different set of constraints. As set out in section 4 below, funds have been set aside for capital investment and further funding is available, in principle, through prudential borrowing. The challenge is to ensure that capital investment delivers against the Council's priorities, providing the required return on investment for the community.

Financial Projections

- 1.7 The strategic revenue projections underlying the current Medium Term Financial Strategy suggested that a budget gap would arise in 2020/21, as follows.

Table 1: Current MTFS Revenue Projections 2017/18 – 2021/22

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 |
|----------------------------------------------|-------|-------|-------|-------|-------|
| | £m | £m | £m | £m | £m |
| Council Tax | 14.8 | 15.0 | 15.5 | 15.9 | 16.4 |
| Retained Business Rates | 4.1 | 4.2 | 4.4 | 4.5 | 4.6 |
| Tariff / top-up adjustment (negative RSG) | | | -1.6 | -1.6 | -1.6 |
| Budget requirement | 18.9 | 19.2 | 18.3 | 18.8 | 19.4 |
| Fees and Charges | 16.4 | 16.6 | 16.7 | 16.9 | 17.1 |
| Total Funding Available | 35.3 | 35.8 | 35.0 | 35.7 | 36.5 |
| Predicted Expenditure | 37.1 | 35.7 | 36.4 | 36.9 | 36.4 |
| Budget Gap | 1.8 | -0.1 | 1.4 | 1.2 | -0.1 |
| Required – Cumulative | 1.8 | 1.7 | 3.1 | 4.3 | 4.2 |
| Budget Savings | 1.8 | 2.7 | 3.2 | 3.4 | 3.4 |
| Still to be identified | 0.0 | -1.0 | -0.1 | 0.9 | 0.8 |

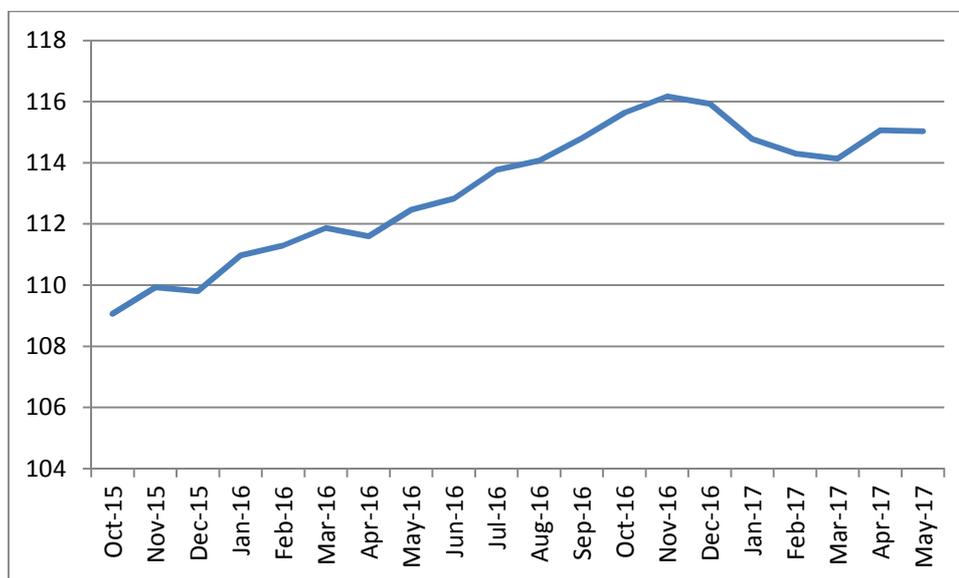
- 1.8 In light of the many uncertainties faced by the Council, it is important to note that projections like these can only represent a 'best estimate' of what will happen. In updating the projections, various potential scenarios have been modelled. Projections were prepared for each of the scenarios modelled, giving consideration to:
- Assessment of external opportunities and threats
 - Evaluation of existing budget savings in the five year plan
 - Latest emerging information about economic developments and government policy.
- 1.9 In accordance with legislative requirements the Council must set a balanced budget. Under the 'business as usual' scenario there will be a budget gap from 2019/20 onwards, and in the 'adverse' scenario from 2018/19 onwards. The MTFS sets out a proposed approach that seeks to address this.

2. NATIONAL AND LOCAL CONTEXT

Economic Outlook 2018 – 2023

- 2.1 Following the EU referendum in June 2016, the national economy continued to grow strongly, contrary to many expectations. However, growth is now slowing. In the first quarter of 2017, growth in GDP was just 0.2%. Because the UK's population is increasing, the rate of growth in GDP per head was zero. This was the lowest rate of growth of any EU country.
- 2.2 Both continued growth in the immediate aftermath of the EU referendum, and now the more recent slowdown, have been driven by consumer spending. See below.

Figure 1: Retail Sales Volumes (3 month moving average, 2005 = 100)

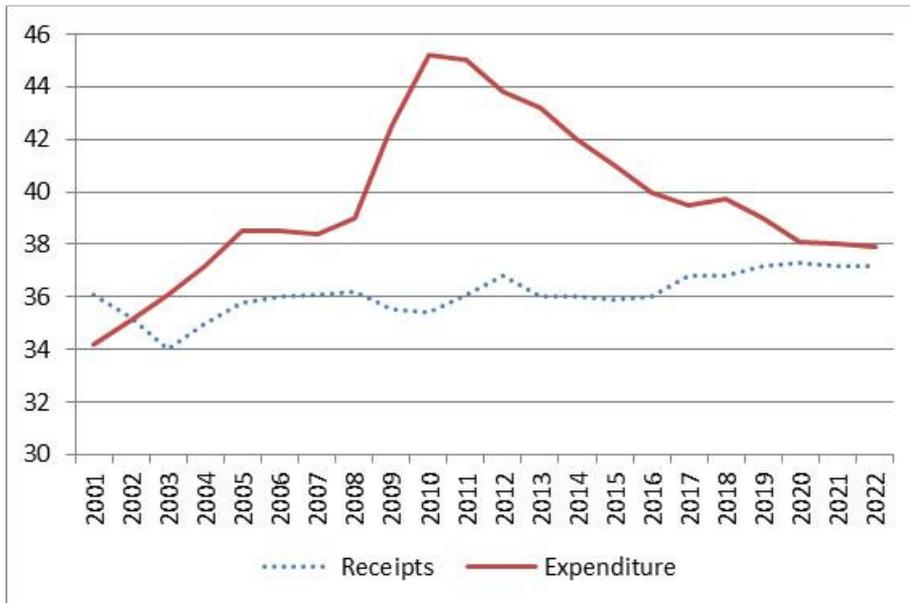


- 2.3 The Bank of England's May 2017 Inflation Report attributes the slowdown in consumer spending to the impact of sterling depreciation. However, the Bank of England also states that weaker consumption may be balanced by rising net trade and investment, since the global economy is continuing to grow.
- 2.4 Sterling depreciation has meant that inflation has risen above the Bank of England target of 2%. The latest Consumer Price Inflation figures show an annual rate of 2.9%. However, wage growth has remained weak, leading to falling real incomes.
- 2.5 The outlook for future economic growth remains very uncertain. It is likely to be highly sensitive to the eventual trading arrangements reached between the UK and its economic partners following Brexit.

Public Finances

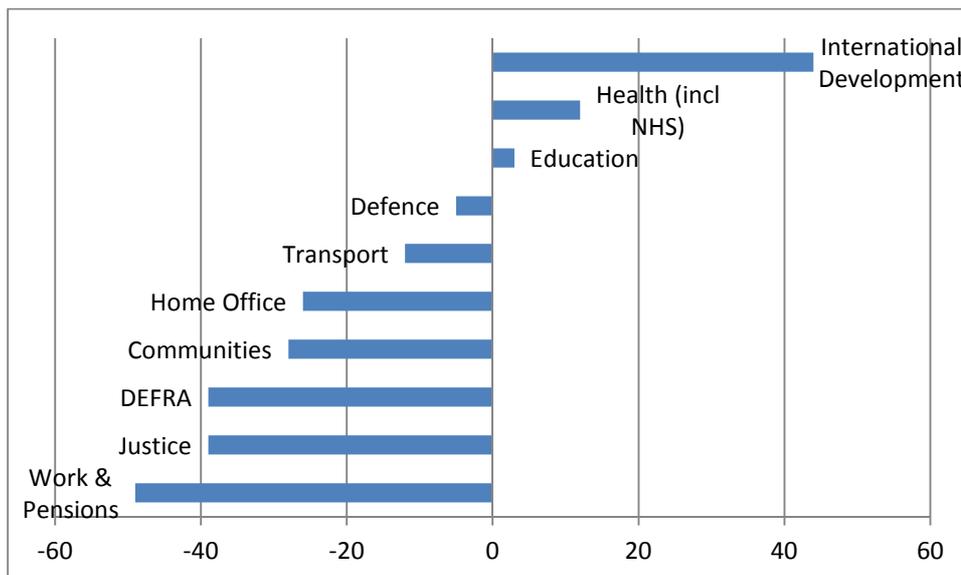
- 2.6 Following the financial crisis of 2008 and the demands that it placed on the public finances, national governments followed an explicit policy of deficit reduction. This has brought public expenditure down to a similar level as a proportion of national income to that in 2007/08, immediately before the financial crisis.

Figure 2: Tax and Spend as a percentage share of national income



However, the impact of expenditure reduction has varied in different parts of the public sector – see figure 3 below.

Figure 3: Planned real change to Departmental Expenditure Limits 2010-11 – 2019-20 (per cent)



- 2.7 Central government funding for local authorities, in particular, has reduced very substantially since 2010. At the same time, the coalition government of 2010-15 and David Cameron's Conservative government of 2015-16 made significant changes to the way that local government is financed. A key change was the introduction of 50% business rates retention for local authorities in 2013. This was part of an agenda of 'localism', giving more freedom and flexibility to local authorities.
- 2.8 Prior to the 2017 General Election, the Government was preparing to move to 100% business rates retention with effect from 2020. As with 50% business rates retention, this would have been linked to a mechanism for rates equalisation. The additional income would have been accompanied by devolution of further responsibilities to local government. However, the relevant legislation was not included in the Queen's Speech. The local government sector therefore assumes that 100% business rates retention has been postponed if not dropped altogether.
- 2.9 In the absence of any firm alternative to 100% business rates retention, the likely funding arrangements for local government after 2020 are very unclear. Pressures to spend more money elsewhere in the public sector, together with the potential for lower tax receipts if the economy slows down, mean that local government faces a very real risk of further reductions in funding.
- 2.10 Maidstone no longer benefits directly from central government support in the form of Revenue Support Grant. However, the existing four year funding settlement contains a mechanism for government to levy a 'tariff / top-up adjustment' – effectively reverse Revenue Support Grant – on local councils. This mechanism could be used to extract funding from the sector for other priorities. Accordingly, Maidstone Borough Council needs to plan for the risk that the tariff / top-up adjustment of £1.6 million payable in 2019/10 will increase in subsequent years.
- 2.11 There is the potential for the Council to grow both its Council Tax and Business Rates income, if the numbers of households and businesses respectively grow. This depends in turn on the performance of the national and local economy. Given the uncertainty about future economic growth, forecasts have been reflected in the Strategic Revenue Projection using a range of different scenarios.
- 2.12 Further details of how the Council funds its services are set out in section 4.

3. STRATEGIC PLAN AND ACTION AREAS

3.1 The Medium Term Financial Strategy is intended to deliver the Council's Strategic Plan. As part of the Strategic Plan, the Council has agreed two corporate priorities for 2015-2020 underpinned by 8 action areas:

Corporate Priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

Action Areas:

- Providing a clean and safe environment;
- Encouraging good health and wellbeing;
- Respecting the character and heritage of our Borough;
- Ensuring there are good leisure and cultural attractions;
- Regenerating the Town Centre;
- Securing improvements to the transport infrastructure of our Borough;
- Promoting a range of employment opportunities and skills required across our Borough; and
- A home for everyone.

The 2017/18 refresh of the Strategic Plan highlighted the following action areas for specific focus:

- A clean and safe environment;
- Regenerating the Town Centre;
- A home for everyone – tackling homelessness and improving supply.

3.2 The financial resources available to deliver these actions are set out in the following sections of the MTFs. Day-to-day expenditure is met from the revenue budget, which is funded primarily from Council Tax, our share of Business Rates income and Fees and Charges. It will be seen that there are severe constraints on the funding available for the revenue budget. In addition, there are budget pressures which must be managed in order to ensure that there are sufficient resources available for the Council's priorities. This inevitably means that spending against the revenue budget must be prioritised.

3.3 Investment for the longer term is delivered through the capital programme, which is funded from the New Homes Bonus, borrowing and third party contributions such as Section 106 payments on new developments. Capital investment is essential to the realisation of the Strategic Plan. The constraints in this case are different from those facing revenue expenditure, because the current local authority funding regime does not set cash limits for borrowing. However, borrowing must be sustainable in terms of the Council's ability to fund interest payments and ultimately repayment of capital. Capital investment plans also depend on having the capacity, in terms of internal resources, to develop projects, work effectively with partners, and secure third party funding.

4. FINANCIAL RESOURCES

Council Tax

- 4.1 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.
- 4.2 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. See table below.

Table 2: Number of Dwellings in Maidstone

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------|--------|--------|--------|--------|--------|
| Number of dwellings | 66,325 | 66,924 | 67,178 | 67,721 | 68,519 |
| % increase compared with previous year | 1.19% | 0.90% | 0.38% | 0.81% | 1.18% |

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

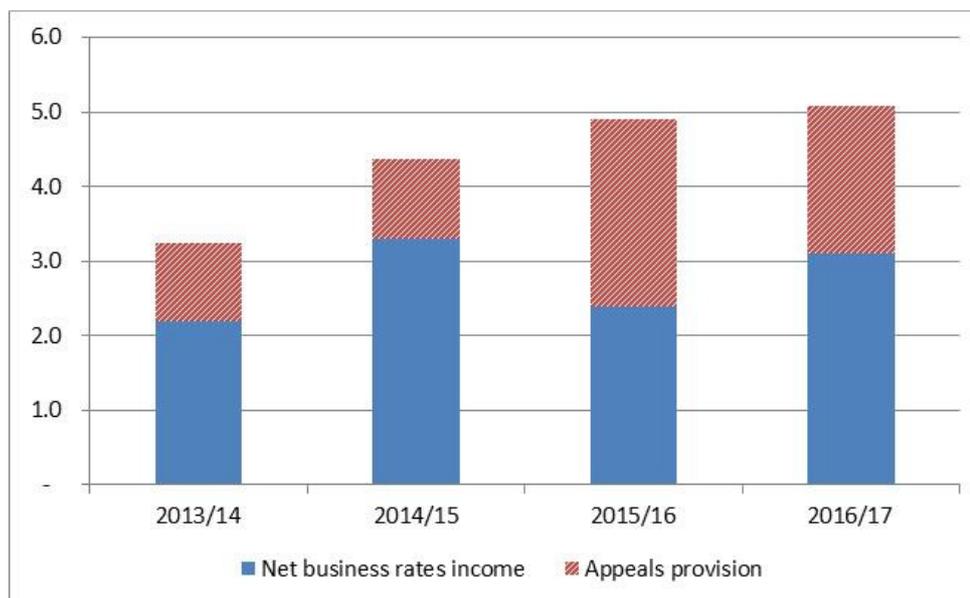
- 4.3 The level of council tax increase for 2018/19 is a decision that will be made by Council based on a recommendation made by Policy and Resources Committee. The Council's ability to increase the level of council tax has been limited firstly by a cap and more recently by the need to hold a referendum for increases over a government set limit. The limit set by the government for 2017/18 remained the greater of 2% or £5.00. For 2017/18, the Council approved an increase of £4.95 (2.1%).
- 4.4 In the Medium Term Financial Strategy 2017/18 – 2021/22, it was assumed that the Council Tax base would increase by 1% per annum for the MTFs period, and Band D Council Tax will continue to increase by £4.95 per annum, reverting to 2% in 2019/20 when this becomes a greater figure than £4.95. The Government announced in December 2017 that the referendum limit for Council Tax increases 2018/19 would be 3%, thus permitting Maidstone Council to increase Council Tax by up to £7.29.

Business Rates

- 4.5 The current business rates regime, where 50% of business rates is retained by local authorities, but is then subject to tariffs and top-ups in order to equalise the amounts actually received by each authority, leads to a high degree of volatility. This is because the tariff is fixed, whilst business rates income is variable. This variability is exacerbated by the number of appeals outstanding at any one time. As a result, it has proved very difficult to project business rates income. See graph below.

Figure 4: Net Business Rates Income receivable by Maidstone BC

£ million



- 4.6 As a member of the Kent Business Rates Pool, the council has had the ability to retain more of the income from growth in business rates than it otherwise would, but with government still receiving 50% of growth. In 2018/19, Kent and Medway authorities will form a 100% Business Rates Retention pilot, thus allowing them collectively to retain all business rates growth.
- 4.7 Originally the Council held all income from business rates growth in reserve and committed it in the year following its receipt. In setting the 2016/17 budget the Council approved the use of the non-pool element of business rates growth, which is retained by the Council regardless of whether or not it is a member of the pool, into its base budget to maintain overall resource levels. An earmarked reserve holds the growth protected by membership of the pool. The reserve is used for specific projects that form part of the Council's economic development strategy, such as the Maidstone East development.

Fees and Charges

- 4.8 Fees and charges income is an increasingly important source of funding for the Council. We have a policy that guides officers and councillors to set the appropriate level of fees and charges based on demand, affordability and external factors. The policy is not influenced directly by the MTFs with the exception that charges should be maximised within the limits of the policy.
- 4.9 In developing the strategic revenue projection for 2017/18 a broad assumption of a 1% increase in future fees and charges was used for the development of the MTFs, in line with overall inflation assumptions.

- 4.10 Fees and charges include amounts recharged to other Mid Kent Services authorities where Maidstone is the host authority.

Balances and Earmarked Reserves

- 4.11 The Council maintains reserves as a safety net to allow for unforeseen circumstances. There is no statutory definition of the minimum level of reserves: the amount required is a matter of judgement. However, the Council has agreed to set £2 million as the minimum General Fund balance.
- 4.12 Within the General Fund balance, amounts have been allocated for specific purposes. These amounts do not represent formal commitments. Instead, they represent the level of reserves considered to be required for specific purposes, including asset replacement, commercialisation and Invest to Save projects.
- 4.13 In addition to uncommitted General Fund balances, the Council holds reserves that are earmarked for specific purposes. The most substantial of these is the earmarked New Homes Bonus funding for capital expenditure, which stood at £7.2 million as at the end of 2016/17. Full details of reserves held are set out below.

Table 3: General Fund balances as at 31 March 2017

| | £000 |
|-----------------------------------------------|---------------|
| General Fund | |
| Asset Replacement | 167 |
| Planning Management | 200 |
| Commercialisation – contingency | 500 |
| Invest to Save projects | 547 |
| 2016/17 underspend earmarked for Action Areas | 89 |
| Unallocated balance | 5,855 |
| Sub-total | 9,329 |
| Earmarked Reserves | |
| New Homes Bonus funding for capital projects | 7,214 |
| Local Plan | 336 |
| Neighbourhood Plans | 64 |
| Accumulated Surplus on Trading Accounts | 243 |
| Business Rates Growth Fund | 158 |
| Sub-total | 8,014 |
| Total General Fund balances | 17,343 |

The unallocated balance exceeds the £2 million minimum. It represents 17% of the revenue budget, which is in excess of the 10% benchmark that is sometimes cited as a reasonable level. It can therefore be seen that the level of reserves is adequate without being excessive.

5. CURRENT EXPENDITURE

- 5.1 In order to provide some context for budget prioritisation, this section sets out current budgeted expenditure by Committee and by Service, and describes planned savings and known budget pressures.

Table 4: 2017/18 Revenue Budgets by Committee and Service

| Ctee | Service | 2016/17 Actual £000 | 2017/18 Budget | | |
|--------------|-----------------------------|---------------------------|---------------------|----------------|-------------|
| | | | Expenditure £000 | Income £000 | Net £000 |
| CHE | Communities & Housing | 3,759 | 4,714 | -1,331 | 3,383 |
| | Environment & Public Realm | 5,473 | 7,098 | -1,740 | 5,358 |
| HCL | Heritage, Culture & Leisure | 750 | 3,558 | -3,052 | 506 |
| S P S & T | Planning Services | 1,843 | 3,551 | -2,652 | 899 |
| | Parking & Transportation | -1,883 | 2,221 | -4,141 | -1,920 |
| P & R | Economic Development | 489 | 747 | -448 | 299 |
| | Property & Investment | 491 | 1,973 | -1,893 | 80 |
| | Corporate & Shared Services | 8,935 | 13,452 | -3,162 | 10,290 |
| | Total | 19,857 | 37,315 | -18,418 | 18,897 |

Communities and Housing

- 5.2 Developments in the housing market continue to create very significant budget pressures for the Council. The pressures are illustrated by the number of homeless applications, which amounted to nearly 600 in 2016/17 and to 79 alone in the first month of 2017/18. As a result, the cost of providing temporary accommodation led to an overspend for this area in 2016/17.
- 5.3 The Council has responded positively to these pressures through direct investment in property to provide temporary accommodation. Whilst this will reduce the cost of providing temporary accommodation over time, in the short term growth of £235,000 has been included in the budget for 2017/18. Early indications are that the continuing high number of homeless applications, and the length of time taken to bring our own property on stream, mean that it will be challenging to remain within budget even having taken into account the growth of the budget.
- 5.4 The Council is also anticipating the implementation of new homelessness legislation, and is investing in revenue resources for homelessness prevention. Further growth of £94,000 was built into the budget for 2017/18 to allow for additional recruitment to the preventions team, giving total growth of £329,000.

Environment & Public Realm

- 5.5 This service includes the core services responsible for delivering the 'clean and green' agenda – street cleaning, grounds maintenance and household waste collection. The service is planning savings of £114,000 in 2017/18, principally arising from additional income from commercial waste and garden waste collections. In addition to the challenge of delivering these savings, there will be £180,000 additional costs for waste collection in 2017/18 arising from the effect of contract indexation. The service has identified a number of measures which are intended to mitigate this cost and so achieve a balanced outturn.

Heritage, Culture & Leisure

- 5.6 This service includes the museum, leisure services and bereavement services. The area is planning savings of £130,000 in 2017/18, including additional Crematorium income of £55,000, £25,000 of operating savings at the Museum and £50,000 from a new operating model for Parks and Open Spaces. Recent performance of the Crematorium indicates that it should achieve its savings target. Careful monitoring will be required to ensure that the other savings are delivered.
- 5.7 There was an overspend in 2016/17 on the Mote Park Café, arising from it failing to achieve its income targets. The income target for the Mote Park Café has been removed in 2017/18, for one year only, such that it only has to break even to achieve budget. Early indications are that this objective will be achieved. The operation of the Café will be recommissioned during 2017/18 with the intention of generating a net surplus in future years.
- 5.8 Growth of £50,000 was allowed for the Museum in 2017/18, in anticipation of it failing to secure external funding for outreach activities. In the event, the Museum has secured an Arts Council grant of £70,000 for 2017/18. The Museum will therefore be expected to deliver a surplus in 2017/18.

Planning Services

- 5.9 This area has a savings target of £84,000 in 2017/18, comprising additional income for Building Control and Planning Support and a modest reduction in staffing levels. These savings are considered to be achievable. However, there will be pressures on the budget in 2017/18 arising from the potential cost of planning appeals. Additionally, the service area was expecting additional income of £120,000 from increasing Planning Fees by 20%. The legislation to implement this has been delayed by the General Election, so any additional income will be reduced and the service area will need to plan accordingly.
- 5.10 Growth of £200,000 has been built into the budget for 2017/18, to allow for work to commence on the Local Plan refresh that will be required for 2020.

Parking & Transportation

- 5.11 This service generates a strong positive contribution, primarily from the Council's Pay and Display car parks. £300,000 of savings are built into the 2017/18 budget arising from expected strong parking income performance and increased charges that took effect in April 2017.

Economic Development

- 5.12 Savings of £126,000 are projected for 2017/18, arising from the capitalisation of some staffing costs and use of the Business Rates Pool for certain revenue costs which meet the criteria for generating business growth. Whilst these are not cash savings, it is legitimate to maximise alternative sources of funding such as capital resources and the Business Rates Pool at a time when revenue resources are under pressure.

Property and Investment

- 5.13 Savings are projected in this area from commercial investments (£200,000) and office accommodation (£165,000). The saving from commercial investments is expected to be deliverable following a new acquisition at Heronden Road. Office accommodation savings were based principally on the opening of the Link as a shared facility with the DWP and should also be achievable.

Corporate and Shared Services

- 5.14 Substantial savings are projected in this area in 2017/18, of which the major items are Revenues and Benefits restructuring (£108,000), Finance Service savings arising from the deletion of the Head of Finance and Resources post (£100,000) and income from the new Debt Recovery Service (£88,000). All savings in this area are considered to be deliverable.
- 5.15 A Contingency Fund of £200,000 has been included under Corporate and Shared Services. It will be allocated, if necessary, to other Council services. Use of the Contingency Fund is a last resort and Service Areas will be expected in the first instance to offset any potential overspend with savings elsewhere within the Service.

6. FUTURE SCENARIOS

- 6.1 Owing to the high degree of uncertainty facing the Council, financial projections have been prepared for three different scenarios, as follows.

1. Favourable – Local authority growth

Central government accepts the logic of devolution and gives greater autonomy to local authorities. Most authorities no longer receive revenue support grant, but in return are able to increase Council Tax and to set their own business rates. This creates winners and losers, with some of the losers being unable to set balanced budgets and being forced to accept central government control. However, the winners are able to attract residents and businesses to their areas and to generate a higher rate of economic growth locally through enhanced capital investment.

2. Neutral - Business as usual

The government sticks to the current business rates retention model. A fair funding review to deal with pressing issues in the current system leaves the overall funding position broadly unchanged. In order to maintain services at current levels, the government accepts a higher level of overall public sector borrowing. An orderly Brexit means that the markets make only a marginal upward adjustment in their assessment of UK credit risk, so the cost of servicing public sector borrowing remains manageable. Local authorities are able to continue providing services at broadly the current level.

3. Adverse - Economic downturn

The continued fall in the pound deters consumers from spending and the economy slows down sharply. Businesses close, reducing rates income. Increasing unemployment leads to greater homelessness and more pressures on local authority housing services. Under pressure to maintain spending on the NHS, pensions and other benefits, the government squeezes local government's share of total spending by cutting what is left of revenue support grant and reducing local government's share of business rates. This leaves many more authorities paying central government 'negative revenue support grant'. The government continues to restrict the amount local authorities can raise by way of Council Tax in order to limit overall public spending, but wage inflation will grow, forcing authorities to make severe cuts.

Details of key assumptions underlying each of these scenarios are set out below.

Council Tax

- 6.2 It was originally assumed in all scenarios that Band D Council Tax would continue to increase by £4.95 per annum, reverting to 2% in 2019/20 when this becomes a greater figure than £4.95.

- 6.3 The 'favourable' scenario outlined above would allow the Council to increase Council Tax by more than 2%. It has been assumed for the purpose of the projections that if the Council were to do this the additional revenue would be used to fund additional services, such that there would be no 'bottom line' impact on the budget gap.
- 6.4 The other key assumption regarding Council Tax is the number of new properties. The number of new properties has been increasing in recent years, from a low of 0.38% in 2014 to 1.18% in 2016. The rate of increase in 2017 is likely to be higher still, but remains lower than that implied by Local Plan new homes targets. Assumptions are as follows:

Favourable – 2%
Neutral – 1.5%
Adverse – 1%

Tariff / top-up adjustment

- 6.5 The current four year funding settlement provides no Revenue Support Grant from 2017/18 onwards. Instead, a 'negative Revenue Support Grant' payment to government of £1.6 million is due to be paid in 2019/20. Whatever system is adopted for funding local authorities from 2020/21, it is likely that the government will look to recoup at least this much from Maidstone in subsequent years.
- 6.6 In addition, as provided for in the current MTFs, it is appropriate to include a provision, currently £1.3 million, to allow for additional burdens placed on the Council following the end of the current four year settlement. Originally it was expected that the Council might face additional responsibilities under 100% business rates retention from 2020/21 and a provision of £1.3 million was made in the MTFs to allow for this. Even if 100% business rates retention is not now introduced as originally intended, the pressures on UK-wide public finances mean that the Council risks corresponding burdens, whether in the form of additional responsibilities or an increased tariff / top-up adjustment. With an adverse outcome this figure is treated as increasing to £2 million.

Business Rates

- 6.7 As described above, the net business rates income received by the Council is highly volatile, being sensitive to the number of appeals as well as to the overall economy.
- 6.8 A further factor to be considered is the likely resetting of the government's business rates baseline in 2020/21. This represents the level above which the Council benefits from a share in business rates growth. It is likely that the government will reset the baseline in order to redistribute resources from those areas that have benefitted most from business rates growth in the years since the current system was introduced in 2013, to those areas that have had lower business rates growth.

6.9 Assumptions are as follows:

Favourable – annual increase in business rates 3%; Council retains all existing business rates growth, ie no adverse impact from business rates growth reset

Neutral – annual increase in retained business rates 2%; business rates growth reset to zero in 2020/21, £500,000 growth per annum from 2021/22 onwards.

Adverse –base level of retained business rates falls to the ‘safety net’ threshold; business rates growth reset to zero in 2020/21 and no further growth subsequently.

Fees and Charges

6.10 Current projections imply that fees and charges will increase in line with overall inflation assumptions. For the Council, the main component of inflation is pay inflation. In practice, it is not possible to increase all fees and charges by this amount as some are set by statute. Accordingly, the inflation assumptions for fees and charges are for somewhat lower increases than the corresponding expenditure assumptions.

6.11 The aggregate change in fees and charges income includes both inflation assumptions and volume assumptions, based on the buoyancy of income streams. For example, in a favourable economic environment we would expect volumes to grow. Details are as follows:

Favourable – 0% price increase + 2% volume increase = 2%
 Neutral – 0% price increase + 1% volume increase= 1%
 Adverse – 1% price increase less 1% volume decrease = 0%

Inflation

6.12 The past year has seen a steady increase in inflation. The annual rate of increase in Consumer Price Index inflation (CPI) for the year to May 2017 was 2.9%. Although wage inflation in the public sector has been significantly below this level, there is increasing political pressure to relax the limits on public sector pay increases.

6.13 The following table sets out the assumptions made for the purposes of preparing the initial set of Strategic Revenue Projections.

Table 5: Inflation Assumptions

| | Favourable | Neutral | Adverse | Comments |
|----------------|------------|---------|---------|------------------------------------------------------------------------------|
| Employee Costs | 1.00% | 1.00% | 2.00% | The adverse assumption is that current government pay guidelines are relaxed |
| | 0.50% | 0.50% | 0.50% | The annual cost of performance related incremental increases for staff |
| Electricity | 3.00% | 5.00% | 9.00% | Based on guidance from |

| | Favourable | Neutral | Adverse | Comments |
|-----------|------------|---------|---------|-------------------------------------------------------------------------------------------------------|
| | | | | supplier |
| Gas | 3.00% | 5.00% | 11.00% | Based on guidance from supplier |
| Water | -3.50% | -1.75% | 0.00% | Decrease in prices expected from deregulation of the water supply market |
| Fuel | 1.00% | 2.00% | 3.00% | A predicted average increase based on previous trends as no forward looking information is available. |
| Insurance | 1.00% | 2.00% | 3.00% | A predicted average increase based on previous trends as no forward looking information is available. |
| General | 1.00% | 2.00% | 3.00% | 2% is the government's target inflation rate but the current level of CPI inflation is 2.9% |

Spending Pressures

- 6.14 Allowance has been made for known spending pressures within the projections, with optimistic, neutral and pessimistic views taken on likely temporary accommodation pressures in the three different scenarios.
- 6.15 As there will be a delay in generating returns from capital investment following the initial borrowing and commitment of cash, the line 'revenue costs of capital programme' shows additional pressures in the first three years of the MTF period, which are gradually reversed in years 4 and 5. In the adverse scenario, returns from the capital investment are 50% lower than in the neutral and favourable scenarios.
- 6.16 A summary of the projected budget gaps under each of the scenarios is set out below.

Table 6: Projected Budget Gap 2018/19 – 2022/23

| | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 |
|--|-------|-------|-------|-------|-------|
| | £m | £m | £m | £m | £m |

| Scenario 1 – Favourable | | | | | |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Budget Gap ¹ | -0.1 | 1.1 | -0.2 | 0.8 | -0.8 |
| Required – Cumulative | -0.1 | 1.0 | 0.8 | 1.6 | 0.8 |
| Savings identified to date ² | -0.9 | -1.4 | -1.6 | -1.6 | -1.6 |
| Still to be identified | -1.0 | -0.4 | -0.8 | -0.0 | -0.8 |

| Scenario 2 – Neutral | | | | | |
|-----------------------------------------|-------------|------------|------------|------------|------------|
| Budget Gap ¹ | 0.4 | 1.5 | 1.4 | 0.8 | -0.3 |
| Required – Cumulative | 0.4 | 1.9 | 3.3 | 4.1 | 3.8 |
| Savings identified to date ² | -0.9 | -1.4 | -1.6 | -1.6 | -1.6 |
| Still to be identified | -0.5 | 0.5 | 1.7 | 2.5 | 2.2 |

| Scenario 3 – Adverse | | | | | |
|-----------------------------------------|------------|------------|------------|------------|------------|
| Budget Gap ¹ | 2.3 | 2.0 | 1.2 | 3.0 | 0.8 |
| Required – Cumulative | 2.3 | 4.3 | 5.5 | 8.5 | 9.3 |
| Savings identified to date ² | -0.9 | -1.4 | -1.6 | -1.6 | -1.6 |
| Still to be identified | 1.4 | 2.9 | 3.9 | 6.9 | 7.7 |

¹ A positive figure here indicates a budget gap; a negative figure (-) indicates a surplus

² Savings included in existing 2017/18 – 2021/22 MTFS / Efficiency Plan

7. SAVINGS AND EFFICIENCY PLAN

- 7.1 It is inherent in the Medium Term Financial Strategy that the Council seeks to balance income and expenditure, and therefore identifies measures to eliminate any budget gap. In addition to the legal requirement to set a balanced budget for 2017/18, it is to be expected that the Council will have credible plans in place to address any budget gap in subsequent years. In the interests of prudence, these plans need to address not only a neutral set of projections but also the potential adverse scenario outlined in the previous section.
- 7.2 It was acknowledged in preparing the current MTFs, for the five years 2017/18 – 2021/22, that the size of the potential revenue budget shortfall meant that no single initiative could be expected to close the gap. Accordingly, a blend of different generic approaches were taken, each of which have contributed to the £3.4 million of savings in the current projections, as follows:

Table 7: Budget savings by category

| | £000 |
|------------------------------------------|--------------|
| Efficiency savings | 1,008 |
| Increased income | 1,093 |
| Transformation and business improvements | 851 |
| Service reductions | 456 |
| Total | 3,408 |

The preferred approach to delivering savings is through efficiencies, increased income or transformation. Service reductions are a last resort.

- 7.3 The blended approach to delivering savings has proved successful so far. Most savings for 2017/18 are on track to be delivered. If an individual saving is not delivered, the wide spread of approaches and savings ideas means that overall risk is minimised. Note that this approach is not the same as 'salami slicing'. Each savings proposal has been carefully developed and evaluated. Savings are not based on an arbitrary percentage cut in a service budget.
- 7.4 In addressing the budget gaps identified under the scenarios outlined above, it is proposed to adopt a similar approach. Whilst the size of the budget gap is potentially greater, it is considered that this approach is scalable and is appropriate for the task that now requires to be undertaken. Budget proposals have been developed during the course of September – November 2017, prior to consideration by Service Committees and the wider stakeholder group in December 2017 – January 2018. Budget proposals were sought addressing the worst case, in order that the Council is suitably prepared for this eventuality. The proposals recommended to Council are however based on a 'neutral' scenario, as these are sufficient to meet the remit of a balanced budget in 2018/19.

8. CAPITAL PROGRAMME

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 can be realised. The capital programme is a rolling five year programme. The existing capital programme was approved by Council at its budget meeting on 1st March 2017 and totals £60 million over five years. Details are set out below.

Table 8: Five Year Capital Programme 2017/18 – 2021/22

| | Actual | Five year plan | | | | | |
|----------------------------------|---------------|-----------------------|---------------|---------------|---------------|--------------|---------------|
| | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Housing and regeneration schemes | 21 | 1,500 | 7,500 | 11,500 | 8,500 | 3,000 | 32,000 |
| Housing investments | 754 | 3,900 | 600 | 600 | 600 | 600 | 6,300 |
| Other housing | 840 | 1,376 | 1,150 | 1,150 | 1,150 | 1,150 | 5,976 |
| Commercial property investments | 3,653 | 1,500 | 0 | 0 | 0 | 0 | 1,500 |
| Parks and open spaces | 641 | 2,292 | 1,919 | 625 | 0 | 0 | 4,836 |
| Town Centre regeneration | 131 | 1,400 | 1,400 | 0 | 0 | 0 | 2,800 |
| Maidstone East | 2,783 | 288 | 212 | 0 | 0 | 0 | 500 |
| Flood defences | 28 | 50 | 50 | 300 | 550 | 50 | 1,000 |
| Infrastructure delivery | 500 | 0 | 3,000 | 0 | 0 | 0 | 3,000 |
| Bridges Gyrotory Scheme | 941 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 1,559 | 740 | 601 | 520 | 415 | 225 | 2,501 |
| Total | 11,851 | 13,046 | 16,432 | 14,695 | 11,215 | 5,025 | 60,413 |

8.2 Infrastructure development in the Local Plan will be primarily funded from S106 contributions and the Community Infrastructure Levy. However, an allocation of £3 million has been included in the capital programme to cover investment by the Council itself. This may be used in advance of receiving S 106 contributions.

8.3 The above figures do not include potential capital investment in the Kent Medical Campus, part of the North Kent Enterprise Zone (EZ). This capital investment, which is expected to be an important driver for economic development, would be funded on a stand-alone basis from business rates income generated by the EZ.

8.4 Since the capital programme was agreed by Council, a requirement has emerged for a capital investment to strengthen the dam at the western end of Mote Park Lake. Detailed costings still have to be prepared but the cost is likely to be in the region of £1 million.

8.5 Schemes may be included in the capital programme if they fall within one of the four following categories:

- Required for statutory reasons, eg to ensure that Council property meets health and safety requirements;
 - Self-funding schemes focused on strategic plan priority outcomes;
 - Other schemes focused on strategic plan priority outcomes; and
 - Other priority schemes which will attract significant external funding.
- 8.6 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, 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 can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must first be prepared.
- 8.7 Maidstone Borough Council has so far not borrowed to fund its capital programme, instead relying primarily on New Homes Bonus to fund the capital programme. The funding projections for the Capital Programme envisage that borrowing will not be required in 2017/18, but will be in subsequent years. The cost of any borrowing will be factored into the updated MTFS financial projections.
- 8.8 There has been a reduction of the period for which New Homes Bonus would be paid from six years to five in 2017/18 and then to four in 2018/19. The reduction takes immediate effect, such that it affects six year payments already being received. An allowance is also made in calculating New Homes Bonus for the natural growth in housing from 'normal' levels of development. This means that New Homes Bonus will now only be paid on growth in excess of 0.4% per annum.
- 8.9 Many of the external grants that were available to the council for funding capital projects in the past no longer exist. However, recent projects have received support through grants and contributions, eg the Museum, Mote Park, and the High Street. Government funding is also available through the South East Local Enterprise Partnership (SELEP). Opportunities to bid for funding are pursued energetically wherever possible.
- 8.10 Funding is also available through developer contributions (S 106) and, in future, through the Community Infrastructure Levy (CIL). Members have been consulted in relation to the levy and a draft charging schedule was approved by Council at its meeting on 7 December 2016. The way will be clear for the Council to introduce a CIL when its Local Plan is adopted, subject to an examination of the Council's CIL proposals.
- 8.11 The current funding assumptions used in the programme are set out in the table below along with the expected total expenditure.

Table 9: Capital Programme Funding

| Funding Source | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | TOTAL £000 |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Earmarked Reserves | 11,216 | 3,059 | 2,935 | 2,800 | 2,800 | 22,810 |
| Capital Grants | 800 | 800 | 800 | 800 | 800 | 4,000 |
| Internal Borrowing | 1,030 | 3,570 | | | | 4,600 |
| Prudential Borrowing | 0 | 9,003 | 10,960 | 7,615 | 1,425 | 29,003 |
| Total Resources | 13,046 | 16,432 | 10,960 | 11,215 | 5,025 | 60,413 |

8.12 A review of the schemes in the capital programme took place during the course of Autumn 2017. Proposals were also considered for new schemes to be added to the capital programme. The affordability of the capital programme was considered as part of this review, as it is essential that any borrowing to fund the capital programme is sustainable and affordable in terms of its revenue costs. The outcome of this review was reported to Policy and Resources Committee in January 2018 and an updated capital programme was recommended to Council for approval.

9. RISK MANAGEMENT

- 9.1 As indicated in the previous sections, the Council's MTFS is subject to a high degree of risk and certainty. 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.
- 9.2 The major risk areas that have been identified as potentially threatening the Medium Term Financial Strategy are as follows.
- Failure to contain expenditure within agreed budgets
 - Fees & Charges fail to deliver sufficient income
 - Commercialisation fails to deliver additional income
 - Planned savings are not delivered
 - Shared services fail to perform within budgeted levels.
 - Insufficient Balances - minimum balance is insufficient to cover unexpected events OR minimum balances exceed the real need
 - Inflation rate predications underlying MTFS are inaccurate
 - Adverse impact from changes in local government funding
 - Constraints on council tax increases (ie 2% referendum limit)
 - Reduction or total loss of funding sources for capital programme
 - Increased complexity of government regulation
 - Business Rates & Council Tax collection
 - Other Kent Business Rates Pool members require support from the Council.
- 9.3 It is recognised that this is not an exhaustive list. By reviewing risks on a regular basis, it is expected that any major new risks will be identified and appropriate mitigations developed.
- 9.4 An assessment of the relative impact and likelihood of the risks identified is set out below.

Table 10: Budget Risk Matrix

| | | | | | | |
|-------------------|----------|---------------|------------|---------------------|---------------------|----------|
| Likelihood | 5 | | | | | |
| | 4 | | | | | |
| | 3 | | B | G | | |
| | 2 | | E | C,F, L,M | A,D, H,J | |
| | 1 | | I,K | | | |
| | | 1 | 2 | 3 | 4 | 5 |
| | | Impact | | | | |

Key

- A. Failure to contain expenditure within agreed budgets
- B. Fees and Charges fail to deliver sufficient income
- C. Commercialisation fails to deliver additional income
- D. Planned savings are not delivered
- E. Shared services fail to meet budget
- F. Council holds insufficient balances
- G. Inflation rate predictions underlying MTFS are inaccurate
- H. Adverse impact from changes in local government funding
- I. Constraints on council tax increases
- J. Capital programme cannot be funded
- K. Increased complexity of government regulation
- L. Collection targets for Council Tax and Business Rates missed
- M. Business Rates pool fails to generate sufficient growth

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

10. CONSULTATION

10.1 Each year the Council carries out consultation as part of the development of the MTFs. This year the Council is carrying out its two-yearly Residents' Survey and the opportunity has been taken to incorporate questions about the Council's budget priorities, as follows:

- What funding approach do you think we should take for each of the Council's funding priorities (reduce spending/maintain current spending/increase spending)
- Which of the priorities is most important to you?
- Which of the following actions should the Council prioritise to balance the budget? (Increase council tax / Increase fees and charges for the services you use / Stop delivering non essential services / Provide services less frequently or to a lower standard)

The results of this consultation will be used to inform the preparation of detailed budget proposals.

10.2 As a second step, consultation was carried out in December 2017 – January 2018 on the detailed budget proposals. Individual Service Committees considered the budget proposals relating to the services within their areas of responsibility. Full details of the proposals have been published and residents' and businesses' views are welcomed.

Document History

| Date | Description | Details of changes |
|----------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25.07.17 | Draft to Policy and Resources Committee | |
| 25.10.17 | Final to Council | <ul style="list-style-type: none"> - Table 4 – income and expenditure now shown on same basis as in Strategic Revenue Projection |
| 14.02.18 | Updated to reflect provisional Local Government Finance Settlement 2018/19 | <ul style="list-style-type: none"> - Reference made to new Council Tax referendum limit and Kent & Medway Business Rates Pool. - Budget Risk Matrix updated. - Other minor textual changes. |

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

Maidstone Borough Council
2018/19

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1 INTRODUCTION

1.1 Background

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

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

The council has adopted the *Treasury Management in Public Services: Code of Practice 2011 Edition* ('the Code') issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA defines treasury management as:

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

1.2 Reporting requirements

The Council is required to receive and approve the Treasury Management Strategy, which incorporates a variety of policies, estimates and actuals.

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

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

The following reports are not required to be approved by Council but are to be reported and scrutinised to the relevant Committee. The Council has delegated this function to the Audit, Governance and Standards Committee.

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and determining whether any policies require revision if the assumptions on which this strategy is based were to change significantly. In accordance guidance issued by Department for Communities and Local

Government (DCLG), the circumstances which may require the council to revise its strategy would include, for example, a large unexpected change in interest rates, or in the council's capital programme or in the level of its investment balance.

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

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

1.3 Treasury Management Strategy for 2018/19

The strategy for 2018/19 covers two main areas:

Capital issues

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

Treasury management issues

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

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DCLG Minimum Revenue Provision Guidance, the CIPFA Treasury Management Code and DCLG Investment Guidance.

1.4 Treasury management consultants

The Council uses Arlingclose Limited as its external treasury management advisors.

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

The terms of appointment and value gained through use of treasury management consultants will be subject to regular review by the Director of Finance and Business Improvement.

1.5 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury

management. Training is offered to members of the Audit, Governance and Standards Committee on a regular basis.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications delivered by CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Staff training needs are assessed regularly both as part of the appraisal process and when the responsibilities of individual members of staff change.

2 THE CAPITAL PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION

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

2.1 Capital expenditure

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

| 2017/18 £,000 | 2018/19 £,000 | 2019/20 £,000 | 2020/21 £,000 | 2021/22 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| 13,999 | 26,534 | 22,183 | 8,887 | 8,025 |

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

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

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

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

CFR projections are shown in the table below:

| 2017/18 £,000 | 2018/19 £,000 | 2019/20 £,000 | 2020/21 £,000 | 2021/22 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| -18,548 | 3,986 | 21,968 | 30,055 | 37,280 |

2.3 Affordability prudential indicators

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

Ratio of financing costs to net revenue stream

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

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------|---------|---------|---------|---------|
| % | % | % | % | % |
| -0.6 | -0.2 | 1.3 | 2.1 | 2.8 |

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------|---------|---------|---------|---------|
| £000 | £000 | £000 | £000 | £000 |
| -105 | -40 | 241 | 376 | 504 |

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

2.4 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the five year capital programme recommended in this budget cycle compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of government support.

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

| | 2017/18 £.p | 2018/19 £.p | 2019/20 £.p | 2020/21 £.p | 2021/22 £.p |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Council tax - band D | 0.08 | 1.01 | 0.86 | -0.30 | 0.49 |

2.5 Minimum Revenue Provision

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the DCLG Guidance) most recently issued in 2012.

The broad aim of the Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The Council expects that its Capital Financing Requirement will be negative on 31st March 2018 and in line with the DCLG Guidance it will therefore charge no MRP in 2018/19.

3 BORROWING

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

3.1 Treasury Indicators: limits to borrowing activity

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

| Operational boundary | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Debt | 0 | 3,986 | 21,968 | 30,055 |
| Other long term liabilities | 4,033 | 3,526 | 3,005 | 2,483 |
| Total | 4,033 | 7,512 | 24,973 | 32,538 |

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by 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.

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

| Authorised limit | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Debt | 4,000 | 13,986 | 25,968 | 34,055 |
| Other long term liabilities | 4,033 | 3,526 | 3,005 | 2,483 |
| Total | 8,033 | 17,512 | 28,973 | 36,538 |

3.2 Prospects for interest rates

The Council's advisors, Arlingclose Ltd, have provided the following interest rate forecast:

| | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Average |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Official Bank Rate | | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.00 | 0.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.19 |
| Arlingclose Central Case | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Downside risk | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.15 |
| 3-month LIBID rate | | | | | | | | | | | | | | |
| Upside risk | 0.10 | 0.10 | 0.10 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.22 |
| Arlingclose Central Case | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Downside risk | -0.10 | -0.10 | -0.15 | -0.15 | -0.15 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.25 | -0.20 |
| 1-yr LIBID rate | | | | | | | | | | | | | | |
| Upside risk | 0.15 | 0.15 | 0.20 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.27 |
| Arlingclose Central Case | 0.70 | 0.70 | 0.70 | 0.70 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.77 |
| Downside risk | -0.15 | -0.20 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.30 | -0.15 | -0.26 |
| 5-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 0.75 | 0.75 | 0.80 | 0.80 | 0.80 | 0.85 | 0.90 | 0.90 | 0.95 | 0.95 | 1.00 | 1.05 | 1.10 | 0.89 |
| Downside risk | -0.20 | -0.20 | -0.25 | -0.25 | -0.25 | -0.35 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.33 |
| 10-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.30 | 1.30 | 1.35 | 1.40 | 1.45 | 1.50 | 1.55 | 1.55 | 1.36 |
| Downside risk | -0.20 | -0.25 | -0.25 | -0.25 | -0.25 | -0.30 | -0.35 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.33 |
| 20-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 1.85 | 1.85 | 1.85 | 1.85 | 1.85 | 1.90 | 1.90 | 1.95 | 1.95 | 2.00 | 2.05 | 2.05 | 2.05 | 1.93 |
| Downside risk | -0.20 | -0.30 | -0.25 | -0.25 | -0.30 | -0.35 | -0.40 | -0.45 | -0.50 | -0.50 | -0.50 | -0.50 | -0.50 | -0.38 |
| 50-yr gilt yield | | | | | | | | | | | | | | |
| Upside risk | 0.20 | 0.25 | 0.25 | 0.25 | 0.30 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.40 | 0.32 |
| Arlingclose Central Case | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 | 1.75 | 1.80 | 1.85 | 1.90 | 1.95 | 1.95 | 1.95 | 1.95 | 1.82 |
| Downside risk | -0.30 | -0.30 | -0.25 | -0.25 | -0.30 | -0.35 | -0.40 | -0.45 | -0.50 | -0.50 | -0.50 | -0.50 | -0.50 | -0.39 |

Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. Ongoing decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- The MPC minutes emphasised that any prospective increases in Bank Rate would be expected to be gradual and to a limited extent.
- It is expected that the depreciation in sterling may assist the economy to rebalance away from spending while export volumes are likely to increase.
- Arlingclose suggest that gilt yields will remain broadly stable across the medium term. Upward movement will be limited.

3.3 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing

Requirement), has been funded using cash supporting the Council's reserves, balances and cash flow as a temporary measure, rather than through loan debt. This strategy is prudent as currently investment returns are low and counterparty risk is relatively high and will be retained for the forthcoming financial year on the assumption that this situation is unlikely to change in the short term. However, if short term cash requirements cannot be met from balances in hand for day to day purposes, the Council has access to a range of sources of short term borrowing options, which includes other local authorities

The Authorised Limit to borrow up to £13.986m for the financing of capital expenditure and day to day cash flow liquidity within 2018/19 is included in the current capital programme and the current prudential indicators. The 2018/19 strategy includes the continuation of that authority within the calculation of the indicators. If the Council is to borrow then the affordability of the capital programme must include an assessment of the cost of borrowing along with the loss of investment income from the use of capital resources held in cash.

Should rates move more quickly than the forecast predicts, the current and proposed strategies do allow the section 151 officer to take advantage of external borrowing. The Council's policy on borrowing in advance of need is set out at section 3.4 of this strategy.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregoing investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Authority may make use of short-term loans to cover unplanned cash flow.

Sources: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- UK public and private sector pension funds (except the Kent County Council Pension Fund)

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback
-

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

3.4 Policy on borrowing in advance of need

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

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

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £14.6 and £39.9 million.

Objectives: Both the CIPFA Code and the DCLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

Strategy: Given the increasing risk and continued low returns from short-term unsecured bank investments, the council aims to further diversify into more secure and/or higher yielding asset classes during 2018/19. This is especially the case for the proposed £5m that is estimated to be available for longer-term investment. The majority of council's surplus cash is currently invested in Local Authority borrowing, short-term unsecured bank deposits, certificates of deposit, money market funds and cash enhanced funds. This diversification will represent a continuation of the new strategy.

Approved Counterparties: The Authority may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown. Additional detail regarding the different types of counterparty is provided below the table.

Approved Investment Counterparties and Limits

| Credit Rating | Banks Unsecured | Banks Secured | Government | Corporates | Registered Providers |
|---------------|------------------|------------------|-------------------------|--------------------|----------------------|
| UK Govt | n/a | n/a | £ Unlimited 50 years | n/a | n/a |
| AAA | £3m 5 years | £5m 20 years | £5m 50 years | £3m 20 years | £3m 20 years |
| AA+ | £3m 5 years | £5m 10 years | £5m 25 years | £3m 10 years | £3m 10 years |
| AA | £3m 4 years | £5m 5 years | £5m 15 years | £3m 5 years | £3m 10 years |
| AA- | £3m 3 years | £5m 4 years | £5m 10 years | £3m 4 years | £3m 10 years |
| A+ | £3m 2 years | £5m 3 years | £5m 5 years | £3m 3 years | £3m 5 years |
| A | £3m 13 months | £5m 2 years | £5m 5 years | £3m 2 years | £3m 5 years |
| A- | £3m 6 months | £5m 13 months | £5m 5 years | £3m 13 months | £3m 5 years |
| None | £1m 100 days | n/a | £5m 25 years | £50,000 5 years | £3m 5 years |

| | |
|--------------|--------------|
| Pooled funds | £8m per fund |
|--------------|--------------|

The time limits set out above are consistent with the recommended durations provided by the council’s treasury management advisors, Arlingclose. The cash limits have been set with reference to this guidance, although the upper limit in certain categories of investment exceeds the limit proposed by Arlingclose in order to meet the operational requirements of the council. The limits adopted within the strategy remain prudent and consistent with ensuring the security of capital and appropriate levels of liquidity.

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody’s or Standard & Poor’s. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks Secured: Covered bonds, Tri Party Repos, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank’s assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £500,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports

in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

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

Specified Investments: The DCLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in the table below.

Non-Specified Investment Limits

| | Cash limit |
|---------------------------------------------------|-------------------|
| Total long-term investments | £5m |
| Total investments without credit ratings or rated | £5m |

| | |
|----------------------------------------------------------------------------------------------------------|------|
| below A- (except UK Government and local authorities) | |
| Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+ | £8m |
| Total non-specified investments | £18m |

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

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Investment Limits: In order that available reserves will not be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

| | Cash limit |
|-----------------------------------------------------------|-----------------------------|
| Any single organisation, except the UK Central Government | £5m each |
| UK Central Government | unlimited |
| Any group of organisations under the same ownership | £5m per group |
| Any group of pooled funds under the same management | £8m per manager |
| Negotiable instruments held in a broker's nominee account | £10m per broker |
| Foreign countries | £5m per country |
| Registered Providers | £5m in total |
| Unsecured investments with Building Societies | £3m each |
| Loans to unrated corporates | £50,000 each |
| Money Market Funds | £8m each fund or fund group |

Liquidity Management: The council uses a cash flow forecasting spreadsheet to determine the maximum period for which funds may

prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the council's medium term financial plan and cash flow forecast.

Non-Treasury Investments

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the DCLG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, as loans to local businesses and landlords, or as equity investments and loans to the Authority's subsidiaries.

Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

Accounting treatment of investments.

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

In-house funds. The majority of investments will be made with reference to the cash flow requirements so invested for short-term interest rates (i.e. rates for investments up to 12 months). However, there is a provision of funds that can be used for longer term investments (greater than 12 months) if it deemed to be prudent by the section 151 officer.

4.2 Investment strategy

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

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

| Maximum principal sums invested > 364 days | | | |
|------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
| Principal sums invested > 364 days | 5,000 | 5,000 | 5,000 |

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|------------------------------------------------|-----------------|-----------------|-----------------|
| Upper limit on fixed interest rate exposure | -26,014 | -14,032 | -5,945 |
| Upper limit on variable interest rate exposure | -32,000 | -32,000 | -32,000 |

The upper limit on fixed interest rates incorporates maximum borrowing of £13,986m within the strategy which reduced the negative investment limit within 2018/19. The upper limit on variable interest rate exposure is calculated as being 80% of the projected highest level of investments during 2018/19.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

| | Upper | Lower |
|--------------------------------|-------|-------|
| Under 12 months | 100% | 0% |
| 12 months and within 24 months | 100% | 0% |
| 24 months and within 5 years | 100% | 0% |
| 5 years and within 10 years | 100% | 0% |
| 10 years and above | 100% | 100% |

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment

4.3 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report as previously stated within 1.2.

4.4 Other Items

It is a requirement of the Prudential Code of Practice for Treasury Management that authorities have a policy on the use of financial derivatives. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to

reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

This strategy is compiled in accordance with the current Treasury Management Code of Practice , however due to the consultation in relation to the proposed changes to the Prudential Framework of Capital Finance, an amended report may be presented to the Audit, Governance & Standards Committee for scrutiny during 2018. It is predicted that the results of the consultation will be circulated in January 2018.

PRUDENTIAL INDICATORS

Ratio of Financing Costs to Net Revenue Stream

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------|---------|---------|---------|---------|
| % | % | % | % | % |
| -0.6 | -0.2 | 1.3 | 2.1 | 2.8 |
| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| £,000 | £,000 | £,000 | £,000 | £,000 |
| -105 | -40 | 241 | 376 | 504 |

This indicator shows the proportion of the net revenue stream (revenue budget) that is attributable to financing costs of capital expenditure. Negative figures indicates more investment interest than prudential borrowing interest, positive figures the opposite is true.

Incremental Impact of Capital Investment Decisions on the Council Tax

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|
| | £,000 | £,000 | £,000 | £,000 | £,000 |
| i) Forecast of total capital finance requirement no changes to capital programme | 13,046 | 16,432 | 14,695 | 11,215 | 5,025 |
| ii) Forecast of total capital finance requirement after changes to capital programme | 13,999 | 26,534 | 22,183 | 8,887 | 8,025 |
| iii) Additional Council Tax Required in £.p. | 0.08 | 1.01 | 0.86 | -0.30 | 0.49 |

This indicator identifies the revenue costs associated with proposed changes to the capital programme compared to the Council's existing approved commitments and current plans.

Current Financial Plan

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------|---------|---------|---------|---------|
| £,000 | £,000 | £,000 | £,000 | £,000 |
| 13,999 | 26,534 | 22,183 | 8,887 | 8,025 |

This prudential indicator is a summary of the Council's proposed capital expenditure plans. These figures are being discussed at Policy & Resources Committee on 24th January 2018.

Capital Financing Requirement

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------|---------|---------|---------|---------|
| £,000 | £,000 | £,000 | £,000 | £,000 |
| -18,548 | 3,986 | 21,968 | 30,055 | 37,280 |

This is a measure of the capital expenditure incurred historically by the council that has yet to be financed. It is a measure of the Council's borrowing need to fund the proposed capital programme. A negative amount shows the Council has more funding than capital expenditure.

Operational Boundary

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|-----------------------------|---------|---------|---------|---------|---------|
| | £,000 | £,000 | £,000 | £,000 | £,000 |
| Borrowing | 0 | 3,986 | 21,968 | 30,055 | 37,280 |
| Other Long Term Liabilities | 4,033 | 3,526 | 3,005 | 2,483 | 1,967 |
| Total | 4,033 | 7,512 | 24,973 | 32,538 | 39,247 |

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

Authorised Limit for External Debt

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|-----------------------------|---------|---------|---------|---------|---------|
| | £,000 | £,000 | £,000 | £,000 | £,000 |
| Borrowing | 4,000 | 13,986 | 25,968 | 34,055 | 41,280 |
| Other Long Term Liabilities | 4,033 | 3,526 | 3,005 | 2,483 | 1,967 |
| Total | 8,033 | 17,512 | 28,973 | 36,538 | 43,247 |

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

**Medium Term Financial Strategy Budget Proposals 2018/19
Urgent Update to Appendix F**

Upper Limit for Fixed Interest Rate Exposure

| 2017/18 £,000 | 2018/19 £,000 | 2019/20 £,000 | 2020/21 £,000 | 2021/22 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| -40,000 | -36,014 | -18,032 | -9,945 | -2,720 |

This is the maximum amount of net borrowing and investment that can be at a fixed rate. The upper limit on fixed interest rates incorporates expected borrowing which reduced the negative investment limit.

Upper Limit for Variable Interest Rate Exposure

| 2017/18 £,000 | 2018/19 £,000 | 2019/20 £,000 | 2020/21 £,000 | 2021/22 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| -32,000 | -32,000 | -32,000 | -32,000 | -32,000 |

This is the maximum amount of net borrowing and investment that can be at a variable rate. The upper limit on variable interest rate exposure is calculated as being 80% of the projected highest level of investments during 2017/18.

Maturity Structure of New Fixed Rate Borrowing taken during 2018/19

| | Upper Limit % | Lower Limit % |
|------------------------------|---------------------|---------------------|
| 12 months to under 24 months | 100 | 0 |
| 24 months to under 5 years | 100 | 0 |
| 5 years to under 10 years | 100 | 0 |
| 10 years and 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 |
| 50 years and within 60 years | 100 | 100 |
| 70 years and within 80 years | 100 | 100 |

This indicator is set to control the Authority's exposure to refinancing risk. The Council will source the cheapest funding possible which currently is short term funding, however this may lead to refinancing risk.

Principal Invested for more than 364 Days

| 2017/18 £,000 | 2018/19 £,000 | 2019/20 £,000 | 2020/21 £,000 | 2021/22 £,000 |
|------------------|------------------|------------------|------------------|------------------|
| 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |

The maximum set aside for long term investment.

Gross Debt and the Capital Finance Requirement

| 2017/18 £,000 | 2018/19 £,000 | 2019/20 £,000 |
|------------------|------------------|------------------|
| -147 | 3,986 | 17,983 |

This indicator is to ensure that borrowing is only used for the Capital Programme and not for revenue purposes. The Gross Debt should not exceed the Capital Financing Requirement.