

# AGENDA

## POLICY AND RESOURCES COMMITTEE MEETING



Date: Wednesday 17 February 2016

Time: 6.30 pm

Venue: Town Hall, High Street,  
Maidstone

Membership:

Councillors Mrs Blackmore, Brice, Chittenden,  
Cox, Garland, Mrs Joy, McKay,  
McLoughlin, Munford, Naghi, Ross,  
Round, Sargeant, Mrs Stockell and  
Mrs Wilson (Chairman)

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Page No.

1. Apologies for Absence
2. Notification of Substitute Members
3. Urgent Items
4. Notification of Visiting Members
5. Disclosures by Members and Officers

**Continued Over/:**

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**Issued on Tuesday 9 February 2016**

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact Caroline Matthews on 01622 602743**. To find out more about the work of the Committee, please visit [www.maidstone.gov.uk](http://www.maidstone.gov.uk)

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

6.	Disclosures of Lobbying	
7.	To consider whether any items should be taken in private because of the possible disclosure of exempt information.	
8.	Minutes (Part I ) of the Meeting Held on 27 January 2016	1 - 5
9.	Presentation of Petitions (if any)	
10.	Questions and answer session for members of the public (if any)	
11.	Report of the Head of Policy and Communications - Strategic Plan Performance Update Q3	6 - 34
12.	Report of the Head of Policy and Communications - Strategic Plan 2015-2020 (2016-17 Refresh)	35 - 67
13.	Report of the Head of Revenues and Benefits - Irrecoverable Business Rates	68 - 73
14.	Report of the Head of Housing and Community Services - Maidstone Housing Strategy 2016-2020	74 - 143
15.	Report of the Head of Audit Partnership - Comprehensive Risk Register Update	144 - 171
16.	Report of the Head of Finance and Resources - Third Quarter Budget Monitoring 2015-16	172 - 191
17.	Report of the Head of Finance and Resources - New Homes Bonus	192 - 235
18.	Report of the Head of Finance and Resources - Medium Term Financial Strategy 2016/17 Onwards	236 - 298
19.	Oral Report of the Head of Finance and Resources - Provisional Financial Settlement Update (if necessary)	

## **PART II**

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

### **Head of Schedule 12 A and Brief Description**

20.	Minutes (Part II) of the Meeting Held on 27 January 2016	Para 3 – Info re business/financial affairs	299
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## **MAIDSTONE BOROUGH COUNCIL**

### **POLICY AND RESOURCES COMMITTEE**

#### **MINUTES (PART I) OF THE MEETING HELD ON WEDNESDAY** **27 JANUARY 2016**

**Present:** Councillor Mrs Wilson (Chairman), and  
Councillors Ash, Mrs Blackmore, Chittenden,  
Mrs Gooch, Mrs Joy, McKay, McLoughlin, Naghi, Perry,  
Mrs Ring, Round, Sargeant and Mrs Stockell

**Also Present:** Councillor Burton

135. APOLOGIES FOR ABSENCE

Apologies for Absence had been received from Councillors Brice, Cox, Garland, Munford and Ross.

136. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Perry was substituting for Councillor Brice, Councillor Ash was substituting for Councillor Garland, Councillor Mrs Gooch was substituting for Councillor Munford and Councillor Mrs Ring was substituting for Councillor Ross.

137. URGENT ITEMS

The Chairman advised that she intended to take the revised Appendix 1 to the report of the Head of Policy and Communications as an urgent update.

138. NOTIFICATION OF VISITING MEMBERS

Councillor Burton indicated that he was observing the meeting but reserved his right to speak on any item.

139. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members and Officers.

140. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

141. EXEMPT ITEMS

That the item on Part II of the agenda be taken in private as proposed.

142. MINUTES (PART I) OF THE MEETING HELD ON 16 DECEMBER 2015

**RESOLVED:** That the Minutes (Part I) of the meeting held on 16 December 2015 be approved as a correct record and signed.

143. PRESENTATION OF PETITIONS (IF ANY)

There were no petitions.

144. QUESTIONS AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC (IF ANY)

There were no questions from members of the public.

145. REPORT OF THE HEAD OF POLICY AND COMMUNICATIONS - STRATEGIC PLAN 2015-20 REFRESH

Members considered the report of the Head of Policy and Communications relating to the Strategic Plan 2015-20 Refresh.

The Director of Planning and Development gave a presentation to the Committee on the major projects being progressed over the next 5 years which would deliver growth to the town.

It was noted that the five Transformational projects were:-

1. Reinvigorating Maidstone Town Centre
2. Kent Medical Campus – Enterprise Zone
3. Mote Park Enhancement
4. New high quality housing developments in and around the Town Centre
5. Major improvements to transport infrastructure

In response to questions from Members, the Director of Planning and Development advised that:-

- He was confident there was enough suitable business space within the town centre for small/medium businesses
- The works on the Tovil to Allington Toll Path are moving ahead. However, as Tonbridge and Malling Borough Council had withdrawn funding for their part, negotiations are continuing with KCC to see if they would take this over.
- The delay to the Brunswick Street car park project had been due to options put forward proving not to be viable. However, Officers are confident that other avenues being pursued would result in this project progressing.
- He was confident that Officers had the necessary competencies to take forward all the projects that the Council was pursuing and that he would be giving a full and proper handover before he leaves the

Authority at the end of February.

- The Economic Strategy would support the rural areas as well as the urban area, citing the implementation of superfast broadband as an example.

**RESOLVED:**

- 1) That the projects under the priority action areas and whether there was anything missing relevant to the Committee were considered; and

Voting: For: 8 Against: 3 Abstentions: 3

- 2) That the action plan, milestones and outcomes attached as a revised Appendix 1 to the report of the Head of Policy and Communications be agreed.

Voting: For: 11 Against: 2 Abstentions: 1

146. REPORT OF THE HEAD OF FINANCE AND RESOURCES - MEDIUM TERM FINANCIAL STRATEGY 2016/17 ONWARDS - UPDATE

Members considered the report of the Head of Finance and Resources on the Medium Term Financial Strategy 2016/17 Onwards – Final Review which sets out the impact of the Government’s provisional financial settlement on the Council’s Medium Term Financial Strategy.

The Committee wished to give their vote of thanks to the Head of Finance and Resources and all the other Heads of Service who had worked very hard to make sense of the provisional financial settlement and find the appropriate savings.

**RESOLVED:**

- 1) That the impact of the provisional local government finance settlement on the Council’s medium term financial strategy be noted;

Voting; For: 14 Against: 0 Abstentions: 0

- 2) That the additional savings and efficiencies, as set out in Appendix B to the report of the Head of Finance and Resources, be agreed; and

Voting: For: 14 Against: 0 Abstentions: 0

- 3) That the potential efficiency plan for the period to 2020/21, as set out in Appendix D to the report of the Head of Finance and Resources for inclusion in the medium term financial strategy, be agreed.

Voting: For: 13 Against: 1 Abstentions: 0

147. REPORT OF THE HEAD OF FINANCE AND RESOURCES - MEDIUM TERM FINANCIAL STRATEGY 2016-17 ONWARDS - CAPITAL PROGRAMME

Members considered the report of the Head of Finance and Resources relating to the Medium Term Financial Strategy 2016/17 Onwards – Capital Programme which dealt with the amount and allocation of capital resources for the delivery of the objectives of the strategic plan and other key strategies.

**RESOLVED:**

- 1) That the strategy’s principles, as set out in paragraphs 2.7 to 2.12 to the report of the Head of Finance and Resources, with the following amendment to paragraph 2.12 b): delete the words “Cabinet Member for Corporate Services” and insert in place of those words “Policy and Resources Committee” be agreed;
- 2) That the capital funding projection, as set out in Appendix B to the report of the Head of Finance and Resources, be agreed;
- 3) That the capital programme 2016/17 onwards, as set out in Appendix C to the report of the Head of Finance and Resources, be agreed; and
- 4) That in agreeing recommendations 2 and 3 above, the Committee noted that it would set a prudential borrowing limit of £38,475,000 over the period of the programme which would be recommended to Council as part of the Treasury Management Strategy 2016/17 by the Audit, Governance and Standards Committee.

Voting: For: 14 Against: 0 Abstentions: 0

148. EXCLUSION OF THE PUBLIC FROM THE MEETING

**RESOLVED:** That the public be excluded from the meeting for the following items of business because of the likely disclosure of exempt information for the reason specified, having applied the public interest test:-

**Head of Schedule 12 A and Brief Description**

Minutes (Part II) of the meeting held on 16 December 2015

Paragraph 3 – Information re financial/business affairs

Report of the Head of Finance and Resources – To consider a property acquisition

Paragraph 3 – Information re financial/business affairs

149. MINUTES (PART II) OF THE MEETING HELD ON 16 DECEMBER 2015

**RESOLVED:** That the Minutes (Part II) of the meeting held on 16 December 2015 be approved as a correct record and signed.

150. REPORT OF THE HEAD OF FINANCE AND RESOURCES - TO CONSIDER A PROPERTY ACQUISITION

Members considered the exempt report of the Head of Finance and Resources which sought approval for the freehold acquisition of a town centre site.

**RESOLVED:**

- 1) That the draft Heads of Terms, as set out in Appendix 1 to the exempt report of the Head of Finance and Resources, for a freehold acquisition be agreed;
- 2) That delegated authority be given to the Head of Finance and Resources to conclude negotiations with the owner; and
- 3) That the Head of Mid Kent Legal Services be authorised to complete the purchase on the terms as agreed by the Head of Finance and Resources.

Voting: For: 14 Against: 0 Abstentions: 0

151. DURATION OF MEETING

6.30 p.m. to 7.45 p.m.

# Agenda Item 11

## Policy and Resources Committee

17 February 2016

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

## Strategic Plan Performance Update Q3 2015/16

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	Angela Woodhouse, Head of Policy & Communications
<b>Lead Officer and Report Author</b>	Anna Collier Policy and Information Manager and Alex Munden, Performance Officer
<b>Classification</b>	Public
<b>Wards affected</b>	All

### This report makes the following recommendations to this Committee:

1. Note the position of the quarterly key performance indicators (KPIs), the actions to improve performance where appropriate and updates on key strategies that support the Strategic Plan 2015-20.

### This report relates to the following corporate priorities:

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

The Corporate priorities are set in the Strategic Plan 2015-20, this is a progress update on the performance measures and key strategies in the Strategic Plan.

### Timetable

<b>Meeting</b>	<b>Date</b>
Corporate Leadership Team	02 <sup>nd</sup> February 2016
Policy & Resources Committee	17 <sup>th</sup> February 2016



# Strategic Plan Performance Update Q3 2015/16

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Committee is asked to review the progress of key strategies, plans, and performance indicators that support the delivery of the Council's Strategic Plan 2015-20.
- 

## 2. INTRODUCTION AND BACKGROUND

- 2.1 Having a comprehensive set of actions and performance indicators ensures that the Council delivers against the priorities and actions set in the Strategic Plan. The top-level indicators are referred to as Key Performance Indicators (KPIs).
- 2.2 Each April the KPI set is reviewed. The Policy & Resources Committee agreed new targets and indicators in July 2015. The Strategic plan 2015-20 contains 29 performance indicators, 12 of which can be reported quarterly, and 12 plan and strategy updates.
- 

## 3. PERFORMANCE SUMMARY

- 3.1 Appendix A shows the results for all of the KPIs that can be reported quarterly and provides progress updates on all of the strategic actions. Some indicators are collected biannually or annually, these indicators have not been included in this report.
- 3.2 Strategic actions have been rated based on progress towards delivering actions outlined in the relevant Council plan or strategy.
- 3.3 Where performance has dropped a summary of improvement actions has been provided, further detail can be found in the full report in the appendices.
- 3.4 Ratings  
The table below shows the status of the KPIs in relation to the target and direction:

RAG Rating	Green	Amber	Red	N/A	Total
KPIs	4	2	2	4	12
Strategic Actions	9	3	0		12
Direction	Up	Across	Down	N/A	Total
KPIs	5	0	5	2	12

### Good Performance

- 3.5 The time taken to process Disabled Facilities Grants remains on target for the third quarter. With a year to date average processing time of 28.63

days, it is expected the target will be met. This is a significant improvement on the processing time of 77.61 days that was achieved last year.

- 3.6 The percentage of people claiming Job Seekers Allowance is the lowest since 2008. Currently, 0.8% of people are claiming JSA in the Borough, compared to a national figure of 1.5%. This figure is expected to stay below target for the remainder of the year.
- 3.7 As a result of delivering the Waste & Recycling strategy environmental services have run a number of projects to highlight recycling different types of waste. There has also been external funding secured to fund communications projects to support the Council's push for recycling.
- 3.8 Good progress has been made with the Economic Development Strategy against four key actions. The Kent Medical campus achieved Enterprise Zone status. A new employment allocation has been secured and recognised in the Local Plan, and the business terrace has been extended due to high demand.
- 3.9 The number of affordable homes delivered exceeded its year-to-date target during Quarter 3. 119 homes have been delivered against a target of 110, and it is expected the target of 150 affordable homes will be achieved. A development that provided 25 affordable homes was completed in the last week of December, bringing it above target.

#### Poor Performance

- 3.10 The 'number of households prevented from becoming homeless' has improved compared to the previous two quarters, and the same quarter last year. However, the figure for year-to-date preventions is 163 against a target over the same period of 261. Despite the increase in performance, it is expected the annual target will not be achieved.
- 3.11 Park & Ride bus transactions have seen a decrease in performance compared to the same quarter last year. Quarter 3 sees the highest number of transactions for the year, but a continued decline in usage suggests the annual target will not be met. The closure of Sittingbourne Road site will reduce both transactions and the cost of the service.
- 3.12 Whilst Crime in the Borough has seen a 1.6% increase compared to the same quarter last year, for the year to date, crime has decreased by 3%. There was a 15% reduction in vehicle crime, and an 8% reduction in anti-social behaviour incidents.
- 3.13 At the end of Quarter 3, the following indicators are not expected to achieve the annual target. A predicted rating for the end of this financial year has been provided in brackets.
  - Number of households prevented from becoming homeless through the intervention of housing advice (Red);
  - User satisfaction with the Leisure Centre (Amber);and
  - Number of on-board Park & Ride bus transactions (Amber).

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#### 4. REASONS FOR RECOMMENDATIONS

- 4.1 It is recommended that the committee note progress made against strategic actions and Key Performance Indicators and recommendations to improve performance.
- 4.2 The Council could choose not to monitor the Strategic Plan and/or make alternative performance managements arrangements, such as the frequency of reporting. This is not recommended as it could lead to action not being taken against performance during the year, and the Council failing to deliver its priorities.
- 

#### 5. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The key performance indicators and strategic actions are part of the Council's overarching Strategic Plan 2015-20 and play an important role in the achievement of corporate objectives. They also cover a wide range of services and priority areas, for example waste and recycling.	Head of Policy and Communications
<b>Risk Management</b>	The production of robust performance reports ensures that the view of the Council's approach to the management of risk and use of resources is not undermined and allows early action to be taken in order to mitigate the risk of not achieving targets and outcomes.	Head of Policy and Communications
<b>Financial</b>	Performance indicators and targets are closely linked to the allocation of resources and determining good value for money. The financial implications of any proposed changes are also identified and taken into account in the Council's Medium Term	Section 151 Officer & Finance Team

	Financial Plan and associated annual budget setting process. Performance issues are highlighted as part of the budget monitoring reporting process.	
<b>Staffing</b>	Having a clear set of targets enables staff outcomes/objectives to be set and effective action plans to be put in place.	Head of Policy and Communications
<b>Legal</b>	None arising significantly from this performance update.	Head of Legal Partnership
<b>Equality Impact Needs Assessment</b>	None identified	Policy & Information Manager
<b>Environmental/Sustainable Development</b>	None identified	Head of Policy and Communications
<b>Community Safety</b>	None identified	Head of Policy and Communications
<b>Human Rights Act</b>	None identified	Head of Policy and Communications
<b>Procurement</b>	None identified	Head of Policy and Communications & Section 151 Officer
<b>Asset Management</b>	None identified	Head of Policy and Communications

**6. REPORT APPENDICES**

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

- Appendix I: Strategic Plan Performance Update Q3

2015/16

# Strategic Plan Quarter 3 Update



For further information about Performance Management at Maidstone Council, please contact Alex Munden, Performance Officer.

**OUR VISION**

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

**OUR MISSION**

Putting People First.

**PRIORITY 1**

Keeping Maidstone Borough an attractive place for all

**PRIORITY 2**

Securing a successful economy for Maidstone Borough

Providing a clean and safe environment

Encouraging good health and wellbeing.

Respecting the character of our Borough

Ensuring there are good leisure and cultural attractions

Enhancing the appeal of the town centre for everyone

Securing improvements to the transport infrastructure of our Borough

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

Planning for sufficient homes to meet our Borough's needs

**OUR VALUES**

**Service**

Everything we do impacts on our customers, both internal and external. We will listen to and understand their needs, then take action to provide the right service in a positive and professional manner.

**Teamwork**

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

**Responsibility**

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

**Integrity**

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

**Value**

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

**Equality**

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






# Understanding Performance





## Key to performance ratings

Performance indicators are judged in two ways; firstly on whether performance has improved, been sustained or declined, compared to the same period in the previous year for example, 2014/15 annual performance will be compared against 2013/14 annual performance. This is known as direction. Where there is no previous data, no assessment of direction can be made.

The second way in which performance is assessed looks at whether an indicator has achieved the target set and is known as PI status. Some indicators may show an asterix (\*) after the figure, these are provisional figures that are awaiting confirmation.

Data Only indicators are not targeted but are given a direction. Indicators that are not due to be reported or where there is a delay in data collection are not rated against targets or given a direction.

RAG Rating	
	Target not achieved
	Target missed (within 10%)
	Target met
	No target to measure performance against
	Data Only

Direction	
	Performance has improved
	Performance has not changed / been sustained
	Performance has declined
	No previous performance to judge against

Strategic Actions have also been rated using the RAG Status. The ratings are there to provide an assessment of how well the strategy or plan is progressing.

## Performance Summary

This is the third quarterly updates on Maidstone Borough Council’s Strategic Plan 2015-20. It sets out how we are performing against the Key performance indicator and Strategic actions that directly contribute to the achievement of our priorities: Keeping Maidstone an attractive place for all and Securing a successful economy for Maidstone Borough. Outlined below is a summary of the ratings and direction that have been given at quarter 3.

RAG Rating	Green	Amber	Red	N/A	Total
KPIs	4	2	2	4	12
Strategic Actions	9	3	0		12
Direction	Up	Across	Down	N/A	Total
KPIs	5	0	5	2	12

## Priority 1: Keeping Maidstone an attractive place for all

### Providing a Clean and Safe Environment

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

#### Waste & Recycling Strategy Quarter 3 Update

In the last quarter, an analysis of waste composition was completed on behalf of the Mid-Kent councils and Canterbury City Council. The project looked at the waste produced by 250 individual households and 250 flatted properties per authority to see which materials are being recycled and which aren't. The results of the analysis will allow us to tailor future communications to advise which materials we are able to collect for recycling and to promote the capture of commonly missed items.

The Big Maidstone Food Waste Challenge was launched to incentivise use of the weekly food waste service with radio, online and printed advertising. Currently 168 residents are signed up to support the scheme and the first quarter prize draw has been completed with prizes to be distributed at the beginning of February.

Engagement activities have taken place in the last quarter, including pre-Christmas engagement to highlight additional recycling over the festive period, and a Green Santa event after Christmas to promote reuse.

A trial of 1100 litre recycling bins is taking place at communal properties and will also be trialling reusable bags to assist residents in flats with separating recycling in the home. The bags will be distributed in the early part of 2016.

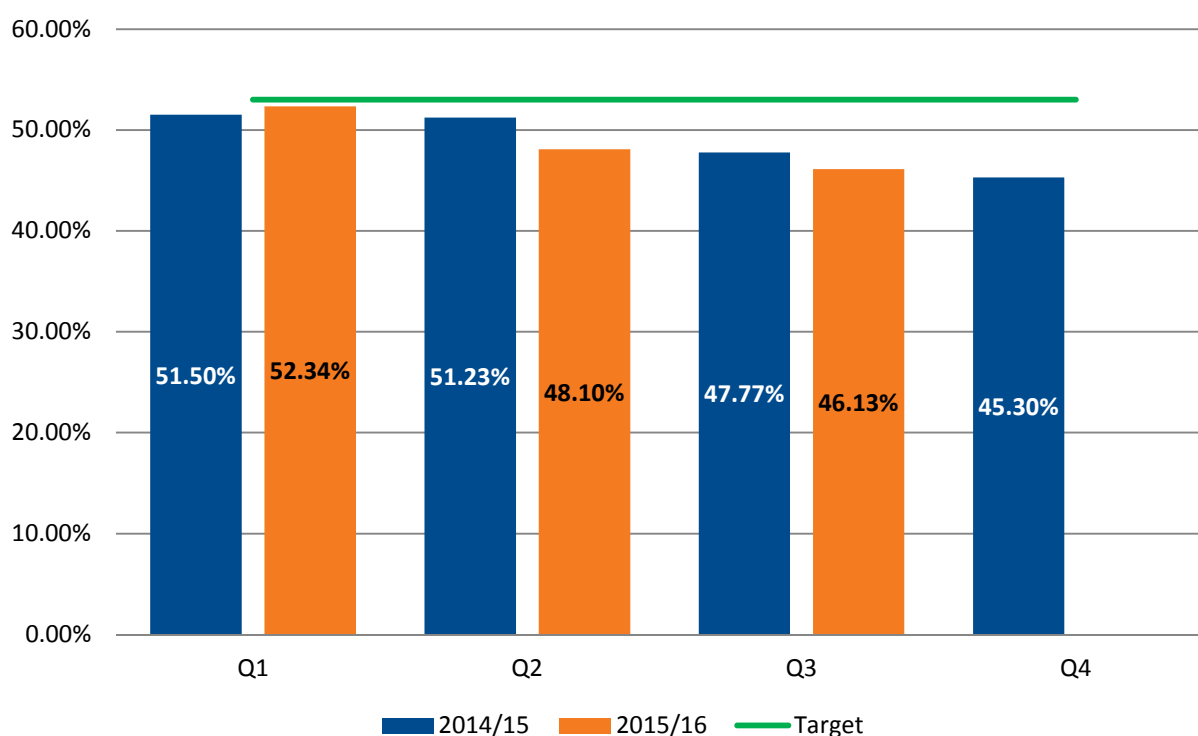
The Kent Resource Partnership (KRP) has also been successful in securing external funding for a new year communications drive to support the council's recycling. Part of the funding was spent on a Kent-wide leaflet that looked to encourage recycling of plastics.



### Percentage of household waste sent for reuse, recycling or composting

The indicator measures the percentage of household waste that has been sent by the Authority for reuse, recycling, composting or anaerobic digestion. This is a key measure of local authorities' progress in moving management of household waste up the hierarchy, consistent with the Government's national strategy for waste management. The Government expects local authorities to maximise the percentage of waste reused, recycled and composted.

Current Performance	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
46.13%	53.00%	-6.87%	↓	🔴	Target will not be achieved



**Performance Comment:** Recycling for the current quarter has dropped by 1.64% compared to the same quarter last year. The current percentage of waste sent for reuse, recycling, or composting for the year to date is 47.93%. If the performance trend from last year continues, it is likely the target will not be achieved.

There is always additional refuse side waste on the first collection after Christmas and New Year and this has resulted in a larger than usual amount of refuse being collected. We also collected an increased amount of recycling, however the higher tonnage of refuse has resulted in an overall drop in the reuse, recycling and composting percentage. One load of recycling was rejected from the Materials Recycling Facility in November.

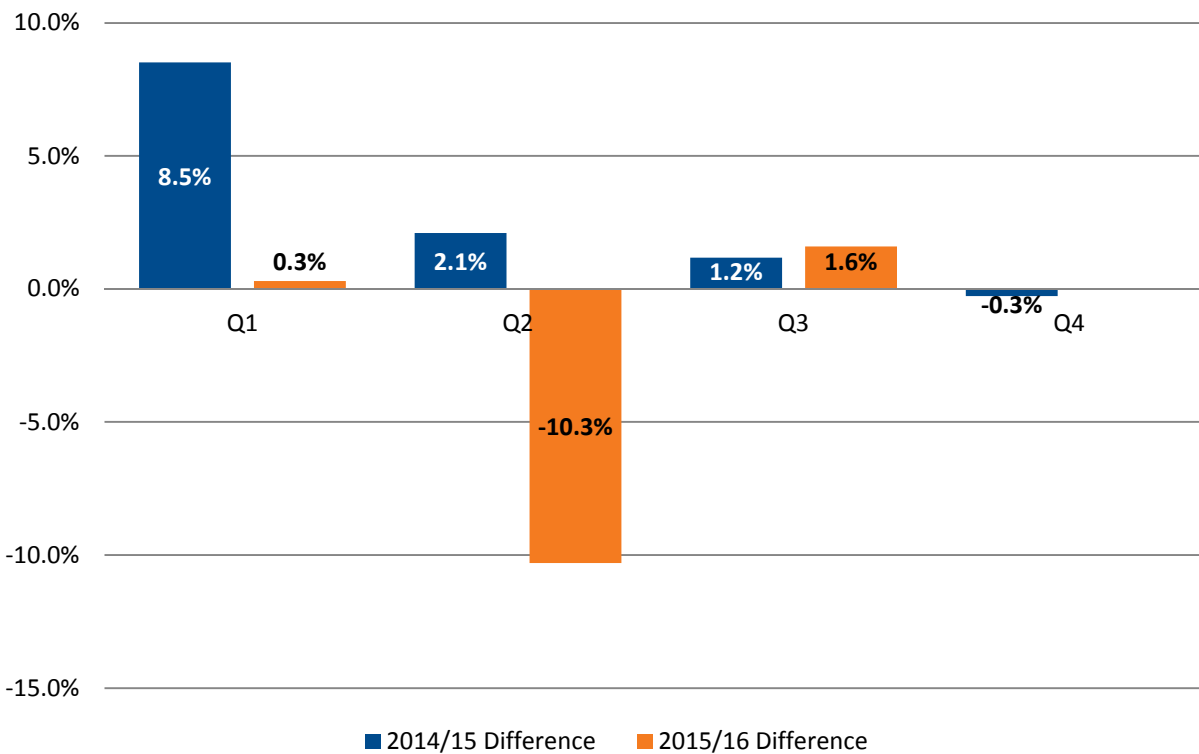
### Community Safety Strategy Update

The data from the Community Safety crime and disorder audit is currently being reviewed. The emerging trends and issues will be used to implement new priorities in the strategic assessment for the Safer Maidstone Partnership. This will also be used to evaluate the progress made against priorities set last year, and the effectiveness of the work. Priorities around 'Prevent' and child sexual exploitation have featured heavily in this quarters work. Awareness sessions and training have been delivered to priority organisations in Maidstone alongside staff at Maidstone Borough Council to highlight the issue of extremism and radicalisation. This work fits closely with the Kent Police control strategy that was recently released. The Safer Maidstone Partnership has sub groups that are delivering a number of projects involving; road safety, substance misuse, domestic abuse, reducing reoffending, and self-neglect & hoarding.

### Percentage Change in All Recorded Crime (Information Only)

This indicator reports the percentage change in the number of all recorded crime in the borough to provide an indication of the crime trends in the borough and help assess the impact of the work the Council undertakes in relation to Community Safety. The 2014/15 Difference shows the percentage difference in the volume of crime between the financial years 2013/14 and 2014/15. The 2015/16 difference shows the same for the financial years 2014/15 and 2015/16. *Note: Improving performance for this indicator is demonstrated by a negative figure.*

Current Performance	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
1.6%					



**Performance Comment:** For quarter 3 2015 (October to December), the volume of all recorded crime in the borough has increased by 1.6% compared to quarter 3 in 2014/15. For the year to date there has been a 3 decline in all recorded crime compared to the previous year. Data for the year to date shows that Anti-social Behaviour(ASB) incidents have declined by 7.9% when compared to the same period in 2014/15. 23% of all ASB incidents occurred in the High Street Ward. Violent Crime in the Borough has increased by 20%, and number of sexual offences has increased by 15%. There has however, been a 15% decrease in vehicle crime.

### Air Quality Strategy Quarter 3 Update

The Low Emission Strategy consultation period ended prior to the Christmas break. However, responses were rather low and the decision was taken to extend the consultation period. This is due to end on 15 January 2016 and the feedback will be reported to the Communities, Housing & Environment Committee in the early Spring. The report will set out the next steps for agreeing the action plan for the Low Emission Strategy.

### Encouraging Good Health and Wellbeing

Deprivation in the borough is lower than average, however 14.1% (4,100) of children (under 16 years old) in Maidstone live in poverty. There is a difference in life expectancy of men and women; women are expected to live 3 years longer than men and there is a 13 year gap between the ward with the highest life expectancy and the one with the lowest life expectancy.

### Health Inequalities Action Plan Update

Work has continued on commissioning and managing the projects to ensure health equality in the Borough. The team are in the process of developing a campaign to address high risk drinking with the Safer Maidstone Partnership Substance Misuse Group.

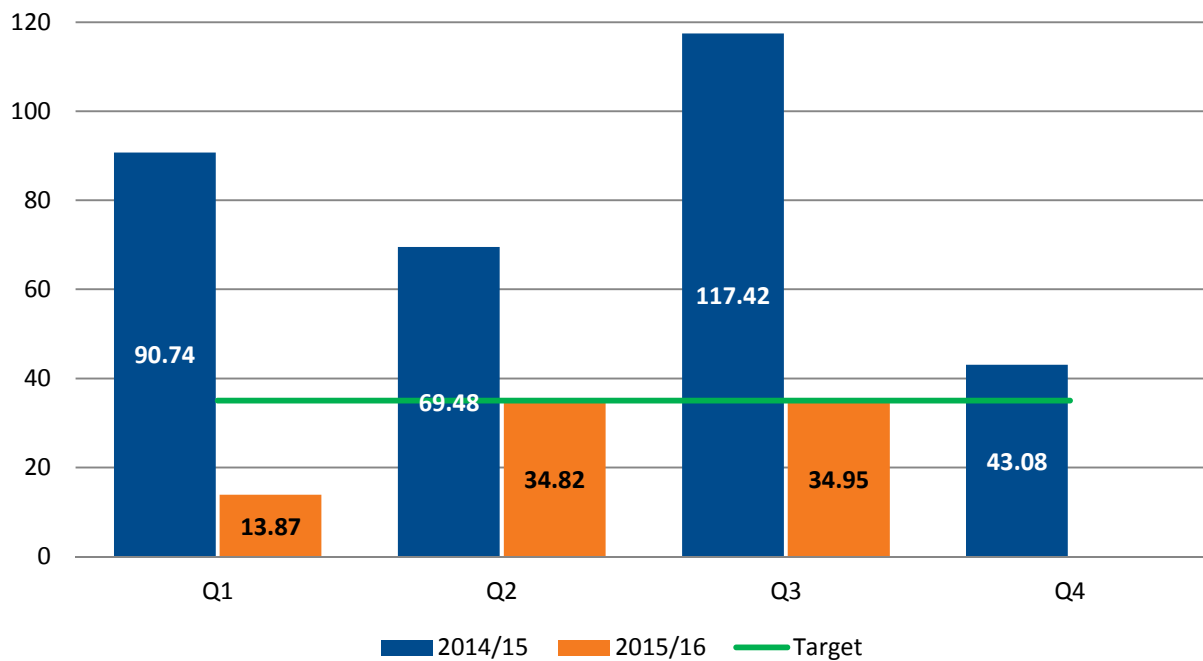
Work has continued with Kent County Council Public Health and West Kent Clinical Commissioning Group to develop a programme of NHS Health Checks and MOT's for clients attending Maidstone Day Centre. The aim is to intervene early and provide support to reduce serious health risks.

Achievements in quarter 3 include the delivery of cooking classes to tenants at Aylesbury House and the signing up of 27 businesses to the Kent Healthy Business Awards, which aim to improve employee's health and wellbeing.

### Average number of days taken to process Disabled Facilities Grants (DFG's)

Disabled Facilities Grants (DFGs) are used to provide home adaptations for disabled people, generally to improve access - access into and around the home and access to, or provision of, basic amenities such as bathing and a WC. They are an important part of the work we do to supporting people who want to remain independent or stay in their own home.

Current Performance	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
34.95 days	35.00 days	-0.05 days	↑	✓	Target will be met



**Performance Comment:** Last financial year started with a backlog in applications. From quarter 3 2014/15 onwards the Private Sector Housing Manager has been reviewing all new applications on a weekly basis. During quarter 3 2015/16, 43 applications were processed. So far for 2015/16 demand for DFG's is lower than in 2014/15 with 77 applications received to date compared to 103 for the same period in 2014/15. For the year to date, the average time to process DFG's is 28.63 days. Therefore, it is expected the annual target will be met.

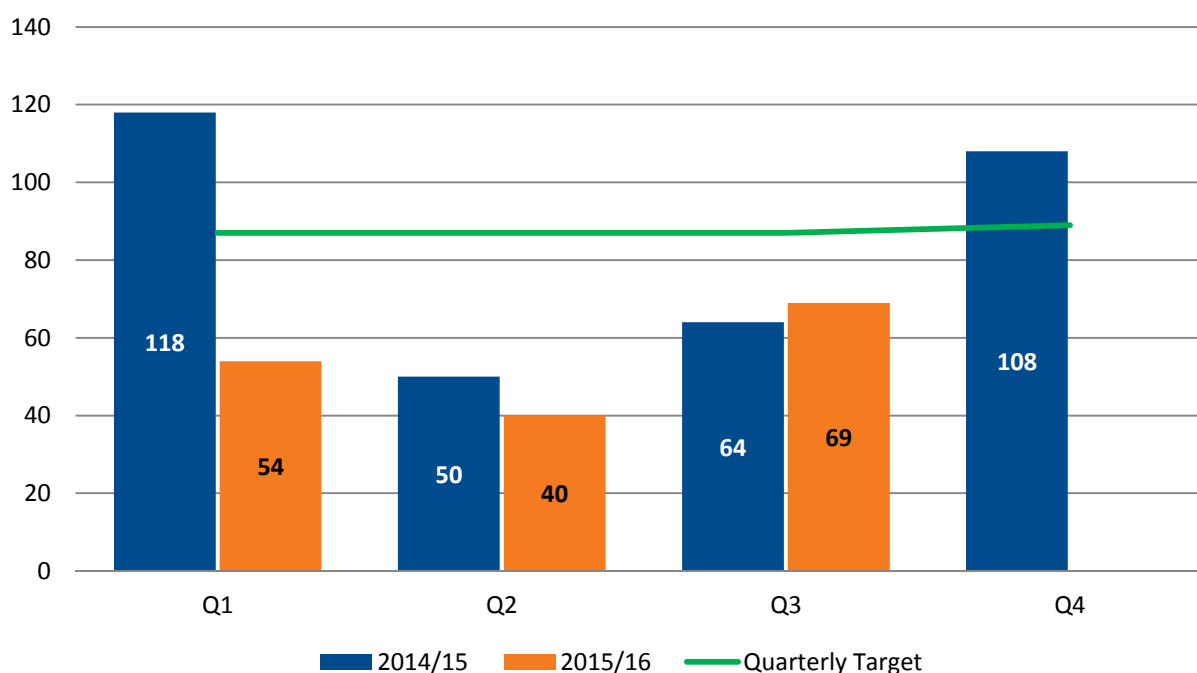
## Housing Strategy Update

The consultation period for the Housing Strategy themes concluded at the end of December 2015. Two events were held with key stakeholders that included senior representatives from the house building industry, housing associations, Kent County Council and from the voluntary sector. Colleagues from the Policy & Information Team supported the events and the Service has received very positive feedback from those attending the events. In addition, the Council's Communication Team has assisted with the broader consultation through mixed media sources including a web-based questionnaire that was open to all members of the public. The consultation has provided useful feedback and enabled the team to adapt or amend certain parts of the Strategy. The respondents were supportive of the approach adopted by the Council, endorsing the priority themes and the rationale behind them. The next stage is for the consultation outcome to be reported to the Communities, Housing & Environment Committee in January 2016. The draft Strategy will then be presented to the Policy & Resources Committee in February, and recommended for adoption by Council in March. This timetable remains on track.

### Number of households prevented from becoming homeless through the intervention of housing advice

The provision of comprehensive advice plays an important part in delivering the Council's strategy for preventing homelessness in Maidstone. This measure provides an indication of the effectiveness of housing advice given by the Council in preventing homelessness or the threat of homelessness. The annual target is split to give a quarterly target of 87.

Current Value	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
69	350	-18	↑	🛑	Target will not be achieved



**Performance Comment:** In 2014/15, 340 households were prevented from becoming homeless due to intervention from the Housing Team. This was against a target of 350. The team started the year with a vacant post, which influenced the number of preventions they were able to process during quarter 1. For quarter 2 (July to September) ongoing staffing issues coupled with an increase in approaches has meant that this figure remains low. Housing Advisor staffing issues remained in Quarter 3. Despite this, performance improved compared to the same Quarter in 2014/15. Other prevention methods are now included in this figure, giving a more realistic view of the service. Homefinder Bonds and Assertive Outreach Reliefs accounted for 33% of preventions in November and December. There was also a larger than usual volume of advice only/unsuccessful preventions in December. It is expected the annual target will not be met.

## Respecting the Character of our Borough

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

### Communications & Engagement Strategy Update 📢

A review of external communications channels is underway with Members and Parish Councillors having received surveys, the results of which will help inform the refresh of the strategy for 2016 -17. A communications plan for Local Democracy Week was delivered in October, including social media, PR, borough update and engagement events in the town centre. This was complimented by a sustained 'Have Your Say' campaign via multiple channels, designed to encourage residents to discover how they can get involved in decision-making.

The results of the resident survey are being analysed. Data from this survey will be used to inform the refresh of the Communications & Engagement Strategy. In particular, we will be looking for significant correlations between disengagement / dissatisfaction and specific demographics. This information will also be used to look into the feasibility of an online version of the Borough Update.

We held a highly successful 'Our Day' twitter campaign in November with a total reach of over 600k people. Areas of focus included Value for Money, service provision, 'Get involved' and statistical information on 'everyday business' (e.g. number of calls) which were very well received.

To promote Value for Money, the next edition of Downs Mail will include features on 'A Sustainable Future for Mote Park', Universal Credit, E-Billing and financial challenges facing the council, particularly in relation to the Government Finance Settlement.

NB: Parish charter developed in consultation with parishes and KALC

### **No Performance Indicators for quarterly monitoring**



## Priority 1: Keeping Maidstone an attractive place for all & Priority 2: Securing a successful economy for Maidstone Borough

### Ensuring there are good Leisure and Cultural Attractions

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

#### Festivals & Events Strategy Update

The Strategy was adopted in August 2014. Work will be undertaken to develop an on-line toolkit for event organisers that will be tested with local stakeholder organisations through the Destination Management Plan (DMP). We were successful in bringing a new major music festival to Mote Park, Ramblin' Man, which took place at the end of July 15. This resulted in excellent feedback from those that attended and has raised the profile of Maidstone Borough as an international festival destination. This event is scheduled to take place again in 2016 as well as The Social. This is supported by the Heritage, Culture, and Leisure (HCL) Committee on the agreement that additional event management issues are resolved. A report will be taken to HCL Committee on 1 March 2016 asking for approval to set the maximum number of large amplified music events we will permit in our parks each year. A further report will follow later in 2016 outlining the options for the future of the Mela and Proms in the Park, which are currently funded by Maidstone Borough Council. A no clash diary for event's organisers has been developed via the DMP events group. This will enable our event organisers to plan events and avoid clashes. Calendar gaps can then be identified and promoted to event's organisers.

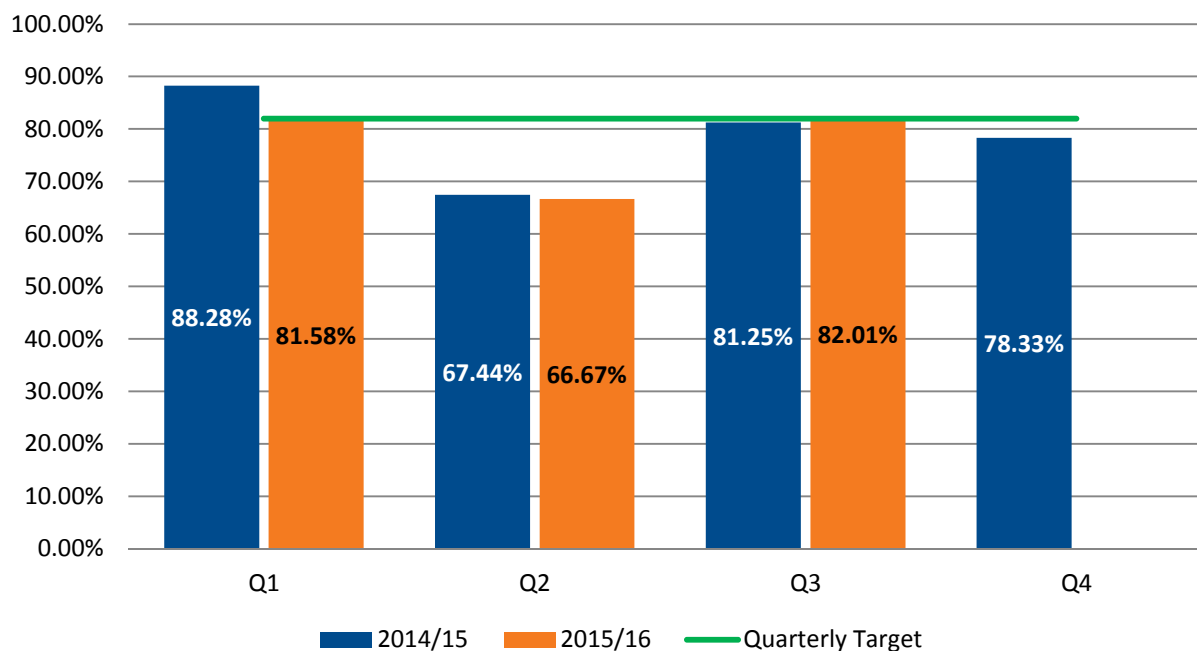
#### Destination Management Plan Update

The Destination Management Plan (DMP) was agreed by the Steering Group on 3 July 15 and adopted by Heritage, Culture and Leisure (HCL) Committee on 13 July 15. The DMP Board has now been established and will oversee the delivery of the three-year action plan, together with four Working Groups that are tasked with delivering the action plans. The Board is now meeting bimonthly and all working groups are established and meeting regularly. Action plans for each group have been reviewed and prioritised and are being costed. There have been some quick wins such as a 'no-clash diary' for event organisers, a Shared Story Toolkit, and an image library on the stakeholder area of the Visit Maidstone website. Groups are gathering additional information to inform the actions such as surveying Parishes to understand what attractions, events and facilities exist in their areas. The DMP has a small £20k budget and this will focus on commissioning new photography and video, a Shared Story marketing campaign, and bids from the working groups to deliver against the action plans.

### User Satisfaction with the Leisure Centre

The Council recognises that access to leisure services plays an important role in making somewhere a good place to live. This indicator measures customer satisfaction with the Leisure Centre.




Current Performance	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
82.01%	82.00%	+0.01%	↑	🚩	Target will be slightly missed

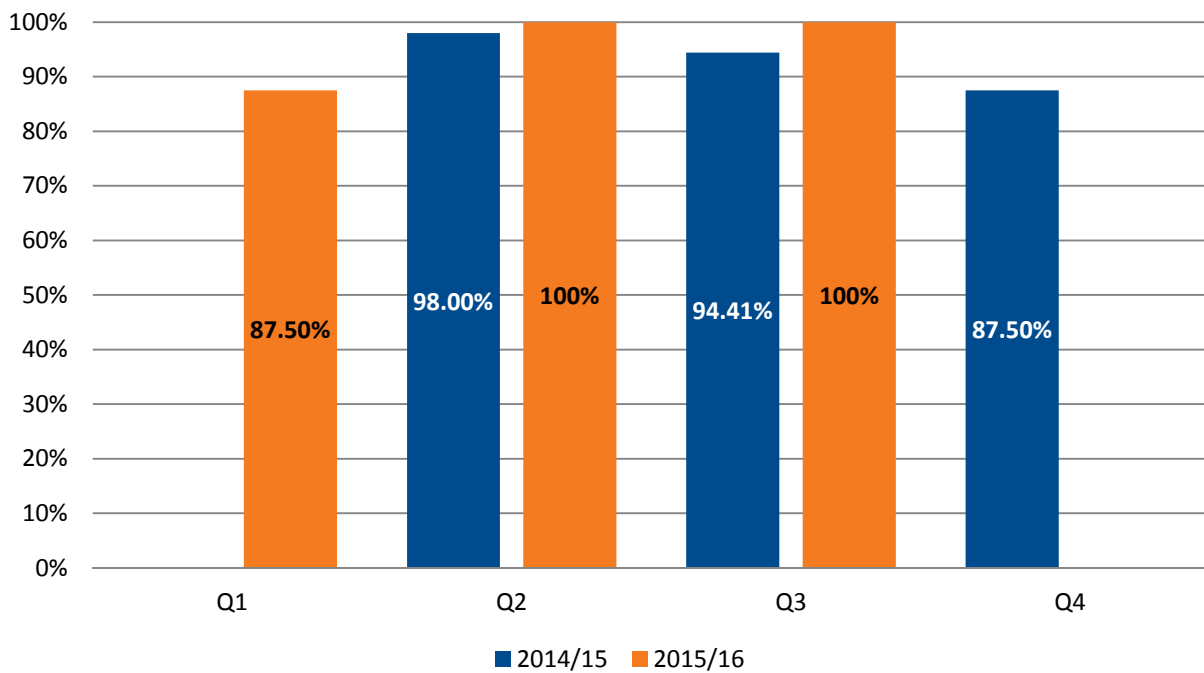


**Performance Comment:** The leisure centre collects through interactive tablets placed at key points within the centre. Serco incentivised responses as they had previously suffered technical difficulties which discouraged responses. Quarter 3 responses saw a significant increase, receiving 189 responses. They are required to gather at least 300 survey responses for the year (245 have been received to date). For the year to date satisfaction with the leisure centre is 80.8% and is currently rated amber. In 2014 a satisfaction rating of 81.78% was achieved. At this stage, it is expected that the annual target will be slightly missed.

### User Satisfaction with the Hazlitt Theatre

The Council recognises that access to leisure services plays an important role in making somewhere a good place to live. This indicator measures customer satisfaction with the Hazlitt.


Current Performance	2015/16 Target	Value Vs Target	Direction	Status	Expected Outcome
100%					



**Performance Comment:** There were no satisfaction surveys completed for Quarter 1 in 2014/15 and therefore no comparative data is available for this period. 31 surveys have been completed for 2015/16 to date, compared to 211 at this point last year. We will be discussing ways to improve the response rate with Park Wood Leisure. The importance of surveying customer satisfaction has been communicated to Hazlitt Theatre staff. The year to date satisfaction is currently 93.5%. It is expected that the annual performance for this indicator will be in excess of 90%.

### Income generated from commercial leisure and culture activities

The Council has a Commercialisation Strategy that defines how revenue will be generated to make a positive financial contribution. This included making better use of our culture and leisure assets to reduce the net cost of delivery and improve the offer to residents and visitors. The Strategy specifies annual financial targets and the indicator is defined and measured in monetary terms against those annual targets.

Current Performance	2015/16 Target	Value Vs Target	Direction	Status	Expected Outcome
£200,000	£200,000	£0	N/A		Target will be met

**Performance Comment:** The projects delivered under the commercialisation programme include the purchase and operation of Phoenix House and the installation of renewable energy technologies (solar panels). The team has also taken the Mote Park café back in-house and the introduced parking charges in Mote Park. The current performance figure represents the projected performance of these projects for this financial year.

### Enhancing the Appeal of the Town Centre for Everyone

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

#### No Performance Indicators for quarterly monitoring

### Town Centre Vision Update

A report was taken to Policy and Resources Committee on 16 December setting out a vision, plan and programme of projects to develop, improve and enhance Maidstone Town Centre in line with the Council's approved policies and emerging aspirations. These include the emerging Local Plan, Economic Development Strategy, Housing Strategy and Destination Management Plan and will reflect our rich culture and heritage.

A 5-year plan was outlined to ensure that the County Town achieves its full potential as the fastest growing, most dynamic urban centre in Kent with a high quality environment and unique heritage appeal. Through this plan, we will place the emphasis on growth and dynamism. Specifically, we aim to; enhance the retail, leisure and business, facilitate increased private sector investment, and attract occupiers to stimulate growth. We are also looking to exploit our cultural assets, and improve transport links and hubs for our visitors and residents, while also making the town centre a walking centre.

There is a focus on creating more homes, and raising the quality of the built environment, with the holistic aim of encouraging more visitors and making the Borough more welcoming. The plan will consider introducing Smart technologies in the town centre, and will introduce work to encourage growth of the night-time and twilight economy.

By securing support for and promoting this vision we will improve clarity and certainty for investors and strengthen public/private sector partnerships in order to support its delivery,

unlock third party investment, bring forward sites and attract external funding and inward investment. Committee approved the formation of a Town Centre Strategic Advisory Board to drive this programme forward and the draft five-year investment and development plan. The committee endorsed accelerating the development of major sites and attracting business start-ups into the town centre. They also support the tackling of eyesore sites, transportation, public realm improvements, utilising our culture and heritage, and developing residential areas.

## Priority 2: Securing a successful economy for Maidstone Borough

### Securing Improvements to the Transport Infrastructure for our Borough

Maidstone is strategically situated between London and the channel ports and is serviced by two motorway networks, the M20 and M2, with rail connections to central London. With regard to travelling in and around the Borough by car, congestion is an issue particularly at peak time in the town centre. The bus transport network serving Maidstone town is relatively strong whilst rural transport presents distinct challenges.

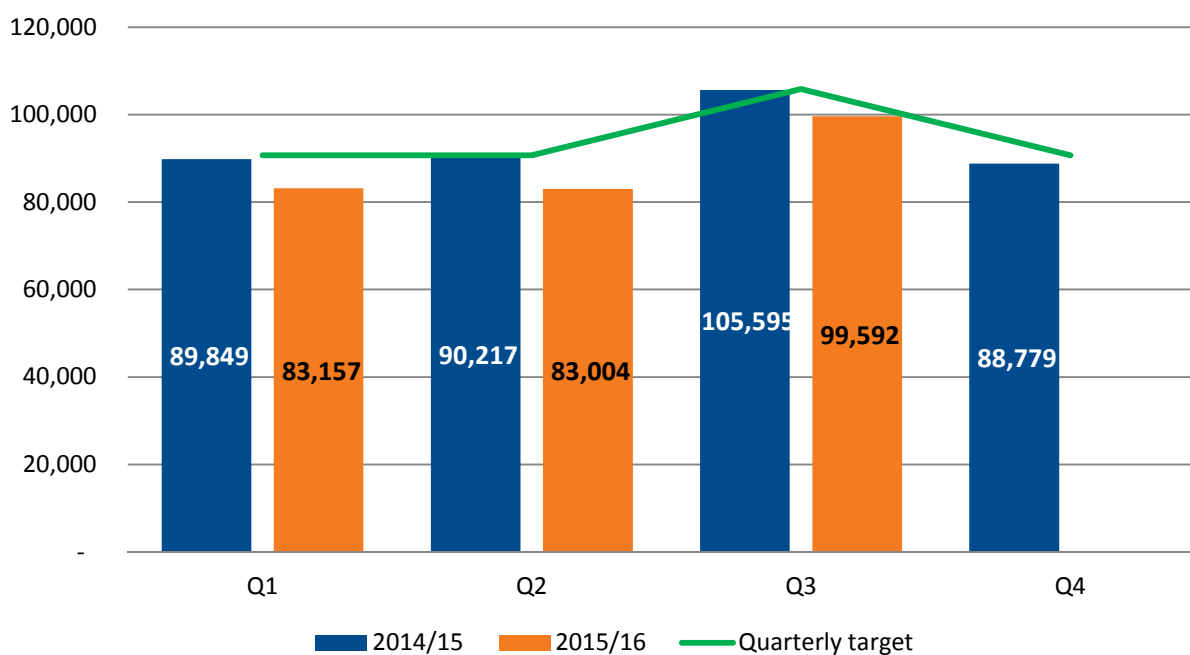
#### Integrated Transport Strategy (ITS) Update

Considerable work has been completed on the Integrated Transport Strategy (ITS) and a further report was taken to Strategic Planning, Sustainability & Transportation (SPS&T) Committee on 1st December 2015. Members required certain modifications to the ITS and account was also taken of a resolution of Maidstone Joint Transport Board (MJTB) on 7th December 2015, to continue joint working by Maidstone Borough Council and Kent County Council officers. The draft ITS was presented to SPS&T Committee on 14th December 2015 which was approved for consultation, together with the Cycling and Walking Strategy, parking and low emission vehicle proposals and previously agreed highways improvements. Further work is continuing with KCC officers on transport modelling as evidence base for the Local Plan. It has been agreed that the ITS will go out for consultation on February 5<sup>th</sup>.

### Number of on-board Park & Ride bus transactions

The Indicator compares the on bus transaction figure (these are the cash sales to passengers boarding buses) on Park and Ride with the one for the same period of the previous year therefore, assessing fluctuations in the service usage. A calculation is made to take into account ten trip passes and other concessions.

Current Value	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
99,592	378,000	-7,716	↓	⚠	Target will not be achieved



**Performance Comment:** Compared to last year on-board Park & Ride transactions have declined by 6% for quarter 3. The Park & Ride service has seen a decrease in patronage of 7% for the year to date. The third quarter is the busiest for the service due to seasonal shopping. The road surface and appearance of the Willington Street site was improved, however there are no further planned actions to increase Park & Ride usage at this stage. The closure of Sittingbourne Road site in February will affect usage further.

### Promoting a range of employment skills and opportunities across the borough

There were 83,100 people employed in the Maidstone economy in 201/15 with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital. There were 6,735 registered businesses in Maidstone in 2015, equivalent to 42 businesses per 1,000 population, compared to 39 for England and an above average rate of self-employment.

## Economic Development Strategy Update

Progress towards the Economic Development Strategy's stated four key actions is as follows. Maidstone Town Centre: the Strategic Advisory Board's first meeting is planned for 2nd February 2016. The December Policy & Resources Committee report approved Town Centre next steps and actions.

The Kent Medical Campus was awarded Enterprise Zone status in the Autumn Statement. The proposed business park on the Woodcut Farm site at Junction 8 of the M20 will provide a new employment allocation in the Borough, presented in the Regulation 19 Local Plan consultation. Its inclusion in the Local Plan is a big step forwards for the Economic Development Strategy.

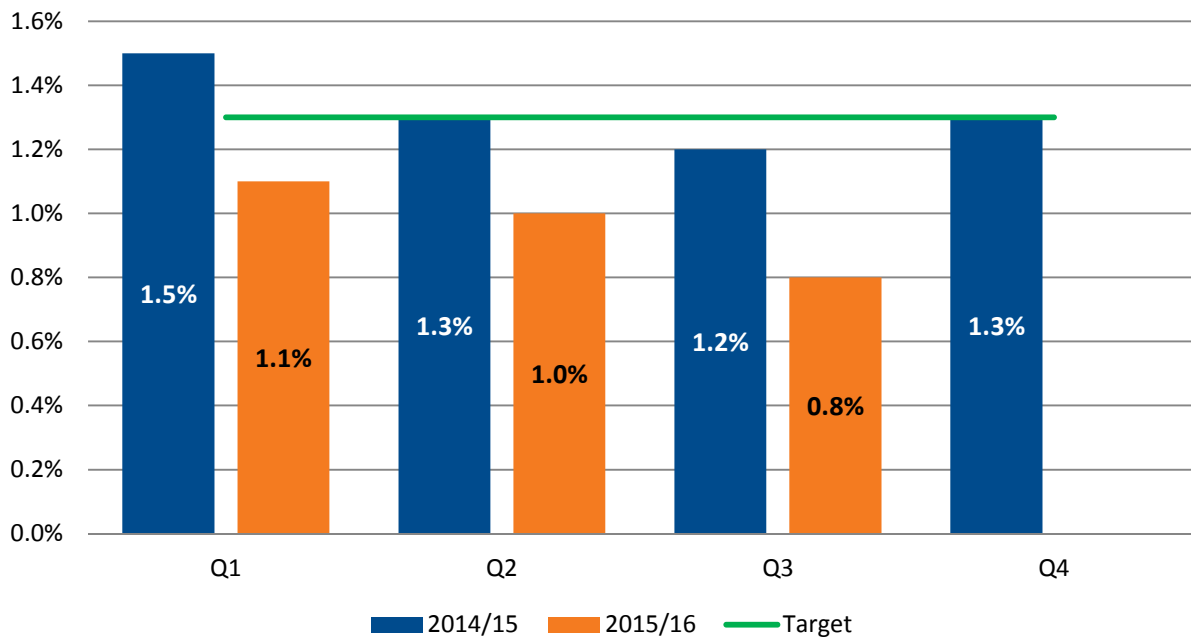
The end of park and ride services at Eclipse Business Park on 2nd February 2016 offers the opportunity for new commercial occupiers and a new vision for business development in that area.

Other actions include an extension of the Business Terrace into the member's area that opened in December, adding 4 offices, which are now occupied.

### Percentage of people claiming Job Seekers Allowance

JSA claimant count records the number of people claiming Jobseekers Allowance (JSA). People claiming JSA must declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made. This indicator is expressed as a proportion of the resident population of the area aged 16 to 64 years old and is provided by the office of National Statistics. A lower figure indicates good performance.

Current Value	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
0.8%	1.3%	-0.5%	↑	✓	Target will be met




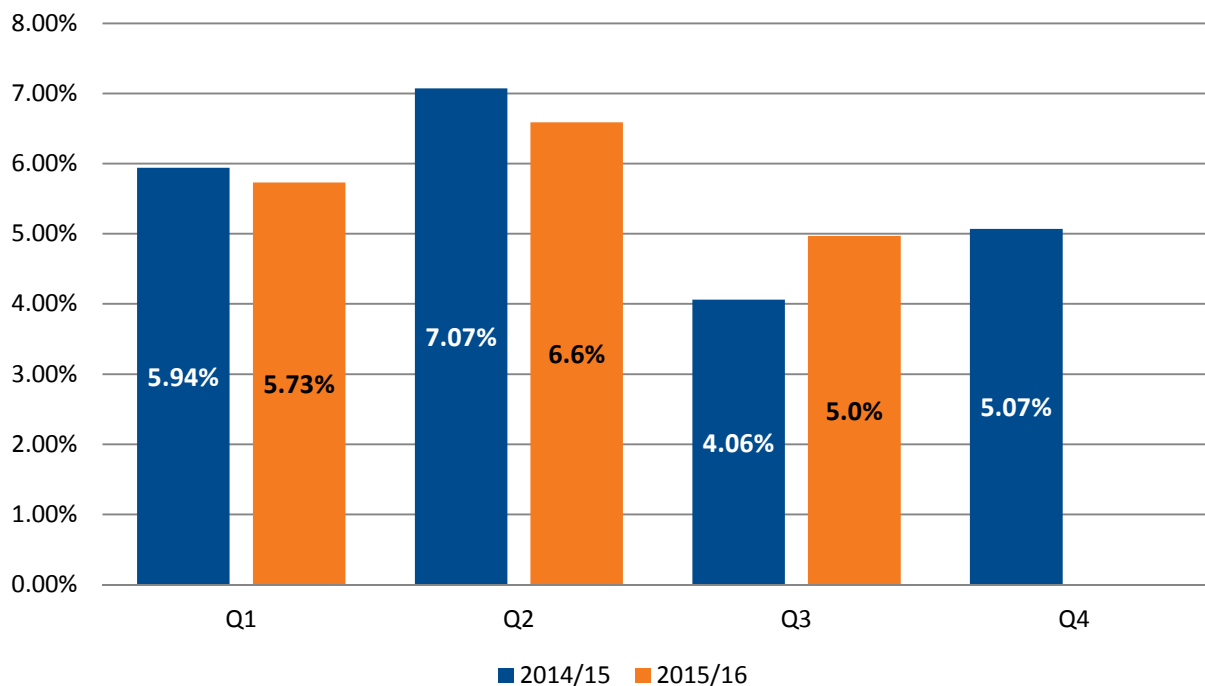
**Performance Comment:** The numbers of people claiming Job Seekers Allowance (JSA) has dropped since the start of the financial year. In March there were 1,327 people claiming this benefit (1.3%). The figures for December 2015 show that 846 people are now claiming JSA (0.8%). This compares well to a national figure of 1.5% JSA claimants. The last time the level of JSA claimants was this low was in June 2008 with 983 (1.0%).



**Percentage of 16 to 18 year olds who are not in education, employment or training (NEETs)**

Non-participation in education, employment or training between the ages of 16 and 18 is a major predictor of later unemployment, low income, depression, involvement in crime and poor mental health. The figures are based on the monthly submission made to Department for Education via National Client Caseload Information System for Kent County Council. Academic age is the age of the young person on 31st August (i.e. prior to the start of the academic year).




Current Value	2015/16 Target	Value Vs Target	Direction	Status	Expected Outcome
6.59%					

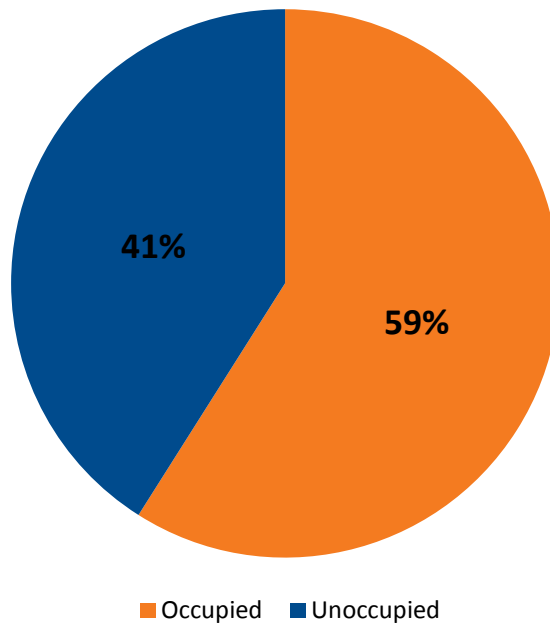


**Performance Comment:** When compared to the other Kent districts Maidstone has the 7<sup>th</sup> lowest NEETs figure and is 2<sup>nd</sup> lowest overall for percentage of unknowns. The total number of NEETs has increased by 32% compared to the same quarter of last year. In the previous year there were 765 unknowns, which represented 14% of all NEETs. In Quarter 3 2015/16, there were 507 unknowns (9.3%), which is a significant improvement. The tracking and supporting of NEETs and unknowns has improved throughout the Kent area. This represents a considerable opportunity to work collaboratively with organisations in the Borough.

### Number of business and enterprises using the Business Terrace

The Business Terrace is a new venture by the Council, to provide office space and facilities to smaller and start-up business with the addition of business support functions. Through local, regional and national partners and other users, The Business Terrace provides formal and informal peer-to-peer business support and advice underpinned by onsite bespoke mentoring, events, seminars and workshops.

Current Value	2015/16 Target	Value Vs Target	Direction	Status	Expected Outcome
59%	Set baseline	N/A			



**Performance Comment:** The Business Terrace opened in September and has received a lot of interest from local businesses with demand being higher than available space. The current chart shows the hub occupancy for Quarter 3. Currently, 59% of all space is occupied. Of the 10 offices, all are currently occupied. Of the 12 desks, 3 are currently fully occupied. This data will be used to establish a baseline and produce a target for future performance.

Delays in opening the Business Hub and launching the website initially hindered marketing and promotion of available space. To increase desk space takeup, advisors are promoting them to start-ups as part of their business development. Networking events have been held to introduce the desks to users, and show exactly what they offer. The Economic Development team are working with organisations to promote desk space to start-ups and home-workers, as these are the primary users of these desks.

## Planning for Sufficient Homes to meet our Borough's Needs

Over the last five years, the supply of new affordable housing within the borough has been greater than in neighbouring authorities, although still less than historic levels. 189 new affordable homes were built in the borough in 2013/14 and 163 in 2014/15. In total 413 new homes were delivered in 2014/15, of these new homes over 75% were built on land that had previously been developed.

### Local Plan Update

Consultation on the final partial version of the Maidstone Borough Local Plan (MBLP) was completed on 30 October 2015 and a full report of the representations was prepared, and the responses analysed. Strategic Planning, Sustainability & Transportation (SPS&T) Committee approved the revised Local Development Scheme on 10 November 2015 that anticipates an Examination in Public of the MBLP in September 2016. A detailed report of representations to the final Regulation 18 consultation was presented to SPS&T Committee on 14th December 2015 and slight amendments were recommended and considered. The Local Plan Publication (Regulation 19) was then taken to SPS&T Committee on 13th January 2016. This constitutes a 'sound plan' for Council adoption for final consultation and then Submission to the Secretary of State for Examination in Public. SPS&T Committee requested further minor changes, prior to forwarding to Full Council, and these were agreed at SPS&T Committee on 19th January 2016.

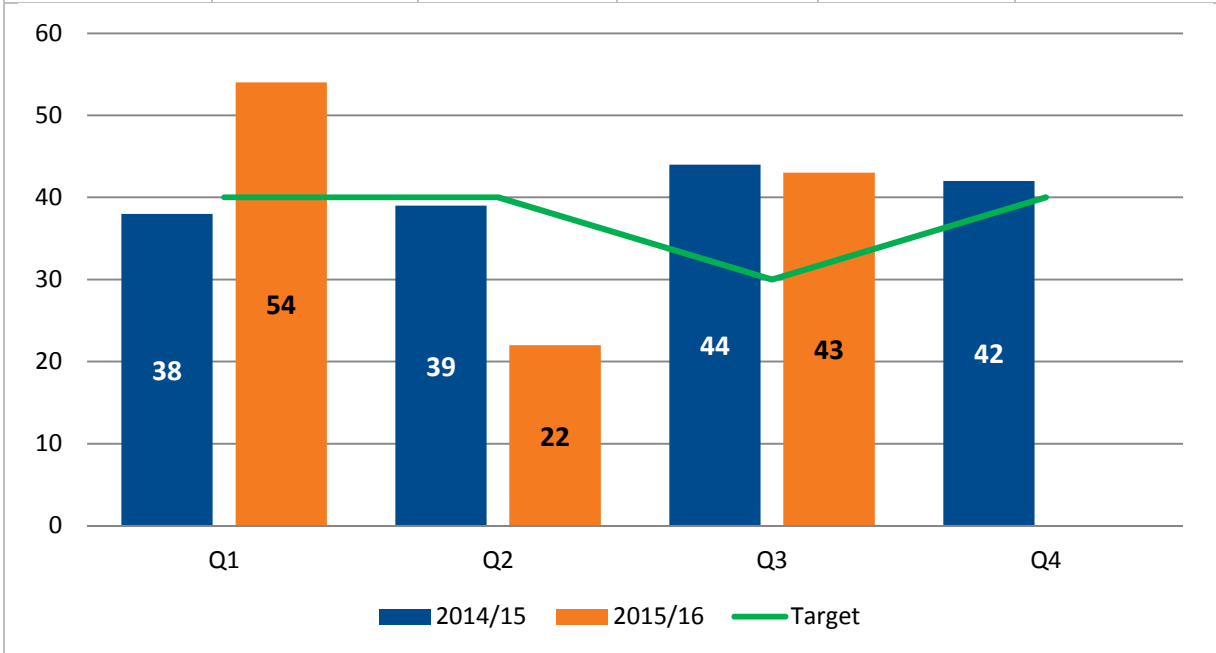
### Housing Strategy Update

The consultation period for the Housing Strategy themes concluded at the end of December 2015. Two events were held with key stakeholders that included senior representatives from the house building industry, housing associations, Kent County Council and from the voluntary sector. Colleagues from the Policy & Information Team supported the events and the Service has received very positive feedback from those attending the events. In addition, the Council's Communication Team has assisted with the broader consultation through mixed media sources including a web-based questionnaire that was open to all members of the public. The consultation has provided useful feedback and enabled the team to adapt or amend certain parts of the Strategy. The respondents were supportive of the approach adopted by the Council, endorsing the priority themes and the rationale behind them. The next stage is for the consultation outcome to be reported to the Communities, Housing & Environment Committee in January 2016 and the draft Strategy to then be presented to the Policy & Resources Committee in February for recommendation for adoption by Council in March. This timetable remains on track.

### Number of affordable homes delivered

Housing supply has simply not kept pace with demand. Many families are locked out of the housing market by unaffordable prices and unobtainable mortgages. An affordable dwelling includes social-rented housing and intermediate housing. These can be new build or acquisitions; the figure does not taken into account any losses.

Current Performance	2015/16 Annual Target	Value Vs Target	Direction	Status	Expected Outcome
43	150	+13	↓	🟢	Target will be met



**Performance Comment:** The quarterly target for this indicator is profiled to take into account seasonal variances. For the year to date 119 affordable homes have been delivered against a year to date target of 110. The annual target of 150 is expected to be achieved at the this stage. The increase in performance for quarter 3 is due to a development providing a large number of affordable homes, finished in the last week of december. The overall programme is expected to deliver at least 160 affordable homes, which will exceed the annual target.

## Policy and Resources Committee

## 17 February 2016

Is the final decision on the recommendations in this report to be made at this meeting?

**No**

### Strategic Plan 2015-2020 (2016-17 Refresh)

<b>Final Decision-Maker</b>	Council
<b>Lead Director or Head of Service</b>	Head of Policy and Communications
<b>Lead Officer and Report Author</b>	Angela Woodhouse, Head of Policy and Communications
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	All

**This report makes the following recommendations to the final decision-maker:**

1. That the Strategic Plan 2015-2020, 2016-17 refresh and action plan be approved for submission to Council.

**This report relates to the following corporate priorities:**

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

**Timetable**

<b>Meeting</b>	<b>Date</b>
Heritage, Culture and Leisure Committee	5 January 2016
Strategic Planning and Sustainable Transport Committee	19 January 2016
Communities, Housing and Environment Committee	19 January 2016
Policy and Resources Committee	27 January 2016
Corporate Leadership Team	2 February 2016
Policy and Resources Committee	17 February 2016
Council	2 March 2016

# Strategic Plan 2015-2020 (2016-17 Refresh)

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Council's Strategic Plan sets out the Council's priorities for the next four years. This is supported by and aligned to the Medium Term Financial Strategy. This report contains an update to the Strategic Plan 2015-2020 in the form of an action plan for 2016-17 and minor updates to the Strategic Plan.
  - 1.2 The action plan sets out projects to achieve our priorities with actions and milestones to be delivered in 2016-17. Each Service Committee has considered the actions relevant to its terms of reference prior to submission of the whole plan to the Policy and Resources Committee.
- 

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Council's Strategic Plan was agreed in March 2015 and set two priorities:
  1. Keeping Maidstone Borough an attractive place for all
  2. Securing a successful economy for Maidstone Borough
- 2.2 Underpinning the two priorities are eight action areas:
  - Providing a clean and safe environment
  - Encouraging good health and wellbeing
  - Respecting the character of our Borough
  - Ensuring there are good leisure and cultural attractions
  - Enhancing the appeal of the town centre for everyone
  - Securing Improvement to the transport infrastructure of our Borough
  - Promoting a range of employment opportunities and skills required across the Borough
  - Planning for sufficient homes to meet our Borough's needs
- 2.3 In September 2015 the Policy and Resources Committee agreed that the existing strategic plan would be refreshed to ensure that the actions align with changes to the medium term financial strategy.
- 2.4 The Council's wider leadership team met with service committee Chairmen and Vice Chairmen in December to consider which actions should be in the plan. The service committees have all considered the actions that fall within their terms of reference prior to the full action plan coming to Policy and Resources.

2.5 For 2016-17 The Council will be focussing on the following priorities:

- Housing
- Town Centre Regeneration
- Completing the Local Plan
- Mote Park
- Devolution
- Robust Medium Term Financial Plan

2.6 It should be noted that whilst the Council's resources have been diminished as a result of the provisional local government finance settlement the ambition and aspiration to deliver our priorities remains. The Medium Term Financial Strategy remains aligned to and underpins the delivery of the priorities.

2.7 The performance in relation to the strategic plan to date is reported in the quarter three performance report also on this agenda. The list of Key Performance Indicators that measure progress with the plan is under review and updated indicators and targets will be reported to Policy and Resources Committee before the end of this municipal year.

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### **3. AVAILABLE OPTIONS**

3.1 The Committee reviews the strategic plan refresh and action plan for 2016-17, makes amendments if appropriate and recommends this to Council in-line with the early decision of the Committee not to rewrite the plan.

3.2 The Committee could decide not to update the strategic plan.

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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

4.1 Policy and Resources Committee is asked to approve the refreshed strategic plan and the action plan for submission to Council. If we did not update the Strategic Plan this would lead to out of date information being publicly available and make it difficult for officers to maintain the 'golden thread'. The Council also needs to be able to demonstrate how it is reacting to changes in the local and national context.

4.2 The Committee has already taken the decision to refresh the plan and not to create a new strategic plan.

## 5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 Residents were consulted on our strategic priorities as part of developing the Strategic Plan 2015-2020. Further consultation has now been undertaken through the resident survey, the top ten things that are most important in making somewhere a good place to live and the top ten things that most need improving are attached at Appendix iii. Further work will be undertaken with members to analyse the resident survey results as part of informing the communication and engagement strategy for the Council.

5.2 To provide context to appendix iii the table below compares the results to our last residents survey in 2013:

Important in making somewhere a good place to live			
2013	2015		Position change
2	1	Health services	1
1	2	The level of crime	-1
3	3	Clean streets	0
8	4	The level of traffic congestion	4
6	5	Affordable decent housing	1
4	6	Educational provision	-2
7	7	Public transport	0
9	8	Parks and open spaces	1
5	9	Road and pavement repairs	-4
12	10	Access to nature	2
10	11	Job prospects	-1
11	12	Shopping facilities	-1
13	13	Activities for teenagers	0
16	14	Facilities for young children	2
14	15	Cultural facilities (e.g. libraries, museums)	-1
17	16	Community activities	1
15	17	Wage levels and local cost of living	-2
19	18	The level of pollution	1
18	19	Sports and leisure facilities	-1
21	20	Other	1
20	21	Race relations	-1



Areas that most need improving			
Position 2013	Position 2015		Difference
2	1	The level of traffic congestion	1
1	2	Road and pavement repairs	-1
3	3	Clean streets	0
7	4	Affordable decent housing	3
6	5	Health services	1
5	6	Public transport	-1
4	7	Activities for teenagers	-3
8	8	The level of crime	0
9	9	Job prospects	0
12	10	Community activities	2
11	11	Facilities for young children	0
10	12	Wage levels and local cost of living	-2
15	13	The level of pollution	2
14	14	Educational provision	0
13	15	Shopping facilities	-2
18	16	Parks and open spaces	2
19	17	Cultural facilities (e.g. libraries, museums)	2
17	18	Other	-1
16	19	Sports and leisure facilities	-3
20	20	Access to nature	0
21	21	Race relations	0

5.3 Each service committee has also had the opportunity to consider the actions that relate to their terms of reference.

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## 6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 The strategic plan refresh will be submitted to Council alongside the Medium Term Financial Strategy on the 2<sup>nd</sup> of March 2016.

6.2 Once it has been approved it will be made available on the Council's website and used to inform Service Plans and appraisals.

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## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The Strategic Plan sets the council's priorities.	Head of Policy and Communications
<b>Risk Management</b>	The risk register that links to the Strategic Plan will be presented to Policy and Resources separately.	Head of Policy and Communications
<b>Financial</b>	Any significant changes recommended by the committee would need to align with the medium term financial strategy	Section 151 Officer
<b>Staffing</b>	The plan informs service plans and individual appraisals	Head of Policy and Communications
<b>Legal</b>	No implications	
<b>Equality Impact Needs Assessment</b>	As decisions are made on each of the projects and actions these will need to take equality into account.	Head of Policy and Communications
<b>Environmental/Sustainable Development</b>	The Strategic Plan sets out high level priorities for the Environment and Development.	Head of Policy and Communications
<b>Community Safety</b>	The Strategic Plan sets out strategic priorities for Community Safety	Head of Policy and Communications
<b>Human Rights Act</b>	No implications	Head of Policy and Communications
<b>Procurement</b>	No implications	Head of Policy and Communications
<b>Asset Management</b>	No implications	Head of Policy and Communications

## 8. REPORT APPENDICES

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

- Appendix I: Strategic Plan, 2015-2020 (2016-17 – Refresh)

- Appendix II: Strategic Plan, 2016-17 - Action Plan
  - Appendix III: Resident Survey Results
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## **9. BACKGROUND PAPERS**

**Providing a clean and safe environment**

Project	Detail	Milestones	Outcome	Responsible Owner
<b>Safer Maidstone Partnership Strategic Assessment</b>	Working with a range of partners including Police and Probation services to reduce crime and Anti-Social Behaviour and support the Government's PREVENT programme and raise awareness of child safeguarding	Adoption of Safeguarding Policy – July 2016	Maidstone is a safer place to live and visit.  Minimise child exploitation.	Head of Housing and Community Services
<b>Review of Licensing Policies</b>	Following implementation of taxi and private hire policy and licensing policy complete remaining reviews.	Review and implement Gambling Act Policy – November 2016	Maidstone has a set of procedures and practices that promote safe and good quality services around those trades.	Head of Housing and Community Services
<b>Waste and Recycling Strategy</b>	Implementing of the Waste and recycling strategy till 2019 to meet EU and local targets.	Complete review of uptake of food waste challenge – April 2016  Development of the Action Plan for the short and medium term – April 2016  Review household waste collection services including freighter and bulky service – April 16	A minimum of 50% recycling rate by 2019	Head of Environment and Public Realm

Project	Detail	Milestones	Outcome	Responsible Owner
		Implementation of action plan June 2016 – April 2017		
<b>Depot Services Development Plan</b>	Identifies various strands of new income-generating and cost-saving projects, from Depot based services.	Consider feasibility of all potential projects – April 2016  Identify viable projects – ongoing from May 2016	A more financially efficient and commercial service	Head of Environment and Public Realm
<b>Low Emission Strategy</b>	The Low Emission Strategy will set out actions that we as a district council can have most influence over in addressing poor air quality where it exists.	Adoption – June 2016  Implement Action plan	Maidstone contributes towards cleaner air.	Head of Housing and Community Services
<b>Environmental enforcement Strategy</b>	Developing new aspects to our current practices.	Increase in FPN littering and dog fouling charges – April 16  Draft new youth littering engagement programmes – May 16  Developing a coherent analysis of all environmental data – July 16	Greater awareness and reduction in incidences of environmental crime	Head of Environment and Public Realm
<b>Street Cleansing Mobile Technology Development Plan</b>	improving and expanding upon the existing software functionality and reach of current street cleansing technology	Undertake Bin Audit borough wide – March 16  Implementation of Bin Audit review action plan – July 16  Explore opportunities for dynamic tasking of street	More agile and efficient workforce	Head of Environment and Public Realm

APPENDIX II

Project	Detail	Milestones	Outcome	Responsible Owner
		cleansing operatives - July 16 Adoption of vehicle asset management systems- Sept16		
<b>MBC Commercial Waste Service</b>	Identifying a future growth strategy	Achieve 350 business customers – April 16 Glass feasibility collection study – Sept 16 Food waste collection feasibility study – Jan 2017	Growth in business the commercial waste service	Head of Environment and Public Realm
<b>Crematorium Development Project</b>	Maximising the current Vinters Park site potential and extending and improving the services offered to borough residents	Commence implementation of Phase One – January 2017 Commence implementation of Phase two – April 2017	Improve range of service to customers of Vinters Park	Head of Environment and Public Realm

**Encouraging good health and wellbeing**

Project	Detail	Milestones	Outcome	Responsible Owner
<b>Affordable energy Strategy</b>	Delivering actions to improve the energy efficiency of properties of the borough	Under development – To be Confirmed	Increased number of energy efficient homes in the borough. Residents' bills reduced for more cost effective living.	Head of Housing and Community Services
<b>Health and Well Being Action Plan</b>	Street level intervention to provide practical solutions to improve individual's well being	Under development – To be Confirmed	Areas prevented from worsening	Head of Housing and Community Services
<b>Housing Assistance Policy</b>	Guides the Council to use its resources to improve or tackle instances of poor housing on people's health and well-being.	Review and update housing assistance policy – October 2016.  May 2016 – Complete stock condition survey  To determine the number of properties for improvement following review of outcome from stock condition survey – October 2016	Reduction on the negative impact of poor housing on people's health and well-being.	Head of Housing and Community Services

**Respecting the character of our Borough**

Project	Detail	Milestones	Outcomes	Responsible Owner
<b>Parish Charter</b>	Undertake a review in 2016	Consultation with Parishes  Undertake full review – October 2016	Maintain a valuable and constructive relationship between the Borough Council and Parish Councils	Head of Housing and Community Services
<b>Culture and Heritage</b>	Developing our information base and incorporating our rich culture and heritage into our strategies and plans.	Pilot project with Royal Society of Arts and Heritage England based on “what are the stories we tell each other, ourselves and others about who we are?” - April 2016  Public realm/public art guidelines produced for Maidstone Town Centre.	Ensuring that we make the most of our Culture and Heritage assets  Embedding our history, culture and heritage into our street scene, interpretation, signage and public realm projects where appropriate.	Head of Economic and Commercial Development

**Ensuring there are good leisure and cultural attractions**

Project	Detail	Milestones	Outcomes	Responsible Owner
<b>A Sustainable Future for Mote Park</b>	Programme of projects will be delivered against the agreed spatial framework	Planning permission obtained for the Adventure Zone  Procurement undertaken and contract awarded for the Adventure Zone	A range of outcomes have been identified including:  Establishing Mote Park as a destination recognising its status as one of Britain’s best loved parks	Head of Economic and Commercial Development



Project	Detail	Milestones	Outcomes	Responsible Owner
		<p>Construction of Adventure Zone complete – March 17</p> <p>Adventure Zone open and operational – April 17</p> <p>Business case produced for a new Café/Visitor/Education Centre for Mote Park – April 16</p> <p>Funding bid submitted to Heritage Lottery Fund and/or other bodies – August 16</p>	<p>Protecting the long term sustainability and financial future of the parks and open spaces through income generation</p> <p>Providing improved leisure facilities to the residents and visitors to the Borough’s parks and open spaces.</p>	
<b>Play Area Improvements Programme</b>	The £1.75m capital programme to replace strategic play areas will be delivered over 2016/17 and 2017/18.	<p>Complete year one programme of works – July 16</p> <p>Assess performance of contractor on year one programme. – July 16</p> <p>Retender or Award phase 2 contract – August 16</p>	To ensure a network of strategically important play Areas based on a 12 minute walking time for local residents to ensure all round, healthy development of children and young people.	Head of Economic and Commercial Development

Project	Detail	Milestones	Outcomes	Responsible Owner
<b>Parks &amp; Open Spaces 10 Year Development Plan</b>	A new plan will be produced which outlines the role of our parks and open spaces, how we will manage and develop them.	<p>Develop draft plan – June 16</p> <p>Consultation with key stakeholders – May 16</p> <p>Adoption of plan – Sep 16</p> <p>Consider the future operational models for parks and open spaces Jan 17</p> <p>Repair/renew roads and pathways as per capital programme.</p>	A consolidated plan which sets out the role of parks and open spaces in our borough and addresses their sustainability for the future. Including identifying maintenance and investment requirements and their role in supporting health and well-being.	Head of Economic and Commercial Development
<b>Destination Management Plan</b>	Delivery has commenced on the three year Destination Management Plan Action plan with the Destination Management Programme Board overseeing its delivery via four working groups based on the themes River, Town, Countryside	<p>DMP Board and Project Working Groups set up – Nov 15</p> <p>Integration of 'Town' working group to town centre investment and development plan.</p> <p>Annual progress against 3 year action plan.</p>	<p>Increase the value of tourism by targeting higher-spend markets with growth potential.</p> <p>Use tourism to reinvent what a County Town means for the 21st century.</p> <p>Encourage more overnight visitors to the Borough to come into the town centre – including in the early evening – and to explore</p>	Head of Economic and Commercial Development

Project	Detail	Milestones	Outcomes	Responsible Owner
	and Events.		<p>Maidstone’s countryside and villages</p> <p>Connect the town with its surrounding countryside in tangible ways that encourage visitors to explore further and stay longer</p>	
<b>Museum Development Programme</b>	A new 20 year Strategic Development Plan for Maidstone Museums will be produced and a Strategic Board set up to oversee its development and implementation.	<p>Capital works completed in East Wing reception – April 16</p> <p>Capital programme board established to oversee further capital projects.</p> <p>Draft Museums 20 Year Development Plan produced with the Museums Strategic Development Board – Q2 16</p> <p>Consult with key stakeholders on the draft Museums 20 Year Development Plan Q3 16</p>	<p>Maidstone Museum will be a flagship museum service and a nationally recognised tourist destination</p> <p>A service that is well used by the local community and of which they are proud; but which also draws audiences from across the country forming the cornerstone of Maidstone’s tourist economy</p> <p>The capital and revenue invested in the museum will begin to see a return on its investment with increased retail sales, paid for exhibitions, children’s parties</p>	Head of Economic and Commercial Development

**Enhancing the appeal of the town centre for everyone**

Project	Details	Milestones	Outcomes	Responsible Owner
<b>Town Centre Development Plan –</b>	A programme of actions designed to deliver physical development and investment and better operational management of the town centre.	Establish Maidstone Town Centre Strategic Advisory Board 2nd February 2016 Agree 5 year programme of public and private investment July 2016	Coordinate private sector investment and guide programme of actions to maximise impact	Head of Economic and Commercial Development
		Work with Capital and Regional to deliver an improved retail and leisure offer in The Mall with a planning application submitted in 2016	Maidstone's retail rankings improve, strengthening the attractiveness of the town centre as a place to shop, visit and work	Director of Regeneration and Place
		Plan, Design and Implement Phase 1 Redevelopment of Maidstone East Station Nov 2016	Gateway into the Town Centre is greatly enhanced, passenger access improved and improved facilities in time for Thameslink Services	Director of Regeneration and Place
		Develop comprehensive scheme for Maidstone East with KCC November 2016	Maidstone's rankings improve	
		Deliver Bridge Gyrotory Widening Scheme by December 2016	Improve infrastructure and network capacity reducing congestion in the Town Centre	Head of Economic and Commercial Development

Project	Details	Milestones	Outcomes	Responsible Owner
		Deliver riverside Towpath from Allington to Tovil December 2016	Improve accessibility and make the town more attractive for leisure and tourism activities	Head of Economic and Commercial Development
		Plan, Design and Implement Phase 3 Public Realm improvement project Nov 2016	Maidstone's retail rankings improve, strengthening the attractiveness of the town centre as a place to shop, visit and work	Head of Economic and Commercial Development

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**Securing improvements to the transport infrastructure of our borough**

Project	Detail	Milestones	Outcome	Responsible Owner
<b>The Local Plan</b>	Together with this are companion documents such as the Integrated Transport Strategy and Infrastructure Delivery Plan (the latter will form much of the basis for a Community Infrastructure Levy (charging schedule)	<p>Submission of the Maidstone Borough Local Plan to the Secretary of State for Independent Examination -May 2016</p> <p>Public consultation on the Draft Community Infrastructure Levy Charging Schedule - 13 May to 24 June 2016</p> <p>Adoption of the Integrated Transport Strategy by Strategic Planning Sustainability &amp;</p>	<p>We will better control development in the borough and secure improvements in infrastructure for our businesses and residents</p> <p>We will plan future development effectively</p>	Head of Planning and Development

Project	Detail	Milestones	Outcome	Responsible Owner
		<p>Transport Committee (and Full Council) April 2016</p> <p>Submission of the Community Infrastructure Levy Charging Schedule to the Secretary of State for Independent Examination - August 2016</p> <p>Independent Examination into the Maidstone Borough Local Plan – September-November 2016</p> <p>Independent Examination into the Community Infrastructure Levy Charging Schedule - February 2017</p> <p>Adoption of the Maidstone Community Infrastructure Levy Charging Schedule – April 2017</p> <p>Adoption of the Maidstone Borough Local Plan by Full Council - April 2017</p>		

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

Project	Details	Milestones	Outcomes	Responsible Owner
<b>Economic Development Strategy</b>	The Council's adopted Economic Development Strategy set out how the Council and its partners will deliver economic growth and prosperity for the borough's residents and businesses over the period of the Local Plan	Agree roll-out 2016/17 of super-fast broadband with KCC across the Borough	Growth of small and medium sized businesses in rural areas	Head of Planning and Development
		North Kent Innovation Zone governance, marketing and commercial proposition agreed September 2016	Kent Medical Campus attracts investment, innovation and high skilled jobs. Job creation targets supported and shortage of commercial land addressed. A reduction in low wage, low skilled jobs	Head of Economic and Commercial Development
		Town Centre Improvement Programme delivered – as above	As above	Head of Economic and Commercial Development
		Business Terrace pilot deliver operational phase.	Town Centre 'office market stimulated and small business growth encouraged, improved business start-up rates	Head of Economic and Commercial Development
		Business Terrace extended to the whole of the first floor at		

		Maidstone House in partnership with Capital and Regional		
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**Planning for sufficient homes to meet our Borough’s needs**

Project	Detail	Milestones	Outcome	Responsible Owner
<b>The Local Plan</b>	Together with this are companion documents such as the Integrated Transport Strategy and Infrastructure Delivery Plan (the latter will form much of the basis for a Community Infrastructure Levy (CIL) charging schedule)	<p>Submission of the Maidstone Borough Local Plan to the Secretary of State for Independent Examination -May 2016</p> <p>Public consultation on the Draft Community Infrastructure Levy Charging Schedule - 13 May to 24 June 2016</p> <p>Adoption of the Integrated Transport Strategy by Strategic Planning Sustainability &amp; Transport Committee (and Full Council) April 2016</p> <p>Submission of the Community Infrastructure Levy Charging Schedule to the Secretary of State for Independent Examination - August 2016</p>	<p>We will better control development in the borough and secure improvements in infrastructure for our businesses and residents</p> <p>We will plan future development effectively</p>	Head of Planning and Development



Project	Detail	Milestones	Outcome	Responsible Owner
		<p>Independent Examination into the Maidstone Borough Local Plan – September-November 2016</p> <p>Independent Examination into the Community Infrastructure Levy Charging Schedule - February 2017</p> <p>Adoption of the Maidstone Community Infrastructure Levy Charging Schedule – April 2017</p> <p>Adoption of the Maidstone Borough Local Plan by Full Council - April 2017</p>		
<p><b>Treat large scale major planning applications cumulatively as a project</b></p>	<p>We want to establish and deliver a service that provides ‘planning performance agreements’ for large scale major developments</p> <p>This will include agreeing timescales at pre-app stage as well as other elements such as direct contact officers</p>	<p>Set a pricing structure. April 2016</p> <p>Set a template S106 agreement with standard heads of terms. April 2016</p> <p>Setting a standardised Planning Performance Agreement for future developments. April 2016</p>	<p>Improved decision making for major large scale developments, including stakeholder engagement</p> <p>To help provide the homes we need in the need in the borough, and to</p>	<p>Head of Planning and Development</p>

Project	Detail	Milestones	Outcome	Responsible Owner
	We will deal with these applications using a project management approach	Migration of all historic S106 data into a new system. July 2016	deliver them in a timely manner  This will also support employment in the borough through both large scale residential developments as well as commercial developments	
<b>Affordable Housing Programme</b>	We will continue to attract significant external investment to enable the delivery of over 160 new affordable homes including affordable rent, shared ownership and Starter Homes  In addition the Council will through direct intervention embark on a programme of delivering its own housing	Deliver starter homes scheme – 2020  March 2018 – delivery of more than 300 affordable homes  April 2018 – Begin delivery of programme of affordable rented accommodation	Different housing products available to meet the change of income levels	Head of Housing and Community Services
<b>Housing strategy 2015-2020 Action Plan</b>	Delivers the council's vision for the delivery of new housing across the public and private sector markets, the improvement of the existing housing in	Milestones to be confirmed following agreement of the Housing Strategy April 2016-2020.  Acquisition of property – March	Everyone having access to affordable, decent housing	Head of Housing and Community Services

Project	Detail	Milestones	Outcome	Responsible Owner
	Maidstone Borough and tackling key issues such as homelessness and assisting the most vulnerable members of our community	2017		
<b>Empty Homes strategic action plan</b>	To address the issue of bringing empty homes back into use, giving consideration to the amendments proposed in the Housing & Planning Bill, as it goes through Parliament to become legislation in 2016, that will make it easier to use existing powers	Review Strategy – September 2016 Adopt new Strategy – March 2017 Care home (not yet named) initiative – July 2016	Empty properties brought back into use to provide homes for families in housing need	Head of Housing and Community Services
<b>The delivery of the Homelessness Action Plan</b>	To increase the number of homeless cases that are prevented, this will be a challenging but highly important aspect of the Services focus in 2016/17 in order	Under development - to be confirmed	Where possible prevent homelessness and where this unavoidable a reduction in the time spent by families temporary accommodation	Head of Housing and Community Services
<b>Affordable Housing Programme</b>	We will continue to attract significant external investment to enable the delivery of over 160 new affordable homes including affordable rent, shared	Deliver starter homes scheme – 2020 March 2018 – delivery of more than 300 affordable homes	Different housing products available to meet the change of income levels.	Head of Housing and Community Services

Project	Detail	Milestones	Outcome	Responsible Owner
	ownership and Starter Homes. In addition the Council will through direct intervention embark on a programme of delivering its own housing.	April 2018 – Begin delivery of programme of affordable rented accommodation.		
<b>Housing Assistance Policy</b>	Guides the Council to use its resources to improve or tackle instances of poor housing on people’s health and well-being.	<p>Review and update housing assistance policy – October 2016.</p> <p>May 2016 – Complete stock condition survey</p> <p>To determine the number of properties for improvement following review of outcome from stock condition survey – October 2016</p>	Reduction on the negative impact of poor housing on people’s health and well-being.	Head of Housing and Community Services

**Maidstone Borough Council****Strategic Plan 2015-2020 – Refresh without Artwork****NEW**

*Foreword from the Leader (2015-16), Councillor Fran Wilson*

*Over the next five years Maidstone Borough Council faces an exceptionally challenging future as our funding from central government for the provision of local services is removed. Increasingly we have to rely on self-generated income and on our own tax base. Despite this we are confident we can produce a solid medium term financial strategy and continue to deliver the first class services which residents value.*

*Devolution is now high on Central Governments Agenda. It is vital that we put time and effort into determining what this will mean for the people of this Borough and, working with the County council and other district colleagues, into shaping the future for Kent.*

*At the heart of the borough is our county town. Emphasis will be placed on regeneration and transportation projects to underpin a vibrant economy and enhance its appeal to both residents and visitors.*

*The gap between income and house prices continues to grow. This, allied to an acute shortage of affordable housing, has made it increasingly difficult to get a foot on the housing ladder and has seen homelessness rise at an alarming rate. A key priority is to provide decent and affordable homes for our growing population.*

*Despite these challenges we are determined to remain ambitious in our aspirations for the Borough and its people and to emphasise its unique heritage, cultural and natural assets*

## Single Page with Vision Mission and Values Diagram

## Providing a Clean and Safe Environment

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

### We mean:

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

### We will:

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

### Measured by:

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

## Encouraging Good Health and Wellbeing

Deprivation in the borough is lower than average, however 14.15% (4,100,295,300) of children (under 16 years old) in Maidstone live in poverty. There is a larger difference in life expectancy of men and women; women are expected to live 3 years longer than men and there is a 13 year gap between the ward with the highest life expectancy and the one with the lowest life expectancy. 7 years lower for men and 2.54 years lower for women in the most deprived areas of Maidstone than in the least deprived.

### We mean:

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

### We will:

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

### Measured by:

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

## Respecting the Character and Heritage of our Borough

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

### We mean:

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

### We will:

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

### Measured by:

- Resident survey
- Parish survey

## Ensuring there are good Leisure and Cultural Attractions

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

### We mean:

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

### We will:

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

### Measured by:

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



## Enhancing the Appeal of the Town Centre for Everyone

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

### We mean:

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

### We will:

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

### Measured by:

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

## Securing Improvements to the Transport Infrastructure for our Borough

Maidstone is strategically situated between London and the channel ports and is serviced by two motorway networks, the M20 and M2, with rail connections to central London. With regard to travelling in and around the Borough by car, congestion is an issue particularly at peak time in the town centre. The bus transport network serving Maidstone town is relatively strong whilst rural transport presents distinct challenges.

### We mean:

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

### We will:

- Deliver an **I**ntegrated **T**ransport **S**trategy and work with our partners to seek improvements to the transport infrastructure

### Measured by:

- Measures from Integrated Transport Strategy
- Resident Survey

## Promoting a range of employment skills and opportunities across the Borough

There were ~~83,100~~~~76,300~~~~68,300~~ people employed in the Maidstone economy in 2014/15~~2~~ with a high proportion in the public sector, reflecting the town's status as Kent's County Town and administrative capital. There were 6,760-735 registered businesses in Maidstone in ~~2012~~2015, equivalent to 423 businesses per 1,000 population, compared to 39 for England and an above average rate of self-employment.

### We mean:

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

### We will:

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

### Measured by:

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

## Planning for Sufficient Homes to meet our Borough's Needs

Over the last five years, the supply of new affordable housing within the borough has been greater than in neighbouring authorities, although still less than historic levels. ~~163~~ ~~189~~ new affordable homes were built in the borough in 2014/15.2013/14. ~~In total 630 new homes were delivered in 2012/13, of these new homes over 80% were built on land that had previously been developed.~~

### We mean:

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

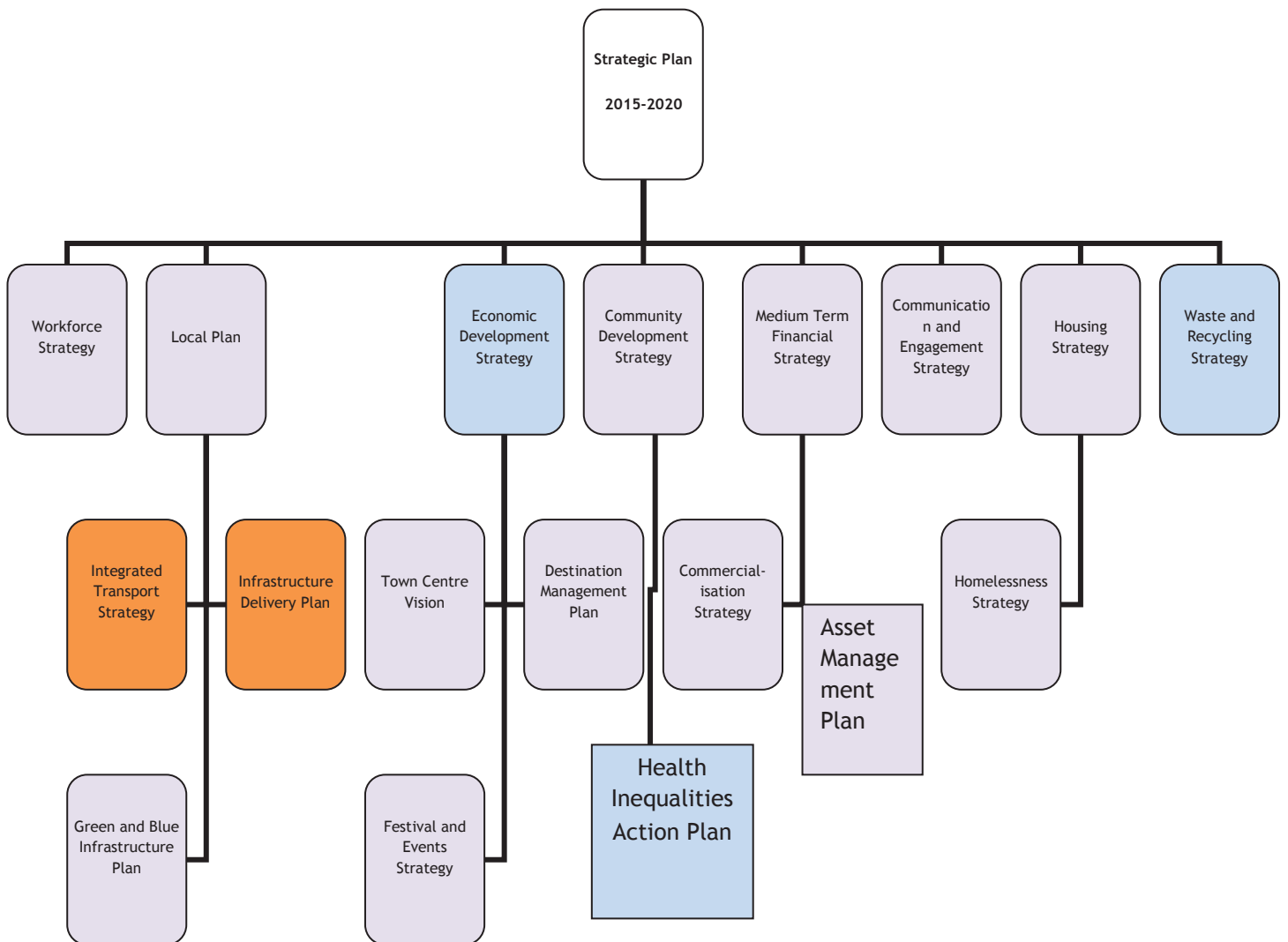
### We will:

- Adopt a local plan
- Deliver the Housing Strategy

### Measured by:

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

## How it all fits together - Our Strategies and Plans



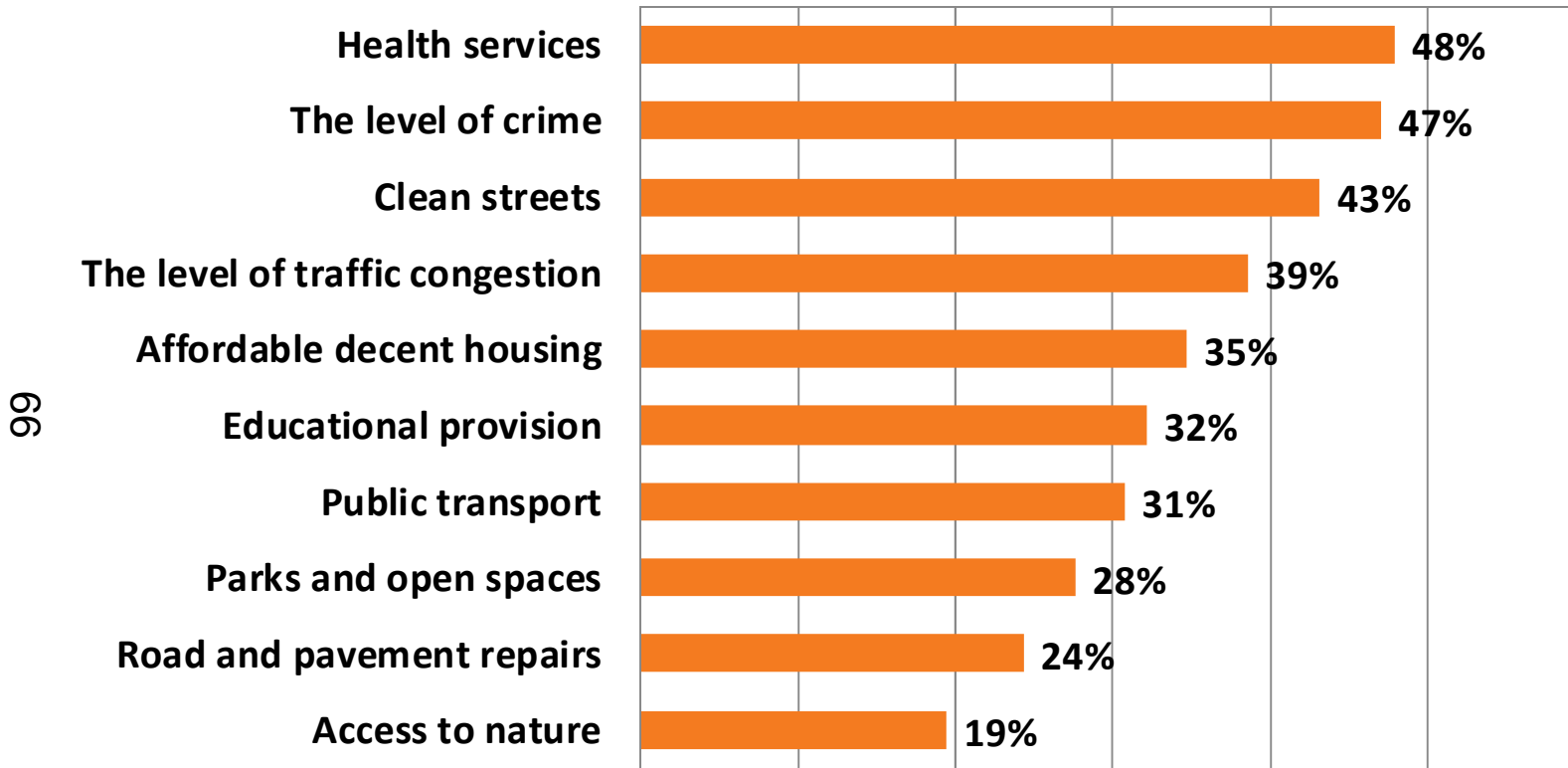
**Priority 1 Keeping Maidstone an attractive place for all**

**Priority 2 Securing a successful economy**

**Supports both priorities**

## Top 10 things that are most important in making somewhere a good place to live

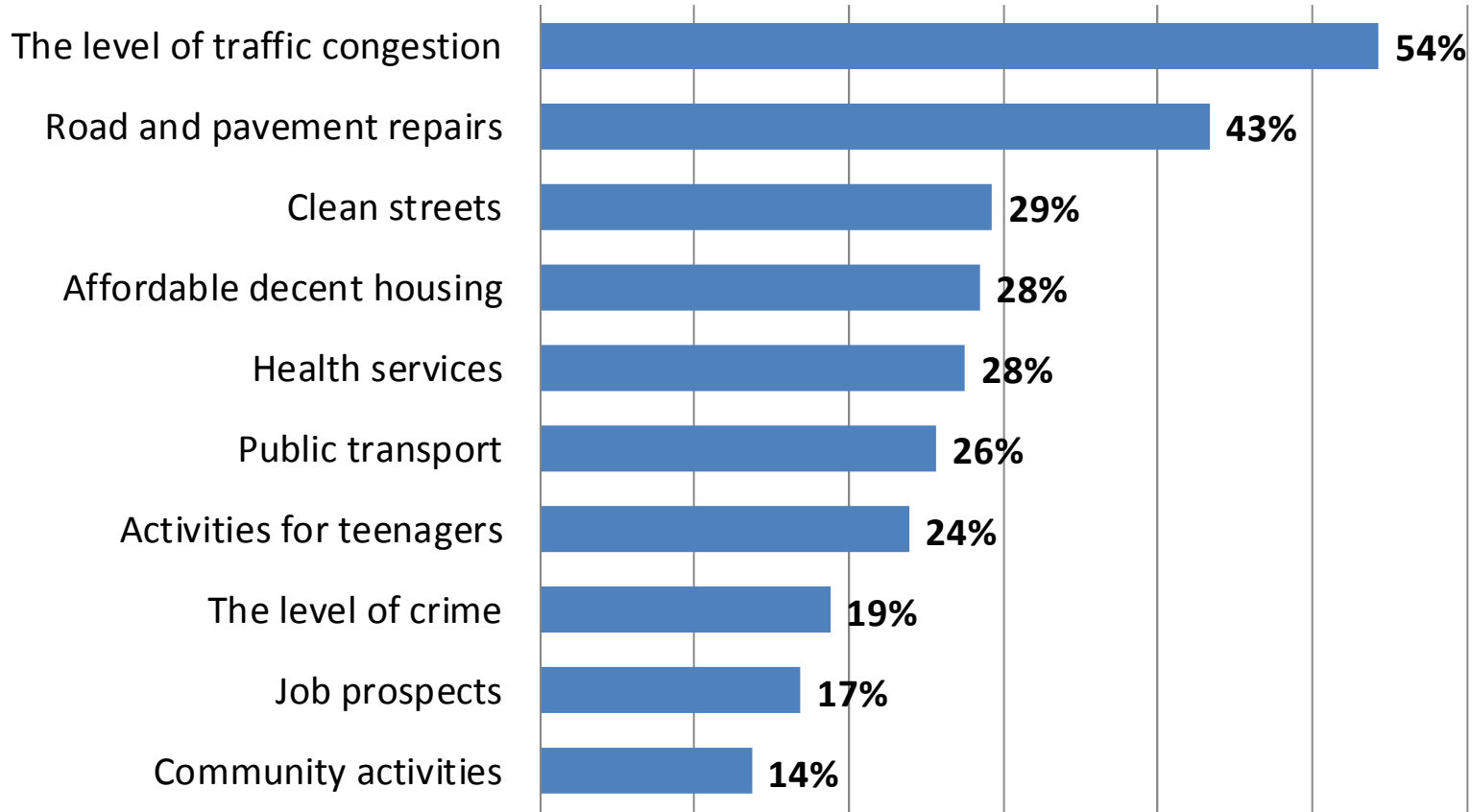
0% 10% 20% 30% 40% 50% 60%



### Top ten things that most need improving

0% 10% 20% 30% 40% 50% 60%

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# Agenda Item 13

## **POLICY AND RESOURCES**

**17<sup>th</sup> February 2016**

Is the final decision on the recommendations in this report to be made at this meeting?

**Yes**

### **Irrecoverable Business Rates**

<b>Final Decision-Maker</b>	Policy and Resources Committee
<b>Lead Head of Service</b>	Head of Revenues and Benefits
<b>Lead Officer and Report Author</b>	Stephen McGinnes, Head of Revenues and Benefits
<b>Classification</b>	Public
<b>Wards affected</b>	All

#### **This report makes the following recommendations to this Committee:**

1. That the irrecoverable business rates listed within Appendix A are approved for write off.

#### **This report relates to the following corporate priorities:**

The correct classification of irrecoverable debt supports the effective financial management of the council enabling it to progress its priorities.

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

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	17 <sup>th</sup> February 2016

# Irrecoverable Business Rates

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To seek approval to write of 13 irrecoverable business rates debts to the value of £460,022.

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The council collects business rates amounting to £58.8 million from 4746 rate payers, with an average collection rate of 97.68%.
- 2.2 Where the council is unable to collect the business rates that are payable, it takes a robust approach to recovery. This involves progressive action which would typically include;
- Reminder for non payment
  - Final Notice for non payment
  - Summons for non payment
  - Application to the Magistrates Court for a liability order
  - Instruction of a Bailiff to recover
  - Bankruptcy or Liquidation, where appropriate
  - Proceedings to seek committal to prison (individuals)
- 2.3 Throughout the collection process the council actively encourages contact from any business experiencing difficulty in order to negotiate arrangement for payment.
- 2.4 The council has exhausted all recovery processes in trying to collect the unpaid business rates from the 13 businesses identified within appendix A, with no prospect of recovering the £460,022 arrears.
- 2.5 Please note that within Appendix A information relating to individuals which is protected through the Data Protection Act has been redacted.

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## 3. AVAILABLE OPTIONS

- 3.1 Whilst the council can continue to hold the debt as outstanding, it has no prospect of recovery and this will therefore distort the true financial position.
-

#### 4. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The correct classification of irrecoverable debt supports the effective financial management of the council enabling it to progress its priorities.	Head of Revenues and Benefits
<b>Risk Management</b>	No impact.	Head of Revenues and Benefits
<b>Financial</b>	The Council maintains a provision for bad debts, however the extent to which the provision is used is linked to the level of arrears at the end of the financial year. There is sufficient resource available from the provision and the in-year budget for non-collection to cover the value of write off proposed.	Head of Finance & Resources]
<b>Staffing</b>	No impact.	Head of Revenues and Benefits
<b>Legal</b>	No impact.	Head of Revenues and Benefits
<b>Equality Impact Needs Assessment</b>	No impact.	Head of Revenues and Benefits
<b>Environmental/Sustainable Development</b>	No impact.	Head of Revenues and Benefits
<b>Community Safety</b>	No impact.	Head of Revenues and Benefits
<b>Human Rights Act</b>	No impact.	Head of Revenues and Benefits
<b>Procurement</b>	No impact.	Head of Revenues and Benefits
<b>Asset Management</b>	No impact.	Head of Revenues and Benefits



## **5. REPORT APPENDICES**

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

- Appendix A: Irrecoverable Business Rates
- 

## **6. BACKGROUND PAPERS**

None

## APPENDIX A

Business Name	Property Address	A/C ref	Fin. Year	O/S debt	Costs	Total to be written off	Reason for write off	Action taken
Redacted	Wimpy, 5 Gabriels Hill, Maidstone, ME15 6HL	3047455	2012-13	£5,252.11	£200.00		Individual Voluntary Arrangment (IVA) (Administration)	Summons Issued Liab granted. Debtor had IVA, now finalised and confirmation received that no dividend to be paid to unsecured creditors
			2013-14	£13,828.05	£200.00	<b>£19,480.16</b>		
BB Maidstone Limited t/aBoros	45 Fremlin Walk, Maidstone, ME14 1QP	3248226	2012-13	£268.53	£200.00		Liquidation	Summons Issued Liab granted -Company in liquidation 24.06.14, dividend to unsecured creditors unlikely
			2013-14	£50,397.00		<b>£50,865.53</b>		
Made in Wood (Kent) ltd	Unit 3 Fruit Show Warehouse, Pattenden Lane, Marden, Tonbridge, Kent TN12 9QJ	3241451	2013-14	£10807.19	£200.00		Proposal to Strike Off	Summons, Liab and two Bailiff companies unable to obtain payment or good. notice for compulsory strike-off logged with companies house.
			2015-15	£12050.00	£200.00			
						<b>£23,257.19</b>		
Nertaz Ltd	7 Gabriels Hill, Maidstone ME15 6HL	3224720	2012/13	649.46	400.00		Company has been struck off	Summons issued - Liab granted - Both bailiff companies have been unable to collect the balances outstanding on the account. The company has now been struck off as per companies house.
			2013/14	7154.28	400.00			
			2014/15	6418.25	200.00			
			2015/16	1523.28	200.00			
						<b>£16,945.27</b>		
72 Astacour Limited	The Coachworks, Old Mill Lane, Aylesford, Kent, ME20 7DT	3251655	2014/15	£13,855.19	£200.00		Company Dissolved	Summons, Liab and Bailiff unable to obtain payment or good. notice for compulsory strike-off logged with companies house.
						<b>£14,055.19</b>		
	Unit 8 Ringles Bus Park, Grigg Lane, Headcorn, Ashford, Kent TN27 9LY	3217819	2013/14	£5693.48	£200		Company Dissolved	Summons issued and Liab granted - Company Dissolved 15.09.2015
Aprilmay Fabrications Limited			2014/15	£6063.50	£0.00			
				£118.03	£0.00	<b>£12,075.01</b>		
Greek Properties II LLP	5th Floor Brenchley House, Week Street, ME14 1RF	3222739	2013/14	£47,501.32			Administration	Advised by liquidators of previous occupiers that lease was disclaimed 24.06.13, only advised June 2015 and landlords already in Administration (14.08.14) so no recovery action taken
			2014/15	£23,353.89		<b>£70,855.21</b>		
Greek Properties II LLP	1st flr LHS Brenchley House, Week Street, Maidstone, ME14 1RF	3207508	2013/14	£37,766.46			Administration	Advised by liquidators of previous occupiers that lease was disclaimed 24.06.13, only advised June 2015 and landlords already in Administration (14.08.14) so no recovery action taken
			2014/15	£20,144.96		<b>£57,911.42</b>		
Xeat T Limited	Ikon, Lockmeadow, Barker Road, Maidstone, ME16 8RG	3256269	2014/15	£38,629.99	£200.00		Liquidation	Company in liquidation 06.08.15, liability order had been issued and debt was with bailiff.
						<b>£38,829.99</b>		

## APPENDIX A

Exellence Ltd	363-364 Dukes Walk, Chequers Centre, Maidstone ME15 6AS	3254025	2014/15	£13,205.47	£200.00	Dissolved	Company was dissolved on 15 September 2015. Liability had been issued and the debt was with the bailiff returned as Nulla Bona
				<b>£13,405.47</b>			
Nanda Trading Limited	8-9 Colman Parade, King Street, Maidstone, ME14 1DJ	3253511	2013/14	£18,736.77	£200.00		Have been unable to contact company, also queries over actual occupation. Bailiff unable to collect debt. Company went into liquidation 09.03.15.
				2014/15	£39,933.37	<b>£58,870.14</b>	Liquidation
Redacted	Saywell Farm Stables, Bedmonton, Wormshill, ME9 0EH	3246771	2010/11	£7,245.00	£200.00	Absconded	Proprty brought into rating in 2013, backdated to 2010. Unable to trace debtor, who had vacated prior to assessment being rated.
				2011/12	£7,577.50		
				2012/13	£7,878.00	<b>£22,897.50</b>	
Pozzo Limited	68 Week Street, Maidstone, Kent, ME14 1RJ	3252392	2014/15	£60,374.13	£200.00	Dissolved	Company was dissolved 6.10.2015 - Summon/Liability order/Bailiff unable to secure collection
				<b>£60,574.13</b>			
Total				<b>£460,022.21</b>			

# Agenda Item 14

## Policy and Resources Committee

17<sup>th</sup> February 2016

Is the final decision on the recommendations in this report to be made at this meeting?

No

## Maidstone Housing Strategy 2016-2020

<b>Final Decision-Maker</b>	Full Council
<b>Lead Head of Service</b>	John Littlemore
<b>Lead Officer and Report Author</b>	Andrew Connors
<b>Classification</b>	Public
<b>Wards affected</b>	All

### This report makes the following recommendations to this Committee:

1. That the Committee note the extensive research, analysis and consultation which has been undertaken with relevant stakeholders to inform the Maidstone Housing Strategy 2016-2020. A summary of this research, analysis and consultation process is included in this report.
2. That the Committee approves the Maidstone Housing Strategy 2016-2020 attached at **Appendix A**, to full Council for adoption.
3. That the Committee approves a review in 2018 of the Action Plan within the Maidstone Housing Strategy 2016-2020 to ensure that it remains fit for purpose and can respond to future directions of travel both nationally and locally.

### This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all – By ensuring existing housing in the Borough is safe, desirable and promotes good health and well-being.
- Securing a successful economy for Maidstone Borough – By enabling and supporting the delivery of quality homes across the housing market to develop sustainable communities.

### Timetable

<b>Meeting</b>	<b>Date</b>
Community, Housing and Environment Committee	13 <sup>th</sup> October 2015
Consultation	14 <sup>th</sup> October to 31 <sup>st</sup> December 2015
Community, Housing and Environment Committee	19 <sup>th</sup> January 2016
Policy and Resources Committee	17 <sup>th</sup> February 2016

Council	2 <sup>nd</sup> March 2016
Launch Event	April/May 2016

# Maidstone Housing Strategy 2016-2020

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to set out the new Maidstone Housing Strategy 2016-2020 (attached at **Appendix A**) to present to full Council for adoption. This is following extensive research, analysis and consultation a summary of which is included within this report.
- 1.2 The current Housing Strategy 2011-15 expires this year, so the council needs to put in place a new Housing Strategy post 2015. The Maidstone Housing Strategy is a fundamental and critical piece of work which helps to identify the main housing issues and key challenges for the local area that the council and its partners need to address over the next five years.
- 1.3 By securing support for and promoting this strategy the council will set out the priorities and outcomes that it wishes to achieve with its partners in tackling the major housing challenges facing the borough. It will provide clarity and certainty for investors and strengthen public/private sector partnerships in order to support its delivery, unlock third party investment, bring forward sites for development and extract external funding and inward investment.
- 1.4 It is recommended that a review of the Action Plan within the Maidstone Housing Strategy 2016-2020 is undertaken during 2018, to ensure that it remains fit for purpose and can respond to future directions of travel both nationally and locally.

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## 2. INTRODUCTION AND BACKGROUND

### Purpose of the strategy

- 2.1 The Maidstone Housing Strategy is an overarching plan that guides the council and its partners in tackling the major housing challenges facing the borough. It sets out the priorities and outcomes that the council wishes to achieve and provides a clear strategic vision and leadership in an uncertain economic climate. The Strategy contributes towards the council's corporate priorities for Maidstone '**to keep the Borough an attractive place for all and to secure a successful economy**'. The Housing Strategy is also intrinsically linked with other plans and strategies of the council shown within the Maidstone Housing Strategy at **Appendix A**.
- 2.2 It is proposed that the new strategy looks ahead for five years, covering 2016-2020. The Chancellor's Autumn Statement in 2014 included measures to extend capital investment to the current Affordable Homes Programme 2015-2018, for a further two years, up to 2019-20. It is unclear however as to what will be in place after 2019-20. The Council's Strategic Plan also runs from 2015-2020, so it is not considered appropriate to set a longer term than five years for the new Maidstone Housing

Strategy, so that future directions of travel both nationally and locally can be responded to.

- 2.3 The ambition behind this strategy is to ensure that all people in the Borough have access to good quality homes that are affordable for them and meet their needs. Every council has a responsibility to understand what matters most to its local communities and to respond to this through investment, service planning and delivery. It must also take into account national and regional aspirations and sometimes this requires a balance with local priorities.

#### Our Achievements 2011-2015

- 2.4 During the life of the previous Housing Strategy, much was achieved which made a real difference to peoples' lives, including:

- Delivering 871 new affordable homes, of which 63 were delivered on rural exception sites for local needs housing.
- In excess of £6.930m from the Homes and Communities Agency, providing 553 affordable homes.
- Grant allocation of £210,000 from the Homes and Communities Agency to bring 12 long term empty properties back into use as affordable housing.
- Completing the following policy and strategy reviews: Homelessness Strategy; Strategic Housing Market Assessment; Tenancy Strategy and Domestic Abuse Strategy.
- Increased engagement with the private sector by hosting bi-annual Landlord forums and offering a new Homefinder incentive scheme to gain access to privately rented properties.
- Allocations policy implemented along with new eligibility criteria and 'banding' introduced to offer a fairer distribution of social housing properties to households on the housing register.
- Purchase and refurbishment of Aylesbury and Magnolia House to provide temporary accommodation for 20 homeless households.
- Obtaining Investment Partner and Registered Provider status with the Homes and Communities Agency.

- 2.5 More details regarding achievements against the stated priorities and outcomes from the previous Housing Strategy can be found within the new Maidstone Housing Strategy 2016-2020 (attached at **Appendix A**).

## Maidstone's Strategic Housing Role

- 2.6 The transfer of housing stock to Golding Homes (formerly Maidstone Housing Trust) in February 2004 has enabled the council to develop its strategic housing role. Over the past 15 years, central government legislation and guidance has encouraged local authorities to take a more strategic approach to the provision of housing, so encouraging better 'place-shaping', and developing a deeper understanding of the relationship between housing, planning and the economy. Thus, the council's remit is far wider than just 'housing'.
- 2.7 Poor housing or lack of a home has a detrimental impact on many areas including employment, crime, education, homelessness and health. Housing and support provides valuable help to enable people to achieve increased independence and health and well-being outcomes at times of difficulty and can prevent difficulties becoming a crisis.
- 2.8 In the 5 years since the last Housing Strategy was published, the housing sector has experienced a period of rapid change. A combination of policy change at national level, led by the shift in approach to subsidy and vast welfare and planning reform changes, has created opportunities as well as a climate of uncertainty and heightened risk.

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### **3. RESEARCH AND ANALYSIS**

- 3.1 The new Housing Strategy for 2016-2020 is supported by a number of key background evidence papers, documents and research and data analysis of which were undertaken to determine the key housing related challenges facing Maidstone. A research and analysis paper was prepared which contains an insight into the National Context for housing as well as a detailed analysis of the local issues affecting the borough including deprivation, demographic change, housing costs, need and supply, health and well-being and development pressures. Some of the key evidence based national and local documents and data sources used as part of the aforementioned research and analysis is as follows:
- Strategic Housing Market Assessment (January 2014)
  - Laying the Foundations: A Housing Strategy for England (November 2011)
  - National Planning Policy Framework (NPPF – March 2012)
  - National Quality Technical Standards
  - Summer Budget 2015
  - Preventing Homelessness to Improve Health and Well-Being (July 2015)
  - Unhealthy State of Homelessness: Health Audit Results 2014
  - Index of Multiple Deprivation (2010)
  - Office of National Statistics
  - Locata
  - Help to Buy Agent
  - Census 2011
  - Statistical Data Return (2013-2014)
  - Affordable Housing Development Programme



- Emerging Local Plan (2011-203)
  - Homelessness Strategy (2014-2019)
  - Health Inequalities Action Plan
  - KCC Social Care Accommodation Strategy
  - P1E Homelessness Data
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#### **4. EMERGING CHALLENGES**

4.1 From the analysis of the above documents and data sources and a review of national, county and local policy, the key housing challenges in Maidstone are identified as:

- Projected population growth from 2011 to 2031 shows a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase of 142%.
- In order to meet the objectively assessed need in the Local Plan, ensure that new developments, which have been permitted, are built out in a timely manner, providing a sustainable flow of new homes onto the market.
- Evidence in KCC's Adult Accommodation Strategy clearly demonstrates that the majority of need arises from persons in older age groups: those 75-84 and particularly over 85. The needs of these groups range from support in adapting properties to meet changing needs and provision of care in the home through to specialist accommodation.
- There is an estimated total need for 3,620 specialist accommodation units for older persons from 2011 to 2031.
- The council has a net affordable housing need of 5,800 households from 2013 to 2031 equivalent to 322 affordable homes each year (which is 35% of the council's objectively assessed need of 928 dwellings p.a.).
- Across the borough as a whole, it is estimated that some 67% of affordable need is for social or affordable rent tenures, whilst around 33% is for intermediate housing.
- Across the Borough it is estimated that around 43% of households are unable to access market housing on the basis of income levels.
- The difference in life expectancy at birth in our most affluent wards compared to our most deprived is 8.9 years.
- Deprivation in the borough is lower than average, however 15% (4,300) of children (under 16 years old) in Maidstone live in poverty. There is a larger difference in life expectancy of men and women; 7 years lower for men and 4 years lower for women in the most deprived areas of Maidstone than in the least deprived.

- The number of homelessness decisions made by the council has increased significantly since April 2011 from 80 to 604 last financial year, representing a 655% increase over the last 5 years. From April 2015 to January 2016, 511, decisions have been made, showing that numbers are not decreasing.
  - The use of temporary accommodation has resulted in a large increase in cost to the Council. The past five years have seen a near fivefold increase in the net cost of temporary accommodation from £118,620 to £584,055.
  - The Government will reduce rents in social housing in England by 1% a year for four years from April 2016. This will apply to both social rent and affordable, and the Government indicates this will result in a 12% reduction in average rents by 2020/21, compared to current forecasts. The rent reduction does not apply to shared ownership. Registered providers are already reviewing their business plans and viability of schemes, leading to requests to switch tenures in favour of more shared ownership.
  - Access to alternative funding and delivery sources to help maintain supply due to reductions to rental income and capital subsidy is of high importance.
  - Currently over 53% of applicants on the council's housing register have a 1-bed need and 24% have a 2-bed need. There is therefore a need to increase the delivery of new 1 and 2 bedroom affordable homes.
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## **5. CONSULTATION PROCESS AND FEEDBACK**

- 5.1 The identified Key Priority Themes as well as suggested outcomes and actions were presented in a report to the Communities Housing and Environment Committee on 13 October 2015. The Key Priority Themes identified for the new Maidstone Housing Strategy were approved for consultation with key stakeholders and partners, in order to develop the Action Plan and stated outcomes for each Key Priority Theme.
- 5.2 A stakeholder mapping exercise was carried out to identify key partners, voluntary organisations and internal departments that needed to be consulted in order to develop the Maidstone Housing Strategy Action Plan.
- 5.3 Consultation with key stakeholders has been undertaken through two workshops held in December 2015 and via an online survey accompanied by supporting documentation on the council's website.
- 5.4 Invites were sent to key stakeholders to attend one of two workshops that were held in December 2015. Attendees to the workshops included officers from Housing; Planning and Commercial and Economic Development; Developers; Registered Providers; Architects, Consultants; Kent Invicta Chamber of Commerce; the National Homebuilders Federation;

Letting/Estate Agents; Social Care Commissioning; Public Health and Family Support Officers of Kent County Council; Homes and Communities Agency and Action with Communities in Rural Kent.

- 5.5 A scene setting presentation was given at each workshop in order to give delegates a context and purpose for the new Maidstone Housing Strategy, including key challenges facing the Borough. Table discussions with delegates then took place on each of the Key Priority Themes. The discussions were used to identify what the potential barriers were preventing us from achieving the actions and outcomes, and collaborative ways of working together in order to overcome them.
  - 5.6 Feedback from the workshop sessions was very positive in what many saw as a diverse Action Plan for the Borough. There was general agreement over the Key Priority Themes that have been identified. Comments received have been organised according to the Key Priority Themes they address at **Appendix B**.
  - 5.7 An online survey was on the council's consultations webpage for six weeks ending on 31st December 2015. The survey was also advertised on the council's Facebook and Twitter pages and an email sent to all relevant stakeholders. A total of 106 responses were received. A summary of the responses to the main key questions asked are attached at **Appendix B**
  - 5.8 The majority of respondents agreed that the identified Key Priority Themes meet the challenges for Maidstone over the next 5 years. The majority of respondents also considered that the list of outcomes (what we plan to achieve to support the Key Priority Themes), were high priority for the council and its partners to address.
  - 5.9 Many residents highlighted issues that relate more to the Local Plan rather than the Housing Strategy, when answering: **Are there any important issues missing from the proposed Maidstone Housing Strategy 2016-2020 Action Plan?** The common topic was the importance of associated infrastructure to support all the new housing (i.e. roads, transport, schools, hospitals, doctors' surgeries etc).
  - 5.10 The Community Infrastructure Levy (CIL) Charging Schedule will set out the standard charges that the council will levy on specified types of development, in order to fund the infrastructure needed to support growth. The timetable for preparing the Charging Schedule will closely follow the local plan programme, and the schedule will be supported by an Infrastructure Delivery Plan which will identify what, where, when and how the infrastructure is needed. Transport modelling is also taking place to consider future growth and congestion as well as potential measures to address this.
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## **6. KEY HOUSING PRIORITY THEMES / OBJECTIVES**

6.1 Following research, analysis and consultation feedback it is proposed that the new Maidstone Housing Strategy 2016-2020 is designed around the following key priorities:

- **Priority 1: Enable and support the delivery of quality homes across the housing market to develop sustainable communities**
- **Priority 2: Ensure that existing housing in Maidstone Borough is safe, desirable and promotes good health and well-being**
- **Priority 3: Prevent homelessness; secure the provision of appropriate accommodation for homeless households and supporting vulnerable people**

6.2 This new Housing Strategy for Maidstone gives the council an excellent opportunity to make a real difference for the residents of the Borough. The Maidstone Housing Strategy at **Appendix A** lists the outcomes and actions to help us achieve the above key priority themes. This includes working with partners to facilitate housing development, maximising investment opportunities, raising housing quality standards, promoting ways for residents to improve their health and wellbeing and preventative measures and services for homeless persons.

6.3 The council is being encouraged to demonstrate its community leadership through direct action and working in partnership with key organisations to deliver homes to meet our identified need in the emerging local plan. This will include initiatives like the creation of a Local Housing Company; redevelopment of Brunswick Street car park; and investment in the acquisition/purchase of suitable land for development and appropriate properties for use as temporary accommodation for homeless households.

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## **7. HOUSING AND PLANNING BILL**

7.1 It is important to note recent Government changes to National Policy, and how this impacts on the Maidstone Housing Strategy. On 13th October 2015, the Government published the Housing and Planning Bill, which sets out measures to boost house building and makes a number of changes to the planning system.

7.2 On publication of the Housing and Planning Bill the Government said it would kick-start a "national crusade to get 1 million homes built by 2020" and transform "generation rent into generation buy." The supply-side measures in the Bill are primarily focused on speeding up the planning system with the aim of delivering more housing. There is also a clear focus on home ownership, with measures to facilitate the building of Starter Homes; Self/Custom Housebuilding; and the extension of the Right to Buy to housing association tenants following a voluntary agreement with the National Housing Federation (NHF). A brief summary of these initiatives are set out below.

- 7.3 Starter Homes: The Bill puts into legislation the Government's commitment to provide a number of Starter Homes for first-time buyers under the age of 40. Starter Homes would be sold at a discount of at least 20% of the market value. Specifically, the Bill puts a general duty on all planning authorities to promote the supply of Starter Homes, and provides a specific duty, which will be fleshed out in later regulations, to require a certain number or proportion of Starter Homes on site.
- 7.4 Concerns have been expressed about the impact on the number of affordable rented homes developed, whether the 20% discount would be deliverable, whether these homes would be genuinely affordable and about how this policy would interact with other planning policies on housing provision.
- 7.5 In addition, the Homes and Communities Agency has recently announced that Affordable Rent will not be grant funded post March 2018. The Government's approach is now very different from previous grant funded programmes. It will now only be promoting Starter Homes and Shared Ownership products. The greatest demand for affordable housing identified by the council's Strategic Housing Market Assessment is for affordable rented accommodation.
- 7.6 Self Build and Custom Housebuilding: The Bill adds to and amends the Self-build and Custom Housebuilding Act 2015, which requires local authorities to keep a register of people seeking to acquire land to build or commission their own home. The Bill specifically requires local authorities to grant "sufficient suitable development permission" of serviced plots of land to meet the demand based on this register.
- 7.7 Rogue landlords and letting agents: The Bill will give local authorities additional powers to tackle rogue landlords in the private rented sector. They will gain the ability to apply for banning orders against private landlords. A database of rogue landlords and agents will assist authorities in England in carrying out their enforcement work. Landlords will benefit from a clear process to secure repossession of properties abandoned by tenants.
- 7.8 Voluntary Right to Buy: The Queens Speech 2015 confirmed the Governments' intention to take forward the extension of the Right to Buy for Housing Association Tenants. The Bill will not, as originally expected, introduce a statutory Right to Buy (RTB) for housing association tenants. Following the Government's acceptance of the National Housing Federation's offer to implement the RTB on a voluntary basis, the Bill provides for grants to be paid to associations to compensate them for selling homes at a discount.
- 7.9 Reforms to the Planning System: The Bill contains a number of different reforms to the planning system, with the aim of speeding it up and allowing it to deliver more housing. Powers are given to the Secretary of State to intervene in the local and neighbourhood plan making process. A new duty to keep a register of brownfield land within a local authority's area will tie in with a new system of allowing the Secretary of State to grant planning permission in principle for housing on sites identified in these registers.

7.10 This Bill represents a very bold step from Government. It is important that the council sets in place a strategy and framework in order to respond to the Bill's initiatives. Actions in order to achieve the Key Priority Themes and stated outcomes will be reviewed half way through the life of this new strategy to ensure there is a robust action plan in place. The Maidstone Housing Strategy provides a positive opportunity to work in partnership with key partners to achieve local priorities and as a vehicle to help promote and deliver many of the proposals put forward by government.

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## **8. MAIDSTONE HOUSING STRATEGY ACTION PLAN**

8.1 There are some first phase actions that support our Key Priority Themes of which the council can start to address within the first year of the new Maidstone Housing Strategy. To enable these proposals to succeed, work is already underway to help achieve local priorities, as well as to respond to Government initiatives announced in the aforementioned Housing and Planning Bill. A brief summary is provided below.

8.2 Promoting Starter Homes: - The council is keen to support and promote home ownership as part of wider plans to regenerate the town centre and promote town centre living as a key component of the five year Town Centre Strategic Development Plan for the county town. Starter Homes are being promoted by the Government as an alternative to other housing tenures, such as shared ownership and social/affordable rent. If successful, the initiative will enable first time buyers to come back into the market and alleviate pressure on other parts of the market, such as the rented and affordable housing sectors.

8.3 A £26m fund has been made available in support of this initiative for housebuilders to demonstrate a range of high quality homes that will be available for first-time buyers. In a further move to support aspiring homeowners the government has also made available up to £10m for local authorities to prepare more brownfield land for development of starter homes.

8.4 Promoting starter homes ties in with the following action points on the Housing Strategy Action Plan.

- Promote home ownership products e.g. Starter Homes, Help to Buy, and Shared Ownership in Maidstone.
- Monitor and respond to the changing social housing market
- Explore opportunities for funding investment with a range of partners including the Local Enterprise Partnership, Homes & Communities Agency, institutional investors that will contribute towards the delivery of housing across the market.

- 8.5 The council is already starting to engage with developers about the supply and building of starter homes within the Borough. Officers are also actively involved in discussions with the Homes & Communities Agency (who administers the funds for Starter Homes) regarding securing investment for the supply of starter homes on brownfield town centre sites.
- 8.6 The council however understands the potential impact the introduction of Starter Homes may have on the supply of traditional affordable housing. The requirement to deliver a particular number or proportion of Starter Homes to be granted planning permission and the ability of developers to use Starter Homes to meet their section 106 affordable housing obligations, risks having a significant impact on the delivery of traditional affordable rented housing.
- 8.7 The council will look to promote and support Starter Homes where appropriate, but in accordance with Local Plan Policy. Wherever possible they should be in addition to, not at the expense of much needed homes for affordable rent and shared ownership. As the Bill progresses, there are a number of issues the council will continue to raise and gain clarity on such as how the general duty to promote Starter Homes interacts with local policy and requirements to get local plans in place.
- 8.8 Increasing Supply of Accommodation for Homeless Households: - The council in the last couple of years has purchased two properties (Magnolia House and Aylesbury House) to assist with reducing the rising cost of providing temporary accommodation for homeless households. But more still needs to be done and the council is keen to build upon the success of these schemes. Officers are looking to purchase two more properties to increase the supply of accommodation for homeless households in a cost effective way.
- 8.9 Property A – This 6 bedroom shared facilities property is looking to be purchased potentially for use as shared accommodation to discharge the main housing duty for single homeless persons under 35. This client group has trouble accessing the private rented sector, especially those in receipt of housing benefit and therefore subject to the Shared Accommodation Rate, which limits how much housing benefit people under 35 can claim.
- 8.10 Property B – This property is looking to be purchased and developed into 6 self-contained flats. It is proposed that this property would be suitable for use as self-contained temporary accommodation for homeless households. It is in a town centre location within easy reach of local amenities, public services, transport links and the council's Gateway.
- 8.11 In addition, the council is in the process of negotiating access arrangements to properties in Maidstone with existing temporary accommodation providers to help maximise availability of suitable accommodation for homeless households and reduce temporary accommodation costs.
- 8.12 Properties being targeted are those in or close to the town centre, with good access to public transport, schools, shops and local amenities. These include flats and houses across a range of property sizes.

8.13 Increasing the availability of suitable accommodation for homeless households ties in with the following action points in the Maidstone Housing Strategy Action Plan.

- To build/acquire new affordable and private homes to meet the commercial and housing objectives of the council.
- Enable the delivery of new affordable housing, particularly 1 and 2 bedroom homes to meet the identified need.
- Consider on a site by site basis joint venture and partnership models to share expertise, income, resources and risk.
- To expand on the success of Aylesbury and Magnolia House by investing in the acquisition/purchase of additional temporary accommodation within Maidstone to house homeless and vulnerable households.
- Secure shared housing for under-35s single homeless people.

8.14 Building new affordable and private homes: - Evidence is that councils are most successful when working in partnership with others and where they actively use their own assets to promote housing development opportunities. This was highlighted in the Elphicke-House Report recently commissioned by Government, which reviewed local authorities' role in housing supply. The key recommendation is that council's change from being statutory providers to being Housing Delivery Enablers.

8.15 The Brunswick Street Car Park is viewed as an underperforming asset by the council and its potential use is now under review for complete or partial redevelopment for housing with retained car parking provision. The main objectives for the proposed development of this site is to maximise revenue income for the council, regenerate the surrounding area and delivering affordable housing. The council is considering options for the redevelopment of the site. This could be achieved by entering into a joint venture partnership with an existing Registered Provider partner.

8.16 Building new affordable and private homes to meet commercial and housing objectives ties in with the following action points on the Housing Strategy Action Plan.

- To build/acquire new affordable and private homes to meet the commercial and housing objectives of the council.
- Bring forward Brunswick Street car park to deliver a quality housing scheme to meet housing and commercial objectives
- Enable the delivery of new affordable housing, particularly 1 and 2 bedroom homes to meet the identified need.
- Explore opportunities for funding investment with a range of partners including the Local Enterprise Partnership, Homes & Communities Agency, institutional investors that will contribute towards the delivery of housing across the market.



- Consider on a site by site basis joint venture and partnership models to share expertise, income, resources and risk.
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## **9. AVAILABLE OPTIONS**

- 9.1 The council could choose not to adopt a new Housing Strategy for Maidstone and instead continue to refresh the 2011-15 strategy, or not have one at all post 2015. However, to not agree a new Housing Strategy would mean a diminution of the council's community leadership and strategic housing roles and would make effective engagement with partners much more difficult. It would also mean that the Homes and Communities Agency and other potential investors would be much more likely to direct funds away from Maidstone if they could not clearly see an up to date and coherent vision for the area.
- 9.2 The adoption of a new Maidstone Housing Strategy will clearly set out the council's priorities in tackling the housing challenges in the Borough, and provides strategic vision and leadership in an uncertain economic climate. It will help to improve clarity and certainty for investors and strengthen public/private sector partnerships in order to support its delivery.
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## **10. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 10.1 It is considered that the best course of action to take is for the council to adopt a new Housing Strategy for Maidstone for the next five years (2016-2020). The Maidstone Housing Strategy is a fundamental and critical piece of work which helps to identify the main housing issues and key challenges for the local area that the council and its partners need to address over the next five years.
- 10.2 The council's Strategic Plan also runs from 2015-2020, so it is not considered appropriate to set a longer term than five years for the new Maidstone Housing Strategy, so that future directions of travel both nationally and locally can be responded to.
- 10.3 Following local elections, together with the development of many national and regional policy initiatives, it is considered appropriate to review the Maidstone Housing Strategy during 2018 to ensure that it remains fit for purpose.
- 10.4 The Maidstone Housing Strategy 2016-2020 will launch in April 2016, and thus this review would take place half-way through the life of the strategy. The review will focus on the Action Plan to ensure that it can respond to future directions of travel both nationally and locally.

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## 11. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 11.1 The development of the Maidstone Housing Strategy 2016-2020 has involved extensive research, data analysis and consultation with Corporate Leadership Team, Community Housing and Environment Committee as well as key stakeholders and partners. A summary of the consultation feedback is attached at **Appendix B**. The Action Plan (including the Key Priority Themes and stated outcomes and actions) for the Maidstone Housing Strategy has been developed taking into account the consultation feedback.
- 11.2 Feedback from the consultation process was generally very positive in what many saw as a diverse Action Plan for the Borough. The majority of consultees agreed that the identified Key Priority Themes meets the challenges for Maidstone over the next 5 years. They also considered that the list of outcomes (what we plan to achieve to support the Key Priority Themes), were high priority for the council and its partners to address.

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## 12. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 12.1 Following the Committee's approval to the recommendations in this report, the Maidstone Housing Strategy 2016-2020 will be presented to full Council for adoption on the 2<sup>nd</sup> March 2016.
- 12.2 There will then be a launch of the Maidstone Housing Strategy 2016-2020 during April/May 2016.

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## 13. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The adoption of the Maidstone Housing Strategy will assist in the delivery of the council's corporate priorities of Keeping Maidstone Borough an attractive place for all and Securing a successful economy for Maidstone Borough.	John Littlemore, Head of Housing and Community Services.
<b>Risk Management</b>	The delivery of this strategy will depend upon the effectiveness of the partnership working between the statutory and voluntary sector and through listening to and involving service users. Housing is a	John Littlemore, Head of Housing and Community Services.

	cross-cutting issue and new partners need to come on board and recognize the importance of tackling the challenges identified. The way forward will require an effective strategic partnership that focuses on delivery of successful outcomes across services, combined with robust risk analysis.	
<b>Financial</b>	Some of the projects and actions set out in this report will require resources from the Council's capital programme. Developed project proposals will be considered as part of the medium term financial strategy.	Paul Riley, Section 151 Officer & Finance Team
<b>Staffing</b>	Appropriate staffing resource will need to be put in place to deliver the outcomes and actions established for the strategy.	John Littlemore, Head of Housing and Community Services.
<b>Legal</b>	N/A	
<b>Equality Impact Needs Assessment</b>	The Maidstone Housing Strategy potentially affects all population sections and groups. A preliminary EQIA has been carried out (attached at <b>Appendix C</b> ) and the Strategy will be subject to a full EQIA before adoption by full Council.	Anna Collier, Policy & Information Manager
<b>Environmental/Sustainable Development</b>	New developments will incorporate sustainable design standards and mitigating environmental impact measures in accordance with Local Plan policy.	John Littlemore, Head of Housing and Community Services
<b>Community Safety</b>	N/A	
<b>Human Rights Act</b>	N/A	
<b>Procurement</b>	The creation of joint ventures and other partnerships will need to be undertaken in accordance with the Council's Contract procedure Rules, as will the procurement of Consultants and Contractors in connection with the acquisition of land and any associated	Property & Procurement Manager

	construction contracts.	
<b>Asset Management</b>	Acquisition, management and disposal of the council's property assets will support the Housing Strategy.	Property & Procurement Manager

#### **14. REPORT APPENDICES**

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

- Appendix A: Maidstone Housing Strategy 2016-2020
- Appendix B: Consultation Feedback
- Appendix C: Equality Impact Assessment

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#### **15. BACKGROUND PAPERS**

Maidstone Housing Strategy Research and Analysis Paper

**MAIDSTONE HOUSING STRATEGY**  
**CONSULTATION FEEDBACK SUMMARY**

**Workshop Feedback**

**Priority 1: Enable and support the delivery of quality homes across the housing market to develop sustainable communities**

- It was generally agreed that there is a need to deliver more housing (a mixture of private and social) and that any new housing should benefit the community.
- Infrastructure (such as transport, local employment) was important to consider when regenerating areas and delivering new homes.
- There was general support for the council setting up of a Local Housing Company in what was viewed as a positive step to address local ambitions and objectives. Lack of council owned land could however make delivery harder.
- Collaborative joint ventures and partnership work was encouraged with registered providers, developers, and the Homes & Communities Agency.
- There was agreement that the council should look to maximise and obtain investment to support housing delivery within Maidstone, as there are a range of potential funding sources available.
- Promoting self-build homes as an option (especially in smaller communities), as well as home ownership products, stimulated interest and was viewed as a positive approach.
- It was stressed that the 1% reduction in affordable/social rents over the next four years, plus the lack of grant, will have a significant impact on the viability of schemes to provide affordable rented homes.
- The requirement to have flexible policies and strategies was highlighted due to Government changes in national housing policy.
- There was recognition on an ageing population and the need to address older peoples housing needs.
- Following the Government's new space standards was encouraged as well as helping to enable the delivery of homes that can be adapted (wheelchair accessible/lifetime homes) to respond to peoples changing needs. Increase in cost though was raised as an issue.
- Rising costs in construction materials was noted as well as a shortage of skills in the construction sector. However local apprenticeship schemes were in operation and offered on-site experience to give apprentices the right mix of technical and practical skills.

**Priority 2: Ensure that existing housing in the Maidstone Borough is safe, desirable and promotes good health and well-being.**

- It was felt that the new Housing & Health team will be better able to signpost tenants and residents to relevant support services.
- Demonstrating value for money on health interventions was considered important along with being certain on the health demographics of some areas within the Borough.
- Promoting ways for residents to improve their health and well-being by tackling fuel poverty and advice on sustainable heating and energy efficiency in households was considered important.
- Working with health authorities to focus on long term health issues ensuring an efficient use of health and social care resources.
- Seeking good practice from the NHS Healthy New Town Initiative was raised where there will be a renewed focus on new affordable housing by offering support from the NHS to help “design in” health and modern care from the outset.
- More outreach work with the private sector and promoting further landlord incentives to access the private rented sector was encouraged.
- Unaffordable letting agency fees in the private rental sector was raised as an issue, and promoting housing associations to private landlords to be their managing agents could help with management and affordability issues.
- Exploring the use of Community Hub (Advice Centres) within schemes that can offer services and facilities to the wider community, as well as to residents of the scheme.
- There was widespread support for improving the condition and supply of accommodation within the private rental sector by engaging with landlords.
- A number of support issues were raised including the need to be able to challenge landlords on behalf of tenants, and landlords being kept up-to-date on their responsibilities and how they can take action when necessary.
- Partnership with housing associations and the voluntary sector can also be an opportunity to regenerate empty homes, and bring about some wider social benefits including opportunities for local employment, skills and training in the refurbishment of properties.
- Raising awareness of what affects housing quality can have on health and well-being was mentioned. There was also widespread agreement for ensuring sign-posting for appropriate advice and support was in place for residents to address health inequalities.

**Priority 3: Prevent homelessness, secure provision of appropriate accommodation for homeless households and supporting vulnerable people**

- There was support for increasing temporary accommodation supply with existing providers and for the council to directly acquire properties to house homeless and vulnerable households.
- Lack of affordable accommodation available for single under 35 year olds was acknowledged.
- There was agreement that strengthening partnerships, investment and landlord incentives with the private sector would be a viable option to secure appropriate accommodation for homeless households.
- Working with KCC to reduce the negative impact on children in temporary accommodation was highlighted.
- The need to offer advice and support to affected households to manage welfare reform changes to the benefits system was acknowledged.
- The importance of mapping local services and strong partnerships and communications across all sectors of relevance to homelessness (health, employment, vulnerable service users) was stressed.
- The Government emphasis on shared ownership and starter homes may restrict access to future affordable rented accommodation. Other tenure options for homeless households may therefore need to be considered.
- Prevention methods were considered as vitally important in helping to prevent and relieve homelessness.

## Online Survey Feedback

1. A profile of respondents replying to the questionnaire available online is shown in the table below. It should be noted that only 53 (50%) of the total respondents answered this question.

Options	Response Percent
A resident of the Borough	56.6%
A service user	1.9%
A service provider	11.3%
A councillor of Maidstone	3.8%
A member of MBC staff	11.3%
Other	15.1%

2. Respondents were asked: **How far do you agree or disagree that the identified key priorities meets the challenges for Maidstone over the next 5 years?** A summary of the responses are given in the table below.

Priority	Agree	Neutral	Disagree
<b>Priority 1: Enable and support the delivery of quality homes across the housing market to develop sustainable communities</b>	44.7%	25.2%	30.1%
<b>Priority 2: To ensure that existing housing in Maidstone Borough is safe, desirable and promotes good health and well-being</b>	64.5%	24.0%	11.5%



<b>Priority 3: Prevent homelessness; secure the provision of appropriate accommodation for homeless households and supporting vulnerable people.</b>	65.2%	20.2%	14.6%
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3. Respondents were asked: **From the following list of outcomes, please indicate the extent to which you think the council and its partners need to address each outcome as identified in the Action Plan?** A summary of the responses are given in the table below.

<b>Outcomes</b>	<b>Low Priority</b>	<b>Medium Priority</b>	<b>High Priority</b>
Enable the delivery of homes as identified in the emerging Local Plan. An appropriate policy framework is in place that delivers a mix of tenure and range of housing to meet identified need.	22.4%	22.4%	55.2%
Deliver a mix of homes of different types, tenure and size, via direct provision and in partnership with private developers, housing associations and other key partners, which meet the needs of the local population.	18.8%	18.8%	62.3%
Deliver new affordable homes that are designed to a high standard, energy efficient, accessible and respond to people's changing needs.	15.9%	17.4%	66.7%
Maximise housing investment opportunities by seeking innovative funding and delivery options to support housing delivery within Maidstone.	23.2%	29.0%	47.8%
To raise housing quality and	18.8%	26.1%	55.1%

standards across all tenures and improve the condition of existing homes to maximise health and wellbeing outcomes for all.			
To improve health outcomes for residents by reducing health inequality to ensure a healthy standard of living for all.	26.5%	29.4%	44.1%
Promote ways for residents to improve their health and wellbeing by tackling fuel poverty, energy efficiency advice and managing domestic bills.	26.5%	30.9%	42.6%
Prevent and relieve homelessness amongst local residents who are at risk of homelessness by offering timely, expert advice that helps to prevent their homelessness.	15.9%	17.4%	66.7%
Increase the availability of suitable accommodation for homeless households via direct provision and the use of the private rented sector, to reduce temporary accommodation costs, length of stay and reliance on bed and breakfast accommodation.	20.3%	21.7%	58.0%
Support independent living and reduce risk of repeat homelessness for vulnerable residents by offering a range of housing options, advice and support to maintain or improve their health and well-being.	23.2%	18.8%	58.0%

4. Respondents were asked: **Are there any important issues missing from the proposed Maidstone Housing Strategy 2016-2020 Action Plan?**  
A summary of the responses are given below.

<b>Answer Options</b>	<b>Response Percent</b>
Yes	52%
No	48%

5. Where respondents answered yes, they were asked to tell us why. A summary of the general comments are given below.

<b>General Comments</b>
A failure to recognise the importance of adequate social and physical infrastructure.
Coordination with infrastructure and employment plans.
A more robust plan with firm details about where new housing will be built, also what infrastructure will be included and thought through prior to those developments taking place.
There could be a lot more focus on strategic partnerships with health, social care and council services to make firmer plans and support achieving some of the actions, particularly around health inequalities, fuel poverty, preventing homelessness etc.
The infrastructure needed to support the housing strategy appears to be lacking
Failure to aim to build so many houses, less would be better
Preservation of the quality of life for existing residents including adequate infrastructure investment
It assumes that finance will be from private sector. There is only one place for good social housing and that is with public authorities as in the 50's and 60's
There is absolutely no reference to council homes.
The infrastructure is not in place to support all of these new houses and this is an extremely high priority.
Maidstone needs to develop as a high class town full of rich people with upmarket shops and restaurants.
How will all the additional traffic that will be generated by all this additional houses.
Associated infrastructure to support all the new housing (i.e. roads, transport, schools, hospitals, doctors' surgeries etc.
It's not just the housing that is a problem, you need the infrastructure in place for these new homes, schools and doctors are needed for new occupants, also the parking situation in roads out of town on housing estates is ridiculous, you cram in the houses putting pressure on the services already there and stretching them to breaking point and unable to deliver a quality service.

<p>If you plan to build more houses first think about the infrastructure better roads, better schools, new surgeries, hospitals you can't build more houses without these.</p>
<p>Need to make the houses bigger so you can get better use of them.</p>
<p>You do not include that due to so many additional houses Maidstone which is constantly grid locked will get worse.</p>
<p>No joined up thinking with authorities which provide infrastructure such as roads, education and health care.</p>
<p>Constructive use of brown field land i.e. housing.</p>
<p>Transport infrastructure, Office accommodation to promote business within Maidstone. Sufficient GP places close to Housing.</p>
<p>More explicit content on Local Needs Housing for parishes within the borough. Also more information on sheltered and semi-sheltered housing strategy for our ageing population.</p>
<p>Need affordable rented homes - not just homes to buy</p>
<p>A concerted effort in exploring the brown field sites in the Borough. Prioritising planning proposals for the change of use of empty buildings in these areas.</p>
<p>The call for sites seems to ignore the need to regenerate urban and village cores by not obliging developers to put forward site in those locations rather to allow them to specify what they consider 'viable' i.e. most profitable for them. High quality homes and workspaces like those at Beddington Urban Development should be the default development with urban fringe and greenfield developments the last resort.</p>

# Maidstone Housing Strategy 2016 - 2020



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## 1. Introduction to the Strategy

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The Maidstone Housing Strategy is an overarching plan that guides the council and its partners in tackling the major housing challenges facing the borough. It sets out the priorities and outcomes that we wish to achieve and provides a clear strategic vision and leadership in an uncertain economic climate. The Strategy contributes to the council's corporate priorities for Maidstone **'to keep the Borough an attractive place for all and to secure a successful economy'**. The Housing Strategy is also intrinsically linked with other plans and strategies of the council, most notably the Strategic and Local Plan.

Maidstone has great opportunities for growth driven by our bold housing and regeneration ambitions. The ambition behind this strategy is to ensure that all people in the Borough have access to good quality homes that are affordable for them and meet their needs. Every council has a responsibility to understand what matters most to its local communities and to respond to this through investment, service planning and delivery. The council also has to take into account both national and regional aspirations and sometimes balance these against local priorities.

We have identified the following three Key Priority Themes that the council and its partners need to address for the next five years:

- **Priority 1: Enable and support the delivery of quality homes across the housing market to develop sustainable communities**
- **Priority 2: Ensure that existing housing in the Maidstone Borough is safe, desirable and promotes good health and well-being.**
- **Priority 3: Prevent homelessness, secure provision of appropriate accommodation for homeless households and supporting vulnerable people**

The priorities contained in this strategy cannot be achieved without working in partnership with other areas of the Council along with statutory and voluntary organisations.

Whilst the primary focus of this strategy is housing, the scope reaches far beyond. Poor housing or lack of a home can have a detrimental impact on many areas including employment, crime, education, homelessness and health. Housing and support services provides valuable help to enable people to achieve increased independence at times of difficulty and can prevent difficulties becoming a crisis.

This strategy gives the council an excellent opportunity to make a real difference for the residents of the borough. This includes working with partners to facilitate housing development, maximising investment opportunities, raising housing quality standards, promoting ways for residents to improve their health and well-being and preventative measures and services for homeless persons.

## 2. Our Achievements 2011 - 2015

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During the life of the previous Housing Strategy much was achieved which made a real difference to peoples' lives, including:

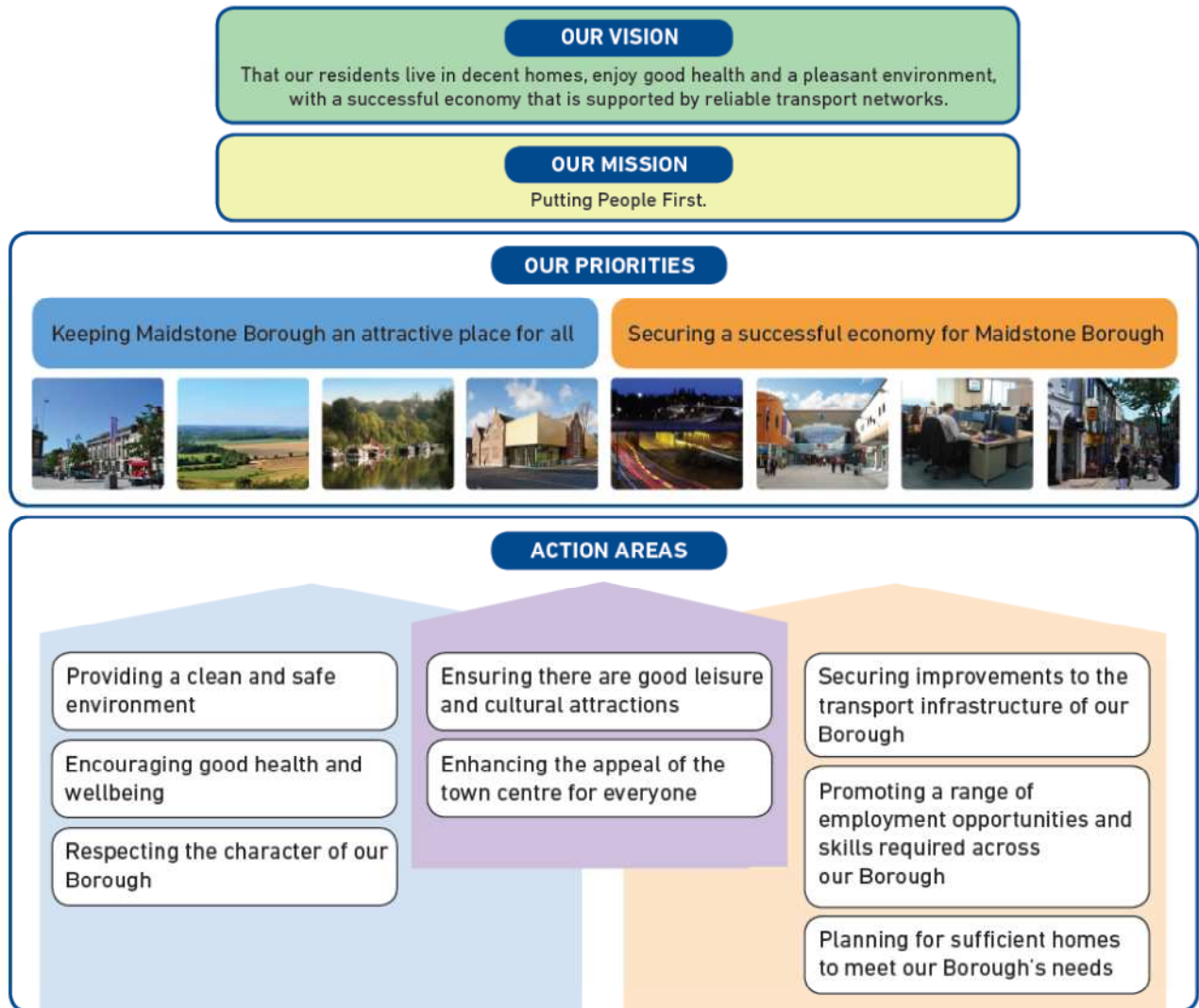
- Delivering 871 new affordable homes, of which 63 were delivered on rural exception sites for local needs housing.
- In excess of £6,930,000 of funding from the Homes & Communities Agency to help provide 553 affordable homes.
- Purchased and refurbished Aylesbury House and Magnolia House to provide 20 bed spaces as temporary accommodation for homeless households.
- Obtaining Investment and Registered Provider status with the Homes & Communities Agency.
- Receiving a grant allocation of £210,000 from the Homes & Communities Agency to bring 12 long-term empty properties back in to use as affordable housing.
- Completing the following policy and strategy reviews: Homelessness Strategy, Strategic Housing Market Assessment, Tenancy Strategy and Domestic Abuse Strategy, Empty Homes Strategy.
- Increased engagement with the private sector by hosting bi-annual Landlord forums and offering a new Homefinder incentive scheme to gain access to privately rented properties.
- Allocations policy implemented along with new eligibility criteria and 'banding' introduced to offer a fairer distribution of social housing properties to households on the housing register.

The Action Plan showing achievements against the stated outcomes from the previous Housing Strategy 2011 – 2015 can be found at Appendix A.



### 3. Maidstone Councils Strategic Priorities and Values

The Council has identified within the Strategic Plan the following two priorities and action areas to deliver the vision for Maidstone Borough over the next four years.



The Maidstone Housing Strategy is linked with the Strategic Plan and actively seeks to address the action areas of Encouraging good health and wellbeing and Planning for sufficient homes to meet our Borough's needs.

## 4. How the Maidstone Housing Strategy links in with other plans



## 5. National Context

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### Housing Strategy for England:

In November 2011, the Government published 'Laying the Foundations: A Housing Strategy for England'. It presents the Government's intended direction of travel for housing; its role in the wider economy and its contribution to social mobility. It sets out ideas on the shape of housing provision that the Government wants to see which involve the primacy of home ownership; social housing as welfare; and an increasing role for the private rented sector.

The strategy introduced new approaches and initiatives including:

- A mortgage indemnity scheme for purchase of new build property.
- Support for locally led large-scale development.
- Further efforts on public sector land release.
- Provision of development finance for stalled sites.
- Further support for custom build (self-build) housing.
- The next steps for council housing finance reform.
- Intentions on reinvigorating 'Right to Buy'.
- Clarity on guidance on allocation of social housing.
- Support for investment in new private rented sector homes.
- Additional financial support for tackling empty homes.
- Consideration of ways to improve housing options for older people.

### Local Authorities Role in Housing Supply:

The Autumn Statement 2013 announced that the Government would launch a review into the role that local authorities can play in housing supply. The aim of the review was to explore the role councils, both stock and non-stock holding, could play going forward in increasing supply of housing to help meet the housing needs of their local population.

Natalie Elphicke and Keith House were appointed as the reviewers in January 2014. Their final report, published in January 2015, highlighted that councils could achieve much more by taking a more central role in providing new homes. The key recommendation is that councils change from being statutory providers to being Housing Delivery Enablers.

In January 2016 the Local Government Association announced the launch of a Housing Commission to explore new routes to housebuilding so councils can enable the building of more desperately-needed homes. The LGA said this is vital to building the 230,000 new homes the country needs each year as private developers have not built more than 150,000 homes a year for more than three decades.

The Housing Commission will focus on four themes:

- **Housebuilding** - new ways that councils can enable investment in new homes;
- **Place making, community and infrastructure** - the role of councils in shaping homes within prosperous places and communities;
- **Employment, welfare reform and social mobility** - the role of housing in supporting tenants to find and progress in sustained employment;
- **Health and quality of life for an ageing population** - the role of housing in adapting to an ageing population and preventing onward costs onto social care and health services.

Evidence will be sought from councils, partners, organisations and individuals on the key issues and on good practice that has successfully addressed those issues and what is needed to build on those successes.

Findings will be brought together in a report in Spring 2016 and presented at the LGA Annual Conference in June 2016.

### Housing and Planning:

In October 2015, the Government published the Housing and Planning Bill, which sets out measures to boost house building and makes a number of changes to the planning system.

On publication of the Housing and Planning Bill the Government said it would kick-start a "national crusade to get 1 million homes built by 2020" and transform "generation rent into generation buy." The supply-side measures in the Bill are primarily focused on speeding up the planning system with the aim of delivering more housing. There is also a clear focus on home ownership, with measures to facilitate the building of Starter Homes; Self/Custom Housebuilding; and the extension of the Right to Buy to housing association tenants following a voluntary agreement with the National Housing Federation.

**Starter Homes:** The Bill puts into legislation the Government's commitment to provide a number of Starter Homes for first-time buyers under the age of 40. Starter Homes would be sold at a discount of at least 20% of the market value. Specifically, the Bill puts a general duty on all planning authorities to promote the supply of Starter Homes, and provides a specific duty, which will be fleshed out in later regulations, to require a certain number or proportion of Starter Homes on site.

In addition, the Homes and Communities Agency have recently announced that Affordable Rent will not be grant funded post March 2018. The Government's approach to the delivery of affordable rented accommodation is now very different from previous grant funded programmes. The Government will now only be promoting Starter Homes and Shared Ownership products. The greatest demand for affordable housing identified by the Council's Strategic Housing Market Assessment is for affordable rented accommodation.

**Self-Build and Custom Housebuilding:** The Bill adds to and amends the Self-build and Custom Housebuilding Act 2015, which requires local authorities to keep a register of people seeking to acquire land to build or commission their own home. The Bill specifically requires local authorities to grant "sufficient suitable development permission" of serviced plots of land to meet the demand based on this register.

**Rogue landlords and letting agents:** The Bill will give local authorities additional powers to tackle rogue landlords in the private rented sector. They will gain the ability to apply for banning orders against private landlords. A database of rogue landlords and agents will assist authorities in England in carrying out their enforcement work. Landlords will benefit from a clear process to secure repossession of properties abandoned by tenants.

**Voluntary Right to Buy:** The Queens Speech 2015 confirmed the Governments' intention to take forward the extension of the Right to Buy for Housing Association Tenants. The Bill will not, as originally expected, introduce a statutory Right to Buy (RTB) for housing association tenants. Following the Government's acceptance of the National Housing Federation's offer to implement the RTB on a voluntary basis, the Bill provides for grants to be paid to associations to compensate them for selling homes at a discount.

**Reforms to the Planning System:** The Bill contains a number of different reforms to the planning system, with the aim of speeding it up and allowing it to deliver more housing. Powers are given to the Secretary of State to intervene in the local and neighbourhood plan making process. A new duty to keep a register of brownfield land within a local authority's area will tie in with a new system of allowing the Secretary of State to grant planning permission in principle for housing on sites identified in these registers.

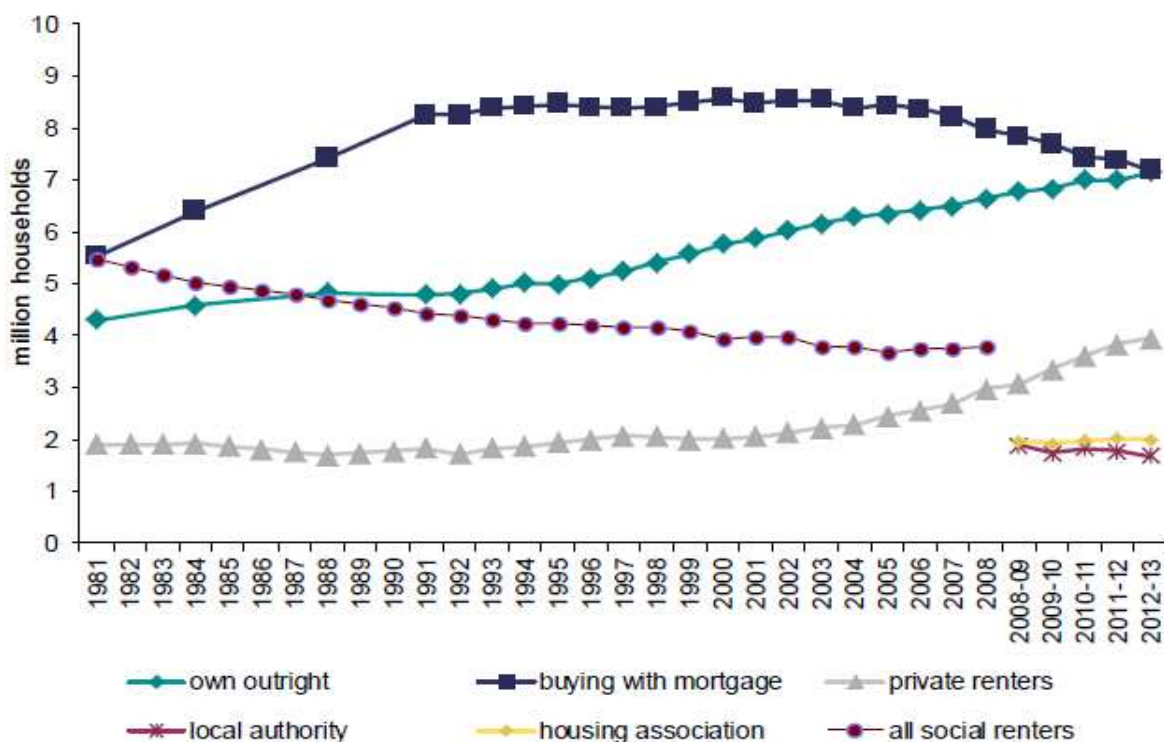
The Department for Communities and Local Government (DCLG) launched a review of the building regulations framework and voluntary housing standards in October 2012. The review aimed to consolidate and simplify codes, standards, rules, regulations and guidance in order to reduce unnecessary costs and complexities in the house building process.

On 27th March 2015, the Government launched the new approach and published a new set of streamlined national technical standards. With appropriate evidence, local authorities can use the new space standards which make up the new national technical standards.

#### Private Rented Sector:

The private rented sector is England's second largest housing tenure. The private rented sector has grown on average by 5.4% per annum since 1999 and now accounts for 19.4% (4.4 million) of households. In 1999 the private rented sector accounted for 9.9% (2.0 million) households. In 2012-13 the number of English households renting privately overtook households living within social housing for the first time since the mid-1960s.

Figure 1.1: Trends in tenure, 1981 to 2012-13



In November 2014, the property consultancy Savills forecast that the private rented sector would grow by another 1.2 million households by 2019. The Government is keen to see the establishment of a professional private rented sector which will be able to give tenants the quality and choice they are looking for.

The Government published the guide: 'Accelerating Housing Supply and Increasing Tenant Choice in the Private Rented Sector: A Build to Rent Guide for Local Authorities' in March 2015 which outlines a series of practical options as to how local authorities can support the development of private rented sector homes and the benefits it can offer to local authorities.

#### Welfare reform:

The Welfare Reform Act introduces restrictions on how much Housing Benefit working-age households in social rented properties can claim from April 2013, based on the size of the household. The policy change is focused on reducing the Government's benefit bill, increasing mobility in the social rented sector and making better use of the existing social housing stock.

The Local Housing Allowance has undergone many changes in the past 5 years - the reduction from 50<sup>th</sup> percentile of market rents to 30<sup>th</sup> percentile of market rents; an overall cap of £400 per week; increases linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) and single households under 35 years old restricted to the single room rate.

The spare room subsidy was introduced in April 2013. Working age social housing tenants in receipt of Housing Benefit with one spare room had their housing benefit cut by 14% and those with two or more spare bedrooms have seen a reduction by 25%.

An overall benefit cap was also introduced in July 2013, limiting total working age benefits to £26,000 per year. This is further being reduced to £23,000 in April 2016. This puts particular pressure on larger families who have much higher housing costs.

The introduction of universal credit, which is currently being rolled out across the country, will see all working age benefits, (excluding Disability Living Allowance and Carer's Allowance) made in one single monthly payment, paid directly to the tenant. Tenants will be responsible for paying their rent to their landlord themselves, with exceptions made for some vulnerable tenants on a case by case basis.

The government spending review in November 2015 proposed to cap the amount of rent that Housing Benefit will cover in the social sector to the relevant Local Housing Allowance, which is the rate paid to private renters on Housing Benefit. This will include the Shared Accommodation Rate for single claimants under 35 who do not have dependent children. This will apply to tenancies signed after 1 April 2016, with Housing Benefit entitlement changing from 1 April 2018 onwards.

The above benefit cap and the planned 1% reduction to social housing rent will potentially have issues for supported accommodation tenants along with the future viability of such schemes. It was announced in January 2016 that these proposals will be deferred for 12 months to consider the impact they would have on the supported accommodation sector. The National Housing Federation has expressed concern that the cap could force the closure of specialist homes, which cater for people such as the elderly, homeless, disabled and domestic violence victims.

#### Health & Homelessness:

Preventing homelessness has obvious benefits for people's housing outcomes, but a recent review, 'Preventing Homelessness to Improve Health and Well-Being' conducted on behalf of Public Health England by Homeless Link provides further evidence about how acting early also reduces health inequalities.

The review identifies prevention activity developed in response to health and wellbeing needs, delivered by or in partnership with the wider health workforce.

The review highlighted that for people experiencing homelessness or prolonged periods of rough sleeping, the rate at which health problems occur increases rapidly. People experiencing 'single homelessness' are particularly affected by poor physical and mental health.

The final report published in July 2015 recommended development in the following three key areas to help put homelessness prevention at the heart of our efforts to reduce health inequalities.

- Stronger leadership and joint strategic working.
- Access to advice and early intervention.
- Improved data collection and evaluation.

The 'Unhealthy state of homelessness: health audit results 2014' highlights the extent to which people who are homeless experience some of the worst health problems in society. The report uncovers the barriers many individuals face when it comes to getting treatment, as well as the impact of ill health on NHS A&E, hospital, mental health and substance misuse services.

The data also reconfirms the strong links between health and somebody's housing situation. The report makes a number of recommendations under the following themes of Better care; Better commissioning; Better policy and Stronger inspection and accountability to improve the commissioning and delivery of services that prevent and treat the poor health experienced by homeless people.

#### Homelessness decisions:

Nationally the overall numbers of those approaching local authorities as homeless has seen a small increase from 108,720 in 2011/12 to 111,019 in 2014/15.

In Kent, the increase has been significantly higher from 2,522 in 2011/12 to 3,723 in 2014/15.



## 6. Local Context

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### Maidstone the Place:

The Borough of Maidstone covers some 40,000 hectares, and is home to some 61,460 households. Located in the heart of Kent, Maidstone Town is the County Town, and is an administrative, retail and leisure hub, with a large night time economy. The Borough enjoys good transport links to the coast and to London, and has a high rate of employment. It has a very mixed business sector with a large number of small to medium sized employers, with particular strengths in law, accountancy and the media.

In the 2011 Census, it was estimated that there were 63,682 households living in the Maidstone Borough with 13.7% of households living in affordable housing and 86.3% being in the market sector.

### Population and Household change:

The table below shows projected population growth from 2011 to 2031 in Maidstone compared to the South East and England. The data shows that the population of Maidstone is expected to grow more strongly than seen across the region and nationally.

	<b>Population 2011</b>	<b>Population 2031</b>	<b>Change in population</b>	<b>% Change</b>
Maidstone	155,764	189,575	33,811	21.7
South East	8,652,800	9,979,900	1,327,100	15.3
England	53,107,200	60,418,800	7,311,600	13.8

Source: Office National Statistics (ONS)

With the overall change in the population will come changes to the age profile. A greater proportion of the population is expected to be in the age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase of 142%.

### Affordable Housing:

The delivery of affordable Housing supports the council's corporate priorities for Maidstone to keep the Borough an attractive place for all and to secure a successful economy.

The Maidstone Strategic Housing Market Assessment (2014) identifies the Council has a net affordable housing need of 5,800 households from 2013 to 2031 equivalent to 322 affordable homes each year (which is 35% of the council's objectively assessed need of 928 dwellings p.a.).

Across the Borough as a whole, it is estimated that some 67% of need is for social or affordable rent tenures, whilst around 33% is for intermediate housing. Smaller (one and two bedroom) dwellings account for between 60% and 70% of the need with larger (three and above) dwellings accounting for between 30% and 40%.

## Local Needs Housing

Maidstone has a total of 41 Parishes in the Borough. Property within the villages and small towns of Maidstone are expensive; a reflection on the attractiveness of the Borough. This means that many local people are priced out of the housing market and unable to afford to live locally. The result is that many young couples and families have been forced to move away elsewhere in search of more affordable accommodation. This can have a detrimental effect on the balance and sustainability of the local community. Through the provision of affordable housing in rural locations we can help local people to remain in the village or town where they have strong family or employment ties.

### Entry Level Access to the Markets:

When assessing housing need, an important consideration is to establish the entry-level costs of housing to buy and rent.

The estimated average lower quartile property prices for purchases in 2013 were between £85,000 for a 1 bed dwelling in Maidstone Town Centre to £322,000 for a 4 bed dwelling in Maidstone Rural North.

The entry-level cost for private rented accommodation indicates that rents range from about £520-£575 per month for a one bedroom home up to around £1,250 per month for a four bedroom property depending on location.

As well as assessing the price of purchasing a property and renting, it is important to look at local income levels. This determines levels of affordability and also provides an indication of the potential for affordable housing to meet needs.

The Maidstone Strategic Housing Market Assessment (January 2014) showed that over a quarter of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. The overall average income of all households in the Borough was estimated to be around £31,600 with a mean income of £42,000.

The table below shows across the Borough that it is estimated that around **43%** of households are unable to access market housing on the basis of income levels.

Area	Number unable to afford	Estimated households (2013)	% of households unable to afford
Maidstone Town	17,254	38,904	44.3%
Rural North	1,941	5,460	35.5%
Rural East	1,898	4,379	43.3%
Rural South	6,087	14,938	40.7%
<b>Borough</b>	<b>27,181</b>	<b>63,681</b>	<b>42.7%</b>

Source: Maidstone Strategic Housing Market Assessment (January 2014)

There is also a gap between what the Local Housing Allowance (LHA) rate is and what the rent is for private rented properties. LHA rates in Maidstone (the amount housing benefit will pay for a property per week) are shown below.

Size	LHA	Private rent *
Shared accommodation	£68.28	
1 bed	£123.58	£155
2 bed	£157.56	£200
3 bed	£180.45	£254
4 bed	£235.41	£316

\*[Home.co.uk](http://Home.co.uk) Maidstone market rent summary

Single people under 35 are only entitled to the shared accommodation rate, regardless of whether they live in something larger.

#### Housing Register Need:

The table below shows the number of applicants and those housed on the Housing Register during 2011 to 2015.

Housing Need & Lets		
	On Housing Register	Housed
2011 to 2012	3674	607
2012 to 2013	3187	703
2013 to 2014	1339	618
2014 to 2015	1461	624

Source: Locata / Housing Register

There was an increase in the number of people on the housing register between 2010 and 2012. This started to decrease in 2012/2013 and then dropped drastically in 2013/2014.

The reason for the large drop was the introduction of the new housing allocations policy in April 2013. This new policy made it harder for applicants to be on the housing register, with applicants having to prove a housing need and a local connection.

The new Allocations Scheme replaced the previous points system with the introduction of a banding system as follows:

- Band A – Community Contribution
- Band B – Assistance
- Band C – Reasonable Preference
- Band D – Homeless Duty

A greater number of properties per applicant are allocated to Band A to support the aims and priorities of the Councils allocation scheme, which includes giving priority to applicants in work or who assist their local community in other ways, such as serving in the Armed Forces or undertaking voluntary work.

#### Shared Ownership Need:

Demand for shared ownership within Maidstone remains relatively strong. The table below shows the number of applicants registered with the Help to Buy Agent who wish to live in Maidstone, broken down by bedroom entitlement and existing household status.

Existing Household Status								
Beds	Council Tenant	Private Tenant	Housing Association Tenant	With Family or Friends	Owner Occupier	Other	Total Applicants	%
1/2	3	181	19	269	5	2	479	57
2/3	2	101	14	70	6	4	197	23
3/4	5	71	16	23	5	2	122	15
4+	2	29	3	7	0	0	41	5
<b>Total</b>	<b>12</b>	<b>382</b>	<b>52</b>	<b>369</b>	<b>16</b>	<b>8</b>	<b>839</b>	<b>100</b>

Source: Help to Buy Agent (Nominations Data)

### Housing Stock:

A detailed profile of tenure mix for Maidstone can be gleaned from the 2011 Census. Around 70% of households live in owner occupied accommodation, with around 13% social rented and 15% private rented. Like much of the country, the shared ownership sector is limited at only 1% of stock.

There are around 9,300 existing social homes within the Borough of Maidstone, of which roughly 93% are rented accommodation, with the remaining 7% low cost home ownership accommodation.

The table below shows the total social housing stock recorded for the Maidstone Borough, broken down by tenure and client group as at March 2015:

Tenure	Units	% of stock social housing stock
General Needs Self Contained	7,272	78%
Supported Housing	222	2%
Housing for Older People	1,147	12%
Low Cost Home Ownership	663	7%
Total	9,304	100%

Source: Statistical Data Release 2014-15

### Emerging Local Plan:

Maidstone Borough's Local Plan, which is due to run until 2031, is currently being drafted after an initial public consultation period in 2014. There are four emerging policies within the plan that directly affect Housing:

- Housing mix.
- Affordable housing.
- Local needs housing.
- Gypsy, Traveller and Travelling Showpeople accommodation.

A further round of public consultation is to be undertaken before the final local plan is adopted, which is currently scheduled for February 2017.

An Affordable Housing Supplementary Planning Document is to be produced once the Local Plan has been adopted. This document will go into greater detail about the Council's affordable housing policy and requirements from developers.

### Self/Custom Build Housing

The council are required under the National Planning Policy Framework to assess demand for self and custom build housing within Maidstone. The Self-Build and Custom Housebuilding Act 2015 and the Housing and Planning Bill requires local planning authorities to operate a register of people interested in self build and to grant sufficient development permission for serviced plots of land to meet this demand.

### Maidstone Councils Role in Housing Supply:

The Council has developed a Local Plan with an objectively assessed need. The total figure can be broken down into sites already being built out, developments that have been granted planning permission but not yet commenced, and sites that are identified in the Local Plan for future development. The Housing Service will play a key role in ensuring that sites which have been granted permissions contribute to meeting housing demand at the earliest opportunity.

Starter homes are being promoted by the Government as an alternative to other affordable housing tenures. Maidstone Council is keen to support and promote home ownership including starter homes and will engage with developers about the supply and building of them within the borough.

However, there is a potential impact that the introduction of Starter Homes may have on the supply of traditional affordable housing. Wherever possible, they should be in addition to, not at the expense of much needed homes for affordable rent and shared ownership.

The Council will look to build new affordable and private homes to meet commercial and housing objectives. The Elphicke-House report commissioned by the Government which reviewed local authority's role in housing supply evidenced that Councils are most successful when working in partnership with others and where they actively use their own assets to promote housing development opportunities.

The Brunswick Street Car Park is viewed as an underperforming asset by the Council and its potential use is now under review for complete or partial redevelopment. The main objectives for the proposed development of this site is to maximise revenue income for the Council, regenerate the surrounding area and delivering affordable housing. This could be achieved by entering into a joint venture partnership with an existing Registered Provider partner.

### Maidstone Town Centre Strategic Development Plan:

This 5-year plan seeks to set out a vision, plan and programme of projects to develop and improve Maidstone town centre including enhancing the retail, leisure and business offer, stimulating enterprise growth along with encouraging more visitors to the town.

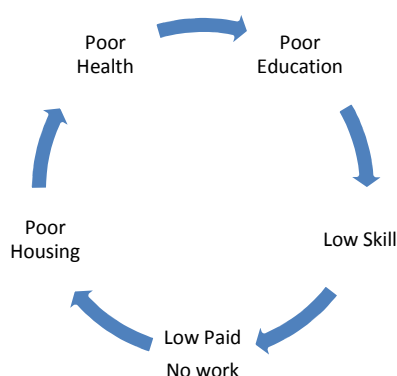
One of its aims is to 'Build and where appropriate convert offices to create more homes.' The introduction of permitted development rights to convert office use to residential without seeking full planning permission has seen over 50 such notifications received by Maidstone Council across the Borough.

The plan also identifies major development sites such as the Maidstone East / Royal Mail Sorting Office site which has been identified in the draft Local Plan for mixed use redevelopment including housing.

## Health and Well-being:

The right home environment is critical to our health and wellbeing; good housing helps people stay healthy, and provides a base from which to sustain a job, contribute to the community, and achieve a decent quality of life. Safe and suitable housing also aids recovery from periods of ill-health, and enables people to better manage their health and care needs.

Without good housing, we know health and wellbeing are affected: poor conditions and precarious housing impact on people's physical and mental health. Ill health also puts some households at a greater risk of housing need and can be a trigger of homelessness – for example, poor physical and mental health can make it harder to access and keep their home. The diagram below highlights the links between poor housing and wellbeing.



Levels of health and wellbeing in Maidstone are generally good, being largely above national and regional averages. This position, however, hides some pockets of deprivation and ill health. The difference in life expectancy at birth of our most affluent wards compared to our most deprived is 8.9 years.

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

Research has also shown that the stability of an affordable home can have profound effects on childhood development and school performance and can improve health outcomes for families and individuals.

Housing costs and affordability have been shown to be associated with increased levels of anxiety and depression.

Maidstone Council chairs the Maidstone Health & Wellbeing Board which meets quarterly. The group is made up of relevant local stakeholders and look at issues such as employability and skills, health issues and social justice.

### Fuel Poverty:

A household lives in fuel poverty when they cannot afford to heat their home to a comfortable level. Living in a cold home has a negative impact on the health of occupants of all ages. It may also reduce educational attainment in children and increase the number of absences from school and work.

Approximately 8% of households in the borough suffer from fuel poverty, similar to the average for Kent. However, fuel poverty is not evenly distributed through the Borough with some areas having just 2.2% of households in fuel poverty and others with 15.2% of households living in fuel poverty. Nationally fuel poverty is more prevalent in the private rented sector, followed by owner occupiers and lowest in the socially rented sector. The drivers of fuel poverty are;

- The energy efficiency of the home;
- The cost of the heating fuel; and
- The household income.

### Think Housing First:

The Kent Joint Policy and Planning Board (Housing) published 'Think Housing First' in 2013. It sets out the role of the housing sector; the relationship between health inequalities and housing; and what can be done in Kent in addition to current housing interventions.

The vision is to raise the profile of 'thinking about housing first' in addressing health inequalities in Kent. In doing so the aims are:

- To take advantage of the new opportunities, driven by the recent health reforms, for housing to strengthen collaboration and engagement with health.
- To maximise the contribution of housing in improving people's health and wellbeing.
- To raise awareness to health colleagues of the role of the housing sector.
- To reliably inform commissioning priorities and decisions, by demonstrating how investing in housing can save in health bills.

### Maidstone Health Inequalities Action Plan:

The Maidstone Health and Wellbeing Group has developed this plan that runs from 2014 – 2020. A series of priorities and action points have been devised that look at reducing health inequalities within the borough. These are based on the following:

- Continuing to develop a whole-system approach to health improvement by tackling the underlying causes of ill-health, through improving educational attainment, housing, getting local people into jobs and creating a safe and healthy, sustainable environment;
- Delivering of short, medium and long-term actions to create sustainable improvements in health. These are based on the evidence of what works to support lifestyle changes and improve the impact of health and social care services on reducing health inequalities; and

- Targeting areas / priority groups and empowering communities to improve their wellbeing.

### Empty Homes:

Maidstone Borough Council works with owners of empty properties to help bring them back into use. The council offers advice on how an owner could sell/ and or rent their property and can refer these owners on to other relevant agencies. The council also works closely with Kent County Council and their 'No Use Empty Scheme', which provides an interest free loan to owners of empty properties to carry out renovation works. Once the works are completed the property can either be rented or sold.

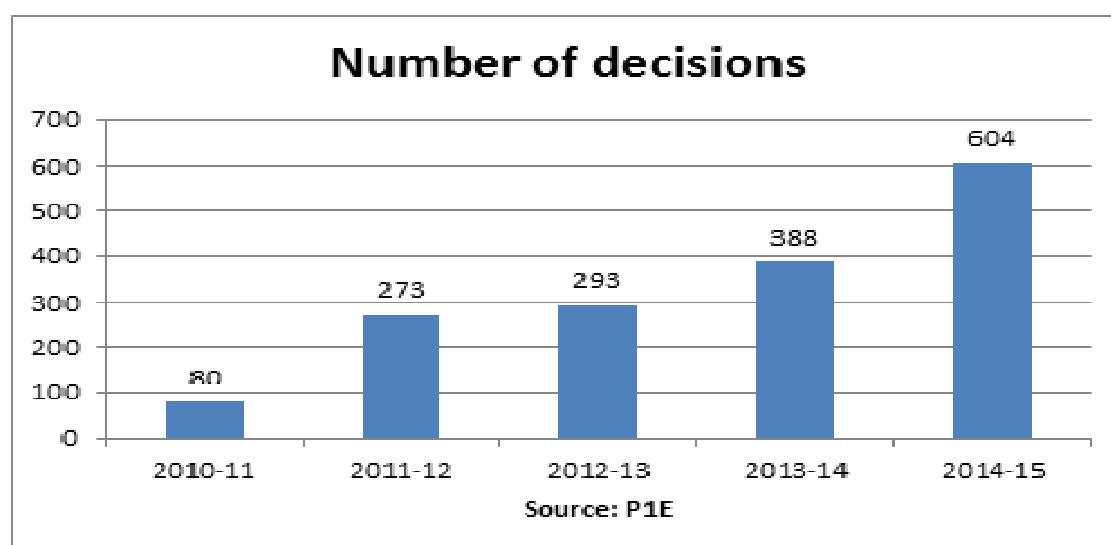
The Housing & Health Team will be exploring a new initiative to help people who have moved into care or nursing homes to achieve a regular income from their empty home. The initiative could help older people with meeting their ongoing care costs, which would otherwise be offset against the capital value of their home. This proposal brings empty homes back into use to help families without housing; and will help enable the homeowner to preserve the value of their home for whoever they bequeath it to.

Advice and guidance is often all that is needed to help owners bring their properties back into use; however where properties are empty for a long period of time and having a detrimental impact on the surrounding area enforcement powers can be used. During 2015, a combination of both approaches helped to bring back 70 long term (6 months+) empty properties across the Maidstone Borough back in to use.

### Homelessness:

The recession and the ongoing economic climate has resulted in a surge of homelessness in Maidstone. Due to the high demand for social housing, this has led on occasions to some homeless households having a significant wait in temporary accommodation until they receive an offer of social housing or a suitable private let is identified.

The overall numbers of those approaching the Council as homeless between 2010/2011 and 2014/2015 can be seen in the table below:



Source: Government P1E statistical return



Maidstone is above the national level of homelessness in relation to population; whilst the Kent average is 0.49 per 1000, compared to an England average of 0.59, Maidstone stands at 0.98, the second highest in Kent.

#### Temporary Accommodation:

The number of people in temporary accommodation continues to rise. This is due mainly to the number of duty accepted households for whom the council has been unable to identify 'move on' accommodation.

<b>Number of people in temporary accommodation on last night of each Quarter</b>				
<b>Year</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
<b>11/12</b>	34	44	46	49
<b>12/13</b>	38	27	37	36
<b>13/14</b>	39	47	31	42
<b>14/15</b>	49	40	43	52
<b>15/16</b>	63	87	109	

The use of temporary accommodation has resulted in a large increase in cost to the Council. The past five years have seen a near fivefold increase in the net cost of temporary accommodation.

#### Increasing the Supply of Accommodation for Homeless Households:

The Council in the last two years has purchased two properties (Magnolia House and Aylesbury House) to assist with reducing the rising cost of providing temporary accommodation for homeless households. The Council is keen to build upon the success of these schemes and will be looking to purchase further properties to increase the supply of accommodation for homeless households. In addition, we will also work with existing providers to negotiate access arrangements to properties to help maximise availability of suitable accommodation and reduce temporary accommodation costs.

#### Vulnerable People:

Kent County Council (KCC) published its 'Adult Accommodation Strategy' (Health and Housing Partnership) in July 2014, the purpose of which was to develop evidence to help shape the approach to the provision of housing and care homes within Kent.

The report estimates the need for, and availability of, accommodation for people with physical disabilities, sensory disabilities, learning difficulties, autism and people who use mental health services within Kent. The Adult Accommodation Strategy also demonstrates the need for accommodation for older people (aged 55/65 and over) in the County and the supply available.

The evidence in KCC's Adult Accommodation Strategy clearly demonstrates that:

- Whilst supply of specialist accommodation can target persons aged over 55/65, the majority of need arises from persons in older age groups: those 75-84 and particularly over 85;

- The needs of these groups include support needs which range from support in adapting properties to meet changing needs, provision of care in the home through to specialist accommodation and care/nursing home provision.

KCC's Supporting People programme has ended, although the services are very much still being provided and commissioned and KCC remains committed to providing housing-related support. A needs analysis was conducted in 2013 and the plan that arose from this suggests commissioning in a more holistic way, thinking about the pathways that service users need and simplifying the complex arrangements that service users have to navigate.

#### Specialist accommodation:

The council want to support people to work towards independent living, helping them to participate in mainstream society and make a contribution to the local economy. The council hope to achieve this by looking at a range of opportunities to help improve access to different types of housing and, where appropriate, developing purpose built specialist accommodation to meet needs.

The council will work closely with the KCC Accommodation Solutions Team and social care to ensure that a choice of specialist housing and support is available to meet the needs of the elderly, disabled and other vulnerable people. The Council will undertake further research into the housing needs of vulnerable client groups and use this evidence to help focus our work on assisting people to live independently.

#### Specialist housing advice:

First Stop is a free independent service funded by Government for older people and their families and carers which aims to help older people make informed decisions about their housing, care and support options for later life.

The service is provided by Elderly Accommodation Counsel (EAC) in partnership with a number of other national and local organisations, and brings together a wealth of expertise to help older people explore the options and choices open to them. They provide specialist help on any aspect of care, support or housing for elderly people, including financial issues as well as statutory rights and entitlements.

The council will explore opportunities of working with First Stop to further develop our local advocacy and support service within Maidstone in respect of housing issues for older persons.

## 7. Emerging Challenges

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Following analysis of key data sources and a review of national, county and local policy, the key housing challenges in Maidstone are:

- The council has a net affordable housing need of 5,800 households from 2013 to 2031 equivalent to 322 affordable homes each year (which is 35% of the council's objectively assessed need of 928 dwellings p.a.).
- Across the borough as a whole, it is estimated that some 67% of affordable need is for social or affordable rent tenures, whilst around 33% is for intermediate housing.
- Across the Borough it is estimated that around 43% of households are unable to access market housing on the basis of income levels.
- The Government will reduce rents in social housing in England by 1% a year for four years from April 2016. This will apply to both social rent and affordable, and the Government indicates this will result in a 12% reduction in average rents by 2020/21, compared to current forecasts.
- The reduction in rents, along with the introduction of starter homes will potentially impact the number of affordable rented and shared ownership homes being developed.
- Access to alternative funding and delivery sources to help maintain supply due to reductions to capital subsidy is of high importance.
- Over 53% of applicants on the Council's housing register have a 1-bed need and around 24% have a 2-bed need. There is therefore a need to increase the delivery of new 1 and 2 bedroom affordable homes.
- The difference in life expectancy at birth in our most affluent wards compared to our most deprived is 8.9 years.
- Deprivation in the borough is lower than average, however around 15% of children (under 16 years old) in Maidstone live in poverty. There is a larger difference in life expectancy of men and women; 7 years lower for men and 4 years lower for women in the most deprived areas of Maidstone than in the least deprived.
- The number of homelessness decisions made by the council has increased significantly since April 2011 from 80 to 604, representing a 655% increase over the last 5 years.
- The use of temporary accommodation has resulted in a large increase in cost to the Council. The past five years have seen a near fivefold increase in the net cost of temporary accommodation.

- Projected population growth from 2011 to 2031 shows a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase of 142%.
- Evidence in KCC's Adult Accommodation Strategy clearly demonstrates that the majority of need arises from persons in older age groups: those 75-84 and particularly over 85. The needs of these groups range from support in adapting properties to meet changing needs and provision of care in the home through to specialist accommodation.
- There is an estimated total need for 3,620 specialist accommodation units for older persons from 2011 to 2031.
- For those in receipt of Housing Benefit and therefore subject to the Shared Accommodation Room Rate, which limits how much housing benefit people under 35 can claim, access to shared accommodation in the private rented sector is proving very difficult. As the gap widens between market rents and shared accommodation room rates widens, people who are seeking rooms at housing benefit levels are finding themselves priced out of the rental market.

## 8. Key Priority Themes

### **Priority 1: Enable and support the delivery of quality homes across the housing market to develop sustainable communities**

#### **Outcomes – What we plan to achieve**

- a)** Enable the delivery of homes as identified in the emerging Local Plan; and has an appropriate policy framework in place that delivers an appropriate mix, tenure and range of housing to meet identified need.
- b)** Deliver a mix of homes of different types, tenure and size, via direct provision and in partnership with private developers, housing associations and other key partners, which meet the needs of the local population.
- c)** Deliver new affordable homes that are designed to a high standard, energy efficient, accessible and respond to people’s changing needs.
- d)** Maximise housing investment opportunities by seeking innovative funding and delivery options to support housing delivery within Maidstone.

#### **Actions – What we will do in order to achieve the stated outcomes**

<b>Outcomes</b>	<b>What we plan to do</b>	<b>Key Partners</b>	<b>Target</b>
1b	Create a Local Housing Company to build/acquire new affordable and private homes to meet the commercial and housing objectives of the council.	MBC Housing & Enabling Team, MBC Property and Procurement, MBC Legal & Finance Consultants, Housing Developers, MBC Planning, Landowners, Homes & Communities Agency	April 2018
1a/b/c/d	Ensure the emerging Local Plan provides an appropriate policy framework for affordable housing, including the production of an Affordable Housing Supplementary Planning Document (SPD)	MBC Housing & Enabling Team, MBC Spatial Planning Policy, Housing Developers, Registered Providers, Homes & Communities Agency	April 2017
1a/b/c	Promote home ownership products e.g. Help to Buy, Starter Homes, and Shared Ownership in Maidstone.	MBC Housing & Enabling Team, Landowners, Housing Developers, MBC Planning	Review annually

1a/b/c	Establish a register to gather evidence of demand for self and custom build within Maidstone and work with planning to identify serviced plots of land to meet this demand.	MBC Housing & Enabling Team, Landowners, Housing Developers, MBC Planning	May 2016
1b	Monitor and respond to the changing social housing market, including: Impact of the 1% annual reduction in social rents over the next 4 years; Impact of the affordable rent regime on affordability; Impact of the Allocation Scheme to ensure social housing is being allocated effectively and fairly.	MBC Housing & Enabling Team, Housing Developers, Registered Providers, Homes & Communities Agency, MBC Benefits	Review annually
1a/b	Enable the delivery of new affordable housing, particularly 1 and 2 bedroom homes to meet the identified need.	MBC Housing & Enabling Team, MBC Planning, Housing Developers, Registered Providers	Review annually
1d	Explore opportunities for funding investment with a range of partners including the Local Enterprise Partnership, Homes & Communities Agency, institutional investors that will contribute towards the delivery of housing across the market.	MBC Housing & Enabling Team, Landowners, Housing Developers, Registered Providers, Homes & Communities Agency, DCLG, LGA, LEP	Review annually
1b/c	Consider on a site by site basis joint venture and partnership models to share expertise, income, resources and risk.	MBC Housing & Enabling Team, MBC Property and Procurement, MBC Legal, Registered Providers, Housing Developers, Landowners, External Contractors / Consultants, Kent Housing Group, DCLG, LEP, KCC	Review annually

1a/b	Work with planning, the local and Gypsy Traveller and travelling communities to identify potential housing sites to meet identified need.	MBC Housing & Enabling Team, MBC Planning, Gypsy and Traveller Community, Parish Councils, Kent County Council	Review annually
1b/c	Bring forward Brunswick Street car park to deliver a quality housing scheme to meet housing and commercial objectives	MBC Housing & Enabling Team, MBC Property and Procurement, MBC Legal, MBC Planning, Housing Developers, External contractors/consultants, Registered Providers, Landowners.	September 2018
1a/b/c	Continue to support Parish Councils in delivering local needs housing where this has been proven necessary.	MBC Housing & Enabling Team, Parish Councils, MBC Spatial Planning Policy, Action for Communities in Rural Kent	Review annually
1a/b/c/d	Contribute to the Local Government Associations Housing Commission on exploring new routes to housebuilding and seek good practice for delivery in Maidstone.	MBC Housing & Enabling Team, Housing Developers, MBC Planning, Landowners, Registered Providers, KCC, LGA	September 2016
1a/b/c	Promote the development of good quality homes that are energy efficient, meet the minimum guideline space standards and embrace the concept of Lifetime Homes	MBC Housing & Enabling Team, Housing Developers, MBC Planning, Registered Providers	Review annually.

**Priority 2: Ensure that existing housing in the Maidstone Borough is safe, desirable and promotes good health and wellbeing**

**Outcomes – What we plan to achieve**

- a) To raise housing quality and standards across all tenures and improve the condition of existing homes to maximise health and wellbeing outcomes for all.
- b) To improve health outcomes for residents by reducing health inequality to ensure a healthy standard of living for all.
- c) Promote ways for residents to improve their health and wellbeing by tackling fuel poverty, energy efficiency advice and managing domestic bills.
- d) Bring empty homes back into use in order to increase the housing options available for local residents.

Actions – What we will do in order to achieve the stated outcomes

<b>Outcomes</b>	<b>What we plan to do</b>	<b>Key Partners</b>	<b>Target</b>
2a	Improve the condition and supply of accommodation within the private rental sector by engaging with landlords to support good management and take appropriate enforcement action where necessary.	National Landlords Association, Maidstone Landlords Forum, Landlords, Homeowners, MBC Housing & Health Team	Review annually
2a/b/c	Assist with delivery of the Health Inequalities Action Plan	Maidstone Health and Well-Being Group, MBC, KCC Children's Centres, West Kent NHS Trust – Midwives and Health visitors, West Kent CCG – Commissioners and GPs KCHT Registered Providers, Schools, Age UK, Youth Providers.	Review annually
2a	Review key strategic documents to ensure they remain relevant to today's market, including: The Council's Tenancy Strategy; Council's Housing Assistance Policy; The Council's Housing Standards Enforcement Policy.	MBC Planning, MBC Housing, Registered Providers, Housing Developers, Private Landlords	September 2016 April 2016 March 2017
2a/b/c	Address the needs of the ageing population, in particular the 85+ age group, including support needs such as adapting properties, provision of care in the home, providing specialist accommodation and care/nursing home provision.	MBC Housing & Inclusion team, MBC Housing & Health team, MBC Housing & Enabling Team, Private Landlords, Registered Providers, KCC	Review annually



2a	Promote the review of the Disabled Facilities Grant to provide an efficient service that assists disabled residents to remain in their home.	KCC, MBC Housing and Health Team, Registered Providers, Private Sector Landlords, Homeowners	Review annually
2b/c	Initiate projects such as the Roseholme Healthy Homes Pilot, which will improve the health and well-being of residents within the Borough.	MBC Housing & Inclusion Team, MBC Housing & Health Team, Maidstone Health and well-being group, KCC, External businesses, Voluntary groups	March 2017
2b	Work with NHS Health trainers to support residents to achieve healthier lifestyle choices with issues such as Healthy eating, quitting smoking, exercise and emotional well-being.	Kent Community Health (NHS Health Trainers), MBC Housing & Health Team , GP's, Registered Providers, CAB	Review annually
2a/d	Work with owners of long term empty properties to bring them back in to use	National Landlords Association, Maidstone Landlords Forum, Landlords, Homeowners, MBC Housing & Health Team	14 every quarter. Review annually.
2c	Promoting and delivering the affordable warmth strategy	MBC Housing & Health Team, Registered Providers, Home Owners, Landlords, Landlords Forum	Review annually

### **Priority 3: Prevent Homelessness, Secure Provision of Appropriate Accommodation for Homeless Households and Supporting Vulnerable People**

#### **Outcomes – What we plan to achieve**

- a)** Prevent and relieve homelessness amongst local residents who are at risk of homelessness by offering timely, expert advice that helps to prevent their homelessness.
- b)** Increase the availability of suitable accommodation for homeless households via direct provision and the use of the private rented sector, to reduce temporary accommodation costs, length of stay and reliance on bed and breakfast accommodation.
- c)** Support independent living and reduce risk of repeat homelessness for vulnerable residents by offering a range of housing options, advice and support to maintain or improve their health and well-being.

Actions – What we will do in order to achieve the stated outcomes

<b>Outcomes</b>	<b>What we plan to do</b>	<b>Key Partners</b>	<b>Target</b>
3a/b/c	Deliver our existing Homelessness Strategy Action Plan	MBC Housing & Inclusion team, MBC Housing & Enabling Team, Private Landlords, Registered Providers, Voluntary Groups, CAB, KCC Social Services, Schools, Supported Housing Providers	By March 2020
3b	To expand on the success of Aylesbury House by investing in the acquisition/purchase of additional temporary accommodation within Maidstone to house homeless and vulnerable households.	MBC Housing & Inclusion team, MBC Housing & Enabling Team, Homes & Communities Agency, DCLG, Land owners, Property owners, Private institutional investors, Agents	December 2016
3c	Strengthen partnership working at local, county and national level and understanding of assistance and options available to homeless and vulnerable households.	MBC Housing & Inclusion team, KCC, DCLG, KHOG, CAB, Voluntary groups, Registered Providers	Review annually
3a	Continue to support private sector landlords and tenants to maintain their tenancies by offering pre-tenancy training.	Private Sector Landlords, Registered Providers, Tenants, MBC Housing & Inclusion team	Ongoing monthly
3a/c	Provide specialist targeted information and advice that will enable people to improve their own housing and health circumstances, prevent homelessness and make best use of resources.	MBC Housing & Inclusion team, MBC Housing & Health team, MBC Housing & Enabling Team, CAB, KCC, NHS Health trainers	Ongoing. Review annually.
3a /c	Promote closer co-operation with the Revenues and Benefits and DHP Team to assist customers in difficulty that require further support to help solve their financial issues.	MBC Housing and Inclusion Team, Registered Providers MBC Benefits, CAB	December 2016

3a/c	Support affected households to manage welfare reform changes to the benefit system.	MBC Housing & Inclusion team, MBC Benefits, Registered Providers, CAB, Private Landlords	Ongoing. Review annually
3c	Ensure homeless households have access to volunteering, training and employment opportunities	Job Centre Plus, Voluntary groups, MBC Housing & Inclusion team, CAB	Ongoing. Review annually
3b	Secure shared housing for under-35s single homeless people.	MBC Housing & Inclusion team, MBC Housing & Enabling team, Private Sector Landlords, Agents	December 2016
3b	Expand the Homefinder incentive scheme to more landlords within Maidstone and neighbouring boroughs	MBC Housing & Inclusion team, Private Landlords, National Landlords Association, Maidstone Landlords Forum, Agents	December 2016
3c	Work with supported housing providers to understand the potential impact of the Housing Benefit cap to supported accommodation tenants and how best to address it.	MBC Housing & Enabling Team, MBC Housing & Inclusion Team, Supported Housing Providers, KCC Accommodation Solutions Team.	March 2017

## 9. Delivery in Partnership

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Maidstone Borough Council is committed to working with key stakeholders to assist in meeting local housing needs. Partnership is the underlying principle of community planning and fundamental to the delivery of this strategy. Over the course of the strategy we will ensure that partnerships continue to be developed, that they focus on priorities and make effective use of resources.

The delivery of the actions set out in this strategy will rely upon the resources of the council and its partners. To maximise combined resources it will be important to work together, sharing expertise and good practice, avoiding duplication, identifying and meeting gaps in service provision, jointly funding or procuring projects and making joint bids for any available funding streams to secure additional resources. We are clear that it is only by moving forward together, as one partnership, that we will be able to deliver on these promises.

Key partners include Registered Providers, the Homes & Communities Agency (HCA) and Housing Developers and regular forums will be undertaken with these stakeholders during the duration of the Maidstone Housing Strategy.

Other key partners include:

- The **Kent Housing Group (KHG)** is a forum for social housing organisations in Kent. KHG has representation from all 12 Kent local authorities, Medway Council, over sixteen housing associations and Kent County Council. KHG also has affiliated representation from the Homes and Communities Agency and when required other partner agencies.
- The **Kent Housing Strategy and Enabling Group** is a sub group of Kent Housing Group and officers from each of the 12 Local Authorities and Medway Council are represented on this group. At this group the officers consider key strategic housing issues across Kent.
- The **Maidstone Health and Well-Being Group** will be used to discuss health and wellbeing issues, using existing engagement mechanisms where necessary and linking in to the county level engagement work where established. Our local approach seeks to enhance how partners help to tackle and reduce health inequalities in housing, by engaging with residents, local businesses and staff.

- The **Kent Joint Policy and Planning Board for Housing (JPPB)** is a strategic partnership between Health, Housing and Social Care. The Board incorporates representation from the East and West Kent Local Housing Authorities, Supporting People, East Kent Primary Care Trust, East and West Kent Social Services, Kent Children Families and Education, Kent Drug and Alcohol Action Team, Kent Probation, Youth Offending Services and Catch 22. The JPPB provides the forum where strategic issues requiring joint working between Health, Housing and Social Care can be raised and measures to address them developed.
- **Action with Communities in Rural Kent (ACRK)** – A voluntary organisation which exists to improve the quality of life for local rural communities.
- **Maidstone Citizens Advice Bureau** – A registered charity which provides advice on a wide range of issues affecting people in the community.
- **National Landlords Association (NLA) / Private Sector Landlords** – The NLA works with local government to support a thriving private-rented sector. Many of our local Landlords are members of this association.
- **Kent County Council (KCC)** – The County Council that governs the county of Kent. There are 12 district councils in Kent, Maidstone Borough Council being one of them.

## 10. Implementation and Monitoring

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The Maidstone Housing Strategy sets a clear focus on the key priorities to address within the Maidstone Borough. We envisage Maidstone as a thriving borough that maximises all its strengths and tackles the root causes of the social, housing, health and economic challenges which hold some of the borough and its residents back.

This strategy will drive the changes we need to make within the borough by providing a clear direction of travel for Maidstone. In addition, we have ensured our long-term outcomes are underpinned by clear priority areas of focus and targets. The work to achieve this will be challenging and will require the public, private, voluntary and community sectors to work together even more closely than before.

The Maidstone Housing Strategy operates within a performance management system which is structured around effective political and managerial leadership, a clear vision, action centred service planning, regular performance reporting and constructive challenge. To ensure that the Strategy is delivered, the Council will review and monitor the Action Plan through the following various methods:

- The strategy's action plan has been developed by Maidstone Borough Council and its partners and the delivery of the action plan will be shared by the partners. Maidstone Borough Council will take responsibility for driving this work and for monitoring delivery. We will publish annual performance information - enabling members of the public to see the progress we are making throughout the year and year on year.
- We will present an annual report and commentary on progress to achieve the key priority areas and deliver the strategy's action plan, using this as an opportunity to challenge partners, to renew commitment to the plan and to update and increase the ambition of the plan when opportunities arise. The report will enable partner organisations, Councillors and members of the public to see the progress we have made and challenge organisations on the work they have undertaken.
- Clear and effective communication with wider audiences who would be the future partners and stakeholders for delivery will increase the strategy's prospects for success. The strategy is a bold statement of intent and the foundation of a cohesive, partnership approach towards housing development in the borough. The action plan links directly to the Borough Council's overarching Communications and Engagement Plan, providing common ground on which to build partnerships and will help all contributors to broker discussions with new partners.
- The strategy will be the Housing and Communities Service Plan and using the council's internal performance monitoring system, progress on the action plan and relevant performance indicators will be reported quarterly to Senior Management Team.
- This strategy will be updated in 2018 to ensure any relevant changes at national or local level are taken into account and that the action plan is updated accordingly.

Publishing this strategy is not an end in itself; rather it is the start of our new journey forward. Maidstone Borough Council is confident that the time we have taken to work with the public, partner organisations, Councillors and central government has ensured that the direction we are taking to make improvements in quality of life is the right one.

## Appendix A

### HOUSING STRATEGY 2011 – 2015 ACTION PLAN

#### PRIORITY 1 – DEVELOP SUSTAINABLE COMMUNITIES

Priority 1a) A local development framework is in place that delivers a range of market and affordable housing to meet a spectrum of need.

What we plan to do	Key partners	Target date	Update
Ensure LDF/Core Strategy provides an appropriate policy framework	Housing developers, land owners	2026. Reviewed on an annual basis to ensure progress is being made	Consultation with the Spatial Policy and Development Management teams and other stakeholders has resulted in the following policies being included in the Local Plan which is currently under consultation: DM23 – Housing Mix DM24 – Affordable Housing DM25 – Local needs housing DM26 – Gypsy, Traveller & Travelling Showpeople accommodation
Engage with the Spatial Policy and Development Management teams to bring forward the delivery of new housing	Housing developers, land owners	2026. Reviewed on an annual basis to ensure progress is being made	New email inbox set up to ensure that all relevant planning applications are notified from Development Management for Housing to make comments on. New affordable completions are: 2011/12 – 284 2012/13 – 244 2013/14 – 180 2014/15 – 163

Priority 1b) The long-term balance of the housing market in the borough is improved to reflect local need and demand including an increase in the supply of affordable rented and shared ownership homes.

What we plan to do	Key partners	Target date	Update
Draft a Tenancy Strategy for the Borough in full consultation with partner Registered Providers (RPs) and other	West Kent LIP Partnership, RPs, developers Action for Rural Commu	December 2011	The Council's tenancy strategy for 2011 - 2015 was published in December 2011 after consultation with stakeholders. The strategy is being updated to reflect the council's position on the granting of non-secure tenancies, now that the council have stock to accommodate homeless persons such as Magnolia House.

stakeholders	nities in Kent		
Bring forward LIP Phase 1 sites	HCA RPs West Kent LIP Partnership West Kent Development Forum	March 2015	The West Kent LIP was adopted in December 2010. A total of 7 of the 8 Phase 1 sites have been completed, delivering 128 affordable units, against an original target of 106.
Consider /research formation of housing delivery vehicle e.g. Local Housing Company link to Kent & Medway strategy	As above	December 2011	<p>Research has been undertaken into formation of such a vehicle and CLT have approved continued progress with respect to setting up a local housing company. Housing are working with colleagues in property, legal, economic development and finance on this.</p> <p>The Council now has Registered Provider and Investment Partner status with the Homes and Communities Agency and can apply for grant directly to enable the delivery of affordable housing.</p> <p>The council has already purchased property such as Aylesbury and Magnolia House. Further property land/purchases are being explored to help meet strategic housing objectives. as possible further purchases. Also the potential to tap in to institutional investment is being explored with the LGA.</p>
Review the Affordable Housing SPD through the emerging Core Strategy	As above	September 2013	Work on the new draft Affordable Housing SPD will start during 2015/16. Key issues have already been identified which need to be covered within the document. Once the new Local Plan is adopted, consultation with stakeholders will be undertaken before the revised SPD is adopted.



Priority 1c) The housing and related needs of people in rural areas are addressed.

What we plan to do	Key partners	Target date	Update
Ensure LDF/Core Strategy provides an appropriate policy framework for rural housing	Action for Rural Communities in Kent. Registered Providers. Parish Councils. HCA	10 affordable homes on rural exception sites by June 2013.	Schemes completed:  18 units – Ashford Drive, Kingswood – May 2011  12 units – North Street, Sutton Valence – Dec 2011  25 units – Grigg Lane, Headcorn – April 2013  8 units – South Street Road, Stockbury – Oct 2013
Ensure all rural parishes where a rural exception site is feasible and/or deliverable have had a rural housing needs survey completed.	As above	April 2015	Our service agreement with ACRK remains at 1 survey per year. A survey for Marden was completed in 2012/13 for Coxheath in 2013/14 and East Farleigh in 2014/15.

Priority 1d) The housing needs of the gypsy and traveller community are addressed.

What we plan to do	Key partners	Target date	Update
Ensure LDF/Core Strategy provides an appropriate policy framework to address the needs of the gypsy and traveller community	Spatial Policy, HCA, RP's	December 2011	Policy DM26 in the emerging Local Plan highlights the needs for this section of the community and is currently under consultation

Start development of a rural affordable housing scheme.	As above	December 2013	A total of 114 sites went through a planning assessment process to determine their suitability for a public gypsy site. A shortlist of 11 sites were identified for further work/consideration. The favoured site fell through at the last moment due to the withdrawal of the site by the landowner. An alternative site has been identified and survey/design work has been completed to enable the submission of a planning application, following appropriate consultation.
Bid to the HCA's Traveller Pitch Fund	RP, HCA, KCC	September 2011	Successful bid submitted for £1,365,000 to deliver 15 units by March 15. Due to aforementioned loss of previous site, and ecology issues with new identified site, delivery by March 2015 was not possible. Grant allocation has been handed back to HCA. Funding options paper will be produced for Cabinet to consider alternative funding options going forward which will include: <ul style="list-style-type: none"> <li>a) Re-bid to the HCA</li> <li>b) MBC Capital</li> <li>c) Borrowing</li> <li>d) Institutional investment</li> </ul>

## PRIORITY 2 – INCREASE CHOICE AND IMPROVE THE QUALITY OF LIFE FOR VULNERABLE PEOPLE

Priority 2a) The elderly and disabled are able to live in their homes for longer rather than being admitted to hospital or nursing care.

What we plan to do	Key partners	Target date	Update
Review the role of the HIA in the delivery of Mandatory DFGs	HIA HCA Supporting People Team	October 2011	The HIA is procured by KCC supporting people. Maidstone Borough Council has no contractual obligation to provide the service.

Priority 2b) Homelessness in Maidstone is reduced.

What we plan to do	Key partners	Target date	Update
Work with Kent Social Services to jointly commission new forms of temporary accommodation and provide long-term solutions to youth homelessness	Joint Policy & Planning Board; KCC; housing providers	Review annually	<p>No joint working has achieved temporary accommodation for youth homelessness. Referrals made to Trinity Foyer or Lilysmith House are still the only available accommodation in Maidstone for this age group. Referrals also made for Infozone and Connexions to assist with applications for Job Centre, training opportunities and advice.</p> <p>Joint Assessments are carried out on every 16/17 year old that approaches as homeless, protocol is established with children's services to assist and advise and work with families where possible for them to return home but no wrap around service is available in Maidstone if a CIN is not established.</p> <p>Joint work with KCC had started; however, they are now undergoing a restructure so this work is on hold until later in the year. A meeting has now been set up later this month (Oct 15) with St Basils, who are funded by DCLG to reduce youth homelessness, KCC and us to look at renewing the joint protocol for care leavers</p>

Priority 2c) Housing solutions are implemented that help reduce incidences of offending and reoffending.

What we plan to do	Key partners	Target date	Update
Work with the Offender Management Unit to implement their action plan to reduce reoffending	JPPB sub group on offenders & housing; Kent Probation; Youth Offender	September 2012	<p>Ex offender funding available to allow access to the private sector market; deposit and 1 months' rent available. The funding is being utilised where appropriate.</p> <p>Referral to support services should there be a need with each case assessed individually.</p> <p>The Probation Service has just undergone significant changes recently and meetings</p>

	Service; outreach services		have been held with the two new area managers from the service to look at joint working.
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Priority 2d) The percentage of people suffering repeated incidents of domestic abuse is reduced.

What we plan to do	Key partners	Target date	Update
Assist the SMP in developing and delivering an action plan to support victims of domestic violence	Safer Maidstone Partnership	March 2012	The Domestic Abuse Strategy and Action Plan was introduced in April 2013 covering the period 2013 - 2018

### PRIORITY 3 – IMPROVE OUR EXISTING HOMES

Priority 3a) Homeowners and private landlords are encouraged and supported to maintain and repair their homes; the grant programme is targeted to achieve community benefit e.g. nomination rights.

What we plan to do	Key partners	Target date	Update
Engage small landlords to work with the council to improve the condition and management of their property through the accreditation scheme	MBC Change & Improvement Team KCC OT Bureau	October 2011	Landlords in the Borough are encouraged to join the Kent Landlord accreditation scheme. Discounts are given to accredited Landlords for licensing HMO's. The scheme is advertised on the Council's website and verbally by officers
Start an annual Landlords Forum	National Landlords Association	March 2012	Landlord forums are now held bi-annually

Priority 3b) Use of existing stock is maximised by empty homes being brought back into use.

What we plan to do	Key partners	Target date	Update
Update the Empty homes strategy	No Use Empty initiative	March 2012	The Empty Homes strategy was updated in early 2013 for the period 2013 – 2015

#### PRIORITY 4 – IMPROVE ACCESS TO HOUSING ADVICE AND WORK TO PREVENT HOMELESSNESS AND ROUGH SLEEPING IN MAIDSTONE

Priority 4a) There is an improvement in the quality and range of information relating to advice services that result in more households being prevented from becoming homeless.

What we plan to do	Key partners	Target date	Update
Review our use of IT in the provision of housing advice.	Kent Home choice Housing DCLG stakeholder	September 2012	Changes to Locata Systems Homeless Module enable applications to be processed and advice given face to face, in writing, by text message or email. On line Housing Register applications through Kent Home Choice. Home exchange service through Kent Home Choice for those currently housed in social housing; exchanges can be made across counties. Website updated and Home Guide being implemented this year which will provide information online.
Review how we can improve the accessibility of our housing options services.	Porchlight, Shelter, Connexions, Day Centre, Social services	December 2011	Providing improved IT services making assistance and advice accessible to all. Joint working with our statutory and voluntary partners. Partners working within the Gateway alongside our housing team. Housing team available to attend meetings for family assessments with our partners. The triage system was implemented in October 2014, meaning advisors have been seeing those in greatest need. The volume of homeless applicants has impacted the ability to

			undertake preventions and outreach work.
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Priority 4b) Work to prevent homelessness and end the need to sleep rough in Maidstone.

What we plan to do	Key partners	Target date	Update
Work with our partners to increase the effectiveness of the Rent Deposit Bond Scheme	Housing Benefit, CAB, National Landlords Association, Maidstone Landlords Forum	March 2012	Rent Deposit Bond scheme is now replaced by the Homefinder scheme which was launched in October 2013. This includes the Homefinder Bond and Homefinder incentive schemes.
Develop and promote a Private Homeowner Incentive Scheme	KCC, KHOG	December 2011	The Homefinder incentive offer was introduced in 2013 offering Landlords a payment of £2,500 in return for nomination rights for the property for a 3 year period. The offer is currently under review.

Priority 4c) Access to affordable housing is improved and the range of housing options available to applicants is increased.

What we plan to do	Key partners	Target date	Update
Review the housing allocation scheme	Kent Homechoice Housing stakeholders Service users	May 2012	New Housing Allocation scheme introduced in April 2013. Review of new scheme undertaken and updated in June 2014 and 2015.
Develop Maidstone's approach to the Kent-wide Single Assessment Scheme	As above	October 2011	This replaced the JARP that was previously used by West Kent Housing authorities. As the Council has moved to a banding system the use for this scheme is now rarely required. The Kent Agency Assessment document has now superseded this scheme and is used by all 12 housing authorities in Kent.
Review whether Choice Based Lettings is still the best way of people accessing	As above	October 2011	Undertaken as part of the introduction of the new housing allocations policy that was introduced in April 2013.

social housing			
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## **Stage 1: Equality Impact Assessment**

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

The Housing Strategy is an overarching plan that guides the council and its partners in tackling the major housing challenges facing the borough. It sets out the priorities and outcomes that we wish to achieve and provides a clear strategic vision and leadership.

The three priorities of the Strategy are:

Priority 1: Enable and support the delivery of quality homes across the housing market to develop sustainable communities

Priority 2: Ensure that existing housing in Maidstone Borough is safe, desirable and promotes good health and wellbeing

Priority 3: Prevent homelessness; secure the provision of appropriate accommodation for homeless households and supporting vulnerable people

The Strategy contributes to the council's corporate priorities for Maidstone 'to keep the Borough an attractive place for all and to secure a successful economy'.

### **2. How do these aims affect our duty to:**

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

The Housing Strategy potentially affects all sections of the borough's population.

Enabling and supporting the delivery of a range of quality homes, including affordable housing, promotes social inclusion. Mixed tenure housing can help close attainment gaps by raising peoples aspirations and therefore assists in advancing opportunity.

Access to a decent home has a direct effect on health and wellbeing and assists in establishing sustainable communities.

The proposed new Housing strategy has undertaken thorough consultation with all appropriate stakeholders to ensure that the final strategy is fair and transparent.



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

The proposed strategy, when working alongside other relevant adopted plans and policies, should not contribute to inequality.

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

It is the aim of the Housing Strategy to have a positive impact on the boroughs population as a whole, by improving access to quality homes and promoting good health and well-being; this includes people and groups who have protected characteristics.

The Housing strategy links in with the emerging Maidstone Local Plan 2011-2031.

Emerging policy 'DM23 – Housing mix,' in the draft Local Plan highlights that the key requirements for a mixed community are a variety of housing, particularly in terms of tenure and price, and a mix of different households such as families with children, single person households and older people.

Furthermore, emerging policy 'DM26 – Gypsy, Traveller and Travelling Showpeople accommodation,' addresses the issues of the specific type of housing that the Council has a duty to provide for this client group under the Housing Act (2004).

There are no negative impacts foreseen.

# Agenda Item 15

## Policy & Resources Committee

17 February 2016

### Comprehensive Risk Register Update

<b>Final Decision-Maker</b>	Corporate Leadership Team
<b>Lead Head of Service</b>	Rich Clarke: Head of Audit Partnership
<b>Lead Officer and Report Author</b>	Rich Clarke: Head of Audit Partnership
<b>Classification</b>	Public
<b>Wards affected</b>	

#### **This report makes the following recommendations to the final decision-maker:**

1. To note the key risks facing the Council and the measures in place for their management.
2. To agree to receive updates on the risk position at approximately 6 monthly intervals
3. To agree to receive a report back on a formal statement of the Council's risk appetite for approval by September 2016.

#### **This report relates to the following corporate priorities:**

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

The risk register spans all issues facing the Council that may impede or delay achievement of its corporate priorities.

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy & Resources Committee	17 February 2016

# Comprehensive Risk Register Update

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 In July 2015 the Policy and Resource Committee approved the outline of a refreshed way to achieve a comprehensive risk management approach at Maidstone Borough Council. The full strategy emanating from that decision is included at appendix II and has been used over the past few months as a basis for compiling a comprehensive risk register.
  - 1.2 The comprehensive risk register aimed to collate in one place and on a common structure all of the risks currently being faced by the Council itself, its service departments and key projects to provide a picture of the major threats to the authority. That exercise is now complete and this report presents the first output to Leadership Team and Members. However, the risks faced by the Council are under continual change as circumstances and our controls develop. Therefore the final part of the report gives an indication of the next steps for risk management and where Members can obtain further information.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 Following the July decision, Mid Kent Audit began working with services across the Council to identify and evaluate the risks they face in seeking to achieve their objectives. This included undertaking around 20 individual risk workshops with service managers explaining the new framework and helping them identify and shape their risks. For some services, especially shared services, this built on existing work undertaken as part of planning to create collaboration agreements.
- 2.2 A second thread of compiling the register examined the Council's major projects. Under the Project Management Handbook projects are expected to compile and monitor their own risk registers and we incorporated those details within the overall risk register to reflect the impact of project risks on the Council as a whole.
- 2.3 The final major thread sought to examine corporate level risks, meaning those which affect the Council's strategic objectives. While in some instances these will be service issues writ large (e.g. difficulty in recruiting and retaining staff) others will be 'macro' issues that transcend their impact on individual services (e.g. failure to develop a coherent vision for MKIP). To assist with the identification and evaluation of these risks the Council commissioned Grant Thornton to facilitate a risk workshop attended by senior officers and Members.
- 2.4 The Grant Thornton risk workshop in December 2015 began with a presentation on the firm's [20/20 Vision](#) research piece, aiming to set the scene for the discussion by considering the Council's current position relative to its neighbours and what challenges Maidstone, and the local government sector generally, will face over the next five years.

- 2.5 The workshop identified a range of corporate risks which have been incorporated within the register outturn reported here. However, since the workshop the Council has received further information on the Finance Settlement and initial results from the Residents' Survey, both of which have been taken into consideration when scoring the risks identified. This also illustrates the broader point that the risks facing the authority are dynamic and supports the need to have a risk approach which allows for updating and flexibility to keep information useful and current.
- 2.6 This also means that the risk scores are necessarily a point in time measurement and subject to change as circumstances and the Council's risk appetite develop. Currently, the chief component of any scoring has been the views of the risk owner, guided by the risk framework at appendix II, subject to some challenge and review by relevant Heads of Service and CLT. As the risk approach continues to progress – noted under 'next steps' in Appendix I – we expect a more formal moderation and review process to develop.

### **3. AVAILABLE OPTIONS**

- 3.1 There is no legal requirement on the authority to formally monitor its risks, still less is there a defined framework to do so. Although failing to monitor and record risks will leave the Council vulnerable to external criticism – for example by its external auditors who are required to assess the effectiveness of risk management when considering their annual Value For Money conclusion – the Council could decide that is a price worth paying against using some of its resources to identify and monitor risk.
- 3.2 Even accepting the utility in gathering systematic monitoring information on the risks it faces, there is a wide range of different approaches the Council might adopt. Even if one looks solely at the local government sector, there are myriad formats, structures and arrangements adopted to record and present information to senior officers and Members.

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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The approach taken by this report is a development of the approach approved by Members in July 2015 and has been reported through the Council's Corporate Governance Group and Corporate Leadership Team. Consequently it reflects the present belief on how information on risks and their management is most usefully held and displayed. However, like the risks themselves, this approach must be kept under review to ensure that information is retained and presented in a way that supports good decision making.
- 4.2 As set out in July 2015, the role of Members in the process is principally to satisfy themselves that key risks – as a group – are being effectively controlled and monitored by management. While that will involve enquiry into individual risks as examples, responsibility for management of individual risks rests with the risk owners. Consequently, this paper recommends that Members note and

comment as appropriate on the highlighted risks (which are those rated as most acute at present) but does not propose any specific decisions on any individual risks.

- 4.3 The paper also invites the Committee to consider further evolution of the Council's risk strategy, specifically the formulation and documentation of the Council's risk appetite. This is a key statement in risk mature organisations which defines the amount and type of risk an organisation is willing to take in order to meet their strategic objectives.
- 4.4 Creating a risk appetite statement cannot take place in an information vacuum as an organisation. In order to formulate a risk appetite statement that will reflect the reality of the organisation's outlook it will need to be road tested against specific risks. Now that the Council has collated comprehensive information on its risks, it is in a position to look across the risk picture as a whole and consider which risks it will tolerate thus codifying its risk appetite. Since this is a key statement that specifically falls outwith the scope of audit to dictate to an organisation, this paper proposes that Members invite Corporate Leadership Team to begin consideration of how such a statement would be formulated and give initial comment to the role of Members in setting and then monitoring the overall risk appetite.

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## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 This report is following discussion at the Corporate Governance Group and Corporate Leadership Team. The risks and responses detailed within were compiled after extensive consultation across the Council's service management teams.

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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 Subject to comments, further reports will be made to Policy & Resource Committee at six monthly intervals.
  - 6.2 The timescale of creating a risk appetite statement will be the subject of further discussion, but the starting intention is for a report back to this Committee within the next six months.
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## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The report's recommendations will help develop risk management at the Council which will, in turn, assist with being able to identify and address those issues which threaten achievement of corporate priorities.	Rich Clarke, Head of Audit Partnership
<b>Risk Management</b>	Risk management is the focus of the paper.	As above
<b>Financial</b>	There are no direct financial implications of the recommendations.	As above
<b>Staffing</b>	There are no staffing implications associated with the recommendations.	As above
<b>Legal</b>	There are no legal implications for this report.	As above
<b>Equality Impact Needs Assessment</b>	This report does not describe circumstances which require an Equality Impact Needs Assessment.	As above
<b>Environmental/Sustainable Development</b>	There are no environmental or sustainable development implications for this report.	As above
<b>Community Safety</b>	There are no community safety implications for this report.	As above
<b>Human Rights Act</b>	There are no implications for the Council's responsibilities under the Human Rights Act in this report.	As above
<b>Procurement</b>	There are no procurement implications for this report.	As above
<b>Asset Management</b>	There are no asset management implications for this report.	As above

## 8. REPORT APPENDICES

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

- Appendix I: Maidstone Borough Council Risk Register
- Appendix II: Risk Management Framework

## 9. BACKGROUND PAPERS

None

## **Maidstone Borough Council: Risk Register**

### **Risk Register Summary**

1. The process of compiling service risks involved delivering almost twenty service risk workshops to a variety of managers and drawing risk identification from across Heads of Service, unit managers and project managers. We also sought risk information from thirteen corporate projects and drew information from the Corporate Risk Identification workshop facilitated by Grant Thornton in December 2015.
2. The risks identified facing the Council can be broadly summarised into three major themes which together give a picture of the challenges the Council faces over the coming year.

### ***Financial Risks***

3. Although the risk workshop took place before the latest Local Government Finance Settlement weakened the Council's position still further it was already clear that the challenging financial climate seen in the sector during this decade featured heavily in risk identification. Among the most prominent risks identified in this general category:

#### *Variations in Business Rates Income (impact 4, likelihood 4)*

4. Over the past few years Government has undertaken significant reform of local government finance, one of the key changes of which is a move for local authorities to retain a greater proportion of business rates they collect locally, particularly growth in business rates that would previously have been centrally pooled then redistributed. This gave local authorities access, potentially, to significant additional funds but coming at the same time as reduction in block funding such as the Revenue Support Grant, meant that growing business rates became a much more significant part of the financial plans of individual authorities. At Maidstone, the 2015/16 budget setting paper estimated the financial impact of a loss of business rate growth at £1.1m.
5. The Council recognises its increasing reliance on business rates income and has taken steps to ensure its continuity. These include involvement in the Kent Business Rates Pool which provides some resilience in the event of local fluctuation and monitoring of appeals to consider and incorporate the impact of successful applications on the Council's finances. The change to local government finance arrangements has also provided a renewed incentive to tackle business rates fraud, as acknowledged in the counter fraud plan put forward by the Mid Kent Revenues and Benefits counter fraud team.

*Significant Commercial Failures (impact 5, likelihood 3)*

6. The Council's Commercialisation Strategy as originally outlined in July 2014 acknowledged the additional freedoms afforded to Local Authorities and the necessity of diversifying its income streams in anticipation of reduced central funding. Consequently it set out a range of short, medium and long term actions aimed ultimately at creating income streams to generate upwards of £1m per annum to the Council's budget. This involved a number of new ventures and projects, each of which will have their own management structures and risk registers with this 'head' risk considering the risk of material failure within the commercialisation
7. The key controls operating to avoid crystallisation of this risk are also set out in the commercialisation strategy. These include undertaking projects only after considering a commercial business plan and implementing under supervision of Corporate Leadership Team or separate Commercial Projects Development Teams. The Council also has a reserve position to call on in the event of project failure to minimise the immediate impact on budgetary plans.

*Shortfall of income through festivals and events (impact 4, likelihood 4)*

8. The Council's Destination Management Plan (DMP) adopted in July 2015 set out a vision for borough that incorporated as one of its three principal strands an aim to improve the impact of business and leisure events on the visitor economy. Beyond these broader benefits to the local economy, festivals and events (particularly when using Council assets) bring income directly into the authority with consequent risk that if income targets are not achieved the Council will face greater difficulty in its budgeting.
9. The DMP contains a range of controls and measures to support bringing in manageable events and festivals to the borough. In the short term, these include creation of a shared events diary and surveying parishes to understand the attractions, events and facilities exist in each area. In the longer term the DMP sets out ambitions to develop themed seasons/festivals and develop a customer facing version of the events diary for visitors and businesses.
10. More generally, the changing financial circumstances following the settlement highlight the need for comprehensive and dynamic information on risk. The Council's capacity to take the wrong decision – or delay taking the right decision – is getting smaller all of the time and having full access to accurate and weighted information is crucial for taking the right decisions at the right time.



***Risks Reliant on External Organisations***

11. Although the Council has broad responsibilities and powers it cannot deliver its strategic objectives alone. The Council relies on a number of other agencies, some directly through established partnership arrangements (such as MKIP) and others more indirectly through having congruent objectives for the area (such as Highways England). Challenging economic circumstances affect these agencies too, though, so the Council needs to hold and maintain a good understanding of its partners' risks and responses so it can factor that within its decision making. Among the most prominent risks identified in this general category:

*Housing market failure and increase in homeless approaches (impact 5, likelihood 5)*

12. The Council's 2016-20 Housing Strategy has as one of its three priorities preventing homelessness and securing appropriate accommodation for homeless households and supporting vulnerable people. A key component of the action plan to achieve that priority is continued engagement with private sector landlords and tenants both to prevent homelessness but also increase the stock of properties the Council can use to house homeless applicants and so reduce reliance on temporary and bed & breakfast accommodation. However, the number of approaches has continued to rise through 2015/16 placing strain on the Council's resources and the Housing team foresee no short term reduction in demand.
13. The Housing team has worked to enhance its prevention offering in particular during 2015/16 by filling gaps in staffing and seeking further resources. This includes expanding the use of Homefinder Bonds and Assertive Outreach reliefs which accounted for a third of preventions in November and December. In the longer term, the Council as a whole continues to seek expansion of affordable housing options and its range of prevention approaches.

*Lack of suitable temporary accommodation options (impact 4, likelihood 4)*

14. Coupled with the increase in approaches, the Housing Team have also faced continuing difficulty in finding appropriate and cost effective accommodation for housing applicants. This has meant increasing reliance on a small number of providers, especially in the bed and breakfast market, with total expenditure at year end 2014/15 of £584k against a budget of £135k. The increased expenditure is continuing in 2015/16, with spend hitting more than double the original budget as early as September 2015.

15. In the short term, the Council is enhancing and promoting its offering to local landlords in an attempt to increase the stock of properties available to house applicants. In the longer term, building on the success of Council owned properties Aylesbury House and Magnolia House, the Council is seeking further properties that it can put to use in managing temporary accommodation need.

***Personnel Risks***

*Recruiting and retaining skilled staff Council wide (impact 4, likelihood 4)*

16. As acknowledged in the Council's Workforce Strategy and the Council's mission of *Putting People First* building, retaining and maintaining a skilled and dedicated workforce will be essential to the achievement of strategic objectives.
17. The 'head risk' here, as identified in the Grant Thornton workshop, will be to some extent true of every service at the Council. However, in the course of compiling service risk registers some identified particularly acute issues within their areas. An example here is with Building Control, who identified a risk relating especially to the difficulty in recruiting staff with the requisite professional qualifications something which is common across Kent particularly as private sector demand picks up. For other services the risk is one of continuity, such as in Environmental Enforcement which is facing imminent retirement of key staff. Elsewhere, such as Housing, the risk is one of significant turnover in a small period of time potentially resulting in a loss of knowledge and momentum.
18. The Council is currently running a range of controls to address these risks, including expanding its reach of agency staff to fill short-term gaps and developing succession plans in key departments. Into the longer term the Council, through its Workforce Strategy, is considering its pay, grading and recruitment methods as well as broadening its offering to staff through schemes such as Staff Rewards and Benefits and doing more to identify and retain promising staff through a revised appraisal system.

**Overall Risk Map – Including Service & Project Risks**

- 20. The full risk register includes a little over 200 separate issues. It is important to note that the risks are not created by this process but identified, so the register provides a single point of insight into the issues being considered and addressed by services and projects across the Council.
- 21. The chart below shows the spread of these risks.

<b>Likelihood</b>	<b>5</b>	0	0	0	1	2
	<b>4</b>	0	1	10	5	0
	<b>3</b>	1	6	37	9	1
	<b>2</b>	1	37	29	34	4
	<b>1</b>	1	4	10	16	4
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
		<b>Impact</b>				

- 22. Total Critical Risks = 3  
 Total High Risks = 25  
 Total Moderate Risks = 111  
 Total Low Risks = 64  
 Total Minimal Risks = 6  
 Total Risks Identified = 209
- 23. This spread is, at present, not inconsistent with expectations of a large, diverse organisation such as a local authority. Its real value will be comparative in tracking how the overall risk picture at the Council develops as time moves on. In other words it will provide a picture of how ‘at risk’ the Council is as a whole and in what direction the Council’s risks is travelling en masse.
- 24. In the chart above there are 8 risks scored at 15 or greater. These are the risks discussed in detail above.

## **Next Steps**

### **Risk Appetite**

26. As a basic definition, risk appetite is the amount of risk an organisation is willing to take in pursuit of its objectives. It is therefore, in many ways, central to how an organisation operates and how it decides which decisions to take and when to take them.
27. There is neither set requirement for an articulated risk appetite, nor any particular requirements in local government for such a statement to exist or where it should be pitched. It will vary from organisation to organisation depending on factors such as the external environment, the organisation's culture and the scope of its ambitions.
28. As developing a risk appetite is fundamental to an organisation it is something which should be formulated with proper consideration and gravity. Furthermore if it is to be accepted and useful a risk appetite must genuinely reflect its organisation and so be the product of a consultative process.
29. Formulating a risk appetite is also something that is difficult – and inadvisable – ahead of a full understanding of the risks an organisation faces. Now that a comprehensive risk register exists, the Council ought to look to formally defining and codifying its risk appetite as a means of setting out what risks it will bear (and in what circumstances) and what risks it will look for officers to reduce. This could employ a mix of qualitative and quantitative measures, considering financial impacts, reputational impact and quality and consistency of service delivery.
30. In discussion with Corporate Leadership Team, they have indicated a clear awareness of the benefits of formulating a risk appetite strategy to inform decision making. Indeed, the key challenge of any risk appetite statement is formulating a robust governance and reporting framework that makes that appetite the day to day reality of the Council's decision making.
31. However, this is a process where audit can only maximally play an advisory role. Audit should not and cannot set a risk appetite for an organisation and therefore this paper asks that the Council consider as the next step defining its risk appetite to further embed a mature consideration of risk issues within its decision making.

### **Risk Process**

32. The initial preparation on the register has focussed on raising awareness of risk management as a discipline and MBC's approach in particular as well as identifying risks faced corporately, by services and by projects. What our initial work has not examined specifically is the format and structure of how we retain and use that information as we wanted business need and content to lead form rather than be dictated by form.
33. Having gathered the information we will now consider how best to store, manage and maintain it, which is likely to be by using a dedicated software package (the Council already owns Covalent, which can be used for this purpose).
34. We will also continue to update the register, through a range of approaches including:
  - Ongoing planning discussions with Heads of Service,
  - Integration within service planning
  - Results and findings of audit work
  - Monitoring developments in the sector (such as the recent KPMG publication [Key Risk Management Issues for 2016](#)).
35. One particularly useful way of presenting the information might be to consider specifically which Council objectives are threatened should a risk crystallise (or an opportunity fail to materialise). We are currently exploring ways to present this information in that format to assist management in assessing the key threats and opportunities to Maidstone BC.
36. A further next step is to consider where risk management responsibility should lay within the Council in the longer term. As a short term exercise audit have led the approach, and kept Policy and CLT informed. If the Council wishes to have audit undertake risk management in the longer term, this will have to be recognised within the Audit Charter and approved by Audit, Governance & Standards Committee.
37. On the specific risks, the risk owners will continue to manage the situation and provide updates as part of their ongoing management roles. We will present a further update to Members of Policy and Resource Committee in July 2016, including comparative information on how the risks have developed over the coming six months.
38. For further information on risk management approach please contact Rich Clarke, Head of Audit Partnership. Also please contact audit in the first instance for information on specific risks and their management and we will either obtain information from the risk owner or refer onwards depending on the nature of the query.

# MAIDSTONE BOROUGH COUNCIL

## RISK MANAGEMENT FRAMEWORK

### Step 0 – Before you begin, CLARIFY YOUR OBJECTIVES

Before you can assess what stands in your way you need to know where you're going. What are your **objectives**?

- **What** are you seeking to achieve?
- by **When**? And
- **Who** is responsible for achieving?

This includes understanding what the Council wants to achieve and the resources it has available – in both capacity and capability – to deliver. The Council has set out its corporate objectives in the **Strategic Plan**.

Our aim is that risk management fits in with and supports your objectives, which in turn support the objectives of the Council. This link between Council objectives, through departmental or service objectives (and even personal development goals) supported by risk management practices is called the **golden thread**. When everyone at the Council is pulling in the same direction we will have a much greater chance of being able to achieve our shared goals.

Clarifying your objectives will allow a greater understanding of what will stop you achieving those objectives and what opportunities you need to grasp to meet your goals. Setting our your objectives clearly will also reveal links to internal and external stakeholders on whom you will rely as well as other external factors that will impact your objectives.

### Questions and Answers

**Q:** When should I seek to define my objectives?

**A:** The 'textbook' answer is that your objectives should always be defined. At any point, you should have a clear understanding of what you are trying to achieve so that you have assurance your work is heading in the right direction. In practice, most workplaces don't have objectives that change day-to-day so it is likely that an annual consideration alongside your service planning will do the job just fine. However, you should be alert to changes that might impact your objectives – for instance embarking on a major project, moving to a new partnership or a change in political leadership – and consider whether these events create a need to revisit and redefine your objectives.

**Q:** Where can I learn more about defining objectives?

**A:** This guide is not focussed directly on this stage, but since it is such a crucial part of risk management we could not neglect it entirely. There is information on how to set good business objectives provided as part of Service Planning Guidance, or alternatively a quick general overview is available [at this link](#).

## Step 1: Identifying Your Risks

This step has two principal elements:

- **Initial risk identification**, for example when embarking on a new project, following a major service change or creating a new service plan, and
- **Continuous risk identification**: required to identify new risks, changes to existing risks, including those which become irrelevant over time.

Risks must derive from objectives, but this can be any level of objective from corporate to personal. When identifying risks following from objectives, you must avoid falling into the trap of simply restating the objective – look instead for those potential events or circumstances that might prevent or hinder achievement. Below is an example, following on from an identified corporate objective:

Objective	Potential Risk Statement	Is this a risk?
To provide the best services resources allow	Failing to provide the best services resources allow	✘ This is simply stating the opposite of the objective.
	Public are dissatisfied with Council services	✘ This is a statement of the potential <b>impact</b> of failing to meet the objective; not in itself a risk.
	A lack of suitably trained and available staff limiting ability to deliver efficient services	This is a risk we can <b>control</b> by, for instance, making plans to keep training up to date and reviewing our staffing needs.
	The Government has reduced our funding.	✘ This has already happened and so is an <b>event</b> to be managed. Risks look ahead to potential events and so involve at least some uncertainty.
	The Government sharply reduces future funding.	This is a risk over which we have little or no control, but we can assess <b>likelihood</b> and, if required, make <b>contingency plans</b> .

## Horizon Scanning

When identifying risk, particularly at a set point such as composing a service plan, you will find it useful to 'horizon scan'. This involves looking to the medium or even long term endeavouring to provide early warning of potential risks, giving enough time for the service to adopt appropriate response strategies.

This will inevitably be a somewhat speculative exercise and may be best undertaken in groups so you can pool various outlooks and expertise to provide a comprehensive outlook. When identifying 'horizon' risks you may want to consider:

- What could (realistically) happen?
- What could go wrong?
- How and why can it happen?
- What do we depend upon for our success?
- What opportunities might arise as circumstances change?

## Risk Ownership

Once identified, it is essential that someone ***owns the risk***, taking principal responsibility for monitoring its course and tracking actions in response. Risk ownership is not the same as actually undertaking or being responsible for carrying out actions in response. Rather the role is aimed at ensuring necessary actions take place, otherwise there is a chance management actions may not be completed.

Risks need not be owned or managed solely by risk 'experts'; in fact with the right support everyone in the organisation has the capacity to manage risk. The best risk owner will usually be someone closely involved in delivering the area of the business where the risk arises.



## Questions and Answers

**Q:** When should I seek to identify risks?

**A:** Similar to the issue of objectives, ideally the effective manager is continually alive to risks arising in her service and how those risks develop. However, it is also beneficial to periodically take a fresh look at your risks and when formulating a service plan or embarking on a major new project are both great opportunities to review and evaluate.

**Q:** Do I need to consider \*everything\* that could happen?

**A:** No. Like all organisations, the Council has limited resources available to manage its risk. Therefore an important part of this exercise is to gain an understanding of the key risks – the ones that pose threats to the achievement of our objectives or unlock significant opportunities – so that we can best focus those resources. Consequently it is perfectly coherent to consciously consider a risk so remote as to be not worth recording; the classic example here is the occasional Freedom of Information requests reported in the press where Councils are asked for their contingency plans for dragon attack or zombie apocalypse. You are not expected to plan for literally every eventuality. It may well prove to be so that the next step – evaluating risks – will also help sharpen your focus.

**Q:** Should I just consider ‘what could go wrong’?

**A:** No. As noted in the definition of risk, a mistake often made is to focus on the ‘negative threat’ aspect and neglect the ‘positive opportunity’. Although the mechanics of this guide deal principally with ‘negative’ risks, it is important that you consider these alongside potential opportunities. You will need both sides to be able to understand and effectively manage your service, as well as to be able to present a full picture of its activity.

**Q:** What if I identify more risks than I can manage?

**A:** Firstly, it may be that many of the risks you have identified are already effectively managed by the day-to-day practice of your business. The next steps – evaluating and treating the risks – will help you in forming a picture of what risks genuinely present a need for ‘extra’ management. Secondly it might be that you have cast the net too wide on horizon scanning. Look again at the risks you have identified and consider, in reality, are they issues that will require attention in the near term or can they be ‘parked’ for another day or until the circumstances described are more likely to arise. Thirdly, if you have considered the risks and still feel overwhelmed you may need to seek further advice – **Appendix II** of this guide gives some guidance on where you can get more support.

## Step 2 – Evaluating Your Risks

Having identified the risk, the next step is its evaluation. How big is the risk you have identified? To what degree should the organisation take action to prevent its occurrence or limit its impact?

The first part of this step is to consider the **inherent risk** you have identified. This means the risk as it exists currently, with no additional measures taken; the ‘business as usual’ position. For this reason – save for exceptional circumstances – the inherent risk will not change once evaluated. In the next step we’ll consider how to control risks and how to re-evaluate risk once those controls are in place.

Risk evaluation incorporates two principal elements:

- **Impact** – This is a consideration of how severely the organisation would be effected if the risk transpires. In other words if the forecast event actually happens then what will that do to the organisation?
- **Likelihood** – This is a consideration of how likely it is that the risk will occur. In other words the probability that it will materialise and become an event to be managed.

At **Appendix I** are impact and likelihood scales that will help guide your judgement in evaluating a risk.

### Inherent risk evaluation example

Let’s take an example risk. Leading on from the table above, we’ll use the risk: “*A lack of suitably trained and available staff limiting ability to deliver efficient services*” and assume we are assessing on behalf of the Council’s Housing Benefits function (note that the examples below are indicative, and not the service’s actual assessment). The exercise here is to imagine what would realistically happen to the Council if your **risk** were to materialise and become an **event**.

Impact category	Judgement	Outcome
Service risk	The risk is not that all our staff suddenly vanish – that would be unrealistic – but more an erosion of staff taking us below the level at which the service can effectively operate. We know that the role is specialist and skilled and cannot be filled immediately by short term contractors, and so therefore consider poor service might result for an extended period but the position would be recoverable.	Score 4: Major impact
Reputation risk	The service currently enjoys a good reputation so it is unlikely a single event of poor service (unless hugely protracted, which would be an issue in itself) would result in external intervention or perception as a failing authority. Similarly, except in very rare circumstances, the activities of a Council Benefit section do not attract national publicity. However, the potential is clearly there for hostile local publicity if unavailability of staff led to poor service.	Score 3: Moderate impact

Impact category	Judgement	Outcome
Health & Safety risk	The service does not engage in the type of work which poses real risk of death or physical injury but there is the <i>potential</i> that reduction in staffing levels would add to stress levels of remaining staff.	Score 2: Minor impact
Regulatory risk	Administration of Housing Benefit is a complex regulatory area. Although the service has software to help guide staff, the loss of experienced trained people would inevitably increase the risk of failing to abide by regulations. However, the consequences are relatively limited – there are no criminal consequences of non-compliance but complaints from service users and the need to make good mistaken payments are likely results.	Score 2: Minor impact
Financial risk	The Council receives subsidy to cover its Benefits expenditure but must justify that spend through external certification. A lack of trained staff may lead to increased error and consequent loss of subsidy. Although the total value of the subsidy is £x, much of this is low-risk regulator payments. The high risk of error areas are £y and you are confident the maximum realistic loss is around £100k.	Score 3: Moderate impact
Environmental risk	The benefits service does not have any significant environmental impact, so this category is not applicable.	Not applicable
<b>Overall Impact Score</b>		<b>Score 4: Major impact</b>

The next step is to consider the *likelihood* of the risk materialising and becoming an *event*. To continue with our hypothetical example:

Category	Judgement	Outcome
Likelihood	You are aware that the service is highly reliant for specialist knowledge on a small handful of team leaders who are all approaching retirement age; two have announced plans to retire this year and there is no succession plan currently in place. You are also aware, because of a failed recruitment last year, that finding that expertise locally would be difficult.	Score 5: Almost certain

This example therefore gives us an overall risk score of: **Impact 4, Likelihood 5.**

## Risk Matrix

Once you have established a risk score, you will need to plot that score onto the **risk matrix** which produces an overall risk profile (example below, with the risk just identified shown as **R1**).

Likelihood	5	Yellow	Yellow	Red	Black	<b>R1</b>
	4	Green	Yellow	Red	Red	
	3	Green	Yellow	Yellow	Red	Red
	2	Blue	Green	Yellow	Yellow	Yellow
	1	Blue	Blue	Green	Green	Yellow
		1	2	3	4	5
		Impact				

The risk profile is a simple graphical representation of risk information that provides visibility and can assist management decision making, particularly when comparing the positioning of a range of risks. It allows management to consider the level of risk which is acceptable to the organisation.

Plotting on a matrix also helps:

- To give a sense check on the risk scores; when all displayed together do they seem proportionate and in the right order, and
- To show a representation of movement from inherent to residual risk score (for more details on this, read on).

The Council uses a 5 x 5 matrix which assigns a rating to both likelihood and impact of individual risks

## Questions and Answers

**Q** – How much do I need to know before I can assess an inherent risk?

**A** - For both elements, the scoring is fundamentally a matter of judgement but you should employ your own experience, past records, expert judgements and wider knowledge to make the process as informed as possible.

In general it will not be necessary to undertake any specific additional work at this stage to help identify the inherent risk's likelihood or impact (such as, commissioning research to help make an impact judgement more specific). However, this might be helpful for certain very high profile risks or where the organisation is embarking on a novel enterprise or approach. If you are finding it difficult to confidently assess an inherent risk then please see the contact details in **Appendix II** for assistance.

**Q** – Under what sort of circumstances should I reconsider inherent risk?

**A** – The inherent risk is essentially a ‘business as usual’ evaluation; how the risk looks with no special treatment applied. Therefore it may be beneficial to revisit the inherent risk scores if there is a fundamental change to how ‘business as usual’ works, for example a major expansion of the responsibilities of a service or wide-reaching new legislation.

**Q** – If I have a risk with a potential catastrophic (level 5) environmental risk, but only a moderate financial impact (level 3) should I average the overall impact to Major (level 4)?

**A** – Absolutely not. There can be no trade-off of impacts. The organisation has decided that each of the risk impact themes is individually catastrophic/major/moderate &c independently of how they affect other domains. For example, a catastrophic reputational impact is not made more acceptable by the organisation not having suffered a financial loss to get to that point. Your impact score will be equivalent to the highest score you have assessed in any single domain, which will then also act as a guide to where you may best focus your risk treatment (see next section).

**Q** – Do I have to assess a risk against all 6 risk categories?

**A** – No. There will be few, perhaps no, risks you identify that will have a quantifiable impact across all 6. You need only consider against those domains where the risk may impact.

**Q** – Over what period should I consider ‘likelihood’?

**A** – Generally speaking, we mean the possibility of the risk becoming an event within the next 12 months from identification. This is because the process assumes at least one review per year (at the time of producing your service plan) and so you will have the opportunity to revisit the score within a year, although you should ideally review whenever there is a change of circumstances even if a year has not passed. It may be suitable to sometimes consider likelihood over a shorter timescale, for instance risks associated with a particular project that will conclude within a year, so it is best to include in your documentation what period is being considered if not a year.

**Q** – How prescriptive are the impact categories?

**A** – Fundamentally, the evaluation of a risk is an exercise of judgement. The impact categories and levels are there to help guide your judgement and give you an indication of what the Council as a whole considers to be a *major* impact and so on, but they are not absolute and not intended to cover all circumstances. As evaluation is judgement you may wish within your service to have a review mechanism (for example Head of Service sign off) or evaluate the risks at a team meeting to avoid the possibility of a particularly cautious or even confident individual setting the judgement higher or lower than it should be.

## Step 3 – Address Risks

The next step is to decide what action (if any) you are going to take to address the identified risks. Based on the inherent risk you identified at the previous step the actions will – broadly – be as follows:

Matrix Position	What does this mean?	What happens next?	Where should I record my actions
<b>BLACK</b> (Score 20-25)	Top risk, requiring immediate action and ongoing reporting	<b>Address the risk</b> and report/monitor	Include the risk in your <i>service plan</i> and actions in the <i>risk return</i> .
<b>RED</b> (Score 12-16)	High risk, requiring immediate action	<b>Address the risk</b> (see next section)	
<b>AMBER</b> (Score 8-10)	Medium risk, review current controls		
<b>GREEN</b> (Score 3-6)	Low risk. No immediate action.	Record in service plan, monitor at next scheduled review.	Include the risk in your <i>service plan</i> and <i>risk return</i> .
<b>BLUE</b> (Score 1-2)	Minimal risk. No action.	Note to monitor at next scheduled review.	You may wish to include in your <i>service plan</i> but not essential.

Scoring a risk at **AMBER** (8) or higher means the risk owner should now consider how to address the risk. There are 4 principal options, known collectively as ‘the Four Ts’:

- **TREAT** the risk. This is the most common way of managing risks and involves putting in place (or strengthening existing) systems and processes (internal controls). These control the risk and mitigate the likelihood of a risk occurring and/or militate against its impact if it does occur.
- **TOLERATE** the risk. This means accepting the likelihood and consequences of a risk occurring. This should only be considered as an option if the risk is within the *risk appetite* of the organisation, which is to say if it is rated **AMBER** or (by specific agreement of senior management) **RED**. Risks rated **BLACK** are beyond the *risk tolerance* of the organisation and so this mode of address will not be acceptable except in extreme circumstances.
- **TRANSFER** the risk. This means shifting the risk, in whole or part, to a third party. This could be achieved, by example, by seeking insurance to cap financial losses at a certain level or by seeking partners for a project and so sharing the risk.
- **TERMINATE** the risk. This means deciding to cease or become involved in the risk situation; withdrawing from the activity which causes the risk. This will not always be possible as the Council must deliver some particular services by law, but will often be an option when considering a new project or opportunity.

## Internal Controls

One of the key ways in which a risk can be addressed is through implementation or enhancement of internal controls. There are different types of internal controls, set out in the table below, that can work together to bring down the impact and/or likelihood of a risk:

Control Category	Description	Examples
Preventative	Designed to limit the possibility of an undesirable outcome (this will be the majority of risk related controls)	Financial Standard Orders Prior authorisation of expenditure Separation of duties
Detective	Designed to identify problems when undesirable events have occurred, allowing them to be addressed	Reconciliation between control totals Analytical review

## Residual Risk

If you opted to **treat** or **transfer** your risk, the next step is to consider the residual risk score. This represents the impact/likelihood of a risk becoming an event once taking into account the additional measures you have taken.

Turning again to our example:

Risk Address	Description of action	Anticipated outcome
Treat	Compile succession plan including (a) recruitment strategy (b) timing of recruitment to overlap with retirements to allow handover.	Reduce likelihood of risk materialising to <i>Possible</i> (score 3)
Transfer	Liaise with [neighbouring authority] to seek share of key staff to provide resilience. Additional cost can be accommodated within service budget.	Reduce likelihood of risk materialising to only <i>Probable</i> (score 4) as no information on if [neighbouring authority] is willing to discuss.
<b>Overall view</b>	<b>Risk address actions, if successfully taken together, reduce likelihood still further.</b>	<b>Reduce likelihood to <i>Unlikely</i> (score 2)</b>

This example therefore gives us an overall risk score of: **Impact 4** (unchanged from inherent risk assessment), **Likelihood 2** (down from 5).

Note that we have not considered **TOLERATE** as the inherent risk is beyond the Council's **risk tolerance**. Nor have we considered **TERMINATE** as administration of housing benefits is a statutory service from which the Council cannot withdraw entirely.

Note also that we have focussed the above on reducing the **likelihood**. As this was the highest score in our initial evaluation that's a good place to start thinking about actions to address the risk, though it may be in reality that other scores are a better focus if they offer more effective solutions.

It is important to note the possibility that your risk address actions may themselves cause new risks to emerge. For instance, the proposal in the example above to share services – while a reasonable option to consider – would perhaps be a substantial project in its own right.

Once you have established a risk score, you will need to plot that score onto the **risk matrix** which produces an overall risk profile. Use an arrow to show how your view of the risk has developed as a result of actions planned to address (example below).

Likelihood	5					
	4					
	3					
	2					
	1					
		1	2	3	4	5
		Impact				

## Questions and Answers

**Q** – Where should I focus my treatment of risk?

**A** – A useful approach here will be to consider what factors drove your original assessment of the inherent risk? Is the impact most severe in financial terms? Or reputational terms, perhaps? Consider where you can most efficiently take action to reduce the score of the risk, not forgetting that it is often controls that limit the likelihood of a risk becoming an event that are the most effective.

**Q** – Can I have more than one action for each option to address the risk (for instance two different controls)?

**A** – Of course. In fact, it is probably advisable so that you have back-up plans if for any reason ‘Plan A’ doesn’t deliver the benefits you had hoped.

**Q** – What if I need additional resources to treat risks?

**A** – You should always consider whether your plans to address risk are proportionate to the risk. There is little merit, for instance, in a significantly costly additional control system in order to yield a minor reduction in risk score. However, it will be the case that potential reduction in risks the organisation faces would be a legitimate part of any discussion around resource allocation. For advice and guidance on what might be cost-effective steps to reduce risk please see the contact details in **Appendix II**.



## Step 4 – Review Risks

Once you have identified your risks, determined the inherent and (if required) residual risk record this information on the **risk register** accompanying your service plan or project documentation and send to **internal audit** using the contact details in **appendix II**. Internal Audit may have some further questions and discussion before finalising.

An example risk register format is at **Appendix V** and also available as an excel template.

Once finalised, Internal Audit will produce a comprehensive list of the Council's risks, a **comprehensive risk register**. This register will be updated periodically so please continue to send risk updates to internal audit as they arise.

Internal audit will monitor the risk register and periodically request updates, particularly as anticipated actions fall due.

Internal audit will also maintain a listing of all **BLACK** inherent risks plus the top 10 risks across the Council. This **summary register** will be kept live and updated, and reported to **Senior Management** each quarter.

Twice a year, in January and July, the **summary register** will also be reported to Members at the **Policy and Resources Committee** for review.

## Appendix I: Impact & Likelihood Scales 2015/16

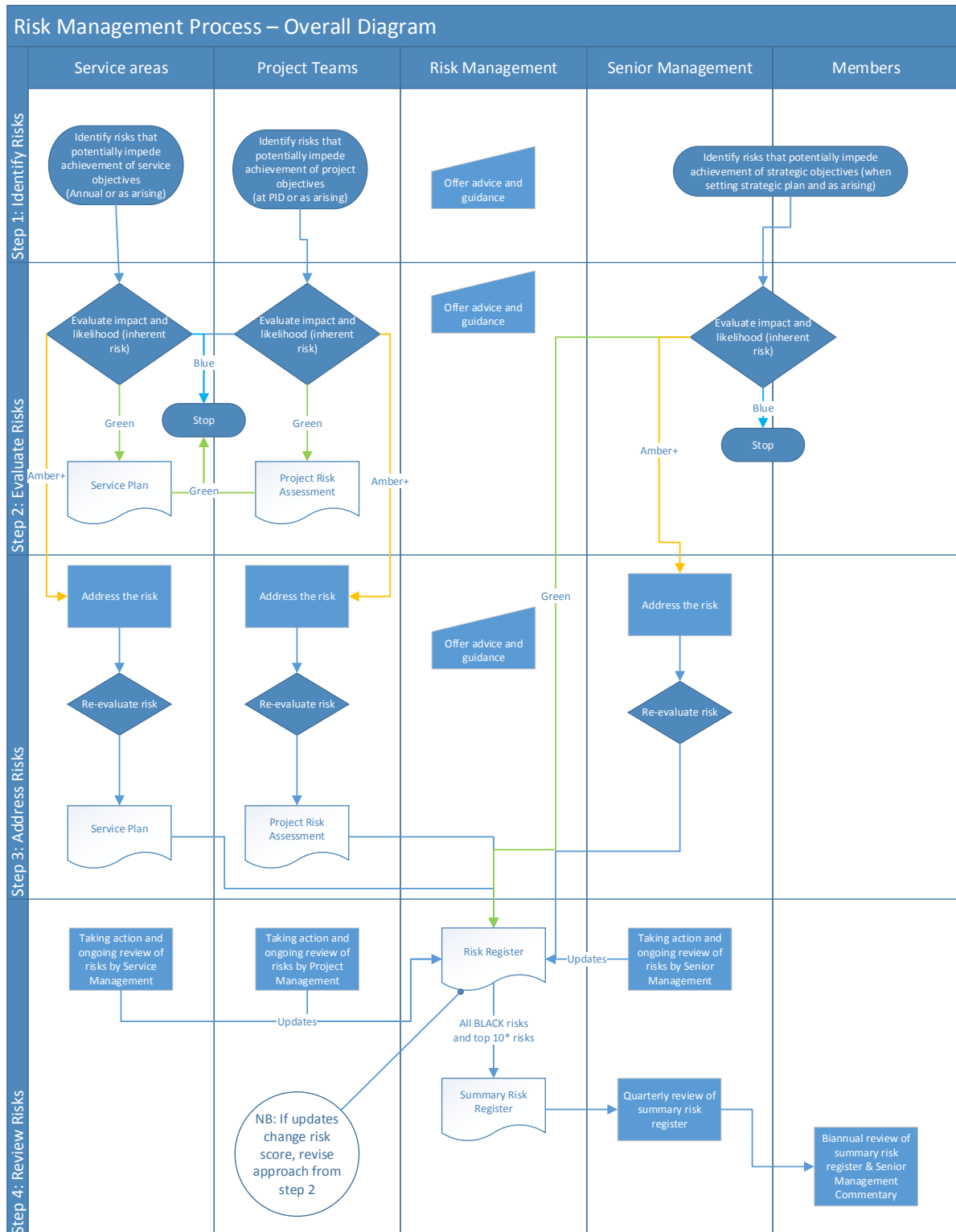
### RISK IMPACT

Level	Service risk	Reputation Risk	H&S	Legal Risk	Financial Risk	Environment Risk
Catastrophic (5)	Ongoing failure to provide an adequate service	Perceived as failing authority requiring intervention	Responsible for death	Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment or significant fines	Uncontrollable financial loss or overspend over £500k	Permanent, major environmental or public health damage
Major (4)	Failure to deliver Council priorities Poor service. Disrupted 5 days+	Significant adverse national publicity	Fails to prevent death, causes extensive permanent injuries or LT sick	Litigation expected, but defensible Breaches of law punishable by fines	Financial loss or overspend greater than £250k	Long term major public health or environmental incident (1yr+)
Moderate (3)	Unsatisfactory performance Service disrupted/stopped 3-5 days	Adverse national publicity or significant adverse local publicity	Fails to prevent extensive, permanent injuries or LT sickness	Complaint likely, litigation possible Breaches of regs or standards	Financial loss or overspend greater than £50k	Medium term major public health or environmental incident (up to 1yr)
Minor (2)	Marginal reduction in performance Service disrupted/stopped 1-2 days	Minor adverse local publicity	Medical treatment required, potential long term injury or sickness	Unlikely to cause complaint Breaches of local procedures	Financial loss or overspend greater than £10k	Short term public health or environmental incident (weeks)
Minimal (1)	No significant service impact Service disruption up to 1 day	Unlikely to cause adverse publicity	First aid level injuries		Financial loss or overspend under £10k	Environmental incident with no lasting detrimental effect

### RISK LIKELIHOOD

Type	Probability	Detail description
Almost certain (5)	90%+	Without action is likely to occur; frequent similar occurrences in local government/Council history
Probable (2)	60%-90%	Strong possibility; similar occurrences known often in local government/Council history
Possible (3)	40%-60%	Might occur; similar occurrences experienced in local government/Council history
Unlikely (2)	10%-40%	Not expected; rare but not unheard of occurrence in local government/Council history
Rare (1)	0%-10%	Very unlikely to occur; no recent similar instances in local government/Council history

# Appendix II: Approach Summary Flowchart



## Appendix III: Example Risk Register

Mid Kent Audit Risk Register (17 July 2015)															
Service	Ref	Risk (short title)	Risk (full description)	Risk Owner	Key Existing Controls	Inherent rating			Treat?	Controls planned	Effective Date	Mitigated rating			Further Action
						Impact	L'hood	Grade				Impact	L'hood	Grade	
Mid Kent Audit	MKA1	Poor quality audit work	Security of HoA opinion undermined by being based on audit work of insufficient quality	Rich Clarke	- Recruitment and training of quality staff - Internal review processes - Established audit process	4	1	Green	N					Annual review	
Mid Kent Audit	MKA2	Insufficient audit scope	Security of HoA opinion undermined by missing material information	Rich Clarke	- Comprehensive/flexible planning - Charter rights of access to information - Attendance/info from SLT meetings	4	2	Yellow	N					Annual review	
Mid Kent Audit	MKA3	Insufficient training investment	Identified training needs unfunded impacting quality and extent of audit work	Rich Clarke	- Monitor training needs - Agreed training budget - Audit development fund	3	2	Yellow	N					Annual review	
Mid Kent Audit	MKA4	Not understanding skills demand	Having insufficient skills in the team to meet the needs of authorities & the service	Rich Clarke	- Comprehensive/flexible planning - Information on LA plans - Maintaining info on training opportunities	4	3	Red	Y	- Create comprehensive training plan - Consider wider skills requirements for external work	30/11/2015	4	2	Yellow	Review at effective date
Mid Kent Audit	MKA5	Not understanding current skills	Failure to maximise skills missing opportunity to provide service and develop staff	Rich Clarke	- Appraisal process - Work allocations - Ongoing 1:1s	4	3	Red	Y	- Create comprehensive training plan - Strengths analysis	30/11/2015	4	2	Yellow	Review at effective date
Mid Kent Audit	MKA6	Poor reputation	MKA acquiring poor reputation limiting effectiveness internally & externally	Rich Clarke	- Networking via KAG - Updates to officers/members - Celebrating success	3	2	Yellow	N					Annual review	
Mid Kent Audit	MAK7	Failing to secure continuing service improvements	Falling behind rising audit standards & authority expectations	Rich Clarke	- Attendance at KAG/IASAB - Audit surveys/monitoring - Audit manual review	2	1	Blue	N					Annual review	
Mid Kent Audit	MKA8	Incorrect charge setting	Failing to secure appropriate return for external work	Rich Clarke	- Fixed costs - Market research - Time recording	3	4	Red	Y	- Develop financial understanding - Create charging models - Develop budgeting expertise	30/11/2015	3	1	Green	Review at effective date
Mid Kent Audit	MKA9	Receiving complaints	Poor quality of service leading to complaints	Rich Clarke	- Post audit surveys - Member/officer liaison - Ongoing 1:1s	3	1	Green	N					Annual review	
Mid Kent Audit	MKA10	Poor external assessment	Receiving a poor external assessment against audit standards	Rich Clarke	- Existing good assessment - Quality controls - No requirement until 2020	4	1	Green	N					Annual review	
Mid Kent Audit	MKA11	Not keeping staff healthy & motivated	Affecting morale/health of current staff reducing quality and retention	Rich Clarke	- Ongoing 1:1s - Budget/workload management - MKS HR, management training	3	2	Yellow	N					Annual review	

# Appendix IV - One Page Summary Process

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Step 1 – Identify Risks	Step 2 – Evaluate Risks	Step 3 – Treat Risks	Step 4 – Review Risks																																													
<p>Best done in groups, by those responsible for delivering objectives, at all levels</p> <p><b>RISK</b> is the chance of something happening that will <b>impact</b> on objectives</p> <p>Consider both <b>THREATS</b> and <b>OPPORTUNITIES</b></p> <p>When to consider:</p> <ul style="list-style-type: none"> <li>• Setting business aims and objectives</li> <li>• Service planning</li> <li>• Target setting</li> <li>• Partnerships &amp; projects</li> <li>• Options appraisals</li> </ul> <p>Think both <b>what could go wrong</b> and <b>what more could we achieve?</b></p>	<p>Combination of the <b>impact</b> and <b>likelihood</b> of an event and its consequences (the <b>inherent risk</b>)</p> <table border="1" data-bbox="674 555 987 911"> <tr> <td rowspan="5">Impact</td> <td>5</td> <td>Green</td> <td>Yellow</td> <td>Red</td> <td>Black</td> <td>Black</td> </tr> <tr> <td>4</td> <td>Green</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Black</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Blue</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Blue</td> <td>Blue</td> <td>Green</td> <td>Green</td> <td>Green</td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Likelihood</td> </tr> </table> <p><b>Black</b> – Top risk, immediate action and reporting to directors  <b>Red</b> – High risk, immediate action  <b>Amber</b> – Medium risk, review current controls  <b>Green</b> – Low risk, limited action, include in plans  <b>Blue</b> – Minimal risk, no action but review</p>	Impact	5	Green	Yellow	Red	Black	Black	4	Green	Yellow	Red	Red	Black	3	Green	Green	Yellow	Red	Red	2	Blue	Green	Green	Yellow	Yellow	1	Blue	Blue	Green	Green	Green			1	2	3	4	5			Likelihood					<p>Concentrate on <b>top risks</b>, 10 to 12 in number</p> <ul style="list-style-type: none"> <li>• Can we reduce likelihood?</li> <li>• Can we reduce impact?</li> </ul> <p>Risk Response – <b>4 Ts</b></p> <ul style="list-style-type: none"> <li>• Treat (i.e. apply controls)</li> <li>• Tolerate (i.e. accept risk)</li> <li>• Transfer (i.e. insurance)</li> <li>• Terminate (i.e. stop activity)</li> </ul> <p>After your risk response; where does it score now? (the <b>mitigated risk</b>)</p> <p>Devise <b>contingencies and action plans</b> for '<b>Red</b>' and '<b>Black</b>' risks – seek to reduce mitigated risk back to '<b>Amber</b>' or below</p>	<p><b>Risk Registers</b></p> <ul style="list-style-type: none"> <li>• Contain all identified risks, <b>Management Action Plans</b> for top risks</li> <li>• Prepare and monitor as <b>regular agenda item</b></li> <li>• Indicate <b>risk response</b> and <b>risk owner</b></li> </ul> <p><b>Council risk monitoring</b></p> <ul style="list-style-type: none"> <li>• Risk registers passed to internal audit</li> <li>• Action led periodic review to ensure registers kept current</li> </ul> <p><b>Council's Top Risks</b></p> <ul style="list-style-type: none"> <li>• <b>Top ten mitigated risks</b> and all inherent 'Black' risks monitored as regular item at <b>Leadership Team</b></li> <li>• Six monthly monitoring at <b>Policy &amp; Resources Committee</b></li> <li>• Annual monitoring of process at <b>Audit, Governance &amp; Standards Committee</b></li> </ul>
Impact	5		Green	Yellow	Red	Black	Black																																									
	4		Green	Yellow	Red	Red	Black																																									
	3		Green	Green	Yellow	Red	Red																																									
	2		Blue	Green	Green	Yellow	Yellow																																									
	1	Blue	Blue	Green	Green	Green																																										
		1	2	3	4	5																																										
		Likelihood																																														

# Agenda Item 16

## **POLICY & RESOURCES COMMITTEE**

**17 February 2016**

Is the final decision on the recommendations in this report to be made at this meeting?

**Yes**

### **Budget Monitoring 3<sup>rd</sup> Quarter 2015/16**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	Paul Riley, Head of Finance & Resources
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manger - Client
<b>Classification</b>	Public
<b>Wards affected</b>	N/A

#### **This report makes the following recommendations to this Committee:**

1. To note the Authority's Revenue position at the end of December 2015 i.e. end of Quarter 3 for 2015/16;
2. Agree the slippage position and re-profiling of the Capital Programme for 2015/16;
3. Review the details on the updated progress on the Collection Fund, General Fund Balances and Treasury Management activity;

#### **This report relates to the following corporate priorities:**

- Securing a successful economy for Maidstone Borough – The Council is committed to delivery of Value for Money services and securing a successful economy for Maidstone Borough Council
- This report outlines its measures in securing that commitment

#### **Timetable**

**Policy & Resources Committee**

**17<sup>th</sup> February 2016**

# Budget Monitoring 3<sup>rd</sup> Quarter 2015/16

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report updates the Committee on the capital and revenue expenditure as at the end of December 2015, Quarter 3 of 2015/16, against the approved budgets including the collection fund and treasury management.
  - 1.2 The report begins by presenting revenue information specifically in relation to this Committee's services. All information on a strategic level across the entire budget is then reported as both perspectives seek to ensure maximum transparency in reporting to this Committee.
  - 1.3 The revenue budget forecast for year end is currently showing a projected underspend of £23,710 against a total net budget of £20,133,460.
  - 1.4 The Capital Programme is forecasting slippage of approximately £402,000 by the year ending 2015/16 and is mainly due to an under spend on housing grants. The capital expenditure for the quarter ending December 2015 totalled £1,532,000 from a budget of £4,900,000.
  - 1.5 Other balance sheet elements are reporting satisfactory progress although interest on investments remains lower than expected at 0.76%.
- 

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The report intends to provide Members, Senior Officers and stakeholders with an indication of the current position regarding the financial performance of the Council in accordance with the recommendations to the Policy and Resources Committee outlined in the paragraph 3 of this report.
- 

## 3. REASONS FOR RECOMMENDATIONS

- 3.1 The Head of Finance and Resources is the Section 151 Officer and Responsible Financial Officer, and has overall responsibility for Budgetary Control and Financial Management. However, in practice the day to day Budgetary Control is delegated to Service Managers, with assistance and advice from their Director and the Finance section. This report provides a progress update report to the Policy and Resources Committee on the current financial performance of the Revenue and Capital Expenditure against the approved budgets, to also include Memorandum Accounts such as the Collection Fund, whilst giving an overview of the performance of Treasury Management.
  - 3.2 This report uses a number of terms that may require definition and a glossary of terms is given in section 7 of the report.
-

#### 4. REVENUE MONITORING

- 4.1 The budget used in this report is the agreed revised estimate for 2015/16 (as reported elsewhere on this agenda). Actual expenditure to the end of December 2015 includes all major accruals for goods and services received but not paid for by the end of the quarter.

##### **Committee Level Outturn 2015/16 - Third Quarter results**

- 4.2 The financial information set out in Appendix A, can be summarised below in Table 1

<b>Committee</b>	<b>Full Year Budget £</b>	<b>Forecast £</b>	<b>Variance £</b>
Policy & Resources	7,578,660	7,114,140	464,520
Strategic Planning, Sustainability & Transport	-302,790	-243,000	-59,790
Communities, Housing & Environment	8,631,560	8,841,560	-210,000
Heritage, Culture & Leisure	489,580	660,600	-171,020
<b>Sub-Total</b>	<b>16,364,580</b>	<b>16,373,300</b>	<b>23,710</b>
Net transfer to reserves & balances	3,736,450	3,736,450	0
<b>Totals</b>	<b>20,133,460</b>	<b>20,109,750</b>	<b>23,710</b>

*Table 1: Committee level Outturn Summary Quarter 3 – 2015/16*

As can clearly be seen from the table, the Policy and Resources Committee reported an overall positive variance of £464,520 against a net budget of £7,578,660. This is a variance of 6.1%.

- 4.3 The report detailed the major issues that contributed to the positive variance for this Committee as follows:
- Contingency Budget – the budget is likely to be underutilised by up to £200,000 in year. However the efficiency proposals in the 2016/17 medium term financial strategy plan for this budget to be a saving.
  - Corporate Management – under the current external audit fees arrangement there is a lower charge than is budgeted for, resulting in a positive variance of £33,780. The additional budget is being held to allow funding for any additional audit costs, and also until the outcome of the upcoming tender exercise for our external audit services is known.
  - A number of sections currently have vacant posts which are producing a total underspend of £267,000. These sections are Property & Projects, Improvement, Customer Services, ICT and Audit.
  - Learning & Development – there is an under spend of £36,000 against this budget which relates to reduced expenditure on central training



offset by additional training income received.

- e) Legal Services – the section has received significantly higher income from external services than was originally budgeted for, resulting in a positive variance of £68,000. Approval has been granted for legal services to increase their staff numbers to cope with an increased workload and this additional income is anticipated to continue in future years this forms part of the funding for those new posts.

4.4 There were also a number of adverse variances:

- a) Procurement Section – the adverse variance of £50,000 is a result of income targets not being achieved for the year to date. This is a continuation of the trend observed for the past three financial years.
- b) Internal Printing – there is currently an adverse variance of £35,000 in this area. A review is currently underway to look into the printing operation and to ascertain methods of reducing this figure going forward.

#### Committee Level Third Quarter Results and Forecast 2015/16

4.5 Attached at **Appendix A** is a table detailing the current budget and expenditure position for this Committee's services in relation to the third quarter of 2015/16, to December 2015. The appendix details net budget per cost centre for this Committee. The budget used is the revised budget to be approved elsewhere on this agenda. Actual expenditure is shown to the end of December 2015 and includes accruals for goods and services received but not yet paid for.

4.6 The columns of the table in the Appendix show the following detail:

- a) The cost centre description;
- b) The value of the total budget for the year;
- c) The amount of the budget expected to be spent by the end of 2015;
- d) The actual spend to that date;
- e) The variance between expected and actual spend;
- f) The forecasted spend to year end; and
- g) The expected significant variances at 31 March 2016.

4.7 Appendix A shows that of an annual budget of £7,578,660 the expectation is that £5,827,147 would be spent at the end of the third quarter of the year and £7,114,140 would be the projected outturn by the end of 31 March 2016. At this point in time the budget is reporting an under spend of £524,674 and the forecast for year-end shows a projected variance of £464,520 to reflect the likely outcome at 31 March 2016.

#### Strategic Level Third Quarter Results and Forecast 2015/16

4.8 Given at **Appendix B** is a summary of the third quarter's budget performance at the level of the strategic budget. The budget and actual figures are provided at the same level as set out in paragraph 4.2. The

figures are analysed in three ways and set out in three tables which show the following levels of detail:

Table 1: Subjectively by Committee;

Table 2: Subjectively by Priority;

Table 3: Subjectively by Expenditure Type.

- 4.9 Each Committee will consider the major adverse and positive variances reported within their service areas. In each case they will chose to either: develop plans to act further in resolving the issue; or to continue to monitor the position and act if necessary at a later date.
- 4.10 In addition to the issues considered by the other service committees, this committee is reporting a positive variance as detailed in paragraph 4.7 above.
- 4.11 In accordance with best practice, virements are reported to Policy and Resources Committee as part of quarterly budget monitoring. A virement represents the transfer of a budget between objectives that occurs subsequent to the formal approval of the budget by Council. There was only one reportable virement during the 3<sup>rd</sup> quarter, when £5,000 budget that was not required in central telephones was vired to the Contingency budget.

#### Strategic Level Capital Programme 2015/16

- 4.12 The capital programme was approved by Council on 2 February 2015.
- 4.13 Funding for the programme remains consistent with previous decisions of Council in that the majority of resources come from New Homes Bonus along with a small grants budget and a small number of capital receipts from asset sales. Previous decisions of Council and Policy and Resources Committee have focused the use of New Homes Bonus on infrastructure projects where these are required by the infrastructure delivery plan that forms part of the Local Plan.
- 4.14 The current programme is set out in Appendix C and shows the approved budget and actual expenditure to date. The budget figures have been adjusted to reflect capital slippage identified in the first and second quarter budget monitoring reports. The Appendix details the profile of expenditure that is forecast for the remainder of the year and identifies £402,000 that will require carry forward approval into 2016/17. The major schemes that have incurred slippage are:
- a) **Housing Grants** – based on current and average spend over the last three years we will need to slip £230,000 into 2016/17.
  - b) **Mote Park: Car Parking and Café Refurbishment** – the works on these projects are ongoing and some of the planned expenditure is likely to slip into 2016/17.
- 4.15 The Council has the necessary resources to manage the programme in 2015/16 with the majority of funding arising from New Homes Bonus.

There are a small number of minor asset sales and government grant in relation to disabled facilities grants also funding the programme.

#### Reserves and Balances

- 4.16 The total of reserves and balances as at 1st April 2015 was £15.3m. The current medium term financial strategy assumes balances of £14.4m by 31st March 2016.
- 4.17 The movement in balances during 2015/16 relates to the use of carry forwards approved by Policy and Resources Committee in April 2015 and reported to this committee in July 2015 and the use of resources from earmarked reserves in relation to the local plan and the use of.
- 4.18 The position set out above allows for the minimum level of general balances of £2.3m, as agreed by Council in February 2015, to be maintained.

#### Collection Fund

- 4.19 Due to the risks that surround the pooling arrangements in place for business rates growth and the local council tax discount scheme, the Council monitors the collection fund carefully.
- 4.20 The collection rates achieved during the second quarter, and the targets set, are reported below. The rates are given as a percentage of the debt targeted for collection in 2015/16.

	<b>Target %</b>	<b>Actual %</b>
Business Rates	85.6	84.4
Council Tax	86.6	85.8

*Table 2: Collection Rates for Council Tax and Business Rates to December 2015*

- 4.21 Both Business Rates and Council Tax have marginally missed the target. For Business Rates this sum equates to approximately £717,000 out of a collectable debt for the year of £59,730,569. For Council Tax this sum equates to approximately £726,000 out of a collectable debt for the year of £90,784,564.
- 4.22 As shown above, while the percentage variances are small, the gross values of Business Rates and Council Tax collected each year are significant. The Head of the Revenues and Benefits Partnership follows a recovery timetable and action will be taken before year end to attempt to bring the collection rate back to target.
- 4.23 Officers will continue to pursue payment of any developing arrears along with the arrears from prior years which is on target and.
- 4.24 **Council Tax Support** – The actual collection rate is 67.28% against a target of 66.72%.
- 4.25 The level of local council tax support recorded at the end of Quarter 2 shows a caseload of 9,605 claimants (10,054 as at Q3 - 2014/15). For

Maidstone Borough Council the support provided is £1.56m (£1.52m at Q3 - 2014/15) compared to an estimated support of £1.5m used to calculate the budget.

- 4.26 Whilst there is a significant proportion of pensionable age claimants the overall reduction in claimants shows a positive correlation between reductions in those claiming job seekers allowance in the borough and the reduction in caseload. Members should note that as the year progresses, changes in caseload have a proportionately reduced effect on the full year cost.
- 4.27 **Retained Business Rates** – the current collectable business rates is £59,730,569 against a target of £58,525,000 showing a net increase of £1.205 m against the original estimate.

### **Treasury Management**

- 4.28 The Council has adopted and incorporated into its Financial Regulations, the CIPFA Code of Practice on Treasury Management in Local Authorities. This Code covers the principles and guidelines relating to borrowing and investment operations. In March 2015, the Council approved a Treasury Management Strategy for 2015/16 that was based on this code. The Strategy requires that the Committee should formally be informed of Treasury Management activities on a quarterly basis as part of budget monitoring.
- 4.29 During the Quarter ended 31<sup>st</sup> December 2015:
- Data released in December for the period to October 2015, showed employment the highest at 73.9% and unemployment at 5.2% the lowest it had been since 2006.
  - Wage growth was generally strong over the year; although having peaked at 3.3% in May, it fell to 2.4% in October.
  - Inflation, having dipped below zero earlier in 2015, remained very low at 0.1% year/year in November 2015, oil prices have fallen even further and growth in China isn't looking like it is going to return to its usual 7%+ levels very soon
- 4.31 The Council's Treasury Management advisors, Arlingclose have provided the following forecast for interest rates and PWLB Rates, along with the upside and downside of any potential changes:

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Average
<b>Official Bank Rate</b>														
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.31
Arlingclose Central Case	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	1.50	1.12
Downside risk			-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-0.73
<b>3-month LIBID rate</b>														
Upside risk	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.36
Arlingclose Central Case	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.50	1.60	1.65	1.70	1.75	1.24
Downside risk		-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20	-1.20	-0.83
<b>1-yr LIBID rate</b>														
Upside risk	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.41
Arlingclose Central Case	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15	2.15	1.82
Downside risk	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25	-1.25	-0.88
<b>5-yr gilt yield</b>														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.30	1.38	1.45	1.53	1.60	1.68	1.75	1.83	1.90	1.98	2.05	2.13	2.20	1.75
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
<b>10-yr gilt yield</b>														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	1.90	1.95	2.00	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45	2.50	2.20
Downside risk	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25	-1.25	-0.94
<b>20-yr gilt yield</b>														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.53	2.55	2.58	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.65
Downside risk	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20	-1.20	-0.89
<b>50-yr gilt yield</b>														
Upside risk	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.56
Arlingclose Central Case	2.50	2.55	2.60	2.63	2.65	2.68	2.70	2.73	2.75	2.78	2.80	2.83	2.85	2.69
Downside risk	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15	-1.15	-0.84

- The latest forecast still shows that the first Bank Rate change will be in September 2016. At the beginning of the October-December 2015 quarter the general consensus was that the MPC would look to raise interest rates in early 2016. However a number of factors have pushed back the expectation of a rate rise to Q3 or Q4 of 2016, with possibly one or two increases in 2017.
- PWLB rates are similar in that the rises in rates will be gradual over a period of time, especially within the long term rates.

4.32 Arlingclose have recently been appointed as the new advisors following a tender exercise.

4.33 The council held investments at 31<sup>st</sup> December 2015 totalling £35.21m. A full list of investments held is given in **Appendix D**. £7.2m (20%) of investments are in accounts which can be called upon immediately or for a short notice period for daily cash flow purposes. The majority of investments are fixed between 6 months and 1 year (short term) to reduce the risks of default by counterparties.

4.34 Investment income at 31<sup>st</sup> December totalled £187,000, and the average interest rate for this period is 0.76%.

4.35 There was no borrowing during the third quarter.

## 5. AVAILABLE OPTIONS

5.32 This report covers a series of issues all of which require consideration. Each issue and the options are set out below:

- 5.33 In considering the strategic position on the revenue budget at the end of December 2015 the committee can rely upon the actions of service committees with the additional knowledge that the current projected outturn is a minor positive variance.
- 5.34 The capital programme is reporting approximate slippage of £402,000 and expenditure of on £1,532,000. The programmes where major slippage occurs are shown in Appendix C. The committee could agree the slippage as proposed or take an alternative action such as removal of the budget or transfer of the budget to other schemes. If such alternative action is taken the councillors should be aware that the medium term financial strategy sets a hierarchy of priorities for the capital programme and any alternative scheme should be the highest priority unfunded scheme currently proposed.
- 5.35 Details of the performance of the collection fund and the level of available balances are both as expected and the committee need only note this information at this time.
- 5.36 Treasury Management is for information only as the Audit, Governance & Standards Committee takes responsibility for considering changes that may be required, for reference on to Council. The committee could make reference to the Audit, Governance and Standards Committee of any issues that it may wish to be considered at a future meeting.

## **6. PREFERRED OPTIONS AND RECOMMENDATIONS**

- 6.32 The report is for advice in relation to the actions being taken by officers and other service committees and it is recommended that the committee note the current situation with two exceptions:
- a) The committee is recommended to create a working group to enable the free development of proposals to generate savings and efficiencies over the next five years; and
  - b) The committee is requested to approve the proposed slippage in the capital programme to enable more accurate monitoring of the programme in future periods.

## **7. GLOSSARY OF TERMS**

<b>Term</b>	<b>Definition</b>
Accrual	The inclusion in the financial report of a money value to represent the receipt of goods or services within the report period, if actual payment has not yet been made.

Adverse variance	The difference between expected (budgeted) cost and actual cost where the actual value is a higher cost than expected.
Capital expenditure	Spending on the creation, purchase or enhancement of the Council's assets.
Capital Receipts	Income from the sale of assets. This income can only be used for the creation, purchase or enhancement of other Council assets.
Carry forwards	A budget for works or services that remained unused at year end, has a purpose that still requires completion and has been moved into the following year with the approval of Policy and Resources Committee.
Collection Fund	The collection fund is a statutory fund that the Council maintains for the collection and distribution of council tax and business rates.
Cost centre	An accounting location or service as set out in the annual budget report i.e. The Museum or the Leisure Centre.
Local council tax support	The local system of discount applied to council tax that replaced the national council tax benefit system on 1st April 2013.
Positive variance	The difference between expected (budgeted) cost and actual cost where the actual value is a lower cost than expected.
Profiled budget	The total amount expected to be spent (from the budget) by the period end, after considering the expected pattern of spend throughout the year and past trends.
Retained business rates	The system of localised business rates in operation since 1st April 2013. The system allows the Council to retain a proportion of business rates collected rather than pay the total amount to central government.
Revenue expenditure	Expenditure on the day to day running costs of the Council's services.
Revenue Support	Revenue funding that has been set aside to finance goods and service of a capital nature.
SELEP	South East Local Enterprise Partnership

Subjective analysis	An accounting type used to define costs i.e. salaries, vehicle hire, premises rents.
Treasury Management	The management of the organisation's investments, cash flows and banking along with control of the risks associated with those activities.
Virement	A virement represents the transfer of a budget between services (cost centres) that happens after the formal approval of the budget by Council. The authority to make certain types of virement is set out in the Council's constitution.

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## 8. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	Delivery of Value of Money Services – This report monitors actual activity against the revenue and capital budgets and other financial matters set by Council for the financial year. The budget is set in accordance with the Council's medium term financial strategy which is linked to the strategic plan and corporate priorities.	Head of Finance & Resources
<b>Risk Management</b>	The Council has produced a balanced budget for both capital and revenue expenditure and income for 2015/16. This budget is set against a backdrop of limited resources and in a difficult economic climate. Regular and comprehensive performance monitoring of the type included in this report ensures early warning of significant issues that may place the Council at financial risk. This gives this committee the best opportunity to take actions to mitigate such risks.  Retrofits one of the five risks outlined in the Finance Risk Register – Maximise the	Head of Finance & Resources



	<p>Council's capability to make informed strategic decisions, manage budgets, commit and measure resources.</p> <p>The issues set out in this report do not exhibit the level of potential risk identified in previous years.</p>	
<b>Financial</b>	<p>Forms a key part of the process of budget monitoring and ensures that the Authority can react quickly to potential service problems. Financial implications are the focus of this report through high level budget monitoring. The process ensures that the Council is not faced with corporate financial problems that may prejudice the delivery of the Council's strategic priorities.</p>	Head of Finance & Resources
<b>Staffing</b>	<p>The budget for staffing represents approximately 50% of the direct spend of the council and is carefully monitored. Any issues in relation to employee costs will be raised in this and future monitoring reports.</p>	Head of HR
<b>Legal</b>	<p>The Council has a statutory obligation to maintain a balanced budget this monitoring process enables the committee to remain aware of issues and the process to be taken to maintain a balanced budget for the year.</p>	Mid-Kent Legal Services
<b>Equality Impact Needs Assessment</b>	<p>The budget ensures the focus of resources into areas of need as identified in the Council's strategic priorities. This monitoring report ensures that the budget is delivering services as set in the budget to meet those needs.</p>	Policy & Information Manager
<b>Environmental/Sustainable Development</b>	<p>No specific issues arise</p>	Head of Service or Manager

<b>Community Safety</b>	No specific issues arise	Head of Service or Manager
<b>Human Rights Act</b>	No specific issues arise	Mid-Kent Legal Services
<b>Procurement</b>	No specific issues arise	Head of Finance & Resources
<b>Asset Management</b>	Resources available for asset management are contained within both revenue and capital budgets and do not represent a significant problem at this time.	Head of Service & Manager

## 9. REPORT APPENDICES

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

- Appendix A: Revenue Budget Monitoring – 3<sup>rd</sup> Quarter 2015/16 (Committee Level)
- Appendix B: Revenue Budget Monitoring – 3<sup>rd</sup> Quarter 2015/16 (Strategic Level)
- Appendix C: Capital Programme Monitoring – 3<sup>rd</sup> Quarter 2015/16
- Appendix D: Treasury Management – Budget Monitoring, Investments 3<sup>rd</sup> Quarter 2015/16

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## 10. BACKGROUND PAPERS

- None

## POLICY &amp; RESOURCES COMMITTEE - BUDGET MONITORING REPORT BUDGET POSITION TO 31ST DECEMBER 2015

Cost Centre	Full Year Budget	To December	Actual	Variance	Forecast	Projected	Comment
Economic Research	8,480	6,360	2,907	3,453	8,480	0	
Business Support & Enterprise	19,100	7,163	-3,581	10,745	19,100	0	
Town Centre Management Sponsorship	18,000	9,000	9,000	0	18,000	0	
Business Terrace	64,370	61,148	64,244	-3,096	64,370	0	
Economic Dev Government Initiatives	1,400	1,050	80	970	1,400	0	
Economic Dev - Promotion & Marketing	181,040	34,608	34,608	-0	181,040	0	
Civic Occasions	43,520	36,813	42,098	-5,286	43,520	0	
Members Allowances	412,530	262,448	262,448	-0	412,530	0	
Portfolio Allocations	0	0	28	-28	0	0	
Members Facilities	67,760	53,085	34,416	18,669	67,760	0	
Subscriptions	18,100	18,100	10,700	7,400	18,100	0	
Overview & Scrutiny	9,350	7,013	1,329	5,684	9,350	0	
Contingency	438,390	-142,175	-143,745	1,570	238,390	200,000	No specific use is identified for this resource however the funding will be removed in 2016/17 as part of the savings and efficiencies planned for the year.
Performance & Development	64,800	39,602	14,778	24,824	64,800	0	
Corporate Projects	315,740	246,856	264,147	-17,291	375,000	-59,260	Funding for additional cost of commercial acquisitions. Businesscase development and professional advice.
Press & Public Relations	41,200	30,900	27,511	3,389	41,200	0	
Corporate Management	153,780	117,310	81,880	35,430	120,000	33,780	Reserved funding for External Audit Costs not used for last year's audit.
Mid Kent Improvement Partnership	0	-130,490	-121,733	-8,757	0	0	
Unapportionable Central Overheads	1,636,375	1,227,281	1,212,841	14,440	1,636,375	0	
Council Tax Collection	-285,200	81,420	99,091	-17,671	-285,200	0	
Council Tax Benefits Administration	-160,200	-120,150	-120,150	0	-160,200	0	
Council Tax Benefits	0	0	159	-159	0	0	
NNDR Collection	-244,370	4,300	8,584	-4,284	-244,370	0	
Registration Of Electors	117,740	77,265	48,799	28,467	117,740	0	
Elections	110,370	110,383	100,970	9,413	110,370	0	
Emergency Centre	33,980	30,235	18,283	11,952	33,980	0	

## POLICY &amp; RESOURCES COMMITTEE - BUDGET MONITORING REPORT BUDGET POSITION TO 31ST DECEMBER 2015

Cost Centre	Full Year Budget	To December	Actual	Variance	Forecast	Projected	Comment
Business Support Team	0	0	-737	737	0	0	
Repair and Renew	0	0	19,431	-19,431	0	0	
Medway Conservancy	108,870	108,870	108,903	-33	108,870	0	
External Interest Payable	173,050	0	107	-107	173,050	0	
Interest & Investment Income	-270,000	-202,500	-186,793	-15,707	-270,000	0	
Palace Gatehouse	-4,110	-3,083	1,244	-4,326	-4,110	0	
Archbishops Palace	-98,930	-71,490	-71,591	101	-98,930	0	
Parkwood Industrial Estate	-307,540	-222,558	-229,600	7,042	-307,540	0	
Industrial Starter Units	-24,510	-22,510	-19,815	-2,695	-24,510	0	
Parkwood Equilibrium Units	-34,725	-30,769	-51,889	21,120	-34,725	0	
Sundry Corporate Properties	-103,170	-77,469	-57,354	-20,115	-103,170	0	
Parks Dwellings	-20,930	-13,086	2,669	-15,755	-20,930	0	
Chillington House	-34,130	-25,598	3,476	-29,074	-34,130	0	
Phoenix Park Units	-217,400	-163,050	-168,382	5,332	-217,400	0	
Non Service Related Government Grants	-4,256,640	-3,192,480	-3,192,480	0	-4,256,640	0	
Rent Allowances	-344,090	-235,995	-249,386	13,391	-344,090	0	
Non HRA Rent Rebates	3,320	302,247	302,247	-0	3,320	0	
Discretionary Housing Payments	2,300	80,550	77,550	3,000	2,300	0	
Housing Benefits Administration	-439,660	-323,018	-329,302	6,284	-439,660	0	
Economic Development Section	216,440	162,408	164,945	-2,537	216,440	0	
Head of Economic and Commercial Development	92,860	69,895	67,860	2,035	92,860	0	
Commercial Projects Manager	52,090	39,118	38,677	441	52,090	0	
Town Centre Visioning Section	0	0	78	-78	0	0	
Democratic Services Section	136,030	102,023	100,742	1,281	136,030	0	
Mayoral & Civic Services Section	97,750	73,313	70,636	2,677	97,750	0	
Overview and Scrutiny Section	23,150	17,363	19,522	-2,160	23,150	0	
Chief Executive	154,940	115,980	119,022	-3,042	154,940	0	

## POLICY &amp; RESOURCES COMMITTEE - BUDGET MONITORING REPORT BUDGET POSITION TO 31ST DECEMBER 2015

Cost Centre	Full Year Budget	To December	Actual	Variance	Forecast	Projected	Comment
Communications Section	166,870	164,249	164,249	-0	166,870	0	
Policy & Information	184,980	138,735	121,525	17,210	184,980	0	
Head of Policy and Communications	96,590	72,443	72,947	-504	96,590	0	
Revenues Section	434,840	337,940	328,357	9,583	434,840	0	
Registration Services Section	123,000	92,300	73,335	18,965	123,000	0	
Benefits Section	396,040	304,903	319,965	-15,062	396,040	0	
Fraud & Visiting Partnership Section	122,710	118,835	92,601	26,234	122,710	0	
Head of Internal Audit & Risk Strategy	184,470	139,680	108,355	31,325	145,470	39,000	Temporary vacancy
Head of Human Resources	114,370	82,383	64,381	18,002	114,370	0	
Human Resources	170,970	128,603	116,344	12,259	170,970	0	
Pay & Information	112,020	84,190	76,510	7,680	112,020	0	
Learning & Development	108,680	81,135	45,599	35,536	68,680	40,000	Low spend on central training budgets
Director of Regeneration & Communities	131,140	133,832	109,730	24,102	131,140	0	
Head of Finance and Resources	97,880	73,035	72,497	538	97,880	0	
Accountancy Section	585,430	441,538	446,680	-5,142	585,430	0	
Legal Services Section	418,200	313,650	259,455	54,195	350,200	68,000	Additional income during year now utilised to support employee growth.
Director of Environment & Shared Service	131,720	183,247	183,247	-0	131,720	0	
Property & Procurement Manager	79,450	59,988	55,284	4,704	79,450	0	
Procurement Section	65,640	49,338	93,202	-43,863	115,640	-50,000	Shortfall in income from external services
Property & Projects Section	248,830	185,274	147,285	37,988	200,830	48,000	Vacancy - adjusted for 2016/17
Facilities & Corporate Support Section	468,560	346,598	321,632	24,966	468,560	0	
Improvement Section	225,630	171,723	120,538	51,184	175,630	50,000	Vacancy to be filled in 2016/17
Executive Support	149,950	112,463	103,381	9,081	149,950	0	
Customer Services Management	79,300	59,600	62,363	-2,763	79,300	0	
Gateway Reception Section	0	0	0	0	0	0	
Revenues & Benefits Manager	222,870	175,853	169,237	6,615	222,870	0	
Revenues & Benefits Business Support	124,900	67,095	98,531	-31,436	124,900	0	

**POLICY & RESOURCES COMMITTEE - BUDGET MONITORING REPORT BUDGET POSITION TO 31ST DECEMBER 2015**

<b>Cost Centre</b>	<b>Full Year Budget</b>	<b>To December</b>	<b>Actual</b>	<b>Variance</b>	<b>Forecast</b>	<b>Projected</b>	<b>Comment</b>
Mid Kent ICT Services	619,690	454,710	417,921	36,789	569,690	50,000	Vacancy and additional income
GIS Section	98,100	122,595	103,803	18,792	98,100	0	
Customer Services Section	795,330	574,673	506,508	68,165	715,330	80,000	Staffing changes arising from the Council's improvement work in the Customer Services Improvement Strategy
Town Hall	92,760	70,054	48,679	21,375	92,760	0	
South Maidstone Depot	125,720	98,814	92,624	6,190	125,720	0	
The Gateway King Street	145,050	233,458	220,993	12,465	145,050	0	
Maidstone House	1,325,220	1,229,954	1,209,721	20,232	1,325,220	0	
I.T. Operational Services	328,090	251,268	228,001	23,267	328,090	0	
Central Telephones	60,200	45,150	40,618	4,532	60,200	0	
Mid Kent ITC Software	141,270	105,953	115,331	-9,379	141,270	0	
Youth Development Programme	47,500	28,137	9,652	18,485	47,500	0	
Internal Printing	-85,240	-63,930	-19,680	-44,250	-50,240	-35,000	Shortfall in income generation due to
Debt Recovery Service	0	0	6,476	-6,476	0	0	
Invest To Save	20,000	0	0	0	20,000	0	
Appropriation Account	648,710	0	2,450	-2,450	648,710	0	
Pensions Fund Appropriation	0	0	2,674	-2,674	0	0	
<b>Policy &amp; Resources</b>	<b>7,578,660</b>	<b>5,827,147</b>	<b>5,302,473</b>	<b>524,673</b>	<b>7,114,140</b>	<b>464,520</b>	

**POLICY & RESOURCES COMMITTEE**  
**QUARTER 3 BUDGET MONITORING REPORT - FULL SUMMARY TO DECEMBER 2015**

**ANALYSIS BY COMMITTEE**

Committee	Full Year To December Budget		Actual	Variance	Forecast	Year End
	£	£				
Policy & Resources	7,578,660	5,827,147	5,302,473	524,674	7,114,140	464,520
Strategic Planning, Sustainability & Transport	-302,790	-169,469	-128,263	-41,206	-243,000	-59,790
Communities, Housing & Environment	8,631,560	6,339,822	6,432,126	-92,304	8,841,560	-210,000
Heritage, Culture & Leisure	489,580	435,529	570,053	-134,524	660,600	-171,020
	16,397,010	12,433,029	12,176,389	256,640	16,373,300	23,710
Net Transfer to Balances & Reserves	3,736,450				3,736,450	0
	<b>20,133,460</b>	<b>12,433,029</b>	<b>12,176,389</b>	<b>256,640</b>	<b>20,109,750</b>	<b>23,710</b>

**ANALYSIS BY PRIORITY**

Priority	Full Year To December Budget		Actual	Variance	Forecast	Year End
	£	£				
Central & Democratic	10,233,335	7,547,724	6,924,212	623,513	9,982,530	250,805
Character	816,240	685,815	721,522	-35,708	816,240	0
Clean & Safe	3,722,810	2,652,396	2,678,477	-26,081	3,722,810	0
Employment & Skills	426,460	253,136	199,036	54,100	351,500	74,960
Health & Wellbeing	1,659,930	1,402,976	1,564,412	-161,435	1,910,000	-250,070
Homes	984,540	790,323	1,007,043	-216,721	1,135,400	-150,860
Infrastructure	640,400	507,980	465,677	42,303	590,000	50,400
Leisure & Culture	1,529,060	1,289,183	1,247,157	42,025	1,479,000	50,060
Town Centre	82,370	70,148	73,244	-3,096	82,370	0
Trading	-3,698,135	-2,766,651	-2,704,391	-62,259	-3,713,000	14,865
	16,397,010	12,433,029	12,176,389	256,640	16,356,850	40,160
Net Transfer to Balances & Reserves	3,736,450				3,736,450	0
	<b>20,133,460</b>	<b>12,433,029</b>	<b>12,176,389</b>	<b>256,640</b>	<b>20,093,300</b>	<b>40,160</b>

**ANALYSIS BY SUBJECTIVE SPEND**

Subjective	Full Year To December Budget		Actual	Variance	Forecast	Year End
	£	£				
Employees	18,852,715	14,077,426	14,032,294	45,132	18,782,700	70,015
Premises	4,179,220	3,513,886	3,632,201	-118,315	4,164,200	15,020
Transport	1,460,770	1,091,275	982,531	108,744	1,425,800	34,970
Supplies & Services	9,304,455	6,108,092	6,551,928	-443,836	9,504,500	-200,045
Agency	4,101,740	3,083,786	3,058,859	24,927	4,101,740	0
Transfer Payments	45,406,170	33,784,268	35,875,782	-2,091,514	45,406,170	0
Capital Charges	904,880	172,050	200,753	-28,703	904,880	0
Income	-67,812,940	-49,523,487	-53,035,646	3,512,159	-67,933,140	120,200
	16,397,010	12,307,296	11,298,702	1,008,594	16,356,850	40,160
Net Transfer to Balances & Reserves	3,736,450				3,736,450	0
	<b>20,133,460</b>	<b>12,307,296</b>	<b>11,298,702</b>	<b>1,008,594</b>	<b>20,093,300</b>	<b>40,160</b>

**MAIDSTONE BOROUGH COUNCIL**  
**POLICY & RESOURCES COMMITTEE**  
**BUDGET MONITORING - THIRD QUARTER 2015/16**

**Capital Programme 2015/16 by Service Committee to 31st December 2015**

<b>Capital Programme Heading</b>	<b>Adjusted Estimate 2015/16</b>	<b>Actual to December 2015</b>	<b>Budget Remaining</b>	<b>Projected Q4 Profile</b>	<b>Projected Total Expenditure</b>	<b>Slippage into 2016/17</b>	<b>Budget not required</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Housing Incentives	326,880	126,250	200,630	100,000	226,250	100,630	
Housing - Disabled Facilities Grants Funding	450,000	218,489	231,511	100,000	318,489	131,511	
Support for Social Housing	264,500		264,500	264,500	264,500		0
Housing Investments	1,400,000		1,400,000	1,400,000	1,400,000		0
Brunswick Street Housing Development	75,000	13,376	61,624	61,624	75,000		0
Flood Defences	50,000	2,915	47,085	10,000	12,915	37,085	
<b>Communities, Housing &amp; Environment Total</b>	<b>2,566,380</b>	<b>361,030</b>	<b>2,205,350</b>	<b>1,936,124</b>	<b>2,297,154</b>	<b>269,226</b>	<b>0</b>
Continued Improvements to Play Areas	150,560	126,438	24,122	24,122	150,560		0
Crematorium Access	10,600		10,600	10,600	10,600		0
Green Space Strategy	9,600		9,600	9,600	9,600		0
Commercial Projects - RE Panels	345,000	293,717	51,283	51,283	345,000		0
Commercial Projects - Mote Park Parking	70,000	604	69,396	40,000	40,604	29,396	
Commercial Projects - Mote Park Café	80,000	14,939	65,061	30,000	44,939	35,061	
Commercial Projects - Crematorium Projects	10,000	3,357	6,643	6,643	10,000		0
Commercial Projects - Mote Park Adventure Zone	20,000	17,669	2,331	2,331	20,000		0
<b>Heritage, Culture &amp; Leisure Total</b>	<b>695,760</b>	<b>456,724</b>	<b>239,036</b>	<b>174,579</b>	<b>631,303</b>	<b>64,457</b>	<b>0</b>
High Street Regeneration	34,010	19,308	14,702	0	19,308	14,702	
Enterprise Hub	254,110	235,372	18,738	18,738	254,110		0
Asset Management / Corporate Property	184,800	71,257	113,543	113,543	184,800		0
Software / PC Replacement	243,050	215,227	27,823	27,823	243,050		0
Acquisition of Commercial Assets	245,580	49,618	195,962	195,962	245,580		0
South Maidstone Depot - Drainage Works	65,000	40,826	24,174	0	40,826	24,174	
Economic Development Website	75,000	74,865	135	135	75,000		0
	0						
<b>Policy &amp; Resources Total</b>	<b>1,101,550</b>	<b>706,473</b>	<b>0</b>	<b>0</b>	<b>1,062,674</b>	<b>38,876</b>	<b>0</b>
King Street Multi-storey Car Park	22,100	1,786	20,314	0	1,786	20,314	
Improvements to the Council's Car Parks	14,800	5,958	8,842	0	5,958	8,842	
Bridges Gyatory Scheme	500,000		500,000	500,000	500,000		0
<b>Strategic Planning, Sustainability &amp; Transport Total</b>	<b>536,900</b>	<b>7,744</b>	<b>529,156</b>	<b>500,000</b>	<b>507,744</b>	<b>29,156</b>	<b>0</b>
<b>Total</b>	<b>4,900,590</b>	<b>1,531,971</b>	<b>2,973,542</b>	<b>2,610,703</b>	<b>4,498,875</b>	<b>401,715</b>	<b>0</b>



**MAIDSTONE BOROUGH COUNCIL**  
**INVESTMENTS AS AT 31ST DECEMBER 2015**

Type of Investment/Deposit	Counterparty	Issue Date	Maturity Date	Amount Invested £	Interest Rate %	Credit Limits £	
						Maximum Deposit	Suggested Term
MONEY MARKET FUND	GOLDMAN SACHS ASSET MANAGEMENT			3,300,000	0.44	8,000,000	2yrs
MONEY MARKET FUND	STANDARD LIFE LIQUIDITY FUNDS			2,410,000	0.50	8,000,000	2yrs
MONEY MARKET FUND	STANDARD LIFE LIQUIDITY FUNDS			1,500,000	0.71	8,000,000	2yrs
DEPOSIT - FIXED	SKIPTON BUILDING SOCIETY	28/07/15	28/01/16	1,000,000	0.70	2,000,000	6 Mnths
DEPOSIT - FIXED	LLOYDS BANK PLC	29/01/15	28/01/16	1,000,000	1.00	8,000,000	2yrs
DEPOSIT - FIXED	NATIONWIDE BUILDING SOCIETY	10/08/15	10/02/16	1,000,000	0.66	3,000,000	6mnths
DEPOSIT - FIXED	SANTANDER UK PLC	11/12/15	26/02/16	1,000,000	0.48	3,000,000	6mnths
DEPOSIT - FIXED	BARCLAYS BANK PLC	27/08/15	29/02/16	2,000,000	0.69	3,000,000	6mnths
DEPOSIT - FIXED	GOLDMAN SACHS INTERNATIONAL	18/12/15	21/03/16	3,000,000	0.48	3,000,000	6mnths
DEPOSIT - FIXED	BARCLAYS BANK PLC	02/11/15	21/03/16	1,000,000	0.61	3,000,000	6mnths
DEPOSIT - FIXED	SANTANDER UK PLC	09/11/15	22/03/16	2,000,000	0.60	3,000,000	6mnths
DEPOSIT - FIXED	COVENTRY BUILDING SOCIETY	27/10/15	24/03/16	1,000,000	0.55	3,000,000	6mnths
DEPOSIT - FIXED	NATIONWIDE BUILDING SOCIETY	01/10/15	01/04/16	2,000,000	0.66	3,000,000	6mnths
DEPOSIT - FIXED	COMMONWEALTH BANK OF AUSTRAL	15/09/15	15/07/16	1,000,000	0.71	5,000,000	1yr
DEPOSIT - FIXED	LLOYDS BANK PLC	03/08/15	01/08/16	2,000,000	1.00	8,000,000	2yrs
DEPOSIT - FIXED	LLOYDS BANK PLC	14/10/15	12/10/16	2,000,000	1.05	8,000,000	2yrs
DEPOSIT - FIXED	LLOYDS BANK PLC	22/07/14	22/07/16	3,000,000	1.30	8,000,000	2yrs
DEPOSIT - FIXED	ROYAL BANK OF SCOTLAND PLC/T	11/03/15	11/03/16	2,000,000	1.00	8,000,000	2yrs
CERTIFICATE OF DEPOSIT	STANDARD CHARTERED BANK	23/10/15	21/10/16	1,000,000	0.97	3,000,000	6mnths
CERTIFICATE OF DEPOSIT	STANDARD CHARTERED BANK	28/10/15	22/03/16	2,000,000	0.62	3,000,000	6mnths

Total Investments			£35,210,000
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# Agenda Item 17

## **POLICY & RESOURCES COMMITTEE**

**17 FEBRUARY 2016**

Is the final decision on the recommendations in this report to be made at this meeting?

**Yes**

## **CONSULTATION ON NEW HOMES BONUS**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Head of Service</b>	Head Of Finance & Resources
<b>Lead Officer and Report Author</b>	Head Of Finance & Resources
<b>Classification</b>	Public Report
<b>Wards affected</b>	All

### **This report makes the following recommendations to this Committee:**

1. That the Committee agreed the proposed responses to the consultation, as set out in Appendix B, and instruct officers to complete the only response questionnaire.

### **This report relates to the following corporate priorities:**

The medium term financial strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan.

The Capital Programme identifies key projects requiring long term funding to improve assets and regenerate the borough.

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy & Resources Committee	17 <sup>th</sup> February 2016

# CONSULTATION ON NEW HOMES BONUS

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 In December 2015, along with the provisional local government finance settlement the Department for Communities & Local Government announced a technical consultation on New Homes Bonus.
- 1.2 The consultation document is titled "New Homes Bonus: Sharpening the Incentive". It seeks views on options for change on two aspects of the Bonus.
- 1) Reducing overall costs by reducing the time period over which the Bonus is received; and
  - 2) Reforming the incentive to better reflect local authorities' performance on housing growth.
- 1.3 This report sets out the background to the New Homes Bonus, briefly explains the current method of calculation and proposes a response to the 14 questions in the consultation document.
- 

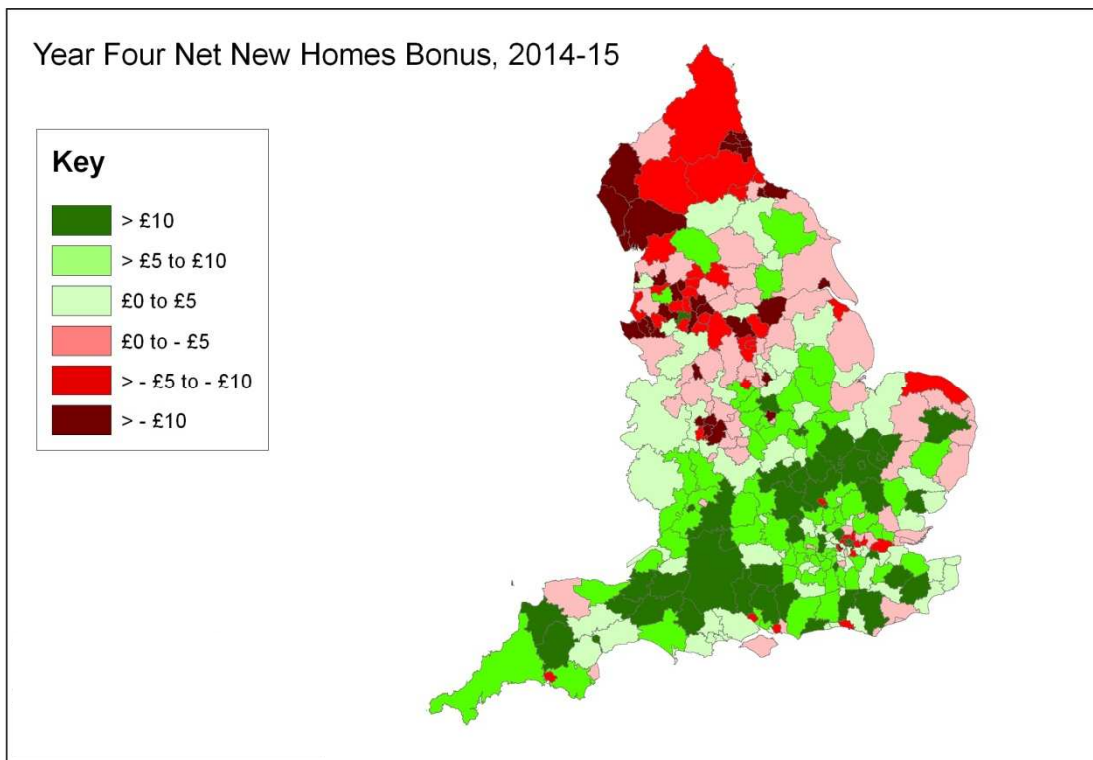
## 2. INTRODUCTION AND BACKGROUND

- 2.1 The new homes bonus incentive was introduced from 1st April 2011. The government's view is that it "reflects the crucial role local authorities play in supporting housing and wider economic growth by rewarding additional homes built in their areas".
- 2.2 In 2014 the government completed an evaluation of the process and the effectiveness of the incentive. The findings were taken into account in the Spending Review 2015 and have resulted in a technical consultation "New Homes Bonus, Sharpening the Incentive". Reproduced at **Appendix A**.
- 2.3 As a part of the 2015 Spending Review the government announced the intention to move to 100% retention of business rates by 2020 while generating savings of at least £800 million. The 50% central portion of the current business rates system is used in part to fund the payment of the Bonus.
- 2.4 On commencement of the scheme in 2011 the government had set aside £250 million residual funding from the Housing and Planning Delivery Grant and recognised that longer term funding would be required from the National Non-Domestic Rates system that existed prior to retained business rates. In the first year of the incentive some £200 million was paid out. In 2016/17 the incentive is expected to cost central government £1.5 billion.
- 2.5 The incentive is paid on the increase in property shown on the annual council tax taxbase return to central government. There is then an adjustment, either positive or negative, for the movement in the number

of long term empty homes in the borough and an increased payment for each affordable home built. The value of the payment is the equivalent of the national average band D council tax for each band D equivalent property gained. In two tier areas the payment is made 80% to the district council and 20% to the county council.

2.6 In Maidstone the payment has been a significant sum, in most years the Council has received the highest award in Kent. Nationally the South East of England is reported to have received the greatest benefit from the bonus.

2.7 The 2014 review produced the following heat map of the winners and losers. This is produced from the net difference between funding from "the bonus paid" less "the loss of grant that would otherwise have been distributed by the national formula".



2.8 Income received by Maidstone and the predicted future income stream from the bonus is set out in the following table:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	892,316	892,316	892,316	892,316	892,316	892,316				
2012/13		903,336	903,336	903,336	903,336	903,336	903,336			
2013/14			1,152,721	1,152,721	1,152,721	1,152,721	1,152,721	1,152,721		
2014/15				792,038	792,038	792,038	792,038	792,038	792,038	
2015/16					565,873	565,873	565,873	565,873	565,873	565,873
2016/17						781,610	781,610	781,610	781,610	781,610
2017/18							558,000	558,000	558,000	558,000
2018/19								558,000	558,000	558,000
	<b>892,316</b>	<b>1,795,652</b>	<b>2,948,373</b>	<b>3,740,411</b>	<b>4,306,284</b>	<b>5,087,894</b>	<b>4,753,578</b>	<b>4,408,242</b>	<b>3,255,521</b>	<b>2,463,483</b>

- 2.9 The government's consultation document sets out proposals for change to the incentive from 2017/18.
- 2.10 The first proposal is to shorten the period over which legacy payments are made:
- 1) At present the first year payment is made on 1st April each year using data for the 12 months prior to the October of the previous year. For the 2016/17 payment the data is October 2014 to October 2015.
  - 2) Following that first year payments the amount is paid for five legacy years completing a six year cycle to each year's Bonus payment.
  - 3) The government is proposing to reduce the cycle to four year. The initial year followed by three years of legacy payments.
  - 4) The government considered an option of one year or two years less than the four year period but does not propose it as their primary choice.
- 2.11 In addition the Government has questioned the data source for calculating the increase in housing. The current data comes from the Council Tax system and is controlled by the Council although it is reconciled to data held by the Valuation Office Agency.
- 2.12 The second proposal is to improve the incentive and while the various proposals made do have the potential to impact upon the incentive many of them also have a financial consequence. In summary the proposals are:
- 1) To not pay the Bonus if a local plan has not been submitted or a variant related to its age measured by date of adoption;
  - 2) To not pay for homes built on appeal or a variant based on a percentage reduction;
  - 3) Creation of a national baseline below which payment of the Bonus will not be made;
  - 4) Adjustment of the above baseline where unexpectedly high housing development occurs which is therefore unaffordable in Bonus terms.
- 2.13 The review also questions whether the impact should be extended to county council and whether there should be transitional protections.
- 2.14 The consultation asks for respondents' views on 14 questions covering these areas. Each question, a brief explanation and a proposed response is set out in **Appendix B**. The Committee is asked to consider the consultation document, review the responses and amend any they see fit prior to approving the response for return to central government.
- 2.15 It should be noted that the government have requested responses through an online process rather than by mail.

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### **3. AVAILABLE OPTIONS**

- 3.1 Option 1: The Committee could consider the consultation and chose not to respond. This is not recommended because the Council is a net gainer from the current system and any changes are likely to be detrimental to

the Council’s future financial plans. Responding to the consultation enables the Council to put forward its views on the government’s proposals while they are at a formative stage.

- 3.2 Option 2: The Committee could chose to respond using the proposed responses in Appendix B as a template or draft and amending as necessary.

#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is Option 2 at paragraph 3.2 above. The government proposals set out in the consultation and summarised in this report could have a significant financial impact upon this authority and it is essential that the government is aware of the potential impact upon infrastructure and by consequence the Council’s ability to deliver new housing.

#### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 The government has set a timeline for the publication of its response document if “within three months of the close of consultation” which is 10 March 2016. The government will therefore publish details of the responses and its view before 10<sup>th</sup> June 2016..

#### **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The decision of the Committee will be acted upon following the required period for referral through the onine response requested by the government.
- 6.2 The potential outcome of the government’s proposals have been included in the proposed Capital Programme elsewhere on this agenda as it covers a period after 2017/18.

#### **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	<p>The capital budget funded from New Homes Bonus provides resources for the achievement of the Council’s priorities that require capital investment.</p> <p>The MTFs has been developed with the funding levels expected if the outcome of the</p>	Head of Finance & Resources

	consultation means the government acts upon the proposals it has set out.	
<b>Risk Management</b>	The development of the medium term financial strategy and the budget for 2016/17 supports the mitigation of the strategic risk of not	Head of Finance & Resources
<b>Financial</b>	The MTFS impacts upon all activities of the Council. The future availability of resources to address specific issues is planned through this process.	Head of Finance & Resources
<b>Staffing</b>	No direct impact	Head of Finance & Resources
<b>Legal</b>	The report and the recommendations it proposes.	Head of Finance & Resources
<b>Equality Impact Needs Assessment</b>	The objective of the MTFS is to match.	Head of Finance & Resources
<b>Environmental/Sustainable Development</b>	None identified	Head of Finance & Resources
<b>Community Safety</b>	None identified	Head of Finance & Resources
<b>Human Rights Act</b>	None identified	Head of Finance & Resources
<b>Procurement</b>	None identified	Head of Finance & Resources
<b>Asset Management</b>	Resources for management and maintenance of the Committee's assets are included within the capital programme and could be affected by reductions in New Homes Bonus.	Head of Finance & Resources

**8. REPORT APPENDICES**

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

- Appendix A: New Homes Bonus: Sharpening the Incentive – Technical Consultation Document
  - Appendix B: Explanations and Proposed responses to the Consultation Questions.
- 

## **9. BACKGROUND PAPERS**

None





Department for  
Communities and  
Local Government

# New Homes Bonus: Sharpening the Incentive

Technical Consultation



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## Section 1: Consultation Procedure

### Scope of the consultation

<b>Topic of this consultation:</b>	<b>This consultation seeks views on options on changes to the New Homes Bonus in order to better reflect authorities' delivery of new housing. It also seeks views on reducing the number of years in which current and future payments are made.</b>
<b>Scope of this consultation:</b>	This consultation sets out a variety of options for increasing the focus of the New Homes Bonus ("the Bonus") on delivery of new homes and freeing up resources to be recycled within the local government settlement to support authorities with particular pressures, such as adult social care, following the outcome of the 2015 Spending Review. The options on which views are sought are: withholding the Bonus from areas where an authority does not have a Local Plan in place; abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal; and adjusting the Bonus to reflect estimates of deadweight. The consultation also sets out proposals for reductions in the number of years for which the Bonus is paid from the current 6 years to 4 years. The consultation considers mechanisms by which the changes could be calculated and provides exemplifications to show how the changes would work in practice alongside indications of the total cost. The changes are only proposed for 2017-18 onwards so exemplifications of impacts on individual local authorities have not been provided.
<b>Geographical scope:</b>	This consultation is applicable to England only.
<b>Impact Assessment:</b>	Impact Assessments are required where policies have a potential regulatory impact. This consultation focuses on an existing spending policy - the New Homes Bonus - so is not accompanied by an Impact Assessment.

### Basic Information

<b>To:</b>	Local Authorities Housing Bodies
<b>Body/bodies responsible for the consultation:</b>	Housing Markets Division Department for Communities and Local Government
<b>Duration:</b>	12 weeks

<b>Enquiries:</b>	<p><a href="mailto:newhomesbonus@communities.gsi.gov.uk">newhomesbonus@communities.gsi.gov.uk</a></p> <p>Noemi Chlopecka Housing Markets Division Department for Communities and Local Government Fry Building 2 Marsham Street London SW1P 4DF Tel: 0303 444 4561</p>
<b>How to respond:</b>	<p>If possible, please respond to the questions in this consultation via the online form <a href="https://www.surveymonkey.co.uk/r/X8RHS5">https://www.surveymonkey.co.uk/r/X8RHS5</a></p> <p>Responses may also be sent to: <a href="mailto:newhomesbonus@communities.gsi.gov.uk">newhomesbonus@communities.gsi.gov.uk</a></p> <p>The deadline for responses is 10 March 2016.</p>
<b>After the consultation:</b>	<p>Comments received on the proposals set out in the consultation will be collated and a formal response document published within three months of the closing date of the consultation.</p>
<b>Compliance with the Consultation Principles:</b>	<p>This consultation document and consultation process adhere to the Government's consultation principles, these can be found at:</p> <p><a href="https://www.gov.uk/government/publications/consultation-principles-guidance">https://www.gov.uk/government/publications/consultation-principles-guidance</a></p> <p>Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).</p> <p>If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.</p>

	<p>The Department for Communities and Local Government will process your personal data in accordance with the Data Protection Act and in the majority of circumstances this will mean that your personal data will not be acknowledged unless specifically requested.</p> <p>Your opinions are valuable to us. Thank you for taking the time to read this document and respond.</p> <p>If you have any observations about how we can improve the consultation process, please contact:</p> <p>DCLG Consultation Co-ordinator  Department for Communities and Local Government  Fry Building  2 Marsham Street  London  SW1P 4DF</p> <p>Or by email to:</p> <p><a href="mailto:Consultationcoordinator@communities.gsi.gov.uk">Consultationcoordinator@communities.gsi.gov.uk</a></p>
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## Background

<p><b>Getting to this stage:</b></p>	<p>The New Homes Bonus was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. Since its launch, over £3.4 billion has been allocated, recognising delivery of over 700,000 homes and bringing over 100,000 long term empty homes back into use.</p>
<p><b>Previous engagement:</b></p>	<p>The Department for Communities and Local Government carried out a consultation on the New Homes Bonus in 2010.</p> <p>A further consultation on putting some of the Bonus into the Local Growth Fund was carried out in 2013.</p>

## Section 2: Introduction

### Aim

2.1. The New Homes Bonus (“the Bonus”) was introduced in order to provide a clear incentive to local authorities to encourage housing growth in their areas. The Government now thinks that it is appropriate to consider how the incentive element of the Bonus could be further tightened alongside possible changes to respond to the move towards full retention of business rates and the potential for further devolution of powers and responsibilities to local authorities.

### Background

2.2. The New Homes Bonus reflects the crucial role local authorities play in supporting housing and wider economic growth by rewarding additional homes built in their areas. The Bonus rewards local authorities for each additional new build and conversion using the national average council tax in each band. Long-term empty properties brought back into use are also included and there is a premium for affordable homes. Each year’s grant is paid for 6 years. The Bonus is not ring-fenced. In two-tier areas payments are split between both county (20%) and district (80%) authorities. From 2016-17, allocations to local authorities made under the Bonus are expected to total in the region of £1.4 billion to £1.5 billion annually. Since its introduction, payments to local authorities have totalled just under £3.4 billion reflecting over 700,000 new homes and conversions and over 100,000 empty homes brought back into use. Of the total, over 200,000 were affordable homes.

2.3. Last year, the then Government carried out an evaluation of the Bonus, examining its impact to date on attitudes and behaviours of key players in relation to housing delivery and examining the impact on the finances of local authorities. The findings of the evaluation can be found at <https://www.gov.uk/government/publications/evaluation-of-the-new-homes-bonus> and have been taken into account in designing this consultation proposal. Key findings were that almost 50% of planning officers agreed that the Bonus was a powerful incentive to support housing growth; the Bonus is seen to be simple, transparent and flexible; and that, in 2014-15, 75% of local authorities were net gainers from the policy.

2.4. Proposed changes to the distribution of the Bonus should be seen in the context of the outcome of the 2015 Spending Review. This confirmed the intention to move to full retention of business rates by 2020 and a preferred option for savings of at least £800 million, which can be used for social care. Savings in the overall cost of the Bonus will be redistributed with the local government settlement, in particular to support authorities with specific pressures, such as in adult social care budget.

2.5. Although the Government is not proposing changes for 2016-17 payments, reductions in payments will be necessary in order to stay within this new funding envelope from 2017-18 onwards. This can be combined with reforms to both sharpen its incentive

effect and free up resources for authorities with particular pressures, such as adult social care.

2.6. This consultation, therefore, seeks views on the options for change to two aspects of the Bonus: reducing overall costs by moving from 6 years to 4 of payments and reform of the Bonus in order to better reflect local authorities' performance on housing growth. It also considers options for staying within the funding envelope in the event of a sudden surge in housing growth.



## Section 3: Options for Change

3.1. This section outlines the options that the Government has been considering for changes to the Bonus in more detail. It sets out the principles involved and describes the approach that could be taken. In most cases, the Government's preferred approach is described together with any other options that have been considered. Where appropriate, exemplifications are included to show how the proposed changes would work. The impact of each possible change on the total funds required by the Bonus is also exemplified for illustrative purposes only using the total provisional allocations for 2016-17.

3.2. It is important to stress that the changes proposed in this section would only be implemented for payments in 2017-18 onwards. **No changes are proposed for either calculation of 2016-17 allocations or payments due to be made in 2016-17 relating to previous years.** This is to ensure that local authorities have sufficient time to reflect the proposed changes in their forward planning.

### Changing the number of years for which payments are made

3.3. At present, each year's allocation under the Bonus leads to "legacy" payments over 6 years. Originally, this was to compensate for reductions in settlement allocations which reflected growth in an authority's Council Tax base. However, since 2011, the decision has been taken not to reduce allocations in this way. At the same time, the way in which each year's allocations lead to commitments over several years leads to a build up of costs over time. Table 1 below shows how payments relating to allocations up to and including those for 2016-17 would, if allowed to continue unaltered, would lead to substantial costs even with no further new allocations.

	£m	£m	£m							
	Payments already made	Payments to be made	Estimated future payment							
<b>Payment relating to:</b>	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233	233			
2013/14			236	236	236	236	236	236		
2014/15				249	249	249	249	249	249	
2015/16					251	251	251	251	251	251
2016/17						293	293	293	293	293
2017/18							293	293	293	293
2018/19								293	293	293
2019/20									293	293
2020/21										293
<b>Annual total (£m)</b>	<b>199</b>	<b>432</b>	<b>668</b>	<b>917</b>	<b>1,168</b>	<b>1,461</b>	<b>1,555</b>	<b>1,615</b>	<b>1,672</b>	<b>1,716</b>

Chart 1: existing unreformed scheme<sup>1</sup>

<sup>1</sup> 2016-17 costs reflect provisional allocations for the year 2016-17 published alongside this document.

## Legacy Payments

3.4. Allowing legacy payments to continue unchanged would also reduce the impact of the proposals in this section (see paragraphs 3.10 to 3.31) to increase the incentive effect of the Bonus since legacy payments relating to earlier, less focussed, allocations would, in the first few years, significantly outweigh new allocations calculated to better reflect local authorities' performance.

3.5. **The Government is therefore consulting on whether from from 2017-18, the number of years for which legacy payments under the Bonus are to be paid will be reduced from 6 years to 4 years.** This is the Government's preferred option. But it is considering whether to move further and reduce payments to 3 or 2 years.

## Transition

3.6. There are several ways in which a reduction in the number of years over which payments would be made could be introduced. In considering options, the Government will aim to strike a balance between achieving the required level of reductions within the Spending Review period and protecting the forward planning which local authorities may have done in anticipation of the payments linked to past allocations.

3.7. One option is to reduce the numbers of years for which payments are made for both existing and future allocations to 5 years in 2017-18 and 4 years in 2018-19. The impact on total annual payments, assuming no other changes, is exemplified in Table 2 below. It has the advantage of protecting existing payments for both 2016-17 and 2017-18 whilst freeing up funding from 2018-19.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233				
2013/14			236	236	236	236	236			
2014/15				249	249	249	249			
2015/16					251	251	251			
2016/17						293	293	293		
2017/18							293	293	293	293
2018/19								293	293	293
2019/20									293	293
2020/21										293
<b>Annual total (£m)</b>	<b>199</b>	<b>432</b>	<b>668</b>	<b>917</b>	<b>1,168</b>	<b>1,461</b>	<b>1,322</b>	<b>1,130</b>	<b>1,173</b>	<b>1,173</b>

**Chart 2: Reducing payment period to 4 years (5 years in 2017/18 and 4 years form 2018/19 onward)**

3.8. An **alternative** to this approach could be to introduce the reduction in years earlier or without the intermediate step to 5 years. Chart 3 below shows the impact this might have on overall costs. A **further alternative** would be to reduce the numbers of years for which payments are made to 3 or 2 years.

£m	Payments already made
£m	Payments to be made
£m	Estimated future payment

Payment relating to:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233				
2013/14			236	236	236	236				
2014/15				249	249	249	249			
2015/16					251	251	251	251		
2016/17						293	293	293	293	
2017/18							293	293	293	293
2018/19								293	293	293
2019/20									293	293
2020/21										293
<b>Annual total (£m)</b>	<b>199</b>	<b>432</b>	<b>668</b>	<b>917</b>	<b>1,168</b>	<b>1,461</b>	<b>1,086</b>	<b>1,130</b>	<b>1,173</b>	<b>1,173</b>

**Chart 3: reducing payment period to 4 years without an interim 5 year stage**

**Consultation question 1**

What are your views on moving from 6 years of payments under the Bonus to 4 years, with an interim period for 5 year payments?

**Consultation question 2**

Should the number of years of payments under the Bonus be reduced further to 3 or 2 years?

3.9. Bonus allocations are currently calculated using the council tax returns. The net increases in numbers of homes falling within each council tax band are established by comparing successive years' returns. The numbers of homes falling outside band D are then scaled to reflect their equivalence to band D. The resulting total figure is then applied to the national average band D council tax bill for the year to generate the total allocation for that year. There are some concerns that this approach, by favouring higher band homes above those falling into lower bands, could result in some skewing of allocations in favour of areas with higher house prices although this may be partially mitigated by the use of an average value for the band D council tax bill.

**Consultation question 3**

Should the Government continue to use this approach? If not, what alternatives would work better?

## Reforms to improve the incentive

3.10. At present, the Bonus rewards all net additions to housing in an area regardless of the path leading to their construction. It is possible to argue that the Bonus is, therefore, insufficiently focused on really strongly performing authorities. In order to counteract these effects, the Government has considered three ways in which the incentive impact of the Bonus could be improved:

- (a) withholding new Bonus allocations in areas where no Local Plan has been produced in accordance with the Planning and Compulsory Purchase Act 2004;

(b) reducing payments for homes built on appeal; and

(c) only making payments for delivery above a baseline representing deadweight.

3.11. An option would be for the Government to only introduce the improved incentives. The illustrative costs are shown in chart 4. This model still frees up resources, but at reduced levels.

	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	Payments already made	Payments to be made	Payments to be made	Payments to be made	Payments to be made	Payments to be made	Estimated future payment	Estimated future payment	Estimated future payment	Estimated future payment
<b>Payment relating to:</b>	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233	233			
2013/14			236	236	236	236	236	236		
2014/15				249	249	249	249	249	249	
2015/16					251	251	251	251	251	251
2016/17						293	293	293	293	293
2017/18							168	168	168	168
2018/19								168	168	168
2019/20									168	168
2020/21										168
<b>Annual total (£m)</b>	<b>199</b>	<b>432</b>	<b>668</b>	<b>917</b>	<b>1,168</b>	<b>1,461</b>	<b>1,430</b>	<b>1,365</b>	<b>1,297</b>	<b>1,217</b>

**Chart 4: introducing all the incentives in the government's preferred model from 17/18, but making payments for 6 years.**

#### A. Withholding the Bonus where no Local Plan has been produced

3.12. Local Plans are the primary basis for identifying what development is needed in an area and deciding where it should go. Plans give communities and businesses alike certainty about what development is appropriate and where, and set out how local housing and other development needs will be met. Plans are the mechanism through which national policies are applied to specific localities. By identifying sites in a Local Plan authorities can guide development to the most suitable locations, supported by the right infrastructure. Plans provide the starting point for dealing with planning applications as applications must be determined in accordance with the development plan, unless material considerations indicate otherwise. Where a plan is not in place an area may be more vulnerable to unwanted or speculative development.

3.13. Local authorities have had more than a decade to produce Local Plans in accordance with the Planning and Compulsory Purchase Act 2004<sup>2</sup> ("the 2004 Act"). Most have done so – 83% of local planning authorities have published a Local Plan and 66% of

<sup>2</sup> Local Plan means any document of the description referred to in regulation 5(1)(a)(i), (ii) or (iv) or 5(2)(a) or (b), and for purposes of section 17(7)(a) of the Act these documents are prescribed as development plan documents. See Town and Country Planning (Local Planning) (England) Regulations 2012

[http://www.legislation.gov.uk/uksi/2012/767/pdfs/ukxi\\_20120767\\_en.pdf](http://www.legislation.gov.uk/uksi/2012/767/pdfs/ukxi_20120767_en.pdf). The National Planning Policy Framework sets an expectation that each local planning authority should produce a single Local Plan which sets out the strategic planning priorities for the area. In practice authorities may adopt multiple development plan documents which collectively constitute the area's Local Plan.

planning authorities have an adopted Local Plan<sup>3</sup>. At present, local authorities currently receive Bonus payments even where they have not yet put a Local Plan in place<sup>4</sup>. Given the importance of a Local Plan in identifying housing needs in an area and setting the framework for decisions on individual planning applications the Government is considering options for withholding some or all of the Bonus from local authorities that have not yet produced a Local Plan.

3.14. The **Government's preferred option** is that from 2017-18 onwards, local authorities who have not submitted a Local Plan prepared under the 2004 Act should not receive new New Homes Bonus allocations for the years for which that remains the case. Their legacy payments relating to allocations in previous years would be unaffected. An alternative would be for local authorities to receive a set percentage (50%) of the Bonus allocation where they have published a Local Plan but not yet submitted it to the Secretary of State for examination. This approach would recognise progress against the different stages in the plan-making process.

3.15. In July 2011, the Government wrote to local planning authorities and asked that they notify the Planning Inspectorate three months before the publication date of any development plan document and then continue with regular contact prior to the formal submission<sup>5</sup>. The Planning Inspectorate uses this information to maintain a list of how local planning authorities across England are progressing their Local Plans. The Government proposes to use this information to determine the level of abatement. Local authorities will, of course have the usual opportunity between the publication of provisional and confirmed allocations to challenge where they believe that an error has been made in the calculation of the allocation.

**Consultation question 4**

Do you agree that local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted? If not, what alternative arrangement should be in place?

3.16. To be effective, Local Plans need to be kept up-to-date. Policies will age at different rates depending on local circumstances, and local planning authorities should review the relevance of the Local Plan at regular intervals to assess whether some or all of it may need updating. Most Local Plans are likely to require updating in whole or in part at least every five years. The Government has, therefore, considered an alternative approach to abatement based on a banded mechanism whereby authorities would lose a fixed percentage of the Bonus they would otherwise have received based on the date of their adopted Local Plan. However, while this would provide an incentive for authorities to keep their plans up-to-date, this option would bring more complexity to the bonus calculation.

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<sup>3</sup> Figures based on 336 relevant local planning authorities as at end November 2015.

<sup>4</sup> By Local Plan we mean a development plan document that sets the strategic planning policies for the whole of an authority's administrative area, and which has been prepared, examined, and adopted under the provisions of the 2004 Act. Such documents are often referred to as a "Core Strategy", a "Local Plan" or a "Local Plan (Part 1)."

<sup>5</sup> For further details see: <https://www.gov.uk/guidance/local-plans#monitoring-local-plans>.

**Consultation question 5**

Is there merit in a mechanism for abatement which reflects the date of the adopted plan?

3.17. The Government wants to ensure that plans are in place that set out the strategic priorities for an area, including a clear assessment of housing needs, and that identify key sites which are critical to the delivery of the housing strategy over the plan period. The Government is not, therefore, proposing to link Bonus payments to the type of plans that are commonly prepared by County Councils in two tier areas. County Councils do, however, have an important role in delivering essential infrastructure. Arguably this could have an impact on the ability of District Councils to produce their Local Plan. We would, therefore, welcome views on whether in two tier areas where a Local Plan has not been published, there should be a corresponding percentage reduction in the bonus available to County Councils.

3.18. If the Government's preferred option outlined in paragraph 3.14 (but not those in 3.16 and 3.17) for withholding and reducing the Bonus had applied in 2016-17, there would have been a £34 million increase in resource available for other pressures.

3.19. As described in paragraph 3.12, the impacts on Bonus payments would only apply during the years for which a local authority had not published or submitted a Local Plan. For instance, if, in normal circumstances, a local authority would have been entitled to grant payments under the Bonus in 2017-18, but had not published its Local Plan until 2019-20, that authority would not receive any payments in the years 2017-18 and 2018-19. But it would receive legacy payments relating to allocations in previous years including 2017-18 and 2018-19, alongside any new allocation, in 2019-20.

## B. Reducing payments for homes allowed on appeal

3.20. Currently, where a development is granted planning permission on appeal, overturning the original decision made by a local planning authority (or in place of a decision by the authority in the case of appeals against non-determination), councils receive the same reward as when development takes place that the local planning authority has permitted. This means that Bonus payments do not always reflect positive decisions to allow development, and nor do they reflect the additional costs and delays for applicants arising as a result of the appeal process. The Government is, therefore, proposing to reduce new in-year allocations payments to individual authorities where residential development is allowed on appeal.

3.21. Government's **preferred approach** is to use existing data collected by the Planning Inspectorate as the basis for these adjustments. The Inspectorate record the number of houses associated with each planning appeal decision (which may be indicative numbers in the case of applications for outline planning permission). This data would be used on an annual basis to calculate the change required to the overall New Homes Bonus grant for each local authority, to reflect the total number of homes allowed on appeal in a given year. This would allow adjustments to be calculated in a relatively straightforward and transparent manner.

3.22. Some time can elapse between a decision by a local planning authority to refuse an application, any subsequent appeal decision and when the resulting homes get built and

added to the council tax base. To allow for this, there would be a time lag between the appeal outcomes that are counted for the purposes of New Homes Bonus adjustments, and the point at which those changes are then applied to Bonus payments. This will reduce any possibility of a significant mismatch between the pattern of current planning decisions by an authority and any change in Bonus payments which is made.

3.23. The Government has considered whether, as an alternative option, individual planning appeal decisions involving housing could be tracked through to completion, so that adjustments to New Homes Bonus payments are made only when the properties concerned are built and occupied (with the change then reflected in the next applicable New Homes Bonus calculation). However this would add significantly to the data that needs to be collected and reported by local planning authorities, so it is not government's preferred approach.

**Consultation question 6**

Do you agree to this mechanism for reflecting homes only allowed on appeal in Bonus payments?

3.24. Government proposes that there would be a reduction in the New Homes Bonus payment per home allowed on appeal, rather than it being withheld in full. This is for two reasons:

- Not all refusals of permission – and subsequent appeals – result from authorities opposing the principle of development (some, for example, arise from unresolved disagreements over technical issues such as the adequacy of highways access).
- The New Homes Bonus is intended to provide a benefit to the community as a whole, and there is a limit to the extent to which local people should be penalised as a result of poor decisions made by their local planning authority.

3.25. The Government is therefore consulting on whether to reduce New Homes Bonus payments by 50%, or 100% where homes are allowed on appeal, although we are interested in views on other percentage reductions that could be applied. This adjustment would be applied to all six years for which the Bonus would otherwise have been paid in full.

**Consultation question 7**

Do you agree that New Homes Bonus payments should be reduced by 50%, or 100%, where homes are allowed on appeal? If not, what other adjustment would you propose, and why?

3.26. At the time of an appeal decision the ultimate council tax banding of the homes being proposed is not known (as this will depend on their valuation once built). For this reason the calculation of what adjustment should be made, where homes are allowed on appeal, will need to be based on a proxy value. Government's preferred approach is to use the standardised flat rate reduction in payments – for example based on a national average New Homes Bonus figure for Band D properties<sup>6</sup>. The use of the average council tax, for the existing housing stock in each authority was considered as an alternative proxy value, to avoid the risk of over-penalising authorities with high percentages of stock in lower

<sup>6</sup> This is in line with the current approach of calculating the New Homes Bonus.

council tax banding (and, conversely, of applying a reduced penalty in areas where high value properties predominate). In order to maintain consistency with the rest of the New Homes Bonus allocations process this was rejected in favour of the simplicity and transparency inherent in the national Band D average.

**Consultation question 8**

Do you agree that reductions should be based on the national average Band D council tax? If this were to change (see question 2) should the new model also be adopted for this purpose?

3.27. We estimate that the overall impact of the Government's preferred approach to abatement to reflect housing permissions given on appeal would have been a reduction in 2016-17 New Homes Bonus allocations of around £17m. To understand the process in detail a worked **example** for a "typical" authority, is provided in the Annex to this consultation paper.

### C. Removing deadweight

3.28. The Bonus is currently paid on all new housing regardless of whether or not it would have been built without an incentive. Removing this deadweight from the calculation of the Bonus would allow payments to be more focussed on local authorities demonstrating a stronger than average commitment to growth.

3.29. **One option** for removing deadweight from payments would be to set a single baseline for all areas and only make payments under new allocations relating to housing above that baseline. Details of the calculation are outlined in the Annex to this consultation. A possible level of the baseline is 0.25%. This is lower than the average housing growth over the years prior to the introduction of the Bonus in order to ensure that, whilst it acts as an incentive, not too many authorities fall outside the Bonus entirely. The approach proposed also has the advantage of setting an expectation for growth for all authorities and allowing some flexibility to respond to a changing funding envelope if necessary.

**Consultation question 9**

Do you agree that setting a national baseline offers the best incentive effect for the Bonus?

**Consultation question 10**

Do you agree that the right level for the baseline is 0.25%?

3.30. An **alternative option** would be to set a baseline based on the average growth rate of dwellings in each local authority or local area. However, potentially, this would have the impact of "rewarding" authorities who had only achieved low growth in the past and penalising those who had done well. In addition, it could result in large numbers of authorities not receiving a Bonus payment at all (using 2016-17 provisional figures, we estimate that around 65 authorities would fall outside the Bonus with a "moderate" baseline of 0.5%). This could have the perverse impact of reducing the significance of the Bonus for those authorities and, thus, eroding its incentive effect overall.



3.31. Government would also make **adjustments to the baseline in order to reflect significant and unexpected housing growth**. Under the current proposals for calculation of allocations, there is a risk that the overall cost of the Bonus could go over budget in a given year in the event of a sudden national surge in housing building leading to increased allocations. As explained above, the current proposed level for the deadweight threshold is set around a third of historic levels of housing growth. This leaves considerable scope to increase the threshold without impinging significantly on additional growth. Increasing the threshold would allow the cost of the Bonus to be brought back within budget. It would also be consistent with the Government's intention to ensure that the Bonus acts as a true incentive to housing growth. Changes to the baseline would only be implemented where there was concern that budgets would be breached and would be included in the annual consultation on provisional allocations.

**Consultation question 11**

Do you agree that adjustments to the baseline should be used to reflect significant and unexpected housing growth? If not, what other mechanism could be used to ensure that the costs of the Bonus stay within the funding envelope and ensure that we have the necessary resources for adult social care?

### Impacts on equalities groups

3.32. In exercising its functions, the Government is required to comply with the public sector equality duty. This means that the government must have due regard, in making any decision, to the need to eliminate discrimination and other conduct prohibited under the Equality Act 2010, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

3.33. Government would welcome information on any impacts that consultees can foresee these proposals having on specific protected equalities groups under the Equalities Act 2010. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

### Worked examples

3.34. Chart 5 below exemplifies the overall impact of the changes proposed using the provisional allocations published alongside this consultation for 2016-17 and assuming that these would be unchanged in future years without the proposals in this consultation. A detailed example showing the impact on an imaginary local authority is set out in the Annex to this consultation paper.

£m	Payments already made
£m	Payments to be made
£m	Estimated future payment

Payment relating to:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	199	199	199	199	199	199				
2012/13		233	233	233	233	233				
2013/14			236	236	236	236	236			
2014/15				249	249	249	249			
2015/16					251	251	251	251		
2016/17						293	293	293		
2017/18							168	168	168	168
2018/19								168	168	168
2019/20									168	168
2020/21										168
<b>Annual total (£m)</b>	<b>199</b>	<b>432</b>	<b>668</b>	<b>917</b>	<b>1,168</b>	<b>1,461</b>	<b>1,197</b>	<b>880</b>	<b>798</b>	<b>673</b>

**Chart 5 – preferred option, combined impact**

## National parks, development corporations and county councils

3.35. National Park Authorities (and the Broads Authority) are responsible for decisions on planning applications in their areas, and for producing a Local Plan; whereas New Homes Bonus payments are made to the relevant district and county councils. This reflects the fact that local authorities are responsible for many of the services that would be affected by increased population in their areas. The original scheme design for the New Homes Bonus<sup>1</sup> did, however, make clear that billing authorities were expected to discuss with National Park Authorities and the Broads Authority the use of Bonus receipts in their areas. This could, for example, conclude in an agreement to split New Homes Bonus funding between them at a locally determined rate, or to reach an agreement on funding a specific community project.

3.36. Government has considered whether, in such areas, the Bonus paid to local authorities should be removed or reduced in the circumstances set out in this consultation: that is, where a local plan is not yet in place, where homes are allowed on appeal or where the homes being delivered are not additional to planned targets. As a more tightly-focused Bonus would have an increased focus on rewarding proactive planning, we think that the same approach should apply in these areas as elsewhere: in other words, the appropriate reductions would apply.

3.37. The same considerations apply where development corporations are established – whether Urban Development Corporations, or Mayoral Development Corporations in London. These bodies are again the local planning authority for Local Plan preparation and decisions on planning applications and, in some cases, plan making, but not the recipients of the New Homes Bonus.

### Consultation question 12

Do you agree that the same adjustments as elsewhere should apply in areas covered by National Parks, the Broads Authority and development corporations?

3.38. Government has also considered the position of county councils in two tier areas, who receive 20% of Bonus payments, but are not the planning authority for decisions

involving residential development. Again, Government is not proposing to exempt county councils from the calculation of any adjustments, given the need to more tightly focus future Bonus payments.

**Consultation question 13**

Do you agree that county councils should not be exempted from adjustments to the Bonus payments?

## Protecting individual local authorities

3.39. In proposing the reforms set out in this consultation, Government has sought to ensure that impacts strike the right balance between rewarding local authorities who are truly open to housing growth in their areas and the provision of sufficient resources, when taken with those provided under the wider local government settlement, to meet local needs. It is possible, however, that some local authorities might be particularly adversely affected by the changes which Government is proposing. Whilst this might reflect unwillingness to support and encourage housing growth in their areas, it might also suggest factors which are outside that local authority's control. Government would, therefore, welcome views on whether there is merit in some form of mechanism to protect local authorities who are particularly adversely affected by the reforms proposed in this consultation paper.

**Consultation question 14**

What are your views on whether there is merit in considering protection for those who may face an adverse impact from these proposals?

## Section 4: Summary of Questions

**Question 1** What are your views on moving from 6 years of payments under the Bonus to 4 years, with an interim period for 5 year payments?

**Question 2** Should the number of years of payments under the Bonus be reduced further to 3 or 2 years?

**Question 3** Should the Government continue to use this approach? If not, what alternatives would work better?

**Question 4** Do you agree that local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted? If not, what alternative arrangement should be in place?

**Question 5** Is there merit in a mechanism for abatement which reflects the date of the adopted plan?

**Question 6** Do you agree to this mechanism for reflecting homes only allowed on appeal in Bonus payments?

**Question 7** Do you agree that New Homes Bonus payments should be reduced by 50%, or 100%, where homes are allowed on appeal? If not, what other adjustment would you propose, and why?

**Question 8** Do you agree that reductions should be based on the national average Band D council tax? If this were to change (see question 3) should the new model also be adopted for this purpose?

**Question 9** Do you agree that setting a national baseline offers the best incentive effect for the Bonus?

**Question 10** Do you agree that the right level for the baseline is 0.25%?

**Question 11** Do you agree that adjustments to the baseline should be used to reflect significant and unexpected housing growth? If not, what other mechanism could be used to ensure that the costs of the Bonus stay within the funding envelope and ensure that we have the necessary resources for adult social care?

**Question 12** Do you agree that the same adjustments as elsewhere should apply in areas covered by National Parks, the Broads Authority and development corporations?

**Question 13** Do you agree that county councils should not be exempted from adjustments to the Bonus payments?

**Question 14** What are your views on whether there is merit in considering protection for those who may face an adverse impact from these proposals?

## Section 5: Next Steps

### Next steps

5.1 You should respond by 10 March 2016. If possible, please respond to the questions in this consultation via the online form: <https://www.surveymonkey.co.uk/r/X8RHS5>.

Responses may also be sent to: [newhomesbonus@communities.gsi.gov.uk](mailto:newhomesbonus@communities.gsi.gov.uk)

(With attachments in Microsoft Word only).

5.2 Comments received on the proposals set out in the consultation will be collated and a formal response document published within three months of the closing date of the consultation.

## Annex – Worked Example

Suppose a unitary local authority has 10,000 dwellings in their council taxbase in October 2015 and these are spread evenly across the council tax bands. If there was a net increase of 80 dwellings added during the following year, evenly spread across the council tax bands, then this would equate to an increase of 97 band D equivalent dwellings.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Adjustment factor for Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
2015 council taxbase	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	<b>10,000</b>
Net additions	10	10	10	10	10	10	10	10	<b>80</b>
Additions (Band D equivalents)	7	8	9	10	12	14	17	20	<b>97</b>

Assuming 10 of these new dwellings were eligible for the affordable housing premium and applying the latest average Band D council tax rate (2015/16 - £1,483.58) then that local authority would be eligible for the following payments under an unreformed New Homes Bonus scheme in 2017/18:

Band D equivalents	97
Average band D	£1,483.58
<b>Sub-total:</b>	<b>£143,413</b>
Affordable housing premium (per unit)	£350
Affordable housing supply	10
<b>Sub-total:</b>	<b>£3,500</b>
<b>Total Bonus:</b>	<b>£146,913</b>

### The impact of policy proposals – withholding the Bonus where there is no Local Plan

If the same hypothetical authority was allocated a New Homes Bonus payment of £120,000 in 2016/17 and each year from 2017/18 would generate the same payment, as outlined above (£146,913) the impact of the reforms will depend on the

status of their local plan in each year. Assuming that the local authority does not have a plan in place in 2017/18 but publishes one in 2018/19 and submits it in 2019/20 their new homes bonus payments are illustrated below:

		Payment received in:					
		Bonus amount:	2016/17	2017/18	2018/19	2019/20	2020/21
Payment relating to:	2016/17	£120,000	£120,000	£120,000	£120,000	£120,000	£120,000
	2017/18	£146,913	n/a	£0	£0	£146,913	£146,913
	2018/19	£146,913	n/a	n/a	£0	£146,913	£146,913
	2019/20	£146,913	n/a	n/a	n/a	£146,913	£146,913
	2020/21	£146,913	n/a	n/a	n/a	n/a	£146,913
Local plan status			No Local Plan	No Local Plan	Plan published	Plan submitted	

Having no plan in 2017/18 means that aside from payments from allocations on or before 2016/17 the local authority receives no additional New Homes Bonus allocation in that year, losing £146,913. In the following year on publication of their Local Plan they still do not receive a bonus allocation for 2017/18 and 2018/19. Once the local plan is submitted in 2019/20 all payments resume in full.

In two tier areas, we are proposing that the impacts would only affect the district authority and not the County Council (although, in paragraph 3.15, the question is explored further). As such, under the same circumstances the impacts would be 80% of the full payment outlined for the hypothetical unitary authority used in this example.

#### The impact of policy proposals - reducing payments for homes allowed on appeal

Suppose now the local authority had seen several recent planning decisions appealed and as a result the Planning Inspectorate had given permission for 10 dwellings on appeal. This would trigger a 50% reduction in the New Homes Bonus allocation awarded for 10 dwellings.

Band D equivalents	97
Average band D	£1,483.58
<b>Affordable Homes premium</b>	£3,500
<b>Sub-total:</b>	£146,913

50% of average Band D	£741.79
Homes permitted on appeal	10
<b>Sub-total – reduction in bonus</b>	£7,418
<b>Total Bonus:</b>	<b>£139,495</b>

If this were a two tier authority the reduction would be incurred by both tiers in the same proportions as the bonus is awarded because the reduction in award is determined as above before being distributed to local authorities according to the tier split. As such, under the same circumstances a district authority would receive £111,596 and the County Council £22,319, as opposed to £117,530 and £23,506 respectively.

In any local authority area where the level of appeals were so high in a year as to exceed the effective growth (measured in Band D equivalents) of their council taxbase, their only award would be based on the affordable housing premium with all other elements of the payment being reduced to zero.

#### The impact of policy proposals – removing deadweight

The baseline growth in the council taxbase proposed in this worked example is 0.25% of the growth in Band D equivalents and this is applied to all local authorities. This level of baseline removes an element of the allocation on the basis of underlying growth, whilst trying to limit the extent to which local authorities do not receive any award under the New Homes Bonus. This approach alone would affect all authorities to some extent but in 2016/17 provisional allocations only 8 would have failed to reach the threshold growth in their council taxbase to receive no payment whatsoever and two of those authorities would not have been rewarded anyway because they saw a decrease in total Band D equivalents.

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Adjustment factor for Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
2015 council taxbase	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	<b>10,000</b>
Band D equivalents (start year)	833	972	1,111	1,250	1,528	1,806	2,083	2,500	<b>12,083</b>
Net additions	10	10	10	10	10	10	10	10	<b>80</b>



Additions (Band D equivalents)	7	8	9	10	12	14	17	20	<b>97</b>
Baseline growth (deadweight 0.25%)	2	2	3	3	4	5	5	6	<b>30</b>
Growth above baseline	5	5	6	7	8	10	11	14	<b>66*</b>

\*Totals may not sum due to rounding (after adjusting to Band D equivalent numbers)

Taking the example of the hypothetical authority described above once more. The growth in band D equivalents of 97 represents a 0.8% increase in their stock of Band D equivalents. Therefore the baseline growth of 0.25% would represent 30 of these and as such the New Homes Bonus allocation would be calculated by applying the national average Band D council tax (£1483.58) to the remaining 66, to give an allocation of £102,096. This represents a reduction of £44,816 when compared to the unreformed system.

#### The combined impact

Band D equivalents (growth)	97
Average band D	£1,483.58
<b>Affordable Homes premium</b>	£3,500
<b>Sub-total:</b>	£146,913
Reduction in bonus - appeals	£7,418
Reduction in bonus - deadweight	£44,816
<b>Total reduction in bonus</b>	<b>£52,234</b>
<b>Final Bonus allocation:</b>	<b>£94,678</b>

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q1: What are your views on moving from six years of payments under the Bonus to four years, with an interim period of five years payments?**

**Explanation:**

The government's intention from the review and consultation is to save £800 million while moving to a 100% retention system for business rates. This means that the scheme's cost must reduce.

The government's national calculation for the saving from this system would see a projected cost of £1.716 billion in 2020/21 down to a cost of £1.173 billion by the same date. A saving of £543 million.

The impact on the Council's expected resources could mean a maximum reduction to £1.1 million by 2020/21 as shown in the table below. This figure is dependent on the decision on the long term continuation of the scheme.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	892,316	892,316	892,316	892,316	892,316	892,316				
2012/13		903,336	903,336	903,336	903,336	903,336				
2013/14			1,152,721	1,152,721	1,152,721	1,152,721	1,152,721			
2014/15				792,038	792,038	792,038	792,038			
2015/16					565,873	565,873	565,873	565,873		
2016/17						781,610	781,610	781,610	781,610	
2017/18							558,000	558,000	558,000	558,000
2018/19								558,000	558,000	558,000
	892,316	1,795,652	2,948,373	3,740,411	4,306,284	5,087,894	3,850,242	2,463,483	1,897,610	1,116,000

It should be noted that the government's proposal includes an interim stage in 2017/18 where there is a five year payment rather than an immediate reduction to four years.

It should also be noted that the government's proposal is to reduce legacy payments to four years not just new payments under the incentive. This is a direct reversal of a previous commitment to local government with the aim of speeding up the progression to the target savings.

**Proposed response:**

The Council understands that the government wishes to reduce public sector spending with an imperative to reach surplus by the end of this parliament but this proposal reverses a previous commitment given by the government when the incentive was introduced.

The Council is currently consulting on a local plan that proposes meeting the independently assessed housing need in the borough and has not shied away from its responsibilities. However the level of housing growth requires infrastructure delivery that is demonstrably not viable through developer contribution alone. The Council has committed the majority of its new homes

**CONSULTATION ON NEW HOMES BONUS  
EXPLANATIONS AND PROPOSED RESPONSES TO THE  
CONSULTATION QUESTIONS.**

bonus to support the funding gap in infrastructure with some funding focused on housing and business assets.

Less than £1 million has been directed to revenue and always to specific scheme funding such as supporting the production of the local plan. None of this resource has been used to balance the council's budget.

The proposal is a significant blow to the Council's capital programme and may lead to additional prudential borrowing and will definitely lead to a reduce delivery of infrastructure need.

The government is removing grant support for new affordable rented accommodation from April 2018. The Council's Strategic Housing Market Assessment has identified a significant need for affordable rented housing, which could be supported locally through the use of the Bonus. The removal of affordable rent from the affordable housing programme and proposed reduction in the Bonus combine to restrict the ability of the Council to meet a defined need through the local decision making process.

The Council believes that it has used the incentive as a sharpened tool and this proposal will reduce its ability to continue to use it in this way.

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q2: Should the number of years of payments under the Bonus be reduced further to three or two years?**

**Explanation:**

This is a subsidiary question to question 1 and relates to alternatives considered by central government but is not their primary proposal

**Proposed response:**

Given the considerable cost of housing and infrastructure delivery the incentive, reduced to three or two years, would not create any incentive at all. The current scheme provides the best incentive and any reduction in the level or timing of resources should be held to the minimum required.

**Q3: Should the government continue to use this approach? [See Explanation below] If not what alternative would work better?**

**Explanation:**

This question relates to the government's consideration of the way in which increases in housing levels is measured.

This is currently done through the annual movement in the Council Tax system's tax base. This figure is reconciled to the valuation office agency's data and is therefore a nationally recognised data source. It has been used by central government as part of the previous system for calculating need for revenue support grant (prior to 1<sup>st</sup> April 2013).

**Proposed Response:**

The current measure, through a recognised and reconciled return to central government, creates consistency and reduces the risk of error or fraud in the calculation. The results are identifiable, meaningful and comprehensible. The Council's view is that it should be retained.

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q4: Do you agree that local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted? If not, what alternative arrangements should be put in place?**

**Explanation:**

The government is proposing that, from 2017/18, any local authority that has not submitted a Local Plan prepared under the 2004 Act should not receive bonus allocations for those years that this remains the case. This would not affect legacy payments currently in the system.

As an alternative the government has proposed a reduction of the bonus to a set percentage such as 50% of the bonus otherwise due.

**Proposed Response:**

While the existence of a local plan can have a significant impact on planning decisions and control of housing development, it does not of itself change the intentions of a local authority to deliver housing growth or the potential in that area.

Delayed submission of a local plan can be a consequence of very specific influences outside of the control of the local authority who could, under this proposal, find itself punished for the powerful influences of stakeholders such as national developers, government or other tiers of local government.

The proposed amendment does not achieve the aim of government to encourage the delivery of new housing. The impact could have a perverse result in that infrastructure that could be funded from NHB and needed to enable development will not be delivered, stalling future housing developments.

The Council does not agree with this proposal and would expect central government to identify a more positive and effective incentive to assist willing authorities to submit a Local Plan.

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q5: Is there merit in a mechanism for abatement which reflects the date of the adopted Plan?**

**Explanation:**

This proposal is an alternative option to the proposal considered at Q4. The proposal considered is to reflect the ageing of an authority's Local Plan. The government's view is that a plan should be reviewed for continued relevance at least every five years.

The proposal is for there to be a sliding scale of reduction in the incentive as the plan ages.

The government feels that this option would create a different incentive but would also complicate the calculation and certainty behind the bonus system.

**Proposed Response:**

The Council agrees that this option would create complexity in the calculation of the incentive.

**Q6: Do you agree to this mechanism for reflecting homes only allowed on appeal in Bonus payments?**

**Explanation:**

This proposal is to not pay a bonus for houses built following a successful appeal against the local authority's decision. The wording suggests that the government is not asking if the bonus should be reduced but asking if the proposed mechanism for reducing the Bonus is acceptable.

In order to keep the calculation easy to understand the government is proposing to make an average band D adjustment for each house built under appeal and to make the adjustment at the time of the appeal decision and not at the time the houses are built.

**Proposed Response:**

The Council believes that if such a disincentive for authorities to act must exist it should be accurate and appropriately timed. The decisions made by the Council relate appropriately to planning law and will be linked to Councillors intention to act in the best interests of local residents.

The Council believes that accurate records of both the development time and the actual banding of housing built should be kept and used in the calculation of the disincentive.

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q7: Do you agree that New Homes Bonus payments should be reduced by 50% or 100%, where homes are allowed on appeal? If not, what other adjustment would you propose and why?**

**Explanation:**

This question is linked to question 6. The government is proposing that where a reduction is made due to housing development being on appeal, the deduction should be less than the full amount. The government has recognised in the consultation document that not all refusals of permission (and subsequent appeals) are a result of opposition to development on the part of the authority.

The proposal is to reduce by 50% rather than 100%.

**Proposed Response:**

The Council is pleased that the government has recognised that an authority can be supportive of development and still find itself in a position where development occurs after appeal against refusal.

However the Council believes that the government should, if it wishes to sharpen the incentive yet apply the proposed dis-incentive, make the adjustment accurately and allow full payment in cases where the appeal is won on grounds outside of the authority's control.

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q8: Do you agree that reductions should be based on the national average band D council tax? If this should change (see question 2) should the new model also be adopted for this purpose?**

**Explanation:**

Due to the fact that the government's proposal at question 7 is to make the disincentive adjustment to the bonus at the time when the appeal is won and not when the housing is built there needs to be a mechanism for estimating the value of the properties that will be built. This question relates to the method of valuing the properties.

The government proposes to use the national average band D valuation no matter the potential or ultimately actual banding of each property. The government's reasoning for this is that it equates to the calculation of the bonus but this is not true, the Bonus is calculated on band D equivalents not band D value for each property.

In Maidstone the average band value is band C and not band D so that if housing is built to the area average the council would lose the difference between the average band D council tax and the average band C council tax for each property built following successful appeal. This is approximately £160 per property.

**Proposed Response:**

The government is incorrect in its assumptions about this proposal. The Bonus is paid on the average band D council tax but is paid on the growth in housing that has been standardised by calculation to band D equivalents.

In this proposal the band D average will be deducted based on stock count and not after standardising at band D equivalent. As the government states in the consultation "At the time of the appeal decision the ultimate council tax banding of the homes being proposed is not known".

If a proxy banding must be used for each property it should be the local authority's own average band and not band D.



**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q9: Do you agree that setting a national baseline offers the best incentive affect for the Bonus?**

**Explanation:**

The government is proposing that the system needs to account for housing that would be built in the area if the incentive did not exist. Referring to this sort of development as deadweight the government has proposed a small value for this calculation of 0.25%.

While this is clearly a method of reducing the value of Bonus payments further it is small enough to have a very limited impact. However the proposal, once in place will set the precedent and enable the government to increase the percentage at a later date.

**Proposed Response:**

The Council believes that creating a baseline on which to calculate future Bonus payments does not benefit the incentive. The government's stated aim of these changes is to sharpen the incentive yet this will reduce the incentive especially in local authority areas where deliverability is already constrained and the benefit is already marginal.

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q10: Do you agree that the right level for the baseline is 0.25% ?**

**Explanation:**

As explained in question 9, the government intends to set a baseline below which Bonus payments will not be made. The proposed baseline is 0.25% which is 170 properties for Maidstone. Approximate loss of Bonus would be £200,000.

**Proposed Response:**

The Council believes that the proposed level of baseline is significant, especially for smaller and constrained district councils.

As stated in response to Q9 the Council believes setting a baseline will reduce the incentive created by the Bonus payments especially for smaller and more constrained authorities.

Maidstone has previously received high levels of bonus due to the Council's approach to housing development. The resources received through the Bonus payments are essential to the continued programme as it is intended to support infrastructure and further housebuilding. For this Council the reduction due to a baseline set at this level would be in the region of £200,000 per year for each year plus legacy payment losses, in total a significant sum of money.

The government has stated that the level is "lower than housing delivery in the years prior to the scheme however this Council has had a long term approach to house building and has taken advantage of previous incentive schemes through this method. The Council does not believe that the years immediately prior to the schemes existence are a fair measure of baseline and would prefer that baseline adjustments were not made.

Should a baseline be required it should recognise the impact of previous incentives and would be more appropriately set at 0.1%.

**CONSULTATION ON NEW HOMES BONUS**  
**EXPLANATIONS AND PROPOSED RESPONSES TO THE**  
**CONSULTATION QUESTIONS.**

**Q11: Do you agree that adjustment to the baseline should be used to reflect significant and unexpected housing growth? If not, what other mechanism could be used to ensure that the costs of the Bonus stay within the funding envelope and ensure that we have the necessary resources for adult social care?**

**Explanation:**

The government has set challenging targets for house building across the country as part of national policy. In general the level of housebuilding required is significantly above the level expected or possible for most local authorities and housebuilding at a rate that is "significant and unexpected" is extremely unlikely unless the government expects a level significantly below its target.

That should mean that such an adjustment would be unnecessary as the policy developed for this incentive scheme should allow for the government's plans.

The government's proposal is to keep a basic threshold for the baseline discussed at question 10 at 0.25%. This by their calculation is one third of the previous level of housing growth but amend this upward to the full level of previous housing growth should the incentive be required.

If the government acted upon this proposed adjustment to the baseline this would suggest a loss of approximately £600,000 for Maidstone. This is virtually all of the additional year Bonus payment received by this Council in recent years.

**Proposed Response:**

The response to significant and unexpected levels of housing growth appears to be proposed as "100% of the historic levels of housing growth" or 0.75%. As stated in previous responses this levels is consistent with this Council's current levels as it has always had a positive approach to housing development. Should the government act upon this proposal the Council would most likely lose all of the first year incentive it currently receives.

Given that the government has set challenging targets for housing growth in the country the Council would expect the government to have allocated resources in line with its own targets. This would mean that significant and unexpected housing growth should not occur.

**CONSULTATION ON NEW HOMES BONUS  
EXPLANATIONS AND PROPOSED RESPONSES TO THE  
CONSULTATION QUESTIONS.**

**Q12: Do you agree that the same adjustments as elsewhere should apply in areas covered by National Parks, the Broads Authority and development corporations?**

**Explanation:**

These authorities, who have responsibility for planning decisions in their areas, do not receive Bonus payments. The payments currently go to the district and county councils in each area.

The proposal to share the Bonus in these areas has no direct effect upon this authority

**Proposed Response:**

The Council has no specific views on this proposal.

**Q13: Do you agree that county councils should not be exempted from adjustments to the Bonus payments?**

**Explanation:**

The government is not proposing to exempt county councils from the calculation of adjustments to the Bonus payments and have recognised in the consultation document that upper tier authorities are stakeholders in Local Plan development and can influence planning decisions through infrastructure and other constraints.

**Proposed Response:**

The Council agrees with the government's proposal that any adjustments to Bonus payments that are agreed through this consultation should impact on all recipients equally.

Such a proposal ensures that two tier areas are treated equal to single tier areas.

**CONSULTATION ON NEW HOMES BONUS  
EXPLANATIONS AND PROPOSED RESPONSES TO THE  
CONSULTATION QUESTIONS.**

**Q14: What are your views on whether there is merit in considering protection for those who may face an adverse impact from these proposals?**

**Explanation:**

The government is requesting commentary on protections for some local authorities who are open to housing growth but will lose in an overall sense from these and the wider changes to local government finance.

In the detail of the Provisional Local Government Finance Settlement it is clear that Maidstone is a significant loser in terms of government sources of finance. This is because it has high and sustainable levels of other resources available to it.

The government's calculation of Core Spending Power for the Council would suggest that the likelihood of the Council being considered to be adversely affected by the changes.

**Proposed Response:**

The government should always consider transitional protection for local authorities that are significantly affected by such policy changes as this. The Council would like to understand the proposed mechanism for identifying adversely affected authorities before commenting further.

# Agenda Item 18

## **POLICY & RESOURCES COMMITTEE**

**17 FEBRUARY 2016**

Is the final decision on the recommendations in this report to be made at this meeting?

**No**

## **MEDIUM TERM FINANCIAL STRATEGY 2016/17 ONWARDS**

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Head Of Finance & Resources
<b>Lead Officer and Report Author</b>	Head Of Finance & Resources
<b>Classification</b>	Public Report
<b>Wards affected</b>	All

### **This report makes the following recommendations to this Committee:**

#### **That the Committee agrees:**

- 1) Not to amend the previously set grants to parish councils under the local council tax support scheme as set out in paragraph 2.21;
- 2) That payment of local council tax support grant to parish councils will cease from 1<sup>st</sup> April 2017;
- 3) To note the results of the consultation exercises detailed in section 5 of the report;
- 4) To consider the views of Employment Committee and Democracy Committee and propose amendments as necessary, also set out in section 5 of the report;
- 5) To set aside in an earmarked reserve against delivery risk the transitional grant to be received in 2016/17 and 2017/18 as set out in paragraph 2.15
- 6) The Revised Estimate 2015/16 as set out in Appendix C, for recommendation to Council;
- 7) The Estimate 2016/17 as set out in Appendix C;
- 8) To recommend to Council adoption of a minimum balance of £2,000,000 as set out in
- 9) That working balances should be set at £300,000 above minimum balances approved by Council, which would currently be £2,300,000;
- 10) The capital programme set out in Appendix D for recommendation to Council;

- 11) To consider options for the level of council tax and agree a £5.00 increase in 2016/17 for recommendation to Council;
- 12) The medium term financial strategy statements for revenue and capital as set out in Appendices F and G;
- 13) To recommend to Council the appropriate matters for decision to set a balanced budget for 2016/17 and the necessary level of council tax in accordance with the Local Government Finance Act 1992, the Localism Act 2011 including the decisions made above.

**This report relates to the following corporate priorities:**

The medium term financial strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan.

The Capital Programme identifies key projects requiring long term funding to improve assets and regenerate the borough. These can be to meet any of the key priorities.

<b>Timetable</b>	
<b><i>Meeting</i></b>	<b><i>Date</i></b>
Policy & Resources Committee	17 <sup>th</sup> February 2016
Council	2 <sup>nd</sup> March 2016

# **MEDIUM TERM FINANCIAL STRATEGY 2016/17 ONWARDS**

## **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 This report brings together the revenue and capital budgets for 2016/17 with a view to recommending a balanced budget to Council on the 2<sup>nd</sup> March 2016 including a proposed level of council tax.
  - 1.2 The budget outlined in this report incorporates the growth and savings agreed by this Committee at its meetings on 16<sup>th</sup> December 2015 and 27<sup>th</sup> January 2016. The report also identifies issues emerging since that time.
  - 1.3 The report provides some additional information on the financial position beyond 2016/17 to assist the Committee with decision making and agreeing a medium term financial strategy.
- 

## **2. INTRODUCTION AND BACKGROUND**

### **INTRODUCTION**

- 2.1 On three previous occasions the Committee has considered the developing medium term financial strategy for 2016/17 onwards. In July 2015 a strategic revenue projection and a council tax level was set for the purposes of planning and consultation with the public and other service committees. In December 2015 the Committee considered the work on growth and savings proposals from service committees. In January 2016 the Committee considered the impact of the provisional local government finance settlement and necessary further savings proposals. A second report was also considered in January specifically on the capital programme.
- 2.2 In addition the Committee has considered two quarterly budget monitoring reports for the current financial year. These reports have reviewed revenue, capital and other balance sheet items and reported on any major variances or other issues. The reports identified areas where income is above budget and where expenditure levels are above budget. The Committee has made decisions in relation to those reports and resources have been reallocated to areas of budget pressure in line with those decisions.
- 2.3 Consideration of the third quarter's budget is reported elsewhere on this agenda.

### **CURRENT YEAR 2015/16**

- 2.4 The third quarterly budget monitoring report, elsewhere on this agenda, identifies a growing level of employee underspend after an allowance is made for temporary staff and consultants. In addition income from both parking and planning are above target.



- 2.5 One major area where expenditure is in excess of budget, Housing Temporary Accommodation, has been reported for the last four years and supportive actions have been taken each year. To date a complete resolution to the continually growing problem has not been identified. This year additional resources of £160,000 have been added to the budget and a series of initiatives to support alternative rental options have been put into operation. Further proposals are included in the 2016/17 budget detailed in this report.
- 2.6 Other areas of variance have occurred and will be considered by service committees in this cycle of meetings.
- 2.7 The expected outturn at 31<sup>st</sup> March 2016 is predicted to be a minor positive variance. While this is a reassuring situation, the Committee should note that the variance is significantly lower than in previous years. This is indicative of a tighter budget provision for all service areas as government policy continues to reduce resources.

### **THE STRATEGIC PLAN AND OTHER STRATEGIES**

- 2.8 During this year work has been completed on a refresh of the strategic plan 2015 - 2020. The refresh is reported elsewhere on this agenda. Alongside this work the medium term financial strategy for 2016/17 to 2020/21 has been developed to maintain the links between the resources available and the priorities of the council.
- 2.9 The medium term financial strategy also incorporates consideration of other strategies and plans such as the following:
- a) The workforce strategy and pay policy – provision is included in the budget for expected growth and savings in employee costs.
  - b) The asset management strategy – provision has been made from both capital and revenue resources for the repair and maintenance of assets. In addition there are resources within the capital programme for the acquisition of further commercial property.
  - c) The ICT strategy – ICT is provided to the council by a shared service in partnership with Swale and Tunbridge Wells Borough Councils. The ICT strategy is therefore a three way strategy. The medium term financial strategy incorporates contributions to improvements that enhance the partnership and resources for the needs of this council.
  - d) The Local Plan, (especially the links to the infrastructure delivery plan) – delivery of sustainable growth requires resources to improve all forms of infrastructure.
  - e) Risk register – the funding needs of actions plans developed for mitigation of identified risks are, where appropriate, incorporated into the budget strategy.

- f) Treasury Management – the 2016/17 strategy has been recommended by Audit, Standards and Governance Committee to Council. The strategy incorporates the previously agreed plans of this Committee to utilise prudential borrowing where appropriate and where the medium term financial strategy allows.
- g) Commercialisation Strategy – the financial plan set out in the commercialisation strategy is reflected in the medium term financial strategy in terms of both revenue benefits and capital implementation costs for known schemes.
- h) Housing Strategy & Homeless Strategy – in recognition of the pressure on the temporary accommodation budget the Committee has incorporated further permanent resources in the service budget from 2016/17. The Communities Housing and Environment Committee are currently developing a new Housing Strategy which will identify future actions and direct resources appropriately.

### **THE STRATEGIC REVENUE PROJECTION**

- 2.10 The Committee considered and agreed a strategic revenue projection at its meeting in July 2015 and has considered updates at its meetings in December 2015 and January 2016.
- 2.11 Set out below is the latest information about the key elements of the updated projection. The strategic revenue projection itself is given at **Appendix A**.

### **THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17**

- 2.12 The provisional local government finance settlement was announced on 17 December 2015, the day after the Committee considered a report on the draft budget for 2016/17. As the settlement had a significant adverse impact on the proposals agreed by this Committee in December 2015 the further report considered in January 2016 recommended actions to resolve the immediate impact of the provisional settlement.
- 2.13 The Department for Communities and Local Government allowed a period of consultation on the provisional settlement until 15 January 2016. In February each year the final settlement figures are then announced. Late on the evening of 8<sup>th</sup> February 2016 the government announced the final settlement figures.
- 2.14 The final settlement for Maidstone is a change from the provisional settlement and will delay, but not reverse, the impact of the proposed reduction in business rates. The Committee should note that the final settlement will not change the eventual level of savings required. The strategic revenue projection at Appendix A reports the final figures announced on 8<sup>th</sup> February 2016.
- 2.15 In addition the government has responded to local authority requests for a transitional period. The final figures include an additional one-off grant over two years of £221,641 in year one and £171,971 in year two. A total

of £393,612. While this is welcomed it is only a short term stay of the budget pressure and the same level of savings will be required by the end of the medium term financial strategy period. For this reason it is recommended that this resource be held in an earmarked reserve to mitigate the risks to delivery of the higher risk savings proposals already agreed. The resource will provide time to resolve delivery issues for savings in 2016/17 and 2017/18.

- 2.16 Along with the consultation, the provisional settlement made an offer of a four year settlement which is subject to each authority's acceptance. Details of the process and conditions attached to acceptance are not clear at this time but the government has confirmed that the Council will be able to accept the offer any time before October 2016.

### **PARISH FUNDING**

- 2.17 At its meeting on 16<sup>th</sup> December 2015 the Committee considered the amount and distribution of the local council tax support grant that the Council has agreed to pass on to parish councils. The grant is distributed to parishes proportionate to the level of council tax lost due to council tax support discount being granted.
- 2.18 The calculation as agreed at that meeting was passed to individual parish councils so that the information could aid their decisions on potential precepts.
- 2.19 The calculation of the overall amount of grant to distribute is based upon the change in the Council's resources from the finance settlement each year. When Committee considered the distribution of the grant at its December meeting the assumed settlement figures were the only projection available. The grant was reduced by 14.26% to a total sum of £70,327. If the calculation is repeated using the final settlement figures the result is a 26.3% reduction which would be a total sum of £60,451.
- 2.20 The parish funding for local council tax support was expected to cease in 2020 when the Council's strategy assumed no further receipts of revenue support grant. As this will now occur in 2017/18 the parish funding would cease after next year.
- 2.21 At this time the parish councils have used the figures approved by this Committee in December 2015 to calculate their precept requirements for 2016/17 and it is not recommended that the allocations be amended for next year. It is recommended that the payment to parish councils ceases from 1<sup>st</sup> April 2017. A decision at this time can be notified to parish council to enable them to prepare in advance of the reduction in resources.

### **BUSINESS RATES POOL AND NNDR1 ESTIMATE**

- 2.22 The business rates estimate for 2016/17 is based on the recently calculated NNDR1 return provided to the Department for Communities & Local Government on 29<sup>th</sup> January 2016. The return predicts growth above the baseline business rates level set out in the finance settlement. The table below sets out the distribution of the business rates calculated for

the NNDR1 return and compares this to the assumed values from the government's finance settlement announced on 17<sup>th</sup> December 2015 which, for 2016/17, matches the final settlement figures.

2.23 The significant differences in the table occur due to four factors:

- a) The finance settlement figures are the product of inflationary increases in the original baseline figures set at the commencement of the system on 1 April 2013. The figures do not reflect growth or changes in exemptions and allowances.
- b) There are a number of allowances that have been introduced by central government such as retail relief and the extension of the 100% small business rates relief and the effect of these were unknown in 2013/14 and were built into the system at a value that allowed a high level of take up which has not materialised yet.
- c) In the initial year of the system, 2013/14, the Council was required to set aside a significant provision against the cost of backdated and current appeals by businesses against their rateable value assessments. This provision will requires an annual adjustment each year.
- d) A small amount of real growth in the rateable businesses premises in the borough.

2.24 The table below shows that the Council technically retains 40% of the income collected but there is a tariff payable to central government. The tariff is set as part of the finance settlement in each year and the Council must pay a tariff of £19,653,700 from its share in 2016/17. The balance equates to the business rates baseline given in the finance settlement and any growth attributable to the Council.

<b>Authority &amp; Share</b>	<b>Provisional Settlement Figures</b>	<b>NNDR1 Return Figures</b>	<b>Shares Of Estimated Growth</b>
Business Rates Collectable	56,367,600	60,146,945	3,779,345
Central Government – 50%	28,183,800	30,073,473	1,889,673
Kent County Council – 9%	5,073,084	5,413,225	340,141
Kent & Medway Fire & Rescue – 1%	563,676	601,469	37,793
Maidstone Borough Council – 40%	22,547,040	24,058,778	1,511,738
Government Tariff on Maidstone	19,653,700	19,653,700	0
Maidstone Baseline Need	2,983,340	2,983,340	0
Levy on Growth 9.3%			140,591
Maidstone Estimated Growth	0	1,511,738	<b>1,371,147</b>

2.25 In normal circumstances this growth would be subject to a 50% levy which is payable to central government to support the payment of safety net grant to local authorities who saw business rates decline in their area. Due to the fact that the Council is a member of the Kent Business Rates Pool the levy will not be due in full. The levy on members of the pool is 9.3% rather than 50%. The shares of the growth that are retained locally are set out in the table below:

<b>Action or Beneficiary</b>	<b>Formula</b>	<b>Amount £</b>
MBC Retains first 50%	£1,511,738 * 50%	755,869
Central Government receive Levy	£1,511,738 * 9.3%	140,591
The Balance is shared within Pool:		0
Retained by Maidstone	£615,278 * 30%	184,583
Growth Fund contribution	£615,278 * 30%	184,583
Passed to Kent County Council	£615,278 * 30%	184,583
Held as provision against losses	£615,278 * 10%	61,529
		<b>1,511,738</b>

- 2.26 The sum retained by the Council is estimated to be £940,452. The Committee has already considered the use of the growth identified in this estimate and agreed that it should be utilised in two ways. The initial 50% share retained by the Council should be drawn into the budget strategy as a saving (£600,000). The funding retained from the pool must be utilised in accordance with the memorandum of understanding which suggests two purposes:
- To enhance financial resilience for each of the pool members; and
  - To promote further economic growth within the district based pool area.
- 2.27 Committee have previously considered options to utilise the resources to achieve the second purpose by supporting the actions required in the economic development strategy.
- 2.28 The current monitoring of the business rates system for the Kent Business Rates Pool is considering the consequences of a developing appeal across the Country where some NHS Foundation Trusts have made a claim for charitable exemption from business rates. For this Council the annual impact is likely to be approximately £100,000. For some other members of the Kent Business Rates Pool, where major hospitals are NHS Foundation Trust properties, the impact is in excess of £3 million each. Three such authorities exist in Kent.
- 2.29 The strategic revenue projection at Appendix A includes the revised business rates growth figure from the NNDR1 return. At this time it is proposed that the previous decision to delay the use of the additional business rates until the following year be continued in order to mitigate the risk of in year changes.

### **FEES & CHARGES**

- 2.30 At each service committee meeting in January 2016 the level of fees and charges made by each committee's service areas was considered and set for 2016/17.
- 2.31 The combined considerations of all fees and charges have increased the income budget by £173,000 and this has been incorporated into the budget plans set out in this report.

- 2.32 In addition to this specific income proposals have been set out in the savings proposals arising from increased demand or new commercial services. These add a further £238,000 to the level of income.
- 2.33 In considering future years of the strategy an assumption of approximately a 1% increase in fees and charges income has been incorporated into the strategic revenue projection for the period 2017/18 to 2020/21.

### **COUNCIL TAX LEVELS**

- 2.34 The methodology for the calculation of the local government finance settlement assumes a number of factors relating to council tax that are different to previous years:
- a) There will be no offer of council tax freeze grant available to local authorities;
  - b) The methodology assumes that local authorities will increase their council tax charge by an average of 1.75% (excluding the additional increase permitted for authorities responsible for adult social care); and
  - c) The methodology assumes that the tax base will increase nationally by almost 8% over the four year period to 2019/20. The Council's past record would suggest an increase nearer to 5%.
- 2.35 As reported in paragraph 2.14 the final local government settlement amended the pace of reduction in business rates that the provisional settlement had suggested for Maidstone. In addition the final settlement has changed the methodology for council tax increases. The referendum rules have been amended to allow a council tax increase of £5.00 per annum or "less than" 2%, whichever is greater. This amendment means that it is possible for the Council to consider an increase greater than the 1.99% used in the financial planning work completed during the year.
- 2.36 The additional income that a 1.99% increase generates for Maidstone Borough Council is £273,890. The additional income for Maidstone using the Government's methodology is £361,330. If the Council is to maintain resources at an adequate level to deliver services while responding to the effects of a further five years of controls on public sector expenditure it will be essential to maximise achievable increases in council tax compared to the results of the government's model.
- 2.37 A £5.00 increase in the council tax charge would generate £292,630. This is an additional £18,740. As set out in paragraph 2.45 below the Council has not yet balanced the medium term need for savings and allowing for an increase of £5.00 per annum savings of £3.5 million are still required.
- 2.38 The recommendation of this report is to propose a £5.00 increase to Council in order to maintain the resources close to the assumed level used by the government's core spending power assessment. This will ensure the Council is able to deliver on its priorities and maintain financial stability.

2.39 To aid the Committee's decision making:

- a) For each 1% increase in the charge for this Council's element of the council tax, the income generated in 2016/17 is approximately £137,600.
- b) At the current Band D council tax charge, a 1.99% increase in council tax equates to an annual increase of £4.68. This is a monthly increase of 39 pence.
- c) A £5.00 increase in council tax charge equates to 42 pence per month and would be a 2.1% increase.
- d) Indications are that the major preceptors increase, at the current Band D council tax charge, will be:
  - Kent County Council: 3.99%, an annual increase of £43.50 (including 2% adult social care precept);
  - Kent Police: £5.00 maximum annual increase allowable to low precept police forces (equal to a 3.4% increase); and
  - Kent & Medway Fire & Rescue Authority: 1.99%, an annual increase of £1.40.
- e) The total increase if all these precept increases are agreed the band D council tax charge would move from £1,543.50 for 2015/16 to £1,598.40 an increase of £54.90 or £4.58 per month.
- f) In rural areas tax payers may be required to pay a charge to cover a parish precept. At this time a full list of precepts or intended movements in the charge are not available.
- g) Under the Council's currently agreed council tax reduction scheme, tax payers who are assessed as in need can receive a discount of up to 87% of the charge. This is dependent on circumstances and is provided through a scheme agreed by Council in December 2015.

2.40 The strategic revenue projection at Appendix A assumes a £5.00 increase in the council tax charge for 2016/17 with future years increasing by the currently planned 1.99%. In addition, future years of the strategic revenue projection have been adjusted to allow for an annual increase of 1% in tax base figures.

## **GROWTH PLANS**

2.41 Specific changes to growth proposals have all been considered and are as set out in the strategic revenue projection attached at Appendix A. Two agreed amendments have been made to the growth proposals in the strategic revenue projection. To more accurately reflect the increase is Employer's National Insurance costs amendments and potential changes to the pay scale. The Employment Committee is due to consider a report on amendments to the current pay scale. The resulting decision may have an effect on the amended employee cost growth that is currently set out in the strategic revenue projection at Appendix A.

- 2.42 An update on the decision of the Employment Committee and any resulting change in estimated employee costs will be reported to the Committee in an oral report during the discussion of this report.

### **SAVINGS PROPOSALS**

- 2.43 Based upon the considerations set out in this section the Council will need to identify £6,520,000 over the period of the medium term financial strategy. In 2016/17 the requirement for savings is £2,178,000.
- 2.44 The future need has reduced since previous consideration by his Committee due to the incorporation of the changes to fees and charges, the council tax charge and the tax base increases into the strategic revenue projection. In addition the change to the business rates tariff has been incorporate, although this only delays the date that government reductions are made.
- 2.45 Set out in **Appendix B** is a list of savings previously agreed by service committees and confirmed by this Committee. The savings total the required £2,178,000. The proposals therefore produce a balanced budget. The proposals have all been considered by the Committee previously but this report brings together all previous considerations into a balanced budget for recommendation to Council.
- 2.46 For future years, 2017/18 to 2020/21, the Committee had already agreed savings of £812,000. The medium term financial strategy requires an additional £3,530,000 in savings and efficiencies over this value. These savings remain to be achieved to ensure plans exist for the continued future financial resilience of the Council.

### **REVENUE ESTIMATES**

- 2.47 Attached at **Appendix C** is a summary of the revenue budget for 2016/17. The summary shows the Original Estimate 2015/16 as approved by Council in March 2015; the Revised Estimate 2015/16 calculated as part of the budget development work completed this year; and the Estimate for 2016/17 based upon the details set out in this report.
- 2.48 Appendix C presents the Committee with the budget structured in line with the relevant services committees and separately structured in line with the strategic priorities set out in the Strategic.

#### **Revised Estimate 2015/16**

- 2.49 The revised estimate 2015/16 shown in Appendix C totals £16,205,460. This figure is net of all income with the exception of the use of balances, the finance settlement and the council tax requirement. This figure, compared to the original estimate approved by Council in February 2015 shows an increase of £1,477,750. The main variances are the value of the carry forward budgets approved by Cabinet in April 2015 and the use of balances to resource the costs of the Local Plan.

#### **Original Estimate 2016/17**



- 2.50 The estimate 2016/17 shown in Appendix C totals £13,753,490. This incorporates an allowance for slippage. The figure is net of all income with the exception of the use of balances, the finance settlement and the council tax requirement. This figure excludes the value of all precepts but includes the government grant passed on to parishes to compensate for the local council tax support scheme.

### **CAPITAL ESTIMATES**

- 2.51 The Capital Programme was reported to Committee in January 2016 following consideration by service committees earlier in January 2016. The programme covers the same period as the strategic revenue projection, 2016/17 to 2020/21.
- 2.52 Since the programme was considered by Committee a small number of minor amendments to the programme have been made. A revised programme and revised funding is set out in **Appendix D**. The revisions are all as a result of the changes required by the third quarter budget monitoring report set out elsewhere on this agenda.

### **Funding – New Homes Bonus**

- 2.53 The Council has previously made the decision that New Homes Bonus should not be used as a temporary resource to provide a balanced revenue budget. With the exception of Local Plan development and some small value revenue projects that were one-off in nature, resources gained from New Homes Bonus have been reserved for support to the capital programme. The Council's intention is to ensure that resources are available from New Homes Bonus and future Community Infrastructure Levy contributions to support the needs of the Infrastructure Delivery Plan.
- 2.54 For the financial year 2016/17 the Council will receive a grant of £5,098,410 which is an increase of £792,125 over the 2015/16 payment. This represents payment for new homes in the period October 2014 to October 2015.
- 2.55 The Government has commenced a consultation on the future of New Homes Bonus and an analysis of this consultation and a proposed response from this Council is set out in a separate report on this agenda.
- 2.56 At this time it would be prudent to assume that funding will reduce by a method similar to the proposal in the consultation document. The figures set out in the section of the report on the capital programme assume an annual reduction in the calculated value of New Homes Bonus each year from 2017/18 in line with the consultation proposals.

### **Funding – Other Capital Resources**

- 2.57 Other resources available to the council are:
- 1) Disabled Facilities grant of up to £450,000 per annum;

- 2) Capital contributions of £2 million to support regeneration of the Maidstone East Railway Station;
- 3) Prudential borrowing in line with the funding need of other proposed regeneration schemes.

2.58 In addition the Council expects to obtain resources for infrastructure from developer contribution. This will be in support of the projects required by the Local Plan and set out in the Infrastructure Delivery Plan that is under development and a supporting document for the current Local Plan consultation. These resources and projects are not set out in the Capital Programme at this time.

### **The Programme**

2.59 The programme was considered by the Committee at its meeting on 27<sup>th</sup> January 2016 and has only received minor modification to bring it into line with the proposed funding and slippage set out in the third quarter's budget monitoring report elsewhere on this agenda.

### **BALANCES/EARMARKED RESERVES**

2.60 Attached at **Appendix E** is a statement of general fund balances and details of the earmarked reserves.

2.61 The earmarked reserves incorporate a capital reserve that includes all of the retained New Homes Bonus and other revenue support to the capital programme available from previous years.

2.62 The estimated level of resources available from business rates growth is identified. By a previous decision of Council the balance in this reserve is to create a smoothing of annual fluctuations in business rates income. The in year receipt will be held for use in the following year based on the principles set out in the memorandum of understanding to the Kent Business Rates Pool.

2.63 While funding from these earmarked reserves will be required in 2016/17, at this time only one scheme to utilise general fund balances exists for 2016/17. As part of a three year approval to support increases in pension backfunding the Council has previously agreed to contribute £50,000 per annum from balances for the three years of the current fund valuation and 2016/17 will be the final year of the current arrangement.

2.64 General fund balances are estimated to be £4,102,000 by 31 March 2016. In considering the level of reserves that should be maintained Committee should make two decisions:

- a. The first is an absolute minimum below which the Committee cannot approve the use of balances without agreement by the Council. Since 2009 this has been held stable at £2,000,000 despite the net revenue expenditure level decreasing from £22,295,330 to £17,798,000. It is recommended that Committee propose to Council that the minimum level of balances be maintained at £2,000,000.

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

## **MEDIUM TERM FINANCIAL STRATEGY**

- 2.65 The Council publishes two separate statements of its financial strategy. One for revenue and one for capital.
- 2.66 Attached as **Appendix F** is the Revenue Medium Term Financial Strategy Statement 2016/17 Onwards and at **Appendix G** is the Capital Medium Term Financial Strategy Statement 2016/17 Onwards. The statements are focused on the five year period of the Council's planning cycle. In some local authorities plans of ten years and plans of three years are often seen. It is considered that a three year plan is too short to meet the requirements of the Council's strategic planning environment and that ten years is too long for a reasonable level of assessment about the future to be made.
- 2.67 The financial projection that complements the Revenue Medium Term Financial Strategy Statement is the strategic revenue projection given at Appendix A. The financial projection considers the targeted need for growth and savings over the period of the Revenue Medium Term Financial Strategy Statement and incorporates a number of assumptions about inflation and changes in local and national initiatives.
- 2.68 The financial projection that compliments the Capital Medium Term Financial Strategy Statement is the capital programme given at Appendix D
- 2.69 Both strategies may require amendment following Committee's consideration of this report or following consideration by Council on 2<sup>nd</sup> March 2016. The final versions will be published as part of the budget documents on the Council's website following the Council meeting.

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## **3. AVAILABLE OPTIONS**

- 3.1 **Option 1:** To not recommend a budget or recommend a budget that is not balanced to Council.
- 3.2 The Council is statutorily required to set a balanced budget in time for the new financial year and in time for council tax billing to be achieved. If the Committee were to decide not to recommend a budget or recommend a budget that was not balanced Council would not be able to accpt the proposal. A budget would need to be set and this would happen without the information or guidance from this Committee's work over the past year.

- 3.3 **Option 2:** The Committee could amend the budget set out in this report but would need to take care that the final recommendation to Council is a balanced budget.
- 3.4 The Chief Finance Officer (s151 Officer) must provide confirmation to Council that “the budget calculations are based upon robust estimates and that the level of reserves is sufficient for the purposes of the budget exercise”. Care must be taken in amending the budget set out in this report so that the Chief Finance Officer is able to make the necessary confirmation.
- 3.5 **Option 3:** the Committee recommend the budget set out in this report, including the proposed council tax charge.

#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 Option 3 is the recommended option.
- 4.2 A significant amount of work has been completed by all four service committees and officers. The resulting budget plans set out in this report are deliverable; create a balanced budget; achieve this within the requirements of legislation and other government controls. In addition the budget proposed will enable the Council to achieve the priorities set out in the strategic plan update reported elsewhere on this agenda.

#### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

##### **CONSULTATION WITH THE PUBLIC**

- 5.1 This year the consultation with the public was carried out as part of the Residents survey. A series of questions on value for money, satisfaction with the Council and the impact of previous savings and efficiencies.
- 5.2 The survey was completed by three methods and 2008 responses were received. Both the number of responses and an analysis of respondents suggest that the information obtained is statistically significant and can be seen as a reasonable representation of residents’ views.
- 5.3 The key feedback from the survey, in relation to the medium term financial strategy are given below:
- 1) 52% of respondents believe that the Council provides value for money;
  - 2) 61% of respondents felt that previous savings and efficiencies had no or very little impact on their daily lives;
  - 3) When asked how respondents would like the Council to protect services in the future the responses were:

Increase Council tax by more than 2%	17%
Introduce or increase charges for service that can be charged for	37%
Reduce the level of some services provided	26%

Stop providing some services	17%
Be more efficient in the way we provide services	18%
Other	20%

### **CONSULTATION WITH SERVICE COMMITTEES**

- 5.4 The service committees were involved in the development of the medium term financial strategy and the budget for 2016/17 through regular reports. Savings, growth and all information has been considered and agreed by the committees at each stage of the process.

### **CONSULTATION WITH AUDIT COMMITTEE**

- 5.5 It is normally the case that the Audit, Standards and Governance Committee would consider the medium term financial strategy at its meeting each January. The committee's remit is with reference to risk management and it would consider the operational risk assessment of the budget that is produced by the finance team as part of their service planning work each year.
- 5.6 This year, due to the late and significant change in the strategy brought about by the local government finance settlement, the operational risk assessment was not complete in time for the Audit Standards and Governance Committee to consider it. It has been agreed that the risk assessment will be reported to the March meeting of that Committee so that members of the Committee can take a view on the completeness of the assessment and the soundness of the proposed mitigations.
- 5.7 Members should note that the intention of the risk management statement provided to Audit Standards & Governance Committee is to ensure that a suitable level of mitigation exists for such risks and that actions will be taken to monitor and react to signs of such events occurring.

### **CONSULTATION WITH OTHER COMMITTEES**

- 5.8 The Employment Committee is currently considering the impact of the current pay policy on future employee costs and the decision will be reported verbally to the Committee during consideration of this report.
- 5.9 The Democracy Committee recently considered a review of the Mayoralty and Mayor making day. In their consideration the following decision was made: "That the Democracy Committee support, produce a case for and recommend to the Policy and Resources Committee that an additional £2,000 be added to the current budget for the Mayor Making civic event in order to develop the day into a larger event involving all communities of Maidstone."
- 5.10 Should the Committee be minded to support the Democracy Committee's request it should be mindful of the fact that the service forms part of this committee's responsibilities. If the Committee identifies the area where the reduction in resources should occur to fund the £2,000 increase in the mayoralty budget, an adjustment can be completed prior to the production of the full recommendation to Council.

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## 6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

### FUTURE ACTIONS (COUNCIL MEETING)

- 6.1 As Members will be aware, it is a statutory requirement of this Authority to resolve the level of Council Tax for the area. To achieve this objective the recommendations detailed in this report need to be addressed. In addition the precepts of Kent County Council, the Police Authority, the Fire Authority and all parish councils are required. These will all be incorporated into a resolution to the Council meeting on 2<sup>nd</sup> March 2016.
- 6.2 It is the intention of officers to collate the decisions from this meeting and incorporate them into the necessary resolutions required by the Localism Act 2011 in order to achieve the above in time for the Council meeting.
- 6.3 In addition it is necessary for the s151 Chief Financial Officer to give his opinion to Council, when setting the above requirements, that the budget calculations are based upon robust estimates and that the level of reserves is sufficient for the purposes of the budget exercise. Based upon the process undertaken this year and subject to the recommendation made by this Committee it is not anticipated that this opinion will include any adverse comments.
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## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The capital and revenue budget developed from this strategy provide resources for the achievement of the Council's priorities. The MTFS has been developed in conjunction with the strategic plan and the budget summary set out at Appendix C is reported by committee and by strategic priority.	Head of Finance & Resources
<b>Risk Management</b>	The development of the medium term financial strategy and the budget for 2016/17 supports the mitigation of the strategic risk of not having the resources available to achieve the Council's priorities. The robust process followed, along with the	Head of Finance & Resources

	<p>Council’s policy to deliver a balanced budget ensure that expenditure estimates appropriately support the delivery of council services.</p> <p>The policy on balances helps to mitigate the risk of budget pressures arising from unbudgeted costs from the financial consequences of unforeseen emergencies.</p> <p>The key risks at an operational level are identified as part of the process of developing the annual budget. These will now be reported to the Audit Standards and Governance Committee in March 2016.</p>	
<b>Financial</b>	<p>The MTFS impacts upon all activities of the Council. The future availability of resources to address specific issues is planned through this process.</p> <p>The prudential borrowing proposed in this report is governed by the Prudential Code for Capital Finance in Local Authorities and is governed by a number of principles that are set out in the Council’s published medium term financial strategy.</p> <p>The council tax charge proposed in this report includes an increase that is below the threshold that would otherwise require the Council to hold a referendum.</p>	Head of Finance & Resources
<b>Staffing</b>	<p>The current budget provides the resources necessary to fund the proposed staffing levels and the proposed pay strategy. These factors are subject to a future decision of the Employment</p>	Head of Finance & Resources

	Committee.	
<b>Legal</b>	The report and the recommendations it proposes will enable the Council to set a balanced budget and a council tax charge within the time limits and constraints of legislation. The most recent legislation specifying the decisions required and the responsibilities for making those decisions is the Localism Act 2011 and the recommendations that Committee make to Council will be set out in the Council report as required by the legislation.	Head of Finance & Resources
<b>Equality Impact Needs Assessment</b>	The objective of the MTFS is to match available resources to the priorities set out in the Strategic Plan. Delivery of those priorities should enable delivery in line with the impact assessment of the strategic plan.	Head of Finance & Resources
<b>Environmental/Sustainable Development</b>	None identified	Head of Finance & Resources
<b>Community Safety</b>	None identified	Head of Finance & Resources
<b>Human Rights Act</b>	None identified	Head of Finance & Resources
<b>Procurement</b>	None identified	Head of Finance & Resources
<b>Asset Management</b>	Resources for management and maintenance of the Committee's assets are included within the proposed programme.	Head of Finance & Resources

**8. REPORT APPENDICES**

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



- Appendix A: Strategic Revenue Projection 2016/17 to 2020/21
  - Appendix B: Budget strategy savings proposals 2016/17
  - Appendix C: Summary Budget 2016/17
  - Appendix D: Capital programme 2016/17 to 2020/21
  - Appendix E: Statement of General Fund Balances and Earmarked Reserves
  - Appendix F: Draft Medium Term Financial Strategy Statement – Revenue 2016/17
  - Appendix G: Draft Medium Term Financial Strategy Statement – Capital 2016/17
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## **9. BACKGROUND PAPERS**

None

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

2015/16 £,000		2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
<b>AVAILABLE FINANCE</b>						
2,267	REVENUE SUPPORT GRANT	870	0	0	0	0
2,959	RETAINED BUSINESS RATES	2,983	3,042	3,132	3,232	3,297
1,176	BUSINESS RATES GROWTH & POOL INCOME	1,512	1,522	1,532	1,542	1,552
	BUSINESS RATES ADJUSTMENT				-1,589	-2,909
302	COLLECTION FUND ADJUSTMENT	169				
13,429	COUNCIL TAX	14,085	14,509	14,945	15,395	15,858
20,133	<b>BUDGET REQUIREMENT</b>	19,619	19,073	19,609	18,580	17,798
14,214	OTHER INCOME	14,214	14,457	14,527	14,597	14,667
<b>34,347</b>	<b>TOTAL RESOURCES AVAILABLE</b>	<b>33,833</b>	<b>33,530</b>	<b>34,136</b>	<b>33,177</b>	<b>32,465</b>
<b>EXPECTED SERVICE SPEND</b>						
33,054	<b>CURRENT SPEND</b>	34,347	33,833	33,530	34,136	33,177
	<b>INFLATION INCREASES</b>					
421	PAY, NI & INFLATION INCREASES	680	481	486	491	496
	<b>NATIONAL INITIATIVES</b>					
150	LOSS OF ADMINISTRATION GRANT	100	100	100		
50	PENSION DEFICIT FUNDING	50	83	83	83	
	<b>LOCAL PRIORITIES</b>					
30	ECONOMIC DEVELOPMENT STAFFING	30				
266	ECONOMIC DEVELOPMENT STRATEGY					
868	BUSINESS SUPPORT PROVISION	386	10	10	10	10
160	HOUSING TEMPORARY ACCOMMODATION	150				
	HOUSING HOMELESSNESS PREVENTION	74	7			
	SHARED PLANNING SUPPORT SERVICE	42	14			
	MK LEGAL SERVICES GROWTH	87				
	MUSEUM SERVICE	25	50	50		
	STAFFING CHANGES	40				
	PAY POLICY		260			
	<b>MINOR INITIATIVES</b>					
	GROWTH PROVISION			50	50	50
<b>34,999</b>	<b>TOTAL PREDICTED REQUIREMENT</b>	<b>36,011</b>	<b>34,838</b>	<b>34,309</b>	<b>34,770</b>	<b>33,733</b>
<b>652</b>	<b>SAVINGS &amp; EFFICIENCIES REQUIRED</b>	<b>2,178</b>	<b>1,308</b>	<b>173</b>	<b>1,593</b>	<b>1,268</b>

**POLICY RESOURCES COMMITTEE  
MEDIUM TERM FINANCIAL STRATEGY 2016/17 ONWARDS**

**SAVINGS PROPOSALS - MTF5 2016/17 ONWARDS ALL COMMITTEES**

Committee	Head of Service	Proposal	Saving			2016/17 £	2017/18 £	2018/19 £	2019/20 £	2012/21 £	Setup Funding
			Priority	Category	Risk						
Various	Fees & Charges	Increased income	all	2	M	173,000					
Various	Structure	Various structure changes	all	3	L	93,000		90,000			
Communities Housing & Environment	Environment & Public Realm	Weightbridge	2	3	L	8,000		-	-	-	20,000
Communities Housing & Environment	Environment & Public Realm	Freighter Service	1	3	L	40,000					
Communities Housing & Environment	Environment & Public Realm	Street Cleaning Review	1	3	L	50,000	-	-	-	-	-
Heritage, Culture and Leisure	Commercial and Economic Development	Existing Café managed in-house	1	2	L	80,000	-	-	-	-	50,000
Heritage, Culture and Leisure	Commercial and Economic Development	Car park charges	2	2	M	98,000	-	-	-	-	80,000
Heritage, Culture and Leisure	Commercial and Economic Development	Adventure Zone	1	2	M	-	75,000	100,000	39,000	-	to procure
Heritage, Culture and Leisure	Commercial and Economic Development	Leisure centre PV	1	2	M	37,000	-	-	-	-	230,000
Heritage, Culture and Leisure	Maidstone Culture & Leisure	Reimburse Museum Funding	1	1	M		25,000	50,000			
Policy & Resources	Commercial and Economic Development	Enterprise Hub	2	2	L	27,000	20,000	-	-	-	-
Policy & Resources	Finance & Resources	Commercial Rents	2	2	M	46,000	-	90,000	-	-	-
Policy & Resources	Policy & Communications	CSIP Implementation	all	3	M	70,000	20,000	-	-	-	-
Policy & Resources	Policy & Communications	Gateway Rationalisation	all	2	H	50,000	100,000	50,000	-	-	-
Policy & Resources	Revenues & Benefits	Debt Collection	all	2	H	37,000	75,000	38,000	-	-	-
Policy & Resources	Revenues & Benefits	Fraud Partnership	2	1	M	50,000	-	-	10,000	-	-
Policy & Resources	ICT	Street Naming & numbering	2	2	L	20,000					
Policy & Resources	Human Resources	Training Budget	2	1	L	10,000					
Policy & Resources	Finance & Resources	Business Rates	2	1	M	600,000		-	-	-	-
Policy & Resources	Finance & Resources	Contingency	2	1	L	280,000		-	-	-	-
Strategic Planning Committee	Planning and Development	Increase pre-applications fees	2	2	L	20,000	-	-	-	-	-
Strategic Planning Committee	Finance & Resources	Bus Shelter Income	1	2	L	25,000	-	-	-	-	-
Strategic Planning Committee	Parking Services	Park & Ride	2	3	M	298,000		-	-	-	-
Strategic Planning Committee	Planning Income	Increase to cover Shared Service	2	2	L	42,000	14,000				
Strategic Planning Committee	Planning Income	Planning Fees	2	2	L	24,000	16,000				
						<b>2,178,000</b>	<b>345,000</b>	<b>418,000</b>	<b>49,000</b>	<b>-</b>	<b>380,000</b>

<sup>1</sup> Corporate Priorities

<b>Keeping Maidstone Borough an attractive place for all</b>	1
<b>Securing a successful economy for Maidstone Borough</b>	2

<sup>2</sup> Savings Categories: 1 - Efficiency; 2 - Income; 3 - Service Reconfiguration

**MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES**  
**REVISED ESTIMATE 2015/16 AND ESTIMATE 2016/17**

**COMMITTEE SUMMARY**

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
Policy & Resources	6,541,280	7,558,660	5,944,230
Strategic Planning, Sustainability & Transportation	- 506,820	- 302,790	- 1,056,640
Communities, Housing & Environment	8,523,880	8,631,570	8,700,330
Heritage, Culture & Leisure	419,370	489,580	431,370
	14,977,710	16,377,020	14,019,290
Slippage	- 250,000	- 171,560	- 250,000
	14,727,710	16,205,460	13,769,290
Transfers to and from General Balances	- 30,000	- 1,507,740	-
Transfers to and from Earmarked Reserves	5,435,750	5,435,750	5,849,400
Net Revenue Expenditure	20,133,460	20,133,470	19,618,690

## SUMMARY ESTIMATE 2016/17 - BY COMMITTEE

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b><u>POLICY &amp; RESOURCES</u></b>			
Economic Research	8,600	8,480	9,350
Business Support & Enterprise	19,100	19,100	19,100
Town Centre Management Sponsorship	15,000	18,000	15,000
Business Terrace	0	64,370	100,080
Economic Dev Government Initiatives	1,400	1,400	1,400
Economic Dev - Promotion & Marketing	25,900	181,040	25,900
Civic Occasions	37,400	43,520	37,510
Members Allowances	412,530	412,530	412,540
Members Facilities	67,760	67,760	67,790
Subscriptions	18,100	18,100	18,100
Overview & Scrutiny	9,350	9,350	9,350
Contingency	274,880	438,390	0
Performance & Development	14,800	64,800	14,800
Corporate Projects	42,840	315,740	49,610
Press & Public Relations	19,230	41,200	41,200
Corporate Management	140,880	153,780	180,880
Mid Kent Improvement Partnership	960	0	0
Unapportionable Central Overheads	1,636,375	1,636,380	1,686,380
Council Tax Collection	-285,200	-285,200	-285,200
Council Tax Benefits Administration	-160,200	-160,200	-160,200
NNDR Collection	-244,370	-244,370	-244,370
Registration Of Electors	77,500	117,740	78,310
Elections	114,340	110,370	115,690
Emergency Centre	33,980	33,980	33,980
Medway Conservancy	108,870	108,870	111,050
External Interest Payable	173,050	173,050	150,820
Interest & Investment Income	-270,000	-270,000	-270,000
Palace Gatehouse	-9,420	-4,110	-4,130
Archbishops Palace	-98,360	-98,930	-98,280
Parkwood Industrial Estate	-340,730	-307,540	-301,540
Industrial Starter Units	-19,070	-24,510	-22,300
Parkwood Equilibrium Units	-45,125	-34,730	-34,620
Sundry Corporate Properties	-103,640	-103,170	-101,450
Parks Dwellings	-13,160	-20,930	-26,090
Chillington House	-41,130	-34,130	-41,130
Phoenix Park Units	0	-217,400	-217,240
Non Service Related Government Grants	-4,251,850	-4,256,640	-5,098,410
Rent Allowances	-344,090	-344,090	-344,090
Non HRA Rent Rebates	3,320	3,320	3,320
Discretionary Housing Payments	2,300	2,300	2,300
Housing Benefits Administration	-439,660	-439,660	-339,660
Economic Development Section	196,620	216,440	215,850
Head of Economic and Commercial Development	92,870	92,860	99,110
Commercial Projects Manager	52,110	52,090	54,750
Democratic Services Section	102,540	136,030	106,460
Mayoral & Civic Services Section	99,090	97,750	101,600
Overview and Scrutiny Section	43,540	23,150	0
Chief Executive	156,900	154,940	161,430
Communications Section	165,510	166,870	120,790
Policy & Information	116,280	184,980	204,240
Head of Policy and Communications	95,230	96,590	100,130
Revenues Section	343,260	434,840	391,870
Registration Services Section	100,420	123,000	103,570
Benefits Section	430,250	396,040	434,150
Fraud & Visiting Partnership Section	158,560	122,710	99,320
Head of Internal Audit & Risk Strategy	184,410	184,470	203,350
Head of Human Resources	85,800	114,370	86,520
Human Resources	165,810	170,970	184,130
Pay & Information	112,260	112,020	117,840
Learning & Development	108,400	108,680	102,910
Director of Regeneration & Communities	131,180	131,140	133,600
Head of Finance and Resources	94,060	97,880	101,760
Accountancy Section	517,400	585,430	604,810

## SUMMARY ESTIMATE 2016/17 - BY COMMITTEE

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
Legal Services Section	419,610	418,200	518,650
Director of Environment & Shared Service	131,380	131,720	134,170
Property & Procurement Manager	79,480	79,450	80,630
Procurement Section	66,570	65,640	68,840
Property & Projects Section	249,560	248,830	255,500
Facilities & Corporate Support Section	492,110	468,560	432,330
Improvement Section	200,260	225,630	234,340
Executive Support	192,580	149,950	154,950
Customer Services Management	62,190	79,300	75,150
Gateway Reception Section	326,320	0	0
Contact Centre	383,190	0	0
Revenues & Benefits Manager	229,800	222,870	233,370
Revenues & Benefits Business Support	141,780	124,900	129,780
Mid Kent ICT Services	619,730	619,690	653,580
GIS Section	100,840	98,100	95,930
Customer Services Section	0	795,330	654,860
Town Hall	72,920	92,760	81,830
South Maidstone Depot	129,070	125,720	128,900
The Gateway King Street	151,380	145,050	133,750
Maidstone House	1,397,760	1,325,220	1,227,660
I.T. Operational Services	435,090	328,090	331,090
Central Telephones	65,200	60,200	60,200
Mid Kent ITC Software	30,270	141,270	141,270
Youth Development Programme	47,520	47,500	47,950
Internal Printing	-85,240	-85,240	-85,240
Debt Recovery Service	0	0	-35,310
Appropriation Account	456,950	648,710	866,110
<b>Policy &amp; Resources</b>	<b>6,541,280</b>	<b>7,558,660</b>	<b>5,944,230</b>

## SUMMARY ESTIMATE 2016/17 - BY COMMITTEE

COST CENTRE / SERVICE	ORIGINAL ESTIMATE	REVISED ESTIMATE	ORIGINAL ESTIMATE
	2015/16	2015/16	2016/17
	£	£	£
<b>STRATEGIC PLANNING, SUSTAINABILITY &amp; TRANSPORTATION</b>			
Building Regulations Chargeable	-337,520	-295,160	-295,160
Building Control	-990	-990	-990
Street Naming & Numbering	-29,000	-29,000	-49,000
Development Control Advice	-73,000	-78,250	-115,000
Development Control Applications	-864,190	-1,067,780	-1,157,140
Development Control Appeals	19,410	19,410	19,410
Development Control Enforcement	67,070	67,070	67,070
Planning Policy	56,530	204,290	-3,340
Conservation	-11,670	-6,420	-11,670
Land Charges	-239,170	-231,170	-231,040
Environment Improvements	12,300	12,270	14,240
Name Plates & Notices	17,600	17,600	17,600
On Street Parking	-280,190	-285,250	-277,560
Residents Parking	-223,410	-223,980	-223,060
Pay & Display Car Parks	-1,208,010	-1,209,210	-1,282,540
Non Paying Car Parks	9,350	9,160	9,310
Off Street Parking - Enforcement	-157,010	-159,270	-179,580
Mote Park Pay & Display	0	1,200	-187,560
Mote Park - Enforcement	0	0	24,720
Park & Ride	467,820	475,430	185,450
Socially Desirable Buses	63,780	63,780	63,780
Other Transport Services	15,700	15,700	-9,300
Development Management Section	618,670	702,300	802,980
Spatial Policy Planning Section	354,770	439,350	472,290
Head of Planning and Development	92,020	94,060	99,700
Development Management Enforcement Section	135,930	167,020	139,970
Building Surveying Section	404,780	335,490	348,980
Mid Kent Planning Support Service	153,360	232,530	253,260
Heritage Landscape and Design Section	155,790	156,590	164,150
Parking Services Section	272,460	270,440	283,390
<b>Strategic Planning, Sustainability &amp; Transportation</b>	<b>-506,820</b>	<b>-302,790</b>	<b>-1,056,640</b>

## SUMMARY ESTIMATE 2016/17 - BY COMMITTEE

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>COMMUNITIES, HOUSING &amp; ENVIRONMENT</b>			
Community Safety	46,440	56,440	46,440
C C T V	243,260	243,270	243,480
Drainage	31,700	31,700	31,700
Licences	-14,400	-7,370	-7,370
Licensing Statutory	-32,930	-61,040	-61,040
Licensing Non Chargeable	14,060	7,030	7,030
Dog Control	24,150	24,150	24,150
Health Promotion	0	33,000	0
Health Improvement Programme	1,000	1,000	1,000
Pollution Control - General	25,610	25,820	26,060
Environmental Enforcement	13,580	11,080	13,580
Food Hygiene	8,840	8,840	8,840
Sampling	3,300	3,300	3,300
Occupational Health & Safety	24,000	24,240	24,240
Infectious Disease Control	1,150	800	920
Noise Control	1,190	-1,210	1,190
Pest Control	-12,000	-12,000	-12,000
Public Conveniences	116,320	139,190	141,070
Licensing - Hackney & Private Hire	-96,510	-69,180	-68,400
Street Cleansing	971,220	1,004,230	977,760
Household Waste Collection	1,139,140	1,097,090	1,072,030
Commercial Waste Services	-61,500	-61,520	-61,300
Recycling Collection	779,330	672,610	633,940
Switch Cafe Project	15,060	15,060	15,060
Community Development	14,950	19,350	14,780
Social Inclusion	7,040	21,540	7,040
Troubled Families	1,010	46,140	30
Public Health - Obesity	0	21,670	0
Grants	217,270	217,270	217,270
Delegated Grants	2,100	2,100	2,100
Parish Services	199,800	199,800	199,800
Strategic Housing Role	13,500	13,500	13,500
Housing Register & Allocations	10,000	10,000	10,000
Private Sector Renewal	2,630	2,630	2,630
HMO Licensing	-2,380	-2,380	-10,380
Homeless Temporary Accommodation	294,930	266,530	416,530
Homelessness Prevention	60,400	95,280	60,400
Aylesbury House	760	28,940	30,340
Magnolia House	420	60	150
Marden Caravan Site (Stilebridge Lane)	18,080	18,080	18,150
Ulcombe Caravan Site (Water Lane)	6,030	6,030	6,230
Head of Environment and Public Realm	84,860	84,850	86,860
Street Scene Section	239,800	229,760	238,650
Waste Collection Section	205,870	210,600	219,850
Environmental Operations Enforcement Section	307,340	305,680	317,260
Community Safety Co-ordinator Section	61,440	61,420	64,520
Licensing Section	96,500	95,880	99,160
Environmental Protection Section	236,450	236,650	243,170
Food and Safety Section	283,690	281,070	291,930
Community Development & Partnerships Section	307,870	35,190	0
Head of Housing & Community Services	94,530	96,740	102,380
Housing Services Manager	53,500	0	0
Policy & Development Section	71,690	9,010	0
Private Sector Housing Section	196,100	17,780	0
Housing Options Section	267,940	34,960	0
Housing & Enabling Section	0	291,720	313,350
Housing & Inclusion Section	0	274,940	355,230
Housing & Communities Section	0	301,530	341,590
Fleet Workshop & Management	727,700	703,590	745,450
MBS Support Crew	-80,050	-80,080	-78,520
Grounds Maintenance	1,280,100	1,287,210	1,309,200
<b>Communities, Housing &amp; Environment</b>	<b>8,523,880</b>	<b>8,631,570</b>	<b>8,700,330</b>



## SUMMARY ESTIMATE 2016/17 - BY COMMITTEE

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>HERITAGE, CULTURE &amp; LEISURE</b>			
Cultural Development Arts	20,540	24,990	32,260
Museum	223,990	254,960	249,090
Carriage Museum	21,660	22,260	22,850
Museum-Grant Funded Activities	0	6,800	30
Hazlitt Arts Centre	284,770	277,770	259,460
Whatman's Arena	19,400	0	0
Festivals and Events	15,500	-10,100	-6,100
Lettable Halls	980	-930	-940
Community Halls	63,900	49,280	51,300
Cultural Development Sports	33,740	59,890	33,520
Leisure Centre	-181,430	-181,350	-219,070
Cobtree Golf Course	-73,550	-74,120	-73,530
Parks & Open Spaces	64,860	80,780	68,200
River Park	41,830	29,280	35,720
Playground Improvements	26,420	21,700	21,700
Parks Pavilions	20,150	20,560	20,620
Mote Park	-44,720	-41,940	58,710
Mote Park Cafe	0	2,150	-83,640
Cobtree Manor Park	-104,450	-103,310	-75,610
Kent Life	-3,730	-3,700	-3,850
Cobtree Manor Park Visitor Centre	0	1,010	1,870
Allotments	11,040	11,040	11,040
Tourism	33,600	51,100	26,100
Conference Bureau	-42,170	-23,090	-14,770
Museum Shop	-23,430	-23,420	-23,420
Leisure Services Other Activities	33,390	33,390	33,450
Cemetery	-79,200	-84,740	-80,250
National Assistance Act	-490	-490	-490
Crematorium	-782,160	-774,980	-778,600
Maintenance of Closed Churchyards	5,000	0	5,000
Market	-163,030	-175,610	-174,600
Parks & Leisure Services Section	184,510	226,230	195,060
Cultural Services Section	584,900	454,190	468,820
Maidstone Culture & Leisure Section	0	125,570	130,210
Bereavement Services Section	152,200	158,570	164,110
Market Section	75,350	75,840	77,120
<b>Heritage, Culture &amp; Leisure</b>	<b>419,370</b>	<b>489,580</b>	<b>431,370</b>

**MAIDSTONE BOROUGH COUNCIL REVENUE ESTIMATES**  
**REVISED ESTIMATE 2015/16 AND ESTIMATE 2016/17**

**PRIORITY SUMMARY**

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
Character	757,130	816,240	799,210
Health & Wellbeing	1,446,910	1,661,400	1,783,520
Clean & Safe	3,858,740	3,718,920	3,645,460
Leisure & Culture	1,498,540	1,533,080	1,516,350
Town Centre	15,000	18,000	15,000
Employment & Skills	251,620	490,830	371,680
Homes	791,240	984,540	785,060
Infrastructure	635,600	640,400	341,410
Trading	- 3,551,955	- 3,711,930	- 3,955,910
Central & Democratic	9,274,885	10,225,540	8,717,510
	14,977,710	16,377,020	14,019,290
Slippage	- 250,000	- 171,560	- 250,000
	14,727,710	16,205,460	13,769,290
Transfers to and from General Balances	- 30,000	- 1,507,740	-
Transfers to and from Earmarked Reserves	5,435,750	5,435,750	5,849,400
Net Revenue Expenditure	20,133,460	20,133,470	19,618,690

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>CHARACTER</b>			
Conservation	-11,670	-6,420	-11,670
Community Development	14,950	19,350	14,780
Social Inclusion	7,040	21,540	7,040
Civic Occasions	37,400	43,520	37,510
Parish Services	199,800	199,800	199,800
Medway Conservancy	108,870	108,870	111,050
Community Development & Partnerships Section	307,870	35,190	0
Head of Economic and Commercial Development	92,870	92,860	99,110
Housing & Communities Section	0	301,530	341,590
<b>Character</b>	<b>757,130</b>	<b>816,240</b>	<b>799,210</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>HEALTH &amp; WELLBEING</b>			
Cultural Development Sports	33,740	59,890	33,520
Leisure Centre	-181,430	-181,350	-219,070
Cobtree Golf Course	-73,550	-74,120	-73,530
Cemetery	-79,200	-84,740	-80,250
National Assistance Act	-490	-490	-490
Maintenance of Closed Churchyards	5,000	0	5,000
Drainage	31,700	31,700	31,700
Health Promotion	0	33,000	0
Health Improvement Programme	1,000	1,000	1,000
Pollution Control - General	25,610	25,820	26,060
Environmental Enforcement	13,580	11,080	13,580
Food Hygiene	8,840	8,840	8,840
Sampling	3,300	3,300	3,300
Occupational Health & Safety	24,000	24,240	24,240
Infectious Disease Control	1,150	800	920
Noise Control	1,190	-1,210	1,190
Pest Control	-12,000	-12,000	-12,000
Public Conveniences	116,320	139,190	141,070
Licensing - Hackney & Private Hire	-96,510	-69,180	-68,400
Troubled Families	1,010	46,140	30
Public Health - Obesity	0	21,670	0
Housing Register & Allocations	10,000	10,000	10,000
Private Sector Renewal	2,630	2,630	2,630
HMO Licensing	-2,380	-2,380	-10,380
Homeless Temporary Accommodation	294,930	266,530	416,530
Homelessness Prevention	60,400	95,280	60,400
Aylesbury House	760	28,940	30,340
Magnolia House	420	60	150
Rent Allowances	-344,090	-344,090	-344,090
Non HRA Rent Rebates	3,320	3,320	3,320
Discretionary Housing Payments	2,300	2,300	2,300
Housing Benefits Administration	-439,660	-439,660	-339,660
Bereavement Services Section	152,200	158,570	164,110
Environmental Operations Enforcement Section	307,340	305,680	317,260
Environmental Protection Section	236,450	236,650	243,170
Food and Safety Section	283,690	281,070	291,930
Head of Housing & Community Services	94,530	96,740	102,380
Housing Services Manager	53,500	0	0
Policy & Development Section	71,690	9,010	0
Private Sector Housing Section	196,100	17,780	0
Housing Options Section	267,940	34,960	0
Housing & Enabling Section	0	291,720	313,350
Housing & Inclusion Section	0	274,940	355,230
Revenues & Benefits Manager	229,800	222,870	233,370
Revenues & Benefits Business Support	141,780	124,900	129,780
Debt Recovery Service	0	0	-35,310
<b>Health &amp; Wellbeing</b>	<b>1,446,910</b>	<b>1,661,400</b>	<b>1,783,520</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b><u>CLEAN &amp; SAFE</u></b>			
Community Safety	46,440	56,440	46,440
C C T V	243,260	243,270	243,480
Licences	-14,400	-7,370	-7,370
Licensing Statutory	-32,930	-61,040	-61,040
Licensing Non Chargeable	14,060	7,030	7,030
Dog Control	24,150	24,150	24,150
Street Cleansing	971,220	1,004,230	977,760
Household Waste Collection	1,139,140	1,097,090	1,072,030
Recycling Collection	779,330	672,610	633,940
Head of Environment and Public Realm	84,860	84,850	86,860
Street Scene Section	239,800	229,760	238,650
Waste Collection Section	205,870	210,600	219,850
Community Safety Co-ordinator Section	61,440	61,420	64,520
Licensing Section	96,500	95,880	99,160
<b>Clean &amp; Safe</b>	<b>3,858,740</b>	<b>3,718,920</b>	<b>3,645,460</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>LEISURE &amp; CULTURE</b>			
Cultural Development Arts	20,540	24,990	32,260
Museum	223,990	254,960	249,090
Carriage Museum	21,660	22,260	22,850
Museum-Grant Funded Activities	0	6,800	30
Hazlitt Arts Centre	284,770	277,770	259,460
Whatman's Arena	19,400	0	0
Festivals and Events	15,500	-10,100	-6,100
Lettable Halls	980	-930	-940
Community Halls	63,900	49,280	51,300
Parks & Open Spaces	64,860	80,780	68,200
River Park	41,830	29,280	35,720
Playground Improvements	26,420	21,700	21,700
Parks Pavilions	20,150	20,560	20,620
Mote Park	-44,720	-41,940	58,710
Mote Park Cafe	0	2,150	-83,640
Cobtree Manor Park	-104,450	-103,310	-75,610
Kent Life	-3,730	-3,700	-3,850
Cobtree Manor Park Visitor Centre	0	1,010	1,870
Allotments	11,040	11,040	11,040
Tourism	33,600	51,100	26,100
Leisure Services Other Activities	33,390	33,390	33,450
Parks & Leisure Services Section	184,510	226,230	195,060
Cultural Services Section	584,900	454,190	468,820
Maidstone Culture & Leisure Section	0	125,570	130,210
<b>Leisure &amp; Culture</b>	<b>1,498,540</b>	<b>1,533,080</b>	<b>1,516,350</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b><u>TOWN CENTRE</u></b>			
Town Centre Management Sponsorship	15,000	18,000	15,000
<b>Town Centre</b>	<b>15,000</b>	<b>18,000</b>	<b>15,000</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b><u>EMPLOYMENT &amp; SKILLS</u></b>			
Economic Research	8,600	8,480	9,350
Business Support & Enterprise	19,100	19,100	19,100
Economic Dev Government Initiatives	1,400	1,400	1,400
Economic Dev - Promotion & Marketing	25,900	181,040	25,900
Business Terrace	0	64,370	100,080
Economic Development Section	196,620	216,440	215,850
<b>Employment &amp; Skills</b>	<b>251,620</b>	<b>490,830</b>	<b>371,680</b>



## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>HOMES</b>			
Building Regulations Chargeable	-337,520	-295,160	-295,160
Building Control	-990	-990	-990
Street Naming & Numbering	-29,000	-29,000	-49,000
Development Control Advice	-73,000	-78,250	-115,000
Development Control Applications	-864,190	-1,067,780	-1,157,140
Development Control Appeals	19,410	19,410	19,410
Development Control Enforcement	67,070	67,070	67,070
Planning Policy	56,530	204,290	-3,340
Strategic Housing Role	13,500	13,500	13,500
Marden Caravan Site (Stilebridge Lane)	18,080	18,080	18,150
Ulcombe Caravan Site (Water Lane)	6,030	6,030	6,230
Development Management Section	618,670	702,300	802,980
Spatial Policy Planning Section	354,770	439,350	472,290
Head of Planning and Development	92,020	94,060	99,700
Development Management Enforcement Section	135,930	167,020	139,970
Building Surveying Section	404,780	335,490	348,980
Mid Kent Planning Support Service	153,360	232,530	253,260
Heritage Landscape and Design Section	155,790	156,590	164,150
<b>Homes</b>	<b>791,240</b>	<b>984,540</b>	<b>785,060</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>INFRASTRUCTURE</b>			
Environment Improvements	12,300	12,270	14,240
Name Plates & Notices	17,600	17,600	17,600
Residents Parking	-223,410	-223,980	-223,060
Non Paying Car Parks	9,350	9,160	9,310
Park & Ride	467,820	475,430	185,450
Socially Desirable Buses	63,780	63,780	63,780
Other Transport Services	15,700	15,700	-9,300
Parking Services Section	272,460	270,440	283,390
<b>Infrastructure</b>	<b>635,600</b>	<b>640,400</b>	<b>341,410</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b>TRADING</b>			
Conference Bureau	-42,170	-23,090	-14,770
Museum Shop	-23,430	-23,420	-23,420
Crematorium	-782,160	-774,980	-778,600
Commercial Waste Services	-61,500	-61,520	-61,300
Market	-163,030	-175,610	-174,600
Land Charges	-239,170	-231,170	-231,040
Palace Gatehouse	-9,420	-4,110	-4,130
Archbishops Palace	-98,360	-98,930	-98,280
Parkwood Industrial Estate	-340,730	-307,540	-301,540
Industrial Starter Units	-19,070	-24,510	-22,300
Parkwood Equilibrium Units	-45,125	-34,730	-34,620
Sundry Corporate Properties	-103,640	-103,170	-101,450
Parks Dwellings	-13,160	-20,930	-26,090
Chillington House	-41,130	-34,130	-41,130
Phoenix Park Units	0	-217,400	-217,240
On Street Parking	-280,190	-285,250	-277,560
Pay & Display Car Parks	-1,208,010	-1,209,210	-1,282,540
Off Street Parking - Enforcement	-157,010	-159,270	-179,580
Mote Park Pay & Display	0	1,200	-187,560
Mote Park - Enforcement	0	0	24,720
Market Section	75,350	75,840	77,120
<b>Trading</b>	<b>-3,551,955</b>	<b>-3,711,930</b>	<b>-3,955,910</b>

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
<b><u>CENTRAL &amp; DEMOCRATIC</u></b>			
Switch Cafe Project	15,060	15,060	15,060
Members Allowances	412,530	412,530	412,540
Members Facilities	67,760	67,760	67,790
Subscriptions	18,100	18,100	18,100
Overview & Scrutiny	9,350	9,350	9,350
Contingency	274,880	438,390	0
Performance & Development	14,800	64,800	14,800
Corporate Projects	42,840	315,740	49,610
Press & Public Relations	19,230	41,200	41,200
Corporate Management	140,880	153,780	180,880
Mid Kent Improvement Partnership	960	0	0
Unapportionable Central Overheads	1,636,375	1,636,380	1,686,380
Council Tax Collection	-285,200	-285,200	-285,200
Council Tax Benefits Administration	-160,200	-160,200	-160,200
NNDR Collection	-244,370	-244,370	-244,370
Registration Of Electors	77,500	117,740	78,310
Elections	114,340	110,370	115,690
Emergency Centre	33,980	33,980	33,980
Grants	217,270	217,270	217,270
Delegated Grants	2,100	2,100	2,100
External Interest Payable	173,050	173,050	150,820
Interest & Investment Income	-270,000	-270,000	-270,000
Non Service Related Government Grants	-4,251,850	-4,256,640	-5,098,410
Commercial Projects Manager	52,110	52,090	54,750
Democratic Services Section	102,540	136,030	106,460
Mayoral & Civic Services Section	99,090	97,750	101,600
Overview and Scrutiny Section	43,540	23,150	0
Chief Executive	156,900	154,940	161,430
Communications Section	165,510	166,870	120,790
Policy & Information	116,280	184,980	204,240
Head of Policy and Communications	95,230	96,590	100,130
Revenues Section	343,260	434,840	391,870
Registration Services Section	100,420	123,000	103,570
Benefits Section	430,250	396,040	434,150
Fraud & Visiting Partnership Section	158,560	122,710	99,320
Head of Internal Audit & Risk Strategy	184,410	184,470	203,350
Head of Human Resources	85,800	114,370	86,520
Human Resources	165,810	170,970	184,130
Pay & Information	112,260	112,020	117,840
Learning & Development	108,400	108,680	102,910
Director of Regeneration & Communities	131,180	131,140	133,600
Head of Finance and Resources	94,060	97,880	101,760
Accountancy Section	517,400	585,430	604,810
Legal Services Section	419,610	418,200	518,650
Director of Environment & Shared Service	131,380	131,720	134,170
Property & Procurement Manager	79,480	79,450	80,630
Procurement Section	66,570	65,640	68,840
Property & Projects Section	249,560	248,830	255,500
Facilities & Corporate Support Section	492,110	468,560	432,330
Improvement Section	200,260	225,630	234,340
Executive Support	192,580	149,950	154,950
Customer Services Management	62,190	79,300	75,150
Gateway Reception Section	326,320	0	0
Contact Centre	383,190	0	0
Customer Services Section	0	795,330	654,860
Mid Kent ICT Services	619,730	619,690	653,580
GIS Section	100,840	98,100	95,930
Town Hall	72,920	92,760	81,830
South Maidstone Depot	129,070	125,720	128,900
The Gateway King Street	151,380	145,050	133,750
Maidstone House	1,397,760	1,325,220	1,227,660
I.T. Operational Services	435,090	328,090	331,090

## SUMMARY ESTIMATES 2016/17 - BY PRIORITY

COST CENTRE / SERVICE	ORIGINAL ESTIMATE 2015/16 £	REVISED ESTIMATE 2015/16 £	ORIGINAL ESTIMATE 2016/17 £
Central Telephones	65,200	60,200	60,200
Mid Kent ITC Software	30,270	141,270	141,270
Fleet Workshop & Management	727,700	703,590	745,450
MBS Support Crew	-80,050	-80,080	-78,520
Grounds Maintenance	1,280,100	1,287,210	1,309,200
Youth Development Programme	47,520	47,500	47,950
Internal Printing	-85,240	-85,240	-85,240
Appropriation Account	456,950	648,710	866,110
<b>Central &amp; Democratic</b>	<b>9,274,885</b>	<b>10,225,540</b>	<b>8,717,510</b>

## MEDIUM TERM FINANCIAL STRATEGY - CAPITAL

## PROPOSED CAPITAL PROGRAMME 2016/17 TO 2020/21

<b>Estimate 2015/16 £</b>	<b>FUNDING SUMMARY</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>	<b>Estimate 2018/19 £</b>	<b>Estimate 2019/20 £</b>	<b>Estimate 2020/21 £</b>
9,811,720	Contribution from Earmarked Reserve	4,306,284	4,998,411	2,720,010	1,970,740	1,455,900
450,000	Capital Grants	450,000	450,000	450,000	450,000	450,000
	Capital Contributions	1,000,000	1,000,000			
589,320	Capital Receipts					
	Prudential Borrowing	11,950,000	15,525,000	11,000,000	0	0
<b>10,851,040</b>	<b>TOTAL</b>	<b>17,706,284</b>	<b>21,973,411</b>	<b>14,170,010</b>	<b>2,420,740</b>	<b>1,905,900</b>

## MEDIUM TERM FINANCIAL STRATEGY - CAPITAL

## PROPOSED CAPITAL PROGRAMME 2016/17 TO 2020/21

<b>Estimate 2015/16 £</b>	<b>COMMITTED SCHEME LIST</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>	<b>Estimate 2018/19 £</b>	<b>Estimate 2019/20 £</b>	<b>Estimate 2020/21 £</b>
226,250	Housing Grants					
264,500	Support for Social Housing Housing Incentives	450,630	350,000	350,000	350,000	350,000
1,400,000	Housing Investments	600,000	600,000	600,000	600,000	600,000
450,000	Housing - Disabled Facilities Grant Funding.	450,000	450,000	450,000	450,000	450,000
12,920	Flood Defences	87,080	50,000	50,000	50,000	50,000
75,000	Brunswick Street	2,000,000	6,025,000			
<b>2,428,670</b>	<b>COMMUNITIES HOUSING &amp; ENVIRONMENT</b>	<b>3,587,710</b>	<b>7,475,000</b>	<b>1,450,000</b>	<b>1,450,000</b>	<b>1,450,000</b>
277	10,600 Crematorium Access					
150,560	Continued Improvements to Play Areas	1,259,240	590,000			
9,600	Green Space Strategy					
345,000	Commercialisation - RE Panels					
40,600	Commercialisation - Mote Park Parking	29,400				
44,940	Commercialisation - Mote Park Café	35,060				
10,000	Commercialisation - Crematorium Projects			640,000		
20,000	Commercialisation - Mote Park AZ	770,000				
	Crematorium Strategy	50,000	300,000			
	Mote Park Essential Improvements	610,000	150,000		369,000	
	Other Parks Essential Improvements		225,000	50,000	25,000	
	Mote Park Visitor Centre		500,000	2,000,000		
	Museum Development Plan	93,000	110,000	176,100	170,000	90,000
<b>631,300</b>	<b>HERITAGE CULTURE &amp; LEISURE</b>	<b>2,846,700</b>	<b>1,875,000</b>	<b>2,866,100</b>	<b>564,000</b>	<b>90,000</b>

## MEDIUM TERM FINANCIAL STRATEGY - CAPITAL

## PROPOSED CAPITAL PROGRAMME 2016/17 TO 2020/21

Estimate 2015/16 £	COMMITTED SCHEME LIST	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Estimate 2019/20 £	Estimate 2020/21 £
19,310	High Street Regeneration Ph 2					
	High Street Regeneration future phases	315,160				
245,580	Acquisition of Commercial Assets (Balance)	1,230,890				
254,110	Enterprise Hub					
184,800	Asset Management / Corporate Property	175,000	175,000	175,000	175,000	175,000
243,050	Software / PC Replacement	175,000	175,000	150,000	125,000	100,000
	Maidstone East / Sessions Square	4,550,000	6,000,000	5,000,000		
	Union Street (Recommended Option)	3,000,000	4,000,000	4,000,000		
	Enabling Works - The Mall Regeneration	3,400,000				
	Town Hall webcast & speakers	80,000				
270	<b>946,850 POLICY &amp; RESOURCES</b>	<b>12,926,050</b>	<b>10,350,000</b>	<b>9,325,000</b>	<b>300,000</b>	<b>275,000</b>
	Riverside Towpath	540,000				
500,000	Bridges Gyrotory Scheme	900,000				
1,790	King Street Multi-storey Car Park	20,310				
5,690	Improvements to the Council's Car Parks	8,840				
	<b>507,480 STRATEGIC PLANNING SUSTAINABILITY &amp; TRANSPORT</b>	<b>1,469,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>4,514,300 PROGRAMME TOTALS</b>	<b>20,829,610</b>	<b>19,700,000</b>	<b>13,641,100</b>	<b>2,314,000</b>	<b>1,815,000</b>



## MAIDSTONE BOROUGH COUNCIL

## BUDGET 2016/17

## ESTIMATE OF GENERAL FUND BALANCES TO 31 MARCH 2017

	Unallocated General Fund	Asset Replacement	Planning Management	Commercialisation	Invest to Save	Grand Total
	£,000	£,000	£,000	£,000	£,000	£,000
Estimated Balance as at 31st March 2015	3,073	167	200	500	562	4,502
2013/14 Carry Forwards Used in 2014/15	-400					-400
Estimated Balance as at 31st March 2016	2,673	167	200	500	562	4,102
Pensions	-50					-50
Estimated Balance as at 31st March 2017	2,623	167	200	500	562	4,052

## ESTIMATE OF EARMARKED RESERVES TO 31 MARCH 2017

	31/03/15	Movement in 2015/16	31/03/16	Movement in 2016/17	31/03/17
	£,000	£,000	£,000	£,000	£,000
Capital Support	9,812	-3,475	6,337	-3,124	3,213
Local Plan	353	-353	0		0
Neighbourhood Planning	107		107		107
Business Rates Reserve	336	868	1,204		1,204
Trading Accounts	179		179		179
Total	10,787	-2,960	7,827	-3,124	4,703

## DRAFT

## MEDIUM TERM FINANCIAL STRATEGY STATEMENT

## REVENUE ESTIMATES 2016/17 ONWARDS

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### 1 INTRODUCTION

- 1.1 This financial strategy statement is one of two that aim to support the Council's corporate objectives as identified in the strategic plan 2015 – 2020. Where they relate to the day to day revenue activities of the Council, major issues relating to resources in the medium term are set out in this statement. For matters relating to the capital programme see the separate strategy statement on capital.
- 1.2 This document also provides, at a summary level, the revenue spending plan of the Council. The success of this plan will depend upon the resources available to the Council and the approach taken to ensure that those resources are aligned with corporate objectives and are being controlled in a way that ensures long-term stability. This is achieved through the development of a plan over five years.
- 1.3 Although this document is developed for the medium term the Council reviews its strategy and therefore this statement on an annual basis for the following period. This enables the strategy to remain current and reflect changes in circumstances which impact upon the revenue resources of the Council. The annual review is completed to coincide with the annual review of the strategic plan to enable changes to be appropriately reflected in both documents.
- 1.4 The current year's local government finance settlement includes reductions in resource levels that will put the Council's revenue budget under extreme pressure for a further five years. The Council is committed to maintaining its ambition and aspiration to deliver its priorities. The Council's strategy has been developed to focus on opportunities for the Council to become more efficient and more commercial.

**2 EXPENDITURE**

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

2.2.1 Pay & Price Inflation:

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

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

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

<b>INFLATION INDICES</b>	<b>2016/17</b> %	<b>2017/18</b> %	<b>2018/19</b> %	<b>2019/20</b> %	<b>2020/21</b> %
Pay Policy Changes	1.7	1.7	1.7	1.7	1.7
National Insurance	3.0				
Energy (Average)	1.0	1.0	1.0	1.0	1.0
Business Rates	0.5	0.5	0.5	0.5	0.5
Contractual Commitments	3.0	3.0	3.0	3.0	3.0
Other Cost Increases	0.0	0.0	0.0	0.0	0.0

Growth £,000	680	481	486	491	496
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*Table 1: Pay & Price Indices*

### 2.2.2 Corporate Objectives and Key Priorities:

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

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

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

STRATEGIC ISSUES	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
Pension Deficit	50	83	83	83	
Economic Development	30				
Business Support	10	10	10	10	10
Housing Temporary Accommodation	150				
Housing Homeless Prevention	74	12			
Shared Planning Support	42	14			
Mid-Kent Legal Services	87				
Staffing Mid Kent Services	40				
Pay Policy review		260			
Provision for future pressures			50	50	50
<b>Total Pressures</b>	<b>483</b>	<b>474</b>	<b>143</b>	<b>143</b>	<b>60</b>

*Table 2: Strategic Expenditure Issues & links to other documents.*

**3 FUNDING**

3.1 Since the general election in 2015 the Government has completed a spending review and given indications regarding a number of significant changes to local government finance during the current parliament.

- The Government has recently offered local government a four year funding agreement that provides a guaranteed [absolute or minimum?] level of funding. This Council has indicated its [acceptance or rejection?] of this offer [complete according to final decision].
- The Government has commenced a review of New Homes Bonus effectively backdating proposals to reduce funding available to local authorities that have bonus due for previously built property and amending the focus to improve the incentive of the bonus.
- In the immediate future the Government intends to commence a full review of the localisation of business rates. The Government is proposing that the consultation considers the full localisation of business rates with localisation of additional responsibilities. The Council expects the impact of this proposal to be negative for districts council as has been the case with other recent reforms.

3.2 The strategic revenue projection assumes that the Council will make all reasonable efforts to maximise resources. This includes retained business rates, council tax yield and locally derived income:

- In order to maximise potential income from business rates growth the Council is a member of the Kent Business Rates Pool in partnership with 9 other districts in Kent, Kent County Council and Kent and Medway Fire and Rescue Authority. The pool entered its third year in 2016/17. Recognising the uncertain nature of business rates growth the strategy only allows for the growth the Council could reasonably deliver even if the pool did not exist. All additional growth will be utilised in following years once delivery is certain.
- In order to maximise council tax yield the council works collaboratively with other authorities in Kent and supports regional initiatives to increase fraud prevention and detection.
- In order to maximise its locally derived income the Council has actively developed a commercialisation strategy which has delivered income from the more effective use of its current asset base. The strategy has also included the acquisition of additional assets. This strategy will continue.

- 3.3 Grants and funding from central government and other public sector organisations is also reducing and the Council no longer places long term reliance on this source of income. Where the financial projection includes the use of fixed term grants or other time limited sources of income the relevant senior officer is responsible for preparing and acting on a suitable exit strategy at the end of the fixed term.
- 3.4 Despite the Council's efforts to influence central government policy and develop options to become self-sustained there remains significant risk in relation to stability of income generation. Details of the current opportunities and threats for each source of income are set out below:

### 3.4.1 Government Grants:

The government's financial settlement for local government proposes a number of major changes to the distribution of resources. This effectively directs central funding away from district councils towards councils with responsibilities for national priority services such as health and adult social care.

The net result of this redistribution means that this council will not receive revenue support grant after 2016/17. In addition, from 2017/18 onwards, an additional and increasing contribution back to central government from retained business rates will be required. This is a situation only experienced by 15 other English district councils by 2017/18.

Revenue support grant from central government for 2016/17 will be 38.4% of the grant received in 2015/16 and will be zero by 2017/18.

Other grants from government are under threat from the effects of Government's strategy on reducing public sector expenditure. The strategy assumes reductions in known areas such as benefit administration grants and cash frozen impacts where no information is available.

### 3.4.2 Retained Business Rates

Since 2013 the Council has retained part of the business rates it collects. The locally retained element is 40% minus the assessed tariff required by central government. The final value of the retained income is currently 5.3% of the minimum collectable.

In addition to this baseline funding level (£2.983m for 2016/17) the Council is able to retain 20% of the business rates above the overall baseline business rates collected. Expected levels of income are a combination of three factors: the baseline funding; the 20% share of growth; and a further share of growth that would otherwise form a further payment to central government in the form of a levy. This further share of avoid levy is a consequence of being a member of the Kent Business Rates Pool.

The additional income from the business rates pool is not considered in the development of the medium term financial strategy or any given year's budget because of the level of risk associated with this income. The risk includes business failure, the cost of rating appeals and increases in statutory discounts and reliefs applied. Because the income is achieved through Kent wide pooling the risks are extended across the 10 district councils in the pool.

In the period of this strategy the Government will increase the level of tariff on the Council's baseline income by a minimum of £1,598,000 reducing the income level to a maximum of 2.7% of the minimum collectable. This is expected to occur in 2019/20.

### 3.4.3 Council Tax

The Council has a responsive approach to the level of council tax and will set this at an appropriate level commensurate with the needs of the strategic plan. In recent years the Council has set a small increase of less than £5.00 per annum.

The most significant risk facing the Council is the changes to the local government finance settlement. The resource calculations made by central government suggest assumptions that the council tax charge will increase annually as will chargeable properties in the borough.

The Council must consider the need to set a balanced budget in austere times as it wishes to continue to provide high quality services as required by its customers. To respond to this need, while managing the Government's funding assumptions, increases pressure upon the Council to increase the council tax charge on an annual basis throughout the period of the strategy.

### 3.4.4 Fees & Charges



## APPENDIX F

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

For 2016/17 all fees and charges were considered by the relevant service committee and the decisions made are in line with the policy. Although the increase, in each case, was considered and set appropriately not all fees and charges were increased. The overall position produced a 1.2% increase in income levels.

3.5 Table 3 and table 4 below show the expected level of resources for each year of the strategy and any pressures that are expected to affect the level of income or its collection.

STRATEGIC ISSUES	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
Revenue Support Grant	870	0	0	0	0
Business Rates Baseline Need	2,983	3,042	3,132	3,232	3,297
Business Tariff Adjustment	1,186	1,196	1,206	1,216	1,226
Business Rates Growth	0	-223	-868	-1,589	-2,909
Council Tax	14,238	14,492	14,928	15,378	15,841
Other Income	14,214	14,457	14,527	14,597	14,667
<b>Total</b>	<b>33,491</b>	<b>32,964</b>	<b>32,925</b>	<b>32,834</b>	<b>32,122</b>

Table 3: Resource and Income Levels.

STRATEGIC ISSUES	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
Loss of Housing Benefit Administration Grant	100	100	100		
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Table 4: Strategic Income Issues & links to other documents.

**4 BALANCES & EARMARKED RESERVES**

- 4.1 The Council holds a series of balances and reserves in order to provide financial stability and protection from unforeseen circumstances. In setting the level of these balances and reserves an assessment is made of the potential risk and opportunities that could reduce or enhance those balances.
- 4.2 Revenue balances at 1st April 2015 totalled £# and it is estimated that the balance will be £# by 31st March 2016.
- 4.3 The major item's reducing the balance are approved budget carry forwards of £# from 2014/15 for prior agreed purposes.
- 4.4 In addition to general balances the Council maintains a series of earmarked reserves. The balance and purpose of each reserve is set out in table 5 below.

<b>RESERVE</b>	<b>2016/17 £,000</b>	<b>2017/18 £,000</b>	<b>2018/19 £,000</b>	<b>2019/20 £,000</b>	<b>2020/21 £,000</b>
<u>Capital Support</u> Resources set aside from past and future receipts of new homes bonus to finance the Council's proposed capital programme.	6,337	3,213	5,487	6,015	6,213
<u>Local Plan</u> Resources set aside by the Strategic Planning, Sustainability and Transportation Committee	353	0	0	0	0
<u>Business Rates Reserve</u> Resources set aside to mitigate losses and / or fluctuations in the level of business rates growth actually achieved	336	1,204	1,204	1,204	1,204
<u>Trading Accounts</u> Balances held on special accounts where the Council is required to trade at break-even over a specified period. Normally three years	179	150	100	0	0
<u>Neighbourhood Planning</u> Balances held on account for the support of Neighbourhood Plan work	107	107	107	50	0

*Table 5: Earmarked Reserves.*

## **APPENDIX F**

- 4.5 Excluding these earmarked reserves the estimated value of general reserves at 31st March 2016 is £4,102. This is estimated to move to £4,052 by 31st March 2017.

**5 EFFICIENCY**

5.1 The Council’s strategic plan identifies value for money as essential to the delivery of its priorities. This theme runs through service plans and by this the Council’s approach to efficiency is integrated into all decision making.

5.2 The Council uses a number of measures to identify ways to achieve efficiency and to gauge success. These include:

- Peer review and peer challenge;
- Benchmarking to measure unit cost and performance, comparing these over time and across similar councils throughout the country;
- Other benchmarking exercises undertaken by local managers to challenge service delivery in their own right;
- The identification of efficiency targets that match the Council’s need over the period of this medium term financial strategy.

5.3 Efficiency proposals are carefully measured for effect upon capacity, acceptable levels of service, quality standards and the potential of shared service provision. All efficiency proposals consider the effect of fixed costs and the effect on the base financial standing of the Council and the opportunity for reinvestment of gains into priority services or towards achievement of strategic objectives.

5.4 The adoption of efficiency and value for money as part of this strategy helps to ensure that the strategic revenue projection will remain within available resources.

5.5 The strategic revenue projection identifies the need for savings to make a balanced budget, which must be considered in line with the development of efficiency savings. Table 6 below details the required savings for each year based on the factors set out in this strategy statement. The table gives context by reporting savings as a value and as a percentage of net revenue expenditure.

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Net revenue expenditure £,000	19,619	19,073	19,609	18,580	17,798
Savings Required £,000	2,178	1,308	173	1,593	1,268
<b>Percentage %</b>	<b>11.1</b>	<b>6.9</b>	<b>0.9</b>	<b>8.6</b>	<b>7.1</b>

*Table 6: Savings as a Percentage of Net Revenue Expenditure*

5.6 The Council has developed high level proposals for developing the required savings and efficiencies over the period of this strategy.

### 6 CONSULTATION

- 6.1 The Council has a co-ordinated approach to consultation on the budget process. To this end a programme has been proposed that ensures the focus of annual consultations avoids the review of similar themes and builds a body of opinion.
- 6.2 The Council consults annually on this strategy and the proposed budget for the forthcoming year. The intention of the consultation is to both inform and be informed by local residents, businesses and stakeholders.
- 6.3 In recent years the consultation has considered the level of council tax increase, service areas where reductions could occur, elasticity of demand for services that require a fee to be paid, the importance of the discretionary services provided by the Council, customer's views on the Council's value for money and the ability of residents to influence financial decisions.
- 6.4 The consultation on the 2016/17 budget was incorporated into the residents' survey.

### 7 RISK MANAGEMENT

- 7.1 In outlining the resources available to the Council and the focus of those resources on the strategic priorities, the strategy considers the barriers to achieving the resource levels assumed by the budget.
- 7.2 A full risk assessment of the strategy is completed annually and forms part of the operational risk assessment of the services provided by the Head of Finance & Resources.
- 7.3 Twelve major risk areas have been identified and action plans have been developed for each. The twelve areas are as follows:
1. The level of balances & reserves;
  2. Inflation allowances;
  3. National strategy;
  4. Limitations on council tax increases;
  5. Fees & charges;
  6. Commercial activities;
  7. Capital financing;
  8. Horizon Scanning;
  9. Impact of Government consultations
  10. Delivery of savings & efficiencies;
  11. Collection fund – collection rates;
  12. Business rates pool;

**DRAFT**

**MEDIUM TERM FINANCIAL STRATEGY STATEMENT**

**CAPITAL ESTIMATES 2016/17 ONWARDS**

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### 1 INTRODUCTION

- 1.1 This financial strategy statement is one of two that aim to support the Council's corporate objectives as identified in the strategic plan 2015 – 2020. Where they relate to the Council's capital programme, the major issues relating to resources in the medium term are set out in this statement. For matters relating to the revenue activity see the separate strategy statement on revenue.
- 1.2 Set out in this strategy statement is an overview of the capital plans of the Council and the criteria by which such plans are developed and approved. The success of the programme is dependent upon the Council's ability to generate the resources required to finance the plans.
- 1.3 Although this document is developed for the medium term the Council reviews its strategy and therefore this statement on an ongoing basis and considers its effectiveness at least quarterly. This enables the plans to remain current and reflect changes in circumstances which impact upon the Council's strategic priorities. The annual review is completed to coincide with the annual review of the strategic plan to enable changes to be appropriately reflected in both documents.
- 1.4 The capital strategy and this statement are in compliance with the guidance set out in the Prudential Code for Capital Finance in Local Authorities. This code of practice is published by the Chartered Institute of Public Finance and Accountancy and covers the full range of capital planning activities. Compliance with the code is a statutory requirement and the Council's medium term financial strategy has been developed to ensure compliance. In summary the relevant objectives of the code are:
- 1) To ensure, within a clear framework, that capital expenditure plans are affordable, prudent and sustainable;
  - 2) That treasury management decisions are taken in accordance with good professional practice;
  - 3) That local strategic planning, asset management planning and proper option appraisal are supported; and
  - 4) To provide a clear and transparent framework to ensure accountability



## **2 THE PROGRAMME**

- 2.1 The strategy for the capital programme requires consideration at two levels, managing the overall programme and details of the specifics of individual schemes.
- 2.2 The overall programme must be considered in terms of the prudential borrowing principles of affordability, prudence and sustainability. At the overall programme level the relative priority of schemes, as they enhance the provision of corporate or service based objectives is also considered.
- 2.3 The inclusion of specific capital schemes within the overall programme requires an option appraisal, at scheme level, that is based on affordability in revenue and capital terms. This should include whole life costs, project timelines and risk assessments.
- 2.4 Schemes will be appraised using three approaches:
- 1) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, such as the Asset Management Plan, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant service committee following the approval of the full programme.
  - 2) Where schemes can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must first be presented to the relevant service committee. The relevant service committee will recommend approved proposals to the Policy and Resources Committee for final approval of the prudential borrowing.
  - 3) Where schemes do not fit within the criteria above but an appropriate option appraisal has been completed, evaluation and prioritisation will remain as previously approved by Council and set out below.
    - 1<sup>st</sup> For statutory reasons;
    - 2<sup>nd</sup> Fully or partly self-funded schemes focused on strategic plan priority outcomes;
    - 3<sup>rd</sup> Other schemes focused on strategic plan priority outcomes; and
    - 4<sup>th</sup> Other priority schemes with a significant funding gearing

## APPENDIX G

- 2.5 The Council is committed to maintaining its ambition and aspiration to deliver its priorities and has identified that this will lead to a significant need for capital investment in the future. This includes those schemes currently in the capital programme along with the infrastructure schemes needed to achieve the housing and business growth required for the borough.
- 2.6 It is expected that infrastructure schemes will be funded directly from the benefits gained from the development however viability assessments of expected developments suggest that there will be a funding gap. The Council is preparing to support that infrastructure need in order to deliver its strategic priorities.
- 2.7 In addition the Council is constantly focused on the need for efficiency in the use of resources and the delivery of services. It is aware of the need to diversify the sources of income obtained outside of the reducing support from central government. One aspect of this is to take a commercial approach to the provision of services that have displayed increased demand and higher cost over the last five years. As this may require capital investment the Council has agreed to allow borrowing to achieve this objective subject to:
- 1) A business case and successful implementation of savings that cover the cost of borrowing; and
  - 2) Ensuring the principles set out in paragraphs 1.4 and 3.4 are achieved.
- 2.8 The programme for the period 2016/17 to 2020/21 currently focuses on a series of projects providing investment in the property assets, core funding for affordable housing and support the commercialisation strategy.
- 2.9 Table 1 below summarises the five year programme by service committee.

CAPITAL PROGRAMME / COMMITTEE	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000	2020/21 £,000
Policy & Resources	12,926	10,350	9,325	300	275
Communities Housing & Environment	3,588	7,475	1,450	1,450	1,450
Heritage Culture & Leisure	2,847	1,875	2,866	564	90
Strategic Planning Sustainability & Transportation	1,469	0	0	0	0
	0	0	0	0	0
<b>Total</b>	<b>20,830</b>	<b>19,700</b>	<b>13,641</b>	<b>2,314</b>	<b>1,815</b>

Table 2: Committee Summary of the Capital Programme.

**3 FUNDING**

- 3.1 The medium term financial strategy takes a flexible approach to funding the capital programme. As resources from capital receipts have become uncertain the Council has provided support for core programmes from other resources. The main resource available to the capital programme is now New Homes Bonus.
- 3.2 The new homes bonus is an identifiable value enabling medium term planning but has an uncertain future as the government is completing a review of the affordability of the Bonus and effectiveness of the incentive it creates. This is tied to the future changes planned for business rates.
- 3.3 In the past the programme has benefitted from the sale of surplus assets. The Council no longer holds many assets of significant value that are surplus to operational or commercial need. As a result the funding from capital receipts has reduced to occasional resources from the sale of small assets.
- 3.4 Originally in 2012/13 the Council approved the use of prudential borrowing for the following activities:
- 1) Acquisition of commercial property;
  - 2) Acquisition of property to alleviate homelessness; and
  - 3) Action to enable stalled development to progress.
- 3.5 The use of prudential borrowing is subject to an approved business case that evidences a benefit above that required to repay any debt over the life of the activity. The additional benefit may be financial or nonfinancial but must support the objectives of the strategic plan.
- 3.6 Due to uncertainty of future funding the Council maintains a principle of prior funding of schemes. Although commitment to a scheme is given by its inclusion in the programme the strategy requires that funding is identified in advance of formal commencement of the work. The quarterly monitoring of the capital programme enables Policy & Resources Committee to take effective decisions based on current levels of funding before major projects commence.

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3.7 Table 2 below identifies the current funding assumptions:

<b>STRATEGIC ISSUES</b>	<b>2016/17 £,000</b>	<b>2017/18 £,000</b>	<b>2018/19 £,000</b>	<b>2019/20 £,000</b>	<b>2020/21 £,000</b>
Balance B/Fwd	9,812				
Use of Earmarked Reserves	4,306	4,998	2,720	1,971	1,456
Capital Grants	450	450	450	450	450
Capital Contributions	1,000	1,000	0		
Prudential Borrowing	11,950	15,525	11,000		
<b>Total</b>	<b>27,518</b>	<b>21,973</b>	<b>14,170</b>	<b>2,421</b>	<b>1,906</b>

*Table 2: Resources Available to the Capital Programme.*

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted